


Tourism 21

The Tasmanian Government &
Tasmanian Tourism Industry
Joint Strategic Business Plan Update
(August 2013)



tasmanian tourism – a shared vision

 Tasmania's tourism industry makes a significant contribution to the state's economic and social growth. In fact, its contribution to Gross State Product is the second highest in the nation and the proportion of Tasmanians directly and indirectly employed in tourism is higher than any other Australian state and territory.

The Tasmanian Government's primary means of supporting the growth of tourism in the state is through the activities of Tourism Tasmania. Tourism Tasmania is a Statutory Authority operating under the *Tourism Tasmania Act 1996*, and its role is to maximise the contribution of tourism to Tasmania's economic growth.

Specifically, Tourism Tasmania's goals are to maximise the state's tourism potential, drive tourism demand for Tasmania and enhance the tourism industry's competitive position with market-leading research and sound policy advice. Tourism Tasmania is a research-driven organisation and in pursuing its goals, operates on the principle that all strategic decisions are based on evidence, data and market feedback.

The peak industry body representing the state's tourism sector is the Tourism Industry Council Tasmania (TICT). The TICT is a not-for-profit organisation that promotes the value of tourism in the Tasmanian community. It provides a strategic direction and united voice for the sustainable development and growth of the Tasmanian tourism industry, and advocates on their behalf on policy matters affecting the sector.

The TICT also seeks to encourage broad community support for tourism and its role in the local economy by providing strong advocacy for the industry and engaging with other industries and sectors of the community that contribute to the tourism sector.

Tourism Tasmania and the TICT recognise that taking a joint approach to tourism will achieve more than by trying to do it independently, and in 1997 they created Tourism 21, *Joint Strategic Business Plan for Tourism*.



Tourism 21 was a landmark partnership agreement between the local tourism industry and the State Government. It identifies ambitious shared long term goals to grow the value of tourism in the state as well as agreed priorities and actions by the tourism industry and Tourism Tasmania to achieve those goals.

This industry partnership has remained in place since 1997 and has seen the state achieve record levels of visitor numbers and visitor spending since its inception.

As part of this partnership, Tourism 21 is reviewed every few years to make sure the agreed goals and the strategy remained achievable, challenging and relevant to prevailing and forecast market conditions.

The last review took place in 2010 and set very ambitious goals in an environment characterised by years of prolonged and substantial visitor growth to the state. However a lot has changed since then and the world in which the tourism industry operates has been affected by a number of significant external events.

It is therefore timely to review and update Tourism 21.

what's changed – the current state of play



The overall worth of the tourism industry to Tasmania is generally measured through the spending of travellers, especially interstate and international visitors to the state.

When Tourism 21 was first released, interstate and international visitors to Tasmania spent around \$550 million a year while they were travelling in the state. By 2012 this had grown to over \$1.4 billion a year, which supported investment and employment opportunities for Tasmanians in regional and metropolitan areas alike.

However, changing circumstances and altered market forces have confronted the tourism industry, with softer holiday demand and a weaker outlook ahead, according to forecasts. These changes are being driven by market forces, most of which are beyond the control of the tourism industry or state tourism authorities.

When Tourism 21 was last reviewed in 2010, an extremely ambitious goal was set for the sector. In looking to the past to provide a forecast for the future, the forecast assumed that a period of very strong visitor growth for Tasmania would continue into the future at the same high rate, and would be supported by a commensurate increase in accommodation inventory and air capacity to the state, to meet this demand.

So what has changed since 2010...

Apart from a new structure and marketing focus for Tourism Tasmania and the creation of new industry-led regional tourism organisations, this latest Tourism 21 update comes at a time when Australia's tourism sector has been going through some of the most uncertain market conditions in decades.

While global travel is now returning to pre-GFC levels, historically popular destinations like the UK, Europe, the USA and the Oceania region are not gaining a share of this growth, and more exotic international travel locations are now moving onto the radar for many travellers, including Australians.

However Asia is a shining beacon with Malaysia, China and Singapore arrivals and expenditure in Australia growing strongly. This shift in demand mirrors a much broader, longer term trend of Australia being pulled into the Asian sphere of influence, where strong political and economic ties into Asia are becoming increasingly important.



Domestic tourism has historically followed a cyclical pattern, experiencing regular periods of growth and decline. Following years of strong tourism growth, Australia's tourism industry has experienced some very challenging times in recent years, although there are signs that the worst may be behind us.

