



► **TOURISM AND EVENTS
STRATEGY 2016**

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VICTORIA TOURISM INDUSTRY COUNCIL VICTORIA EVENTS INDUSTRY COUNCIL

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INVIGORATING BUSINESS



TOURISM AND EVENTS STRATEGY 2016

The **Tourism and Events Strategy 2016** has been developed by the Victoria Tourism Industry Council in partnership with the Victoria Events Industry Council. The Strategy complements and supports the Victorian Government's 10-year Tourism and Events Industry Strategy, and follows on from the 2002-2006 Victoria Tourism Industry Strategic Plan, developed by Tourism Victoria.

The Strategy demonstrates the commitment of Victoria's tourism industry to further sustainable growth and development through a focus on strategic, state-wide issues, and presents a fresh approach to developing and maintaining positive partnerships between industry and Government, and within the tourism industry itself.

The plan will be a dynamic document, to be reviewed on an ongoing basis to ensure consideration of changing trends, challenges, targets and opportunities.



Wayne Kayler-Thomson
CEO Victoria Tourism Industry Council
CEO Victoria Events Industry Council



The Victoria Tourism Industry Council (VTIC) is the peak policy council for Victoria's tourism industry, which represents key industry associations, corporate operators and Government agencies, providing a united industry voice. The role of VTIC is to provide policy, strategy and leadership for Victoria's tourism industry.



The Victoria Events Industry Council (VEIC) is a peak industry Council of associations, corporates and Government agencies representing event organisers, venues, suppliers and service providers for Melbourne and regional Victoria. The role of VEIC is to provide policy, strategy and leadership for Victoria's events industry.

MESSAGE FROM THE CHAIRMAN

The tourism industry plays a significant role in the Victorian economy. It is an important contributor to our export earnings, output, investment and jobs. The \$11 billion industry currently employs 159,000 Victorians, and comprises 5.3% of state GDP.

Melbourne and regional Victoria also enjoy an impressive reputation as providers of world class business, sporting and cultural events that attract millions of visitors each year.

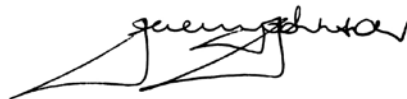
Despite their many achievements, our tourism and events industry also faces a number of new challenges including skill shortages and the need to adapt to a carbon-constrained economy.

Ultimately it will be the private sector that overcomes these hurdles and drives new business opportunities in new markets. However, Governments at all levels have a role to play in providing an environment that promotes confidence and certainty in business decision making.

In this sense, continued and deep collaboration between stakeholders will be vital to securing a sustainable growth path for this important sector.

The Tourism and Events Strategy 2016 is a result of such consultation and collaboration. It sets both the direction and actions that will be required to build an even more vibrant, successful and enviable tourism and events industry in Victoria.

I hope you will support the initiatives contained in the Strategy and actively work with me to realise their achievement.



Jeremy Johnson
Chairman Victoria Tourism Industry Council

EXECUTIVE SUMMARY

Through the Tourism and Events Strategy 2016, Victoria's tourism industry is taking the lead in shaping its future.

The Strategy has been developed by the industry, for the industry. It focuses on state-wide, industry-wide strategic issues, and includes recommendations for actions to achieve long-term growth and improve the profitability and sustainability of the tourism and events industry in Victoria.

The industry's vision is clear: In 2016 Victoria's tourism industry will be recognised for its sustainable practices, be valued at \$18 billion and be employing 225,000 Victorians.

This vision and the strategies to achieve it were developed following the widespread release of a Discussion Paper and industry consultation.

