

# AUSTRALIAN CAPITAL TERRITORY BUDGET 2016-17

Submission to the ACT Government

OCTOBER 2015



# Tourism & Transport Forum

Tourism & Transport Forum (TTF) is a national, member-funded CEO forum, advocating the public policy interests of leading corporations and institutions in the Australian tourism, transport, aviation and investment sectors.

**For further information please contact:**

Justin Koek | Policy Director | 02 9240 2026 | [jkoek@tff.org.au](mailto:jkoek@tff.org.au)

Bianca Tomanovic | Manager, Tourism Policy | 02 9240 2005 | [btomanovic@tff.org.au](mailto:btomanovic@tff.org.au)



# Table of Contents

---

<b>Executive Summary</b>	<b>4</b>
<b>Recommendations</b>	<b>5</b>
<b>ACT's Visitor Economy</b>	<b>7</b>
1. The economic impact of tourism	7
2. Towards Tourism 2020	8
3. Tourism trends in the ACT	9
<b>Grow demand for travel</b>	<b>12</b>
1. Funding for tourism marketing	12
2. Event Funding	14
3. Leverage business events	15
<b>Boost visitor economy investment</b>	<b>17</b>
1. Support active visitor precincts	17
2. Attract key accommodation investment	18
3. Enhance nature-based experiences	19
<b>Improve the visitor experience</b>	<b>22</b>

# Executive Summary

---

Tourism is a key component of the Australian Capital Territory (ACT) economy, supporting 14,700 jobs and contributing \$1.6 billion to Gross Territory Product (GTP)<sup>1</sup>. Consumption by international and domestic visitors drives economic activity, export earnings and employment in metropolitan and regional ACT. Appropriately supported and strengthened, the visitor economy is a significant economic driver for the Territory.

The ACT tourism industry, through the *2020 Tourism Strategy*, has set out an ambitious plan to grow the value of overnight visitor expenditure from the 2013 base of \$1.58 billion to \$2.5 billion in 2020<sup>2</sup>. Total overnight visitor expenditure as at June 2015 was \$1.6 billion<sup>3</sup>. Significant momentum has been gained through major events such as the annual Floriade Festival, blockbuster exhibitions at the National Gallery of Australia such as James Turrell, and the growing popularity of *Enlighten*. These events have profiled the Territory as a vibrant, creative and diverse destination. To reach the \$2.5 billion stretch goal, a strong focus is needed on destination marketing, event acquisition and development, transport accessibility and infrastructure investment.

The ACT is home to some of Australia's best food and wine experiences, cultural and sporting events, and iconic national attractions. Through effective destination branding and development of major events, the Territory can leverage these assets to support growth in the visitor economy, particularly from international tourism markets. Increasing high-yielding international visitors will be crucial to the ACT achieving its 2020 targets and attracting international air services will play a big role in this regard. As the home of the headquarters of the federal border agencies, Canberra has the opportunity to lead the country as the pilot site for a new lightweight international clearance model. In addition, the Territory has the opportunity to further leverage the location of the national cultural institutions and proximity of natural precincts to promote itself as a creative and nature-based hub of Australia.

Infrastructure investment is critical to attracting these new visitors, improving the visitor experience and increasing visitor yield. TTF recognises that the current funding climate in the ACT is challenging and there are competing priorities. However, withdrawing funds not only has a detrimental effect on the tourism industry, but the industry's potential to be a significant economic development strategy for the Territory. Planning for projects such as the City to Lake project and further light rail network extensions should continue in recognition of the broader economic benefits their completion will bring to the ACT.

This submission will demonstrate the essential role tourism and transport plays in supporting the broader ACT economy and the importance of Government support for these sectors to achieve the 2020 target.

---

<sup>1</sup> Tourism Research Australia (2015), State Tourism Satellite Account (2013-14)

<sup>2</sup> 2020 Tourism Strategy – Growing the visitor economy 2014-2020 (2013)

<sup>3</sup> Tourism Research Australia (2015), International and National Visitor Surveys, year ending June 2015

# Recommendations

TTF ACT BUDGET 2016-17 RECOMMENDATIONS
<b>Grow demand for travel</b>
<b>Increase tourism marketing funding</b> <ul style="list-style-type: none"> <li>▪ Increase funding for Visit Canberra by \$15 million per annum in real terms</li> <li>▪ Deliver funding over four years instead of the current year-on-year allocation</li> <li>▪ Promote regional cooperation through the 'CBR' Canberra Brand initiative</li> <li>▪ Promote the ACT as a major cultural and creative hub of Australia</li> </ul>
<b>Increase funding for events</b> <ul style="list-style-type: none"> <li>▪ Increase funding for Territory Venues and Events by 10 per cent in real terms</li> <li>▪ Deliver funding over four years instead of the current year-on-year allocation</li> <li>▪ Double funding allocated to the Special Event Fund initiative</li> </ul>
<b>Leverage value of international business event markets</b> <ul style="list-style-type: none"> <li>▪ Support the Canberra Convention Bureau in attracting strategic international markets and creating consumer demand for direct international flights</li> </ul>
<b>Boost visitor economy investment</b>
<b>Support active visitor precincts</b> <ul style="list-style-type: none"> <li>▪ Allocate funding to progress planning and business case development for the delivery of key infrastructure as part of the City to the Lake project</li> <li>▪ Maximise use of existing facilities to ensure ACT's reputation as a major sporting and business event destination is maintained</li> </ul>
<b>Attract key accommodation investment</b> <ul style="list-style-type: none"> <li>▪ Maintain funding in real terms for Invest Canberra and work with Austrade to attract key accommodation investment in the Territory</li> </ul>
<b>Enhance nature-based experiences</b> <ul style="list-style-type: none"> <li>▪ Allocate funding to support the construction of a nature walking trail between the Australian National Botanic Gardens and the National Arboretum</li> <li>▪ Promote the nature-based precinct of the Australian National Botanic Gardens, Arboretum and Black Mountain Nature Reserve as a visitor experience</li> </ul>
<b>Improve the visitor experience</b>
<b>Attract domestic and international air services</b> <ul style="list-style-type: none"> <li>▪ Maintain funding for the ACT's international marketing campaign to support growth in visitation from key international markets and new direct international flights into Canberra</li> <li>▪ Work with domestic carriers to increase aviation capacity and access at Canberra Airport</li> <li>▪ Advocate for the pilot phase of a lightweight, integrated border agency clearance model at Canberra Airport</li> </ul>
<b>Improve public transport services</b> <ul style="list-style-type: none"> <li>▪ Develop a specific whole-of-Government tourism and transport policy that outlines a holistic approach to total transport options to, and within, the ACT</li> <li>▪ Consider options for franchising ACTION buses to improve the customer experience and reduce costs</li> <li>▪ Build stage 1 of Capital Metro in partnership with the private sector</li> <li>▪ Continue planning for further light rail network extensions to connect key visitor economy assets</li> </ul>

**Improve rental car regulation harmonisation**

- Engage the Federal Government to harmonise State and Territory taxes and regulation for the rental vehicle sector

