

Tourists Easter bunnies as fuel costs create price hop

Travel

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Tourism operators have started adding surcharges to their services before the Easter holidays, as they grapple with the rising cost of fuel and cash-strapped travellers.

The Easter long weekend, which marks the start of school holidays, comes at a time of uncertainty for the travel industry as the conflict in the Middle East disrupts international flights and wreaks havoc on fuel availability and prices.

Natassia Wheeler, chief executive of the Queensland Tourism Industry Council, said tourism businesses were trying to manage their costs while attempting to retain bookings. At least one boat tour company in North Queensland has increased its prices to cover the cost of fuel.

"We have already seen some members have to start applying fuel levies to their services, particularly experiences that use large volumes of fuel where it hasn't been taken into account," Wheeler said.

The Formula 1 grand prix in Melbourne was the first major test of how Australia's tourism sector was faring amid global travel uncertainty. A rise in hotel no-shows and a scramble make sure F1 teams, and their cars, would arrive in Australia put the industry on edge in early March.

Accommodation Australia chief executive James Goodwin said the city passed the test. "Over the four nights of the Formula 1 weekend in Melbourne, they were still at about 90 per cent occupancy," he said.

The Easter holiday period is the next big test for the travel industry, with the impact of the Middle East conflict coinciding with a seasonal shift as international tourism drops off and domestic travellers fill the gap.

"People obviously want to prioritise

travel and a break but, obviously, they want the confidence to be able to get the fuel they need, that the airfares will be at a price that works for them," Goodwin said.

Capital city hotels have reported a spike in cancellations in recent weeks, driven by international flight disruptions. But Goodwin said the cancellations had largely been offset by those who had been forced to extend their bookings in Australia.

"That has to some extent evened out the cancellations, but it has meant there's been a lot of disruption," he said. "Even if they're still staying in Australia, they might prefer to be closer to the airport, for example."

Goodwin said most travellers taking trips over Easter had booked months in advance, so mass cancellations were unlikely. But higher fuel costs had travel operators concerned that holidaymakers would tighten their belts elsewhere.

Local tours and attractions were among the first things travellers cut spending on, Wheeler said, while hospitality operators were also at risk.

"People will still go out for dinner ... but the level of what they will invest in that dinner will change," she said.

Jason Raine, who owns the Mysa Motel on the Gold Coast, expects travellers to keep their Easter holiday plans but make adjustments. So far, the motel has not had any cancellations for the weeks ahead.

"I think it just might change the way people travel," Raine said. "They might fly to the destination rather than drive if it's a bit cheaper."

Although the Easter period may bring disruptions, the industry is more concerned about whether people have the confidence to make plans now for six months down the track.

"The disruption to travel routes and aviation capacity certainly is the more medium to longer-term concern," Goodwin said.