

VICTORIA'S 2020 TOURISM STRATEGY

July 2013



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Premier's Foreword



Victoria is recognised for its diverse multicultural heritage, unique and world renowned sporting events, scenic beauty and cosmopolitan lifestyle.

The tourism industry in Victoria has thrived in recent years, delivering major economic benefits for the State. We are committed to grow the industry and increase visitors from across Australia and internationally. Victoria provides world class experiences to local and international holiday makers, international students and business travellers.

Our multicultural lifestyle, diversity of attractions and a reputation for providing high quality cultural and sporting experiences are Victoria's strengths. We are able to showcase the best of a sophisticated urban lifestyle, as well as a range of regional experiences.

Victoria's 2020 Tourism Strategy provides a new vision, setting out long term priorities and to guide marketing and investment decisions. We are committed to working with industry stakeholders, Regional Tourism Boards, all levels of Government and tourism operators to grow the industry and address its challenges.

I look forward to working with all parts of the industry to develop and preserve our tourism assets for the benefit of Victorians and our domestic and international visitors.

A handwritten signature in black ink that reads "Denis Napthine". The signature is written in a cursive, flowing style.

The Hon Dr Denis Napthine MP
Premier of Victoria

Minister's Foreword



Victoria boasts an enviable collection of tourism, major event and business event experiences that attracts a significant number of domestic and international visitors to the State, and with a changing economic environment, increases in importance every year.

The tourism industry continues to be an important economic driver for Victoria. In 2011-12, tourism was estimated to be worth \$19.1 billion to the economy and generated employment of more than 200,000 people (including both direct and indirect impacts).

Consistent with the long term national tourism strategy that aimed to grow tourism from \$70 billion in 2009 to \$140 billion in 2020 in Australia, our aim is to grow overnight tourism expenditure to \$24.7 billion by 2020. This represents an annual growth of 6.6 per cent from 2009 to 2020.

Victoria's 2020 Tourism Strategy provides a clear vision about how the tourism industry can increase its economic and social contribution to the State.

Through seven priority areas, *Victoria's 2020 Tourism Strategy* outlines how Tourism Victoria, working with key stakeholders, will implement identified actions to realise the potential in the tourism industry.

The major directions identified in the Strategy are: increasing our focus on growth markets, such as China, India, Malaysia and Indonesia; building stronger collaboration between the Victorian Government and regions to ensure growth in visitation; increasing the tourism benefits of major and business events; and identifying and realising key tourism investments.

During the development of this Strategy there was consultation with a number of government agencies and industry that will be involved in implementing the actions to advance the growth of the tourism industry in Victoria.

I am delighted to present *Victoria's 2020 Tourism Strategy* and I look forward to working with the industry to implement the actions identified.

A stylized, handwritten signature in black ink, consisting of a large, flowing 'L' and 'A'.

The Hon Louise Asher MP
Minister for Tourism and Major Events

Introduction

Victoria's 2020 Tourism Strategy (the Strategy) is a whole-of-government document providing a clear vision for how the tourism industry can increase its economic and social contributions to the State. This vision is for:

- > Victoria to be a leading tourism destination in the Asia Pacific region;
- > tourism to be a leading contributor to the Victorian economy; and
- > Victoria to provide a range of experiences and an environment that supports the aspirations and culture of strong growth economies such as China, India and Indonesia.

To achieve this vision, the Strategy provides:

- > a long term framework that takes into account current and emerging trends;
- > a blueprint for actions to be included in medium and short term plans undertaken by Tourism Victoria;
- > clear direction to industry and other stakeholders about Victorian Government priorities; and
- > a whole-of-government approach to tourism.

This Strategy aims to realise the potential in the tourism industry, whilst acknowledging the trends and issues that are now a part of business, such as the increased number of crisis events, including floods, fires and insect plagues. Success depends upon action on both the supply and demand sides of the tourism equation.

Opportunities exist in inbound (international tourism) and domestic tourism markets, within the business events, visiting friends and relatives (VFR), and holiday market segments. There will be an emphasis on realising the potential of fast growing markets, particularly in Asia, which are experiencing substantial economic growth and a burgeoning middle class. Further, a major opportunity is the development of regional tourism and dispersal of visitors to regional Victoria.

The realisation of the actions outlined in this Strategy are dependent upon the involvement of a number of stakeholders, including State Government agencies, Federal and Local Government, peak industry bodies and the tourism industry's.

Consistent with the long term national tourism strategy, Victoria's aim is to grow overnight tourism expenditure to \$24.7 billion by 2020.

Reaching this goal would have a significant impact on the Victorian economy. By 2020-21 it is estimated that tourism will contribute approximately \$34 billion to Victoria's Gross State Product (both direct and indirect impacts) and generate an estimated 310,000 (direct and indirect) jobs.¹

While ambitious, realising the directions of the Strategy will contribute to achieving the potential of the tourism sector.

¹ Source: Modelling undertaken for Tourism Victoria by Deloitte Access Economics, 2012

Achieving our vision

The Victorian Government is committed to the sustainable growth of the tourism industry sector. The success of this Strategy is underpinned by:

- > increasing our focus on growth markets such as China in the short to medium term and India, Malaysia and Indonesia in the medium to long term;
- > building stronger collaboration between the Victorian Government and the regions to ensure State wide priorities are met, whilst actively supporting the regional tourism industry to address local issues;
- > increasing the tourism benefits of major and business events; and
- > identifying and realising key tourism investments.

