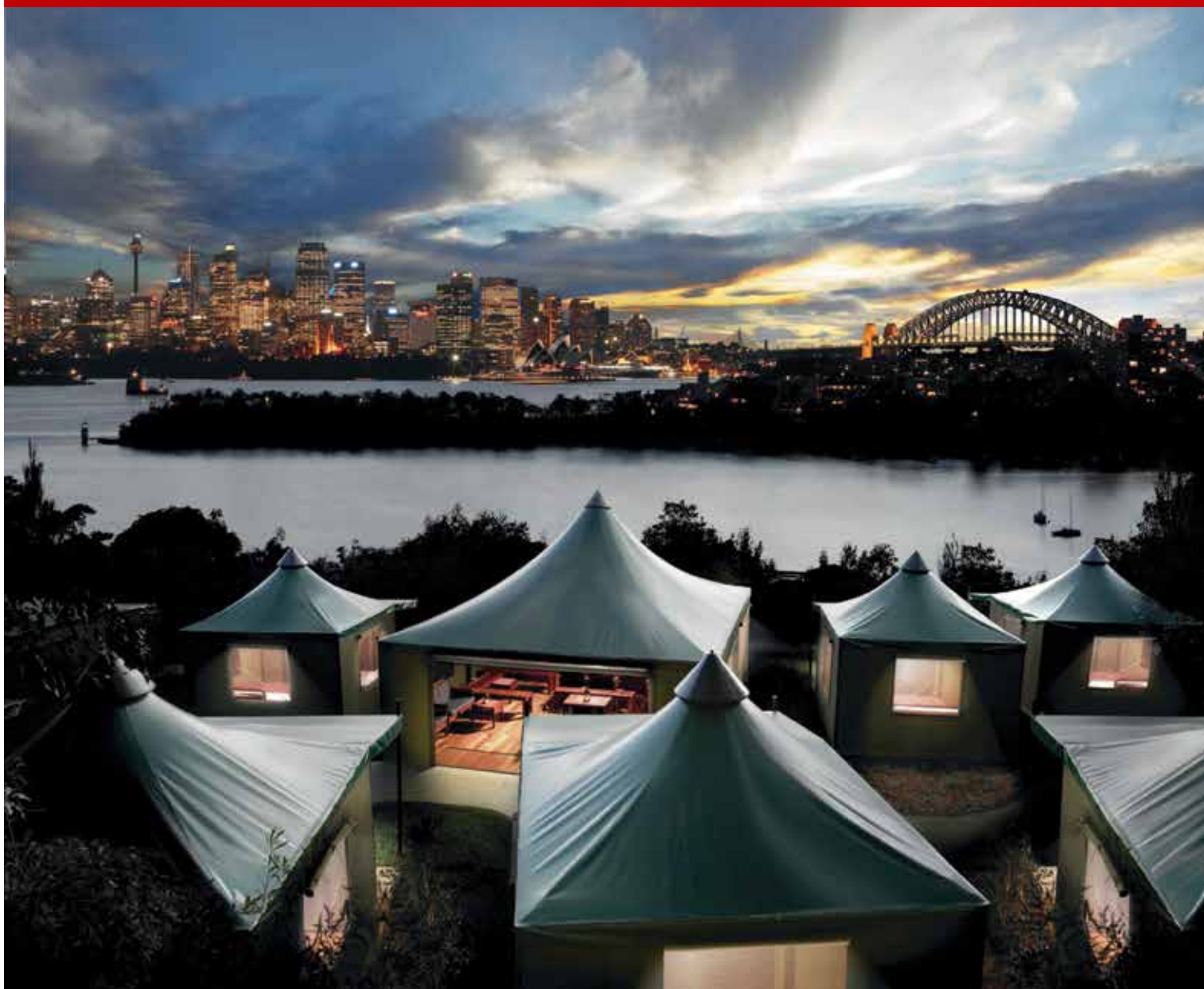


NEW SOUTH WALES TOURISM: BACKING OUR STRENGTHS

An Agenda for the New South Wales Government

February 2015



TOURISM & TRANSPORT
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INTRODUCTION

MESSAGE FROM THE CEO

With the continuing decline of heavy manufacturing and with the mining investment boom waning, Australians are looking to industries that can deliver sustainable growth and jobs into the future. Against that backdrop, the visitor economy continues to emerge as one of the foundations of Australia's future prosperity.

