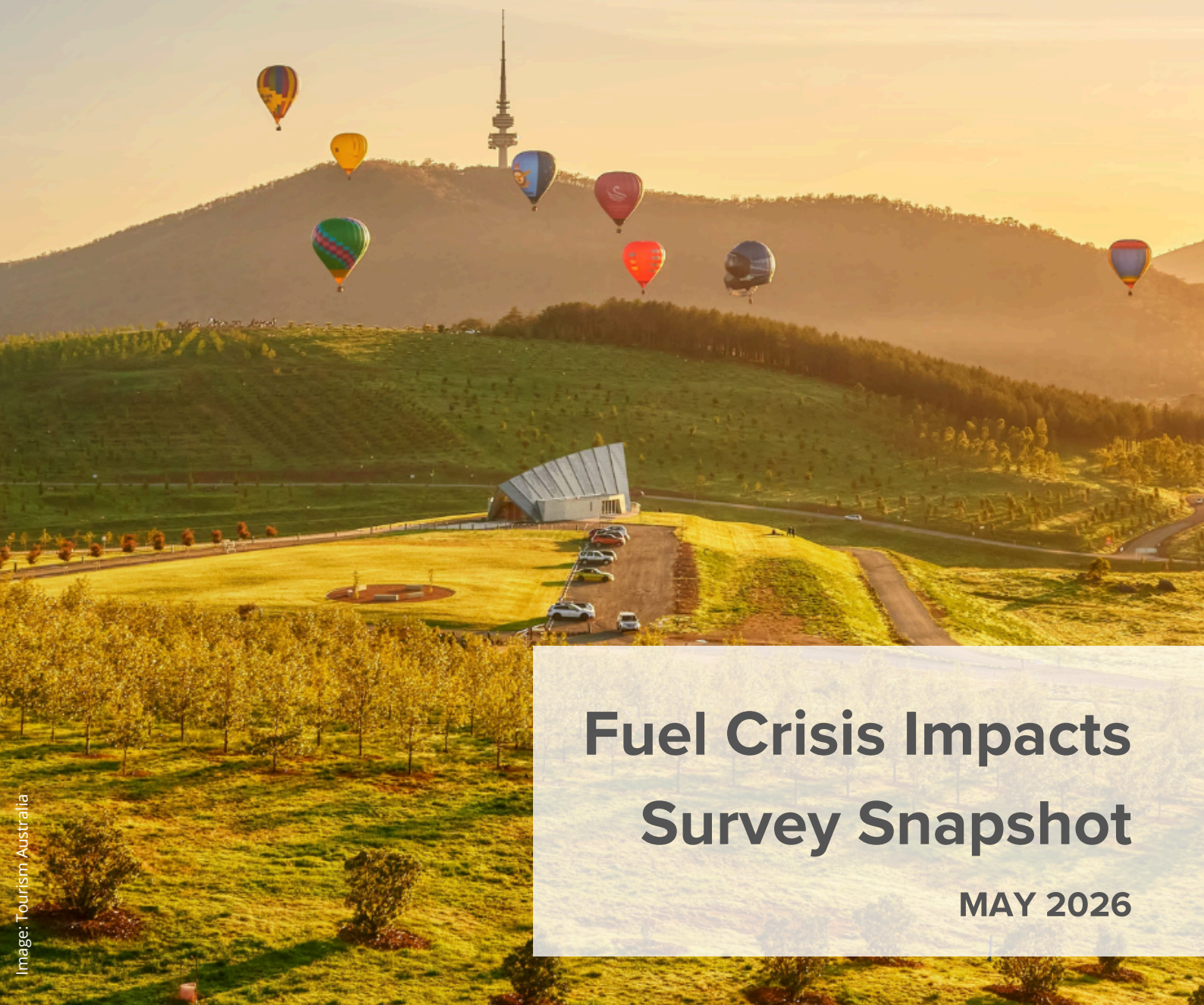


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AUSTRALIAN REGIONAL TOURISM



Fuel Crisis Impacts Survey Snapshot

MAY 2026



Regional tourism is a vital part of Australia’s visitor economy, with many regional destinations highly reliant on domestic drive markets, touring routes, caravanning, events and short-break travel. The current fuel crisis has created significant concern across regional tourism, with industry reporting impacts on visitor confidence, forward bookings, cancellations, visitor spend and operating costs.

These impacts are being felt in an already challenging operating environment. For some regions, the fuel crisis is compounding the effects of recent bushfires, floods and cyclones, while reduced regional air capacity and the suspension or cancellation of some airline routes are further affecting access, confidence and visitor dispersal.

To inform advocacy and industry response, Australian Regional Tourism surveyed regional tourism stakeholders to understand the current and emerging impacts of the fuel crisis.



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IMPACT OF THE FUEL CRISIS ON REGIONAL TOURISM

The survey results indicate that the fuel crisis is having a broad and compounding impact across the regional visitor economy. The most commonly reported impact was a decline in bookings, reported by approximately 74% of respondents, followed by increased operating costs at approximately 72%. Increased cancellations and reduced visitation from key markets were each reported by approximately 60%, while reduced visitor yield or spend was reported by approximately 46%.