Several key challenges and opportunities for the tourism and events industry were identified, including:

- The potential of a 'carbon-managed' economy in response to climate change and greenhouse gas emissions to change the way travel and tourism is consumed. This places a demand on the industry to adapt
- The need for more flexible training and industry coordination will be vital to addressing the shortage of skilled employees which is already having a major impact on the industry
- A lack of alignment between Government tourism policy objectives and planning policy, and reported difficulties negotiating the current State Planning Schemes
- The need to focus on tourism product development to match strong marketing campaigns, including improved infrastructure and investment, and improvements to the packaging and delivery of tourism products to consumers

- The importance of delivering an 'authentic' experience to visitors through tourism products, services and events
- The changing tourism landscape as a result of low-cost air carriers which presents both a challenge and opportunity for the tourism industry in Victoria. The industry needs to ensure that our tourism offering is effectively packaged and promoted to this new category of potential visitors and increased traffic
- The critical role of regional air access and the packaging of 'fly-drive' holidays to the development of the industry in the outer regions of Victoria
- The potential of nature-based tourism to drive visitation to regional Victoria
- The major role that events play in Victoria. Close collaboration and coordination between all stakeholders, Government, event organisers and suppliers, will be the key to managing the events calendar. There also needs to be a focus on maximising the benefits of the whole event period – before, during and after.

It is clear that the global acceptance of the need to reduce greenhouse gas emissions and the national skills shortage present Victoria's tourism and events industry with unprecedented challenges.

The response to these challenges should not reduce our competitiveness; instead, it presents the opportunity to further differentiate the quality of the experience we offer our visitors.

The industry structure and leadership is now well established, coordinated and resourced. The challenge and opportunity is to now increase business participation, to capitalise on Victoria's competitive advantage of industry cooperation and cohesion and grow a competitive advantage from excellence of visitor experience delivery.

The Strategy provides the framework to do this.

TOURISM IN VICTORIA

Tourism in Victoria is now a \$10.9 billion industry that employs 159,000 Victorians or 6.6% of the State's workforce. There are 11,000 direct tourism businesses and up to 100,000 tourism related businesses. Tourism businesses are predominantly small to medium enterprises employing less than 20 staff. Many have operated for less than five years.

Melbourne has also built a reputation as a world leading destination for major events, and is a leading destination for business events. Regional Victoria has also developed a vibrant special and business events program. In 2006, Victoria attracted over 324,000 international visitors to major events, and these visitors stayed a total of 12.4 million nights. This generated an estimated \$1.2 billion in economic activity in metropolitan and regional Victoria, or \$3.3 million each day. In addition to major sporting and cultural events, business events attract 5.4 million delegates and support 22,600 jobs each year.

Tourism contributes to the strength and health of Melbourne's brand internationally and Victoria's brand domestically, within the Asia Pacific region and globally. Tourism builds on the economic diversity of regional Victoria and adds weight to the value of Victoria's natural environment, contributing to the need for its sustainability.

Throughout this paper 'tourism' is referred to in its broadest sense.

THE MARKET – TRENDS, CHALLENGES AND TARGETS

Victoria's Government has set a target for the tourism industry of \$18 billion in value by 2016, with the goal for tourism to be one of the State's leading exporters, employing 225,000 Victorians. It is a target the industry endorses.

Over this period, the industry will be influenced by several trends, both international and domestic, to which the industry must successfully respond in order to achieve its growth targets.

According to Tourism Research Australia, by 2016 international visitors are expected to account for 70% of overall tourism growth and almost 40% of tourism expenditure, up from 30% currently. Asia is expected to be the primary source of visitor growth for Victoria, with the share from China likely to increase from 9% to 19% by 2010.

In addition to projected visitor numbers and profiles the industry must respond to changing consumer preferences and economic factors such as relative exchange rates and fuel costs.

Climate change also presents itself as a significant and eminent challenge, and one which the tourism industry must recognise and prepare for.

Changing trends represent both potential challenges and opportunities, and have the potential to fundamentally impact on the future of tourism in Victoria.

In order to achieve tourism industry growth targets amid a competitive international environment and respond to current trends and challenges, several macro strategic plans have been developed, including:

- Victorian Government's 10 Year Tourism and Events Industry Strategy (released in October 2006)
- Tourism Victoria Business Plan 2007-2010 (currently being completed)
- Commonwealth Government Tourism White Paper (August 2004)
- National Tourism Investment Strategy (March 2006).

These plans have been developed by State and Federal Governments and focus on policy settings and high-level industry development goals affecting the tourism industry.

The Tourism and Events Strategy 2016, the industry's plan, complements and builds on these other plans.

OBJECTIVE 1

GROWTH IN SUSTAINABILITY AND NATURE-BASED TOURISM

Industry Vision: Victoria's tourism industry is comprised of environmentally aware, resource efficient, sustainable businesses.