To achieve the above, the Strategy identifies the following seven priority areas, each with aligned actions:

- 1 Digital Excellence
- 2 International Marketing
- 3 Domestic Marketing
- 4 Major and Business Events
- 5 Air Services Attraction
- 6 Investment Attraction and Infrastructure Development
- 7 Skills and Workforce Development

Actions have been separated into three categories: short to medium term (1-3 years), long term (4-7 years) and ongoing.

As regional tourism is relevant to all priority areas in this document, key actions relating to regions have been incorporated throughout the Strategy.

Challenge of Regional Tourism

Ensuring the benefits of tourism are spread across the State is a fundamental goal of the Victorian Government and an overarching priority in the Strategy.

Consistent with regional Australia, Victoria's regional tourism industry faces a number of ongoing challenges, including: low international visitor dispersal; low awareness of regional experiences in the domestic visitor market; a growing preference for international travel; a lack of investment in regional areas; and the distance and travel time from the city to a regional destination. The increase in the availability of low cost airfares and strong Australian dollar has also impacted upon regional tourism.

Visitation to regional Victoria has been relatively stagnant. For example, during the period 2000 to 2012, domestic overnight visitors to regional Victoria declined at a rate of 0.5 per cent per annum. Distant regions, located more than 2.5 hours from Melbourne, have experienced sharper declines in visitation than regions surrounding Melbourne.

The Victorian Government is aware of the challenges faced by regions and is committed to working with the regional tourism sector and Regional Tourism Boards to address local issues impacting on tourism.

Importance of tourism to the State

Defining tourism

The Victorian Competition and Efficiency Commission's (VCEC) inquiry into Victoria's Tourism Industry defines tourism as:

"...the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited".

Tourism is made up of a number of important segments including domestic and international tourism, major and business events, visiting friends and relatives (VFR) and non-leisure, such as international education. Victoria's strength in this industry is that it is not dependent on one or two of these segments.

In Victoria, events play a major role in its tourism offering, both in Melbourne and increasingly in the State's regions; for example, the Grace Kelly Style Icon Exhibition in Bendigo, the Australian Motorcycle Grand Prix on Phillip Island, and the Falls Festival in Lorne.

Economic impact of tourism

Historically, tourism has rarely been seen as an industry in the same way as traditional sectors, such as manufacturing. However, tourism is an important economic driver for Victoria.

In 2011-12, the direct and indirect contribution of the tourism industry to the Victorian economy was estimated at \$19.1 billion and generated employment of more than 200,000 people. The total contribution of tourism accounted for approximately 5.8 per cent of Victoria's Gross State Product.²

Tourism jobs are distributed across a number of Victorian industries. Cafés, restaurants and takeaway food services (27 per cent) accounted for the largest share of direct tourism employment, followed by retail trade (19 per cent) and accommodation (13 per cent).

If we achieve our vision of total overnight spend of \$24.7 billion by 2020, the tourism industry will have a significant impact on the Victorian economy. By 2020-21, it is estimated that tourism will contribute approximately \$34 billion to Victoria's Gross State Product (both direct and indirect impacts) and generate an estimated 310,000 (direct and indirect) jobs.³

Growth of a services economy

The strength of the Australian dollar has had a significant impact on sectors such as tourism, housing, manufacturing and retail within the State.

Over the medium to long term, the services sector still presents the greatest opportunity for growth. Tourism remains a key sector in realising this growth opportunity.

There are also flow on effects to the international education market, including the VFR market. In 2012, 31 per cent of all international visitors to Australia who listed VFR as their main purpose of visit, stayed overnight in Victoria.

² Source: 2011-12 State Tourism Satellite Account by Tourism Research Australia, release in July 2013

³ Source: Estimates based on modelling undertaken for Tourism Victoria by Deloitte Access Economics

Future influences

A number of important trends have been taken into account in developing the Strategy and to determine appropriate actions across all priority areas.

These are summarised in the tables below:

Trend/Issue	Current situation	Future (likely) scenario	Commentary
Global financial environment	A volatile economic environment and the high Australian dollar has had an impact on travel as reflected by: > Australians increasing their savings and reducing discretionary spending. > Australians displaying an increased propensity to travel overseas.	There is likely to be continued economic uncertainty in traditional markets such as Europe and North America. Although the Eastern markets provide opportunity, their future growth for Victoria will be subject to increased competition and the maturing of these markets.	The composition of Victoria's key international source markets is forecast to change in the medium to long term. In light of this forecast, Tourism Victoria will manage a balanced portfolio of international markets, which will increase focus on key emerging Eastern markets, whilst maintaining a presence in the traditional markets. Although predicted visitation/yield growth largely originates from Eastern markets, such as China and India, it is imperative to continue to maintain activities in traditional Western markets, as they are more inclined to contribute to regional dispersal in the short to medium term.
Increased number of crisis events	It is becoming increasingly common for the tourism sector to be adversely affected by natural disasters such as: > bushfires > floods > drought > blue green algae outbreaks > locust plagues Traditionally an initial severe decline in visitation levels occurs as a result of a natural disaster. However, this recovers over the medium to long term.	By definition, crisis events are difficult to predict. As there is an increasing frequency of crises worldwide, it is likely that crisis events will continue to be a factor which impacts the tourism industry.	There will be an increasing need for the industry to consider crises as a normal part of business. This will need to be factored into their business model, with a strong focus on preparedness and adaptation. Due to the vulnerability of the tourism sector to the impacts of natural and man-made disasters and events, there is a crucial need to build capacity in the tourism industry to better prepare and respond to such events.