**Enhance the visitor retail experience**

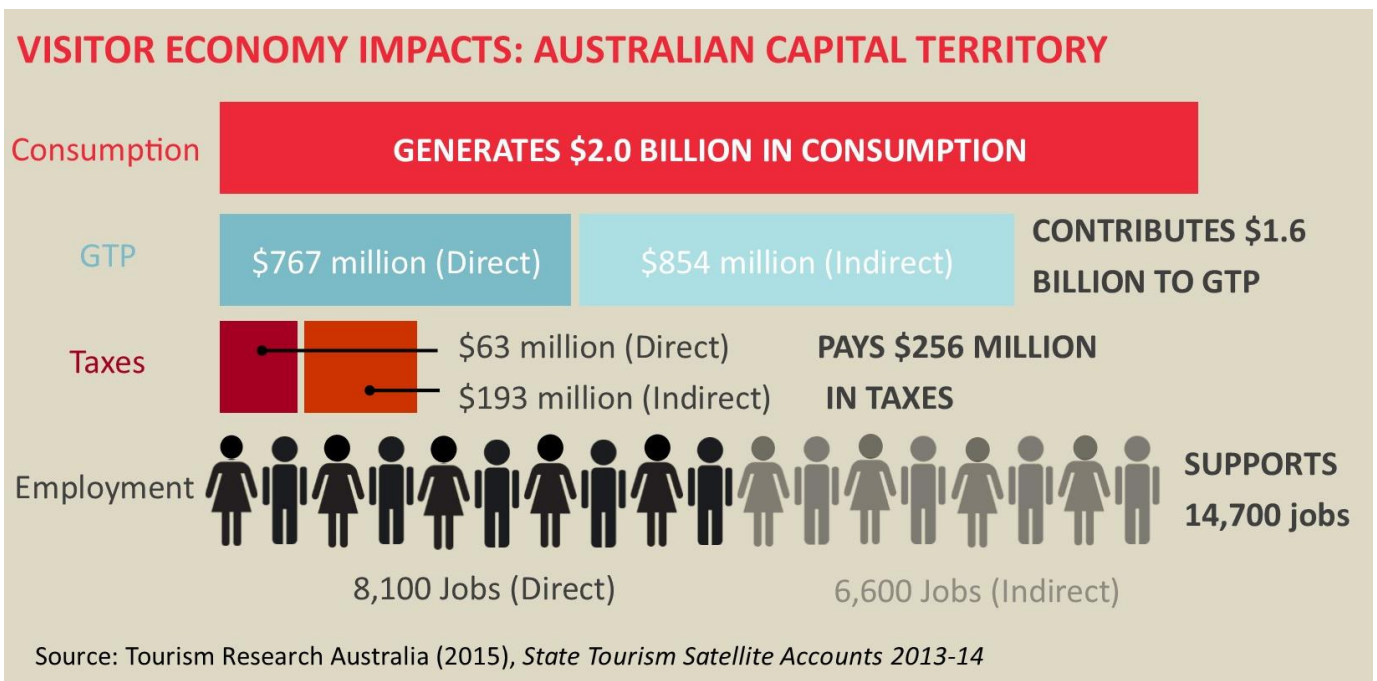
- Advocate for reform of the Tourist Refund Scheme



# ACT's Visitor Economy

## 1. The economic impact of tourism

- **\$2 billion** – Tourism consumption in the Australian Capital Territory totalled \$2 billion in 2013-14
- **\$5.1 million** – Spending by Australian and international visitors in the ACT averages \$5.1 million each day
- **\$1.6 billion** – Tourism's contribution to the ACT's Gross Territory Product (GTP) includes \$767 million in direct GTP and another \$854 million in flow-on indirect GTP, representing a 4.5% share of the ACT economy
- **14,700** – Tourism consumption generates 8,100 direct ACT jobs and indirectly supports another 6,600, representing nearly 1 in every 14 jobs across the Territory
- **\$256 million** – Tax imposed directly on tourism products and services consumed in the Australian Capital Territory
- **\$1,730** – The amount each ACT household would pay in additional taxes without the tax revenue generated by tourism

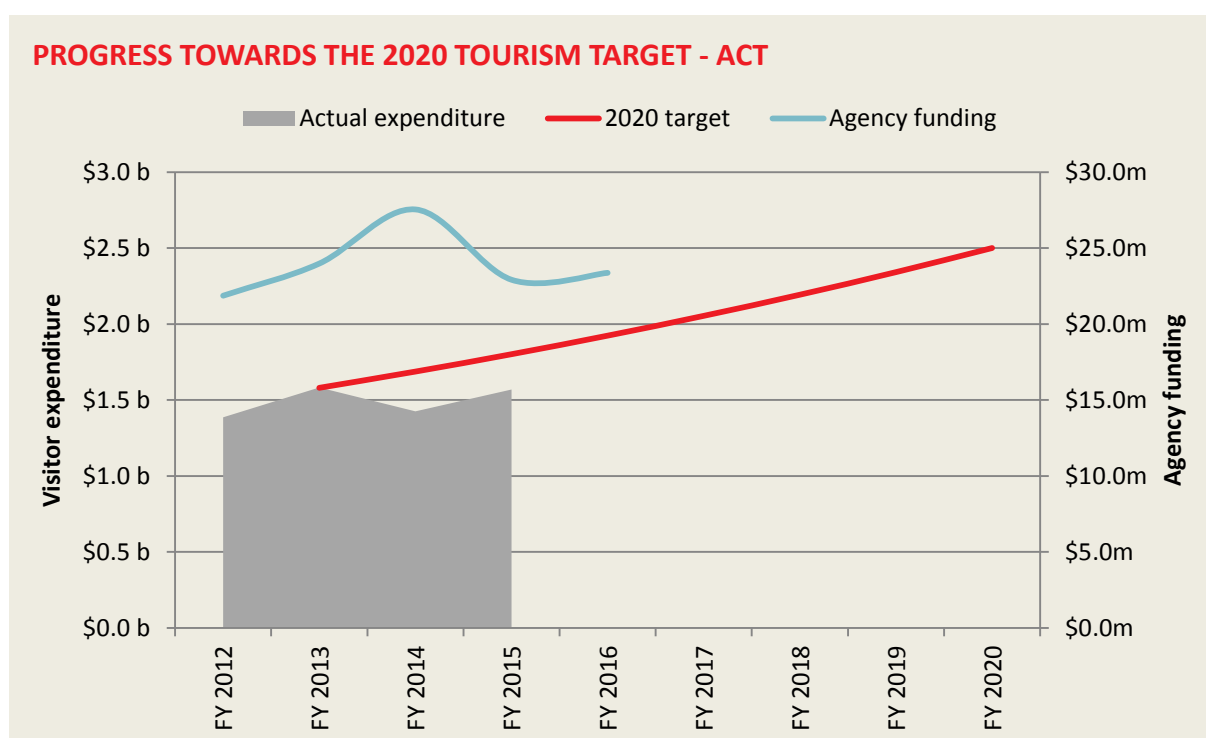


## 2. Towards Tourism 2020

In 2009, Federal, State and Territory Tourism Ministers endorsed a goal for Australian tourism to increase overnight visitor expenditure from \$70 billion in 2009 to up to \$140 billion in 2020<sup>4</sup>.

The ACT Government announced corresponding plans to grow the value of overnight visitor expenditure from a 2013 base of \$1.58 billion to \$2.5 billion in 2020 as part of its own 2020 Tourism Strategy. The industry strongly supports the development of this strategy to guide growth in the visitor economy and leverage opportunities for public-private partnerships in international airline attraction and infrastructure investment.

The Territory's performance in the year ending June 2015 has seen a 10.1 per cent increase in this measure, driven by a softening in the international business and education segments as well as a downturn in the Territory's significant domestic overnight visiting friends and relatives (VFR) segment. In particular, industry is concerned by declining visitation from key Asian markets that have exhibited strong growth in other jurisdictions.



