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Damaging Impact of Online Travel Agencies

Giant global online travel agencies are having a corrosive impact on Australia's accommodation businesses, according to the results of a new industry survey.

The Accommodation Association of Australia Annual Survey of accommodation businesses, which drew more than 400 responses, found that:

- The single most concerning issue to accommodation businesses was online travel agencies (which include Booking.com and Expedia);
- Only 41 per cent of respondents saw an improvement in the economic performance of their property, 28 per cent reported economic performance stayed the same, while 27 per cent said economic performance had declined; and
- For operators whose economic performance has declined, the single biggest factor contributing to this decline was competition from online travel agencies and other operators.

The Association's Chief Executive Officer, Richard Munro, said: "Our Annual Survey continues to provide an accurate snapshot of the views of operators of accommodation businesses across Australia and therefore, it is extremely helpful in determining the Accommodation Association's priorities.

"The clearest message from this year's survey is the damage that giant global online travel agencies are doing to accommodation businesses, many of which are small businesses which are major employers in their local communities.

"This distinctly contrasts with the likes of offshore giants Booking.com and Expedia, which are making millions of dollars each year from our industry, yet they employ very few staff in Australia.

"What's more, most – if not all – of the profits these global behemoths are making flow straight overseas and they pay little or no tax in Australia, unlike local accommodation businesses.

"On behalf of our industry, the Accommodation Association will continue to push for major reforms to online travel agencies in 2018 which rein in their free-riding on Australia's accommodation and tourism industries."

Other notable results from the Annual Survey include:

- The second most concerning issue to accommodation operators is the lack of regulation of non-compliant accommodation, e.g. Airbnb; and
- The biggest workplace relations concerns are public holidays and penalty rates.

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“The recent changes to penalty rates have allowed important parts of accommodation businesses, such as restaurants, to trade more frequently instead of being closed due to the cost of wages being unviable for operators,” Mr Munro said.

“Any move to roll back these changes will have a direct negative impact on local jobs and services provided to visitors.”

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