New South Wales and Australia are well positioned to capitalise on the growing demand for travel from Asia's burgeoning middle classes, however maximising the benefits of this potential requires a commitment to increase investment in tourism marketing and demand-driving tourism infrastructure and in supporting business events bids and the major events calendar.

It is essential to understand that other destinations have also recognised the potential of the growing wealth in Asia and that additional investment is required to ensure NSW and Australia capitalise on this unprecedented opportunity. Reaching the Tourism 2020 targets will generate tens of billions of dollars in additional expenditure across Australia, delivering significant benefits to NSW.

NSW boasts some of the nation's most significant tourism assets, including iconic regional destinations like the Blue Mountains, Hunter Valley and Australian Alps. Its capital is the nation's gateway and features international symbols for Australia such as the Sydney Opera House and Sydney Harbour Bridge.

The challenge for future NSW governments is to build on the momentum gained in recent years that has resulted in higher domestic and international visitation and visitor yield. Ongoing and increasing investment is required in marketing, events, business events and tourism infrastructure, or NSW will lose out to competitor destinations in Australia and the Asia-Pacific.

We have set out TTF's 10-point plan for backing the strengths of the NSW visitor economy. Future governments must invest to grow demand, boost investment in tourism infrastructure and enhance the visitor experience to ensure the state can remain competitive, drive further economic activity and create jobs.



Margy Osmond

Chief Executive Officer | Tourism & Transport Forum

TTF'S 10-POINT PLAN FOR THE NEW SOUTH WALES VISITOR ECONOMY

GROW DEMAND FOR TRAVEL TO NEW SOUTH WALES

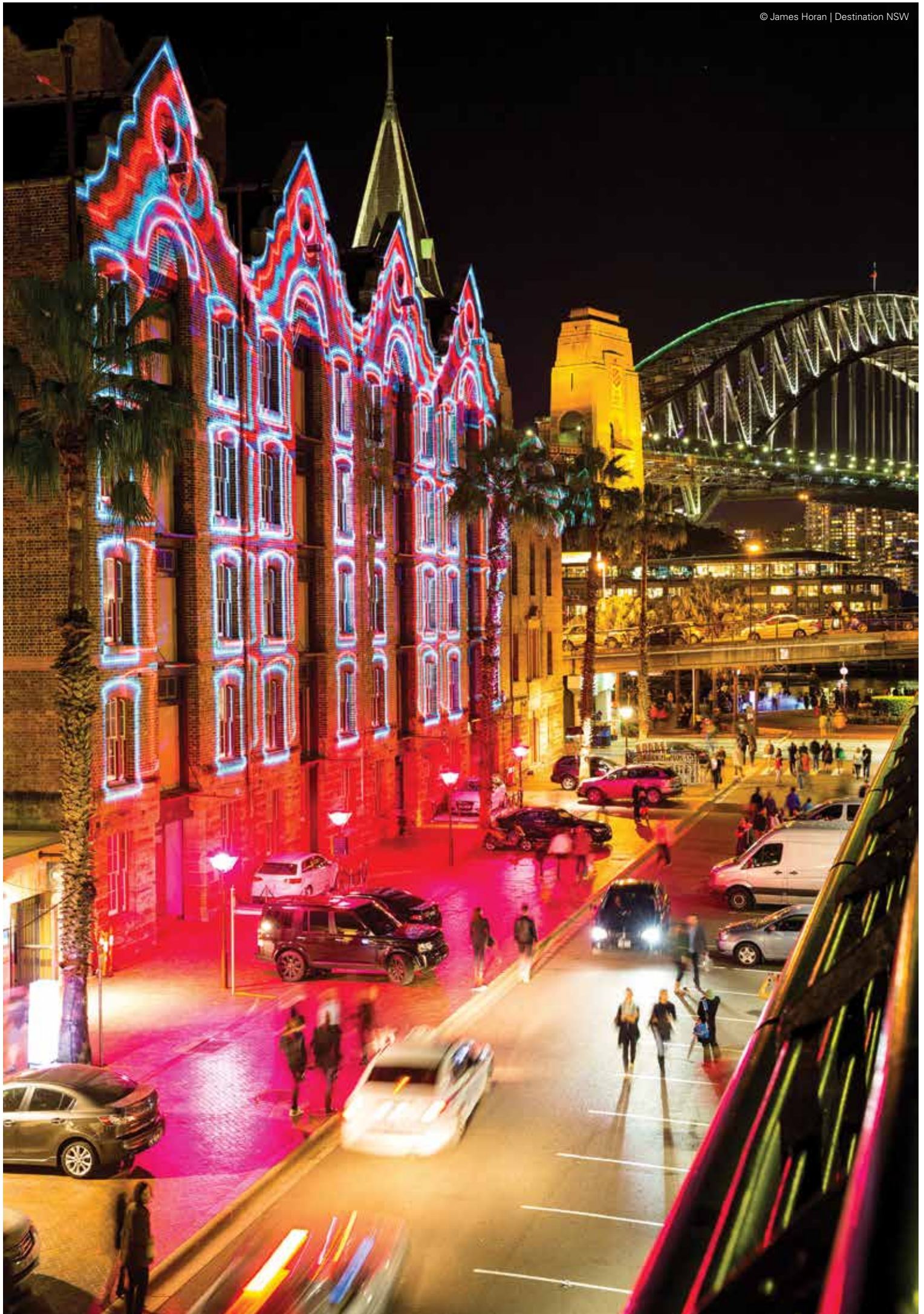
- 1** Substantially increase tourism marketing funding
- 2** Increase investment in business, sporting and cultural events