Basically new low-cost international air routes, strong competition from overseas destinations, a relatively strong Australian dollar (although this is easing), increased costs of living and higher levels of personal and household debt have all contributed to a flat domestic holiday travel market.

With 87 per cent of Tasmania's visitors coming from interstate, the state has not escaped the challenges faced by regional tourism destinations across Australia. Over the past three years, the sector has seen a significant change in the travel behaviour of Australians and experienced a decline in some of its key domestic markets. This has particularly impacted on tourism operators in Tasmania's regional areas.

Despite these difficult conditions, Tasmania has been more resilient than most domestic destinations and there are many positive signs for the future of Tasmania's tourism sector. For example, both arrivals and expenditure from key Asian markets are growing faster for Tasmania than the rest of the country, and growth in domestic markets for Tasmania also outstrips the national average.



Visitors aged 45 and over represent Tasmania's most lucrative market and with the ageing of the Australian population, this looks to be one of the most sustainable market segments for Tasmania over the next 20 to 30 years.

Following a period of reduced air capacity, the number of flights to Tasmania also improved dramatically during 2012 and this helped more visitors to travel to the state for leisure purposes ie. to holiday or visit friends and relatives.

Like any island destination, access is a vital ingredient for a successful and sustainable tourism industry. In fact good air and sea access is a vital part of Tasmania's island lifestyle and its broader economy.

The local industry is also evolving as outstanding new tourism products capture fresh interest from tourists and establish new market opportunities. In particular, Tasmania's reputation as a visitor destination is being greatly enhanced by the introduction of new tourism products like MONA, Saffire Freycinet, Barnbougle Lost Farm and the Three Capes Track currently under development.

2012 and 2013 have been exceptional years with regard to the recognition and profile of Tasmania's world-class tourism experiences. During this period, the tourism industry received numerous national and global tourism awards or accolades for the products and experiences they deliver to visitors.

Combining these award winning tourism experiences with well-researched, cost effective and creative marketing communications has created an unprecedented level of visitor interest and awareness of Tasmania as a destination, and positioned the industry well for further growth.



The challenge now is to convert this growing interest and appeal into actual travel to the state.

The short, medium and long term outlook for Tasmanian tourism is generally positive, and while the state isn't immune to the issues facing the tourism sector nationally, the capacity for our industry and government to work together and align their resources for maximum benefit will ensure that our tourism industry can continue to grow over the coming years.

some quick facts and figures on Tasmanian tourism

[12 months to March 2013]

931 100

The state welcomed a record 931 100 interstate and international visitors on scheduled sea or air services.



They spent a total of \$1.46 billion on accommodation, attractions, tours, transport and other goods and services, representing an average spend of \$1,573 per visitor.

For 28% of them, it was the first ever trip to Tasmania.

28%



business

Around 370 000 of them visited the state for a holiday, a further 280 000 came to visit friends or relatives, and 187 000 came here for business purposes.



leisure



Tasmania welcomed around 105 000 cruise ship visitors during the 2012/13 cruise ship season.



Our visitors stayed a total of 8.14 million nights in the state, with an average length of stay per visitor of



8.7 NIGHTS

a goal for the future – the new Tourism 21



As part of the review, Tourism Tasmania and the Tourism Industry Council of Tasmania used a variety of research sources to examine current trends in the tourism sector that are affecting both the national position and Tasmania's own performance.

Following this assessment, expert forecasting advice was used to examine and revise the previous Tourism 21 target by applying a contemporary approach to forecasting. This approach considered current national tourism trends and forecasts, and the potential to improve the state's tourism performance through its own efforts and actions.

And while the previous Tourism 21 spending target included spending by Tasmanians travelling within their own state, the agreed goal in the updated Tourism 21 *Joint Strategic Business Plan* no longer includes Tasmanians travel spending. The new goal now focusses purely on interstate and international visitors to Tasmania.

As a starting point, a 'core' annual spending growth rate of 2.8 per cent has been forecast for the next 8 years to 2021.

This figure provides a reference point for the revised Tourism 21 growth target and assumes Tasmania's current trend in visitor number growth, spending growth and current rate of conversion of Australian travellers, remains relatively stable and constant over the next 8 years.

Based on this core 2.8 per cent growth rate, total spending by interstate and international visitors in Tasmania would be expected to grow to \$1.8 billion per annum by 2021.

