

CROWN SYDNEY HOTEL RESORT



VOLUME 1D – ATTACHMENTS TO
THE PROJECT SUBMISSION

JUNE 2013



CROWN SYDNEY HOTEL RESORT AT BARANGAROO SOUTH (DESIGN IMAGE)





INDEX

VOLUME 1D—ATTACHMENTS TO THE PROJECT SUBMISSION

-
- | | |
|---|---|
| 1 | NSW Government, 'Visitor Economy Action Plan: The NSW Government Response to the Final Report of the Visitor Economy Taskforce' (December 2012) |
|---|---|
-
- | | |
|---|---|
| 2 | New South Wales Visitor Economy Taskforce, 'Final Report of the Visitor Economy Taskforce: A Plan to Double Overnight Visitor Expenditure to NSW by 2020' (June 2012) |
|---|---|
-
- | | |
|---|--|
| 3 | Destination NSW, 'China Tourism Strategy 2012-2020' (30 November 2012) |
|---|--|
-

CROWN SYDNEY HOTEL RESORT

1



VISITOR ECONOMY INDUSTRY ACTION PLAN

THE NSW GOVERNMENT RESPONSE TO THE FINAL REPORT OF THE VISITOR ECONOMY TASKFORCE

December 2012





FOREWORD



George Souris

Minister for Tourism, Major Events, Hospitality and Racing

Minister for the Arts

The Visitor Economy Industry Action Plan is the NSW Government's response to the largest review ever undertaken into the State's Visitor Economy. The NSW Government has set the ambitious target to double overnight visitor expenditure by 2020 and this will result in an additional \$18 billion to the State's economy. Currently visitor expenditure in NSW contributes over \$20.2 billion to the State's economy, supports more than 159,000 direct jobs, over 96,500 businesses and accounts for one in every 22 jobs in NSW.

An underperforming visitor economy is not just a challenge for the tourism industry but also for businesses in the wider economy. In 2010-11 the direct Gross Value Added provided by tourism in the NSW economy was \$10.5 billion, representing exactly one-third of national tourism Gross Value Added, which has risen by half a billion dollars (*Tourism Satellite Account, 2010/2011*). This means that the NSW visitor economy is worth more than agriculture, forestry and fishing and just below mining.


Businesses involved in retail, transport, investment, planning, infrastructure, training and development, and those dealing with shortages in skills and labour, are all indirectly part of the visitor economy and are impacted by fewer visitor numbers. The NSW Liberals and Nationals have always recognised the central role that the visitor economy plays within the wider economy.

That is why the NSW Government established industry-led taskforces, including the Visitor Economy Taskforce, to develop Industry Action Plans to position priority industry sectors for strong growth.

This work is part of a broad-based program of reform, stemming from *NSW 2021: a plan to make NSW number one*, which was developed by the NSW Government to drive growth and productivity and re-establish NSW as the economic engine of the national economy.

As part of *NSW 2021*, we set an ambitious target to revitalise our tourism and events industries. The Visitor Economy Taskforce's Final Report provides a blueprint for the NSW Government and industry to work together to reinvigorate the industry and achieve this target.

The Taskforce has given us a straight and frank assessment of the State's tourism industry. We will respect this by getting on with the job and working with industry to make NSW number one again.



The NSW Government has considered the Taskforce's Final Report and responded in this Industry Action Plan for the Visitor Economy. Some of the work laid out in the Report has already begun, including the project to deliver the world class Sydney International Convention, Exhibition and Entertainment Precinct and the establishment and confirmation of long-term funding of Destination NSW.

The Taskforce asked the NSW Government to focus on outcomes rather than processes. It said that our targets were achievable but will not be reached through incremental changes. This means that we need to focus on the evidence and make decisions that ensure a return on investment. The task ahead requires a focus on the supply side, including essential tourism infrastructure, as well as generating demand through our marketing activities. Both are equally important.

We will do this by placing the visitor's perspective at the centre of our destination planning. Decisions about where and when to allocate resources will be based on evidence. Actions will be rigorously assessed, measured and reported. We will also do this in partnership with industry, leveraging its capacity to provide leadership and work collaboratively.

This Government's commitment to the visitor economy is unquestionable. It is and will continue to be a key plank of our commitment to revive the State's economy by promoting Sydney and Regional NSW to the world.

