

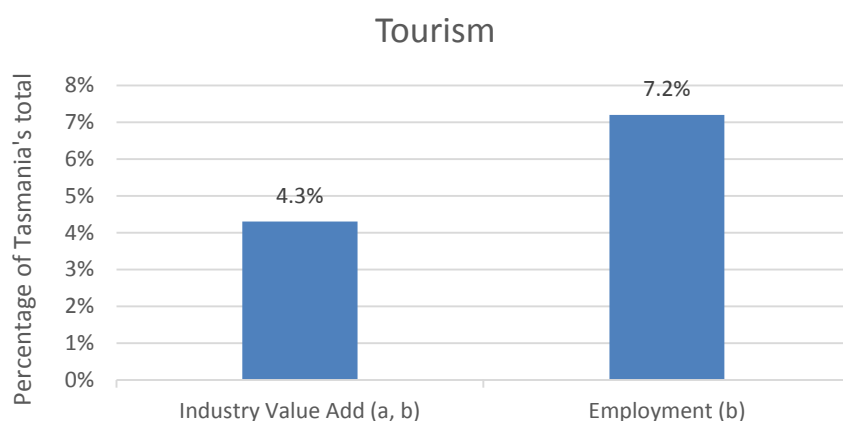


Tourism

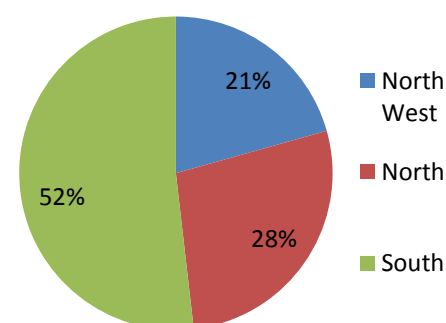
The trade and investment sectors contained in the sector summary series have been compiled from Australian and New Zealand Standard Industry Classification (ANZSIC) classes using a value chain approach. This simply means that industry classes from ANZSIC have been grouped together to provide estimates of the size of the particular trade and investment sectors.

Coverage: The Australian Bureau of Statistics has developed a 'tourism satellite account' for tourism, as it is not defined as a sector under ANZSIC. Several industry sectors have been combined to provide estimates of the tourism industry, including accommodation, food services, air transport, heritage activities and creative and performing arts activities.

Key indicators



Regional employment



Key statistics at a glance

Indicator	Units	Period	Data	Change from five years ago	Per cent of Tasmania	Per cent of Australia
Industry value add ^(a, b)	\$M	2012-13	\$1 050	NA	4.3%	NA
Direct Employment ^(b)	No.	2012-13	17 000	NA	7.2%	NA
Visitor expenditure ^(c)	\$Billion	2013	\$1.6	NA	NA	NA
Incomes (average weekly) ^(d)	\$	2011	\$624.5	18.5%	70.8%	78.9%
Education ^(e)	No.	2011	4 539	NA	42.3%	56.1%
Employment type ^(f)	Type	2011	Part-time	NA	54.4%	49.5%

(a) Industry value add (IVA) reported here is the direct effect. IVA is a component of Gross State Product and measures the total value of goods and services produced by the sector, less the value of inputs.

(b) Tourism Satellite Accounts 2012-13, Tourism Research Australia (March 2014) reported in *Tourism Tasmania's Fast Facts*.

(c) *Tasmanian Visitor Survey*, Tourism Tasmania

(d) 2011 ABS Census. This includes employment and non-employment related income (e.g. rents, dividends, interest, child support and government pensions and allowances). A percentage above 100 per cent of average weekly income suggests workers in this industry earn higher than the average wage.

(e) 2011 ABS Census. Education measured by the number of employees who have completed Year 12 (or equivalent studies). Per cent of Tasmania/Australia shows the proportion of workers in this sector who have attained this level of education.

(f) 2011 ABS Census. Per cent of Tasmania/Australia shows the proportion of workers employed in this manner.

Summary of sector

Tourism is a significant contributor to the state's economy through business income, employment, infrastructure investment, and community engagement.