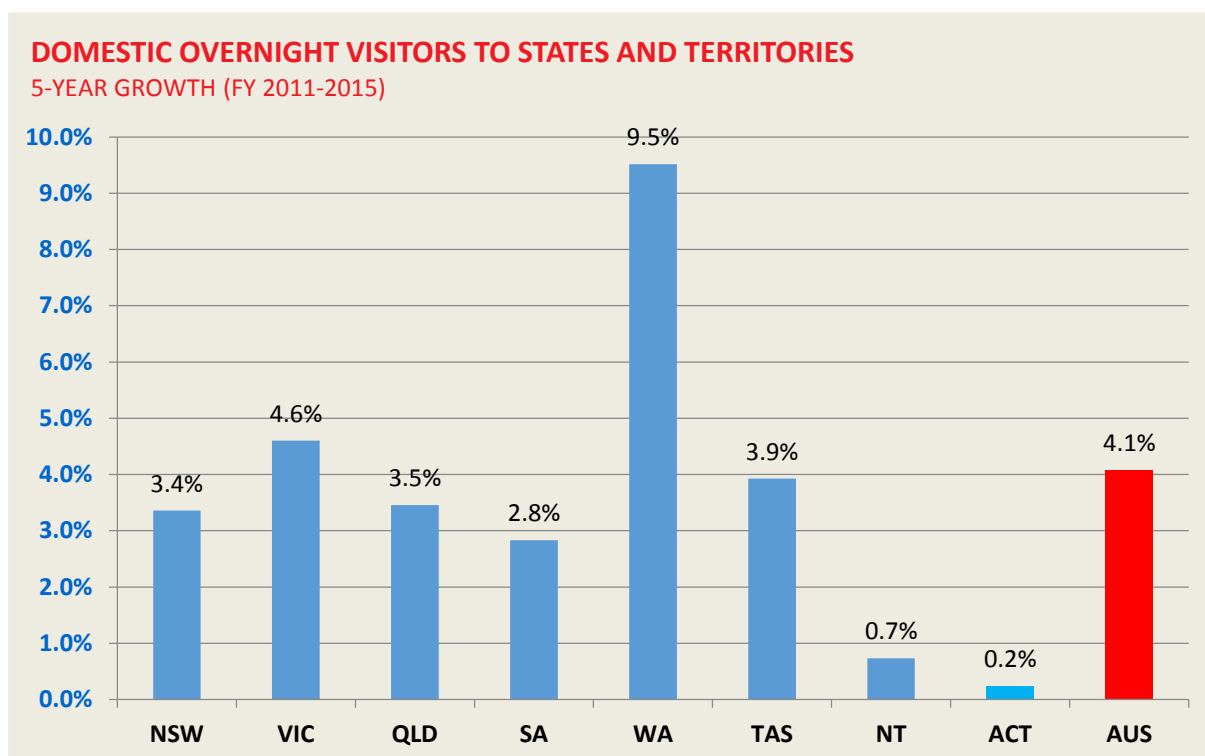
A critical component of the 2020 strategy is increasing aviation capacity, particularly from international markets, to boost and diversify the visitation base for the ACT. Indeed, all modes of transport including aviation networks, public transport networks and road networks, play an important role in facilitating accessibility and movement of the increased visitation numbers needed to meet the 2020 tourism target.

<sup>4</sup> Tourism Australia / Department of Resources, Energy and Tourism (2010), *2020 Tourism Industry Potential*



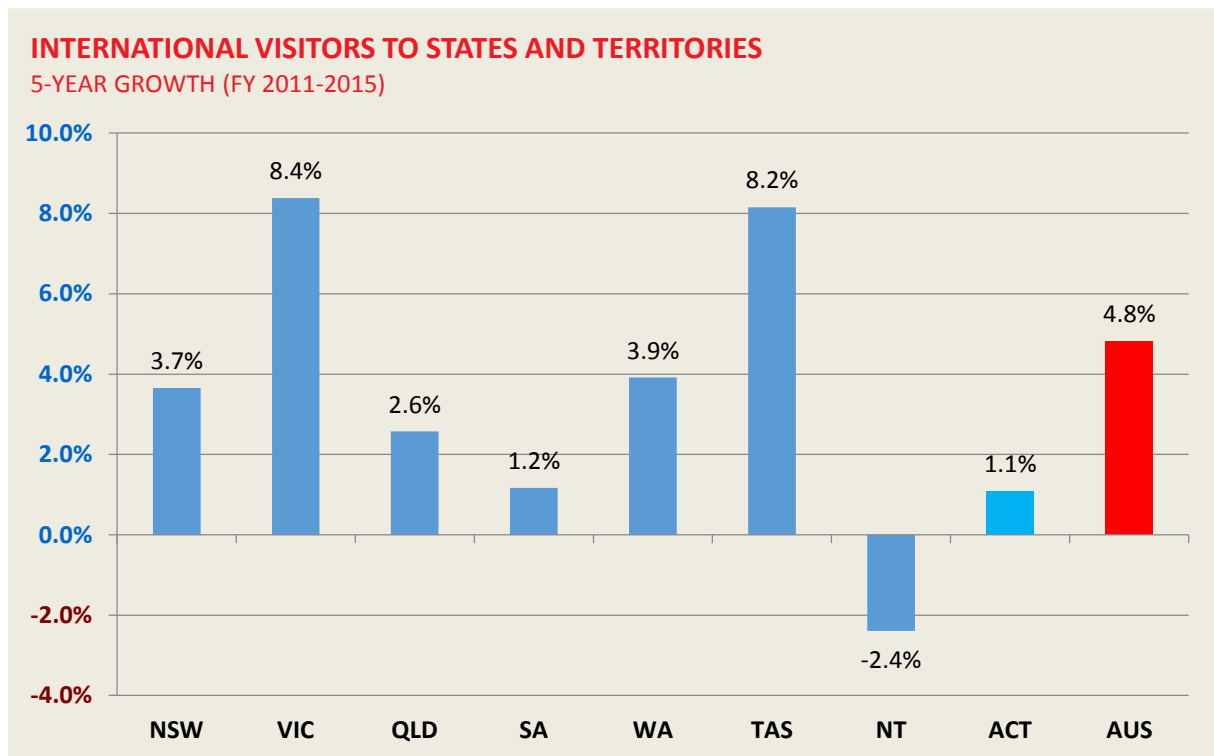
### 3. Tourism trends in the ACT

Tourism in the ACT has not kept pace with growth around the country in recent years. Domestic overnight travel, which represented around two-thirds of total visitor expenditure across the Territory in 2014/15, increased at an average rate of only 0.2 per cent per annum in the five years ending June 2015, well behind the national average growth of 4.1 per cent per annum. The Territory is currently last in the stakes of domestic visitation growth performance over this period.