By 2016, Victoria will have:

- An efficient, environmentally aware tourism industry which uses these strengths to leverage further growth and industry development
- 25 'showcase' environmentally sustainable tourism businesses that can be used as best-practice examples around the world
- Demonstrated growth in the nature-based tourism segment.

DISCUSSION

Key drivers of Victorian tourism development will be environmental sustainability, climate change and nature-based tourism.

Governments, consumers and industry are becoming increasingly aware of the environmental consequences of economic development and consumption. As such, tourism operators need to take action in order to lead the development of a sustainable industry.

Action taken now to lead the development of environmentally sustainable business operations and investment will help avoid over-regulation in the future and will also position Victoria's tourism industry at the forefront of sustainable industry development.

Environmental sustainability is closely linked with business sustainability and the long-term efficient use of resources. Improving the practices of tourism businesses, particularly around the efficient use of energy and water and reducing waste, not only provides benefits to the environment, but importantly reduces business costs, increases efficiency and improves business sustainability.

The tourism industry as a whole is encouraged to consider the following environmental principles in undertaking all aspects of operation:

- Maintaining and restoring natural assets
- Using resources more efficiently including water, waste and energy
- Reducing or eliminating (where possible) everyday environmental impacts.

While much work is required, acknowledgement must be given to the many industry representatives who have already initiated work and have provided leadership in this area.

As mentioned, climate change presents itself as a significant challenge, which the tourism industry must recognise and prepare for. As a long haul destination, it is particularly important that the industry responds appropriately. A proactive and collaborative approach is required, and should include practical advice and plans to manage emerging risks and promote new opportunities associated with climate change.

On the demand side, visitors are increasingly environmentally aware and seeking tourism products and services, including events, that are environmentally friendly. For some, this includes seeking to make their trip 'carbon neutral' by purchasing 'offsets', particularly for air travel which is, by nature, carbon intensive. Carbon offsets effectively provide funds to projects that reduce greenhouse gases. An increasing number of businesses are offering this service and tourism operators will be increasingly required to offer this as an optional service to guests. In addition to helping capture a current niche market, businesses should recognise that in the medium-term the implementation of environmentally sustainable practices will in fact be a basic expectation and an early response is advantageous.

Nature-based tourism is a growth market in Australia, but Victoria lags competitively. Victoria has the natural assets to compete effectively in this segment but requires infrastructure investment, investment attraction and product development, as well as advertising and promotion. This segment has considerable potential to grow the market in Victoria, and the recently released draft Nature-Based Tourism Strategy (NBTS) is strongly supported. In particular in relation to development on public land, long-term secure tenure on carefully selected public land and waterways is vital to encouraging private sector tourism investment, and the proposal for 65 year leases outlined in the plan has considerable potential to encourage the development of appropriate infrastructure.

RECOMMENDATIONS

- Environmental sustainability, including the associated issue of climate change, must become an overarching principle for Victoria's tourism industry as a whole, rather than a stand-alone theme, and be integrated into all aspects of industry development and core business activities.
- The 'carbon profile' of the industry must be mapped and a State-wide awareness program developed and implemented to prepare tourism businesses for a national emissions trading scheme.
- Industry must identify opportunities for further growth through the development and marketing of new sustainable products and services to environmentally conscious consumers.
- Highly successful sustainable tourism businesses should be showcased, both as examples to other operators within the industry, and to appeal to interstate and international visitors as a marketing tool for Victoria tourism.
- The whole of Government 'Nature-Based Tourism Strategy', must receive dedicated funding and support, and strong input from the tourism industry in its implementation.
- Nature-based tourism must receive considerable promotion and product development support to ensure its success.
- Visitor service infrastructure in National Parks must be improved in order to deliver the anticipated visitor experience. Victoria has the potential to offer wonderful natural experiences, however appropriate infrastructure is vital to making these locations visitor-friendly.
- The State and Federal Governments must develop a system of 'accredited' or 'recognised' carbon offset schemes to provide assurances to tourism operators that they are participating in legitimate schemes.
- Research should be done to determine the tourism industry's environmental impacts compared to other Victorian industries, including; carbon emissions, waste production, water and energy use.
- Government and industry should develop and agree on criteria for 'accredited' or 'recognised' resource efficiency and environmental sustainability programs.

