MIGRATION-RELATED DETERMINANTS OF AUSTRALIAN INBOUND AND OUTBOUND TOURISM FLOWS

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SUSTAINABLE TOURISM CRC

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National Library of Australia Cataloguing-in-Publication entry

Title: Migration-related determinants of Australian inbound and outbound tourism flows / Larry Dwyer... [et al.]

ISBN: 9781921658419 (pbk) 9781921658914 (pdf)

Notes: Bibliography.

Subjects: Tourism—Australia. Visitors, Foreign—Australia. Australia—Emigration and immigration.

Other Authors/Contributors: Dwyer, Larry, 1947-. CRC for Sustainable Tourism.

Dewey Number: 338.47910994

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First published in Australia in 2010 by CRC for Sustainable Tourism Pty Ltd

Cover images courtesy of Tourism Australia, Tourism WA (Margaret River), Tourism NT and SATC

Printed in Australia (Gold Coast, Queensland)

Acknowledgements

This document results from a research project undertaken by the STCRC and the Monash University Institute for the Study of Global Movements, in conjunction with each Australian state and territory tourism authority. . Qantas Airways Limited is a major supporter of STCRC and its Centre for Economics and Policy (CEP), through its sponsorship of the Qantas Chair in Travel and Tourism Economics at the University of New South Wales.

There are several colleagues that the authors wish to thank for their support for this project. In particular we wish to thank Dr. Nancy Kong at Monash University for her excellent research assistance, collecting data and the construction of associated tables and figures. We also wish to thanks Drs. Serajul Hoque and Rebecca Valenzuela of Monash University, and Joan Forsyth for their valuable assistance in different aspects of the project.

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EXECUTIVE SUMMARY

Permanent migration and tourism are linked and the link operates in both directions. When settlers depart from a source country to establish themselves in a new location, tourism may be stimulated through visits by friends and relatives themselves, and return visits by settlers to their country of origin. These links were analysed within the Australian context in a study commissioned by the Bureau of Immigration and Population Research (Dwyer, Burnley, Forsyth and Murphy, 1993). This study used immigration and tourism data as its key information source.

Over the period of almost 20 years since the previous study was undertaken, Australia has played a growing role in the process of diasporic dispersal which has been gathering pace internationally. Migrant intakes grew during the 1990s and have reached an all time high through much of the early years of the 21st century. This acceleration builds upon long history of post-war migration into Australia. Combined with higher birth-rates amongst the Australian-born migration has enhanced the likelihood of continuing population growth over the coming decades. A population of almost 36 million has been proposed as a realistic prospect by 2050. As it has increased in scale, migration to and from Australia has become increasingly complex, with greater flows of skilled migrants as well as refugees, students and even short term employment seekers (transilient migrants). The diversity of migrant movements, (including an increased propensity for Australians to work overseas), has added to the complexity of the relationship between migration and tourism, both inbound and outbound. The complexity extends to the various motives for short-term travel (including visiting friends and relatives, leisure and business travel) and long-term migration.

Though tourism and migration relationships were extensively documented in the earlier report, the research did not explore some of the complexities that have arisen over the past couple of decades. One obvious complexity has been the addition of new sources of migration including troubled areas and countries such as the Horn of Africa, Afghanistan and Iraq. Another complexity has been the rapid expansion of Australia's international student population. This phenomenon was in its infancy during the early 1990s, but by 2010 Australia has emerged as a leading exporter of education services. At the time of writing, Australia is host to over half a million international students, with a significant proportion of these students contemplating migration at the conclusion of their studies and some having come to Australia as students with a primary intention of attaining permanent residency. With students enrolled in programs ranging from a few weeks to several years their contribution to short term and longer term travel has been contested. It is however clear that this emerging phenomenon is a vital element of Australia's relationship with emerging countries within the Asia-Pacific region and with the populous nations of China and India in particular.

Government policymaking has attempted to keep abreast of the evolving relationship between tourism and migration. The importance of supporting cultural identities and affiliations has been acknowledged by Australian governments of all political persuasions and to date there has been broad bi-partisan support for high levels of migration. The exception has been the opposing party positions on the arrival of "illegal" migrants on boats into the northwest of Australia. Whilst it has featured prominently in public posturing over migration, the fierce disagreements have impacted minimally on the migration and tourism relationship - since the advent of the Rudd Labor Government, about 4,500 migrants have arrived by boat. This forms only a tiny share of overall migration and involves a group with very limited means to engage in international leisure based travel.

Whilst the earlier report clearly indicated that there is a close relationship between migration and tourism, their comparative patterns and strengths have not been studied on a consistent basis over time. This lack of attention has made it difficult to track and explain the fluctuating trends over time and to be definitive about which determining factors are tourism or migration specific or else involve a combination of factors Australian inbound and outbound tourism may, for example, have increased as a result of decreasing relevant travel costs. Some of these reduced costs may apply generally, whereas others may be more specific to countries where certain migrants have originated. The earlier report indicated differences between the experiences and behaviours of migrant groups who have settled during different periods, but this analysis needs to be updated to take account of new migrant sources and the maturing of others. It appears likely that Asians, who have formed an increasing share of recent migrant intakes, are in a better position to stimulate more frequent travel activity because of their greater proximity to the country of origin. To date there has been little empirical investigation of the relationship between current migration and tourism in the case of earlier (e.g. from continental Europe) and more recent migrants.

Drawing upon the preceding observations about migration and tourism trends, the specific objectives of the present investigation are as follows:

- Update the study by Dwyer *et al.,* (1993) by exploring the key migration related determinants of tourism flows using the latest available data.

- Estimate their quantitative significance by providing econometric estimates of the impacts of migration on tourism flows, using the latest visitor and migrant data.

- Extend the analysis of tourism flows to tourism expenditures. Quantitative estimates of the migration-induced economic impacts on inbound and outbound tourist expenditure are undertaken using the computable general equilibrium (CGE) model developed by Dwyer, Forsyth, Spurr and Ho (2005). Changes in expenditure associated with tourism are fed into the model. The associated impacts on GDP, employment, government revenue and economic welfare are estimated.

- Provide a stronger context for understanding the motivations associated with tourism and migration by exploring the influence of country of origin on migrant travel behaviour.

Much of the analysis of migration-tourism linkages located in the body of this report depends on statistics regarding tourism flows and migration flows. Chapter 3 outlines the applicable statistics and trends in migrant and tourism numbers for Australia over the complete period 1980-2009. This data forms the raw material to inform the statistical analyses included in Chapter 4 and the modelling of the migration-induced economic impacts within Chapter 5.

To provide greater robustness for the economic analysis of the tourism and migration relationship a model of tourism demand is proposed in Chapter 4 based on an earlier version used in Dwyer *et al.* (1993). The aim is to determine the effect of migration on international tourist arrivals to and departures from Australia and to estimate the relevant demand elasticities. The model is applied to each of a cross section of 29 countries, using data which covers the two applicable census years in Australia (1991 and 2006). In order to address the issue of heteroscedasticity, the equations are estimated using the White Heteroscedasticity Consistent Covariance method. In the first instance, the model is successively estimated using total travellers VFR travellers and non-VFR travellers as the dependent variables.

The results obtained in this study strongly indicate that migration patterns have a substantial influence on tourism flows to and from Australia. The results for international arrivals show that in 1991 migration was an important determinant of VFR travel but had no effect on non VFR travel. This study moreover indicates that it is not longer the case in 2006. Migration to Australia impacted on international arrival for VFR and non-VFR travel, with the effect on VFR travel being higher. It is clear that migration played a greater role in determining overall arrivals in 2006 than was the case in 1991. The effects are slightly higher in the case of international departures. In 2006 elasticities for international departures were approximately 0.7 for all three groups of travellers, while arrival elasticities were 0.59, 0.66 and 0.56 for total VFR and Non VFR.

The results obtained in this study clearly indicate that the relative importance of the various determinants of tourism flows to and from Australia have changed over the period between 1991 and 2006. Compared with the situation in 1991, international travellers have become progressively more responsive to changes in destination competitiveness and less responsive to changes in airfares. The size of the population in the home country which featured in 1991 as an important determinant for arrivals was insignificant in the case of 2006. Overall, VFR arrivals appeared to be less responsive to changes in income, destination competitiveness and airfare than the other two groups of travellers in both 1991 and 2006. Finally, the duration of residency in Australia does not appear to have any significant effect over travel flows to and from Australia. Airfares do not explain departures, though incomes in the destination do have a significant impact on the number of departures from Australia. This is the case for all three groups of travellers.

MIGRATION-RELATED DETERMINANTS OF AUSTRALIAN INBOUND AND OUTBOUND TOURISM FLOWS

The report has identified that migration induces increased tourism flows. This applies to both inbound travel to Australia and to outbound travel from Australia. Expenditures associated with tourism will in turn have impacts on the Australian economy. These impacts have been reported using a computable general equilibrium (CGE) model (the M2RNSW model developed by the STCRC Centre for Economics and Policy). This is based on the Monash MMRF model, though with explicit modelling of the tourism sector. The model allows for an estimation of the size of the impacts. The analysis included within chapter 4 has provided estimates of the effects of changes in migration on inbound and outbound tourism numbers. In this case, the impacts of a 10% increase in migrants are evaluated. When combined with information about tourist spending, an estimation can be undertaken of the changes in expenditure associated with migration-induced tourism. We analyse the impacts of both total and VFR tourism.

Increased inbound tourism induced by migration will have a positive impact on the economy. A 10% increase in migrants will increase GDP by $74m, leading to a net welfare benefit of the same amount ($74m). The impact on the economy of additional spending associated with additional VFR tourism will be a gain of $15m in GDP and welfare benefit. Additional outbound tourism induced by migration will be a negative impact on the economy, though this impact will be smaller than the impact of inbound tourism. There is estimated to be a -$28m impact on GDP and welfare benefits from increased total tourism, and a -$6m impact from the change in VFR tourism alone. The impacts of migration-induced tourism are thus greater for inbound than for outbound tourism. These model simulations are conservative, and give rise to small effects. They assume full employment – if unemployment were assumed, impacts would be greater due to stimulation of economic activity. In addition, the capital stock is assumed unchanged - if more tourism were to lead to an increase in the capital stock, the impacts would be larger.

Chapter One

INTRODUCTION

Permanent migration and tourism are linked and the link operates in both directions. When settlers depart from a source country to establish themselves in a new location, tourism may be stimulated through visits by friends and relatives themselves, and return by the settlers to their country of origin. These links were analysed in the Australian context in a study commissioned by the Bureau of Immigration and Population Research (Dwyer, Burnley, Forsyth and Murphy, 1993), which used immigration and tourism data as its key information source.

The primary objective of the earlier study was to describe and analyse the interrelationship between tourism and immigration and to provide a preliminary assessment of the scale and significance of these connections. This study focused on two areas: the impact of permanent immigration on tourism numbers, and the corresponding influence of tourist numbers on permanent migration.

The Impact of Permanent Immigration on Tourism Numbers

Levels of permanent migration may be expected to influence the extent of visitation to Australia for purposes of holiday, visiting friends and relatives, business and study. This influence may be manifest in a number of ways.

- The higher the number of permanent migrants to Australia, the larger is the pool of friends and relatives in the source country who have an incentive to visit. The primary impact is likely to occur in instances where permanent residents are in communication with kin, friends or associates in the home country, and draw their attention to Australia's attractions. Such communications may prompt leisure-focused trips involving staying with relatives for part of the time, and the use of tourist facilities at other times. Friends and relatives living overseas may visit Australia to take part in life transition events associated with migrants living in Australia including weddings, funerals and birthdays. Though discretionary, these opportunities may involve an element of social obligation and may prompt tourist decision making in the direction of Australia as opposed to alternative destinations. Some visits may be subsidised by relative(s) in Australia. Without such assistance they may not become international tourists nor visit another destination because of financial constraints.

- Permanent migrants who visit their country of origin for friends and relatives (VFR) purposes may 'promote' Australia whether explicitly and implicitly, thereby prompting applications for Australian permanent resident status, as well as stimulating short term visits. In the case of refugee migration the influence on tourism is likely to be longer-term particularly in instances where contact is made with relatives or friends resident in a third country, prompting visitation.

- An increase in the number of migrants to Australia may have the effect of increasing the stock of accommodation (in home settings) that is accessible to friends and relatives who are visiting from overseas. VFR travel to Australia is relatively high with the reduced overall cost of travel for such friends and relatives operating as an implicit subsidy and as a price incentive for travel to Australia.

- It has been widely observed that permanent migrants enrich Australia's cultural life and make Australia more interesting and diverse as a tourism destination. The establishment of restaurants, shops, events and other related facilities (such as 'Chinatown') are examples of this phenomenon, which is also influential for domestic tourists including day trippers.

- In the case of international tourists who do not have friends or relatives in Australia, awareness that compatriots have settled in Australia and make up part of the population may be a contributing factor to visitation.

- Permanent migrants who retain or forge business links with their country of origin may contribute to the expansion of Australia's international trade and stimulate business travel.

- A proportion of permanent migrants will make single or multiple overseas visits for VFR purposes. This has implications for Australia's foreign exchange payments and terms of trade and operates equivalent to expanding imports. Positive economic impacts result from the establishment and expansion of businesses and job creation e.g. in Australian based travel agencies and tour operators catering for outbound tourism.

The study by Dwyer *et al.* (1993) established a clear relationship between migration and tourism flows both inbound and outbound. It provided preliminary evidence of maturation, with a tailing off in travel activity once settlers become longer established in Australia. Since the study was published, there has been little subsequent analysis of the key issues. It seems probable that the relationship between migration and tourism still exists, though the quantitative significance of such connections may have shifted. The present study suggests that there is still a strong link between migration and tourism, though possibly the impact of earlier cohorts of migrants (e.g. from Italy or Greece) are being replaced by later cohorts (e.g. China or India). Tourism to and from Australia has for example increased substantially as a result of relative lower travel costs. It is also the case that more recent migrants (e.g. from Asia) are reaching the stage where they are in a position to stimulate significant tourism flows. This prompts the question of whether the relationships between migration and tourism for more recent arrivals are following a similar pattern to those which were observable in the case of earlier European migrants.

In a further exploration of the emerging relationship, a model proposed by Williams and Hall (2002) depicted tourism activity as a stimulus for migration and migration as an inducement to tourism flows. Such relationships were explored in the context of a geographical extension of friendship, ethnic and kinship networks. Whilst such interdependencies are not new, their scale, intensity and geographical scope have significantly increased over recent decades.

The Influence of Tourist Numbers on Permanent Migration

As was noted by Williams and Hall (2002), tourist numbers may in turn influence the number of applicants for permanent residency. The greater the overseas visitations to Australia, the greater the likelihood that applications for permanent residency will rise. Additional applications would be received from friends and relatives in the origin country who have visited Australia and formed a favourable impression, and from those visiting for business purposes. Migration to Australia within the category "family reunion" may stimulate VFR movements which in turn leads to more applications to migrate. Australia operates a quota system for migration applications, and depending on how tight the quota is, there will be an impact on actual migration.

Another form of the migration-tourist linkage has been described as 'transilient' migration. This phenomenon is prevalent in cases where professionals and managers move internationally for the purposes of career development (Richmond 2002). Their period of residence in a particular location may constitute a short or medium term pause in their career. Most are in the category "skilled or business migrants". Typically they receive a posting to a particular country and location, or respond to international advertisements for highly skilled personnel. The period of residence typically occurs over a two or three year period. Transilient migration exhibits some characteristics of an extended form of tourism with an extraordinary average length of stay. In Australia, perhaps the most important for of this migration arises with educational visitors – many students who study in Australia end up as migrants. Such activity may generate visits from friends and relatives who have the means to become tourists, and stay in commercial accommodation such as hotels and resorts rather than in the homes of colleagues or relatives. Such visitors are themselves prospective transilient migrants.

Tourist visits may also stimulate international retirement migration. This phenomenon is evident in the case of Americans who have required retirement houses in the Bay of Islands, New Zealand. A considerable number of British migrants to Australia may also fall into this category.

Changes to living standards may influence immigration → tourism and tourism → immigration in both the source country and the destination. Migration flows are influenced by fluctuating relativities in living standards, for example, migration from continental Europe to Australia was greatly diminished once European living standards rose to comparable or higher levels than those prevailing in Australia. The rising living standards and the emergence of an affluent middle class in the newly industrialising countries of North East Asia has increased the numbers able to afford to visit Australia as tourists or take advantage of the skilled migration category for the purposes of emigration.

In identifying the strong relationship between tourism and migration, Dwyer et al (1993) suggested that visiting friends and relatives (VFR) tourism is an important element of what they called "chain migration". This phenomenon is most prevalent in the case of emigration from communities where wider kinship bonds are particularly strong.

From a review of the literature, it seems fair to conclude that permanent migration and tourism are connected and that the links extend in both directions. Tourism has a close relationship with migration: tourism can generate permanent migration, and in turn, permanent migration can generate a demand for tourism, particularly for the purpose of visiting friends and relatives (see Jackson, 1990; Murphy, Dwyer, Forsyth & Burnley, 1993; King, 1994; Paci, 1994; King and Gamage, 1994; Morrison, Hsieh & O'Leary, 1995; Seaton and Tagg, 1995; Williams and Hall, 1999; 2002; Dwyer *at al.,* 1993; Kang and Page, 2000).

Diasporic movements have helped to shape the relationship between economically developed migrant receiving countries and other countries both developed and developing. The widespread dispersal of diasporic communities has provided a stimulus for migrant travel between source and destination countries. This has produced a demographic phenomenon which is growing in size and significance. Given the global significance of the phenomenon, it is surprising that little research has examined the characteristics and implications of the travel activity of migrant communities.

The label 'globalisation' has been used widely as an omnibus expression which encapsulates the complex process of economic, cultural, political and environmental change over the past decades. Globalising forces have played a major role in the evolving relationship between tourism and migration. The latter phenomena are associated with the "sense of place" that is experienced by transient populations who reside in diverse locations and form attachments of varying levels of intensity. Such communities play an important part in shaping place identities through the connections which they form between global and local networks. The recent tourism and migration literature has provided a preliminary conceptualisation of the relationship between the two phenomena. Relevant empirical studies have been conducted by Nguyen and King (2002) and Boyne, Carswell and Hall (2002).

Since 1990 the relevant literature has progressively diversified and has started to provide a more holistic view of the relationships which connect tourism and diaspora (Nguyen and King, 2002; Coles and Timothy, 2004) and the role of production and consumption (Hall and Williams, 2002). These contributions provide invaluable contextual support for the emerging identification of tourism – migration links.

Study Objectives

Whilst the existence of migration and tourism relationships is clear, their comparative patterns and strengths have not been studied on a consistent basis over time. This has made it difficult to track and explain the fluctuating trends. Australian inbound and outbound tourism may, for example, have increased as a result of decreasing relevant travel costs. Differences may also be evident between the experiences and behaviours of migrant groups who have settled during different periods. It appears likely that Asians who form a greater proportion of the more recent settler groups are in a better position to stimulate more frequent travel activity because of their greater proximity to the country of origin. To date there has been little empirical investigation of whether the relationships evident between current migration and tourism, resemble those which were applicable to earlier arrivals, notably from Europe.

MIGRATION-RELATED DETERMINANTS OF AUSTRALIAN INBOUND AND OUTBOUND TOURISM FLOWS

Drawing upon the preceding observations about migration and tourism trends, the specific objectives of the present investigation are as follows:

- Update the study by Dwyer *et al.,* (1993) by exploring the key migration related determinants of tourism flows using the latest available data.

- Estimate their quantitative significance by providing econometric estimates of the impacts of migration on tourism flows, using the latest visitor and migrant data.

- Extend the analysis of tourism flows to tourism expenditures. Quantitative estimates of the migration-induced economic impacts on inbound and outbound tourist expenditure will be undertaken using the computable general equilibrium (CGE) model developed by Dwyer, Forsyth, Spurr and Ho (2005). Changes in expenditure associated with tourism are fed into the model. The associated impacts on GDP, employment, government revenue and economic welfare will be estimated.

- Provide a stronger context for understanding the motivations associated with tourism and migration by exploring the influence of country of origin on migrant travel behaviour.

The results of the research should be of interest to policy makers in the tourism and immigration fields, to peak industry bodies and to stakeholders such as airlines and tour operators. It will provide evidence on the key migration related determinants of tourism flows, together with qualitative and quantitative estimates of their significance. The study results are expected to be directly relevant to forecasting tourism flows to and from specific countries. Time series data will be collected and analysed, with a view to understanding the effect of maturation and the impacts of "transilient" migration on tourism. Overall, the study should enhance understanding of the long-term implications of migration for international tourism.

Prior to addressing each of the study objectives, it is useful to undertake a review of the research literature. This is attempted in Chapter Two.

Chapter Two

MIGRATION RELATED DETERMINANTS OF TOURISM FLOWS

Diasporas and Tourism

Diasporas have helped to shape the relationships between Western nations and many other countries. The wide dispersal of diasporic communities has prompted travel activity by migrants between their new and old countries, creating a phenomenon which continues to expand in both scale and scope. Increasing numbers of migrants are participating in travel, to new destinations and in different ways. Whilst the growth of migrant travel is increasingly recognised, the drivers and dynamics of the phenomenon are less well understood. Assumptions about migrant needs are often stereotyped and migrant travel motives and destination tastes and preferences are poorly understood. Better information is urgently needed to enhance our understanding of the growth of migration to Australia from emerging sources such as Asia and more recently from Africa.

According to King (1994) migrant travellers display "a sense of belonging to or identifying with a way of life that has been left behind" (p.174). This sense of belonging often involves a cultural dimension. Nguyen (1996) explored social and cultural issues underlying migrant travel and has observed that travel in certain cultures is prompted by a sense of obligation or compulsion. Migrant identities cross the boundaries between countries which possess very different histories, social values and cultural mythologies and involve an interplay between 'home' and 'away'. The travel motives of migrants may include the maintenance of identity and nostalgia, and attachment towards their ancestral home. Travel to the homeland may revive a sense of self, and provide a temporary sense of empowerment, belonging and direction. Such visits may help migrants to maintain a balanced life and resolve certain identity-related issues during their adjustment to a new environment. Forming a cultural reconnection with their past may help to provide a buffer from the upheavals associated with migration and assist adaptation to the host country. The travel behaviours of migrants may be influenced by personal interests, family ties and obligations and in some cases by spiritual beliefs and religious practices. Such influences help to explain destination choices, the identity of the decision-maker who travels first and when. Nguyen and King (2002) have proposed that the adapted culture exhibited by migrants plays a crucial role in determining their travel behaviour. Migrants may travel to their homeland in an attempt to round out their identity and to adjust to their new environment. Migrant travel consumption may be both a consequence and a reflection of adapted culture.

The Evolution of Migration to Australia

Immigration has played a prominent role in the development of post-war Australia. Policies and philosophies towards migration and the composition of the migrant intake have progressively evolved, particularly as globalisation has gathered pace (Collins 1991). Collins investigated the "political economy" of migration to Australia during the 1970s and into the 1990s. He noted a shift away from the traditional view of immigration as providing a pool of unskilled migrant labour. Migration now encompasses labour across all permanent and temporary categories and an emphasis on immigrant settlement and migrant lives, including debates about national identity. He asserted the importance of disciplines outside of political economy to provide new insights into the contemporary migrant experience.

Australia's migrant intake has changed and increased progressively since the recession of the early 1990s. In recent decades, immigration has been somewhat less sensitive to fluctuations in the business cycle (as evidenced by continuing high levels during the Global Financial Crisis) and more responsive to economic restructuring. This is a result of government policy, and the long boom from the mid 1990s has been accompanied by a relaxation of migration quotas. Migrant intakes have increasingly favoured younger applicants with tertiary qualifications in areas of labour shortage and strong language skills. Skilled migration has increased relative to family-based migration. The share of family intakes fell from 47.2 per cent in 1998–99 to 40.1 per cent in 2001–02 while the skilled intake rose from 51.5 per cent to 57.5 per cent (DIMA 2004). The growth of migration was symptomatic of the Howard Coalition Government's attempt to extract greater economic benefit from migration to garner public support for the programme.

Australia is one of the most urbanised countries in the world and the migrant intake has been overwhelmingly an urban phenomenon. Migrants have a higher rate of urbanisation than other Australians (Burnley 2001). This link between immigration and urbanisation has prompted a strong critique based on environmental grounds (Collins 1991, 2000). However environmental aspects have generated less scrutiny than has been the case in other destination countries including Canada. Collins has also suggested that Australia should focus on the impacts of migration on social networks, families and neighbourhoods and on migrants from various class backgrounds and experiences. Though constrained by issues of gender, class and culture, migrants should be viewed as active agents in shaping their own lives.

Multicultural Policies, Migration and Diaspora Tourism

According to the Australian Bureau of Statistics, Australia's population is likely to grow from 22 million in 2010 to about 35.9 million by 2050. The growth will be primarily attributable to the impact of migration rather than increased from amongst the Australia-born population. At the time of writing, Australia's population is growing faster than anywhere in Asia with an increase of 451,900 of 2.1% for the year to September 2009. Emigration has been running at about 50,000 a year though many Australians have returned home from other countries in the period since late 2008, notably from the UK which has been relatively more impacted by the Global Financial Crisis. Australia has a long history as an immigrant country and this has led to broad bi-partisan political support for migration as a contributor to economic and social development. However ongoing community support is dependent on an assumption that immigration is beneficial to all Australians. Concerns have been expressed about the increasing concentration of Australia's growing population in metropolitan areas and the capacity of our cities to provide the required support services. There is also concern about population stagnation or decline in parts of regional Australia. If migration is to be a genuine contributor to of nation-building, there is an argument that there should be a more equitable sharing of the benefits across cities and non-metropolitan areas. This combination of factors has pressurised governments to be more directive about migrant settlement into regional areas. Well over half of current migrants (about 60%) settle in either Sydney or Melbourne.

The speed of adaption by migrants to their new environment is greatly impacted by immigration policies. Such policies influence community aspirations and attitudes and the applicable institutional and social structures, thereby encouraging and assisting, or hindering migrant adaptation. The Australian Government's multicultural policy recognises the centrality of cultural diversity to development (Commonwealth of Australia, 1999). The term 'multiculturalism' refers to public policies which address the issues arising from cultural diversity. It embraces the right of all Australians to express and share their cultural heritage within the structure and values of Australian democracy (Ibid p.11). Multiculturalism may be contrasted with assimilation. Critics regard the latter as involving the rejection and abandonment of individual cultures and aspiring to a society where cultural diversity is devalued. Multiculturalism involves responding to cultural diversity and harnessing its potential benefits. Cultural diversity may be viewed as a social, cultural and economic resource (Ibid p.8) and is a key competitive attribute for Australia as the processes of globalization accelerate (Ibid p.3). The Government report, "Australian Multiculturalism for a New Century: Towards Inclusiveness", states that:

> "We are an open and tolerant society that promotes the celebration of diversity within the context of unifying commitment to Australia. Our diversity is a source of competitive advantage, cultural enrichment and social stability" (p.3).

Australia's multicultural policies are based on four principles: First, civic duty that obliges all Australians to support basic societal structures and principles; second, cultural respect which grants all Australians the right to express their own cultures and beliefs, but which obliges them to accept the right of others to do the same; third, entitlement to equality of treatment and opportunity for all Australians; and finally, productive diversity, which harnesses the cultural, social and economic dividends of diversity for all Australians. All migrants confront various challenges associated with cultural adaptation. Multiculturalism encourages all cultural groups to contribute to the whole. In the present study it is assumed that cultural groups exhibit both similarities and differences with the mainstream. Distinctiveness is manifest through the retention of cultural traditions whereas progressive adoption of mainstream culture is an indication of commonalities. Each cultural group will balance these two extremes in its own way, thereby developing a unique culture which "sits between" the countries of origin and of adoption. The behavioural characteristics of those who belong to these cultural groups are a manifestation of this culture. Economically developed Western nations are increasingly multicultural as they play host to

diasporas from diverse sources. Such diasporas retain strong links with countries of origin, as well as adapting to the dominant culture within the host country. New cultures are forged drawing upon a combination of meanings and symbols from both the countries of origin and adoption. Migrants who form part of such emerging cultures often exhibit a desire to travel back to their country of origin.