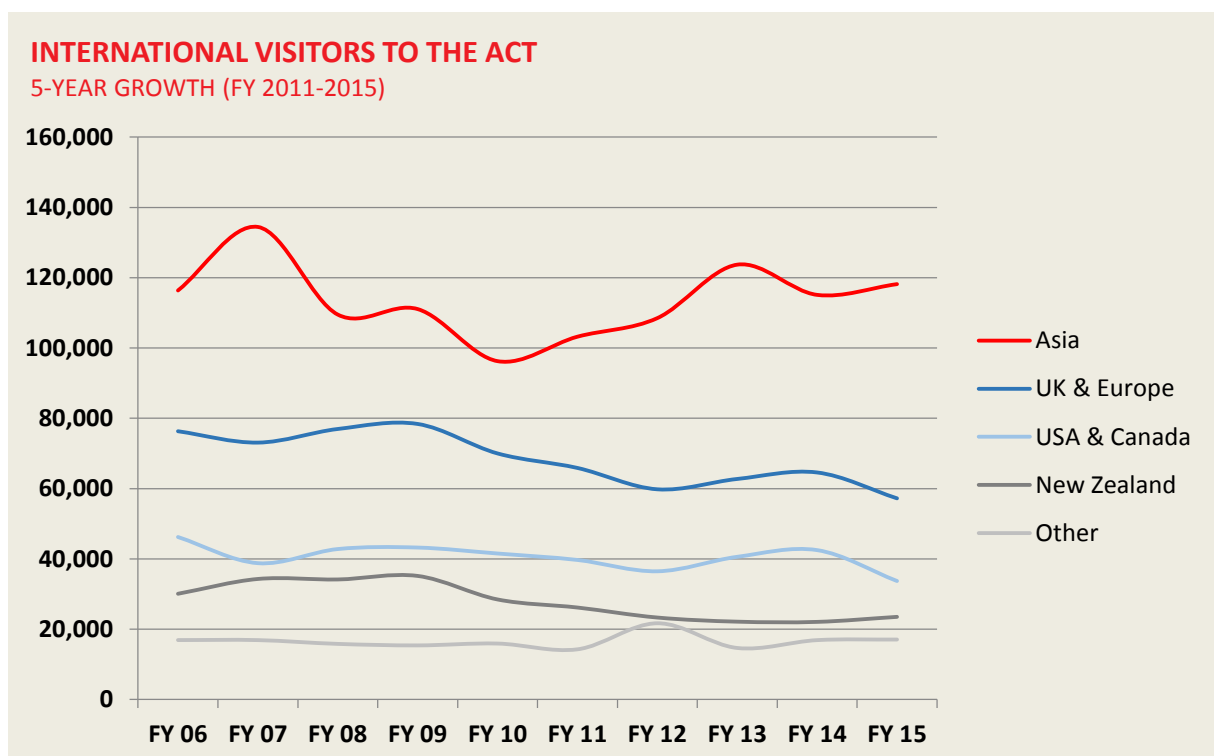


The ACT has also fallen behind national average growth of 4.8 per cent in international visitation over the same period, recording average growth of only 1.1 per cent per annum. The Territory is currently only ahead of the Northern Territory in this respect.

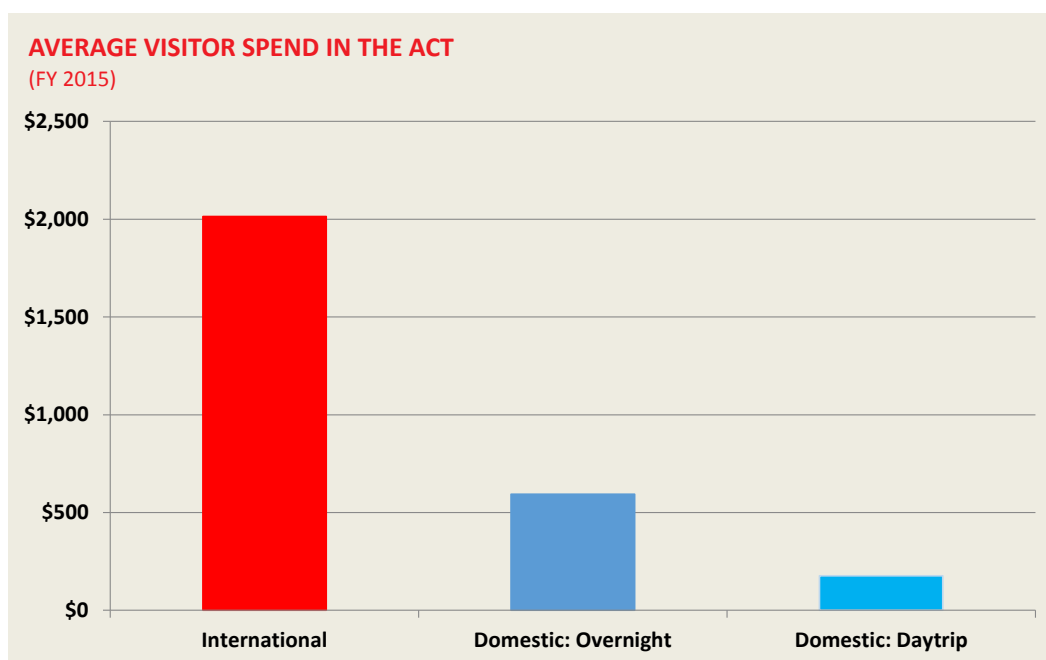
The Territory's international tourism market has been well supported by strong demand from Asian visitors, bolstered by the increasing availability of aviation capacity – in particular from low cost carriers – to Australia. Visitation by residents of Asia to the Territory has increased at an average rate of 11.7 per cent per annum over the past five years, countering the effects of modest declines in visitation from traditional European and North American markets.



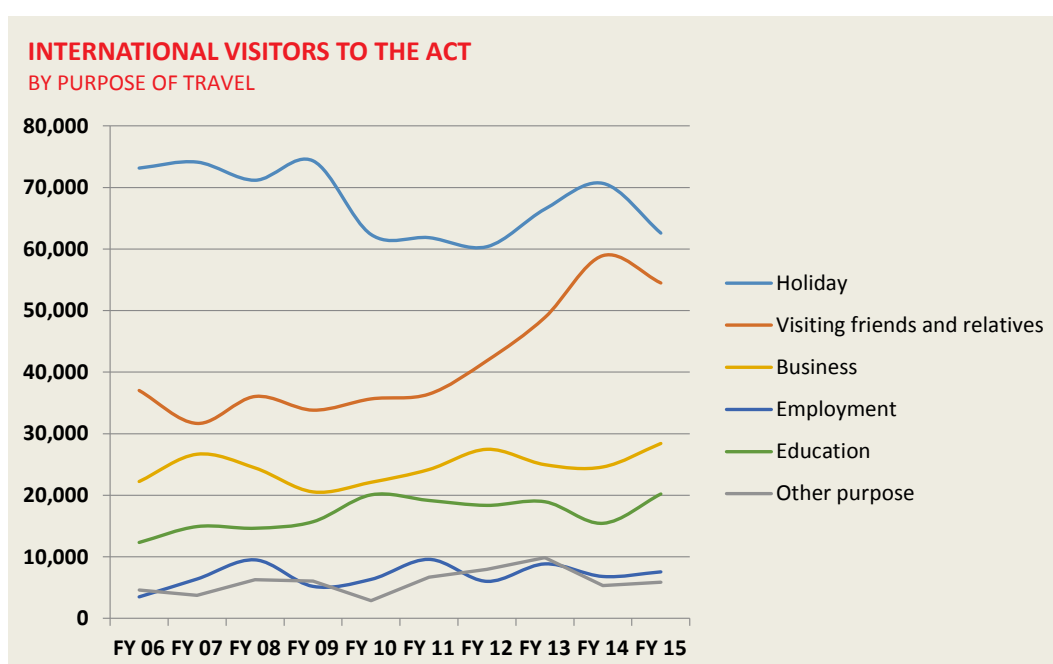
However, visitation growth from Asia waned in the year ending 2015, up only 0.8 per cent and well behind the national outcome of 10.1 per cent growth. While visitation increased strongly from mainland China (the ACT's largest inbound market), Taiwan and Singapore, overall international visitation to the ACT fell by 1.5 per cent in the financial year, contrasting with 7.6 per cent growth across the country.