BOOST INVESTMENT IN TOURISM INFRASTRUCTURE

- 3** Build supporting transport infrastructure for a second airport in western Sydney
- 4** Campaign for shared cruise ship access to Garden Island
- 5** Adopt a whole-of-government strategy for the delivery and ongoing management of urban precincts
- 6** Deliver sporting and cultural infrastructure which attracts events and tourism

ENHANCE THE VISITOR TRANSPORT EXPERIENCE

- 7** Develop a tourism and transport strategy for NSW
- 8** Improve ground transport access to NSW airports
- 9** Develop a dedicated Opal card product for visitors to Sydney
- 10** Invest in regional transport infrastructure



IMPORTANCE OF THE NEW SOUTH WALES VISITOR ECONOMY

Tourism has been identified as one of five “super-growth” sectors that can drive Australia’s future economic growth and collectively add \$250 billion to the Australian economy over the next 20 years.¹

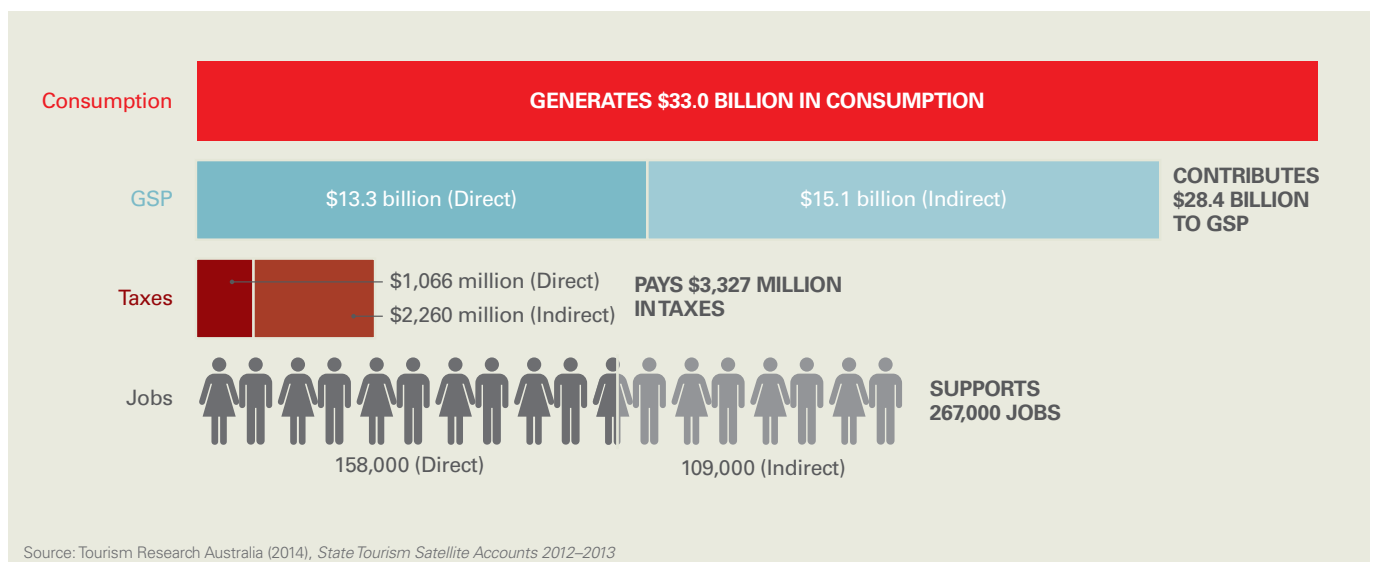
Already a major contributor to the NSW economy, the visitor economy can make an even greater contribution to the state’s future prosperity.

