

VICTORIAN TOURISM: BACKING OUR STRENGTHS

An Agenda for the Victorian Government

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AUSTRALIA
Tourism & Transport Forum

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AUSTRALIAN TOURISM,
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INVESTMENT SECTORS.

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Cover image: Great Walks of Australia – The Great Ocean Walk by Bothfeet
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INTRODUCTION

MESSAGE FROM THE CEO

Tourism is an economic development strategy for Australia that can deliver increasing economic activity including jobs and business opportunities across the country. While Victoria and Australia are well positioned to capitalise on the growing demand for travel from the burgeoning Asian middle classes, 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 Victoria 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 Victoria.

Victoria has established itself as a national leader in the tourism industry. With strong growth in international visitation, a portfolio of annual cultural and sporting events and success in attracting significant global business events, Victoria's visitor economy is strong.

The challenge for future Victorian governments, however, is to maintain the state's competitive advantages. Without ongoing and increasing investment in marketing, events, business events and tourism infrastructure, Victoria will lose out to competitor destinations in Australia and the Asia-Pacific.

We have set out Tourism & Transport Forum's eight-point plan for backing the strengths of the Victorian visitor economy. Future Victorian governments must invest to grow demand, boost investment in tourism infrastructure and enhance the visitor experience to ensure it can remain competitive, drive further economic activity and create jobs.



Margy Osmond
Chief Executive Officer
Tourism & Transport Forum

TTF'S EIGHT-POINT PLAN FOR VICTORIAN TOURISM

GROW DEMAND FOR TRAVEL TO VICTORIA

- 1 Increase tourism marketing funding by at least 10 per cent
- 2 Substantially increase investment in business events
- 3 Confirm and increase the forward funding envelope for major events

BOOST INVESTMENT IN TOURISM INFRASTRUCTURE

- 4 Commit to an expansion of the Melbourne Convention and Exhibition Centre
- 5 Invest in strategic nature-based tourism infrastructure
- 6 Work with the private sector to develop new products in and around national parks

ENHANCE THE VISITOR TRANSPORT EXPERIENCE

- 7 Improve land transport links to Melbourne Airport
- 8 Redesign the visitor *myki* product to make it easier to use and better value

THE IMPORTANCE OF VICTORIA'S VISITOR ECONOMY

In its ground-breaking report *Positioning for prosperity? Catching the next wave*, Deloitte Access Economics identifies tourism 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.

Already a major contributor to the Victorian economy, the visitor economy can play an even greater role in Victoria's future prosperity.

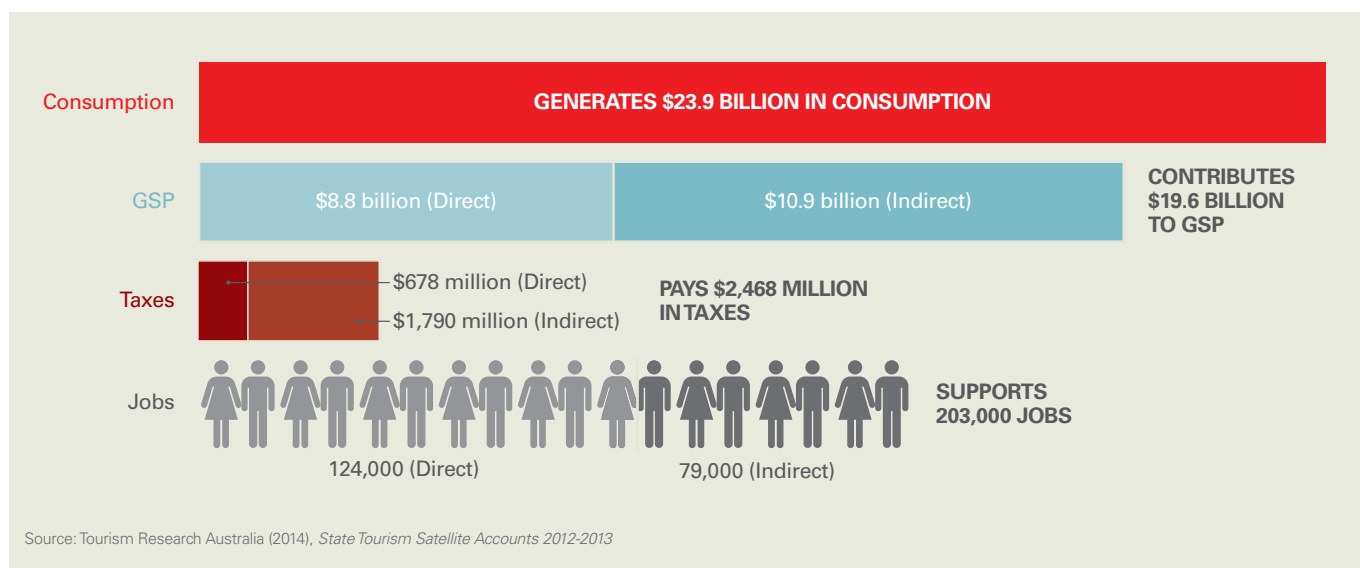
While traditional manufacturing has continued its long-term decline and the mining boom has been largely absent from the state, tourism provides an ongoing path to prosperity. Tourism plays a significant role in the Victorian economy, driving growth and creating jobs. The visitor economy contributes \$19.6 billion to gross state product¹ and supports more than 70,000 businesses.²