Researching Diaspora Tourism

The accelerating process of globalisation has influenced the evolving relationship between tourism and migration. Tourism and migration connect the local and the global because they are both associated with the creation of place identities. Held (2000) has noted that the "explosion of travel, migration, fighting, and economic interchange provided an enormous impetus to the transformation of the form and shape of human communities, for the later increasingly became enmeshed in networks and systems of interchange" (p 1.) A number of empirical studies have tested the relationship between tourism and migration (Boyne, Carswell and Hall, 2002). Dwyer *et al.* (1993) have demonstrated the existence of a strong relationship and identified visiting friends and relatives (VFR) tourism as a partial extension of chain migration. It is most evident in cases where emigration occurs from communities where wider kinship bonds have been intense. Williams and Hall's (2002) model illustrates that tourism leads to migration, and that migration in turn leads to tourism activity. Such patterns are a manifestation of friendship and of ethnic and kinship networks. Whilst not a new phenomenon, the scale, intensity and geographical scope of such interdependencies have been accelerating (Dwyer *at al.,* 1993).

Migrant flows influence both inbound and outbound tourism (Dwyer *et al.* 1993). Migrants were found to spend significantly more on overseas travel than Australian-born residents, though somewhat less on domestic travel. They visit friends and relatives as well as travelling for other purposes including for holidays and business and travel extensively to locations where their friends and/or relatives are resident. Smith and Toms (1978) and Hollander (1982) examined the influence of migration and tourism on the demand for international air travel to and from Australia. They concluded that the number of overseas-born Australians originating from a particular country influences the demand for travel to that country. For the purposes of the present investigation, the interrelationships between immigration and tourism and the factors affecting VFR tourism may provide insights into migrant travel and contribute to forecasting the travel demand of migrants.

Ethnic Tourism

Migration to Australia has an obvious ethnic dimension because of the diverse range of source countries. The tourism literature has identified two categories of ethnic tourism. The first involves travellers from one cultural background visiting another location to observe the lifestyles and cultures prevalent at the destination (McIntosh *et al*., 1995). The other occurs where people travel to the country of origin for their culture or family (King, 1994; Seaton and Tagg, 1995). Both of these motives may be present in a single trip (King, 1994). Graburn (1978) did not emphasise the quest for contact with family and forebears. He defined ethnic tourism as "a combination of culture and nature tourism" and involves travel to observe "exotic" people.

McIntosh *et al.* (1995, p.197) have stated that:

> "Ethnic tourism is travelling for the purpose of observing the cultural expression and lifestyles of truly exotic people … Typical destination activities would include visits to native homes, attending dances and ceremonies, and possibly participating in religious rituals."

Ostrowski (1991) defined ethnic tourism as "… travel to an ancestral home without the intention of permanent settlement, emigration or re-emigration, or undertaking temporary paid work". This definition is not confined to first generation migrants and may refer to any person who travels to the country of origin of a forebear. The term ethnic tourism may apply even in cases where travellers are unaware of the ancestral link. Timothy (1997) stated that most travel activity occurring within ethnic enclaves is a form of ethnic tourism. He notes that most of the tourists will not possess a specific ethnic connection, though some may be visiting to explore their personal and cultural heritage. The activity described above does not fit the typical concept of ethnic tourism, since it does not involve members of the dominant surrounding culture coming to experience a unique and interesting ethnic group in its traditional surroundings. It predominantly involves people

of the same ethnicity travelling to a community of comparable culture as a way of enjoying a peaceful environment without the need to deal with foreign languages and cultures (Timothy, 2002). Timothy (2002) and Nguyen and King (2002) have noted that many ethnic communities preserve their cultures and ethnic identities by celebrating significant festivals. This differentiates them from other groups and retains their sense of community. Olin-Fahle (1988, p.130) has stated that such celebrations consist of:

> "…in part by manipulating some values, norms, symbols, and ceremonies from their traditional culture and by establishing new rules to keep themselves apart from other surrounding ethnic groups."

According to Timothy (2002) short-term visitation by people from the country of origin strengthens the community in the adopted country and builds sustainability by maintaining the shared language and cultural traditions. Most of the limited research on ethnic tourism has been case study based. Such studies have investigated a variety of countries including Poland (Ostrowski, 1991), Sri Lanka (King and Gamage, 1994), Australia (King, 1994; Nguyen, 1996; Nguyen and King, 2002), Greece (Thanopoulos and Walle, 1988), Canada (Duval, 2002), and Finland (Timothy, 2002). Ethnic tourism occurs in both host countries and generating countries (Ostrowski, 1991). Thanopoulos and Walle (1988) conducted an early analysis of ethnic tourism from the perspective of a generating country with their study of travel by Greek-Americans to Greece They concluded that travel to an ancestral homeland satisfies a need and demand for ethnic identity. Their study established a preliminary research framework for the marketing of tourism to a specific ethnic group.

King and Gamage (1994) and Liu, Timur and Var (1984) documented the distinct characteristics of ethnic and non-ethnic travellers. King and Gamage (1994) assessed the economic impact of ethnic travellers on their country of birth and suggested that they spend relatively less at their destination on accommodation and transport and more on retail and wholesale purchases. Liu *et al.'s* (1984) assessment indicated that ethnic travellers generate higher income multipliers than non-ethnic travellers, and generate greater direct and induced income. Their expenditures benefit local communities more than those generated by non-ethnic travellers. In an investigation of the economic impacts of migration-induced tourism flows, BIMPR (1994) indicated that ethnic travellers generate less demand for infrastructure than other types of tourist. Collectively these studies indicate that ethnic travel generates value for both the origin and destination countries. Connecting ethnic tourism and migration is the fact that migrants typically remain emotionally attached to their country of origin, indicative of an interrelationship between migrant intakes and subsequent tourism patterns (Dwyer *et al.,* 1993). King (1994) noted that travel for ethnic reunion is closely linked with VFR travel and suggested that such links need to be clarified where family connections and shared cultural values are involved. Nguyen (1996) observed that people in some cultures undertake trips out of obligation or compulsion, and in others there is a requirement by social convention to attend particular rites of passage, to care for the graves of ancestors, to re-affirm family membership or to marry members of particular families. Despite these insights the underlying motives for migrant travel consumption remain relatively unexplored.

VFR Tourism

Various authors have identified a strong link between VFR traffic and migration (Jackson, 1990; King, 1994; Paci, 1994; Seaton and Tagg, 1995; Yuan *et al*., 1995; Nguyen and King, 1998; Turner, Reisinger and Witt, 1998; Nguyen, Waryszak and King, 1999). This connection is particularly applicable to VFRs. Though causal links are unsubstantiated, it seems logical that previous migration patterns influence VFR travel between countries. Whether it is domestic or international, migration is a precondition for VFR tourism, although the connection may be indirect when the sense of dependence is based on the migration behaviour of prior generations (Williams and Hall, 2002). Boyne *et al*. (2002) have argued that migration is a prerequisite for VFR tourism. Dwyer *et al.* (1993) also acknowledged a strong relationship between VFR travel and migration and characterised travel for VFR purposes as a partial extension of chain migration. Family reunion migration to Australia may stimulate VFR related travel, which then promotes further migration. Chain migration has created a pool of Australian residents who may stimulate tourist visits from their relatives and friends. Travel would seem most likely in cases where kinship bonds have been particularly strong.

Jackson (1990) discussed the migration-tourism link within Australia, noting that "the total flow of VFR as a proportion of the size of country of birth migrant groups is significantly and directly related to the proportion of recent migrants." He argued that "VFR is both a cause and an effect of such migration … then changing patterns of such migration will create

ongoing changes in the nature of VFR tourism" (p.15). Migration produces revised friendship and kinship networks, which may generate VFR tourism flows (Jackson, 1990; Dwyer *et al.*, 1993; King, 1994; Navarro and Turco, 1994; Paci, 1994; King and Gamage, 1995; Seaton and Tagg, 1995; Yuan *et al.*, 1995; Feng and Page, 2000). The extent of such flows will depend on the characteristics of the network and the attractiveness of the place (Williams and Hall, 2002; Boyne *et al*., 2002). Tourism generally and VFR tourism in particular are influenced by destination-based attractions (Boyne *et al*., 2002). In the case of VFRs friends and relatives are convenient hosts, although in reality the motives for travel may vary including the pursuit of leisure. VFR tourism may flow in both directions following networks of family and friends whose maintenance presupposes a degree of mutual travel obligation. According to Williams and Hall (2002), such flows are dependent on family relationships, place attachments, leisure attractions of place and location, and the migrant life cycle.

VFR characteristics include the consumption of people, landscapes, and objects in places that offer the promise of pleasure and satisfaction which are absent within the diaspora. A return visit may prompt a recollection of habitual daily activities and experiences and possibly act as a reminder of obligations to family and ancestors. Returnees may be gratified by the emotions and spirit of the people of their country of origin. This consumption of memories provides a link between places and people. For the younger generation who have not grown up in the country, the visit is an experience and a learning curve about the lifestyles of previous generations. There remains ongoing confusion about whether the term VFRs should refer only to those whose explicit intention is to visit friends and relatives, or should be extended to those who visit family and relatives during the course of holidaying or undertaking business trips.

Despite accounting for between one fifth and one quarter of all short-term visitation arrivals and offering considerable prospects for market development, VFR tourism has been largely underestimated by national tourism organizations, including in Australia (Jackson, 1990; Seaton, 1994). VFRs are often viewed as less economically important because they make less use of commercial accommodation and are often ignored in tourism policies and action programs. VFR has attracted less attention from researchers than holiday and business travellers (Morrison e*t al*., 1995). During the 1990s, the VFR sector was a neglected aspect of tourism marketing and academic research (King, 1994; Morrison and O'Leary, 1995; Seaton, 1994; Hu and Morrison, 2002). Acknowledgment of VFRs has improved more recently (Coles and Timothy, 2004). Despite growing awareness of the complexity and magnitude of the phenomenon, VFR-related research remains problematic because of the hybridity of motivations and behaviour and the weakness of secondary data (Hall and Williams, 2002). It still lacks conceptual solidity. An understanding of social networks, ties and ethnic origin and cultural traits is essential for understanding VFR travel. Such travel may involve attending an event that involves a social obligation (e.g. births or weddings), or a desire to re-visit places of significance to personal histories. Alternatively, a visit to friends or relatives may supplement a vacation or a business trip. The present study recognises the role of tourism and migration in creating and re-creating identities

VFR Motivations

The motives of migrant travellers have not been widely documented (Crompton, 1981; King, 1994; Nguyen, 1996). Seaton (1994) noted that the compulsive aspect of VFR travel has been under-recognised in the literature. Crompton (1981) suggested that travel reinforces family ties and enhances kinship. Nguyen (1996) indicated that migrant travel reaffirms family ties and protects the social circumstances of participants. Family obligations may provide a rationale for travel and for destination choice. A number of studies (Smith and Toms, 1978; Hollander, 1982; Jackson, 1990; Dwyer *et al*., 1993) examined the relationship between tourism and migration and the impact of migrant numbers on tourism flows. These studies have not been intended to address the more complex issue of determining the reasons for travel or the real motives for migrant travel. Despite recognition of the importance of VFR tourism, most relevant studies have focussed on providing a typological classification of tourists, with little discussion of underlying motivational attributes. Researchers have assumed that VFR trips are essentially homogeneous from a typological perspective and are definable in the context of simple motivations (Duval, 2002). By extension VFR trips are prompted by obligation or by the desire to be around family and friends (Morrison *et al.*, 2000), or the desire to maintain traditions and ethnic identity (Nguyen and King, 2002). Where by motivational aspects are addressed in existing studies, the showcasing of VFR tourism motives uses existing tourist motivation frameworks (Cohen, 1997).

Since VFR travel decisions are distinct from established tourist motivators, potential VFR tourists cannot be best reached using traditional marketing (Morrison *et al*., 2000; Seaton and Palmer, 1997). Duval (2002) has argued that the underlying motivations of VFR tourism are misunderstood and that VFR tourism as it is generally understood misrepresents

situations where historical, social and cultural contexts might provide more meaningful assessments and understanding. Further research is needed to develop a comprehensive understanding of the significance of VFR tourism and its underlying motivations. The motivational dimensions of VFRs provide prospective insights into the factors which generate VFR activity and the implications for hosts and guests (Boyne *et al.*, 2002). Many tourist types including VFRs are not explainable using the 'search for authenticity' motivations, advocated by MacCannell (1973; 1976). However, VFR travellers who are returning to the country of their forebears who migrated during earlier eras may seek authentic 'Old World' experiences, and according to King (1994) should be defined as ethnic tourists. Boyne *et al.* (2002) have conceptualised VFR tourism as encompassing a wide spectrum of motivations.

Moscardo *et al.* (2000) have distinguished between the VFR concept as an activity and as a primary travel motivation. The former describes travellers who intend to participate in tourist activities that involve renewing or enjoying social connections. In the latter case the travel experience may be focused entirely on social obligations, leaving less scope to engage in other tourist activities. The literature typically views VFRs as having a single motive, and assumes that their primary interest is to visit family and/or friends with other motives or activities playing a secondary role. Moscardo *et al.* (2000) have argued that VFR may function as a joint or supplementary element in destination choice and that VFRs may be interested in other destination attributes. Morrison, Hsieh, and O'Leary (1995) have noted that VFR may constitute only one of several activities sought by tourists. King (1994) has argued that VFR may be viewed as a component of 'hybrid travel' which describes a fluctuating blend of pleasure, business, and VFR experiences.

Hu and Morrison (2002) analysed the different socio-demographic and trip characteristics ("tripographic") of VFR and non-VFR travellers and between single- and multi-destination VFR travellers. They concluded that significant differences are evident between the socio-demographic and trip characteristics of VFR and non-VFR travellers. They also suggested that multi-destination VFRs exhibit different characteristics from single-destination VFRs. A distinction is sometimes made between visiting friends (VF) and visiting relatives (VR) (Paci, 1994; Seaton and Tagg, 1995). Seaton and Tagg (1995) used the acronym VFVR to designate travellers who visit friends as well as relatives during the same trip. In the context of the current study, the VF and VR distinction may not be applicable to migrant travellers since some cultures (e.g. Vietnamese) do not distinguish between the terms 'friend' and relative'. However the Australian Bureau of Statistics uses the term "Visiting Relatives" as the heading for its data collection and does not account for those visiting friends. It is worth noting the practice of blending friends and families which is becoming more prevalent amongst migrants living within diasporic communities who have rebuilt their broken family structures using informal or artificial family networks.

Duval (2002) introduced the term 'return visit' as a segment of VFR tourism arguing that it may be distinguishable conceptually from the broader VFR classification in certain circumstances,. 'Return visits' may encompass individuals who would otherwise have been categorised as VFRs, but who have social and cultural ties to a particular destination. Duval (2002) has stressed the importance of historical and social contexts as influences on motivations and meanings. In this context "return visits" function as an adaptive strategy to maintain social and cultural ties between the diaspora and the country of origin.

'Return visit' may apply to many of those in the second category of ethnic tourism defined by King (1994). He stated that ethnic tourism "occurs where people travel back to the place of origin of their culture or family". The term is broadly synonymous with the concept of 'homecoming' (Nguyen and King, 2002). Migrants frequently visit places that offer family and cultural connections with the image of space that their family left behind. Since migrants share a strong sense of history and culture, having experienced the physical and emotional trauma of migration, return trips to the homeland prompt migrants to consider issues of identity, rootlessness and belonging and about the relationship between past and present (Nguyen and King, 2002). Many migrants within diasporic communities maintain familial and friendship ties with individuals in the country of origin (Gmelch, 1992; Basch *et al.,* 1994; Nguyen, 1996), as well as strong emotional and social attachments (Philpott, 1968; 1973; Rubenstein, 1979; Nguyen, and King, 2002).

Nguyen (2003) has asserted the significant influence of the Australian Government's multicultural policy on migrant travel patterns. Multicultural policies raise consciousness within the host country about migrant needs and aspirations and stimulate debate about understanding migrant behaviours. The pro-migration argument notes that migrants contribute to the economy, as well as enriching the socio-cultural fabric through their involvement in all spheres of Australian life. Nguyen has contributed to the theory of diasporas and to our understanding of travel to ancestral homelands. In the case of Australia, migrant groups seek to maintain links with the past and with their homeland through the process of cultural

adaptation. Active articulation of their culture contributes to the maintenance of traditional cultural values, as they confront sometimes perplexing external demands and acquire new cultural elements to build their new identity within a Western society. An appreciation of the cultural past can provide a buffer in the face of change, and provide a basis for future directions.

One of the more striking results from the econometric work reported in Chapter 4 is the strength of the relationship between migration and non VFR tourism. It was noted in Dwyer *et al.* (1993) that there appeared to be a link between outbound non VFR tourism and migration. The present study confirms this link, and suggests that it may be stronger than thought. In addition, there appears to be a strong link between inbound non VFR tourism – in fact, the link appears to be almost as strong as between migration and VFR tourism. It is surprising that there would be some link. For example, the existence of a migrant culture might induce some non VFR travellers to explore countries with which they have indirect familiarity. Thus Australians may be interested in visiting Italy, even though they have no migration related connections (and they may have less interest in visiting Spain).

Interrelationship between Tourism and Migration

According to Feng and Page (2003) the relationships between 'ethnic tourism', VFR, tourism and migration remain poorly understood. The present investigation attempts to provide a cohesive synthesis of the field, drawing upon tourism studies, migration studies, economics and sociology. Indicative of the close relationship between the two phenomena, tourism can stimulate permanent migration, and permanent migration can in turn generate a demand for tourism and particularly VFR tourism (Jackson, 1990; Murphy *et al*., 1993; King, 1994; Paci 1994; King & Gamage, 1994; Morrison *et al.*, 1995; Seaton & Tagg, 1995; Williams & Hall, 1999). The literature has indicated that many forms of migration generate tourism flows, particularly by extending friendship and kinship networks. Migrants return to their country of origin for VFR or other purposes. Recent migrant arrivals may subsequently host visits from their friends and relatives. Such tourism flows are sensitive to the ebbs and flows of migration, with each wave creating new spatial arrangements of friendship and kinship networks. Such networks potentially generate a complex array of VFR tourism flows. The pace and scale of activity will depend on the characteristics of such networks, including their intensity, reciprocity, utilisation of different forms of sustaining contacts and particularities of place (Cohen, 1997; Williams & Hall, 1999). Tourism also generates migrant flows. Labour-related migration provides a range of services to tourists. Secondly, consumption-related migration systems are symbiotically related to tourism flows as well as spatial outcomes such as property ownership, second home development and retirement settlements. Tourism-migration relationships help to explain this nexus and the two processes in their own right. Tourism-migration relationships also illustrate the importance of understanding the impacts on tourism of contemporary global economic and political processes and the circulation of capital and labour (Williams and Hall, 1999).

Despite the literature reported previously, the migration/ tourism nexus remains largely unexplored. It has not been acknowledged as a significant research agenda in recent syntheses of tourism geography (Hall & Page, 1999). Studies by Aislabie, Lee and Stanton (1994) and Dawkins, Kemo and Cabalu (1995) have noted that globalisation has affected financial flows, as well as human resources and labour markets. Williams and Hall (1999) identified the growth of transnational capital flows relating to tourism as increasing the demand for skilled migrants, particularly at senior management level. International labour migration, especially amongst the highly skilled, has internationalised potential VFR networks. The increasing incidence of working and living abroad, extends the search for places of retirement and overcomes the traditional obstacle of lack of familiarity with living abroad. The dynamics of such mobility are complex, especially when tourism in its multi-faceted form is superimposed. Underlying questions include the relationship between tourism and migration with life changes, travel careers, family and friendship networks, government and governance, and the distribution of cultural/economic/environmental impacts (Williams & Hall, 1999). The interaction between migration and tourism is arguably the least understood relationship, especially amongst migrants who embrace new patterns of outbound travel, where expanding family networks have evolved into global networks. Ethnicity has been increasingly recognised as a powerful driver of return visits by migrants to friends and relatives in the country of origin. Ethnic tourism is clearly a fruitful area given the globalization of business related demand, and the significance of consumer behaviour incorporating ethnicity, tourism and international trade, and the significant volume of immigration-induced tourism in tourism flows (Rossiter & Chan, 1998).

Kang and Page (2000) have highlighted the development of a new research agenda within geography around the interrelationships between tourism and migration, particularly in terms of production and consumption. Most of the relevant research has been conducted in Australia, perhaps because it has one of the highest migrant intakes per capita internationally and an expanding tourism industry (Dwyer *et al.*, 1993). The various studies have demonstrated a strong relationship between the number of persons in Australia who were born in particular countries and the 'visiting relatives' category for both inbound and outbound travel. They have indicated the increasing importance of tourism and migration links as determinants of mobility and that demand for appropriately skilled foreign labour through immigration has a variety of implications. Kang and Page (2000) have argued that once the individual/family emigrates, the conditions in the host country and process of adaptation are taken into account with the challenges of the new culture, expatriate acculturation process, sociological factors (e.g. language ability and family and kinship ties) and the opportunities in the local labour market. Those factors affect the individual/family's assimilation into the host community.

Tourism, Emigration and Ethnic Reunion

The literature on diaspora tourism has increasingly acknowledged ethnic groups as a growing market segment (Nguyen and King, 2002). Thanopoulos and Walle (1988) and Ostrowski (1991) identified the significance of expatriates and the market for outbound and inbound tourism in destinations. Ostrowski (1991) outlined the sociological explanations of travel for ethnic reunion where 'ethnic tourism is foreign travel to an ancestral home without the intention of permanent settlement, emigration or remigration, or undertaking temporary work'. The problem with this type of research area, according to King (1994, p. 174) is that 'very little attention is paid to travel motivated by ethnic reunion motives'. Research is complicated by the practice of government agencies in origin and destination countries of recording VFRs on embarkation/disembarkation cards as opposed to reunion motives.

King (1994) has argued that National Tourism Organisations are neglecting a powerful market segment where the visitor profile is poorly understood. In fact King (1994, p. 174) indicated that for ethnic reunion travellers, such motivation commonly derives from a sense of belonging to or identifying with a way of life that has been left behind. The sense of lost 'roots' is a potent influence for travel and affects successive generations of migrants, not only the first. It is a particularly strong influence in the countries of North America and Australasia whose recent history has been built on migration (King 1994).

The most frequently cited study of travel for ethnic reunion is the survey of 448 Greek-Americans in Ohio by Thanopoulos and Walle (1988) which argued that over one million Greek residents in the USA were potential travellers to Greece. An earlier study by Liu *et al.,* (1984) examined the economic impact of ethnic reunion travel in Turkey using tourism multipliers to establish the effects of this market on the destination. The authors concluded that ethnic reunion visitors have positive benefits on the destination, even when they do not reside in commercial accommodation. This paper disputed the commonly held assumption that such visitors have minimal economic value. The major debate within the tourism literature concerns the classification and measurement of ethnic tourist. The use of the VFR category as a catch-all oversimplifies the results and cannot accommodate trip motivations. Changing patterns of immigration to Australia have led to an increasing focus on Asia as the increasing arrivals from countries such as China, India and Sri Lanka contribute to a new ethnic mix. Despite the growing interest in ethnic reunion, the literature remains case-study driven. The literature does however indicate that macro processes affect prospective migrants as a result of the familiar 'push' and 'pull' factors. The promotion of opportunities at the destination by organisations such as Australia's Department of Immigration, complemented by previous knowledge of the country, contribute to the destination decision-making of prospective emigrants. The decision-making also involves micro-processes such as stage in the lifecycle, local labour market conditions and family preferences.

The travel decision-making process may also be influenced by information provided by other recent migrants. Once the individual/family emigrates, the conditions in the host country and process of adaptation are taken into account together with the challenge posed by a new culture, expatriate acculturation process, sociological factors (e.g. language ability and family and kinship ties). The opportunities in the local labour market also affect the individual/family's perceived adjustment into the host community. Existing and perceived family networks in the new country and links with other new immigrants combine to establish a sense of belonging to the country of origin. One can also infer from the existing literature on migration and acculturation that over time the local conditions prevailing in the host country together with the strength of family and kinship ties influence the patterns of domestic and international tourism. Ethnic reunion plays out most

prominently via international travel, which dominates the travel patterns of new emigrants as soon as they have the means and capacity to travel overseas.

Migration to Australia: A Growing Focus on Asia

In most migrant-receiving countries, immigration is the result of a combination of changing economic requirements and immigration policies. Kritz *et al.,* (1992) have conceptualised migration flows in terms of vanishing frontiers, the rise of transnational labour markets and freer exchange of labour and capital. In a comparative analysis of immigration policy in Canada, New Zealand and Australia, Ongley and Pearson (1995) observed the shift away from discrimination against non-European immigrants to non-discriminatory assessment (Inglis 1992; Jones 1994). Nash (1994, p. 87) noted that 'skilled migrants continue to receive attention, especially those migrating under business migration programmes to destinations such as Canada and New Zealand, and Australia where the benefits appear to favour metropolitan cities'. Early immigration policy espoused a preference for British or European immigrants and restrictions on non-European immigration, but these policies were progressively amended. Le Heron and Pawson (1996) examined changes in government policy post–1989 and the contribution of such changes to net migration from North Asia. This occurred amidst a backdrop of official government encouragement, the appeal of a peaceful and hospitable environment and wider spread concern about the changing political environment in Hong Kong post–1997. Castles (1998) examined the political consequences of growing migration from Asia to Australia and increased racism towards new immigrants from non-European sources.

Asian migration has been a topic of heated public debate within Australia in recent years. It has been observed that despite the use of a points system which rewards education, migrants lack awareness that gaining points and gaining recognition of qualifications by professional bodies were two quite different things. As a result, many immigrants have been denied access to employment opportunities commensurate with their qualifications. The challenges and difficulties confronted by migrants include deficient English language skills, unfamiliarity with the host country's economy and business culture, and the older age of many migrants, often compounded by lack of recognition of their skills in Australia (Nguyen and King 2002). The net result of these characteristics has been unemployment, underemployment and emigration of immigrants (Richmond 1969). Richmond (1969) has noted that many foreign-born migrants in a host country experience 'downward occupational mobility' as a consequence of geographic mobility. Richmond (1969) has noted that where there are substantial linguistic barriers, significant cultural differences or discrimination against migrants by employers, the opportunity to obtain employment at or above the former employment status of the migrant is limited. Studies undertaken in Australia and New Zealand (Khoo and Kee, 1992; Chapelle, 1992; Ip, 1995; Boyer, 1995) have shown that Asian migrants take the longest time to find employment, and many of them are underemployed or unemployed.

A number of studies have confirmed that the travel motivations of migrant groups such as the Vietnamese Australians (Nguyen and King 2002) and Chinese New Zealanders (Feng and Page, 2005) is related to ethnic reunion, the enhancement of family ties and kinship. These studies indicate that the concept of VFR needs extensive reconsideration. Studies by Seaton (1994) and King (1994) have highlighted a number of difficulties such as the vagueness of using the term of VFR to describe travel motivation and suggest the need to further explore the composition of VFR travel.

With the globalization of products, services and economics, migration has increased at all geographical scales and become the most important branch of demography over the past quarter century. The more globalised system of migration is attributable to greater labour mobility and to more dynamic population flows as the principal driver of demographic patterns. Migration may be viewed as a major contributor to the patterns of global tourism flows. In other words, the pattern of global tourism flows show a degree of similarity with global migration flows. A global professional workforce is emerging resulting in a more mobile population reflected in migration, which leads to the need to understand the demographic profile of consumers (e.g. migrants) as to how and what motivates them to travel, the influence of family, kinship and global family networks and migration.

The foregoing discussion has suggested that migration induced population change affects the economy, but that emigration and immigration levels themselves depend on the state of the economy. As one of the most important economic activities in Australia, tourism plays a significant role in this nexus. There are more complex motivating factors and drivers of travel for new immigrants that are not necessarily linked to pleasure travel and traditional western notions of rest and relaxation.

Temporary and Permanent Movements

As has been the case in many western countries, temporary mobility in Australia has been increasing. Contemporary analysis of migration has however primarily focused on the processes and impacts associated with permanent movement – defined and measured as a change in usual residence between two periods of time. Principally this is because permanent migration is the key mechanism that generates changing human settlement patterns. With the decrease in the friction of distance and cost of travel, there has been a commensurate increase in the frequency of moves, together with a change in the forms of population movement. A rise in temporary mobility has been evident – movements that involve one or more nights stay away from home, but do not entail a lasting change of usual residence.