The initial experience many have of Tasmania is through their interaction with tourism, either first hand or through public and private sector marketing communications. These interactions frequently result in an increased propensity to purchase Tasmanian goods and services, additional investment in new and existing infrastructure, the establishment of new businesses, and migration to the state. In short, tourism provides a lens through which those outside Tasmania form their perception of the state and its attributes.

Tourism also delivers significant benefits through the conservation of natural and cultural assets, economic diversification, improvements in retail and restaurant and entertainment facilities, and enhanced transportation services.

Tasmania's tourism brand aligns closely with the state's pristine land and sea environment, rich cultural heritage and world-class food and wine offerings. Thus, Tasmania's brand identity, the key components of which are cited consistently by our visitors through both research and direct visitor feedback, provides a platform for widespread economic benefit.

The Tasmanian community is increasingly dependent on the economic contribution of the tourism industry. In fact, over the past decade expenditure by visitors to Tasmania increased by 60 per cent to around \$1.6 billion (year ending December 2013), and two of Tasmania's regions are ranked in the top ten Australian regions highly dependent on tourism.

When combining direct and indirect effects, tourism in Tasmania is estimated to have contributed \$2.4 billion or 9.8 per cent to the Gross State Product (GSP) during 2012-13, and this relative contribution to GSP is the highest in the country (State Tourism Satellite Accounts 2012-13). The sector is estimated to have directly provided employment for 17 000 people during 2012-13, representing 7.2 per cent of Tasmania's total employment. When combined with a further 33 000 indirect jobs, the sector supports approximately 40 000 jobs, or about 17.4 per cent of total Tasmanian employment, the highest proportion in the country.

The sector is currently performing strongly, as illustrated by a record high of just over 1 million (1 033 600) total visitors to the state for the year ending December 2013, up 14 percent from the previous year (Tasmanian Visitor Survey).

Importantly, the proportion of visitors holidaying in the state increased by 21 per cent for the same period, with commensurate holiday nights increasing by 15 per cent and holiday expenditure by 24 per cent. The majority of this significant growth in holiday visitation can be attributed to a 19 per cent increase in domestic holiday visitors to December 2013, and despite international visitation to Australia broadly being in something of a transition, with arrivals from Asian markets increasing as traditional European markets decline, international holiday visitation to Tasmania increased by 14 per cent against an increase of six per cent to Australia generally for the same period.

Despite changed global market forces and travel patterns which resulted in softer holiday demand and a weakening outlook for the sector across Australia, particularly given that historically-popular holiday destinations such as the United Kingdom, Europe, the USA and the Oceania region have not been able to regain their pre-GFC share of global travel, the future can be positively viewed from the perspective of the Asia region, with Malaysia, Hong Kong, China and Singapore visitor arrivals and expenditure in Australia growing strongly. This shift in demand illustrates a broader, longer-term trend as Australia is pulled into the Asian sphere of influence, where strong political and economic ties have become increasingly important.

In this respect, Tasmania has been more resilient than most competitor Australian destinations, with both arrivals and expenditure from key Asian markets growing faster for Tasmania than the rest of the country, at the same time as growth in Tasmania's domestic markets is also outstripping the national average.

Less well-recognised is the role of the Hospitality sector. As the state's third-largest employing industry and a key supplier to the tourism sector, it is fundamentally important to the industry, and ultimately to Tasmania's liveability. In itself, the hospitality industry represents 20 000 employees, 2 000 businesses and around three per cent of GSP. Into the future, the sector will increasingly play a key role in showcasing Tasmanian brand attributes in relation to produce, food and drink, ensuring both visitors and locals alike (Tasmanians consume more than 70 per cent of hospitality services) contribute the long-term sustainability of the tourism sector.

Finally, Tasmania's reputation as a visitor destination has been greatly enhanced by the introduction of tourism products like MONA, Saffire Freycinet, Barnbougle Lost Farm and the Three Capes Track (under development). Since 2012, Tasmania has enjoyed heightened recognition and profile as a world-class tourism destination through the numerous national and global tourism awards and accolades the industry received.