Tourism supports more than 203,000 Victorian jobs, 124,000 of these directly, and accounts for nearly one in every 14 jobs across the state. The industry also delivers significant revenues for the state government, with the visitor economy generating \$2.5 billion in taxation revenue in 2012-13.

Much of Melbourne's success, particularly with international visitation, lies in its significant drivers of demand. These include a strong annual major events calendar, world-class integrated resort facilities and a reputation for rich cultural offerings and high-quality food and wine. These have been essential to driving demand from high-yielding visitors in key markets in Asia and will continue to be a key focus of visitor economy activity.

Tourism also plays a particularly important role in the economies of regional Victoria, especially in iconic regions such as Phillip Island, the Great Ocean Road, Victoria's High Country and the Grampians. Victoria's *Regional Tourism Strategy* addresses the challenges of regional Victoria's dependence on traditional markets, seeking to make destinations outside Melbourne more accessible, attractive and relevant for Asian visitors, and needs to be supported with ongoing funding commitments to ensure its long-term effectiveness.

VICTORIAN VISITOR ECONOMY IMPACT



1 Tourism Research Australia (2014) – State Tourism Satellite Accounts 2012-13
 2 Counts of Australian Businesses, Australian Bureau of Statistics, June 2013 (unpublished data)

BACKING VICTORIA'S STRENGTHS – AN EIGHT-POINT PLAN FOR GROWING VICTORIA'S VISITOR ECONOMY

GROW DEMAND FOR TRAVEL TO VICTORIA

1 INCREASE TOURISM MARKETING FUNDING BY AT LEAST 10 PER CENT

Government must increase its marketing investment to drive demand for visitation to Victoria and boost visitor expenditure.

While Victoria has consistently outperformed other jurisdictions in growing international visitation – increasing at an average annual rate of 7.1 per cent compared to the national average of 4 per cent growth since 2009³ – average annual growth in Victoria's overnight visitor expenditure over the same period has only reached 3.5 per cent, far short of what is required to reach its target of \$24.7 billion in overnight expenditure in 2020.

Tourism Victoria must be appropriately resourced to be able to continue to market the state domestically and to a burgeoning group of international visitors, most notably from China. Successive Victorian governments and the tourism industry have worked hard over the past two decades to build the visitor economy. The state recently marked the 20th anniversary of the highly successful *Jigsaw* destination campaign. Currently in its eleventh iteration, the campaign has established Victoria and Melbourne's brands in Australia and overseas. The role played by Tourism Victoria in developing and implementing the *Jigsaw* campaign is a world-leading example of the importance of consistent, well-funded destination marketing and this effort must continue.



2 SUBSTANTIALLY INCREASE INVESTMENT IN BUSINESS EVENTS

Victoria has been successful in developing its business events sector based on the Melbourne Convention Bureau (MCB) providing a strong public-private partnership approach, and foresight and investment by successive governments in business events infrastructure such as the Melbourne Convention & Exhibition Centre (MCEC).