Brown and Bell (2003) compared temporary mobility with permanent migration. They concluded that temporary mobility differs from permanent migration in its intensity, distance, connectivity and impact. Temporary moves display distinct age-sex profiles, with temporary movements occurring over longer distances, exhibiting greater levels of connectivity and having a greater impact on settlement patterns. These measures can be understood to quantify the amount, or level, of mobility (intensity), the distance travelled (distance), the relationship between regions signified by the magnitude of flows (connectivity) and finally the extent to which settlement patterns are transformed (impact). Brown and Bell (2003) found that the numbers of people temporarily away from home on census night have been steadily increasing, whereas permanent migration rates have remained stable. In addition the age of those undertaking temporary moves differs from the comparable figure applicable to permanent migrants; characterised by bi-modal peaks among young adults (due to educational reasons) and at retirement age (resulting from their recent exit from the workforce and family commitments). Temporary moves are more likely to involve shifting over longer distances, often interstate and overseas, whilst permanent migrants more frequently move locally or intra-state.

It was anticipated that temporary moves would be more spatially focused than permanent migrations. The spatial patterning of temporary migration differed markedly from permanent migration. Temporary moves were generally more efficient as a distribution mechanism and impacted substantially on settlement patterns. The patterns of net migration revealed the complimentary and substitutional roles that temporary moves play to permanent migrations within inland and city regions: supplementing the loss of permanent out migrants with temporary, short-term, gains of in migrants, in some places, but complimenting long term with short term gains in others. The notion of permanence is becoming increasingly contested. Short-term travel to a location may be the precursor to longer-term residence or migration because of the environmental search capacities of such travel (Hall and Williams, 2002), while return trips, return migration and 'roots' travel are coming significant themes in examining migrant movement over the duration of the life course (Baldassar, 2001; Duval, 2002; 2003; Coles and Timothy, 2004). Hall (2003) developed a model describing different forms of temporary mobility in terms of three dimensions; space, time and number of trips. He suggested a decline in trips or movements over time and distance away from a central generating point, which would often be termed as 'home'. Such decline has been recognised in a number of studies on spatial interaction, for instance, travel to second homes (Coppock, 1977; Müller and Hall, 2004), return migration (Duval 2002; 2003), and diaspora (Coles and Timothy, 2004). Arguably, some of these categories could be described as 'partial tourists' (Cohen, 1974), or even as 'partial migrants', although the amenity or leisure dimension remains important as a motivating factor in their voluntary mobility (Williams and Hall, 1999; 2002; Coles and Timothy, 2004).

Summary

A review of the migration and tourism literature has shown that the relationship has long been overlooked and remains insufficiently understood. Migration is a precondition for VFR tourism, which is in part an extension of chain migration. VFR tourism can flow in both directions along the family and kin networks depending on the level of mutual travel obligations. Such travel therefore, depends on the structure of family and kin relationships, and on the prevalence of place attachments. VFR is often not the sole reason for travel but commonly involves a combination of motives that, when pursued at a destination, result in participation in a variety of activities beyond VFR. This indicates a need to conduct studies on relationships between migrant travel and its underlying motives. The foregoing discussion has provided some insights to clarify ethnic tourism involving family connections and shared cultural values. Ethnic travellers are defined as those who are explicitly aware of the link between the country visited and their family links. Their primary purpose of travel to an ancestral home is to satisfy a need and demand for ethnic identity. Placing tourism within the framework of temporary and permanent mobility allows us to see tourism within a wider social context over the life span of individuals as

well as to gain a greater appreciation of the constraints that prevent or limit mobility. As Coles and Timothy. (2004) have argued the conceptualisation and development of theoretical approaches to tourism should consider relationships with other forms of mobility, including the creation of extended networks of kinship and community at regional, national and global scales that also promote human movement.

Chapter 3

MIGRATION AND TOURISM FLOW DATA FOR AUSTRALIA

Much of the analysis of immigration-tourism linkages to be found in the body of this report will depend on statistics regarding tourism flows and immigration flows. It is therefore appropriate to set down relevant statistics and trends in immigration and tourism numbers for Australia.

Immigration Flows

Table 1 shows migrants' country of birth by year of arrival with the corresponding percentage shares noted in Table 2. In 1990/91 the major sources of settlers to Australia were the UK (with 20,746 - 22%), Hong Kong (14.3%) and Vietnam (14%). In 2005-06 the UK remained the largest source for Australia with 23,290 migrants (23.8%) followed by New Zealand (which rose dramatically from 7.9% to 19.5% including a spike to 32% in 2001/02), India (11.6% up from 5.4%) and China (10.8%, up from 3.4%). Taken together these four sources accounted for two thirds of all migration to Australia in 2005-06. Some notable declines in market share over the period 1990/1 to 2005/06 were reported for Malaysia (down from 6.1% to 3%), the Philippines (from 6.8% to 5%) and Vietnam (from 14% to 2.7%). The rise of South Africa from 2.2% in 1990/01 to 4% in 2005/06 is of interest, particularly in light of a high point of 7.3% in 2001/02.

Table 1. Settlers' birthplace by year of arrival

No.	Country List	1990-1991	1995-1996	2000-2001	2005-2006
1	Austria	164	112	75	81
2	Canada	910	866	730	781
3	China (excludes SARs and Taiwan)	3256	11247	8762	10581
4	France	342	309	202	300
5	Germany	889	935	801	953
6	Greece	351	281	92	112
7	Hong Kong	13541	4361	1541	1031
8	India	5081	3700	6336	11286
9	Indonesia	1071	1793	3921	1853
10	Ireland	1115	813	709	1061
11	Israel	246	154	114	322
12	Italy	353	304	181	187
13	Japan	574	593	604	755
14	Malaysia	5744	1081	2222	2967
15	Netherlands	308	408	407	523
16	New Zealand	7467	12265	25165	19033
17	Papua New Guinea	190	217	140	215
18	Philippines	6388	3232	3123	4871

No.	Country List	1990-1991	1995-1996	2000-2001	2005-2006
19	Poland	1597	617	256	338
20	Singapore	1275	841	1361	2685
21	South Africa	2084	3190	5754	3953
22	South Korea (Rep. Of)	982	704	1344	2117
23	Spain	78	96	72	91
24	Sri Lanka	3271	1951	2043	2361
25	Switzerland	409	280	181	232
26	Thailand	945	736	697	1568
27	United Kingdom	20746	11268	9037	23290
28	United States of America	1890	1625	1212	1655
29	Viet Nam	13248	3567	1639	2661
	Total	94515	67546	78721	97863

Source: Department of Immigration and Citizenship, Settler's Arrival, various issues

Table 2. Settlers' birthplace by year of arrival (in percentage)

No.	Country List	1990-1991	1995-1996	2000-2001	2005-2006
1	Austria	0.17	0.17	0.10	0.08
2	Canada	0.96	1.28	0.93	0.80
3	China (excludes SARs and Taiwan)	3.44	16.65	11.13	10.81
4	France	0.36	0.46	0.26	0.31
5	Germany	0.94	1.38	1.02	0.97
6	Greece	0.37	0.42	0.12	0.11
7	Hong Kong	14.33	6.46	1.96	1.05
8	India	5.38	5.48	8.05	11.53
9	Indonesia	1.13	2.65	4.98	1.89
10	Ireland	1.18	1.20	0.90	1.08
11	Israel	0.26	0.23	0.14	0.33
12	Italy	0.37	0.45	0.23	0.19
13	Japan	0.61	0.88	0.77	0.77
14	Malaysia	6.08	1.60	2.82	3.03
15	Netherlands	0.33	0.60	0.52	0.53
16	New Zealand	7.90	18.16	31.97	19.45
17	Papua New Guinea	0.20	0.32	0.18	0.22
18	Philippines	6.76	4.78	3.97	4.98
19	Poland	1.69	0.91	0.33	0.35

No.	Country List	1990-1991	1995-1996	2000-2001	2005-2006
20	Singapore	1.35	1.25	1.73	2.74
21	South Africa	2.20	4.72	7.31	4.04
22	South Korea (Rep. Of)	1.04	1.04	1.71	2.16
23	Spain	0.08	0.14	0.09	0.09
24	Sri Lanka	3.46	2.89	2.60	2.41
25	Switzerland	0.43	0.41	0.23	0.24
26	Thailand	1.00	1.09	0.89	1.60
27	United Kingdom	21.95	16.68	11.48	23.80
28	United States of America	2.00	2.41	1.54	1.69
29	Viet Nam	14.02	5.28	2.08	2.72
	Total	100.00	100.00	100.00	100.00

Source: Department of Immigration and Citizenship, Settler's Arrival, various issues

Table 3 sets out settler arrivals by State of Intended Residence between 1976 and 2007.

Table 3. Settler Arrivals by State of Intended Residence at Selected Dates

		NSW	VIC	QLD	SA	WA	TAS	NT	ACT	NS	AUS
1976-77	No	26235	18455	5609	4464	8679	810	806	792	1129	66979
	%	39.2	27.5	8.4	6.8	12.6	1.2	1.2	1.1	1.8	99.8
1981-82	No	40085	26201	16629	7687	17166	1062	1144	1281	1701	112953
	%	35.5	23.2	14.7	6.8	15.2	0.9	0.9	1.1	1.5	99.8
1986-87	No	45569	29007	14042	5701	15710	938	941	1401	-	113309
	%	40.2	25.6	12.4	5.0	13.9	0.8	0.8	1.2	-	99.9
1990-91	No	47569	32071	16243	5963	15819	709	825	1488	1001	121688
	%	39.1	26.4	13.3	4.9	13.0	0.6	0.7	1.2	0.8	100.0
1996-97	No	37212	18266	14640	3336	10518	431	490	833	-	85752
	%	43.4	21.3	17.1	3.9	12.3	0.5	0.6	1.0	-	100.0
2000-01	No	46745	24159	19535	3183	11565	564	472	1115	-	107366
	%	43.5	22.5	18.2	3.0	10.8	0.5	0.4	1.0	-	99.9
2006-07	No	43835	34698	28640	10061	19783	968	843	1311	-	140148
	%	31.3	24.8	20.4	7.2	14.1	0.7	0.6	0.9	-	100.0

Source: 1976-77: Data supplied by Australian Bureau of Statistics; 1981-82 to 1990-91: Data supplied by Bureau of Immigration Research; 1996-2007: Data obtained from publication named: Settlers Arrival 2006-07 Table 1.1 by Department of Immigration and Citizenship, Australia.

Over the period covered by Table 3 the most recent year (2006-2007) has reported the highest number of settler arrivals (140,148). At the time of writing migrant arrivals are at an historical high. The 2006/07 figure predates the Global Financial Crisis from 2008, though it is interesting to note that high migrant arrival levels have continued, indicative of a continuing pattern. The 2006-07 arrival figure is more than double the number reported thirty years previously (1976-77) of 66,979. The annual rate of settler arrivals Australia-wide has been consistently above 100,000, with the exception of a brief occurrence during the mid 1990s (1996-97) when arrivals fell below 90,000 (85,752). In terms of state of intended residence, New South Wales consistently rates highest with Victoria second. Queensland is generally ranked third as state of intended residence, though it is interesting to note that Western Australia attracted higher numbers than Queensland during the 1980s, before reverting to type in the following decades.

The census figures provide a further insight into the make-up of the migrant population in Australia, albeit at fairly dispersed intervals. Table 4 shows the country of birth of Australian residents during the census years. The largest stock of migrants reported in 2006 is sourced from the UK (1,038,160). New Zealand is placed second (389,466) with Italy third (199,123). There is a substantial lag effect evident in these numbers. As reported in Table 2, Italy was the source of only 0.2% of migrant arrivals (187) in 2005/06.

Table 4. Country of Birth of Residents at Census Years

		Census Years			
		1991	1996	2001	2006
No.	Country of Birth of Residents	Persons	Persons	Persons	Persons
1	Australia	12,725,163	13,227,776	13,503,522	14,072,944
2	Bosnia and Herzegovina	0	13,610	23,787	24,632
3	Canada	24,126	25,132	26,987	31,612
4	China (excl. SARs and Taiwan Province)(b)	78,866	111,009	142,265	206,589
5	Croatia	0	46,981	51,748	50,995
6	Egypt	33,195	34,159	33,359	33,494
7	Fiji	30,544	37,102	44,065	48,143
8	Former Yugoslav Republic of Macedonia (FYROM)	161,064	42,199	43,457	40,657
9	Germany	114,909	110,331	107,394	106,524
10	Greece	136,331	126,520	116,141	109,989
11	Hong Kong (SAR of China)(b)	58,984	68,430	66,954	71,802
12	India	61,606	77,551	95,071	147,105
13	Indonesia(c)	33,264	44,175	46,960	50,974
14	Iraq	0	14,004	24,751	32,521
15	Ireland	52,437	51,469	49,796	50,257
16	Italy	254,776	238,246	217,990	199,123
17	Japan	25,984	23,015	25,273	30,776
18	Korea, Republic of (South)	20,997	30,091	38,745	52,760
19	Lebanon	68,995	70,224	71,182	74,850
20	Malaysia	72,611	76,255	78,542	92,335
21	Malta	53,811	50,879	46,844	43,701

Source: Australian Bureau of Statistics

		Census Years			
		1991	1996	2001	2006
No.	Country of Birth of Residents	Persons	Persons	Persons	Persons
22	Netherlands	95,866	87,898	82,494	78,923
23	New Zealand	276,062	291,388	351,850	389,466
24	Papua New Guinea	23,743	24,373	23,383	24,022
25	Philippines	73,660	92,949	103,529	120,541
26	Poland	68,964	65,113	57,872	52,256
27	Singapore	24,563	29,490	33,331	39,973
28	South Africa	49,421	55,755	78,951	104,131
29	South Eastern Europe, nfd(d)	n.a	n.a	n.a	33,358
30	Sri Lanka	37,283	46,984	53,305	62,256
31	Thailand	n.a	18,936	23,451	30,554
32	Turkey	27,845	28,869	29,679	30,492
33	United Kingdom(e)	1,118,675	1,072,562	1,027,532	1,038,160
34	United States of America	50,541	49,528	53,110	61,719
35	Viet Nam	122,347	151,053	154,219	159,849
36	Born elsewhere(f)	234,304	544,956	600,742	691,495
37	Country of birth not stated	368,703	616,840	1,004,893	1,366,309
	Total Population	16,850,553	17,752,829	18,588,308	19,855,287

Source: Australian Bureau of Statistics; "n.a" indicates not available)

Having provided a profile of migration into Australia, it is now appropriate to examine tourism flows.

Tourism Flows to Australia

Total Tourist Arrivals

Table 5 shows overseas visitors to Australia between 1980 and 2009.

Table 5. Overseas Visitors to Australia 1980-2009

Year	Visitors (000)	Annual increase %
1980	905	+14.1
1981	937	+3.5
1982	955	+1.9
1983	944	-1.2
1984	1015	+7.5
1985	1143	+12.6
1986	1429	+25.0

Year	Visitors (000)	Annual increase %
1987	1785	+24.9
1988	2349	+26.0
1989	2080	-11.5
1990	2215	+6.5
1991	2370	+7.0
1992	2603	+9.8
1993	2996	+15.1
1994	3362	+12.2
1995	3726	+10.8
1996	4165	+11.8
1997	4318	+3.7
1998	4167	-3.5
1999	4460	+7
2000	4931	+10.6
2001	4856	-1.5
2002	4841	-0.3
2003	4746	-2
2004	5215	+9.9
2005	5499	+5.4
2006	5532	+0.6
2007	5644	+2
2008	5586	-1
2009	5584	0

Source*:* Australian Bureau of Statistics

Over the past 30 years**,** overseas visitor arrivals to Australia have grown rapidly, rising from 905,000 in 1980 to 5.6 million in 2009. However growth has been inconsistent over the three decades. Periods of double digit annual growth occurred in 1980 and then between 1985 and 1989 inclusive. A further period of double digit growth was reported in the mid to late 1990s (1993-96) and then in the millennial year (2000) when Australia hosted the Sydney Olympics. There were only two years of negative growth during the period prior to the turn of the century (1983 and 1998). However in the period 2001 – 2009 growth has been very subdued with an annual rate of 1.5%, well below the buoyant pattern of the previous decades. Negative growth has been reported in four years (2001, 2002, 2003 and 2008).

Short-term Visitor Arrivals by Main Purpose of Visit, Selected Years from 1981 to 2009

The numbers of short term visitors by travel motivation for the period 1980-2009 are shown in Table 6. Numbers of permanent settlers are shown from 1991. The highest numbers of settler arrivals have been reported in the period since 2004. During the period 2004 to 2008 numbers grew from 117.470 (already the highest reported during the period covered by the table) to 161,520 in 2008 – this was the highest on record. A dip was reported in 2009 (to 148,410) possibly associated with the Global Financial Crisis.

Table 6. Short Term Visitor Arrivals by Main Purpose of Visit ('000)

Year	Holiday	Visiting Relatives	Business	Other	Total	Perm. settlers
1980	360.2	263.9	112.7	167.8	904.6	
1981	377.3	271.4	122.2	165.8	936.7	
1982	375.3	284.2	129.2	166.0	954.7	
1983	396.1	268.2	123.8	155.8	946.9	
1984	435.6	270.5	140.0	169.0	1015.1	
1985	500.0	287.1	158.0	197.5	1142.6	
1986	694.6	326.0	169.6	239.2	1429.4	
1987	938.3	370.2	195.3	281.1	1784.9	
1988	1237.0	448.5	234.3	329.5	2249.3	
1989	1107.0	459.9	230.8	282.6	2080.3	
1990	1233.7	456.0	231.1	294.1	2214.9	
1991	1435.4	473.9	221.8	239.4	2370.5	116640
1992	1615.4	489.5	236.3	262.1	2603.1	94240
1993	1890.1	530.7	268.3	307.1	2996.1	65690
1994	2108.8	605.2	321.9	325.8	3361.6	77950
1995	2257.5	700.2	360.8	407.3	3725.9	96970
1996	2518.4	781.2	392.0	473.3	4164.9	92490
1997	2534.5	817.5	436.0	529.3	4318.0	78260
1998	2218.6	842.4	430.2	676.1	4167.3	81090
1999	2502.7	864.6	440.9	651.3	4459.6	88020
2000	2657.0	977.9	484.5	811.7	4931.3	97170
2001	2484.4	942.4	434.5	994.5	4855.8	100890
2002	2401.5	847.5	442.4	1149.5	4841.2	89360
2003	2440.6	932.4	447.4	925.8	4745.8	103900
2004	2685.1	1036.1	494.9	998.6	5215.0	117470
2005	2952.0	1116.5	565.0	865.1	5499.1	128760
2006	2886.6	1125.9	615.7	904.3	5532.4	133880
2007	2826.8	1179.7	650.5	987.4	5644.0	141650
2008	2654.7	1222.7	654.2	1054.6	5585.7	161520
2009	2596.0	1378.8	580.5	1028.1	5584.0	148410

Source: Australian Bureau of Statistics

Figure 1 shows that the growth of all categories of visit has been dramatic over the period 1980 to 2009. Holiday travel has increased 7 fold to reach over 2.5 million arrivals annually. However the visiting relatives market has also been very significant and has grown about 5 fold to reach 1.378 million. The "other" category has expanded by a similar proportion to reach over a million (1.028 million). It is likely that behind the growth of these markets, that there are strong connections with migration. This relationship has been enhanced by the improved prospects for international students studying in

Australia to gain permanent residency. It is well known that the international student market attracts substantial visitation from friends and relatives. In contrast to the steady growth in tourism numbers, permanent settler numbers have changed year to year and in both directions.

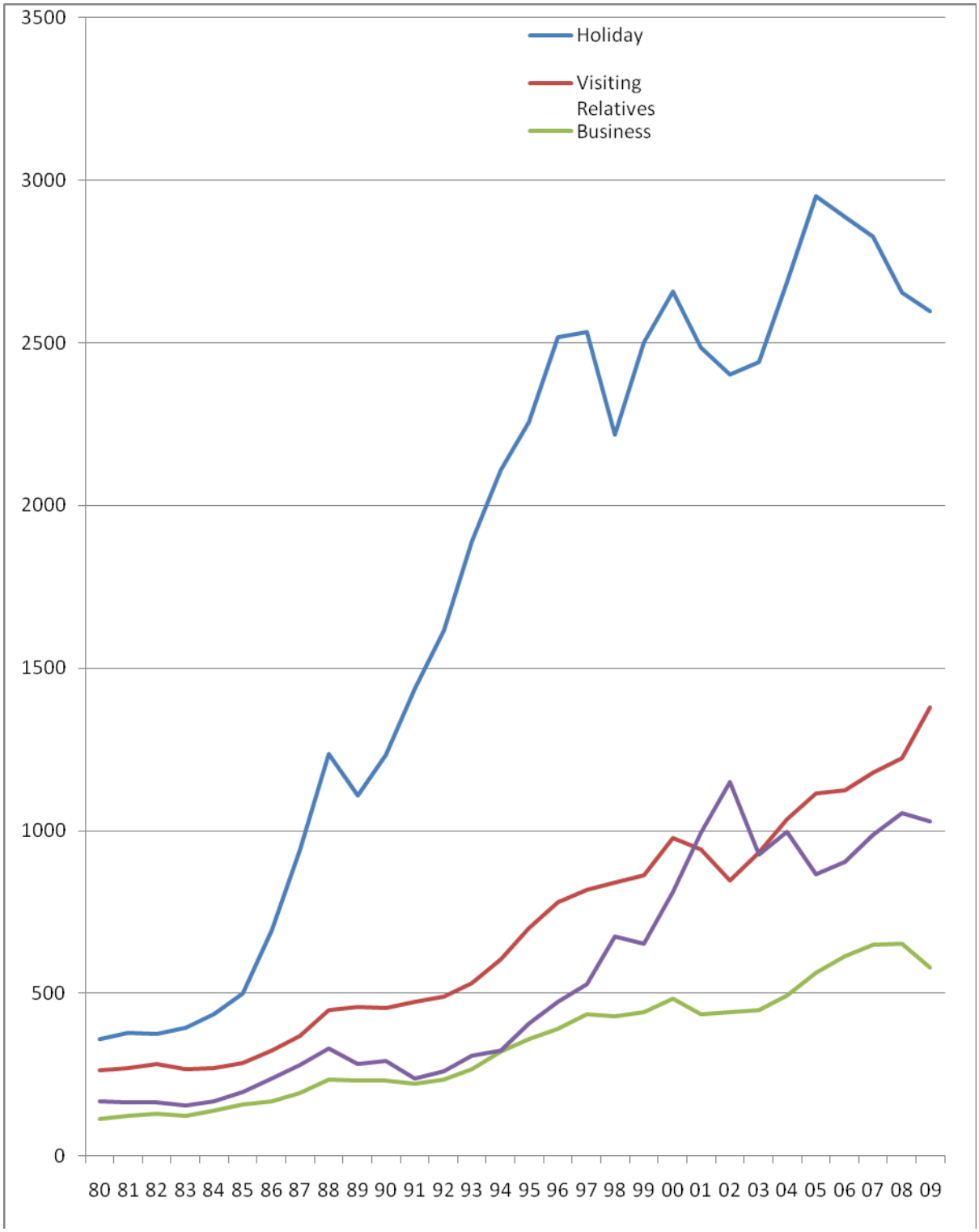


Figure 1. Short-term Visitors Arrivals by Main Purpose of Visit from 1981 to 2009 ('000)

Source: Data for this figure were obtained from Australian bureau of Statistics

Figure 2 compares numbers of permanent settlers to Australia with numbers of holiday and VFR visitors.

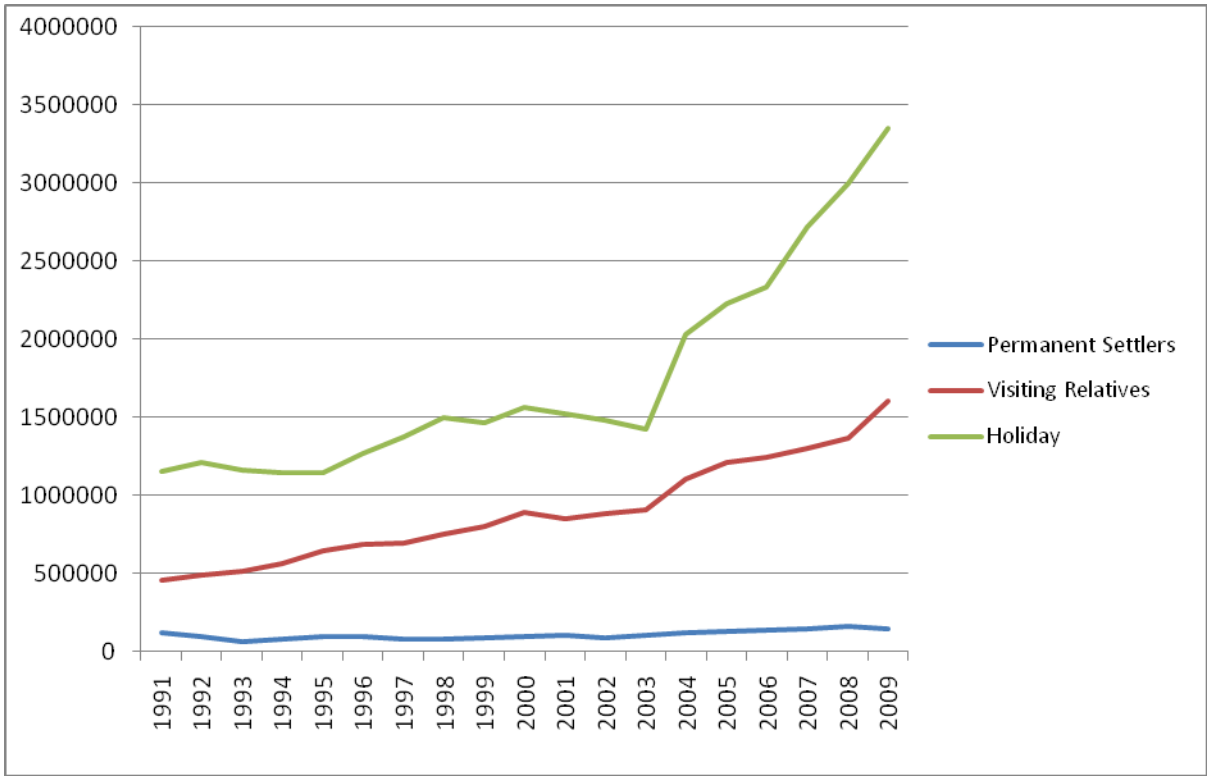


Figure 2. Comparison of Visiting Relatives and Holiday Visitors and Permanent Settlers (No. of Persons)

Source: Data for this figure were obtained from Australian Bureau of Statistics

Figure 3 compares proportions of holiday, VFR and Permanent Settlers to Australia.