While international visitors account for less than one-quarter of total visitor expenditure in the ACT, the high-yielding nature of these visitors make them attractive targets for furthering the economic benefits of tourism – spending an average of \$2,000 – or more than three times domestic overnight visitors – in the Territory per trip.



Turning to visitation, the ACT has performed particularly well in the international visiting friends and relatives (VFR) segment, while the business and education segments have grown at well below the national average and there has been little change in the number of holidaymakers visiting the ACT over the past five years. The former point is of particular interest, as the business and education segments are particularly high-yielding – business travellers are renowned for greater intensity of expenditure over shorter trips and educational visitors for ongoing economic contributions over a longer stay.



# Grow demand for travel

---

The economic benefit of tourism to the Australian Capital Territory extends far beyond the sector itself. Public sector investment in destination marketing, event acquisition and development, and business events is necessary to help foster private sector investment in tourism product.

## 1. Funding for tourism marketing

Tourism marketing drives demand and supports visitation to the ACT. Investing in tourism marketing funding also makes economic sense, with research indicating a return on investment of up to \$15 for every \$1 allocated to destination marketing<sup>5</sup>. The longevity and effectiveness of campaigns, however, are contingent on the ability to add and refresh program content, creating new reasons for visitors to return to a destination. Thus, it is imperative increased funding is provided to Visit Canberra to ensure campaigns currently in market maximise awareness and intention to travel to the ACT, and allow for the creation of campaigns that leverage new and emerging opportunities domestically and internationally.

Visit Canberra's funding allocation is currently provided on a one-year basis, rather than across the forward estimates. This creates uncertainty for industry about the ongoing resource allocation for Visit Canberra and hampers the opportunity to allow for longer-term planning. Committing to funding over a longer period, ideally over the four year forward estimates, will enable investment in longer term destination campaigns and events. This will also support the Territory in growing existing events as well as developing its own additional signature annual events similar to the Melbourne Winter Masterpieces, VIVID Sydney, the Queensland Performing Arts Centre's International Series and sporting events.

The imperative to provide an increased, long-term funding commitment for Visit Canberra is even greater when most jurisdictions are increasing their investment in destination marketing and as a result, experiencing double digit growth in overnight visitor expenditure. While the Territory Government provided an additional funding allocation for cooperative marketing campaigns in its 2015-16 Budget bringing the total to \$14.1 million, New South Wales allocated \$176 million, and smaller jurisdictions such as South Australia and Tasmania allocated \$266 million over four years and \$25.9 million respectively for their tourism and event efforts. Without a funding injection in this year's Budget, this puts ACT's funding well behind its competitors.

---

<sup>5</sup> Tourism Australia (2014), Submission to the Productivity Commission Research Paper on Australia's International Tourism Industry

However, irrespective of domestic competition, increasing funding for Visit Canberra also makes good economic sense for the ACT. Taking into account the ROI for destination marketing, an additional \$15 million allocated to Visit Canberra has the potential to result in an additional \$240 million in economic return for the Territory. While it is not about competing with other jurisdictions, it is important to recognise that other States and Territories, including smaller jurisdictions such as South Australia and Tasmania, have recognised the economic value from providing additional investment in tourism and events. Deloitte<sup>6</sup> identified tourism as one of five “fantastic next waves” that have the potential to propel Australia’s economy in the future. It is important that the ACT Government adequately invests in tourism now to ensure that it is well positioned to capitalise on the growth wave in future.

Additional funding for Visit Canberra will also enable it to further leverage cooperative promotional opportunities through the ‘CBR’ Canberra Brand in partnership with other regional stakeholders. This will spread the footprint of the Territory’s marketing efforts, helping to harness the potential of a larger visitor basin and generating a stronger return on investment.

The Territory also has the opportunity to further leverage the location of the National Cultural Institutions in its promotion of the ACT as Australia’s major creative hub. The accessibility of key cultural attractions and their proximity to each other adds to Canberra’s attractiveness for cultural visitors, who are known to stay longer and spend more in a destination. The location of attractions in Canberra also makes wayfinding easier, especially for international visitors, and allows for better coordinated marketing efforts.

Engagement with the National Cultural Institutions and Federal Government agencies responsible for arts will be essential in ensuring that the Territory continues to develop, grow, deliver and promote Canberra not only as Australia’s political capital, but also as its cultural capital. TTF supports the ACT Government working closely with cultural institutions in cooperative marketing campaigns and events to drive increased visitation to Canberra.

#### RECOMMENDATION

---

- Increase funding for Visit Canberra by \$15 million per annum in real terms over the forward estimates
- Deliver funding over four years instead of the current year-on-year allocation
- Promote regional cooperation through the ‘CBR’ Canberra Brand initiative
- Promote the ACT as a major cultural and creative hub of Australia

---

<sup>6</sup> Deloitte (2014), *Positioning for prosperity? Catching the next wave*

## 2. Event Funding

Canberra's tourism industry, especially its accommodation sector, suffers from extreme seasonality of demand, contingent on the Federal Parliament sitting schedule. The Territory's calendar of annual events, such as Floriade, Enlighten and the major exhibitions at the national institutions, has successfully encouraged travel outside these periods and provided more consistent visitation and yield for tourism operators across the year.

Major events therefore play a critical role in the visitor economy. Not only do they drive demand, but events also give consumers a timeframe in which they must travel or miss out on the opportunity. Major events are also significant economic drivers. For example, Enlighten 2015 delivered the largest overall attendance figure for the event since its inception in 2011<sup>7</sup>. The event's total gross attendance was 287,874, which included attendances at ticketed events and crowd numbers in the outdoor entertainment precincts. This represented 120 per cent attendance growth on the previous year. In addition, Enlighten 2015 generated \$3.35 million direct visitor expenditure, an increase of 45 per cent on Enlighten 2014, as well as a \$3.72 million increase in GTP.

Events add value to the brand and profile of Canberra as a destination, contributing to its appeal in the leisure, cultural, business and education markets. The ACT has historically been very good at leveraging the value of tourism marketing and events. However, there exists an opportunity to develop an integrated event funding framework that provides greater support for event acquisition and development to build on the legacy of recent blockbuster events such as the Asian Cup and Cricket World Cup, as well as continue to grow the Territory's existing major events like Floriade, Enlighten, the Australian Running Festival, Canberra Balloon Spectacular, Summernats and the Truffle Festival.

Creating visitor demand from key international markets through tourism marketing and major events also has the added advantage of further supporting the business case to attract international aviation access. Annual events help to generate predictability of visitation during specific periods throughout the year. This certainty can assist in strengthening the visitation base to provide greater appeal for the development and extension of air services.

An integrated event funding model, in addition to increased investment in event acquisition, organisation and development, needs to be prioritised in recognition of its role in driving visitor demand to the Territory, and especially in light of the funding reductions in the 2015-16 ACT Budget. As with destination marketing funding, it is also important to allocate funding over an extended term, ideally the four-year forward estimates, to provide certainty for Territory Venues and Events as well as the industry, and assist in building event longevity.

---

<sup>7</sup> ACT Government (2015), Enlighten Event Report 2015



Building longevity into funding allocations will facilitate opportunities to further develop existing campaigns and events as well as acquire longer term initiatives and develop them into annual highlights on the Territory calendar. These have the potential to add to the vibrancy of Canberra and its visitor offering, in addition to contributing to the Territory's visitor economy. Again, the industry supports the creation of Canberra's own versions of signature events similar to the Melbourne Winter Masterpieces, VIVID Sydney, the Queensland Performing Arts Centre's International Series as well as sporting events.