OBJECTIVE 2

IMPROVED AVIATION ACCESS AND TRANSPORT NETWORKS

Industry Vision: By 2016, Victoria will have aviation capacity to support international visitation targets, a transport network that encourages regional dispersal, and an aviation policy setting that allows the industry to adapt to change.

DISCUSSION

Travellers want direct, same plane travel services to major destinations. International seat availability is vital in terms of attracting tourists, business travellers and corporate head offices to Melbourne.

Foreign airlines are important to Melbourne because they have largely delivered Melbourne's international airline seat growth since 2000. While Qantas has reduced direct seats into Melbourne, foreign carriers during the same period have dramatically increased their seat capacity.

Direct international travel is important in terms of attracting tourists, business travellers and corporate head offices. A domestic flight from Melbourne to an international Sydney transfer adds 4 hours each way to a journey when check-in, flight time and Sydney terminal transfer is included. This not only inconveniences holiday-makers, but repels business from the growing north Asian holiday market that typically has 7 days in Australia.

International air access to Melbourne is generally a seat supply issue, not a demand issue. Several foreign airlines have indicated a desire to fly to Melbourne either as newcomers or as providers of extra flights, but have experienced delays in reaching air service agreements between the Federal Government and their country of domicile. A more liberalised Australian aviation sector will underpin Victoria's efforts to attract tourists, business travellers and corporate head offices.

By the same token, regional dispersal of travellers within Victoria, particularly to the outer regions of the State, requires efficient and convenient air travel services. The 2007-08 State Budget provided \$5 million for a Regional Aviation Fund to upgrade and improve regional airport infrastructure, however an assessment of priorities for upgrades is yet to be developed and a long-term commitment will be required.

Low-cost carriers are a challenge to the industry, but also an opportunity, as they assist price competition between tourism and other discretionary consumer goods. This industry must ensure that it is adjusting to this market.

The industry also supports Melbourne airport's expansion and development, and believes considerable opportunities are likely to arise from the increasing use of Avalon airport.

The quality of Victoria's aviation infrastructure is vital to our reputation as a travel destination. Airports are the 'first impression' travellers get on arriving at their destination – be they from overseas or within Victoria – and it is vital that these facilities operate efficiently and provide a positive environment for visitors.

Victoria has earned the enviable reputation as Australia's best State to tour by car due to its extensive road network, accessibility of Victoria's diverse natural and built attractions, and reputation for a quality, safe and efficient road network. Road infrastructure is critical to the supporting the regional dispersal of visitors, therefore it is important that Victoria receives its fair share of future Federal spending on roads. Currently, just 16.5% on average of federal spending on roads comes to Victoria.

RECOMMENDATIONS

- The industry should lobby the Federal Government's to ensure that its aviation policies are influenced by broader tourism objectives and further liberalise international air access arrangements and align aviation, transport and tourism policies.
- Regions must assess their future air infrastructure needs, and seek to communicate these requirements to both the private sector and all tiers of Government.
- Industry must undertake further product development of packaged fly-drive holidays to regional Victoria (e.g. fly to Mildura and drive back to Melbourne), and seek to promote these options to visitors seeking a different experience.
- Industry should lobby the Federal Government to ensure Victoria receives a fair share of road funding under the Auslink program, and support the development of coordinated signage policies between regions.
- Priority support must be given to low-cost carrier services which benefit Melbourne (e.g. inbound connections).
- Victoria's tourism industry must ensure it is adjusting to the low-cost carrier market with visitor packages (e.g. including accommodation, car hire, tour packages) that offer a unique local experience.
- The industry should explore opportunities for fly-drive packages with air transport from Sydney to Southern NSW and self drive through Victoria.

OBJECTIVE 3

SUPPORT NEW INFRASTRUCTURE AND ATTRACT INVESTMENT

Industry Vision: To grow the value of the tourism industry in Victoria by working collaboratively to support the development of new infrastructure and attract investment.