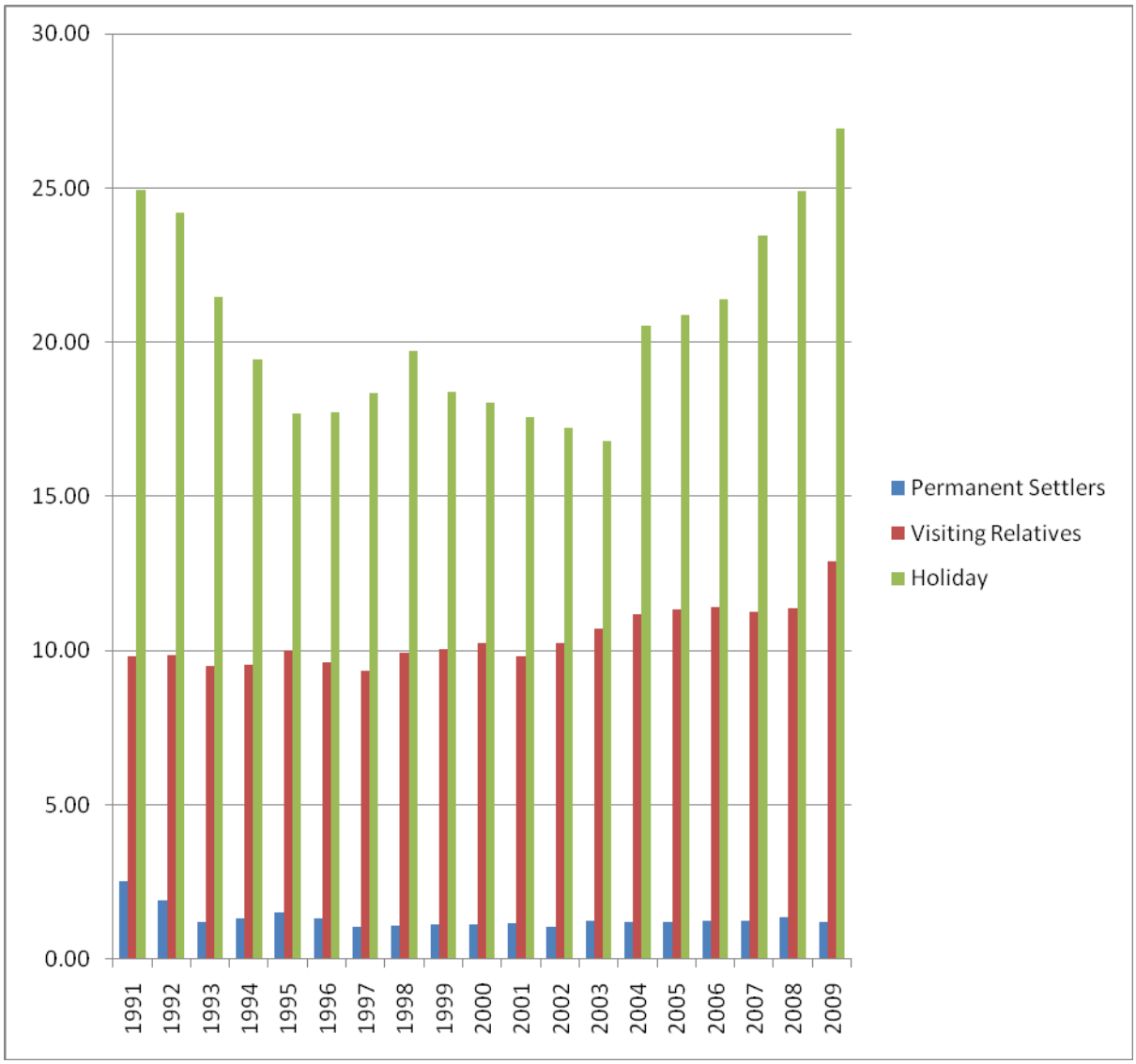


Figure 3. Comparison of Permanent Settlers Visiting Relatives and Holiday Visitors (Percentage of Total Arrivals)

Source: Data for this figure were obtained from Australian Bureau of Statistics

The proportion of visitor arrivals according to their different motives to visit are shown in Table 7.

Table 7. Short Term Visitor Arrivals by Main Purpose of Visit in Percentage of Total Short Term Visitors Arrival

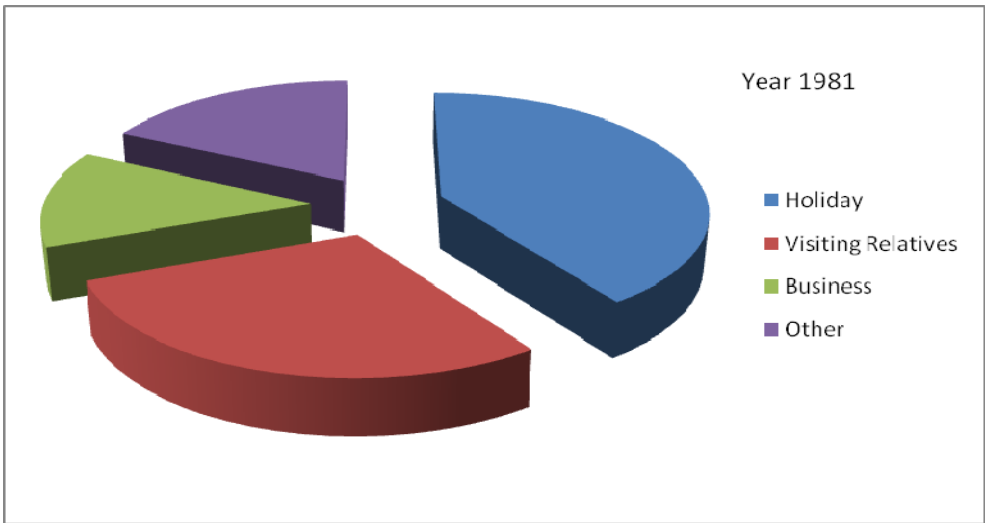
Year	Holiday	Visiting Relatives	Business	Other	Total
1980	39.8	29.2	12.5	18.5	100.0
1981	40.3	29.0	13.0	17.7	100.0
1982	39.3	29.8	13.5	17.4	100.0
1983	42.0	28.4	13.1	16.5	100.0
1984	42.9	26.6	13.8	16.6	100.0
1985	43.8	25.1	13.8	17.3	100.0
1986	48.6	22.8	11.9	16.7	100.0
1987	52.6	20.7	10.9	15.7	100.0
1988	55.0	19.9	10.4	14.6	100.0
1989	53.2	22.1	11.1	13.6	100.0
1990	55.7	20.6	10.4	13.3	100.0
1991	60.6	20.0	9.4	10.1	100.0
1992	62.1	18.8	9.1	10.1	100.0
1993	63.1	17.7	9.0	10.2	100.0
1994	62.7	18.0	9.6	9.7	100.0
1995	60.6	18.8	9.7	10.9	100.0
1996	60.5	18.8	9.4	11.4	100.0
1997	58.7	18.9	10.1	12.3	100.0
1998	53.2	20.2	10.3	16.2	100.0
1999	56.1	19.4	9.9	14.6	100.0
2000	53.9	19.8	9.8	16.5	100.0
2001	51.2	19.4	8.9	20.5	100.0
2002	49.6	17.5	9.1	23.7	100.0
2003	51.4	19.6	9.4	19.5	100.0
2004	51.5	19.9	9.5	19.1	100.0
2005	53.7	20.3	10.3	15.7	100.0
2006	52.2	20.4	11.1	16.3	100.0
2007	50.1	20.9	11.5	17.5	100.0
2008	47.5	21.9	11.7	18.9	100.0
2009	46.5	24.7	10.4	18.4	100.0

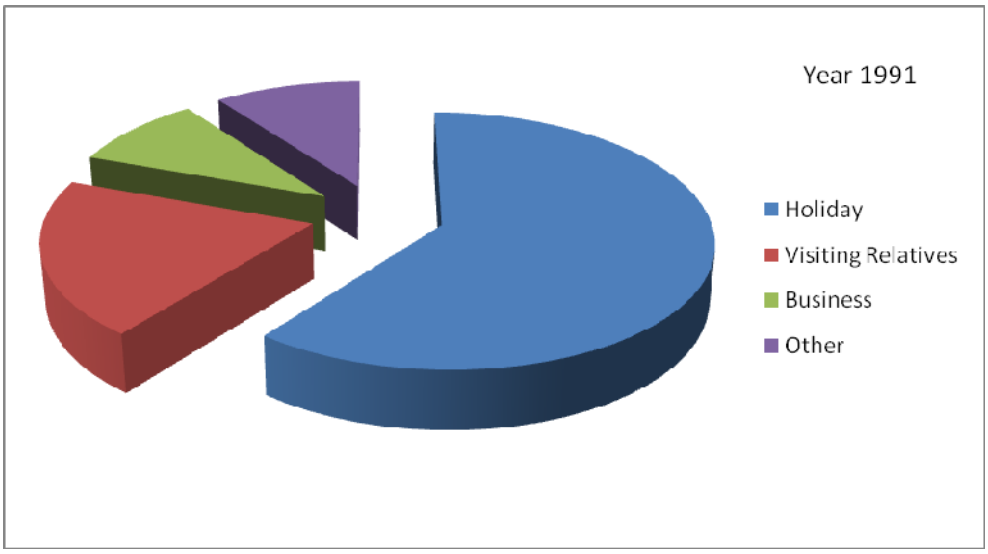
Source: Australian Bureau of Statistics

Tables 6 and 7 provide information on visitor arrivals in Australia by purpose of visit. In 1980 the main purpose of visit was Holiday with 360,200 which comprised 39.8% of the market. Second was VFR with 263,900 visitors comprising 29.2% of the market. Business travellers totalled 112,700 with 12.5 % of the market. In 2009, holiday travellers totalled 2.596 million comprising almost half of total inbound visitor numbers (46.5%), followed by VFR with 1.379 million (24.7%) and Business travel 580,500 (10.4%).

Holidaymaking commenced the reported period (1980) accounting for less than 40% of trips (39.8%). This proportion peaked in 1993 with 63.1% of the market before falling back to 46.5% in 2009. The visiting relatives market started the period strong in relative terms (29.2%) before falling back to 17.7% (1993) and even 17.5% (2002). However, it bounced back to reach almost a quarter of visitation (24.7%) in 2009. The "other" category ended the period roughly where it started – it amounted to 18.5% of arrivals in 1980 and 18.4% in 2009. As a proportion of visitation, business has declined slightly from 12.5% in 1980 to 10.4% in 2009.

The results can be displayed in Figure 4 using pie charts.





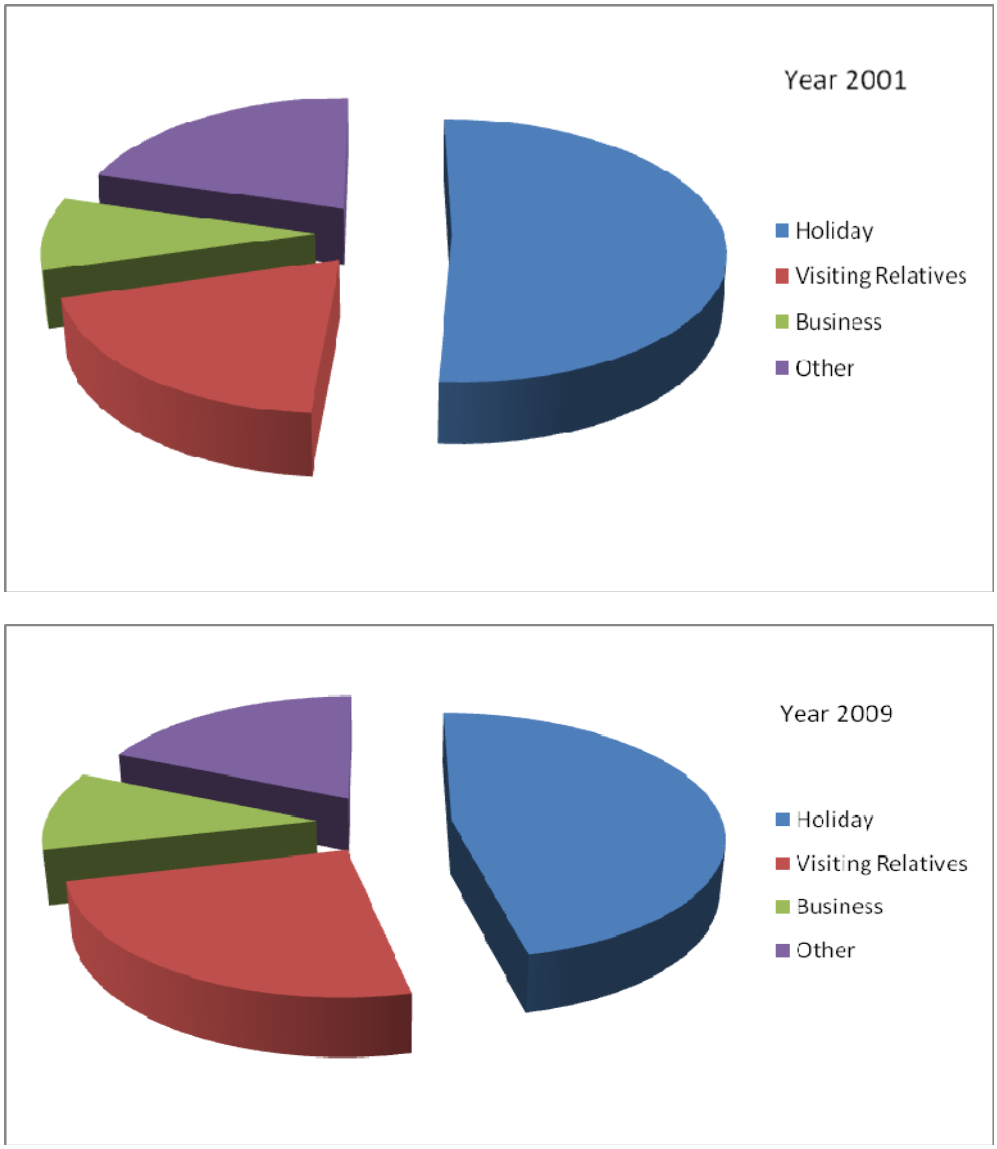


Figure 4. Short-term Visitors Arrivals by Main Purpose of Visit, Selected Years from 1981 to 2009

Source: Data for this figure were obtained from Australian Bureau of Statistics

The proportions of arrivals accounted for by different purposes of visit have varied over the period 1981 to 2009 with an increase in the share of holidaymaking during the first decade and then a fall in its shore over the two ensuing decades. In 1981 the proportion accounted for by the visiting relatives market was similar to holidaying, but during the 1980s it was holiday travel which grew most rapidly. By 1991 holidaymaking accounted for the majority of arrivals with relative proportion accounted for by visiting relatives having diminished. By 2001, a decade later the proportions of visiting relatives and "other" had increased as a proportion of the whole with holiday purposes alling back to about half of all visitation. By 2009 the share of holidaymaking had shrunk once more to less than half with another increase in share for visiting relatives. The "other" category remains substantial and accounts for a much higher share than was the case in 1991. The boom in Australia as an education destination with about 500,000 international students in country for study purposes explains part of the buoyancy of the "other" category.

As is indicated previously in Figure 1 holidaymaking is the most important source of arrivals to Australia while business travel is the smallest market. However, as shown in the figure, market for holiday maker is also the most vulnerable as indicated by the sharp decline in arrivals for this purposes in 1999, 2001 to 2003 and 2006 onwards. This cateory of travellers have been the most susecptible to international crisis.

Over the past thirty years visiting relatives has generally acounted for the second largest share, though it feel briefly behind the "other" category just after the turn of the century. It is clear that the visiting relatives and the other categories are closely related.

Table 8 shows short term arrivals for the purposes of VFR by country of origin. The volume of VFR may be expected to be heavily dependent upon the stock of migrants in a destination. Table 9 shows arrivals by country of origin in percentages.

Table 8. Short Term Movement – Arrival by Country of Origin (for Visiting Relatives)

		Total Short Term Movement Arrival				Short Term Movement Arrival (Visiting Relatives)			
No.	**Country List**	**1991**	**1996**	**2001**	**2006**	**1991**	**1996**	**2001**	**2006**
1	Austria	10400	17300	18000	19200	1701	2721	2601	3002
2	Canada	53400	61000	93200	109700	13959	20358	26841	32612
3	China (excludes SARs and Taiwan)	16500	53900	158000	308500	2854	10830	18397	37691
4	France	22600	34800	49900	67400	3625	6567	8996	11259
5	Germany	77800	125400	147700	148300	9680	18946	18840	19769
6	Greece	5900	7600	7000	6700	3129	3893	3446	2773
7	Hong Kong	62900	153200	154300	154600	14985	32031	28431	39844
8	India	9900	21300	48100	83700	3167	6018	7838	17652
9	Indonesia	37000	154600	97900	83500	5000	15661	15404	14193
10	Ireland	9800	20800	51400	59100	4178	7920	12392	14338
11	Israel	4900	9300	14500	15000	1683	2689	2965	3490
12	Italy	24500	40700	43400	51500	5967	9785	9410	9077
13	Japan	528600	813000	673600	650900	7208	13551	26614	33642
14	Malaysia	48200	134500	149500	150300	11564	21998	24695	29241
15	Netherlands	21300	38700	56500	51200	8580	12481	12337	11666
16	New Zealand	480600	671900	814800	1075700	139809	203967	231364	278595
17	Papua New Guinea	35100	43500	39100	30600	6445	6773	6565	5020
18	Philippines	15600	33500	30400	37500	5090	9770	6897	10900
19	Poland	2300	3700	6600	6800	1206	1751	1691	1800
20	Singapore	87300	222800	296100	253300	11331	23290	31264	34552
21	South Africa	9300	42300	54900	56800	4803	14807	16903	19882
22	South Korea (Rep. Of)	23700	227900	175600	260900	3895	14782	21236	23223
23	Spain	4100	8200	12300	18100	798	1573	1765	3149
24	Sri Lanka	4100	6900	8300	11700	1650	3494	2718	4825
25	Switzerland	29500	39300	46300	42800	3405	6014	6439	6177
26	Thailand	24700	88900	79900	73900	2684	7528	11014	11586
27	United Kingdom	263900	367600	617300	734200	45424	64754	74774	118886

28	United States of America	271800	316800	446500	456000	39281	62915	92049	92476
29	Vietnam	3000	5300	9200	19000	2227	1378	2546	7613

Source: Australian Bureau of Statistics

Table 9. Short Term Movement – Arrival by Country of Origin in percentage

No.	Country List	Total Short Term Movement Arrival				Short Term Movement Arrival (VR)				Short Term Movement Arrival (Non-VR)			
		1991	1996	2001	2006	1991	1996	2001	2006	1991	1996	2001	2006
1	Austria	0.48	0.46	0.41	0.38	0.47	0.45	0.36	0.33	0.48	0.46	0.42	0.39
2	Canada	2.44	1.62	2.12	2.18	3.82	3.35	3.69	3.63	2.16	1.29	1.81	1.86
3	China (excluding SAR and Taiwan	0.75	1.43	3.59	6.12	0.78	1.78	2.53	4.19	0.75	1.36	3.80	6.54
4	France	1.03	0.92	1.13	1.34	0.99	1.08	1.24	1.25	1.04	0.89	1.11	1.36
5	Germany	3.55	3.33	3.36	2.94	2.65	3.11	2.59	2.20	3.74	3.37	3.51	3.11
6	Greece	0.27	0.20	0.16	0.13	0.86	0.64	0.47	0.31	0.15	0.12	0.10	0.09
7	Hong Kong	2.87	4.07	3.51	3.07	4.10	5.27	3.91	4.43	2.63	3.84	3.43	2.77
8	India	0.45	0.57	1.09	1.66	0.87	0.99	1.08	1.96	0.37	0.48	1.10	1.60
9	Indonesia	1.69	4.11	2.22	1.66	1.37	2.57	2.12	1.58	1.75	4.40	2.25	1.67
10	Ireland	0.45	0.55	1.17	1.17	1.14	1.30	1.71	1.60	0.31	0.41	1.06	1.08
11	Israel	0.22	0.25	0.33	0.30	0.46	0.44	0.41	0.39	0.18	0.21	0.31	0.28
12	Italy	1.12	1.08	0.99	1.02	1.63	1.61	1.30	1.01	1.02	0.98	0.93	1.03
13	Japan	24.15	21.60	15.31	12.92	1.97	2.23	3.66	3.74	28.59	25.33	17.61	14.92
14	Malaysia	2.20	3.57	3.40	2.98	3.17	3.62	3.40	3.25	2.01	3.56	3.40	2.93
15	Netherlands	0.97	1.03	1.28	1.02	2.35	2.05	1.70	1.30	0.70	0.83	1.20	0.96
16	New Zealand	21.96	17.85	18.52	21.36	38.27	33.53	31.85	30.99	18.69	14.82	15.88	19.26
17	Papua New Guinea	1.60	1.16	0.89	0.61	1.76	1.11	0.90	0.56	1.57	1.16	0.89	0.62
18	Philippines	0.71	0.89	0.69	0.74	1.39	1.61	0.95	1.21	0.58	0.75	0.64	0.64
19	Poland	0.11	0.10	0.15	0.14	0.33	0.29	0.23	0.20	0.06	0.06	0.13	0.12
20	Singapore	3.99	5.92	6.73	5.03	3.10	3.83	4.30	3.84	4.17	6.32	7.21	5.29
21	South Africa	0.42	1.12	1.25	1.13	1.31	2.43	2.33	2.21	0.25	0.87	1.03	0.89
22	South Korea (Rep. Of)	1.08	6.05	3.99	5.18	1.07	2.43	2.92	2.58	1.09	6.75	4.20	5.74
23	Spain	0.19	0.22	0.28	0.36	0.22	0.26	0.24	0.35	0.18	0.21	0.29	0.36
24	Sri Lanka	0.19	0.18	0.19	0.23	0.45	0.57	0.37	0.54	0.13	0.11	0.15	0.17
25	Switzerland	1.35	1.04	1.05	0.85	0.93	0.99	0.89	0.69	1.43	1.05	1.08	0.89
26	Thailand	1.13	2.36	1.82	1.47	0.73	1.24	1.52	1.29	1.21	2.58	1.88	1.51
27	United Kingdom	12.06	9.76	14.03	14.58	12.43	10.65	10.29	13.23	11.98	9.59	14.77	14.87

28	United States of America	12.42	8.42	10.15	9.05	10.75	10.34	12.67	10.29	12.75	8.04	9.65	8.79
29	Vietnam	0.14	0.14	0.21	0.38	0.61	0.23	0.35	0.85	0.04	0.12	0.18	0.28
	Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Australian Bureau of Statistics

In 1991 by far the greatest number of arrivals for VFR purposes were from New Zealand with 139,809 (38.3%), followed by the UK with 45424 (12.4%) and the USA with 39,281 (10.8%) In 2006, Zealand still had the greatest number of VFR tourists to Australia rising to 278,595 but had a smaller percentage of the total (30.99%). The second largest VFR market was again the UK with 118886 (13.2%) followed by USA with 92,476 (10.3%).

Outbound Travel by Australian Residents

Table 10 shows the number of visits abroad by Australian residents from 1980 to 2009. In the period 1980-1989 the annual average growth rate was 1.91 %, increasing to 4.98% and 7.26% in the next two decades respectively.

Table 10. Visits Overseas by Australian Residents from 1980-2009

Year	Total Outbound Tourism	Annual Increase (%)
1980	1203.6	-
1981	1217.4	1.15
1982	1286.9	5.71
1983	1252.9	-2.64
1984	1418.7	13.23
1985	1512	6.58
1986	1539.6	1.83
1987	1622.3	5.37
1988	1697.7	4.65
1989	1989.8	17.21
	Average Annual Growth (%)	*1.91*
1990	2169.9	9.05
1991	2099.2	-3.26
1992	2275.9	8.42
1993	2267.3	-0.38
1994	2354	3.82
1995	2518.7	7.00
1996	2731.9	8.46
1997	2933.2	7.37
1998	3161.2	7.77
1999	3210.2	1.55
	Average Annual Growth (%)	*4.98*

Year	Total Outbound Tourism	Annual Increase (%)
2000	3498.5	8.98
2001	3442.5	-1.60
2002	3460.5	0.52
2003	3387.9	-2.10
2004	4369.3	28.97
2005	4755.4	8.84
2006	4940.3	3.89
2007	5462.1	10.56
2008	5808.8	6.35
2009	6284.5	8.19
	Average Annual Growth (%)	*7.26*

Source: Australian Bureau of Statistics

Table 11 shows the numbers of short term departures by Australian residents by purpose of visit. Table 12 shows the percentage shares.

Table 11. Short Term Departure of Australian Residents by Main Purpose of Visit ('000) 1980-2009

Year	Holiday	Visiting Relatives	Business	Other	Total
1980	706.3	235.1	133.4	128.8	1203.6
1981	715.0	226.1	143.6	132.7	1217.4
1982	770.6	235.9	148.0	132.4	1286.9
1983	737.8	236.6	148.9	129.6	1252.9
1984	837.2	265.0	174.3	142.2	1418.7
1985	891.4	287.9	182.3	150.4	1512.0
1986	875.4	308.5	199.7	156.0	1539.6
1987	874.1	332.6	227.5	188.1	1622.3
1988	912.0	343.4	264.4	177.9	1697.7
1989	1085.5	387.6	302.2	214.5	1989.8
1990	1193.9	439.2	306.9	229.9	2169.9
1991	1151.3	453.7	305.0	189.2	2099.2
1992	1207.1	490.8	338.8	239.2	2275.9
1993	1160.3	514.6	370.6	221.8	2267.3
1994	1143.8	561.0	408.3	240.9	2354.0
1995	1140.5	644.6	439.0	294.6	2518.7
1996	1263.2	683.9	486.2	298.6	2731.9

Year	Holiday	Visiting Relatives	Business	Other	Total
1997	1372.6	697.5	523.7	339.4	2933.2
1998	1494.2	753.3	503.1	410.6	3161.2
1999	1466.5	800.0	525.8	417.9	3210.2
2000	1565.2	887.7	572.2	473.4	3498.5
2001	1522.0	851.2	552.3	517.0	3442.5
2002	1479.1	879.7	560.3	541.4	3460.5
2003	1421.7	905.4	554.4	506.4	3387.9
2004	2032.4	1107.1	649.6	580.2	4369.3
2005	2229.3	1206.6	697.0	622.5	4755.4
2006	2332.7	1244.7	736.5	626.4	4940.3
2007	2716.2	1301.5	772.1	672.3	5462.1
2008	2995.3	1366.2	745.0	702.3	5808.8
2009	3349.0	1602.3	687.5	645.7	6284.5
Total	42641.6	20249.7	12658.6	10322.3	85872.2

Source: Australian Bureau of Statistics

Table 12. Short Term Departure of Australian Residents by Main Purpose of Visit (percentage of total)

Year	Holiday	Visiting Relatives	Business	Other	Total
1980	58.7	19.5	11.1	10.7	100.0
1981	58.7	18.6	11.8	10.9	100.0
1982	59.9	18.3	11.5	10.3	100.0
1983	58.9	18.9	11.9	10.3	100.0
1984	59.0	18.7	12.3	10.0	100.0
1985	59.0	19.0	12.1	9.9	100.0
1986	56.9	20.0	13.0	10.1	100.0
1987	53.9	20.5	14.0	11.6	100.0
1988	53.7	20.2	15.6	10.5	100.0
1989	54.6	19.5	15.2	10.8	100.0
1990	55.0	20.2	14.1	10.6	100.0
1991	54.8	21.6	14.5	9.0	100.0
1992	53.0	21.6	14.9	10.5	100.0
1993	51.2	22.7	16.3	9.8	100.0
1994	48.6	23.8	17.3	10.2	100.0
1995	45.3	25.6	17.4	11.7	100.0
1996	46.2	25.0	17.8	10.9	100.0

Year	Holiday	Visiting Relatives	Business	Other	Total
1997	46.8	23.8	17.9	11.6	100.0
1998	47.3	23.8	15.9	13.0	100.0
1999	45.7	24.9	16.4	13.0	100.0
2000	44.7	25.4	16.4	13.5	100.0
2001	44.2	24.7	16.0	15.0	100.0
2002	42.7	25.4	16.2	15.6	100.0
2003	42.0	26.7	16.4	14.9	100.0
2004	46.5	25.3	14.9	13.3	100.0
2005	46.9	25.4	14.7	13.1	100.0
2006	47.2	25.2	14.9	12.7	100.0
2007	49.7	23.8	14.1	12.3	100.0
2008	51.6	23.5	12.8	12.1	100.0
2009	53.3	25.5	10.9	10.3	100.0

Source: Australian Bureau of Statistics

Tables 11 and 12 show that holidaying has been the dominant purpose for outbound travel over the period. In 1980 holiday visitation numbered 706,300 which was 58.7% of the market compared to VFR (235,100 - 19.5%). In 2009 holiday visitation was 3,349,000 (53.3%) compared to VFR numbers of 1,602,300 (25.5%). The trends are displayed in Figure 5.