The Special Event Fund, administered through Visit Canberra, has also been a very successful initiative, allowing Government to attract and promote major events, which create positive economic outcomes and contribute to the brand enhancement of the ACT. Major exhibitions at the national institutions are clear examples of the significant return on investment that can be made through cooperative support for iconic touring events.

To date, \$2.74 million has been approved as part of the Special Event Fund, supporting eight exhibitions, which have attracted in excess of 1.06 million attendees and delivered approximately \$225 million in economic return to the ACT. Due to the significant economic returns generated by the investment in this Fund, TTF supports the doubling of funding to further help attract major demand-driving events to the Territory. Failure to do so will affect the sustainability of the calendar of events and the overall quality and delivery of these activities.

#### RECOMMENDATION

---

- Increase funding for Territory Venues and Events by 10 per cent in real terms over the forward estimates
- Deliver funding over four years instead of the current year-on-year allocation
- Double funding allocated to the Special Event Fund initiative

### 3. Leverage business events

The impact of business events such as conferences, conventions, exhibitions and trade fairs mirror the impact of major events on the economy, providing consistent visitation to the Territory. Business events are also the nexus between the visitor economy and knowledge economy, providing broader benefits in terms of skills, innovation and ideas sharing. Business events attract high-yield domestic and international visitors who spend more and stay longer than the average traveller<sup>8</sup>, making the sector a lucrative economic development contributor.

The Canberra Convention Bureau plays an important role in strategically targeting business events markets, especially internationally. Attracting business events from these markets will increase consumer demand for direct international flights into Canberra, and help support the business case for attracting these flights.

---

<sup>8</sup> TTF analysis of Tourism Research Australia (2015) – International and National Visitor Survey, June 2015

While \$5.3 million was allocated over two years for the refurbishment of the Convention Centre in the 2015-16 Budget, the Government should continue to identify opportunities to further leverage the business events sector.

#### RECOMMENDATION

---

- Support the Canberra Convention Bureau in attracting strategic international markets and creating consumer demand for direct international flights

## Boost visitor economy investment

---

Private investment in tourism product, including accommodation, depends on public investment in soft and hard infrastructure to drive demand. Government assets and precincts that attract visitors to the Territory must be maintained, expanded and appropriately planned to further grow the visitor economy.

### 1. Support active visitor precincts

TTF commends the ACT Government on allocating \$10.1 million in funding to construct a waterfront precinct in West Basin – a central component of the City of the Lake project – which is scheduled to commence later this year. Given the significant benefits for the tourism industry, broader Territory economy and private sector confidence, it is important for the Government to continue planning and developing business cases for other key infrastructure that forms part of this project. TTF recommends that further funds are allocated to seek private investment for the City to the Lake project.

Linking the natural environment of Lake Burley Griffin, Commonwealth Park and Acton Park with the retail, sporting and cultural precincts of the city will make the experiences of these precincts easier to access and create a space where visitors will want to visit and linger. The City to the Lake project will help attract new visitors to Canberra, providing them with additional attractions, which will improve visitor spend and length of stay.

In the interim, existing facilities need to be maximised to ensure the brand the ACT has developed as a major sporting and business events destination is maintained.

As home of the Australian Institute of Sport and with the prerogative to continue hosting major sporting events, there is great potential to further develop Canberra's reputation as a sports tourism destination. The ACT's sporting stadia have a critical role in supporting large tourism events and TTF supports the concept of a new multi-use stadium located closer to the city. The Government is commended for also recognising the merit of this concept and allocating funding in the 2015-16 Budget towards feasibility and investigation of works for the development of a new Canberra Stadium. Not only will a new stadium ensure Canberra remains competitive in the face of developments in other jurisdictions, such as the new Perth Stadium and Geelong's Simonds Stadium upgrade, it will also garner strength to the Territory's reputation as a major sporting and events destination.

As mentioned above, the business events market is a critical component of the Territory's visitor economy. It provides high-yielding visitors who flatten out the seasonality of demand that surrounds the Federal Parliament's sitting calendar. New convention and exhibition facilities would greatly assist in attracting interstate and international business events. Other states and territories are heavily investing in business events infrastructure and to remain competitive, the ACT needs to as well. The Government should therefore consider allocating the \$8 million provision in the 2015-16 Budget to bring the Australia Forum project to procurement stage as part of the 2016-17 Budget.

#### RECOMMENDATION

---

- Allocate funding to progress planning and business case development for the delivery of key infrastructure as part of the City to the Lake project
- Maximise use of existing facilities to ensure ACT's reputation as a major sporting and business event destination is maintained

## 2. Attract key accommodation investment

While the Territory currently has a good supply of visitor accommodation rooms, there is an imperative to ensure that an adequate supply pipeline is being developed and progressed to keep ahead of future increases in visitation. The work of Invest Canberra is important in facilitating this pipeline as well as working with Austrade to identify and promote a broader range of tourism investment opportunities in the Territory. As part of these efforts, it is vital to consider the types of investment that will meet visitor demand. For example, there is an opportunity to develop different classes of visitor accommodation in the Territory, including budget accommodation and nature-based accommodation, such as eco-lodges. Not only will such developments provide greater diversity in the visitor accommodation offering, they also have the potential to become a new visitor attraction in their own right, as in the case of the eco-lodges.

#### RECOMMENDATION

---

- Maintain funding in real terms for Invest Canberra and work with Austrade to attract key accommodation investment in the Territory

### 3. Enhance nature-based experiences

Australia is renowned for its natural beauty and nature-based attractions and experiences are a significant drawcard for both domestic and international visitors. Indeed, a study by Tourism Australia found consumers from some of Australia's key inbound markets viewed Australia's world-class beauty and natural environment as the third most important factor in selecting a holiday destination, behind only safety and value for money<sup>9</sup>.

In 2014, Australia hosted 37.8 million visitors who participated in nature-based activities including visiting national parks, botanical gardens and wildlife parks<sup>10</sup>. This included one in five domestic overnight travellers, one in ten day trippers, and two-thirds of international visitors – making nature-based tourism particularly important for Australia's tourism exports.

These visitors tend to generate higher yield and stay longer – international nature-based visitors, for example, spend 15 per cent more and stay 20 per cent longer than the average international visitor<sup>11</sup>. Beyond this, tourism also contributes to broader environmental and social outcomes, providing funding sources and points of engagement for the region's natural and indigenous heritage. In particular it supports economic development and natural and cultural preservation opportunities.

The Territory is well positioned to take advantage of this through its own natural attractions in the likes of Mount Ainslie, local vineyards and Lake Burley Griffin, and its proximity to other natural regional attractions such as Lake George and the Southern Highlands. The Territory should proactively identify natural attractions that it is able to capitalise on for the benefit of the visitor economy. Capitalising on the potential of nature-based tourism requires a supportive legislative framework and strategic investment in protected areas through infrastructure development and marketing promotion.

The recently released Australian National Botanic Gardens Master Plan 2015 – 2035 includes a concept to develop a Bushland Precinct walking trail linking the Australian National Botanic Gardens with the National Arboretum via a walking track along Black Mountain Nature Reserve. The walking trail would take approximately 40 minutes and include vistas of Lake Burley Griffin. Investment would be required to form and stabilise the track, construct steps and small bridges, and erect wayfinding signage. The project would form stage 1 of the Master Plan implementation, with completion expected by 2020 to coincide with the 50<sup>th</sup> Anniversary of the Gardens.

---

<sup>9</sup> Tourism Australia (2013) – *Consumer Demand Project*

<sup>10</sup> TTF analysis of Tourism Research Australia (2015) – *International and National Visitor Surveys*.