By 2016, Victoria will have:

- High quality, high-yield, unique luxury regional accommodation
- A record of collaboration on local infrastructure projects
- An average visitor spend (per night) above the national average
- New and redeveloped tourism and events infrastructure
- New investments in attractions (natural, cultural and built)
- Fully integrated telecommunications and information infrastructure to support demand.

DISCUSSION

Strong growth targets have been set for the tourism industry in Victoria. In order to achieve these targets, tourism operators must provide high quality experiences to both domestic and international visitors. This will need to be supported by high quality infrastructure and an environment that encourages investment.

As a base for industry development, it also is vital that urban and regional planning policies do not inadvertently discourage investment. In the experience of tourism investors and operators, there is a considerable gap between tourism policy objectives and Victoria's planning system.

For example, supportive planning and development regulations are vital to the development of new infrastructure. Not only must the regulations be appropriately aligned, but they must also be effectively implemented and interpreted to ensure clarity. However, the uncertainty around regulations and timeframes for approval is discouraging investment in Victoria. There is also currently a bias towards developing very small accommodation facilities, which are often less financially viable.

Planning policies need to be closely aligned to regional development and tourism industry growth objectives in order to ensure optimal investment occurs. The focus is not just about securing Government funding for major infrastructure projects, but also ensuring the right policy environment to support private sector investment or partnerships, through providing certainty, transparency and clarity in regulation.

The planning and approvals process must be streamlined in order to reduce unnecessary development costs and avoid delays. The tourism industry must establish strong relationships with relevant Government bodies, in order to communicate instances whereby investment is being hindered, and put forward policy solutions.

This theme is not just about the development of new infrastructure and investment, but the upgrade of existing facilities and ensuring the effective use of existing assets. There must also be a focus on utilising public facilities for private sector use and increasing the potential for developing new products and services from existing facilities. Where there are barriers to this type of activity, the tourism industry needs to work together to raise awareness and find solutions.

The improving reach and quality of telecommunications infrastructure has the potential to revolutionise the delivery of tourism products and services over the next decade. Ensuring that communities have adequate access to this infrastructure and understand its potential will be vital to the development of the industry.

RECOMMENDATIONS

- Regional development and tourism strategies need to include an investment strategy, which would also assist in supporting product development within a region.
- The State Government should facilitate investment in infrastructure including new boating infrastructure around Port Phillip, upgrades to existing ageing infrastructure, as well as regional porting opportunities that can be developed to grow new tourism products for a different segment of the industry. Strong collaboration will be needed between Government and the private sector in order to maximise the potential of this segment.
- Industry should seek to broaden their local tourism offering around major tourism investments and attractions. These major developments benefit the industry as a whole and provide a range of opportunities for further growth. However, it is vital that the development of local attractions is community led, provides an authentic, local experience to visitors, and is sustainable over the long-term. Infrastructure development must begin with an understanding of the drivers of visitation to an area.
- Where appropriate, local councils should be encouraged to introduce special ratings schemes to fund marketing and infrastructure initiatives, in order to grow the tourism industry in their region. An example of this is the City of Ballarat, which has a 'Tourism and Economic Development Special Rate and Charge' that is used to fund business development and tourism initiatives. The Regional Infrastructure Development Fund (RIDF) is also strongly supported as a vehicle for promoting infrastructure development for the tourism industry.
- Industry and Government should strongly promote the economic and environmental benefits of appropriate sustainable tourism development.
- Industry and Government should identify carefully selected land for appropriate tourism development.
- There must be investment in and by the industry over the next decade on product development and experience delivery if Victoria is to meet its tourism industry growth targets.
- There should be a full review of Victoria's planning system to identify and remove barriers to tourism investment and action taken in collaboration with industry to align planning scheme with regional development and tourism industry growth.
- The State Government and industry should develop a Victorian Tourism Infrastructure and Investment Plan to deliver new investment and infrastructure, upgrade existing facilities and ensure the effective use of existing assets.
- Industry must lobby the Federal Government to ensure Victoria receives a fair share of road funding under the Auslink program.
- Industry and local business organisations must seek to collaborate to encourage investment in local communities by demonstrating a vibrant, supportive, progressive environment, and providing support for specific projects. Industry should seek to involve and inform the local community, and raise the awareness of potential benefits.