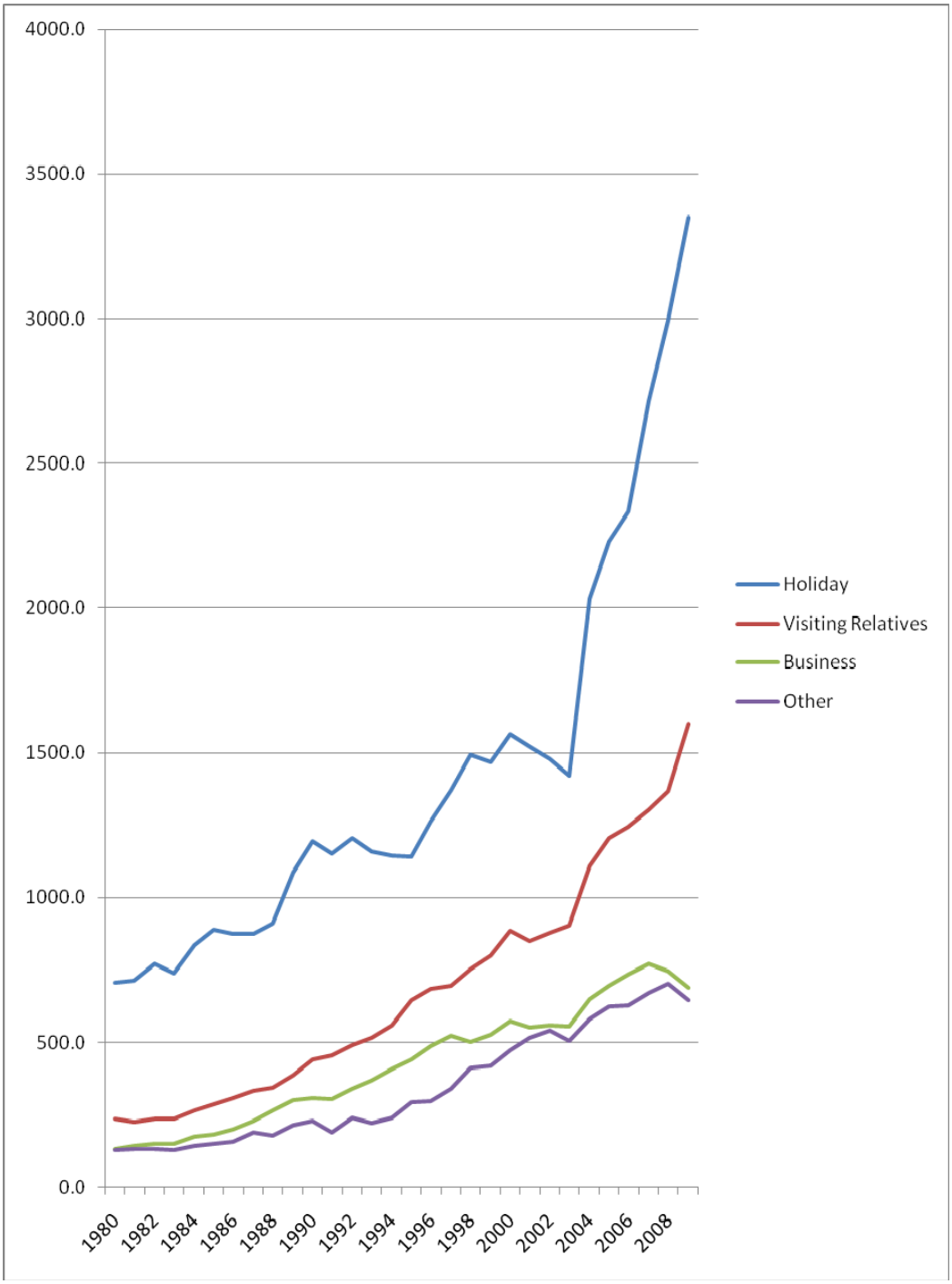


Figure 5. Short Term Departure of Australian Residents by Main Purpose of Visit ('000)

Source: Data for this figure were obtained from Australian Bureau of Statistics

Tables 13, 14 and 15 show short term movements of Australian residents to 40 major destinations. The Tables are divided into three time periods, namely 1980-1989 (Table 13) 1990-1999 (Table 14) and 2000-2009 (Table 15).The percentage market shares for each of these periods are listed in Tables 16, 17 and 18. The trends in outbound tourism to the different continents are displayed as figures in Appendix A.

Table 13. Short-term movement - Departures of Australian residents to 40 major destinations 1980-1989 (No. of people)

Country List	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Africa										
Egypt	0	0	0	0	0	4500	3400	4100	4900	6300
South Africa	7432	7871	8342	7000	7800	7700	5600	7700	8300	11600
Total Africa	*7432*	*7871*	*8342*	*7000*	*7800*	*12200*	*9000*	*11800*	*13200*	*17900*
America (North and South)										
Canada	13108	13902	14184	14300	15800	17000	21000	20400	23700	30100
USA	144084	143454	160288	133400	140700	134900	145600	174100	196300	241700
Others	8162	8188	7412	16100	17500	19700	19000	20400	23900	21200
Total America	*165354*	*165544*	*181884*	*163800*	*174000*	*171600*	*185600*	*214900*	*243900*	*293000*
Asia										
China	5939	6173	8108	9600	15600	22400	19100	17200	19100	13900
Hong Kong	57918	65401	73349	78900	96100	99200	119300	103300	104700	116800
India	9138	11123	11810	12800	14400	15300	17300	20000	19300	23200
Indonesia	66442	83083	80481	80200	87900	100400	104400	117400	133600	146100
Israel	4859	4509	3940	4500	4300	5300	5100	7000	6000	6200
Japan	15643	19211	24047	24300	26300	31300	26500	25600	30100	40600
Malaysia	30885	35749	0	38900	38700	41400	41600	47200	48400	62300
Philippines	26623	27013	71108	26200	26700	27300	30000	33500	35700	41900
Singapore	58729	69220	5640	54900	61300	61600	80800	83700	93400	117800
South Korea	0	0	3896	0	0	3500	3800	4700	7400	7800
Sri Lanka	0	0	0	4100	5500	3500	3800	3300	3400	3500
Taiwan	0	0	16325	0	0	4400	5200	6700	8000	10600
Thailand	12483	13033	0	16900	19800	24900	34600	48800	59800	86600
Turkey	0	0	20729	0	0	4300	4700	5600	6300	6900
United Arab Emirates	0	0	0	0	0	0	0	0	0	0
Vietnam	0	0	0	0	0	0	0	0	0	0
Total Asia	*288659*	*334515*	*319433*	*351300*	*396600*	*444800*	*496200*	*524000*	*575200*	*684200*

Country List	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Europe										
Austria	0	0	0	0	0	5600	5200	5100	5300	6400
France	8408	9173	10857	9700	13000	14000	14300	15800	16300	20500
Germany	20509	18129	20716	18700	23300	24800	25300	26100	26900	30800
Greece	31458	27127	27385	25000	28500	32500	31600	33900	33600	31700
Ireland	0	0	35374	4000	5700	6600	6000	6700	8100	10100
Italy	38965	33545	4875	35600	39500	43900	39300	40100	39300	41600
Netherlands	13011	11221	0	11200	12200	13500	13300	14100	12700	13300
Poland	0	0	0	0	0	0	0	0	0	0
Russian Federation*	0	0	0	0	0	0	0	0	0	0
Spain	0	0	0	0	0	4000	4400	5100	5000	5600
Sweden	0	0	0	0	0	2400	2900	3000	3900	4200
Switzerland	4907	4762	5212	5600	6600	7500	7500	7400	8100	9000
United Kingdom	26617	155697	155168	161500	194800	211900	204500	207400	213400	237500
Total Europe	*143875*	*259654*	*259587*	*271300*	*323600*	*366700*	*354300*	*364700*	*372600*	*410700*
Oceania										
Fiji	63523	74940	90253	79100	88800	82100	77300	60500	73200	93900
New Caledonia	19862	21395	21145	19900	24200	5000	10000	10800	10300	14500
New Zealand	217740	212371	213514	211700	237200	279200	256300	275300	247100	297300
Papua New Guinea	24527	24792	25095	25500	26300	25800	25800	27500	32700	34400
Vanuatu	0	0	0	0	0	0	0	0	0	0
Total Oceania	*325652*	*333498*	*350007*	*336200*	*376500*	*392100*	*369400*	*374100*	*363300*	*440100*
Total for All Groups	930972	1101082	1119253	1129600	1278500	1387400	1414500	1489500	1568200	1845900

Note: "0" denotes data unavailable

** Consists of Serbia, Montenegro and Kosovo*

Source: Data for this figure were obtained from Australian Bureau of Statistics

Table 14. Short-term movement - Departures of Australian residents to 40 major destinations 1990-1999 (No. of people)

Country List	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Africa										
Egypt	4800	4400	6100	5500	5800	6200	7100	8100	7400	9600
South Africa	10400	9200	6300	12900	15700	24200	26600	30000	29200	32400
Total Africa	*15200*	*13600*	*12400*	*18400*	*21500*	*30400*	*33700*	*38100*	*36600*	*42000*
America (North and South)										
Canada	32500	29000	32300	31700	39700	40500	44200	50500	48600	56000
USA	290500	308800	334600	300200	288400	314000	331100	352000	322600	347100
Brazil	0	2000	1800	2000	2200	2500	3200	3500	4700	3700
Mexico	0	1500	2300	2300	2300	2500	2800	3700	3100	2900
Total America	*323000*	*341300*	*371000*	*336200*	*332600*	*359500*	*381300*	*409700*	*379000*	*409700*
Asia										
China	12800	14800	19900	26400	39200	53200	54800	72400	81900	83400
Hong Kong	120500	130500	140200	131900	130600	156700	167900	156300	147300	143900
India	22100	20200	18000	23400	27100	35400	36300	37000	39100	40700
Indonesia	158000	174700	185200	198800	214100	222300	259800	310800	349500	280500
Israel	4800	5300	7600	8800	9000	8500	10000	10200	9600	8600
Japan	47900	47400	47700	45300	42700	42700	46800	56200	56000	64600
Malaysia	75100	70800	78500	83600	84600	88600	97000	98400	111800	119900
Philippines	40500	39800	40900	41900	47300	51600	56100	60400	57300	55000
Singapore	105500	100200	101100	97900	91600	94900	99100	105200	122600	140800
South Korea	8000	8500	11500	13000	12000	14300	16800	17100	17600	17600
Sri Lanka	7200	8100	10500	8800	9700	9700	10500	12900	11400	14400
Taiwan	13600	18600	24100	26700	28400	28900	29500	34800	33000	32000
Thailand	99100	71700	70400	72300	71900	75200	81200	89200	135900	137000
Turkey	8400	5600	7400	9200	9800	11000	12500	15400	17700	15300
United Arab Emirates	0	600	1700	1900	2200	2100	3200	3700	5300	5800
Vietnam	0	11700	18400	26200	32500	40400	43000	43400	48200	51800
Total Asia	*723500*	*728500*	*783100*	*816100*	*852700*	*935500*	*1024500*	*1123400*	*1244200*	*1211300*

Country List	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Europe										
Austria	7600	6700	7200	6300	6100	7300	8400	6400	8400	10500
France	24100	22300	25300	27400	27900	27800	28000	34600	39600	42900
Germany	34500	31600	31900	33800	32300	34400	32800	36000	39200	38200
Greece	32900	27400	30000	29800	33900	34200	34300	38700	42200	37600
Ireland	11900	10500	13300	11600	13500	15400	18600	21100	20800	24700
Italy	45000	37300	44800	42300	45200	50300	58300	62600	63100	64200
Netherlands	15900	13800	16700	13800	14400	16000	16700	14500	18800	17800
Poland	0	5600	6300	6400	6300	7300	6400	6600	7400	7900
Russian Federation*	0	7700	3400	5000	3000	3300	4800	5900	5000	2300
Spain	6300	5900	11300	6500	6300	8200	9600	9600	12900	14700
Sweden	4900	4700	4600	4000	4500	5300	5300	5900	8000	6700
Switzerland	9500	8700	10000	8400	10400	9500	10900	9800	11700	12300
United Kingdom	252800	220700	240300	241100	254400	265400	289200	322400	322400	312700
Total Europe	*445400*	*402900*	*445100*	*436400*	*458200*	*484400*	*523300*	*574100*	*599500*	*592500*
Oceania										
Fiji	102000	90100	86700	78400	83000	74500	71900	75900	99100	115300
New Caledonia	14900	17500	15400	16300	14700	13300	14000	14300	12400	11900
New Zealand	320200	318400	340700	347400	353400	371400	414900	406800	470200	489000
Papua New Guinea	34000	37200	37900	35600	35100	35700	37300	42300	39700	41100
Vanuatu	0	18500	22300	21800	20400	18300	18000	24400	32300	32200
Total Oceania	*471100*	*481700*	*503000*	*499500*	*506600*	*513200*	*556100*	*563700*	*653700*	*689500*
Total for All Groups	1978200	1968000	2114600	2106600	2171600	2323000	2518900	2709000	2913000	2945000

Note: "0" denotes data unavailable

* Consists of Serbia, Montenegro and Kosovo

Source: Australian Bureau of Statistics

Table 15. Short-term movement - Departures of Australian residents to 40 major destinations 2000-2009 (No. of people)

Country List	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Africa										
Egypt	12400	9900	9900	9700	14200	17700	15000	17500	25800	24600
South Africa	35000	32800	41400	44400	46400	48800	57300	58900	61700	66700
Total Africa	*47400*	*42700*	*51300*	*54100*	*60600*	*66500*	*72300*	*76400*	*87500*	*91300*
America (North and South)										
Canada	73800	71000	68800	66700	79300	88300	90400	93800	101200	95400
USA	395100	293400	298900	296200	376000	426400	440300	479100	492300	567000
Brazil	4300	5300	5400	6100	6800	9200	9700	9600	11700	12600
Mexico	4700	4700	5000	4600	6300	7300	7100	8400	9400	9100
Total America	*477900*	*374400*	*378100*	*373600*	*468400*	*531200*	*547500*	*590900*	*614600*	*684100*
Asia										
China	92800	109400	136900	114200	182000	235000	251000	284300	277300	278800
Hong Kong	154900	149500	140600	115100	152600	185700	196300	206500	213100	206100
India	45200	46700	45800	55000	73400	93700	106100	121800	136100	148600
Indonesia	279900	288800	241800	186700	335200	319900	194900	282600	380700	548500
Israel	7600	5800	5600	7300	9800	13600	10300	14900	16200	15300
Japan	64600	71500	71300	75600	89000	97800	100300	130500	144600	151200
Malaysia	135400	116400	109500	100800	144300	160000	168000	181300	191000	227400
Philippines	63500	56100	60400	59600	78800	82500	85500	89500	100300	118000
Singapore	153400	160300	148900	124400	158900	188500	210900	221500	217800	226800
South Korea	22700	23600	24600	25300	27400	29500	31400	33000	37900	37900
Sri Lanka	13800	14100	17300	21300	24500	25400	22500	22200	23300	31800
Taiwan	37100	34900	37000	34000	40600	37800	37700	38100	38100	40500
Thailand	151500	166100	169000	128300	188000	202900	288000	374400	404100	392300
Turkey	16100	18500	18300	13100	16400	20400	22900	22900	24600	27200
United Arab Emirates	8500	8800	10300	12100	16600	21400	27700	39300	42300	42100
Vietnam	59900	65500	79000	76300	105000	120800	125400	155800	166300	156100
Total Asia	*1306900*	*133600 0*	*1316300*	*1149100*	*1642500*	*1834900*	*1878900*	*2218600*	*2413700*	*2648600*

Country List	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Europe										
Austria	10800	10200	10200	10000	12400	13500	14300	12900	14000	11600
France	50600	46000	51000	50600	63900	70500	72600	94100	94300	91700
Germany	44400	42900	44500	39500	48200	54000	69900	60800	67200	61600
Greece	45800	40000	37500	33300	41200	48700	45400	49400	47000	46600
Ireland	26700	26700	25600	25700	28000	30800	33200	34200	35500	33100
Italy	72900	74700	75100	71100	91500	92400	108800	114600	124200	108700
Netherlands	19200	14800	15900	17200	18700	18000	22400	21700	22000	22400
Poland	8500	9000	8300	6600	8700	10200	9700	10600	9700	11800
Russian Federation*	7300	8200	6600	10000	9500	9600	10400	16700	12100	12900
Spain	15100	16000	18000	18600	20600	22300	24700	27500	27100	30600
Sweden	7900	6100	8500	7100	8900	8700	8900	11000	10800	11900
Switzerland	13100	11600	13200	13900	16500	16000	19000	20200	19700	18900
United Kingdom	338800	300800	318400	312900	375100	404400	412800	428500	420300	442600
Total Europe	*661100*	*607000*	*632800*	*616500*	*743200*	*799100*	*852100*	*902200*	*903900*	*904400*
Oceania										
Fiji	75100	94200	128200	145100	175200	196900	202400	200300	236200	242200
New Caledonia	17600	20000	17300	15300	15600	15400	13900	15200	19200	17600
New Zealand	527600	599600	597400	662800	815800	835700	864700	902100	921100	1033300
Papua New Guinea	38500	33500	33400	34900	36200	41900	45600	53200	59800	68000
Vanuatu	36100	37200	28800	27300	34700	37900	40300	46800	52800	64500
Total Oceania	*694900*	*784500*	*805100*	*885400*	*1077500*	*1127800*	*1166900*	*1217600*	*1289100*	*1425600*
Total for All Groups	3188200	3144600	3183600	3078700	3992200	4359500	4517700	5005700	5308800	5754000

Note: "0" denotes data unavailable

** Consists of Serbia, Montenegro and Kosovo*

Source: Data for this figure were obtained from Australian Bureau of Statistics

Table 13 shows that in 1980 the country most visited by Australian residents was New Zealand (217,740) followed by the UK (188,172) and the USA (144,084). In 1991, the country most visited by Australian residents was still New Zealand (320,200), but the USA (290,500) had overtaken the UK (252,800). Table 14 shows that New Zealand hosted 527,600 Australian visitors in 2000, followed by the USA (395,100) and the UK (338,800). As shown in Table 15, New Zealand assumed its dominant position as a destination for Australian outbound tourists in 2009, with over 1 million visitors. In 2009, the USA again assumed second position, hosting 567,000 Australian tourists. Indonesia occupied third position (548,500), ahead of the UK (442,600). There was a noteworthy shift of market share towards Asian destinations, primarily Indonesia, China, India and Thailand.

Table 16. Short-term movement - Departures of Australian residents to 40 major destinations 1980-1989 (in percentage of total departures)

Group List	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Total Africa	0.3	0.3	0.7	0.6	0.6	0.9	0.6	0.8	0.8	1.0
USA	5.2	5.7	14.1	11.8	11.0	9.7	10.3	11.7	12.5	13.1
Total Americas	5.9	6.6	16.0	14.5	13.6	12.4	13.1	14.4	15.6	15.9
Indonesia	2.4	3.3	7.1	7.1	6.9	7.2	7.4	7.9	8.5	7.9
Hong Kong	2.1	2.6	6.5	7.0	7.5	7.2	8.4	6.9	6.7	6.3
Singapore	2.1	2.8	0.5	4.9	4.8	4.4	5.7	5.6	6.0	6.4
Total Asia	10.4	13.4	28.2	31.1	31.0	32.1	35.1	35.2	36.7	37.1
UK	2.9	14.1	13.9	14.3	15.2	15.3	14.5	13.9	13.6	12.9
Total Europe	15.5	23.6	23.2	24.0	25.3	26.4	25.0	24.5	23.8	22.2
Fiji	2.3	3.0	8.0	7.0	6.9	5.9	5.5	4.1	4.7	5.1
NZ	7.8	8.5	18.8	18.7	18.6	20.1	18.1	18.5	15.8	16.1
Total Oceania	11.7	13.3	30.9	29.8	29.4	28.3	26.1	25.1	23.2	23.8
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Australian Bureau of Statistics

Table 17. Short-term movement - Departures of Australian residents to 40 major destinations 1990-1999 (percentage of total departures)

Group List	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Total Africa	0.8	0.7	0.6	0.9	1.0	1.3	1.3	1.4	1.3	1.4
USA	14.7	15.7	15.8	14.3	13.3	13.5	13.1	13.0	11.1	11.8
Total Americas	16.3	17.3	17.5	16.0	15.3	15.5	15.1	15.1	13.0	13.9
Indonesia	8.0	8.9	8.8	9.4	9.9	9.6	10.3	11.5	12.0	9.5
Hong Kong	6.1	6.6	6.6	6.3	6.0	6.7	6.7	5.8	5.1	4.9
Singapore	5.3	5.1	4.8	4.6	4.2	4.1	3.9	3.9	4.2	4.8
Total Asia	36.6	37.0	37.0	38.7	39.3	40.3	40.7	41.5	42.7	41.1
UK	12.8	11.2	11.4	11.4	11.7	11.4	11.5	11.9	11.1	10.6
Total Europe	22.5	20.5	21.0	20.7	21.1	20.9	20.8	21.2	20.6	20.1
Fiji	5.2	4.6	4.1	3.7	3.8	3.2	2.9	2.8	3.4	3.9
NZ	16.2	16.2	16.1	16.5	16.3	16.0	16.5	15.0	16.1	16.6
Total Oceania	23.8	24.5	23.8	23.7	23.3	22.1	22.1	20.8	22.4	23.4
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Australian Bureau of Statistics

Table 18. Short-term movement - Departures of Australian residents to 40 major destinations 1999-2009 (percentage of total departures)

Group List	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total Africa	1.5	1.4	1.6	1.8	1.5	1.5	1.6	1.5	1.6	1.6
USA	12.4	9.3	9.4	9.6	9.4	9.8	9.7	9.6	9.3	9.9
Total Americas	15.0	11.9	11.9	12.1	11.7	12.2	12.1	11.8	11.6	11.9
Indonesia	8.8	9.2	7.6	6.1	8.4	7.3	4.3	5.6	7.2	9.5
Hong Kong	4.9	4.8	4.4	3.7	3.8	4.3	4.3	4.1	4.0	3.6
Singapore	4.8	5.1	4.7	4.0	4.0	4.3	4.7	4.4	4.1	3.9
Total Asia	41.0	42.5	41.3	37.3	41.1	42.1	41.6	44.3	45.5	46.0
UK	10.6	9.6	10.0	10.2	9.4	9.3	9.1	8.6	7.9	7.7
Total Europe	20.7	19.3	19.9	20.0	18.6	18.3	18.9	18.0	17.0	15.7
Fiji	2.4	3.0	4.0	4.7	4.4	4.5	4.5	4.0	4.4	4.2
NZ	16.5	19.1	18.8	21.5	20.4	19.2	19.1	18.0	17.4	18.0
Total Oceania	21.8	24.9	25.3	28.8	27.0	25.9	25.8	24.3	24.3	24.8
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Australian Bureau of Statistics

Tables 16, 17 and 18 show the percentage of total departures to the 40 major destination countries over the respective periods 1980-1989, 1990-1999 and 2000-2009. In 1980 the largest share of Australian outbound travel was to countries in Europe, with the UK receiving two thirds of the total. By the end of the first period, the share accounted for by Europe overall had declined substantially, with the UK accounting for a 12.9% market share. In 1989 Asia was the region receiving the largest share of Australian outbound travellers (37.1%), followed by Oceania (23.8%) and Europe (22.2%). By 1999, Asia had consolidated its lead with a market share of 41.1%, followed by Oceania (23.4%) and Europe (20.1%). In 2009, Asia continued its dominance of the outbound travel market, accounting for almost half of total market share (46%). Oceania retained its second position, but New Zealand (18%) became a more popular destination than total Europe (15.7%).

Tables 19, 20, 21 and 22 show short term departures and shares of Australian Residents by main purpose of visit for the periods 1991 to 1989 and 1990 to 2000 respectively. Of total 1991 departures 2.10 million, Holidaymaking was the main motive (1.15 million, 54.8%) followed by VFR (437,700, 21.5%), and Business (305,000, 14.5%). Of total year 2000 departures Holidaymaking rose to 1.56 million but had a lower share of departures (44.7%) with VFR 887,700 and Business 572,000. The shares of VFR and Business travel in total departures both increased between 1991 and 2000 to be 25.4% and 16.4% respectively.

Table 19. Short Term Departures of Australian Residents by Main Purpose of Visit 1980-89

(No. of persons in thousands)

Year	Convention/ conference	Business	Visiting friends/ relatives	Holiday	Employment	Education	Other & not stated	Total (Reason for Journey)
1980	27.8	133.4	235.1	706.3	18.5	11.1	71.4	1,203.60
1981	26	143.6	226.1	715	19.8	11.5	75.4	1,217.30
1982	28.8	148	235.9	770.6	20.6	11.2	71.8	1,286.90
1983	27	148.9	236.6	737.8	19.9	11.5	71.2	1,253.00
1984	30.9	174.3	265	837.2	20.6	12.6	78.1	1,418.60
1985	34.1	182.3	287.9	891.4	21.7	12.5	82.1	1,512.00
1986	33.6	199.7	308.5	875.4	23.1	12.6	86.7	1,539.60
1987	37	227.5	332.6	874.1	24.3	13.5	113.3	1,622.30
1988	37.2	264.4	343.4	912	28.4	15.3	97.0	1,697.60
1989	47.7	302.2	387.6	1,085.50	35.7	19.4	111.7	1,989.80
1990	55.3	306.9	439.2	1,193.90	41.5	24.1	109.0	2,169.90

Source: Australian Bureau of Statistics

Table 20. Short Term Departures of Australian Residents by Main Purpose of Visit

(Percentage of Total)

Year	Convention/ conference	Business	Visiting friends/ relatives	Holiday	Employment	Education	Other & not stated	Total (Reason for Journey)
1980	2.3	11.1	19.5	58.7	1.5	0.9	5.9	100.0
1981	2.1	11.8	18.6	58.7	1.6	0.9	6.2	100.0
1982	2.2	11.5	18.3	59.9	1.6	0.9	5.6	100.0
1983	2.2	11.9	18.9	58.9	1.6	0.9	5.7	100.0
1984	2.2	12.3	18.7	59.0	1.5	0.9	5.5	100.0
1985	2.3	12.1	19.0	59.0	1.4	0.8	5.4	100.0
1986	2.2	13.0	20.0	56.9	1.5	0.8	5.6	100.0
1987	2.3	14.0	20.5	53.9	1.5	0.8	7.0	100.0
1988	2.2	15.6	20.2	53.7	1.7	0.9	5.7	100.0
1989	2.4	15.2	19.5	54.6	1.8	1.0	5.6	100.0
1990	2.5	14.1	20.2	55.0	1.9	1.1	5.0	100.0

Table 21. Short Term Departures by Australian Residents by Main Purpose of Visit, 1991-2000

(No. of persons in thousands)

Year	Convention/ Conference	Business	Visiting friends/ relatives	Holiday	Employment	Education	Other & not stated	Total (Reason for Journey)
1991	42.6	305.0	453.7	1151.3	48.7	23.5	74.4	2099.3
1992	52.7	338.8	490.8	1207.1	50.2	26.4	109.9	2276.2
1993	55.8	370.6	514.6	1160.3	50.1	26.3	89.6	2267.1
1994	66.8	408.3	561.0	1143.8	55.6	30.3	88.2	2354.5
1995	100.8	439.0	644.6	1140.5	72.3	38.2	83.3	2518.6
1996	102.8	486.2	683.9	1263.2	68.4	37.3	90.1	2732.0
1997	113.1	523.7	697.5	1372.6	76.9	41.9	107.5	2932.8
1998	116.3	503.1	753.3	1494.2	81.2	41.0	172.1	3161.2
1999	141.0	525.8	800.0	1466.5	81.0	44.4	151.5	3210.0
2000	154.2	572.2	887.7	1565.2	87.5	44.5	187.2	3498.2

Source: Australian Bureau of Statistics

Table 22. Short Term Departures by Australian Residents by Main Purpose of Visit

(Percentage of Total)

Year	Convention/ conference	Business	Visiting friends /relatives	Holiday	Employment	Education	Other & not stated	Total (Reason for Journey)
1991	2.0	14.5	21.6	54.8	2.3	1.1	3.5	100.0
1992	2.3	14.9	21.6	53.0	2.2	1.2	4.8	100.0
1993	2.5	16.3	22.7	51.2	2.2	1.2	4.0	100.0
1994	2.8	17.3	23.8	48.6	2.4	1.3	3.7	100.0
1995	4.0	17.4	25.6	45.3	2.9	1.5	3.3	100.0
1996	3.8	17.8	25.0	46.2	2.5	1.4	3.3	100.0
1997	3.9	17.9	23.8	46.8	2.6	1.4	3.7	100.0
1998	3.7	15.9	23.8	47.3	2.6	1.3	5.4	100.0
1999	4.4	16.4	24.9	45.7	2.5	1.4	4.7	100.0
2000	4.4	16.4	25.4	44.7	2.5	1.3	5.4	100.0

Source: Australian Bureau of Statistics

Tables 23 and 24 show short term departures of Australian Residents by numbers and percentage share by main purpose of visit 2001 to 2009. Of the total departures in 2001 of 3.44 million, the main travel motive was Holiday with 1.52 million (44.2%) followed by VFR (851.2 thousand, 24.7%), and Business (552.3 thousand, 14.5%). Of the total departures in the year 2009 Holiday travel rose to 3.35 million with a higher share of departures (52.3%) with VFR 1.60 million (25.5%) and Business (10.9%).