Tourism plays a significant role in the NSW economy, driving growth and creating jobs across the state. The visitor economy contributes \$28.4 billion to gross state product² and supports more than 95,600 businesses.³

Tourism supports more than 267,000 NSW jobs, 158,000 of these directly, and accounts for nearly 1 in every 14 jobs statewide. The industry also delivers significant revenues for the state government, with the visitor economy generating \$3.3 billion in taxation revenue in 2012–13.



NEW SOUTH WALES VISITOR ECONOMY IMPACT



1 Deloitte Access Economics (2013) – *Positioning for prosperity? Catching the next wave*
 2 Tourism Research Australia (2014) – *State Tourism Satellite Accounts 2012–13*
 3 Tourism Research Australia (2013) – *Tourism Businesses in Australia, June 2012*

BACKING NEW SOUTH WALES' STRENGTHS — TTF'S 10-POINT PLAN FOR THE NEW SOUTH WALES VISITOR ECONOMY

GROW DEMAND FOR TRAVEL TO NEW SOUTH WALES

1 SUBSTANTIALLY INCREASE TOURISM MARKETING FUNDING

Destination NSW (DNSW) plays a critical role in generating visitation to the state through tourism marketing. To achieve the state's target of doubling overnight visitor expenditure to \$36.6 billion by 2020, funding must be increased to deliver campaigns already in market and build exposure in emerging Asian markets.

Current levels of growth in visitor expenditure will not be enough to reach the 2020 targets; more investment is required. From \$18.5 billion in FY 2009 to \$21.2 billion in FY 2013, there was an average growth of 3.5 per cent per annum in total overnight visitor expenditure. However, the original target of growing overnight visitor expenditure to \$36.6 billion in 11 years would require average growth of 6.5 per cent per annum.

While DNSW benefitted from additional funding when it was established three years ago, it is critical that it is equipped to maximise future opportunities. DNSW must be sufficiently resourced so it can deliver compelling destination brand work and compete with interstate and international destinations. Increased investment in a destination's brand will also have flow on effects in attracting major events, stimulating tourism investment and aviation capacity to the state.

Increasing funding for DNSW will provide further flexibility for investments in digital infrastructure in partnership with industry. Digital platforms will play a key role in attracting visitors, particularly from priority Asian markets. Digital infrastructure can also play a role in improving the visitor experience; for example the creation of a digital application with tailored itineraries such as a Sydney Cultural Ribbon experience.

2 INCREASE INVESTMENT IN BUSINESS, SPORTING AND CULTURAL EVENTS

Events drive consumers' decision to travel, creating a timeframe in which they must act or miss out. Events also play a key role in raising the profile of a destination, generating significant economic returns for the state. Investment in the state's events calendar is critical to ensuring a strong mix of diversified and complementary events such as business, sporting and cultural, are held throughout the year.

Events developed and secured by DNSW, such as Vivid Sydney and the Major League Baseball, put the state on the world stage and provide financial and social outcomes for the economy. Major sporting, cultural and food and wine events are key demand drivers, attracting high-yielding visitors who spend money on accommodation, attractions, transport, restaurants and retail during their stay. A strong events calendar also fosters the staging of private events such as the Australian Garden Show at Centennial Park and the new creative festival Spectrum Now.