<sup>11</sup> Ibid

It is estimated that a total investment of \$285,000 would be required for the project, jointly funded by the Commonwealth through the Australian National Botanic Gardens and the ACT Government. The Australian National Botanic Gardens has already allocated funding for their section of the walking trail, and industry is encouraging the ACT Government to allocate their funding component in the 2016-17 Budget. The walking trail will be supported by supplementary visitor infrastructure developed as part of stage 2 and 3 of the Master Plan over the next 20 years.

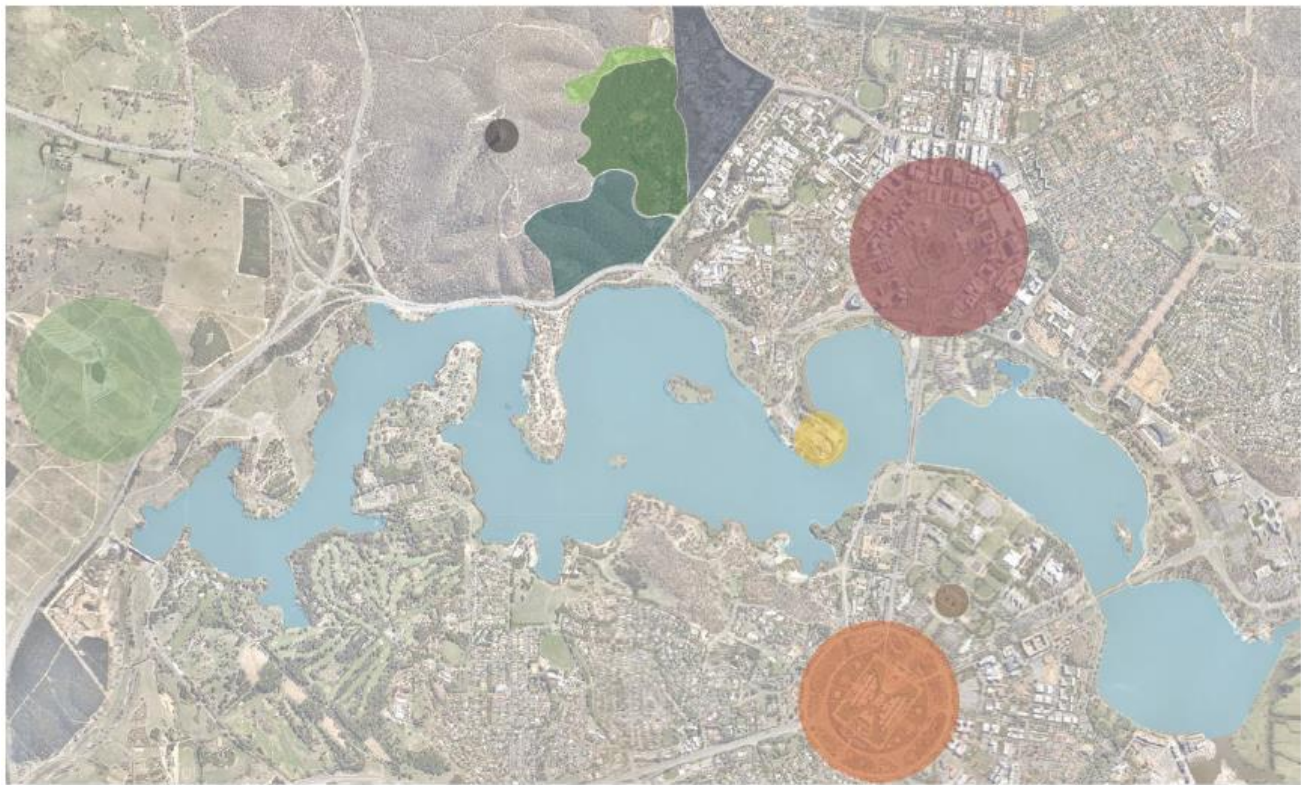


FIGURE 1

- Australian National Botanic Gardens
- Australian National Botanic Gardens North Annex
- Australian National Botanic Gardens Bushland Precinct
- CSIRO Black Mountain
- Canberra CBD
- National Museum of Australia
- Old Parliament House
- Capital Hill/Parliament House
- National Arboretum
- Black Mountain Tower
- Lake Burley Griffin



There is also an opportunity for the Territory to undertake cooperative marketing funding with the Australian National Botanic Gardens to promote visitation of a nature-based precinct linking a number of natural attractions shown in Figure 1. The precinct would encompass the Australian National Botanic Gardens, Black Mountain Nature Reserve, National Arboretum, parkland alongside Lake Burley Griffin and the National Zoo. This nature-based visitor experience would enable the Territory to capitalise existing assets, while adding depth and vibrancy to Canberra's visitor offering and attracting more higher-yielding nature visitors.

#### RECOMMENDATION

---

- Allocate funding to support the construction of a nature walking trail between the Australian National Botanic Gardens and National Arboretum
- Promote the nature-based precinct of the Australian National Botanic Gardens, Arboretum and Black Mountain Nature Reserve as a visitor experience

# Improve the visitor experience

---

The Australian Capital Territory continues to face increasing domestic and international competition for share of the visitor market. The visitor travel experience is of critical importance in ensuring visitor satisfaction and encouraging repeat visitation.

## 1. Attract domestic and international air services

Canberra has a world-class airport yet remains one of a handful of Australian capital cities not to have access to international air services. Being Australia's capital city, this shortcoming needs to be rectified. Feasibility studies by the airport, the ACT Government and external consultants have concluded that the Canberra Region, which captures surrounding parts of NSW, would provide a good passenger base to underpin international services. Although these services to Canberra would be limited, TTF believes direct services to shorter-haul international destinations offer the greatest potential to boost visitation to Canberra in the short-term.

Canberra Airport's new terminal and sterile baggage facilities satisfy the physical infrastructure requirements of international airports set out by border agencies. However, a border agency staffing levy imposed by the Federal Government creates an additional barrier to the ACT receiving international services.

At airports not currently designated as international, border agencies charge the airport operator for their presence. This can add around \$15 to each ticket once passed on to passengers. This further adds to the burden Canberra Airport would face in developing a new international route. This is in direct contrast to the aims of the airline attraction fund and runs contrary to what airlines expect from airports in terms of reduced landing fees during route development periods.

There is an opportunity for the Federal Government to trial a lightweight border processing model at Canberra Airport for international services. The ACT Government should actively advocate for Federal Government commitment to this trial. This would leverage technological advances in risk assessment and passenger profiling to deliver a secure border with fewer personnel. Such a model would facilitate the reduction in costs and increase the viability of new services.

Canberra Airport, with close proximity to national headquarters of the agencies, could serve as an excellent pilot site for mobile cross-trained border agency teams. This initiative could be undertaken with a country that has a very low biosecurity and immigration risk, and already has a deep collaboration with Australia's border agencies.

A very small team of cross-trained officers equipped with mobile devices could be deployed to process both outbound and inbound passengers from any new service at far lower cost than previous international flights.

Similar to Sunshine Coast Council's underwriting of Maroochydore Airport to partially offset its border agency staffing levy, there is scope for the ACT Government to fund a study into the lightweight integrated border agency clearance model and its pilot in Canberra. TTF will continue to advocate for the removal of the extra levy as it applies to regional airports wishing to trial international services, but there may be a requirement for the ACT Government to fund the staffing levy until Federal legislation is changed.