Comparing the two decades, the overall share of holiday travel in total outbound travel from Australia was similar for the year 2009 (53.3%) compared to 1991 (54.8$). VFR gained share while business travel lost share. For VFR, the share was 25.5 % in 2009 and 21.6% in 1991. For Business travel the shares were respectively 10.9% in 2009 and 14.5 % in 1991.

Table 23. Short Term Departures by Australian Residents by Main Purpose of Visit

(No. of persons in thousands)

Year	Convention/ conference	Business	Visiting friends/ relatives	Holiday	Employment	Education	Other & not stated	Total (Reason for Journey)
2001	134.8	552.3	851.2	1522.0	95.8	49.9	236.5	3442.6
2002	135.2	560.3	879.7	1479.1	101.2	44.0	261.0	3460.9
2003	137.6	554.4	905.4	1421.7	99.7	45.7	223.4	3388.0
2004	171.6	649.6	1107.1	2032.4	101.6	54.3	252.7	4368.7
2005	193.9	697.0	1206.6	2229.3	108.3	53.8	266.5	4755.7
2006	189.2	736.5	1244.7	2332.7	113.2	56.8	267.2	4940.6
2007	200.6	772.1	1301.5	2716.2	119.9	57.9	293.9	5462.3
2008	209.6	745.0	1366.2	2995.3	124.7	63.9	304.1	5808.0
2009	176.5	687.5	1602.3	3349.0	122.8	61.6	284.8	6284.9

Source: Australian Bureau of Statistics

Table 24. Short Term Departures by Australian Residents by Main Purpose of Visit

(Percentage of Total)

Year	Convention/ conference	Business	Visiting friends/ relatives	Holiday	Employment	Education	Other & not stated	Total (Reason for Journey)
2001	3.9	16.0	24.7	44.2	2.8	1.4	6.9	100.0
2002	3.9	16.2	25.4	42.7	2.9	1.3	7.5	100.0
2003	4.1	16.4	26.7	42.0	2.9	1.3	6.6	100.0
2004	3.9	14.9	25.3	46.5	2.3	1.2	5.8	100.0
2005	4.1	14.7	25.4	46.9	2.3	1.1	5.6	100.0
2006	3.8	14.9	25.2	47.2	2.3	1.1	5.4	100.0
2007	3.7	14.1	23.8	49.7	2.2	1.1	5.4	100.0
2008	3.6	12.8	23.5	51.6	2.1	1.1	5.2	100.0
2009	2.8	10.9	25.5	53.3	2.0	1.0	4.5	100.0

Source: Data for this figure were obtained from Australian Bureau of Statistics

Chapter 4

ESTIMATING MIGRATION ELASTICITIES

In this chapter, a model of tourism demand is developed to determine the effects of immigration on international tourist arrivals to and departures from Australia. It follows from the model used from in the Dwyer *et al.* (1993) study but it is estimated using a more sophisticated technique. This model is estimated individually for a cross section of 29 countries using data which covers the two census years in Australia, namely 1991 and 2006. These years have been selected because the variables "Estimated Australian Residents Born Overseas" which act as a proxy for stock of migrants in Australia, are only obtainable from the census data. The aim of the model is to assess the determinants of international arrivals to and departures from Australia for three groups of travellers. In the first instance, the model is estimated using total travellers irrespective of purpose of visit. The model is then re-estimated using VFR travellers and non-VFR travellers as the dependant variables. The relevant elasticities are estimated and interpreted in this chapter. These elasticities are used to calibrate a computable general equilibrium model of the Australian economy to assess the impact of an increase of tourism induced migration on the economy in Chapter 5.

Methodology

The proposed model is constituted as follows:

$$\mathbf{LV_{ijk} = \alpha_1\, LY_i + \alpha_2\, LP_{ij} + \alpha_3\, LAF_{ij} + \alpha_4\, LM_{i/j} + \alpha_5\, LPeak_{i/j} + \alpha_6\, LPOP_i + \varepsilon_i}$$

Where:

i is the tourism generating country and **j** is the destination.

k is the purpose of travel and takes the values of 1,2 and 3. (1= Total; 2 = VFR; and 3= Non VFR)

α`s and **λ** are the parameters to be estimated.

$\mathbf{LV_{ijk}}$ represents the number of short term travel flows from country **i** to destination **j**.

$\mathbf{LY_i}$ represents the income in country **i**.

$\mathbf{LP_{ij}}$ represents the relative price between origin **i** and destination **j**.

$\mathbf{LAF_{ij}}$ represents the transportation cost from origin **i** to destination **j**.

$\mathbf{LM_{i/j}}$ and $\mathbf{LPeak_{i/j}}$ are the migration variables.

$\mathbf{LM_{i/j}}$ represents the estimated resident population of Australia born in origin **i** (for model on arrivals) and in destination **j** (for model on departures).

$\mathbf{LPeak_{i/j}}$ is the number of years lapsed since the migration of from origin **i** (in model of inbound tourism) or destination **j** (in models of outbound tourism) peaked.

$\mathbf{LPOP_i}$ is the population of the country of origin.

ε_i is the idiosyncratic error term.

$\mathbf{LY_{it}}$ is the income variable. The gross domestic product per capita in US dollar equivalence at purchasing power parity (GDP per capita in US$ PPP) of the home country is used as a proxy for this variable. The similar proxy for income was used in Seetaram (2009, 2010a). The data were collected from the World Bank Development Indicators (WDI)[1] and transformed using natural logarithm. α_1 is expected to be greater than zero since it is assumed that consumers will treat

[1] Retrieved from the World Bank:
http://web.worldbank.org/wbsite/external/datastatistics/icpext/0,,contentmdk:20126137~menupk:299189~pagepk:60002244~pipk:62002388~thesitepk:270065,00.html

international holidays as a normal service.

LP_{ij} is a relative competitiveness index which captures the price effect. It is constructed using the method developed in Seetaram (2010a). The computation of this index takes into account the relative purchasing power parity (PPP) at the destination.

Let Yi be the real GDP per capita of country i in US$, evaluated at the market exchange rate, and $\mathbf{Y_i^p}$ is the real GDP per capita of country i in US$ at purchasing power parity (PPP). A rise in Yi indicates that the real value of the goods and services produced per person is rising either because of an increase in volume of production or an increase in price levels in the country or appreciation of the exchange rate or a combination of all three. On the other hand, an increase in $\mathbf{Y_i^p}$ shows an increase in the production of the country and does not incorporate price or exchange rate movements. This ratio $\mathbf{C_i = \frac{Y_i}{Y_i^p}}$ can be used to assess the changes in the prices at the destination (Ci).

C_i may be used as a proxy for destination competitiveness and can depict a fairly accurate picture of the price level prevailing at the destination. Since, in this study, it is assumed that the international travellers will compare the competitiveness of the destination to that of their country of origin, the index is normalised by dividing by the competitiveness of the destination. Hence, the competitiveness index used in this study is given by Equation 4.2:

$\mathbf{P_{ij}} = \frac{\mathbf{C_i}}{\mathbf{C_j}}$ **C_{ij}** is calculated using data from the World Bank Development Indictors. A rise in this index shows that the destination is becoming relatively more expensive for the international travellers. In the model for inbound traveller **P_{ij}** is obtained dividing the competitiveness of the origin to that of Australia. The inverse is used in the model of Australian outbound travellers. **α_2** is expected to be negative indicating that as the destination becomes relatively more expensive, the number of arrivals will fall.

LAF_{it} is the natural logarithm of the round trip real economy airfares between Sydney and a main airport of the origin/destination lagged by one year. These data were available from the international ABC World Airways Guide and Passenger Air Traffic monthly publications and adjusted by the home country CPI. This variable represents the cost of travel to Australia. There are a few limitations when using aggregated data on airfares. These are discussed in detail in Seetaram (2010b). **α_3** is expected to be negative.

$$\mathbf{P_{ij}} = \frac{\mathbf{C_i}}{\mathbf{C_j}} \qquad (4.2)$$

The effect of migration is captured through two variables LMi/j and LPeaki/j. LMi/j is the logarithm of the number of estimated resident population of Australia born in each of the 29 countries included in the sample. This variable incorporates the effect of the stock of migrants in Australia. This variable was used as the proxy for migration in Dwyer *et al.* (1993), Seetaram and Dwyer (2009) and Seetaram (2010a). The data were obtained from the census data published by ABS. α4 is expected to be positive as the higher the stock of immigrant in Australia born in country **i** the higher will be the number of international trip between Australian and country **i**.

$LPeak_{i/j}$ is the number of years elapsed since the migration occurred from one of the 29 countries peaked. This variable captures the effect of the length of stay of the migrant in Australia. This variable was calculated following the method developed in Dwyer *et al.* (1993).

$LPOP_i$ is the population level in each of the 29 countries included in the sample. **α_6** is expected to be positive.

Model Estimation and Results

Initial estimations and tests performed showed the presence of heteroscedasticity in the data. This implies that the standard errors of the estimated parameters will be high, rendering results of statistical tests for significance of the parameters unreliable. In order to address the issue of heteroscedasticity the equations are estimated using the White Heteroscedasticity Consistent Covariance method. This method of estimation does not change the value of the estimated parameters but generates standard errors, which makes statistical testing more reliable. The results are given in Table 25, 26, 27 and 28.

International Arrivals

Table 25 displays the estimated elasticities obtained for total VFR and non VFR international arrivals in year 1991. LPEAK is significant at the 10 percent level for VFR travellers only. The results for 1991 showed that the two most important determinants of international arrivals to Australia were airfares and income. Overall, the elasticities obtained for VFR travellers were lower than for the other two categories of travellers, the only exception being the migration elasticities. The expected signs were obtained for all the estimated coefficients.

Since the income elasticities in all three cases were as expected greater than zero, it is concluded that international travellers consider trips to Australia as a normal service. The income elasticities of demand showed that a ten percent increase in the income of the country of origin would lead to an expected increase of 14.24, 10.58 and 15.51 percent in the number of total, VFR and non-VFR international arrivals to Australia. The results indicate that for international non-VFR travellers, demand for travel to Australia was cyclical and varies according to the business cycle prevailing in the country of origin.

The price elasticities indicated that in 1991, international travellers to Australia were not highly sensitive to changes in the relative cost of staying in Australia. A ten percent increase in the relative cost of living in Australia, would reduce the total number of international arrivals by 2.16 percent, VFR arrivals by 1.34 percent and non-VFR arrivals by 2.95 percent. The total cost of a trip is made up of the cost of air travel to the destination and the cost of living at the destination. In the case of Australia, in 1991, international arrivals were largely dominated by four markets, New Zealand, Japan, UK and USA. Except for New Zealand, these are long haul markets. For long haul markets the proportion of the total cost of the holiday attributable to the cost of staying in Australia typically is lower than the cost of air travel to Australia, making the travellers less responsive to changes in relative prices. This may explain why demand was found to be inelastic to changes in the relative destination competitiveness. The implication of these results was that in 1991, there was scope for providers of tourism services to raise price and increase revenues.

Table 25. Elasticities for International Arrivals in 1991

Arrivals: 1991			
Determinants	**Total**	**VFR**	**Non VFR**
LY	1.424 (5.549)	1.058 (3.968)	1.551 (5.093)
LP	-0.216 (-2.493)	-0.134 (-2.231)	-0.295 (-2.578)
LAF	-1.481 (-4.401)	-0.955 (-2.451)	-1.683 (-4.257)
LM	0.336 (2.024)	0.488 (4.640)	0.262 (1.266)*
LPEAK	0.066 (0.305)*	0.194 (1.280)*	0.005 (0.020)*
LPOP	0.352 (3.091)	0.134 (2.038)	0.396 (3.180)
$\overline{R}^2$	0.514	0.609	0.473

Source: Estimated by authors. T-Values are given in parentheses. *: not significant at the 10 percent level.

The airfare elasticities clearly indicated that international travellers, especially non-VFR travellers to Australia, were highly sensitive to changes in the cost of air travel to Australia. A ten percent increase in the airfare in to Australia in 1990 would reduce total international arrivals by 14.81 percent, VFR arrivals by 9.55 percent and non-VFR arrivals by 16.83 percent in 1991.It showed that Australia would have benefited considerably from a reduction in air transportation costs.

Immigration was found to be an important determinant of international tourist arrivals to Australia in 1991. In fact this variable was better at explaining international total and VFR arrivals than the relative price competitiveness of Australia as a destination. Immigration was however not a significant factor in explaining non-VFR arrivals. The estimated coefficient of this variables showed that if the estimated resident population of Australia born in the 29 countries in our sample was to rise by 10 percent, the number of total international arrivals and VFR arrivals could be expected to rise by 3.36 and 4.88 percent respectively. The results obtained here are comparable to those of the Dwyer *et al*. (1993) study. In Dwyer *et al.* (1993) immigration was found to be a strong determinant of VFR travel only with the elasticity ranging from 0.43 to 0.53. Immigration had no effect on non-VFR travel.

Finally, the population of the country of origin was a determinant of the number of arrivals to Australia in 1991. A 10 percent increase in the population of the generating country would cause the expected total number of arrivals, the number of VFR and non-VFR arrivals to rise by 3.52, 1.34 and 3.96 percent respectively.

Table 26 displays the estimated elasticities obtained for total VFR and non VFR international arrivals in year 2006. LPEAK and LPOP are not statistically significant at the 10 percent level. Table 26 shows that in 2006, income was the most important determinant of arrivals into Australia and that airfares (crucial for explaining international arrivals in 1991) was less important in 2006 than Australia's relative competitiveness as a destination. The number of VFR travellers was the most responsive to changes in the migration variable, but was least responsive to changes in income, prices and airfares. Whilst migration was insignificant in explaining non-VFR travel, it was an important determinant of this category of travellers in 1991.

The income elasticities that were identified show that as incomes rise by 10 percent, international arrivals will rise by 9.77, 7.97 and 10 percent respectively for total, VFR and non VFR arrivals. Income elasticities of less than 1 for VFR travellers indicate that travel to Australia is considered to be a necessity for this category of travellers. Relative to 1991, international travellers to Australia have become less responsive to changes in income.

On the other hand, international travellers to Australia became more cost conscious in 2006. In all three cases, consumer responsiveness to changes in the relative competitiveness of Australia has increased. The change for VFR travellers is however, considerably less drastic. This category of traveller continues to have a very low response to changes in the relative living costs in Australia. This may be the case because, according to Tourism Research Australia, VFR travellers spend less on average on their trips. Visits may be sponsored by their Australian hosts. A 10 percent rise in relative living costs in Australia, would be expected to cause a fall in number of arrivals by 9.27 percent, VFR arrivals by 1.58 percent and non-VFR by 1 percent.

Table 26. Elasticities for International Arrivals in 2006

Arrivals: 2006			
Determinants	**Total**	**VFR**	**Non VFR**
LY	0.977 (3.904)	0.797 (4.491)	1.009 (3.586)
LP	-0.927 (-2.052)	-0.158 (-2.499)	-1.005 (-2.009)
LAF	-0.486 (-2.121)	-0.334 (-1.917)	-0.506 (-1.861)
LM	0.591 (6.519)	0.658 (9.386)	0.564 (5.607)
LPEAK	-0.137 (-0.414)*	-0.015 (-0.070)*	-0.214 (-0.546)*
LPOP	0.084 (1.105)*	0.021 (0.392)*	0.085 (0.938)*
$\overline{R}^2$	0.582	0.740	0.513

Source: Estimated by authors. T-Values are given in parentheses. *: not significant at the 10 percent level.

In 2006, travellers became considerably less responsive to changes in airfares. A 10 percent rise in airfares in 2005 would lead to a 4.86 percent fall in total arrivals, causing the expected number of VFR travellers to fall by 3.4 percent and non-VFR arrivals to fall by 5.06 percent. The results may indicate that compared to living costs in Australia, airfares were less important in explaining arrivals to Australia.

The likely reason for this change was that in 2006, emerging markets such as China, South Korea, and other Asian sources made up a larger proportion of arrivals into Australia. In the case of travellers from these source markets, the percentage of the travel budgets spent during their time within Australia may be expected to be significantly higher than what is spent on airfares. It is noteworthy that in 2006, the value of the Australian dollar was appreciating rapidly relative to the currencies of major trading partners. In view of the price variable which has been used for the purposes of the present study, a relatively higher exchange rate will be reflected in Australia's GDP PPP and the effect will be incorporated in the price. Since a significant proportion of the 2006 sample was comprised of countries where the relative cost of living is substantially lower than in Australia, it is plausible that the travellers from these source markets were more responsive to changes in prices.

Secondly, the relative decrease in the cost of air travel and the larger number of air transport operators compared with 1991, may result in more competitively priced air transport prompting consumers to be less sensitive to changes in airfares than to prices.

The results that have been presented indicate that immigration played a greater role in explaining arrivals to Australia than was the case in 2006 for the three groups of travellers. A 10 percent increase in the number of overseas born Australian residents, will cause total arrivals to increase by 5.91 percent, VFR arrivals by 6.58 percent and non-VFR arrivals by 5.64 percent. The significance of migration in prompting non-VFR travel indicates that since 1991, immigrants have formed networks within Australia which stimulates travel for purposes other than VFR. This may have arisen as a result of informal promotion of Australia by now resident migrants. Such activity helps to build Australia's cultural capital and enhances its overall appeal for all types of prospective travellers, as well as forging business connections with the country of origins, thereby promoting business-related travel.

International Departures

This section reports the elasticities of international departures. Since this study is based on cross sectional data, income and population factors were excluded from the model. Table 27 shows the elasticities for international departures from Australia for total departures, departures for VFR purposes and for non-VFR purposes. The estimated coefficients have the expected

sign. LPEAK is statistically significant for VFR travellers only. In the model of international departures from Australia it was found that the income of the destination is a crucial determinant of international departures. The results show that Australians who travel for non VFR purposes react more to changes in the cost of the trip than VFR travellers. As was the case with international arrivals, VFR travellers are found to be least responsive to changes in the cost of international travel.

An increase of 10 percent in the relative competitiveness of the destination would cause the expected total number of international departure to fall by 5.6 percent, while departures for VFR purposes would fall by 3.3 percent and non VFR travels by 10.2 percent.

International travel was found to be inelastic to changes in the cost of air travel from Australia. An increase of 10 percent in airfares from Australia to the 29 destinations under consideration would prompt total international departures from Australia to fall by 8.4 percent, while departure for VFR purposes would have fallen by 5.8 percent and non-VFR travel by 7.3 percent. These results indicate that in the case of conditions prevailing in 1991, airlines could increase their revenue by raising airfares.

Table 27. Elasticities for International Departures in 1991

Departures: 1991			
Determinants	**Total**	**VFR**	**Non VFR**
LP	-0.56 (-2.40)	-0.33 (-2.57)	-1.02 (-1.76)
LAF	-0.84 (-2.02)	-0.58 (-2.17)	-0.73 (-1.96)
LM	0.56 (3.77)	0.57 (8.23)	0.54 (6.98)
LPEAK	0.08 (0.44)*	0.20 (1.88)	0.11 (0.39)*
LINC	1.30 (3.68)	0.93 (4.37)	1.15 (3.91)
$\overline{R}^2$	0.26	0.21	0.38

Source: Estimated by authors. T-Values are given in parentheses. *: not significant at the 10 percent level.

In contrast with the findings for international arrivals, migrant elasticities for international departures were similar for all three groups of travellers. A 10 percent increase in the stock of immigrants in Australia would have caused international departures for all three categories to rise by approximately 5 percent. This indicates that when migration increases from a source country, the number of Australians visiting that country will rise. This confirms the existence of a strong network effect, as migrants promote their countries of origin as potential destinations. It also suggests that as more migrants settle in Australia, there may well be increased service provision to facilitate short-term travel for new migrants back to their country of origin. Such services constitute a specialised form of travel related servicing, but may benefit a variety of types of traveller, leading in turn to an increase in total international departures to that destination.

The research has concluded that the income of the destination (LINC) was an important determinant of international departures in 1991. This variable may be used as a proxy for the level of development of the destination and may indicate that in 1991 Australian travellers opted for destinations offering adequate facilities and infrastructure. The significance of this variable may indicate that migrants from more developed countries tend to make more frequent visits back to their country of origin.

The departure elasticities for 2006 are reported in Table 28. Compared with 1991, total international departures became more responsive to changes in destination competitiveness. The opposite finding was observed for VFR and non-VFR travellers. If there is a 10 percent deterioration in destination competitiveness, the total number of Australian departures may be expected to fall by 6.1 percent, while VFR travel would fall by 2.8 percent and non VFR by 6.1 percent.

Table 28. Elasticities for International Departures in 2006

Departures: 2006			
Determinants	**Total**	**VFR**	**Non VFR**
LP	-0.61 (-2.23)	-0.28 (-2.17)	-0.61 (-2.02)
LAF	-0.30 (-0.90)*	-0.22 (-1.12)*	-0.37 (-1.02)*
LM	0.72 (7.14)	0.71 (8.83)	0.69 (7.46)
LPEAK	0.18 (0.43)*	0.19 (0.61)*	0.15 (0.33)*
LINC	0.80 (2.50)	0.59 (3.25)	0.85 (2.48)
$\bar{R}^2$	0.35	0.28	0.28

Source: Estimated by authors. T-Values are given in parentheses. *: not significant at the 10 percent level.

As with international inbound travel, demand for international outbound travel by all three groups was less elastic in 2006 than in 1991. The lower elasticities suggest that Australian travellers treat airfares as a fixed cost. Once the decision to travel has been made, travellers expect to incur this cost and are not highly responsive to changes. In all three cases an increase in airfares of 10 percent in 2005 would prompt demand to fall by less than 4 percent for each of the three categories of traveller. The results may indicate that in 2005 the purchase of air tickets was less flexible. Once an air ticket was purchased, consumers were locked into contracts preventing alteration of travel plans should there be better deals available on the markets.

In 2006, the stock of immigration played a determining role in the travel decisions of Australian consumers. As was the case in 1991, the elasticities for the three groups of travellers were approximately 0.7, an indication that changes in the stock of migration affected travels for all three groups similarly. It may be that as permanent settlers have arrived progressively from the 29 countries of origin, that interest has been generated in these countries as potential destinations for short term trips. Firstly more information became available about these destinations through word of mouth communication. Secondly, as the number of short term visits between the two countries has expanded, Australian travellers may have benefited from more competitive prices either because travel related businesses expanded and gained the benefits of economies of scale which passed on to their consumers or local businesses may have faced competition from abroad thereby placing downward pressure on prices.

The real income of the destination was a crucial determinant of international departures from Australia for the three groups of travellers. An increase of 10 percent in the real income of the destination will causes the total number of departures from Australia to rise by 8 percent, and VFR and non-VFR travels by 5.9 and 8.5 percent respectively.

Summary

The results obtained in this study strongly indicate that immigration patterns have a substantial influence on tourism flows to and from Australia. The results for international arrivals to Australia 1991 are similar to those in Dwyer *et al*. (1993) where immigration was an important determinant of VFR travel but has no effect on non-VFR travel. This study moreover shows that it is not longer the case in 2006. Immigration to Australia impacted on international arrival for VFR and non-VFR travel, with the effect on VFR travel being higher. Overall migration plays a greater role in determining arrivals in 2006 than was the case in 1991 and the effects are slightly higher for international departures. In 2006 elasticities for international departures were approximately 0.7 for all three groups of travellers while arrival elasticities were 0.59, 0.66 and 0.56 for total, VFR and non-VFR travellers.

The results of this study clearly indicate that the relative importance of the various determinants of tourism flows to and from Australia have changed between 1991 and 2006. As compared to 1991, international travellers have become progressively more responsive to changes in destination competitiveness and less responsive to changes in airfare. Population of the home country which was an important determinant for arrivals in 1991 was insignificant in 2006. Overall, VFR arrivals are less responsive to changes in income, destination competitiveness and airfare that the other two groups of travellers in 1991 and in 2006. Finally, the length of the residents stay in Australia does not have any effect in determining travel flows to and from Australia in 2006. Airfare which is an important determinant of international arrivals and departures in 1991 does not explain departures in 2006. The income of destination is has a significant impact on the number of departures from Australia for all three groups of travellers.

Chapter 5

ECONOMIC IMPACT OF MIGRATION-INDUCED TOURISM FLOWS

This chapter reports the economic impacts of migration-induced tourism flows. The simulations were derived from the M2RNSW model, which is a modified version of the M2R model, the multi-regional CGE (computable general equilibrium) tourism model developed by the Centre for Regional Economic Analysis (CREA) at University of Tasmania (Madden and Thapa 2000). The basic structure of the M2R model (excluding the 12 tourism industries created by Madden and Thapa, 2000) is an adaptation of the standard MONASH Multi-regional Forecasting (MMRF) model. The authors have used this model to estimate the economic impacts of various shocks to Australian tourism, including increased inbound visitation to Australia and to the individual states (Dwyer, Forsyth, Spurr, Ho 2003a, 2003b), the effects of the SARS crisis on Australian tourism (Dwyer, Forsyth, and Spurr 2006a) and special events (Dwyer, Forsyth and Spurr 2006b, 2006c).

Estimated Migration-Induced Tourism Numbers and Expenditure

As discussed in Chapter 2, immigration induces increased tourism flows both inbound to the host country and outbound from it. Given the expenditure associated tourism flows changes in Australian inbound and outbound tourism will have economic impacts on the Australian economy. The CGE model that we employ enables us to estimate the size and distribution of these impacts.

The analysis of Chapter 4 provided estimates of the effects of changes in immigration flows on both inbound and outbound tourism. Thus, if immigration increases by a certain percentage we need to determine the effects of this change first on both inbound and outbound numbers, and second on inbound and outbound expenditure. The second step is essential since it is changes in tourism expenditure that are used to shock the CGE model.

Suppose a x% (e.g. 10%) increase in migration to Australia. That is, immigration is assumed to have been 10% greater than it actually was. The assumed percentage does not much matter since the analysis to follow is applicable whatever the assumed increase. That is, the same type of analysis applies if the increase were 1% or 100%.

Table 29 estimates the change in total expenditure into and out of Australia associated with changes in tourism flows induced by the change in migration numbers. For illustrative purposes, the figures relate to the year 2006, which is the most recent year for which the impact of migration on tourism has been estimated. We report both the impacts on total tourism and on VFR tourism, for inbound and outbound tourism.

Table 29. Estimated Migration-induced tourism numbers and expenditure, inbound and outbound travel 2006.