Business events are also an important driver of visitation and of the state's knowledge economy. From December 2016, NSW will be home to one of the premier integrated convention and exhibition centres in the Asia Pacific. The International Convention Centre Sydney will provide an ideal platform to profile Sydney as a business event destination, yet the expanded facilities alone will not be enough to realise the true economic value of the investment. Business Events Sydney must be sufficiently funded and competitive with other bureaux in the region to secure a pipeline of events for the facility into the future.

BOOST INVESTMENT IN TOURISM INFRASTRUCTURE

3 BUILD SUPPORTING TRANSPORT INFRASTRUCTURE FOR A SECOND AIRPORT IN WESTERN SYDNEY

To ensure the full value of the second Sydney airport is reached, the site must have fast and reliable rail and road transport access from day one of operations.

This fact was recognised by the state government in April when it committed to jointly funding a \$3.5 billion road package for western Sydney to support the operations of the new airport at Badgerys Creek. However, given the growth potential a western Sydney airport will be expected to fulfil, roads alone will not suffice to support the increased travel demand. While bus services and motor vehicles will be able to cope with the demand in the short term, TTF strongly believes that rail access to the region and airport is a prerequisite to the successful operation of a western Sydney airport.

This could include an extension of the South West Rail Link to the airport, followed by a further stage that would link the rail service to the western line. It is important to note that supporting transport infrastructure would not only support the visitor economy but also the potential labour market, delivering jobs to western Sydney.

TTF recommends a future NSW government

- Extend the South West Rail Link to Western Sydney Airport
- Connect the extension to the Western line, and ultimately the North West rail link

4 CAMPAIGN FOR SHARED CRUISE SHIP ACCESS TO GARDEN ISLAND

Cruising is the fastest growing part of the tourism industry and is expected to generate over \$1 billion for the NSW economy by the end of the decade.

Sydney Harbour is one of the world's most popular destinations for cruise ships and this has placed serious constraints on the harbour's cruise ship berthing facilities. This is exacerbated by the worldwide trend towards larger cruise ships. Within five years, 85 per cent of new cruise ships constructed will not be able to fit under the Sydney Harbour Bridge and access the White Bay cruise terminal.

The Overseas Passenger Terminal is now at capacity for much of the summer cruising season. To ensure the growth of the lucrative cruise ship sector is not curtailed, the state government needs to continue to work with the federal government to secure regularised and increased shared access for large cruise ships to Garden Island. TTF recommends increasing cruise shipping access from three visits to a base of 20 visits per year, in the peak of the season.

The NSW government should also work with the federal government to develop the ability to process passengers at Garden Island rather than ferry passengers from Garden Island to the White Bay cruise terminal to go through customs. Processing passengers at Garden Island would greatly improve the customer experience and increase the competitiveness of Sydney as a global cruise destination. The additional time given to visitors will also maximise the benefits of the cruise sector to Sydney's visitor economy.

TTF recommends a future NSW government work with the federal government to

- increase cruise shipping access to a base of 20 visits per year
- implement customs facilities to process passengers at Garden Island





5 ADOPT A WHOLE-OF-GOVERNMENT STRATEGY FOR THE DELIVERY AND ONGOING MANAGEMENT OF URBAN PRECINCTS

Sydney's various precincts are an enormous drawcard for residents and visitors. Existing precincts like Circular Quay, Walsh Bay and Darling Harbour and emerging precincts like Barangaroo, the Western Harbour Super Precinct and the Bays Precinct are home to some of Sydney's most popular visitor anchors. These include the International Convention Centre, Sydney Fish Market and the Sydney Opera House. While precincts drive visitor demand, the potential of these precincts is often hampered by overlapping or unclear governance structures.

Public authorities like the City of Sydney, UrbanGrowth NSW, Sydney Harbour Foreshore Authority, Transport for NSW, NSW National Parks and Wildlife Service, and NSW Maritime all have jurisdiction over some of the city's greatest places to visit and most frequented destinations.

While this adds to the character of the city, it also makes the coordination and delivery of the visitor experience difficult; for example, the inconsistency of wayfinding infrastructure from Darling Harbour to Barangaroo and through Walsh Bay to Circular Quay.