Constraints and opportunities

Constraints/risks

- A strong Australian dollar and cheaper outbound fares over the past five years have resulted in many more Australians choosing to holiday overseas, and has diminished the attractiveness of all Australian destinations for both domestic and overseas visitors.
- Changing travel patterns, such as a tendency towards short city-based breaks, has created challenges for Tasmania's tourism regions, thus limiting capital expenditure and infrastructure upgrades, particularly for existing hotel inventory in those areas.
- As an island destination, access issues, including cost and availability in peak times, will continue to inhibit growth in visitor numbers against mainland competitor destinations.
- Accommodation development in certain regional areas has not matched visitor growth over the past 10 years, and Hobart continues to experience year-round pressure on availability.
- Access to funding for upgrades to public infrastructure such as water, sewerage and roads, along with planning regulations and other impediments that may potentially limit access to high-value nature and conservation areas, restrain tourism development in locations more likely to be attractive to Tasmania's key target markets.
- The sector consistently finds it difficult to attract and retain appropriately-skilled staff, particularly in regional areas. This challenge is exacerbated by the rising cost of labour and issues arising from a lack of succession planning.

- A significant proportion of Tasmanian tourism operators lack an effective online presence, limiting conversion and the ability to leverage social media opportunities.
- Low profitability in the face of rising input costs in the hospitality industry is a significant challenge.
- The key challenges facing the hospitality industry include: a lack of profile and recognition, a perception that the industry does not offer a career path, recruitment and retention of staff, skills and training, low profit margins, providing a consistently-exceptional hospitality service and the cost of compliance.
- Tourism and hospitality are labour-intensive industries that compete with other sectors for staff. Access to skilled labour, including cooks, chefs, food and beverage attendants, and gaming supervisors, is an even greater challenge in areas facing population decline. As populations decrease due to a range of factors, businesses struggle to attract the volume of customers required to make their businesses profitable.
- Access to local produce is vital for the hospitality industry to operate effectively and a suitable balance between supplying local businesses and the export market needs to be identified. With Tasmania increasingly being recognised as a gourmet produce destination, hospitality businesses require opportunities to access this produce.

Opportunities

- Developing year-round sustainability by leveraging Tasmania's brand identity to increase awareness of Tasmania's offerings over the winter and shoulder seasons, particularly in relation to festivals and events.
- Diversifying the economic value of tourism by supporting regional marketing initiatives and a regional tourism model that differentiates the regions and provides visitors with compelling reasons to visit.
- Building on opportunities derived through Tourism Australia's 'experience seeker' focus and leveraging life-long learners in key target markets through the delivery of engaging communications, before, during and after travel, as well as appropriate experiences on the ground.
- Continuing to up-skill the industry in terms of the online environment and emerging markets such as China.
- Promoting Tasmania's five UNESCO sites and focussing attention on Tasmania as the custodian of approximately 40 per cent of Australia's built heritage.
- Working with domestic and international travel distributors and other marketing partners to promote the destination.
- A key opportunity for the Tasmanian hospitality industry is to satisfy visitor expectations by ensuring access to Tasmanian gourmet produce.
- Securing approvals and appropriate regulation pathways for tourism activity in natural and conservation areas, and supporting the creation of tourism infrastructure developments in these areas.
- Facilitating quality assurance and excellence in business practice, through tourism accreditation and an effective interface between vocational education and training structures and industry.
- Providing industry with research and insights that encourage the type of investment in the sector that is required to meet demand and the future needs of our identified key target markets and consumers.

Joint industry and government strategy

'Tourism 21', the joint Tasmanian Government and tourism industry strategic business plan, uses a variety of research sources to examine trends in the tourism sector likely to affect the sector's national position and Tasmania's own performance, and applies a contemporary approach to forecasting, with an assessment of the potential to improve the state's tourism performance through its own efforts and actions.

The goal in the updated (2013) Tourism 21 Joint Strategic Business Plan¹ no longer includes measurements around Tasmanians' travel spending, but instead focusses purely on interstate and international visitors to Tasmania.

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. Therefore, 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 rate of 4.2 per cent each year and deliver a combined 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 visitors, but to consistently deliver high-quality and uniquely-Tasmanian experiences, ensuring visitors are inspired to share them with others and return to Tasmania in the future.

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

¹ Tourism 21 Strategic Business Plan Update, August 2013