Consumer trend	Current situation	Future (likely) scenario	Commentary
What experiences will the consumer want/or demand? (International travel)	As international travel becomes more accessible, travellers are increasingly seeking unique and authentic experiences. Overseas destinations continue to outperform domestic holidays on both a rational and emotional basis (<i>TNS Travel & Leisure Domesticate Study 2010</i>).	As international travel becomes more prevalent, consumers will increasingly desire different and unique experiences.	There will be a focus on developing and promoting unique experiences on offer in Victoria, to both the international and domestic markets.

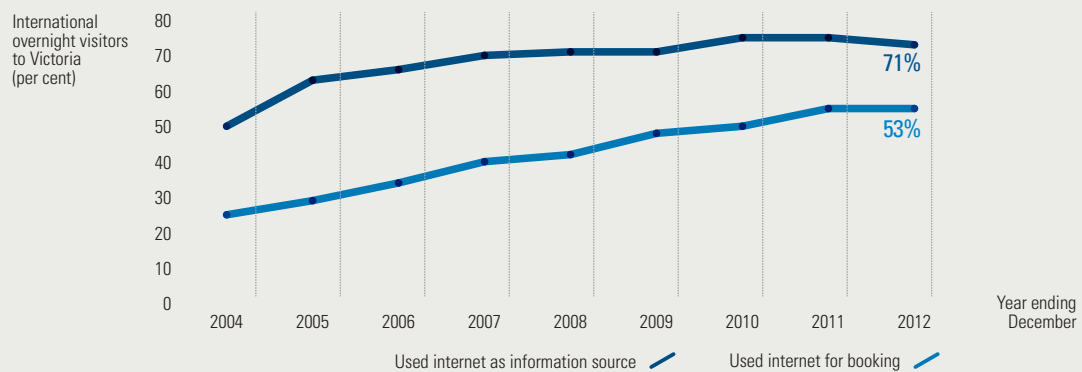
Consumer trend	Current situation	Future (likely) scenario	Commentary
What experiences will the consumer want/or demand? (Domestic travel)	Domestic travel within Australia is now a short break prospect, rather than an extended holiday. Australians are seeking a return to stability and familiarity for their domestic holidays. They want to reconnect with loved ones. Therefore domestic travel is primarily motivated by positive experiences with people rather than by attractions in the destinations.	Domestic holidays have already seen a significant decline in perceived value for money and subsequently length of stay has declined. Domestic travel within Victoria is more likely to be a short trip, rather than a longer holiday.	There will be a focus on developing and promoting unique experiences on offer in Victoria, to both the international and domestic markets.
How will the consumer access information?	Seventy-one per cent of international overnight visitors in 2012 used the internet for research and 53 per cent booked at least one component of their trip online.⁴ Australians are also increasingly using mobile technology to access information. Consumers are increasingly engaging in social media, such as Facebook, Twitter and Pinterest.	The trend for increased usage of the internet, social media adoption and mobile devices is anticipated to continue, though the pace of change is difficult to estimate. Consumers no longer want to simply view information. They want to interact and share their experiences through social media. This trend is likely to continue which will result in less focus on destination websites and more emphasis in interacting with the social media community.	Continued focus will be on building the State's social media presence through various channels to promote Victoria's key strengths and to encourage advocacy. Further enhancements to visitvictoria.com are required to update language variants for key international markets, along with ensuring all website variants are mobile enabled. To be internationally competitive there will be a need to provide free internet access at priority visitor destinations.
What will be the future media landscape?	Although traditional media forms such as television and print continue to hold a significant market share within the media landscape, their importance is decreasing as consumers place greater reliance on accessing information online.	The current trend will continue in the short to medium term, with the need to communicate through both traditional forms of media and new technologies. However, marketing through the internet and various forms of social media are anticipated to increase.	Government and industry will place a greater reliance on online marketing, both in response to consumer behaviour and the cost effectiveness of marketing online.

⁴ Source: International Visitor Survey, December 2012, Tourism Research Australia, Canberra.

Building the tourism sector

Priority 1: Digital Excellence

FIGURE 1 > PERCENTAGE OF INTERNATIONAL OVERNIGHT VISITORS TO VICTORIA WHO USE THE INTERNET FOR PLANNING AND BOOKING



The tourism industry is witnessing significant growth in visitors' use of the internet, including social media, for information gathering and booking purposes (See Figure 1).

In 2012, 71 per cent of international overnight visitors used the internet for research and 53 per cent booked at least one component of their trip online.⁵

New consumer channels are playing a significant role in the marketing, planning, purchase and on-ground experience of travel destinations by Victoria's visitors. It is now part of visitors' expectations that mobile applications are available to access content and share their experiences with friends while on holiday, using social media.

Forty-five per cent of mobile phone users utilise their phone for navigation, 34 per cent access social networking and the propensity of people to provide recommendations and reviews is growing.⁶

Victorian operators are highly represented on visitvictoria.com, with around 4,314 operators listed on the site. However, only 48 per cent of operators have online booking capability with instant confirmation available for consumers. Guidance and leadership will be provided to the Victorian tourism industry to ensure they are equipped to maximise the potential of the growing trend towards online research and booking.

⁵ International Visitor Survey, Tourism Research Australia, December 2012, Canberra

⁶ TNS Thought Leadership Omnibus. Digital Travel July 2010, part of the 'TNS Travel & Leisure Domestic Study 2010'

Implement key actions in digital media

Short to Medium Term

- > Develop and promote mobile phone and tablet applications/websites.
- > Expand online video content and online video distribution.
- > Develop market leading features for visitvictoria.com to appeal to both domestic and international visitors.
- > Upgrade all international website variants to the new platform to ensure consistency in branding and messaging to key international markets.