To create and deliver active and accessible precincts, a cohesive and integrated governance model is needed to coordinate land managers and stakeholders. Acknowledging the work of the Wielinga committee and coordination around the Bays Precinct, future NSW governments need to have a whole-of-government strategy for both the delivery and ongoing management of urban precincts to ensure they continue to be world-class destinations for residents and visitors alike.

6 DELIVER SPORTING AND CULTURAL INFRASTRUCTURE WHICH ATTRACTS EVENTS AND TOURISM

International and domestic visitors who participate in sporting and cultural activities in NSW spend more and stay longer than the average traveller.⁴ These visitors support the broader visitor economy while also providing an additional source of revenue to the state's sporting and cultural institutions, contributing to their ongoing financial viability. To grow this high-yielding segment of the visitor economy, investment in sports and cultural infrastructure is needed.

The Coalition's plan to deliver a Sports and Cultural Fund will provide a once-in-a-generation opportunity to deliver world class sports and cultural infrastructure to NSW. To derive the greatest economic benefit from this investment, those infrastructure projects which will have the largest impact on the visitor economy should be prioritised. Investment in cultural infrastructure also leverages the value of their existing assets and permanent collections, supporting year-round visitation. Demand-driving infrastructure such as ANZ Stadium, Museum of Contemporary Art Australia, Sydney Opera House and the Walsh Bay Arts Precinct form an essential part of the visitor economy, showcasing Sydney's food and wine, sporting and creative culture.

In recognition of the benefits to economic growth and quality of life, TTF recommends future governments invest in sports and cultural infrastructure which attracts events and tourism.

⁴ Tourism Research Australia, International Visitor Survey (IVS) and National Visitor Survey (NVS) June Quarter 2014

ENHANCE THE VISITOR TRANSPORT EXPERIENCE

7 DEVELOP A TOURISM AND TRANSPORT STRATEGY FOR NSW

The transport network plays a crucial role in the visitor economy. A public transport network that is legible, affordable and easy to use will contribute significantly to the overall experience of a visitor to Sydney and New South Wales. Conversely, a poor experience with public transport can negatively impact on a visitor's perception of the destination. The world's great public transport networks are well known because of their positive impact on visitors — the London Underground, the Paris Metro, and high-speed rail in countries like France and Japan are all selling points for their countries in their own right.

While transport authorities understandably focus on the needs of domestic commuters, the role of public transport in our cities and regions for visitors must also be a core part of their operations. In many jurisdictions, transport operators can do better and learn from world's-best practice. TTF therefore believes that state governments should develop specific tourism and transport policies that outline mechanisms to improve the experience of visitors on public transport networks. Such policies should consider the customer experience through the lens of international or interstate visitors who may face language barriers and have no familiarity with a particular transport system. As NSW continues to look to attract visitors from the burgeoning Asian middle classes, the need to create a system which is legible and intuitive for both visitors and locals will increase in importance.

8 IMPROVE GROUND TRANSPORT ACCESS TO NSW AIRPORTS

Public transport patronage to Sydney Airport is low in global terms. Despite high transport demand and attractive travel times between the CBD and the airport stations, rail mode share among passengers is below 20 per cent. This contrasts with cities like London, Paris, Zurich and Hong Kong, where public transport mode share is between 30 and 60 per cent.

Sydney is fortunate by Australian standards in having a rail line, but the Sydney Airport Rail Link is currently underutilised due to its uncompetitive price of \$17 for a one-way fare to or from the CBD. This includes a concession paid to the operating company from Sydney Trains ticket sales through a contractual arrangement known as the Station Access Fee. Removal of this Station Access Fee would bring fares for the Airport Link in line with the wider Sydney Trains network and would increase patronage. This would be an important initiative for reducing road congestion as well as improving the visitor experience for airport users.

Sydney Airport plans to build a new public bus facility as part of its terminal refurbishment. The state government has announced its intention to add a further three bus routes without fixing a time schedule. TTF supports the introduction of these new bus services.

Additionally, the state's second airport, Newcastle, has a bus service that connects it with Port Stephens and Newcastle CBD. The timing, frequency and expansion of this service needs to be reviewed to ensure the tourism potential of the Hunter Valley is maximised.