OBJECTIVE 4

ATTRACT AND RETAIN EVENTS

Industry Vision: By 2016, Melbourne will have enhanced its competitiveness and international recognition for its capacity to host world best major events, sustainable regional high quality flagship events and grown its business tourism market share and yield.

DISCUSSION

Melbourne has built a reputation as a world-leading destination for major events and is a leading destination for business events. Regional Victoria has also developed a vibrant annual, special and business events program.

Major events are a key contributor to the Victorian economy. In 2006, Victoria attracted over 324,000 international visitors to major events and these visitors stayed a total of 12.4 million nights. This generated an estimated \$1.2 billion in economic activity in metropolitan and regional Victoria, or \$3.3 million each day. Of the total number of event visitors to Australia, 45% visit Victoria.

Victoria's events are world's best-practice and highly integrated. They leverage off the breadth and depth of the State's facilities, assets and climate, as well as social, cultural and business networks. The key to success is to have a mix of repeat and one off events whether annual or bi-annual. This provides both long and shorter term benefits and capitalises on Melbourne's seasons.

In addition to major sporting and cultural events, business events attract 5.4 million delegates and support 22,600 jobs each year. Business events include exhibitions, meetings and conferences, as well as the incentive travel sectors. Victoria's share of the Australian business events sector is around 25%, and business events generate 9% of our total tourism revenues or around \$1.2 billion per annum.

The new Melbourne Convention Centre will be completed by the end of 2008, with commissioning and handover in 2009. The new Centre has the potential to attract an additional \$197 million in economic activity to the State each year, however this will require sustained marketing support directed specifically at attracting business events.

The proposed expansion of the Melbourne Exhibition Centre is expected to contribute an additional \$150 million per annum to the business tourism market, an increase of over 50%. The expansion will give Victoria a 10 year competitive advantage over competing capital cities in attracting business events to the State, and will enable Melbourne to maximise current and future growth potential, including the attraction of large international trade shows. In addition to supporting business and employment growth in key manufacturing industries, the expansion will contribute to growth in Victoria's Retail and Hospitality industry with an estimated increase of 100,000 new business visitors annually to the State.

While major events yield an economic benefit to the State, they also deliver a broad range of less tangible, strategic and arguably enduring benefits that are more difficult to quantify but no less valuable. These benefits include contributions to regional development, infrastructure provision, improved social cohesion and community participation, environmental sustainability, a long-term boost to the branding of Melbourne and Victoria, international recognition and widespread media coverage that would otherwise not occur.

Events also yield a broader range of social benefits, including a reduction in crime and encouragement of positive community behaviour, such as recycling and use of public transport. Community groups themselves can also benefit from sponsorship associated with events.

For Victoria's regions, flagship events provide a strong base for regular visitation, as well as regional branding and marketing more broadly, support infrastructure development, and assist in community cohesion. Victoria's regions also benefit from the dispersal of international and interstate visitors attending major events in Melbourne.

RECOMMENDATIONS

- Industry must ensure widespread recognition of the value of events to Victoria, in terms of economic, social and community benefits to the State.
- There must be early coordination and cooperation between all tiers of Government, event organisers, venues and suppliers to effectively managing the events calendar in Melbourne. Cross-industry communication must also be supported.
- Events in Victoria must provide an authentic experience, and offer a reflection of 'What Victoria Is'. This could be achieved through integrating a cultural component, and communicating the value of community engagement, as well as supporting pre-event and post-event activities across the State.
- While existing large-scale events provide important economic, social and marketing benefits to Victoria, industry and Government must also consider what small events have the potential to grow (e.g. the Melbourne Flower and Garden Expo) and what new events can be developed, in order to deliver a vibrant events calendar.
- The focus of events in Victoria must be on repeat events (whether annual or biannual). Existing events must be supported and developed to maximise yield critical to maintaining competitive advantage.
- There is an opportunity to expand this to promote the events calendar through the creation of an identity for each season. Events in Melbourne were highly seasonal in the past. The 'Melbourne in Winter' campaign is an example of how events can be successfully packaged and promoted in what is historically a quieter time for the industry.
- The industry's infrastructure development needs, now and into the future, must be considered and effectively communicated to ensure adequate investment from both Government and the private sector.
- Industry must be encouraged to collaborate in order to share knowledge and expertise, successfully lobby Government, and secure positive outcomes for the events industry in Victoria.
- The success of the industry must be promoted, in order to develop a widespread international reputation or brand for 'Victoria Events', conveying industry expertise and promoting business excellence.
- Industry should lobby for an expansion of the Melbourne Exhibition Centre to support expanded opportunities for business events, as well as supporting the development of business events facilities outside the metropolitan area.
- Industry and Government must continue support for the Victorian Events Industry Council (VIEC) as the vehicle to advocate on behalf of the industry.