	Inbound		Outbound	
	Total	**VFR**	**Total**	**VFR**
Tourism Numbers	0.298	0.059	0.295	0.068
Exp / trip (from TSA)	$3,926	$3,926	$4,295	$4,295
Total Exp	$1.170bn	$0.232bn	$1.267bn	$0.292bn

Source: Own estimates; ABS Australian Tourism Satellite Account, 2006-07

Economic Impacts of Migration-Induced Inbound Tourism

The figures in Table 29 must now be converted to economic impacts. A number of simulations were undertaken using the CGE model on the assumption of a 10% increase in total tourism to Australia and also, independently, for a 10% increase in total outbound tourism. The results in Tables 30 and 31 show the economic impacts of a 10% increase in inbound and outbound tourism, along with estimated immigration-induced flows of total outbound and outbound tourism, along with migration-induced flows of inbound and outbound VFR tourism. For example if the migration-induced change in tourism expenditure was 5 % of total tourism inbound tourism expenditure, the results of the CGE modelling (on real wages, real exports, employment numbers etc) can be multiplied by 5% to highlight the migration-induced economic impacts. Using the results in Table 30, based on the analysis of Chapter 4, the migration-induced component for inbound tourism is 6.84% in total, and 1.35% for VFR. For outbound tourism it is 7.17% for total and 1.65% for VFR.

Table 30 shows the estimated migration-induced effects on inbound tourism to Australia for the year 2006. In Table 30, column 1 shows the impacts on key macroeconomic variables of an assumed 10% increase in inbound tourism to Australia. The model simulations are based on the following assumptions:

- Real national employment is fixed but real wage is flexible
- Real international trade balance is fixed
- Real exchange rate is flexible
- Capital stock is fixed
- Investment is fixed

These assumptions are the standard short run assumptions that have been employed by the authors in previous modelling exercises (Dwyer, Forsyth, Spurr, Ho 2003a; 2003b; 2006).

Column 2 shows the estimated migration-induced effects on inbound tourism. These were calculated by multiplying the estimated effects in column 1 by 6.84% for total tourism, and 1.35% for VFR tourism.

Table 30. Macroeconomic results and Migration-induced economic impacts of 10% increase in inbound tourism to Australia

Macroeconomic variables	10% increase in inbound tourism	Migration-induced impacts (total)	Migration-induced impacts (VFR)
1 Real household consumption (change)	-6.52	-4.45	-0.88
2. Real investment	0	0	0
3. Real gross domestic product	109.06	74.4	14.72
4. Real value added (change	103.19	70.49	13.93
5.Real Exports	25.6	17.48	3.46
6.Real Imports	25.6	17.48	3.46
7. Employment	5217.82	3563.77	704.41
8. Real benefit (change)	109.06	74.4	14.72
9. Real wage index	0.00	0	0
10. Real terms of trade effect on exports (change)	284.15	194.07	38.36
11. Real exports of non-tourism G&S (change)	-1478.41	-1009.75	-199.59
12. Real exports of tourism G&S (change)	1503.57	1026.94	20.98
13. Tourism tax revenue (nominal, change)	133.0	90.84	17.96

Macroeconomic variables	10% increase in inbound tourism	Migration-induced impacts (total)	Migration-induced impacts (VFR)
14. Real exchange rate %	0.00	0	0
15. Consumer price index %	0.29	.20	0.039
16. Exports price index (%)	0.19	.13	0.026
17. Real international trade balance ($b)	0.00	0	0

Own estimates; Key: Lines 1 to 13, in $m; lines 14 to 17, in %

Economic Impacts of Migration-Induced Outbound Tourism

Table 31 shows the estimated migration-induced effects on outbound tourism by Australian residents for the year 2006. In Table 31, column 1 shows the impacts on key macroeconomic variables of an assumed 10% increase in outbound travel. The assumptions underlying the simulations of the model are the same as those which underpinned the results for inbound tourism in Table 30 above. The migration-induced effects on outbound tourism are 7.17% for total tourism and 1.65% for VFR tourism.

Table 31. Macroeconomic results and Migration-induced economic impacts of 10% increase in outbound tourism from Australia

Macroeconomic variables	10% increase in outbound tourism	Migration-induced impacts (total)	Migration-induced impacts (VFR)
1 Real household consumption (change)	175.12	125.56	28.89
2. Real investment	0.00	0	0
3. Real gross domestic product	-39.21	-28.11	-6.47
4. Real value added (change	13.54	9.71	2.23
5.Real Exports	0.840	0.602	0.138
6.Real Imports	0.810	0.581	0.134
7. Employment	-4062.10	-2912.53	-670.25
8. Real benefit (change)	-38.44	-27.56	-6.34
9. Real wage index	0.103	0.074	00.017
10. Real terms of trade effect on exports (change)	-177.49	-127.26	-29.28
11. Real exports of non-tourism G&S (change)	1246.70	893.88	205.71
12. Real exports of tourism G&S (change)	39.61	28.40	6.53
13. tourism tax revenue (nominal, change)	1.60	1.147	0.264
14. Real exchange rate %	0.00	0	0
15. Consumer price index %	-0.46	-0.33	-0.08
16. Exports price index (%)	0.19	0.14	0.03
17. Real international trade balance ($b)	0.00	0	0

Key: Lines 1 to 13, in $m; lines 14 to 17, in %

A comparison of Tables 30 and 31 reveals that the impacts of a change in migration-induced tourism expenditure are greater for inbound tourism than for outbound travel. An impact of inbound expenditure need not be the reverse of a similar sized outbound expenditure as the impact of the latter depends on what expenditure is made within Australia by outbound travellers.

These model runs are very conservative - they give rise to small effects. This is to be expected given the assumptions used. Thus there is an assumption of effective full employment, which is plausible for the Australia of recent times (other than for the last year or so). If unemployment were to emerge, the impact on the economy would be considerably greater. These model runs also assume that the capital stock is unchanged by the migration-induced tourism. In reality, additional tourism could stimulate additional capital investment, which would increase output and economic activity. In these runs, tourism does not have a substantial impact on total economic activity, though the additional tourism provides positive benefits for the economy, particularly through positive terms of trade effects and tax effects. Thus for these runs, the measure of benefits of tourism are very close to the impacts on GDP. Also, given that the exchange is flexible, changes in tourism exports and imports do not change the current account balance.

The impacts of total tourism are naturally greater than those of VFR tourism, which is part of the total. As noted in Chapter 4, the impacts of non VFR tourism are not very much lower than those of VFR tourism. This means that we should simply look at the impacts on VFR tourism when looking at the impact of migration on tourism – all motivations for tourism are impacted by migration.

Chapter 6

CONCLUSIONS

Permanent migration and tourism are linked and the link operates in both directions. When settlers depart from a source country to establish themselves in a new location, tourism may be stimulated through visits by friends and relatives themselves, and return by the settlers to their country of origin.

Whilst the existence of migration and tourism relationships is clear, their comparative patterns and strengths have not been studied on a consistent basis over time. This has made it difficult to track and explain the fluctuating trends. Drawing upon the preceding observations about migration and tourism trends, the specific objectives of the present investigation were as follows:

- Update the study by Dwyer *et al.,* (1993) by exploring the key migration related determinants of tourism flows using the latest available data. Chapter 3 contains tables and figures that show tourism and immigration trends from 1990 to 2005.

- Estimate their quantitative significance by providing econometric estimates of the impacts of migration on tourism flows, using the latest visitor and migrant data. Chapter 4 provides estimates of the impacts of migration on tourism flows.

- Extend the analysis of tourism flows to tourism expenditures. This will enable the conduct of quantitative estimates of the tourism induced economic impacts on inbound and outbound tourist expenditure. Chapter 5 provides estimates of the economic impacts on the Australian economy of the migration-induced additional tourist flows. Using a computable general equilibrium model developed by the STRC (Dwyer, Forsyth, Spurr and Van Ho, 2005), the economic impacts are estimated for both additional inbound tourism to Australia and outbound tourism from Australia. Changes in expenditure associated with migrant-induced tourism were fed into the model. The associated impacts on GDP, employment, government revenue and economic welfare were estimated.

- Provide a stronger context for understanding the motivations associated with tourism and migration by exploring country of origin influences on migrant travel behaviour.

The results of the research should be of interest to policy makers in the tourism and immigration fields, to peak industry bodies and to stakeholders such as airlines and tour operators. It will provide evidence on the key migration related determinants of tourism flows, together with qualitative and quantitative estimates of their significance. The study results are directly relevant to forecasting Australian tourism flows to and from specific countries. Time series data will be collected and analysed, with a view to understanding the effect of maturation and the impacts of "transilient" migration on tourism. Overall, the study enhances our understanding of the long-term implications of migration for international tourism.

Understanding the relationship between tourism and migration is particularly timely for decision-makers within Australia as the prospect of a big Australia (population of about 35Million) becomes an increasingly realistic prospect. Within population growth being fuelled by migration, modelling the economic impacts of the source of these migrants becomes increasingly important. Since migrants come to Australia for a variety of motives (e.g. skilled migration and humanitarian), it is critical to understand the interplay of these reasons in economic terms. As debate increases about the dispersal of migrant arrivals by both state and locale the impact on state economies will become a subject of increasing interest. It is hoped that this report will provide a stronger basis of evidence for the ensuring debate about the relationship between migration and the future shape of the Australian economy.

One of the more striking results from the econometric work reported in Chapter 4 is the strength of the relationship between migration and non VFR tourism. It was noted in Dwyer *et al.* (1993) that there appeared to be a link between outbound non VFR tourism and migration. The present study confirms this link, and suggests that it may be stronger than thought. In addition, there appears to be a strong link between inbound non VFR tourism – in fact, the link appears to be

almost as strong as between migration and VFR tourism. It is surprising that that there would be some link. For example, the existence of a migrant culture might induce some non VFR travellers to explore countries that they are familiar with indirectly. Thus Australians may be interested in visiting Italy even though they have no connections via migration (and they might be less interested in visiting Spain (which is a country which has limited links to Australia via migration).

Immigration induces increased tourism flows both inbound to Australia and outbound from Australia. In turn, the expenditure associated with tourism will have economic impacts on the Australian economy. We report on these impacts using a computable general equilibrium (CGE) model, the M2RNSW model developed by the STCRC Centre for Economics and Policy, which is a model which is based on the Monash MMRF model, but which has a tourism sector explicitly modelled. This model allows us to estimate the size of these impacts. The analysis in Chapter 4 provides estimates of the effects of changes in immigration on inbound and outbound tourism numbers. In this case, the impacts of a 10% increase in migrants residents are evaluated. With information on spending by tourists, this enables an estimate of the changes in expenditure associated with immigration-induced tourism. We analyse the impacts of both total and VFR tourism.

Increased inbound tourism induced by migration will have a positive impact on the economy. A 10% increase in migrants resident will increase GDP by $74m, and this will lead to a net welfare benefit of also $74m. The impact on the economy of additional spending associated with additional VFR tourism will be a gain of $15m in GDP and welfare benefit. Additional outbound tourism induced by migration will be a negative impact on the economy, though this impact will be smaller than the impact of inbound tourism. There is estimated to be a -$28m impact on GDP and welfare benefits from increased total tourism, and a -$6m impact from the change in VFR tourism alone. The impacts of migration-induced tourism are thus greater for inbound than for outbound tourism. These model simulations are conservative, and give rise to small effects. They assume full employment – if unemployment were assumed, impacts would be greater due to stimulation of economic activity. In addition, the capital stock is assumed unchanged- if more tourism were to lead to an increase in the capital stock, the impacts would be larger.

The impacts of total tourism are naturally greater than those of VFR tourism, which is part of the total. As noted in Chapter 4, the impacts of non VFR tourism are not very much lower than those of VFR tourism. This means that we should simply look at the impacts on VFR tourism when looking at the impact of migration on tourism – all motivations for tourism are impacted by migration.

APPENDIX A: APPENDIX FOR CHAPTER 3

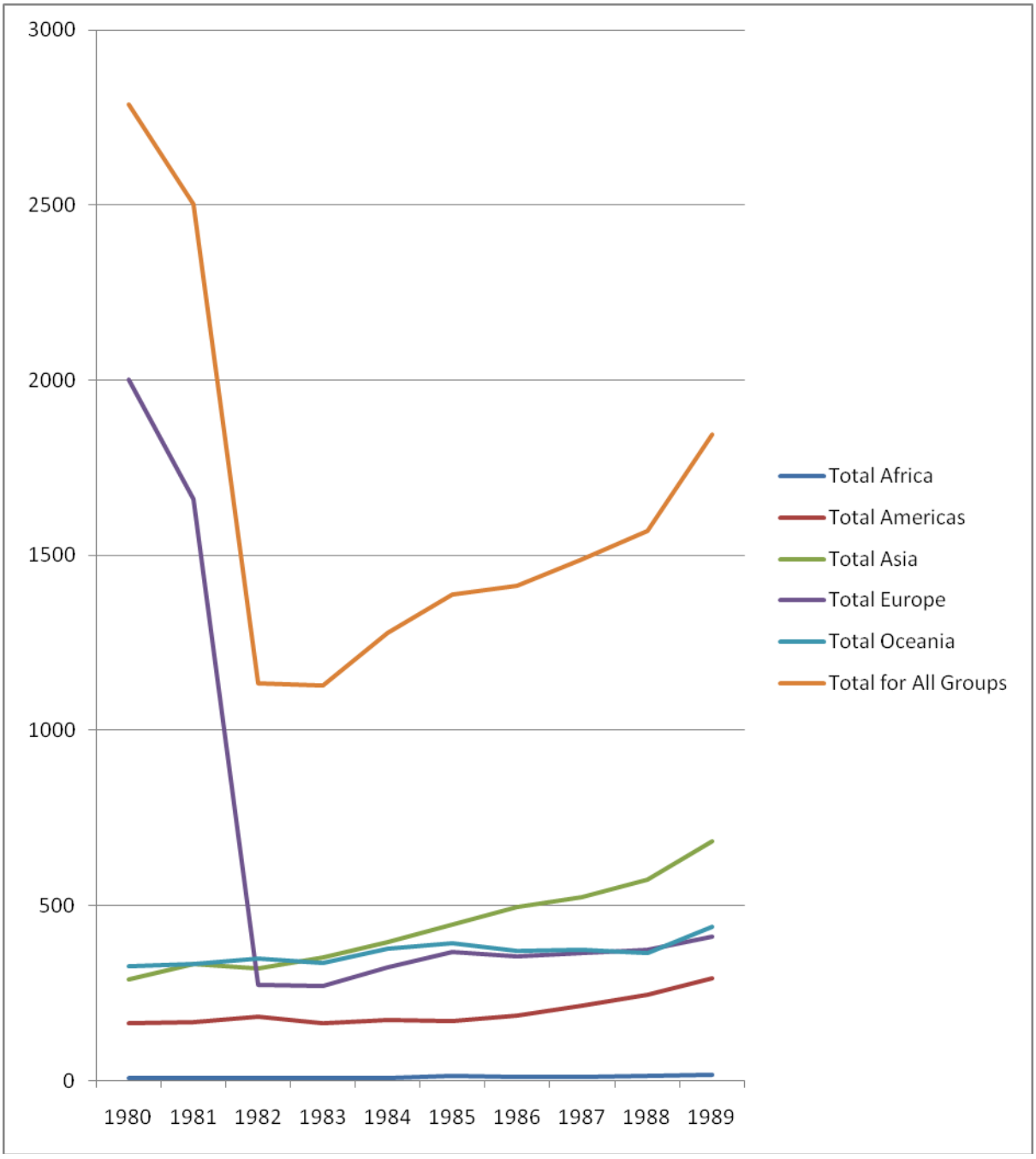


Figure A1. Short Term departures of Australian residents by region of intended stay, 1980-1989

Source: Data for this figure were obtained from Australian Bureau of Statistics

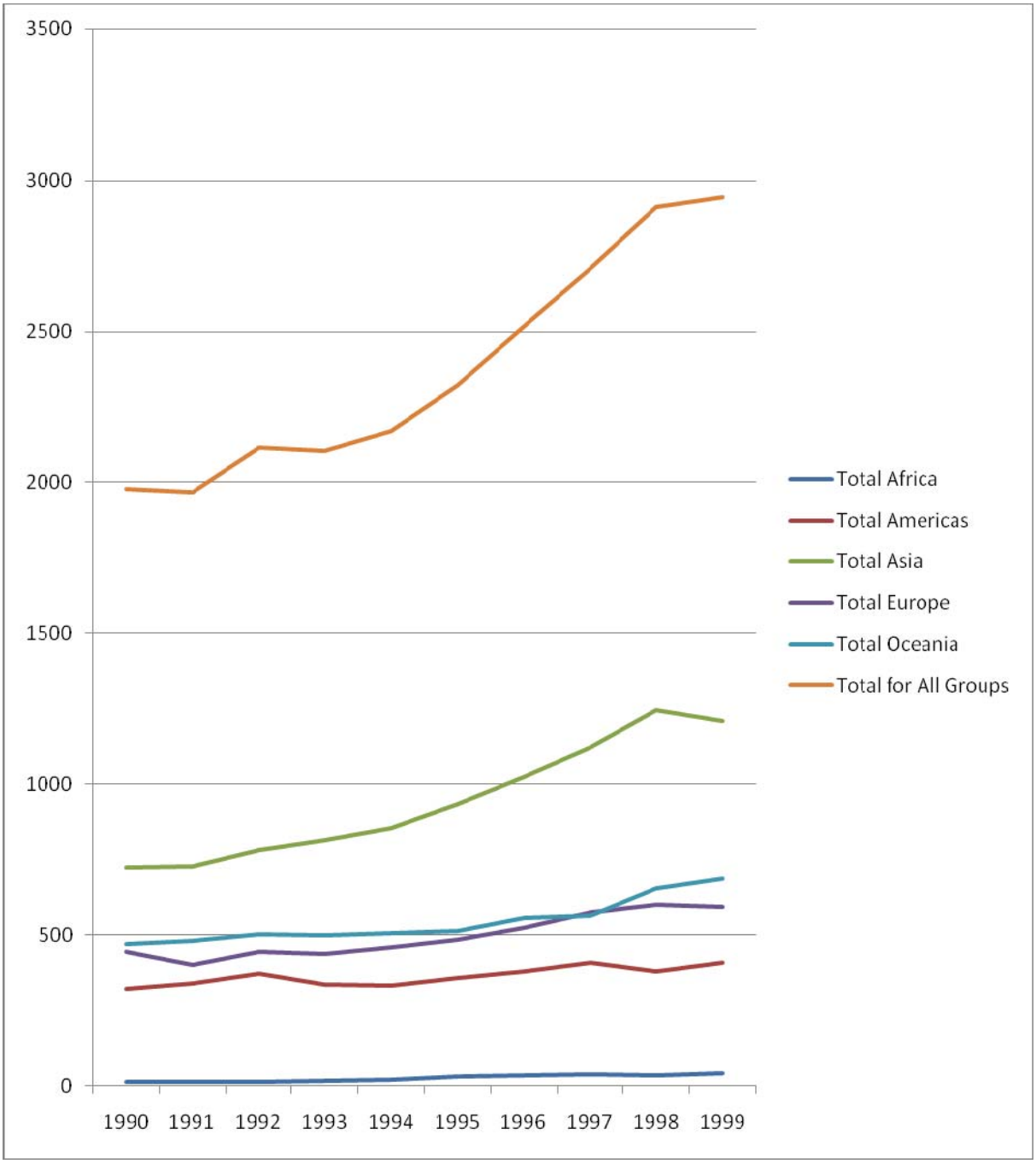


Figure A2. Short Term departures of Australian residents by region of intended stay, 1990-1999

Source: Data for this figure were obtained from Australian Bureau of Statistics

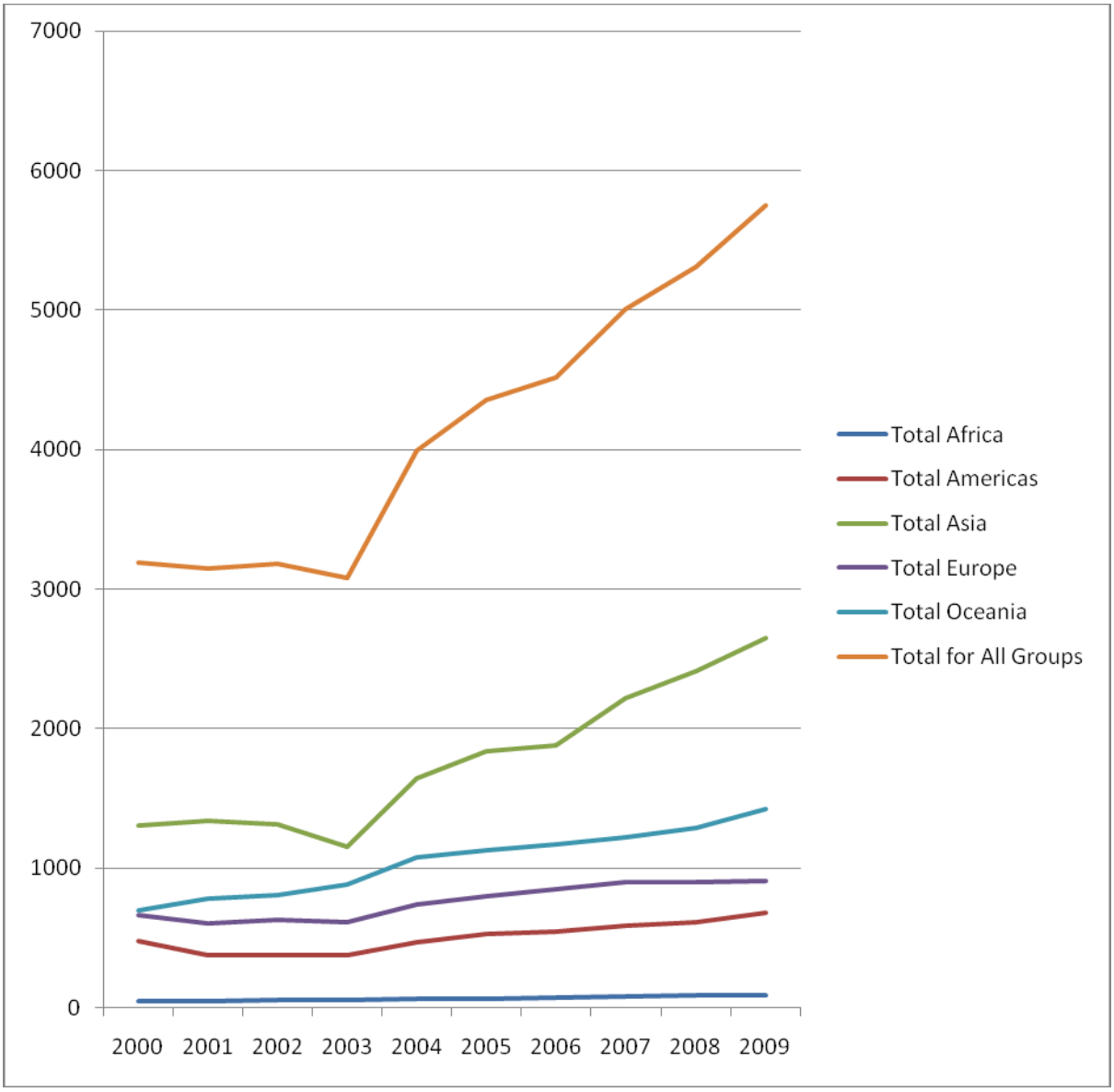
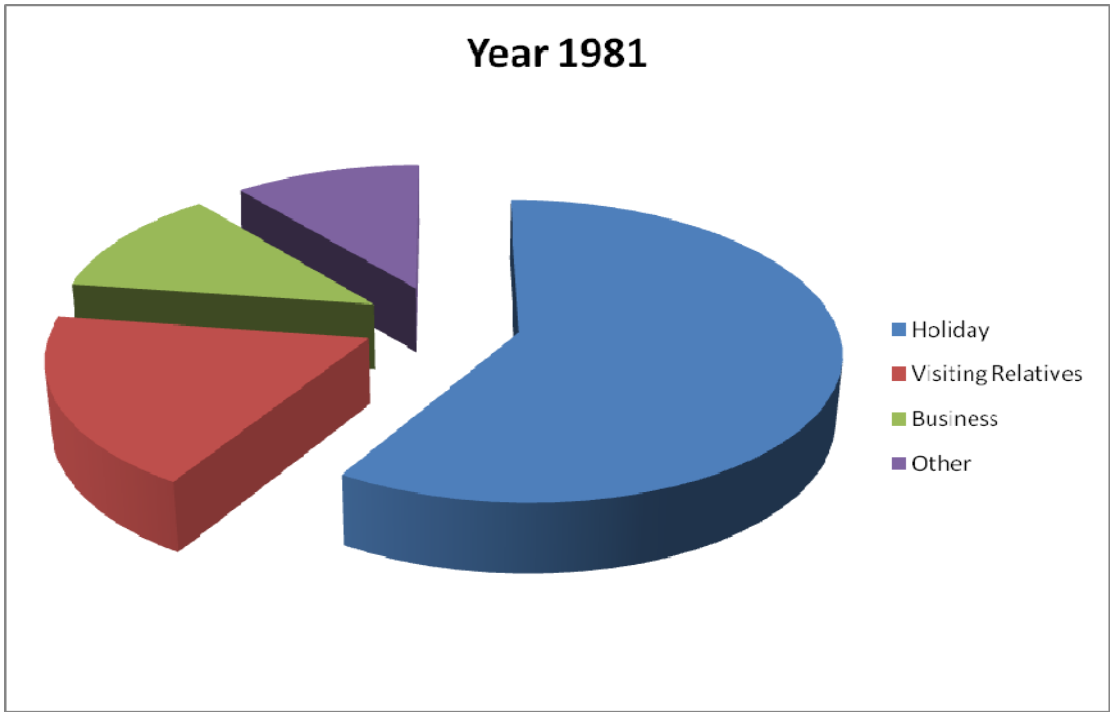
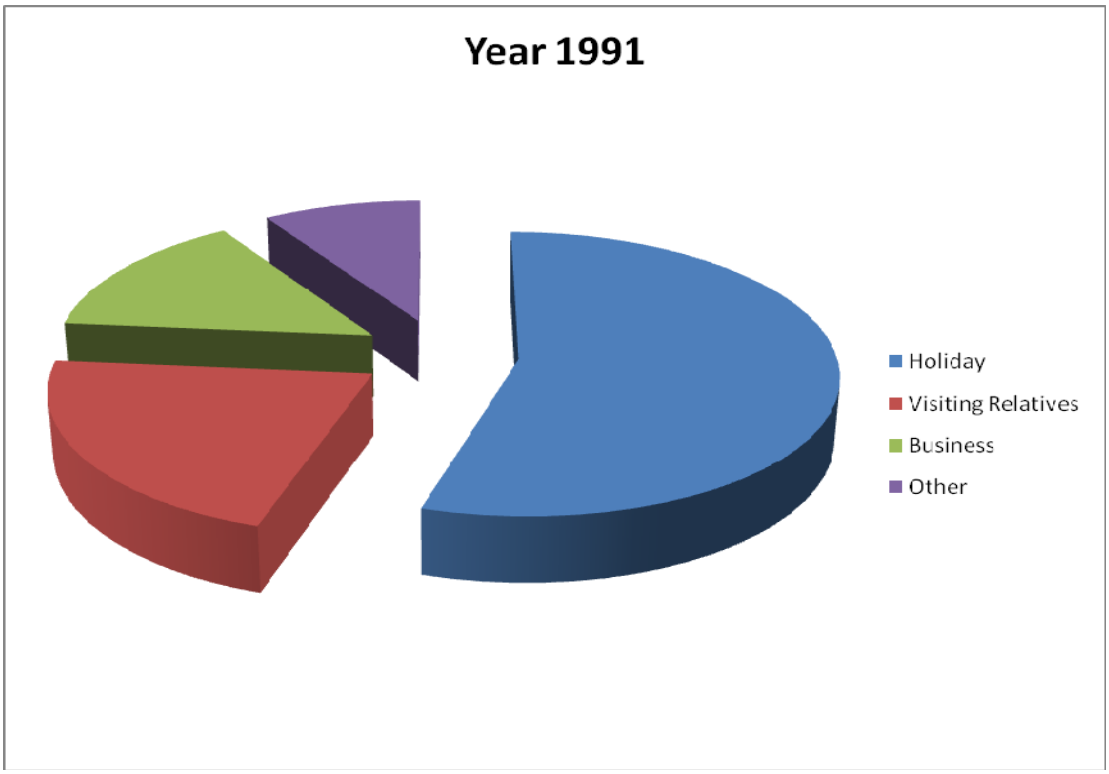


Figure A3. Short Term departures of Australian residents by region of intended stay, 2000-2009