In comparison, the new Tourism 21 goal provides a more ambitious annual interstate and international visitor spend goal by 2021 – one that is pitched higher than the 'core' annual spending growth figure highlighted above, and one that provides some challenge for our industry.

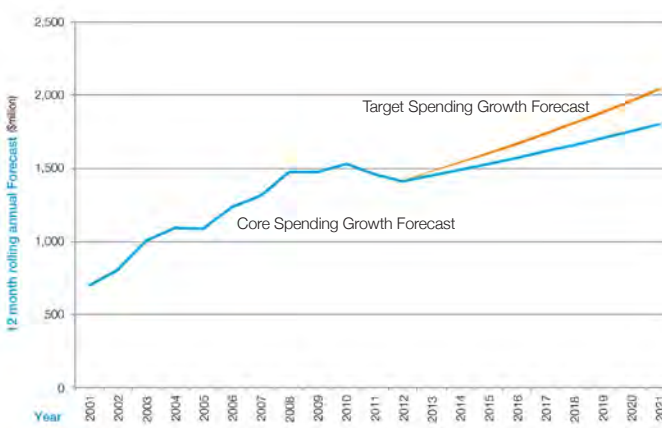
Fundamentally, the new Tourism 21 goal challenges the entire industry to focus its efforts on inspiring more Australians who are considering visiting Tasmania for a holiday, to actually move beyond thinking about it and travel here. The challenge is to lift the current conversion rate from 35 per cent to 40 per cent.

If Tasmania can achieve this improved conversion, it will lead to total visitor spending growing at the higher rate of 4.2 per cent each year and deliver a total \$2.05 billion annual spend by interstate and international visitors in Tasmania by 2021.

Achieving this goal will require the industry and government to work together to not only attract more visitor bookings and sales, but also to continue to consistently deliver high quality tourism experiences throughout the state. By providing consistently high quality and uniquely Tasmanian experiences, visitors are inspired to share these experiences with others and are also encouraged to return to Tasmania for more.


A series of benchmarks will be developed to regularly examine Tasmania's progress towards this new Tourism 21 goal, and these benchmarks will be reviewed annually.

Conversion Rate	Compound Annual Growth Rate Sep12 - Dec21	Forecast Total Nominal Expenditure YE Dec21
40%	4.2%	\$2.05 billion
35%	2.8%	\$1.80 billion



* Visitors to Tasmania on scheduled air and sea services

the way forward – the plan to reach this goal

 To achieve the new Tourism 21 Goal, Tourism Tasmania and the Tourism Industry Council of Tasmania will focus their efforts in the areas of marketing, access, product development and workforce development.

1. Marketing

- Incorporating the new Tasmanian tourism brand into all marketing activities and programs
- Investing in market research and business intelligence to inform and guide marketing strategy and actions
- Developing and supporting a year-round program of activities and campaigns that present Tasmania's unique tourism brand in a way that engages and inspires people to travel to and around the state
- Supporting the state's regional tourism organisations to promote the characteristics, products and experiences of each region
- Working with domestic and international travel distribution partners (travel agents, wholesalers, airlines) to help them sell more Tasmanian trips, travel packages and holidays
- Collaborating with other marketing partners to promote Tasmanian tourism (Tourism Australia, business events, educational tourism, festivals and events, and special interest tourism organisations)

2. Access

- Forging strong relationships with airlines and airports
- Employing a specialist access development adviser to work closely with the airports, airlines, seaports, cruise lines and freight sector, and be responsible for a whole of government approach to access issues like infrastructure, policy and investment attraction
- Actively seeking new air routes, increased airline seat capacity and further growth in flight frequency throughout the year
- Investing in market research and business intelligence to inform and guide access strategy and proposals
- Working with TT-Line to promote the Spirits of Tasmania service


3. Product Development

- Creating and applying destination management plans for all Tasmanian tourism regions
- Supporting a successful regional tourism structure and the industry-led programs needed to develop tourism in each region
- Securing legislation and approvals for tourism activity in natural areas, and supporting the creation of iconic tourism infrastructure developments in these areas
- Supporting improvements to the number and type of tourism experiences, infrastructure and events at key tourism destinations and centres within Tasmania, including the harnessing of federal and state funding programs for tourism
- Monitoring demand for accommodation inventory and making sure an adequate supply of appropriate accommodation is available to meet demand
- Facilitating quality assurance and excellent business practices through tourism accreditation

4. Workforce Development

- Supporting an outcome-focused tourism and hospitality industry training program which includes an effective Vocational Education & Training structure, and engaging tertiary and workplace training programs
- Supporting the University of Tasmania's tourism programs
- Supporting the delivery of hospitality industry workforce development initiatives

measuring progress towards this goal

 Tasmania's tourism performance is assessed by a range of indicators which will be used to measure, monitor and report on the success of key activities and progress towards achieving the Tourism 21 goal.