TTF recommends a future NSW government

- Remove the Station Access Fee
- Implement new bus services to Sydney Airport
- Review the timing and frequency of bus services connecting Newcastle Airport with Port Stephens and Newcastle CBD



9 DEVELOP A DEDICATED OPAL CARD PRODUCT FOR VISITORS TO SYDNEY

Smartcard ticketing simplifies public transport by allowing people to make a journey without the complication of purchasing single tickets or understanding different fare structures. Domestic destinations such as Adelaide and Brisbane and overseas destinations such as Hong Kong and London have smartcard ticketing options for visitors which also integrate information and sometimes access to visitor and cultural attractions.

Streamlining processes to make it easier for visitors to coordinate transport and activities will assist in improving the visitor experience and efficiency of their trip. Sydney should, at a minimum, have a dedicated Opal visitor card to encourage visitor use of public transport. A tourist Opal card should be sold at a price which allows unlimited travel on Sydney's public transport for set periods (e.g. one, three or five days). This would dramatically increase the ease of using public transport for those visiting Sydney. Plans for a more sophisticated system of integrated ticketing should be pursued, allowing visitors to access both attractions and transport on the one card. Providing information and access to NSW's key visitor attractions would increase visitation to these assets, many of which are government-owned, and encourage dispersal into day-trip regional centres.

Specific Opal cards for major events such as conventions and exhibitions should also be considered. Sydney is competing with other national and international cities to host major events. The availability of unlimited transport cards for the duration of the event would significantly improve Sydney's offering in what is a very competitive market. Such temporary, event-specific cards are under consideration in Queensland where a G20 GoCard was distributed to attendees and media delegates to facilitate their stay in Brisbane and promote the event. The NSW government should consider the development of similar products.

However as a first step, the Opal card should be available for both public and private ferry services in order to enhance the offering of an Opal visitor product and encourage a fair, competitive environment. Visitors do not differentiate whether public transport services are operated by the public or private sectors. As private operators innovate with new ferry routes, it is important they are given access to critical customer service improvements and are able to leverage the value of the Opal card for consumers. TTF also notes that the NSW government indicated in letter dated 01/06/2012 that "Any extension of the Opal to the broader transport sector, such as taxis, bus or ferry operators is not currently in scope, but may be considered once the core public transport ticketing project has been rolled out." Now that the Opal card has been rolled out to all public transport modes, the NSW government should move to include private ferry operators. TTF understands there is no significant technical challenge in the roll out of the Opal card to private operators.

TTF recommends a future NSW government

- Make Opal available for private ferry operators
- Develop a dedicated visitor product for the Opal card
- Investigate an Opal card product which could be used for major business events

10 INVEST IN REGIONAL TRANSPORT INFRASTRUCTURE

NSW is home to some of the nation's most popular regional destinations including the Blue Mountains, Hunter Valley, Dubbo and the Australian Alps. In the year ending September 2014, regional NSW received 18.5 million domestic overnight visitors, 70 per cent of overnight visitors to NSW, in addition to 620,000 international visitors.⁵

The natural environment is a key drawcard for NSW's regions attracting the high yielding nature-based tourism market who tend to spend more and stay longer than the average traveller.⁶ Regional nature-based tourism will play a key role in reaching the Tourism 2020 target of doubling overnight expenditure. Future NSW governments should ensure this is not curtailed by issues of visitor access to regional centres.

The development of road and rail infrastructure is fundamental to the dispersal of visitors throughout NSW. Improvement in the quality and regularity of regional transport links will increase the attractiveness of these destinations, increasing visitation and yield.

Improving highway infrastructure is critical to encouraging dispersal by providing easier access to regional locations. Complementing road infrastructure, investment should also be made in upgrades to rail infrastructure and country trains, providing visitors with a cost-effective option to access NSW's regions.

As government looks to upgrade road and rail infrastructure in NSW, consideration should be given to projects which will encourage visitor dispersal as this will deliver major benefits for the NSW visitor economy and the state's regions.



5 Destination NSW (2014) Travel to Regional NSW, Year ended September 2014

6 TRA (2014) International and National Visitor Survey



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