The ACT Government has demonstrated its committed to the attraction of new international carriers and extension of services from domestic carriers by the additional \$1.6 million over two years committed to the Cooperative Airline Stimulus Fund in the 2015-16 Budget. The Fund supports international and domestic cooperative marketing campaigns that stimulate demand and further grow visitation. TTF supports the maintenance of this Fund to continue airline attraction efforts both domestically and internationally for the benefit of the Territory's visitor, and broader, economies.

#### RECOMMENDATION

---

- Maintain funding for the ACT's international marketing campaign to support growth in visitation from key international markets and new direct international flights into Canberra
- Work with domestic carriers to increase aviation capacity and access at Canberra Airport
- Advocate for the pilot phase of a lightweight, integrated border agency clearance model at Canberra Airport

## 2. Improve public transport services

Transport plays a crucial role in the visitor economy. A transport system that is legible, affordable and easy to use will contribute significantly to the overall experience of a visitor travelling to, and within, Canberra and the ACT. Conversely, a poor transport experience can negatively impact on a visitor's perception of a destination, their recollection of the destination to others as well as their likelihood of repeat visitation. The world's great transport networks are well known because of their positive impact on visitors and are all selling points in their own right.

Canberra is Australia's most car-dependent capital city. Until recent years, most residential growth has occurred at the fringe of the metropolitan area with the establishment of low density suburbs, thus increasing reliance on cars. While this model was viable previously, Canberra's road infrastructure is now showing its limits.

By 2030, about 200 kilometres of Canberra's road network will reach saturation levels, which will lead to greater congestion costs reaching \$200 million by 2020. As the city grows to over 600,000 by 2050, traffic congestion will worsen, inhibiting productivity and affecting the city's amenity and liveability.

While transport authorities understandably focus on the needs of domestic commuters, the visitor must also be a core part of their considerations and operation. In many jurisdictions, transport operators can do better and learn from world's-best practice. TTF therefore believes that State and Territory Governments should develop specific tourism and transport policies that outline mechanisms to improve the holistic transport experience of visitors. This includes public transport networks, air transport networks and road networks, including parking.

Such policies should consider the customer experience through the lens of international, interstate and intrastate visitors who may face baggage constraints, language barriers and have no familiarity with a particular transport system. It should also consider the travel patterns and preferences of visitors in transport planning and promotion, including time, cost, efficiency and convenience considerations. As the ACT continues to look to attract visitors from the burgeoning Asian middle classes as well as encourage visitation from domestic hubs such as Sydney and Melbourne, the need to create and promote a transport system that is accessible, legible and intuitive for both visitors and locals will increase in importance.

As detailed in TTF's paper *Public Transport, Private Operators*, there is a strong weight of evidence, both domestically and internationally, to demonstrate that franchising public transport services can bring significant benefits to the customer and the taxpayer. ACTION Buses Canberra operates Canberra's public bus service, one of the last wholly Government-run bus networks in Australia.

Relative to Government-run public transport services, the private sector has stronger incentives to use infrastructure more efficiently, deliver better operational performance, and improve the customer experience. Private operators are able to deliver these benefits because they can leverage significant, often global, experience from involvement with multiple public transport networks, and they are better equipped to attract and retain high quality staff. This can be reinforced by financial incentives to realise efficiencies and deliver high levels of customer satisfaction. In contrast, public operators in monopoly markets tend to lack strong incentives to improve services for customers and increase efficiency.

The introduction of competitive tendering for Canberra's bus network is likely to improve the quality of service and lower the operational costs for Government and taxpayers. Consequently, TTF believes the ACT Government should explore opportunities to franchise the operation of ACTION Buses.

Public transport has a prime role in reducing congestion costs and improving accessibility across the urban area. Capital Metro 1, the first stage of Canberra's light rail network, is set to become the backbone of the public transport network. Integrated with a re-designed and enhanced bus network, light rail will be a catalyst for change in mobility and urban development. The increased capacity of the transport network will enable greater urban densities along the selected corridor and reduce the car dependence of Canberra's fast growing northern suburbs.

TTF supports the construction of Capital Metro stage 1, from the city to Gungahlin. While the ACT Government should be commended for funding the detailed design, procurement and contract management of the construction of the first stage of light rail in its 2015-16 Budget, it is important to ensure the Government continues to expedite the project through to completion. TTF also encourages the ACT Government to pursue the planning of the broader light rail network via the development of the Canberra Light Rail Master Plan. TTF supports the light rail project occurring in partnership with the private sector, which will bring potential national and international expertise to the delivery of the service.

#### RECOMMENDATION

---

- Develop a specific whole-of-Government tourism and transport policy that outlines a holistic approach to total transport options to, and within, the ACT
- Consider options for franchising ACTION buses to improve the customer experience and reduce costs
- Build stage 1 of Capital Metro in partnership with the private sector
- Continue planning for further light rail network extensions to connect key visitor economy assets

### 3. Rental car regulation

The rental vehicle industry abides by eight different State and Territory regulatory and tax regimes – with only one State recognising rental vehicles within their own regulatory framework. Regulatory guidance and legislative instruments have been created without a clear national policy objective and lack the simplicity and flexibility required for a healthy operating environment. For operators, this has stymied industry growth, hindered product innovation, reduced the efficiency of the workforce, made it difficult to determine the compliance task, created a significant administrative burden, and led to cost inefficiencies. For regulatory agencies, it has fashioned a significant knowledge gap, limited national data on the size, value and economic contribution of the industry, and created cost inefficiencies.

TTF calls for regulatory and tax reform to ensure the industry has a streamlined national framework that allows it to invest in the innovation required to drive the sector forward. To this aim, TTF encourages the Territory Government to work with the Federal Government in development of this national framework.

#### RECOMMENDATION

---

- Engage the Federal Government to harmonise State and Territory taxes and regulation for the rental vehicle sector

## 4. The visitor retail experience

Australia's retail offering is a key attraction for international visitors, particularly those from the growing Asian visitor markets. It is also a key part of achieving the yield targets associated with growing overnight visitor expenditure. To increase competitiveness in this area, Australia needs to reform its Tourist Refund Scheme (TRS). The TRS is the program under which departing travellers can claim back either the Goods and Services Tax (GST) or the Wine Equalisation Tax (WET) on purchases.

The current system, administered by the Australian Customs and Border Protection Service, can be cumbersome and time consuming. This provides a negative impression of Australia to travellers as they depart, making them less likely to recommend Australia to their friends and also less likely for them to return.

There has been significant reform to the TRS process in recent years, notably with the introduction of online claim forms and through a revision of the rules around multiple purchases and the minimum claim amount.

TTF believes that opening up the TRS to a private provider would deliver benefits to Australian tourism, including promotion of Australia as a shopping destination in key source markets and an improved visitor experience leading to increased visitor spending. This is the model adopted very successfully by other destinations in the Asia Pacific region, such as Singapore, and used in more than 40 countries worldwide.

The administrative costs of Australia's TRS are currently funded by State and Territory taxpayers under the GST agreement. In other countries, the scheme operates on a user-pays basis. TTF recommends the ACT Government continue to support and advocate for the privatisation of the TRS. This will deliver benefits to visitors, retailers, duty-free operators and the broader ACT visitor economy.

#### RECOMMENDATION

---

- Support reform of Australia's Tourist Refund Scheme





PO BOX R1804  
ROYAL EXCHANGE NSW 1225

T +61 2 9240 2000  
F +61 2 9240 2020  
[contact@tff.org.au](mailto:contact@tff.org.au)

[www.tff.org.au](http://www.tff.org.au)

**TTF**   
**A U S T R A L I A**  
**Tourism & Transport Forum**