Ongoing

- > Maximise the potential of the new visitvictoria.com website technology platform, as a portal for Tourism Victoria, the Victorian tourism industry and community content.
- > Develop a strong website and social media capability in China.
- > Encourage Victorian tourism operators to adopt private sector online booking systems and online distribution of their inventory.
- > Provide training and education to industry operators and Regional Tourism Boards.

Implement key actions in social media

Short to Medium Term

- > Build Tourism Victoria's social media presence on Facebook, Twitter, Sina Weibo, YouTube and TripAdvisor.
- > Integrate the 'voice of the consumer' into Tourism Victoria's marketing.
- > Develop copy, photos and video for distribution in social media channels.

Priority 2: International Marketing

The contribution from international markets is predicted to grow from 30 per cent of overnight tourism expenditure in 2012 to 37 per cent by 2020-21.

Engagement with international growth markets is important to the performance of the Victorian economy. This is strongly supported by the Victorian Government through the International Trade Mission Program and the *Victorian International Engagement Strategy*.

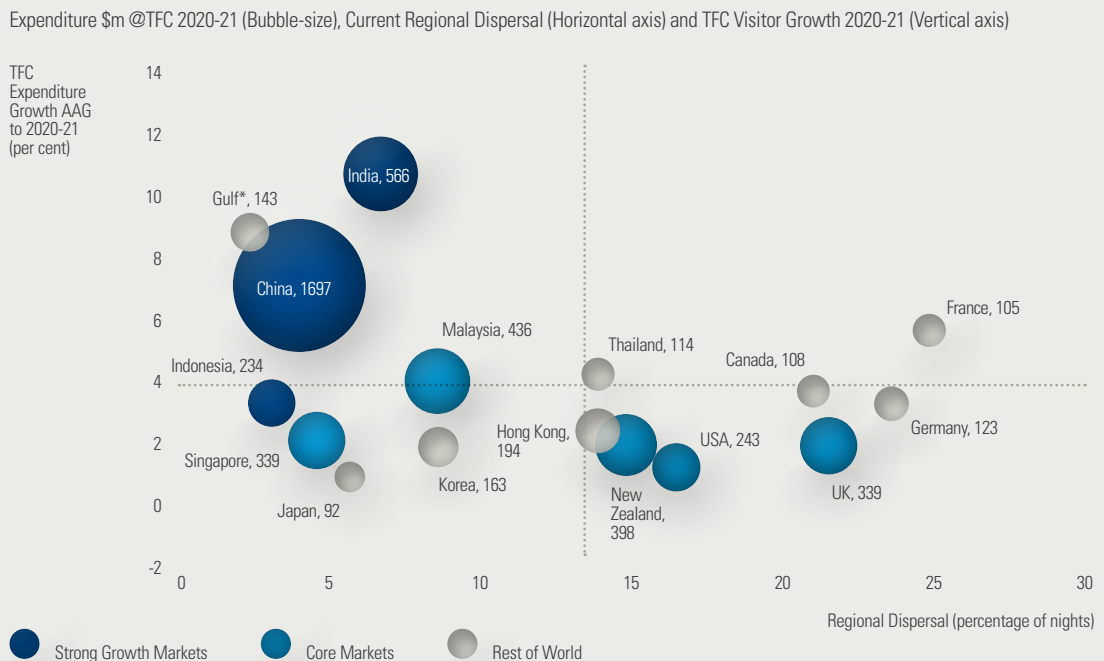
A tourism sector delegation was included as part of the Super Trade Mission to India in March 2013. The visit included the launch of Phase 2 of Tourism Victoria's *MelbourneNow!* campaign, while the delegation met with trade partners in Delhi and Mumbai.

Between 2013 and 2021, it is expected that approximately two-thirds of the growth in tourism spend will come from international markets. To support this growth, there will be an emphasis on realising the

potential of fast growing Asian markets, particularly China, Singapore, Malaysia and Indonesia, which are experiencing substantial economic growth and a burgeoning middle class. The Victorian Government has allocated funding for international marketing activities and air service attraction that will assist in the development of partnerships with airlines to maintain and attract new aviation services.

In addition, through *Victoria's China Tourism Strategy*, launched in 2012, funding has been allocated to enable the Victorian Government and tourism industry to build on the momentum in the China market and achieve greater success in attracting Chinese visitors. A key part of this Strategy, the State's first dedicated tourism brand campaign to the China market, was launched as part of the Victorian Government's China Super Trade Mission in September 2012. The China Super Trade Mission included representatives of 30 Victorian tourism operators. This has been supported by activities such as marketing directly to the China market during the Australian Tennis Open.

FIGURE 2 > EXPENDITURE AND VISITOR VOLUME TO 2020-21 – INTERNATIONAL MARKETS CURRENT REGIONAL DISPERSAL



Source: International Visitor Survey, Tourism Research Australia December 2012; Population 15 years or older. TFC Forecast 2013 Issue 1.
*Gulf figures are estimates based on Overseas Arrivals and Departures data, aged 15+. Australian Bureau of Statistics

Implement key recommendations of *Victoria's China Tourism Strategy*

Short to Medium Term

- > Continue to roll out our *Open Up to More* campaign.
- > Build on Victoria's strong education, migrant and business links by working across Government and industry to promote the State's tourism strengths to the local Chinese and other ethnic communities.

Implement international marketing activities

Short to Medium Term

- > Develop and launch a significant co-operative trade marketing campaign in emerging markets, such as India.
- > Market the collective calendar of Victorian events in international markets.
- > Implement the public relations and marketing activities associated with *The Best Job in the World* campaign.
- > Continue to roll out the India campaign *MelbourneNOW!*.
- > Develop an international digital and social media strategy.