Value of the tourism in Tasmania

\$2.2 billion or 9.3% of Gross State Product (GSP) in 2011-12
(Source: Tourism Research Australia, Tourism Satellite Account)

Employment

16 000 direct jobs or 6.8% of total Tasmanian employment in 2011-12

(Source: Tourism Research Australia, Tourism Satellite Account)

Domestic market share

4% of all domestic interstate trips taken in 2012

(Source: Tourism Research Australia, National Visitor Survey)

International market share

2.5% of all international visitors to Australia in 2012

(Source: Tourism Research Australia, International Visitor Survey)

Tourism Business Accreditation

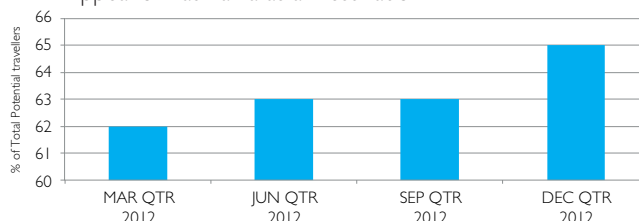
966 Tasmanian tourism businesses accredited as at July 2013

(Source: Tourism Industry Council of Tasmania, Australian Tourism Accreditation Program)



Tasmania's appeal

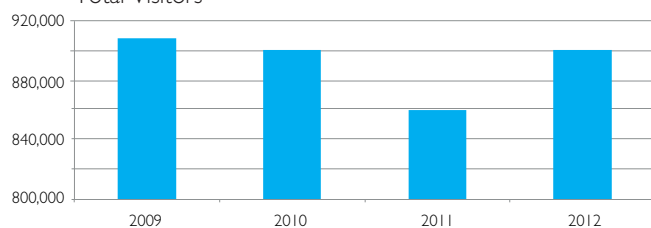
Appeal of Tasmania as a Destination



(Source: Tourism Tasmania, Tourism Info Monitor)

Number of visitors

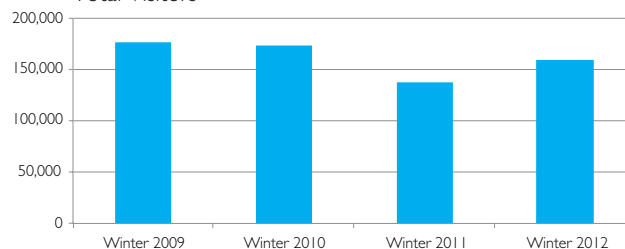
Total Visitors*



(Source: Tourism Tasmania, Tasmanian Visitor Survey)

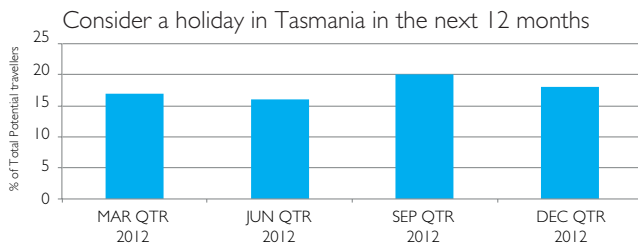
Number of visitors (Jun-Aug)

Total Visitors*



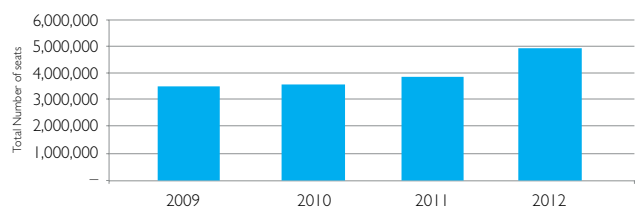
(Source: Tourism Tasmania, Tasmanian Visitor Survey)