Source: Data for this figure were obtained from Australian Bureau of Statistics


Year 1981
Holiday
Visiting Relatives
Business
Other


Year 1991
Holiday
Visiting Relatives
Business
Other

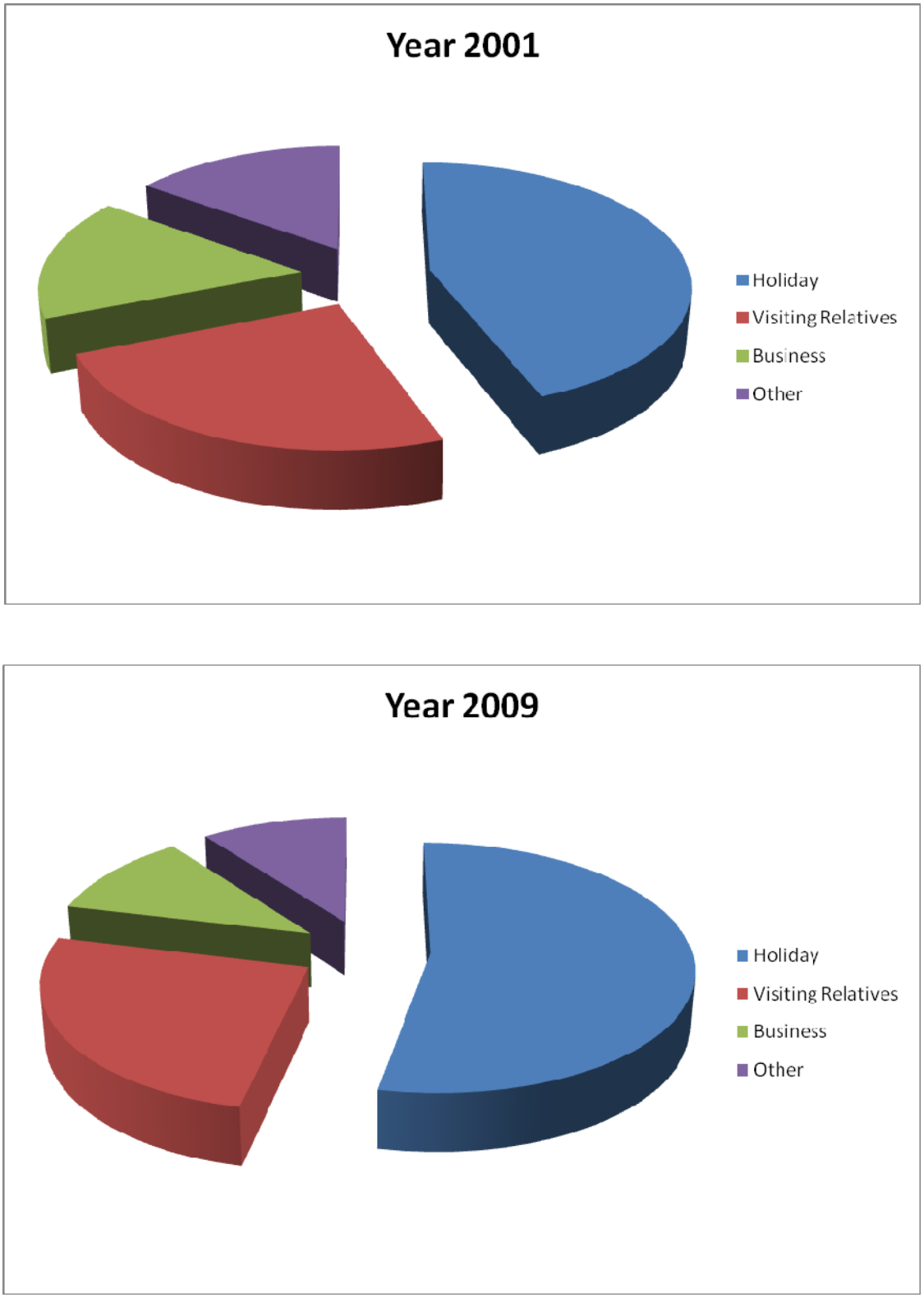


Figure A4. Short-term Visitors Arrivals by Main Purpose of Visit, Selected Years from 1981 to 2009

Source: Data for this figure were obtained from Australian Bureau of Statistics

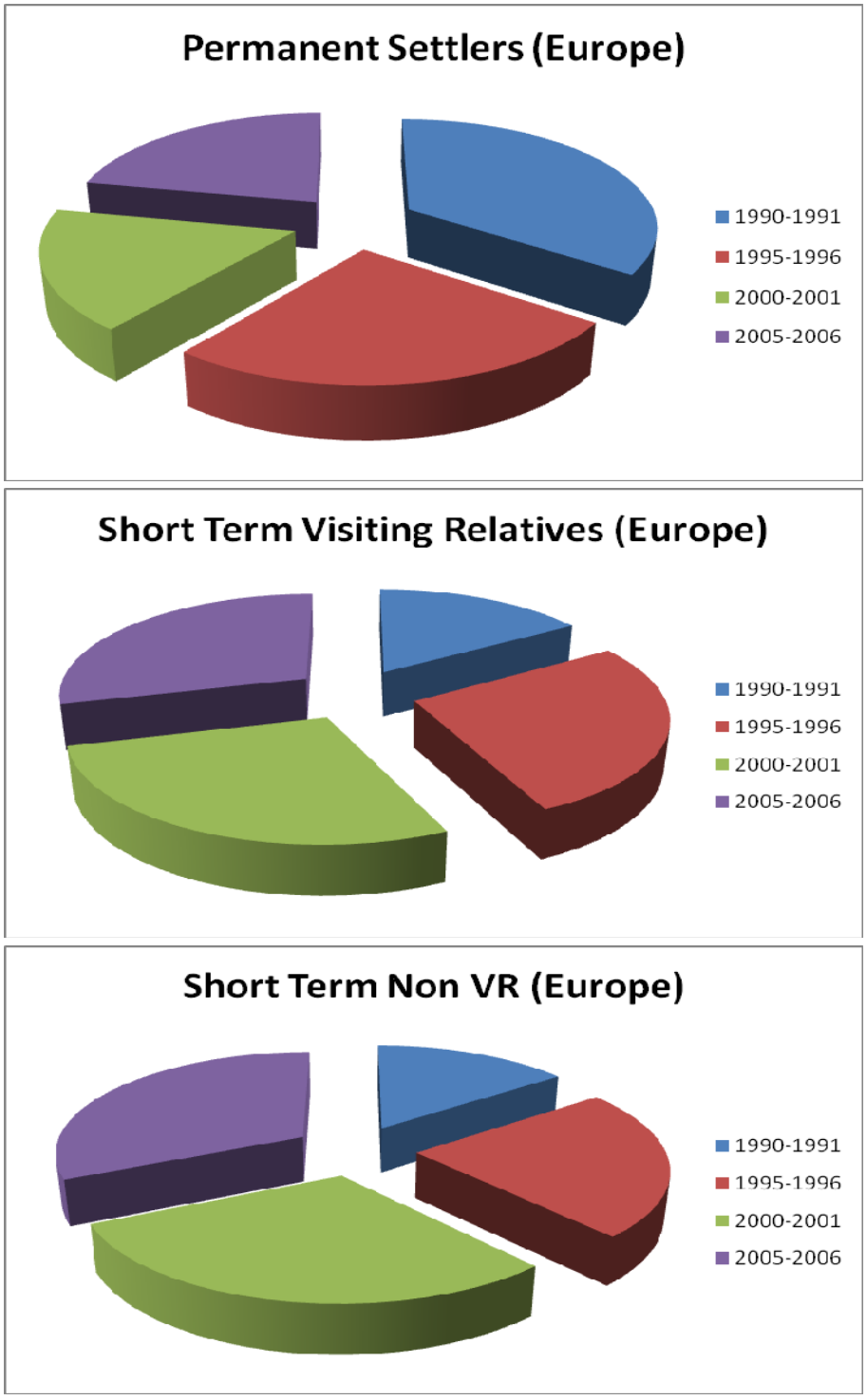


Figure A5. Comparison of Permanent Settlers Visiting Relatives (VR) and Non VR for Europe

Source: Data for these figures were obtained from Australian Bureau of Statistics

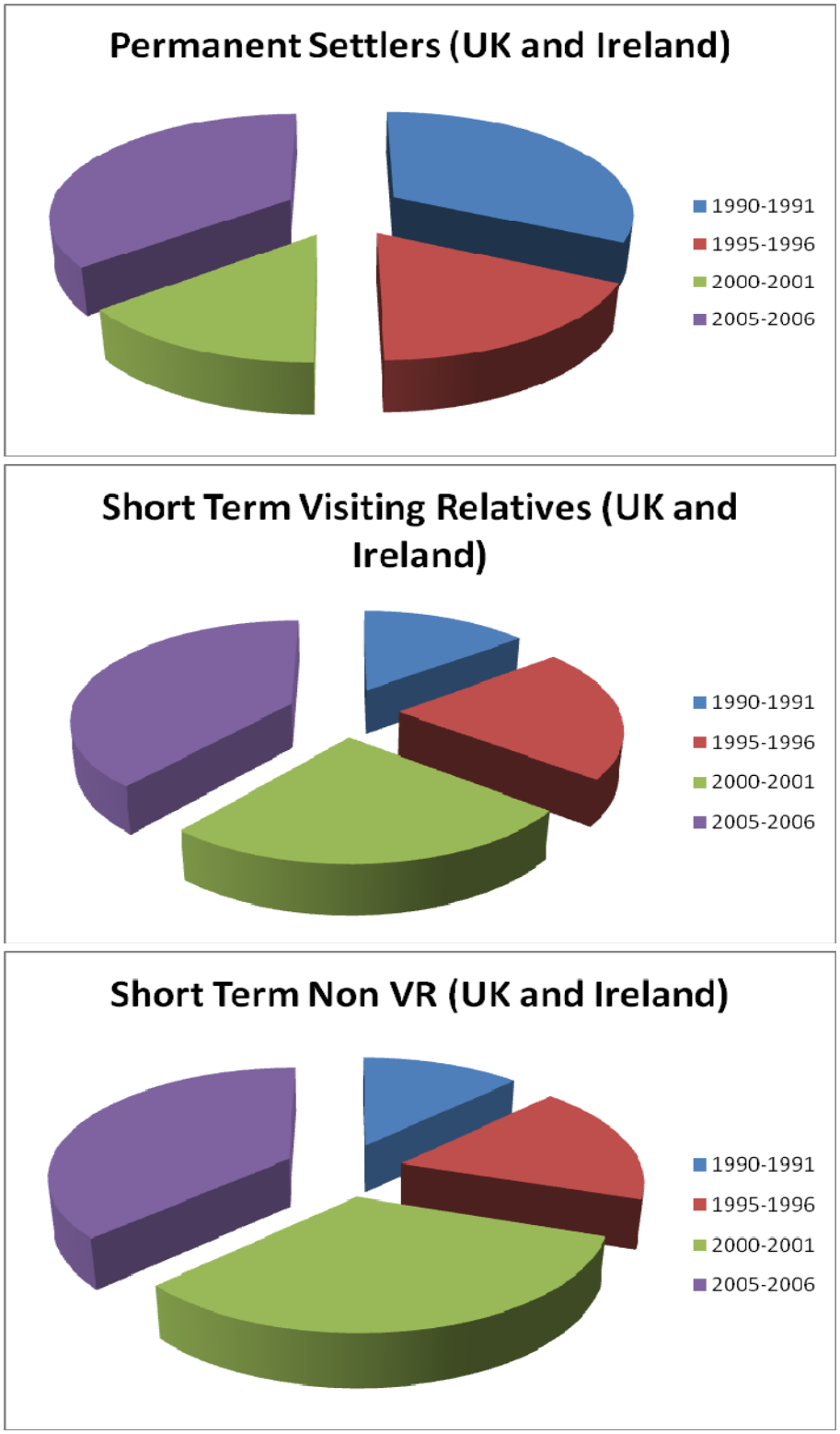


Figure A3.6 Comparison of Permanent Settlers Visiting Relatives (VR) and Non VR for UK and Ireland

Source: Data for this figure were obtained from Australian Bureau of Statistics

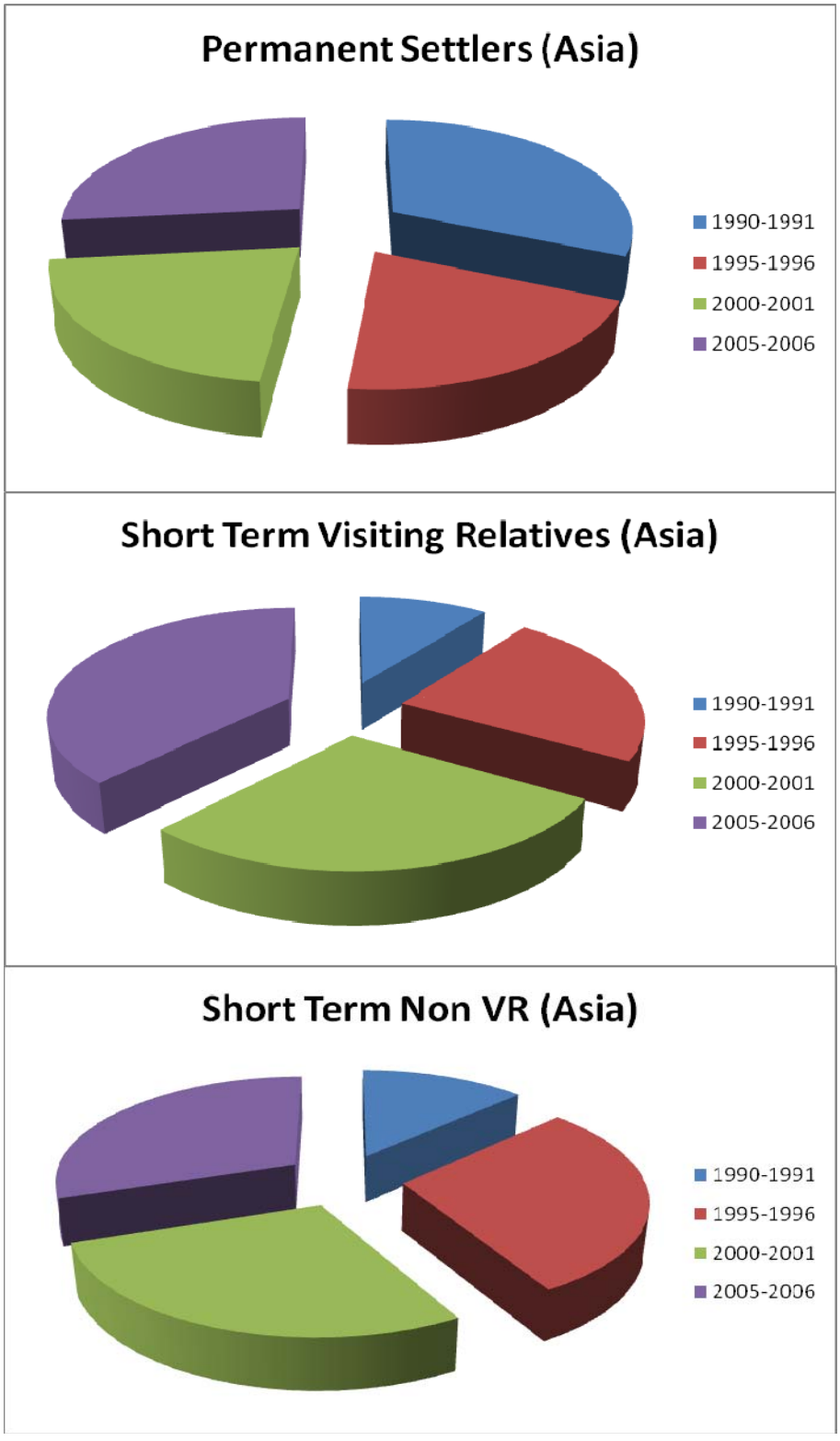


Figure A7. Comparison of Permanent Settlers Visiting Relatives (VR) and Non VR Visitors for Asia

Source: Data for these figures were obtained from Australian Bureau of Statistics

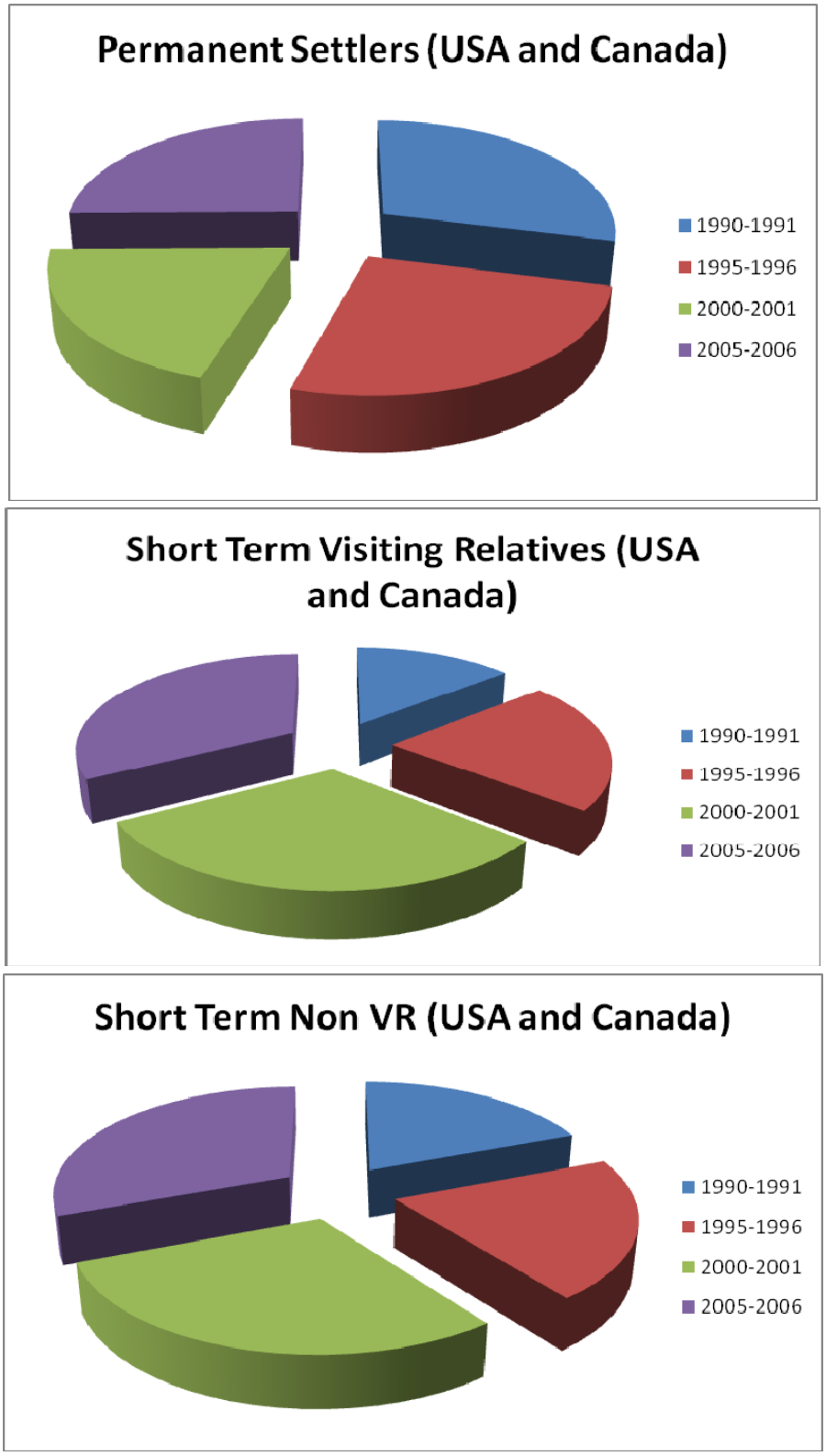


Figure A8. Comparison of Permanent Settlers Visiting Relatives (VR) and Non VR Visitors for USA and Canada
Source: Data for these figures were obtained from Australian Bureau of Statistics

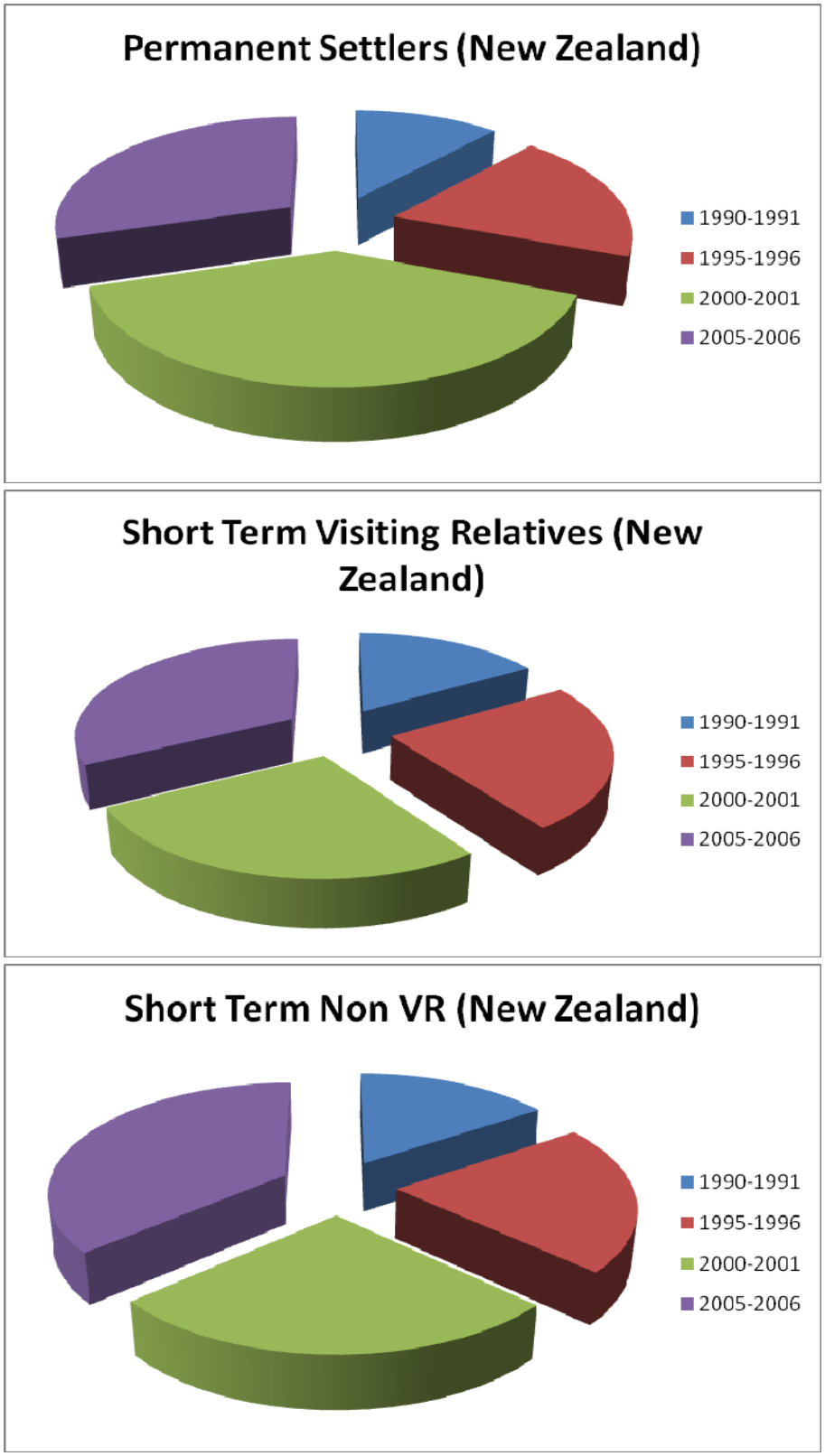


Figure 9. Comparison of Permanent Settlers Visiting Relatives (VR) and Non VR Visitors for New Zealand

Source: Data for these figures were obtained from Australian Bureau of Statistics

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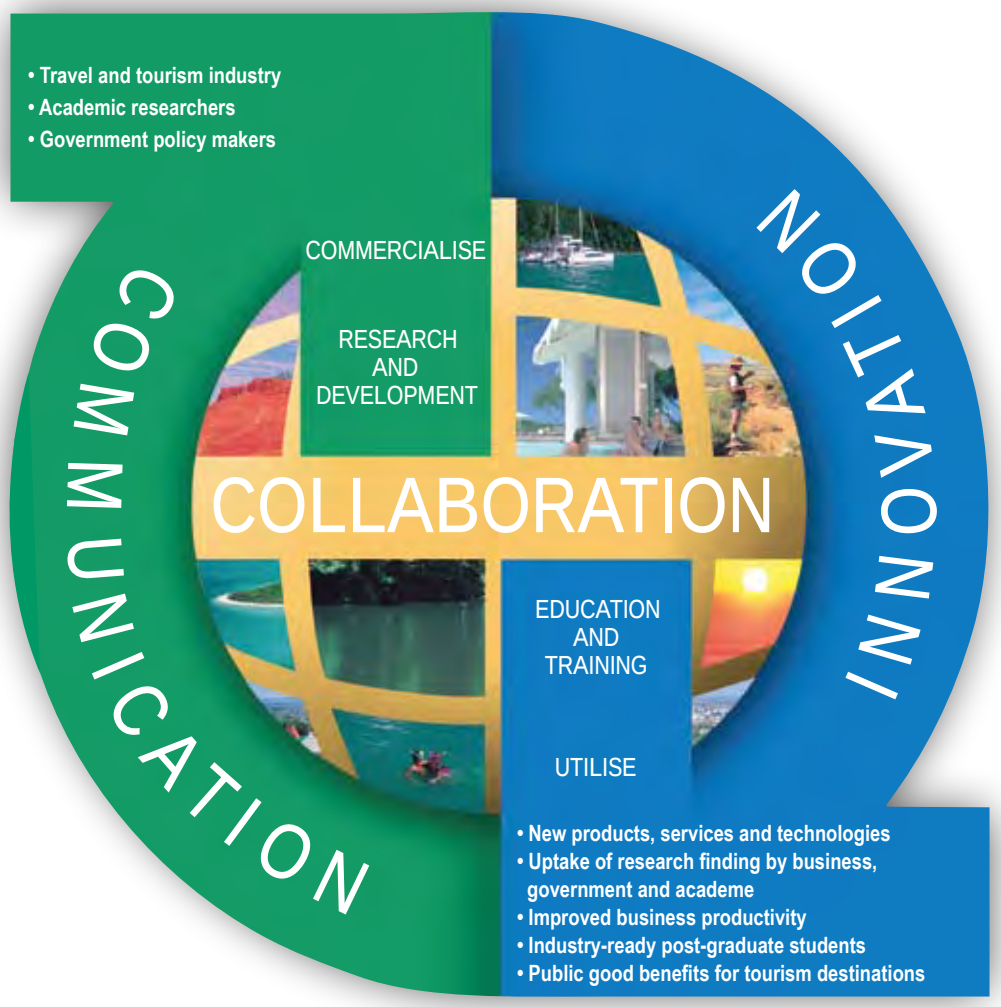

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STCRC is the world's leading scientific institution delivering research to support the sustainability of travel and tourism—one of the world's largest and fastest growing industries.

Introduction

STCRC has grown to be the largest dedicated tourism research organisation in the world, with $187 million invested in tourism research programs, commercialisation and education since 1997.

STCRC was established in July 2003 under the Commonwealth Government's CRC program and is an extension of the previous Tourism CRC, which operated from 1997 to 2003.

Role and responsibilities

The Commonwealth CRC program aims to turn research outcomes into successful new products, services and technologies. This enables Australian industries to be more efficient, productive and competitive.

The program emphasises collaboration between businesses and researchers to maximise the benefits of research through utilisation, commercialisation and technology transfer.

An education component focuses on producing graduates with skills relevant to industry needs.

STCRC's objectives are to enhance:

- the contribution of long-term scientific and technological research and innovation to Australia's sustainable economic and social development;
- the transfer of research outputs into outcomes of economic, environmental or social benefit to Australia;
- the value of graduate researchers to Australia;
- collaboration among researchers, between searchers and industry or other users; and
- efficiency in the use of intellectual and other research outcomes.