Long Term

- > Develop and launch a major brand campaign in emerging markets, including India.
- > Improve visitor access by working with the Commonwealth Government to simplify the visa application process.

Increase trade activities in emerging global markets

Short to Medium Term

- > Increase trade engagement in markets such as Malaysia, Indonesia and the Middle East, through participation in trade missions.
- > Continue to engage with and encourage visitation from traditional markets such as Europe, the United Kingdom, New Zealand and the United States of America.

Priority 3: Domestic Marketing

Intrastate and interstate markets are important components in Victoria's tourism industry, with Melbourne being the driver of visitation to the State. Melbourne will continue to be positioned as a cutting edge, creative, authentic destination, and as the gateway to regional Victoria.

Domestic marketing campaigns, such as the successful *Jigsaw* campaign, have an important role in raising the profile and encouraging domestic visitors to Melbourne and regional Victoria.

Since the 1990s, Victoria has consistently branded itself through the *Jigsaw* campaign, one of the longest running destination campaigns in Australia and possibly the world. In June 2011, phase 10 of this campaign *Play Melbourne* was launched, targeting visitors from key interstate markets to 'take a chance, roll the dice and see where it leads you' in experiencing what Melbourne has to offer.

From a State perspective, there is still a need to raise awareness of regional destinations, experiences and attractions. In addition to having a focus on food and wine, art and culture, nature based tourism, and spa and wellbeing, there will be an increased emphasis on marketing events.

Intrastate

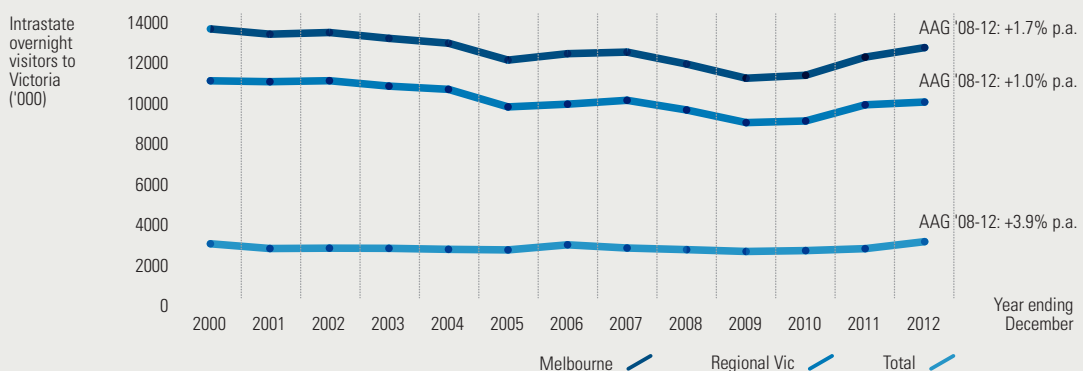
The figure below highlights the importance of intrastate overnight visitation, particularly to regional Victoria. In 2012, intrastate overnight visitors spent an estimated \$5 billion in Victoria.

Despite modest growth in intrastate overnight visitation within Victoria since 2008, visitor numbers are yet to exceed levels experienced in 2000.

Intrastate visitation to regional Victoria has performed better recently, up 1.4 per cent year-on-year to 9.7 million (year ending December 2012). This is an improvement on the longer term performance of intrastate visitation to regional Victoria which has increased at an average annual rate of 1.0 per cent per annum (2008-2012).

Intrastate visitation to Melbourne has also recovered recently, up 14.2 per cent year-on-year to 2.8 million (year ending December 2012). This is an improvement on the longer term performance of intrastate visitation to Melbourne which increased at an average annual rate of 3.9 per cent per annum over the period 2008-2012.

FIGURE 3 > INTRASTATE OVERNIGHT VISITATION TO MELBOURNE AND THE REGIONS



Source: National Visitors Survey, Tourism Research Australia, December 2012, Canberra

Interstate

Figure 4 shows the increase in interstate visitation growth in Victoria since 2000 driven by growth in Melbourne.

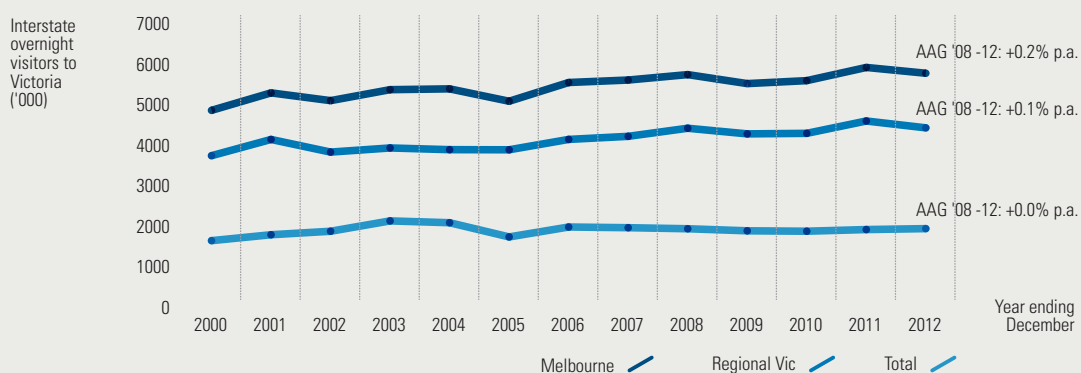
Despite a recent decline, Melbourne continues to attract interstate overnight visitors, ahead of all other Australian capital cities, with 4.2 million interstate visitors in the year ending December 2012.