OBJECTIVE 5

DEMONSTRATED INDUSTRY LEADERSHIP AND PARTICIPATION

Industry Vision: Victoria will lead the nation in providing a model for industry leadership, with cohesive cooperation between relevant industry and business associations, and a strong level of participation from tourism businesses.

DISCUSSION

The tourism sector in Victoria comprises businesses from a diverse yet related group of industries located across the State, including: Accommodation, Cafes and Restaurants, Retail Trade, Transport and Storage, and Education. The majority of tourism-related businesses are small businesses, and may lack the time or resources to ever consider the benefits of participation in industry activities and organisations.

Information from the Victorian Tourism Industry Scoping Study (2003) suggests that of the 100,000 tourism-related businesses operating in Victoria in 1998 (including 11,000 direct tourism businesses), between 13,000 and 14,000 were members of an industry or local regional tourism association, indicating a participation rate of just 13% to 14%.

Increasing the participation of Victorian tourism businesses in representative organisations, and strong industry leadership, deliver a number of distinct advantages to the industry as a whole, as well as individual businesses, including:

- Improved information-sharing, enabling business and industry development in line with industry trends and visitor expectations, and wider communication of tourism-related activities and opportunities
- The ability to lobby and influence key decision-makers on the major issues affecting the industry as a whole (e.g. aviation policy, infrastructure development)
- Support to attract major events and other tourism opportunities to Victoria by using a 'Team Melbourne' approach (e.g. attracting international airlines to Victoria, attracting major events and business events)
- An improved ability to develop a coordinated approach to external market shocks should a major event occur (e.g. terrorist attack, SARS)
- The ability to influence national marketing campaigns to support Victoria's tourism strengths.

There are currently a number of associations and related bodies providing support and representation to tourism-related businesses. These bodies often appeal to particular segments of the industry, or particular regions (e.g. 'Meetings and Events Australia', 'Victorian Caravan Parks Association', 'Geelong Otway Tourism').

While there are a number of different bodies operating within the tourism industry, this should not be viewed as undesirable fragmentation or industry immaturity. Each industry or business organisation provides a relevant service to their members. Victoria's associations work well together to share information and resources to achieve their common goal of supporting Victoria's tourism businesses, and growing the industry as a whole. Peak organisations such as the Victoria Tourism Industry Council (VTIC) and the Victoria Events Industry Council (VEIC) provide State and industry-wide policy, advocacy and representation.

However, there is still more that can be done to improve the number of tourism businesses participating in industry development and representative activities. Raising awareness of the benefits of participating, and the further development of Victoria's tourism industry associations, will be vital to the ability of the industry to achieve its future growth targets.

During the 1990's Victoria's tourism industry was maturing and required constant intervention to grow its competitiveness. Victoria is now a competitive destination to the credit of Tourism Victoria's leadership of strategic planning and exceptional marketing.

The time is now right for the industry to take control of industry development and bureau development allowing Tourism Victoria to focus on a core State destination and product marketing role. The partnership between the Government through Tourism Victoria and Parks Victoria is strong and a competitive advantage compared with other States and Territories.

Government will need to double its existing level of investment for Victoria to achieve the targets identified in its 10 Year Plan.