Major international conventions and exhibitions position Victoria as a global destination for investment and help drive increased trade, innovation and knowledge-sharing across industries such as higher education, health sciences, biotechnology, and advanced manufacturing. Business events can be a key tool in supporting the strategic policy objectives of government by showcasing Victoria's competitive advantages to a global audience.

Business events are also enormous drivers of visitation. Large-scale international conventions like the Diabetes Congress 2013 with more than 10,000 delegates and AIDS 2014 with nearly 14,000 delegates generate huge dividends for the state. Business events visitors to Victoria are high-yielding, spending on average \$1019 per day.⁴ The state also hosted more than 7000 corporate incentive travel delegates who all visited regional Victoria as part of their itineraries, helping to disperse these benefits.

Victoria has an opportunity to make a long-term, game-changing investment in the MCB and business events. Many Asia-Pacific destinations are investing heavily in business events as a way to stimulate trade and investment and Victoria must increase its investment if it is to remain competitive. MCB's latest funding envelope was cut, placing additional pressure on the organisation. MCB must be given increased operational and bid funding to continue to attract international conventions, drive demand for a potentially expanded MCEC, and compete with other domestic and international destinations.

³ TTF analysis of Tourism Research Australia – International and National Visitor Surveys, June 2014

⁴ Melbourne Convention Delegate Study (2013)

3 CONFIRM AND INCREASE THE FORWARD FUNDING ENVELOPE FOR MAJOR EVENTS

Events developed and secured by the Victorian Major Events Company (VMEC) put Victoria on the world stage, raising its international profile and generating significant economic return for the state.

Melbourne in particular has earned a reputation as a major events destination, building a highly regarded portfolio of Australia's major sporting and cultural events, including the Australian Open, Virgin Australia Melbourne Fashion Festival, Melbourne Winter Masterpieces Series, Formula 1 Australian

Grand Prix and the Melbourne Cup Carnival. The annual events calendar also helps to improve the liveability of Victorian cities, market the state domestically and internationally, and develop deeper community interest in the arts and sport.

Growing domestic and international competition for major events means that consistent funding for VMEC is required to ensure Victoria remains a serious contender in facilitating and developing major events for the state. The forward funding envelope for VMEC must be confirmed and increased to allow it to plan for events over the coming years and remain competitive with other Australian and Asia-Pacific events destinations.

BOOST INVESTMENT IN TOURISM INFRASTRUCTURE

4 COMMIT TO AN EXPANSION OF THE MELBOURNE CONVENTION AND EXHIBITION CENTRE

The expansion of the existing exhibition space at the Melbourne Convention & Exhibition Centre (MCEC) is the most important current visitor infrastructure need in Victoria. Melbourne is internationally recognised as a leading destination for international conferences and exhibitions, with the convention centre at the heart of this success.

However, MCEC's exhibition facilities are facing serious constraints that are impacting its ability to secure new business worth tens of millions of dollars each year for Victoria.

The centre must be expanded to accommodate the growing number of large-scale international conventions that now require exhibition space as part of their event. In 2013-14, more than 1000 events were held in the centre, including 21 international conventions attracting 31,079 delegates and 57 national conventions attracting 40,241 delegates.⁵ However, over the same period, the centre turned away almost 20 per cent of new business because of a lack of available space.

Expanding MCEC must be made a high priority by government to ensure the state retains its competitive advantage as a host for meetings, incentives, conferences and exhibitions.

5 INVEST IN STRATEGIC NATURE-BASED TOURISM INFRASTRUCTURE

Victoria's natural assets are an integral part of the state's tourism brand. In 2012-13, Victoria's parks and waterways hosted 95.8 million visits.⁶ Visitors who engage in nature-based tourism tend to generate higher yield and stay longer: international nature-based visitors, for example, spend 17 per cent more and stay 22 per cent longer than the average international visitor.⁷ Victoria is well-positioned to capitalise on the economic benefits of the sector, with iconic destinations including Great Ocean Road, the Victorian Alps, the Grampians, Gippsland region and Point Nepean.