Interstate overnight visitor numbers nationally have declined at an average annual rate of -0.5 per cent over the period 2008–2012, whereas Victoria experienced interstate visitor growth of 0.2 per cent over the same period.

Reflective of changes in visitor numbers, interstate visitor expenditure⁷ nationally has declined at an average annual rate of -0.1 per cent per annum over the period 2008–2012, whereas interstate visitor expenditure for Victoria has grown at 1.6 per cent per annum to \$5.3 billion in 2012.

7 Destination expenditure only

FIGURE 4 > INTERSTATE OVERNIGHT VISITATION TO MELBOURNE AND THE REGIONS



Source: National Visitors Survey, Tourism Research Australia, December 2012, Canberra

Raise awareness of key regional destinations and experiences in interstate and intrastate markets

Short to Medium Term

- > Introduce and expand the Regional Tourism Partnership Program. Initially this will bring together the Regional Marketing, Tourism Excellence, Digital Excellence and Regional Tourism Board Support programs.
- > Meet current and future consumer demand of high yielding consumers for spa and wellbeing, food and wine, nature based and art and cultural experiences.
- > Build on work previously undertaken for Yarra Valley (food and wine), Daylesford (spa and wellbeing), and the Great Ocean Road (nature based) campaigns.

Long Term

- > Develop and roll out an intrastate campaign over an extended period (5-6 years) that aims to attract Melburnians to regional destinations across the State, with a focus on regions beyond Melbourne surrounds.

Ongoing

- > Continue to roll out major campaigns in interstate and intrastate markets that highlight the State's strengths and showcases regional destinations.

Position Melbourne as a cutting edge, creative and authentic destination

Short to Medium Term

- > Launch Stage Two of the *Play Melbourne* campaign to encourage visitors 'to take a chance' and experience one of the city's many treasures.
- > Increase the focus on marketing the major events calendar as a driver for attracting visitors.

Ongoing

- > Continue to position Melbourne as a cutting edge, creative and authentic destination.

Priority 4: Major Events and Business Events

Events are a significant part of Victoria's tourism offering and will continue to be supported by the Victorian Government in Melbourne and regional Victoria.

Victoria's long standing policy of attracting major events and investing in venue development has resulted in an enviable calendar of events that are Victoria's 'icons', positioning Victoria globally and attracting purpose driven interstate and international visitation.

As tourism is seasonal and visitation stronger in autumn, spring and summer, events have helped Victoria maintain a consistent visitation rate throughout the year, especially during winter when visitation rates would normally decrease.

Major events deliver an economic impact to Victoria of approximately \$1.4 billion each year.⁸ Increased competition in the attraction and marketing of major events requires Victoria to remain focused and committed to attracting and delivering world-class events and ensuring that their tourism potential is maximised.

Business events also provide significant economic and branding opportunities through the attraction of high yielding visitors. Business events deliver an economic impact to Victoria of approximately \$1.2 billion each year and provide 22,600 jobs.⁹ The Victorian Government's commitment to business events is reflected in its support for the Melbourne Convention Bureau and the Melbourne Convention and Exhibition Centre. There is an opportunity to increase the tourism benefits of business events through promoting broader tourism experiences to delegates.

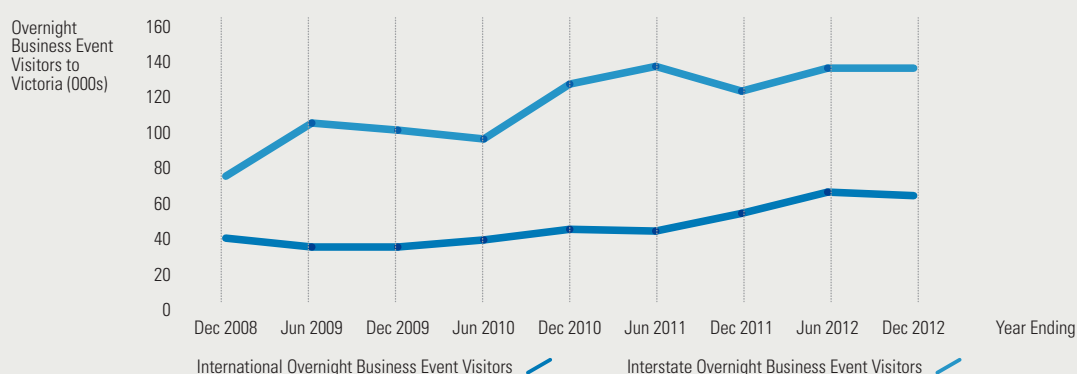
Figure 5 illustrates international overnight business event visitors to Victoria, and interstate overnight business event visitors to Victoria, from the year ending December 2008 to December 2012. International overnight business event visitors increased at an average annual rate of 13.9 per cent, while interstate overnight business event visitors increased at an average annual rate of 16.8 per cent for the same period.

The attraction of business events to regional Victoria creates economic benefit for the destination. The Victorian Government supports regional dispersal in this sector through the funding of a regional business events program.

⁸ Source: An Eventful Year: Economic Impact of the Victorian Major Events Calendar, Ernst & Young/Victorian Major Events Company joint research project, November 2010

⁹ Source: *The National Business Events Study (2005) in Sustainable Tourism*, CRC

FIGURE 5 > BUSINESS EVENT VISITORS TO VICTORIA



Source: Sources: National Visitor Survey, December 2012, Tourism Research Australia, Canberra.
International Visitor Survey, December 2012, Tourism Research Australia, Canberra.