RECOMMENDATIONS

- The State Government needs to double its existing share of investment (through Tourism Victoria Events and Parks Victoria) to achieve targeted growth.
- Industry and business organisations must continue to work together to provide a unified voice for the tourism industry in Victoria and influence the policy agenda.
- A State-wide register of all tourism-related businesses should be developed in order to widen the scope of communication to the industry and encourage further participation in industry development and leadership activities. Excellent communication and dissemination of industry information are particularly essential for small business operators.
- Government should recognise and support the important role for industry and business associations in delivering a range of services to the tourism industry in Victoria.
- Opportunities to participate in industry activities must be decentralised and delivered within local areas to encourage participation.
- Ongoing education and awareness campaigns on the differentiated roles of industry organisations should be implemented to bridge the knowledge and participation gap.
- A collaborative approach to tourism industry development must continue to be encouraged, with industry and all tiers of Government working together to promote and support the tourism industry in Victoria.
- Industry associations should investigate the feasibility of value added collaborative membership.
- The tourism excellence program should be expanded to increase participation and leadership.

OBJECTIVE 6

FOSTER BUSINESS AND SERVICE EXCELLENCE

Industry Vision: Victoria's tourism industry will realise a competitive advantage on the basis of quality products and service delivered by skilled competent staff.

By 2016, Victoria will have a tourism industry that embraces a culture of business and service excellence, with a 20% increase in participation in relevant industry-based business excellence programs.

DISCUSSION

The tourism industry is expected to experience strong growth over the next 10 years. A historically high rate of world economic growth is likely to result in a strong increase in revenue from inbound tourism. The most recent Tourism Satellite Account figures show tourism in Australia accounted for \$37.6 billion of total GDP in 2005-06. This is an increase of 5.5% from 2004-05.

Between 2006 and 2015, the Tourism Forecasting Committee expects the Total Inbound Economic Value of international visitation to grow at a real rate of 7.15 per annum, comprising an average 5.5% increase in the number of visitors and an increase in the average spend per visitor. In particular, the value of visitation from China is expected to grow at an average rate of 15.7% per annum, and this is a challenge for which the tourism industry must prepare now.

Over the same time horizon, domestic tourism is expected to be stable. The Tourism Forecasting Committee expects average growth in value of 1.3% per annum in domestic tourism between 2006 and 2015, with a trend towards shorter, higher yielding trips. The average propensity to travel is expected to fall over this period.

What this means is that the tourism industry needs to prepare now to ensure it has a workforce capable of providing a high level service, geared to the expected future shape of the industry.

With the Australian unemployment rate at a thirty year low, and strong growth in other sectors of the economy, operators in the tourism industry are increasingly reporting difficulties in attracting skilled and experienced staff, particularly in certain regions and in specific skill categories. The skills required of employees will also change over the coming decade, with strong demand for both broader industry-based skills and specific skills relevant to the growth segments of the industry such as language and cultural skills.

For Victoria's tourism industry to remain competitive, and to secure strong visitation from high-yield tourists, business standards must be high. Going forward, this will increasingly require industry engagement and participation in skill development programs for all operators in the industry.

The attraction of skilled employees, and improving the skills of existing employees and business owners, is vital for the continued growth and development of the tourism industry. It is necessary in order to compete effectively with other destinations, improve industry yield and profitability, and to ensure a sustainable growth path. The Government has an important role to play in supporting high quality, relevant training and identify training gaps.

RECOMMENDATIONS

- The State Government should work with the industry to develop a database of preferred trainers for the tourism industry which would improve the access of SMEs to training opportunities.
- Industry training and development should be deinstitutionalised to provide recognition for on-the-job training and experience, as well as local or technology-driven delivery.
- To ensure its successful implementation, the State Government should provide increased funding for the 'Tourism Excellence' program, initiated by Tourism Victoria, and transfer program management to industry. The program is strongly supported by industry as a best-practice example of relevant, high quality training that can provide Victoria's tourism industry with a competitive advantage.
- Training should be focused on developing specific skill-sets that are relevant to both the current state of the industry, and expected future needs.

- The industry must recognise that training needs apply not only to new workers. The continual up-skilling of existing workers is vital to the future growth and development of the industry.
- Industry needs to support the formation of business clusters to share skills, training knowledge and experience, and develop career paths for employees.
- Governments must ensure nationally consistent recognition of industry competencies.
- Industry and Government should work to promote careers in the tourism industry, including the development of career paths.
- Research should be conducted to determine industry-wide customer expectations, satisfaction and loyalty.
- Industry needs to continue to advocate strongly for increased funding for tourism training.



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**FOR FURTHER INFORMATION ON THE TOURISM
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