The data also shows changes in visitor behaviour, with approximately 44% reporting a shift to closer-to-home travel, 34% reporting reduced length of stay, 30% reporting access challenges such as flights or transport, and 26% reporting staffing impacts.

Forward bookings are of particular concern. Approximately 63% of respondents reported a significant decline in forward bookings beyond May 2026, with a further 24% reporting a moderate decline. No respondents reported an increase in forward bookings. Year-on-year booking performance is also under pressure, with approximately 43% reporting bookings down more than 50%, 16% reporting bookings down 30 - 50%, and 24% reporting bookings down 10 -30% compared with the same time last year.





KEY THEMES FROM INDUSTRY FEEDBACK



Visitor confidence is being affected by fuel uncertainty

The survey suggests that visitor behaviour is being shaped not only by fuel price, but by reduced confidence in domestic travel more broadly. Uncertainty around fuel availability, cost pressures and concern about whether travel is appropriate during the crisis are influencing whether visitors book, cancel or reduce the scale of their trip.

Industry feedback indicates that visitors travelling more than two to three hours are cancelling due to concerns about being able to access fuel. Some regions are reporting a clear softening in travel behaviour, including shorter stays and lower spend, with some suggesting average length of stay has dropped from four nights to three and average spend has declined by almost 50%.

The feedback also shows that some travellers are actively considering the impact of their visit on local communities. Visitors were reported as being cautious about travelling because they did not want to affect local fuel availability, with some described as being “torn between visiting regions and saving fuel for farmers.”



Drive-dependent and remote destinations are particularly exposed

The impacts appear most acute in destinations reliant on long-distance drive travel, touring routes, caravanning markets and seasonal visitation.

Industry feedback indicates that regional and remote destinations are experiencing substantial reductions in visitor numbers, accommodation occupancy and local spend. Some operators are reporting declines of up to 80% compared with March and April 2025, with visitors who are still travelling spending less in-region, bringing their own food, and not purchasing merchandise or add-on tours.

The Easter period also appears to have been significantly weaker for some drive-dependent operators. Feedback included examples of properties that would usually be fully booked, including overflow caravan demand, receiving only minimal bookings from visitors within a two-hour drive. Some operators reported bookings down by at least 90%, while others reported Easter occupancy falling from 100% the previous year to around 30% this year.

However, impacts are not uniform across all regions. Results vary depending on location, market mix, visitor origin, perception of fuel availability, distance from major population centres and reliance on long-distance drive travel.



KEY THEMES FROM INDUSTRY FEEDBACK



Booking windows are shortening

Industry feedback indicates a clear shift toward later booking decisions and shorter lead times. This creates challenges for operators trying to manage staffing, rostering, stock, cashflow and forward planning.

Some operators reported booking lead times falling from 23 days to 8 days, while accommodation providers in some regions noted that bookings are increasingly being made on the day of arrival rather than in advance.

While cancellations remain high and forward bookings are weak, some regions are also reporting a slight uptick in last-minute bookings. This suggests visitors may still be willing to travel, but are delaying decisions until they have greater confidence around fuel availability, cost and conditions.



Reduced spend is compounding the decline in visitation

The survey shows that the impact is not limited to fewer visitors. Reduced visitor yield and spend was reported as one of the key impacts, alongside declining bookings, cancellations and reduced visitation from key markets.

Industry feedback indicates that visitors who continue to travel are often spending less in-region. Some are bringing their own supplies, reducing discretionary purchases, avoiding tours and experiences, and cutting back on merchandise, hospitality and retail spend.

This means the economic impact extends beyond accommodation cancellations. Reduced visitor spend flows through to hospitality venues, retailers, attractions, tour operators, visitor services, freight, suppliers and local supply chains.



Operating costs are increasing at the same time as demand is weakening

Increased operating costs were one of the strongest impacts reported in the survey, alongside declining bookings. Industry feedback highlighted higher fuel, freight, supplier and delivery costs, creating dual pressure for regional tourism businesses already facing weaker demand.

Some operators reported freight costs doubling, while others noted fuel surcharges of up to 42% being applied to recent freight, adding further pressure across regional supply chains.



KEY THEMES FROM INDUSTRY FEEDBACK



Business confidence, staffing and investment are being affected

The survey indicates that the fuel crisis is affecting more than immediate visitor activity. Industry feedback identified staffing impacts, reluctance to hire, reduced productivity, cancelled training and uncertainty around future investment.

Some operators reported staff being laid off or hours reduced due to declining demand, with booking declines affecting workforce planning and day-to-day operations.

Others reported reluctance to take on extra staff, reduced capacity to manage uncertainty, and concern that future price increases may further affect longer-term visitation, spend and business viability.



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OVERALL FINDINGS



The survey findings indicate that the fuel crisis is creating a multi-layered impact across regional tourism. The issue is not confined to fuel cost alone. It is affecting traveller confidence, destination perceptions, forward bookings, visitor spend, length of stay, operating costs and business planning.

The strongest impacts appear to be felt by regional and remote destinations that rely heavily on domestic drive markets, long-distance touring, caravanning, road-based events and seasonal travel.

The findings show that regional tourism businesses are facing pressure on both sides: demand is weakening while operating costs are rising.



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