Build on Victoria's position as a leading event state

Short to Medium Term

- > Focus on enhancing the current Victorian events calendar through funding of strategic major events.
- > Focus on enhancing the current Victorian business events calendar through funding of strategic business events.
- > Increase destination exposure through international event broadcasts and online.
- > Work to attract and build events in regional Victoria.

Leverage the tourism potential of business events

Short to Medium Term

- > Leverage off the success of major events to attract business events, e.g. fashion industry opportunities from the Fashion Festival.

Ongoing

- > Support the expansion of the Melbourne Convention and Exhibition Centre, subject to funding becoming available.
- > Support the Melbourne Convention Bureau in attracting and leveraging the value of business events.

Priority 5: Air Services Attraction

The Victorian Government recognises the fundamental link between improving direct air services from key international markets to Victoria and growing the State's export sectors, including tourism. Direct air services are critical to growing Victoria's export sectors, particularly tourism. Approximately 65 per cent of Victoria's tourism expenditure growth to June 2020-21 is forecast to come from international markets.

Tourism Victoria works closely with Melbourne Airport and Avalon Airport to attract more flights and seats to the State. This approach is focused on destinations identified as key tourism, international education, business and investment markets. Year-on-year to 2012, there has been solid growth in aviation capacity and international passenger movements which increased 3.5 per cent and 6 per cent, respectively, and three year average annual growth of 10 per cent and 11 per cent, respectively.

Recent increases in aviation capacity have included new international flights to Melbourne through Sichuan Airlines and Qantas, and increased services and additional seats through airlines such as Singapore Airlines, AirAsiaX, Garuda Indonesia, Etihad Airways, Jetstar and Emirates. These initiatives have been supported by funding provided for air services attraction included in the 2012-13 State Budget (\$2.6 million over four years) and international marketing funding included in the 2013-14 State Budget (\$8 million over four years).

The Victorian Government is committed to realising international airport status for Avalon, and infrastructure support such as the airport rail link, further reflect the importance of this area. There is also the opportunity to leverage the continual improvements taking place at Melbourne Airport, e.g signage, increased retail space and the competitive advantage of having a curfew free airport.

Attract and improve air services from Victoria to key international markets

Short to Medium Term

- > Increase air access from priority international markets. Initial focus to be on China, India and South East Asia.
- > Develop a strong partnership with an international airline that promotes Melbourne Airport as its Australian hub.
- > Further increase capacity from emerging markets such as Malaysia, Indonesia and the Middle East.
- > Improve the visitor experience and initial impression of Victoria at Melbourne and Avalon airports, e.g. signage, visitor services.

Long Term

- > Ensure the long term sustainability of Melbourne Airport as an international airport through the support of long term master planning.
- > Support Avalon Airport in becoming an international airport through long term master planning.

Ongoing

- > Strengthen airline attraction strategies and develop a structured Victorian Government package (e.g. including airline maintenance) to encourage airlines to use Melbourne airports as a connection hub.

Priority 6: Investment Attraction and Infrastructure Support

Appropriate tourism products, services and infrastructure are critical to delivering a positive visitor experience, which in turn generates higher visitor expenditure and increased visitor numbers. This is particularly important with the growth of new markets in the Asian region, which require revitalised products and services aligned with their preferences. New investment and infrastructure is required to realise these products and services, and to help achieve the State's tourism potential.

Regional Tourism Boards have a role in providing advice and guidance on regionally significant investment priorities. In this context, the recently released Great Ocean Road Product Gap Audit highlighted the importance of attracting tourism investment to the region, acting as a blueprint for other regions and a key step in destination planning.

The Victorian Government is also committed to further developing nature based tourism and supports the Victorian Trails Coordinating Committee in its role as a coordination and advisory body, focusing on identifying trails across Victoria that have the potential to drive tourism visitation to the State. This Committee, comprising representatives from Tourism Victoria, the Department of Environment and Primary Industries, Department of Transport, Planning and Local Infrastructure, Sports and Recreation Victoria and Regional Development Victoria, is also responsible for the structured prioritisation of these significant tourism trails.

Additionally, the Victorian Government supports the key recommendations outlined in the Victorian Competition and Efficiency Commission (VCEC)'s *Unlocking Victorian Tourism* report released in 2011. The Victorian Government is committed to:

- > improving coordination and planning for tourism in regional areas;
- > providing greater flexibility in Green Wedge, Farming and Rural Conservation Zones for tourism developments;
- > removing prohibitions on private sector development in national parks and extending maximum lease terms; and
- > streamlining approval processes on private and public land.

Notable statements and developments directly relevant to the Victorian Government's response have already been made, including:

- > a policy change allowing private investment to be considered in National Parks;
- > the release of a planning zone reform package for public comment, allowing greater flexibility for tourism development proposals, particularly in rural, Green Wedge and rural conservation zones;
- > the release of guidelines for sustainable tourism investment in national parks, *Tourism Investment Opportunities of Significance in National Parks: Guidelines (the Guidelines)*;
- > announcing in early 2012 that the Victorian Government will reform Victoria's environmental impact assessment processes to provide certainty about procedures, considerations and timeframes;
- > responding to a Victorian Planning System Ministerial Advisory Committee report, the Victorian Government outlined a number of initiatives to streamline the Victorian planning system; and
- > responding to the VCEC inquiry into streamlining Local Government regulation, the Victorian Government committed to work with the Municipal Association of Victoria (MAV) and other stakeholders of the planning system to develop best practice guidance on the planning assessment process.