Tasmania's market position



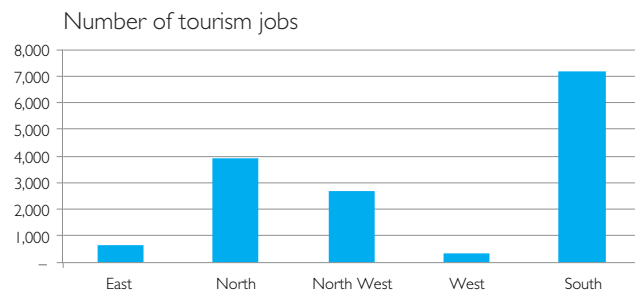
(Source: Tourism Tasmania, Tourism Info Monitor)

Air capacity



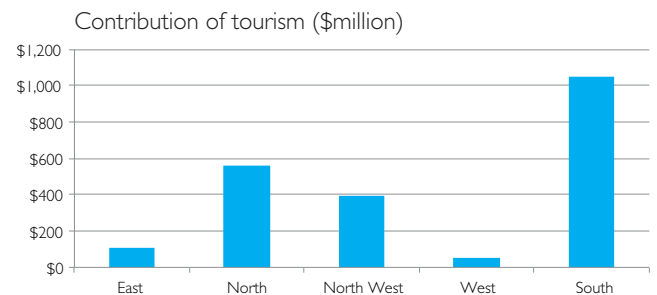
(Source: CAPA – Centre for Aviation, Innovata)

Regional performance – tourism jobs



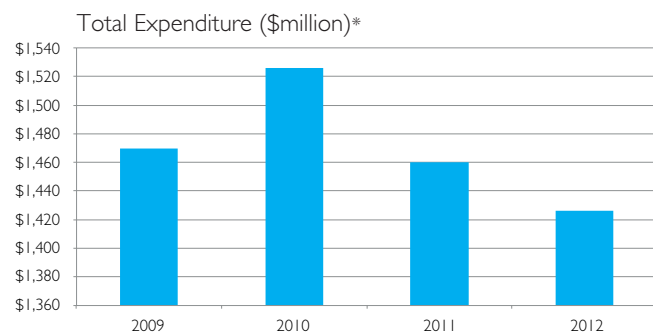
(Source: REMPLAN 2011-12, Australian Bureau of Statistics, Tourism Satellite Account)

Regional performance – value of tourism



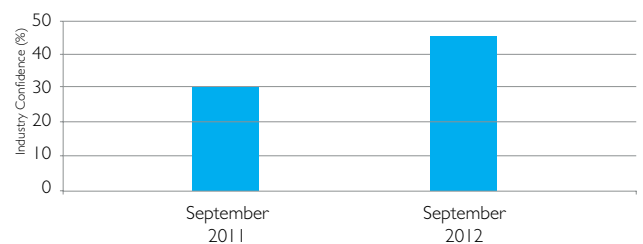
(Source: REMPLAN 2011-12, Australian Bureau of Statistics, Tourism Satellite Account)

Visitor spending




(Source: Tourism Tasmania, Tasmanian Visitor Survey)

Tasmanian Tourism Business Confidence Index



(Source: Tourism Industry Council of Tasmania, Tourism Industry Sentiment Survey)

a final word – the need to work together

 Tourism Tasmania and Tourism Industry Council Tasmania recognise that having a mutually agreed and strategic industry plan for tourism in this state provides the best opportunity for the state's tourism sector to prosper and grow over the next decade.

While Tourism Tasmania will focus on some parts of this plan, many other elements require the tourism industry at all levels to play a role in the growth and development of tourism in their state, region and community.


These include organisations like the Tourism Industry Council, regional tourism organisations, local government authorities, state government agencies involved in delivering tourism experiences, local tourism associations, sector groups, individual tourism operators, and developers and investors.

Tourism can deliver substantial benefits to our state. However to achieve this, we must continue to enrich the experience our visitors have of Tasmania. This means tourism operators, communities and individuals working together to ensure visitors find and enjoy the goods, services and experiences they are looking for at every point on their holiday.

Through this approach, visitors become our best tourism promoters and advocates, returning home and telling family members, work colleagues and others about their experience... and this is the most cost-effective, powerful and trusted marketing available anywhere to promote Tasmanian tourism.



to find out more

 To find out more about Tourism Tasmania's and the TICT's plans and priorities for achieving the Tourism 21 goal, please refer to:

- Refer to Tourism Tasmania's Corporate Plan 2012 - 2015 www.tourismtasmania.com.au/publications/corplan12 and the
- Tourism Industry Council of Tasmania's Strategic Plan www.tict.com.au