Appropriate and consistent resourcing for parks management and visitor infrastructure such as bushwalking trails, regional roads and visitor amenities is crucial to renewing facilities and encouraging repeat visitation. Funding for the implementation of the Shipwreck Coast master plan, including the iconic sites of Twelve Apostles, Loch Ard and Glenample Homestead, is also critical to further leverage the benefits from the Great Ocean Road's 2.6 million annual visitors.⁸

Capital investment in regionally significant industry infrastructure would also increase the long-term sustainability of Victoria's ski industry, which in 2011 generated \$636 million in total gross direct visitor expenditure.⁹



© Great Ocean Road Marketing
Photographer: Robert Blackburn/Rob Blackburn

5 Melbourne Convention and Exhibition Centre Annual Report 2013-14

6 Parks Victoria Annual Report 2012-13

7 TTF analysis of Tourism Research Australia – International and National Visitor Surveys, June 2014

8 Shipwreck Coast Master Plan, 2013

9 Economic Significance of the Australian Alpine Resorts, 2012

6 WORK WITH THE PRIVATE SECTOR TO DEVELOP NEW PRODUCTS IN AND AROUND NATIONAL PARKS

Industry requires continued support for the current legislative framework for investment in and around national parks to provide certainty going forward.

There is an opportunity for government co-investment to leverage private sector investment in new product and experiences within parks and other suitable Crown land,

including attractions, iconic eco-accommodation and adaptive re-use of built heritage, and work currently underway in this field must be allowed to continue. Government should be taking proactive steps to encourage private sector investment in and around parks.

To deliver quality tourism projects that drive high-yield visitation, the industry requires coordination of planning and regulatory reform, ideally with a dedicated point of facilitation within the government, including improved certainty of land use, inter-agency cooperation and long-term lease arrangements to facilitate private investment.

ENHANCE THE VISITOR TRANSPORT EXPERIENCE

7 IMPROVE LAND TRANSPORT LINKS TO MELBOURNE AIRPORT

Melbourne Airport is one of Victoria's most important visitor economy assets, contributing \$1.47 billion to the state's economy and directly supporting more than 14,000 jobs.¹⁰ By 2033, airport passenger movements are expected to more than double and airport-related jobs to grow to 23,000 employees.

However, land transport access is increasingly limiting Melbourne Airport's growth potential. Significant road congestion, poor bus reliability and coverage, as well as the lack of a direct rail link, have all contributed to this fact. If left unchecked, poor landside access represents a real risk of undermining Victoria's key competitive advantage in commercial aviation.

TTF's report *Rapid Buses, Road and Rail* highlights the major projects necessary to improve land transport access to Melbourne Airport. These include completing the widening of the Tullamarine Freeway, provision of a dedicated Skybus lane, rerouting of the orbital bus network and, ultimately, the reservation of a rail link corridor and construction of the link by 2025. These projects are vital to the Victorian economy and should be key priorities.

8 REDESIGN THE VISITOR MYKI PRODUCT TO MAKE IT EASIER TO USE AND BETTER VALUE

Melbourne's *myki* smart card can be a useful tool for visitors to travel on the city's public transport network. However, without a dedicated visitor product, Melbourne is missing out on an opportunity to improve value for visitors and make it easier to use.

The government has introduced a 'Traveller Pack' *myki* that contains a pre-paid card, maps and discount vouchers for attractions. This card, however, is simply a repackaged commuter *myki* and visitors have reported frustration at its complexity. Visitors are forced to try to interpret Melbourne's zonal fare structure and ensure their card has enough credit to cover the cost of their intended journey. While there is now a large number of outlets, including convenience retailers, hotel concierges and stations that allow for *myki* top-ups, the system is overly complicated for visitors.

TTF is calling for a better value and easier to use visitor product, distinct from the standard commuter product and specifically designed to address the needs of short-term visitors. Such a product should provide visitors with the opportunity to purchase a pre-paid card that would allow unlimited travel on the network for a specified number of days.

A dedicated visitor card should retain the feature of the current 'Traveller Pack' that provides visitors with access to a wide range of discounts for attractions. In addition, it should potentially allow them to use the card to pay for entry to these venues.

A product that can be used 'out of the box', without the need for visitors to worry about fare structures and top-ups, would greatly enhance the experience for visitors to Melbourne.



¹⁰ Melbourne Airport Master Plan, 2013

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