Facilitate and support priority investment projects

Short to Medium Term

- > Increase yield by supporting major investment in priority regions, with an initial focus on the Great Ocean Road.
- > Support investment in experiences aligned with the priorities of growth markets, such as China.
- > Support and identify changes to planning and other regulations across Local, State and Commonwealth Governments and remove unnecessary barriers to investment, and approval processes to reduce unnecessary costs and provide certainty.
- > Release the *Victorian Trails Strategy* that will provide for the development of Victoria's cycling, walking and multi-use off-road trails to drive visitation and establish key directions for trails planning, development, management and marketing.

Long Term

- > Support investment in infrastructure to enhance existing strengths in food and wine and spa and wellbeing.
- > Support the upgrade of major tourism attractions to ensure they are recognised as internationally acclaimed experiences.
- > Support investments which enhance the State's nature based tourism products, such as completing high end walking experiences and associated accommodation development.
- > Support the upgrade of tourism port infrastructure (e.g. marinas and ferry infrastructure), to take advantage of the increase in cruise shipping and tourism boating opportunities.

Ongoing

- > Support the establishment of infrastructure (e.g. roads, transport, signage) to meet the needs of an increase in visitor numbers with a focus on markets with diverse language and cultural needs.
- > Increase appropriate hotel development in Melbourne to meet the forecast rise in visitation.
- > Support the development of regional destination management plans to help realise identified investment priorities.

Priority 7: Skills and Workforce Development

The achievement of 2020 targets will require employment in the industry to increase to 310,000 jobs by 2020-21.¹⁰

Tourism Victoria, through *Victoria's Workforce Development Plan* (the Workforce Plan), has identified labour and skills development as a challenge to the tourism industry.

The challenge will not only be to increase the number employed in tourism, but to attract people to occupations where there have been persistent shortages such as cooks, service staff, kitchen hands, front office and housekeeping. These shortages are more pronounced in regional areas. It will also be necessary to attract people with the language and cultural skills to meet the needs of growth markets, such as China and India.

Through the Workforce Plan, Tourism Victoria is implementing actions to address these issues, including increasing the industry's share of the labour market. From a policy perspective, Tourism Victoria will play a more active role in influencing Government agencies and industry bodies who have a more general responsibility for workforce development, to have a greater focus on tourism.

The Victorian Government has a number of programs that support small and medium size businesses. These include tourism specific initiatives such as the Tourism Excellence Program. The next stage of Tourism Excellence will involve greater use of evolving technology and provide tools for the industry to adapt to a changing economic environment. These initiatives have been well received by the industry and have a focus on skills development. Addressing long term labour shortages will require a greater focus on policy development and negotiation across government jurisdictions.

¹⁰ Source: Estimates based on modelling undertaken for Tourism Victoria by Deloitte Access Economics

Addressing labour and skills shortages in the industry

Short to Medium Term

- > Maintain a long term commitment to the Tourism Excellence Program, ensuring that the program is responsive to evolving industry needs.
- > Enhance the quality of the visitor experience by working with the tourism industry to increase Chinese language and cultural services.
- > Assist regions to address their staff shortages, including promoting tourism as a career of choice and encourage training providers to meet industry needs.

Ongoing

- > Provide incentives to encourage mature age people to enter the industry, e.g. funding support to attain qualifications.
- > Increase policy role in addressing long term labour and skills shortages in the industry, e.g. structured programs attached to Working Holiday Visas that specifically relate to tourism and hospitality.

Stakeholder Partnerships

While the Strategy focuses on how the Victorian Government, through Tourism Victoria, will grow the tourism industry, this will only be achieved through working in partnership with a number of key private and public stakeholders.

Identified private and public stakeholders are listed below, along with how the Victorian Government, through Tourism Victoria, will engage with them.

Commonwealth Government

- > Take an active role in the development of strategy and policy relating to the tourism industry or impacting upon it, and its implementation at a national level.
- > Leverage Tourism Australia activities in international markets to ensure Victoria gets its share of international visitor growth.
- > Take an increasing role in negotiating policy positions critical to the growth of the tourism industry, e.g. aviation, visas.
- > Support the Tourism Ministers Meeting and the Australian Standing Committee on Tourism.

State Government

- > Work with other State Government Agencies including the Department of State Development, Business and Innovation, the Department of Transport, Planning and Local Infrastructure, and the Department of Environment and Primary Industries on a range of issues that influence the tourism industry, e.g. investment attraction, skills and labour shortages, transport access.

Local Government

- > Encourage support of Regional Tourism Boards.
- > Work with Local Government on specific activities, e.g. investment attraction, marketing.

Regional Tourism Boards (RTBs) (includes Destination Melbourne Limited)

- > Work with and support RTBs to become core regional tourism bodies, addressing supply and demand issues in respective regions.

Victorian Tourism Industry Council (VTIC) and Victoria Events Industry Council (VEIC)

- > Work with VTIC and VEIC as peak sector organisations in the State, in respect to issues impacting on the tourism sector in Victoria. These organisations also act as a conduit for working with the Victorian Employers Chamber of Commerce and Industry (VECCI).

Victorian Major Events Company (VMEC)

- > Continue to take an active role with the VMEC to attract major events to Victoria.

Melbourne Convention Bureau (MCB)

- > Continue to take an active role with the MCB to attract business events to Victoria.

Victorian Airports

- > Continue to work with Melbourne and Avalon airports to attract and grow opportunities in aviation services, tourism and allied activities.
- > Continue to work with and/or develop relationships with regional airports.

Evaluation and Reporting

An implementation and evaluation plan will be completed for the Strategy. This will include an annual review being undertaken and a major review of the Strategy to be completed every three years.