The work set out in the Visitor Economy Industry Action Plan has been designed to produce outcomes that will grow NSW's visitor economy and benefit businesses and the community. I look forward to working with you in the delivery of the Visitor Economy Industry Action Plan.

Key Year One Deliverables under the Industry Action Plan for the Visitor Economy:

- New Destination Management Planning (DMP) system for NSW
- Regional conferencing strategy for NSW
- New Annual Business Leadership Forum
- New funding program criteria for regional tourism
- Long-term brand campaigns for Sydney and NSW
- Strengthened major events and festival calendar
- Dedicated visitor servicing co-ordination for Sydney
- New travel concessions for international students
- \$87 million cruise infrastructure program
- New Destination NSW China Strategy
- Glebe Island Expo to house trade exhibitions while the Convention Centre is completed
- New Aboriginal Tourism Action Plan.



TABLE OF CONTENTS

Foreword.....	2
Table of Contents.....	4
Introduction	5
PART ONE: Industry Action Plan for the Visitor Economy	6
1. Demonstrate Leadership.....	6
2. Make it Easier to Do Business	8
3. Collaborate to Drive Innovation and Competitiveness	8
4. Invest in Critical Infrastructure.....	9
5. Raise the Global Profile of Sydney and NSW	10
PART TWO: Response to Taskforce Recommendations.....	11
PART THREE: Performance And Evaluation.....	62
Year 1 Actions.....	63
Business Leadership Forum.....	76
Key Performance Indicators.....	76
Appendix 1 – Abbreviations List.....	77



INTRODUCTION

The NSW Government announced its intention to develop industry action plans for key sectors of the economy in September 2011 with the release of *NSW 2021: a Plan to Make NSW Number One*. *NSW 2021* is a 10-year plan to rebuild the economy and identifies the visitor economy as a critical sector to contribute to the growth of the overall NSW economy.

The Visitor Economy Industry Action Plan is one of six Industry Action Plans being developed under *NSW 2021*. Other Industry Action Plans focus on the digital economy, manufacturing, professional services, international education and research, and creative industries.

Goal 1 in *NSW 2021* 'to improve the performance of the NSW economy' sets an ambitious target to double overnight visitor expenditure to NSW by 2020.

Achieving the visitor economy target in the eight year timeframe to 2020 requires an increase in visitor expenditure from \$18.3 billion per annum¹ to \$36.6 billion per annum in 2020. The latest surveys put overnight visitor expenditure in NSW at \$20.2 billion.

The Visitor Economy Taskforce and Industry Action Plan process

The Government established the industry-led Visitor Economy Taskforce to develop a strategy to achieve the 2020 target. The Taskforce conducted extensive industry consultation, research and analysis over 12 months to inform its work to deliver an independent report to Government. The Taskforce Report was released on 10 August 2012. The VET Report can be found at: www.business.nsw.gov.au/vet.

The Taskforce's terms of reference were deliberately broad to reflect the scope of the visitor economy. In developing its response, the Government has considered the wide range of demand and supply issues that impact on the visitor economy and are relevant to portfolios across Government. The Government's response to the Taskforce's Report forms the Industry Action Plan for the Visitor Economy.

¹ 2009 base year



PART ONE: INDUSTRY ACTION PLAN FOR THE VISITOR ECONOMY

The Government's response has been informed by the NSW Economic Development Framework which is underpinned by five high level principles. The Framework places great importance on Government collaboration with industry. It also establishes the focus, skills and knowledge, infrastructure and operating conditions that will support long-term economic growth in NSW.

The five principles underpinning the NSW Economic Development Framework are:

1. **Demonstrate leadership.** Champion growth through leadership, vision and partnerships.
2. **Make it easier to do business.** Reduce costs and provide greater certainty for industry.
3. **Collaborate to drive innovation and competitiveness.** Respond to new challenges, create new products and markets, and take advantage of emerging opportunities.
4. **Invest in critical infrastructure.** Plan strategic and efficient infrastructure needed to drive the economy.
5. **Raise the global profile of Sydney and NSW.** Promote NSW in a more strategic and coordinated way, to attract businesses, entrepreneurs and talent to the State.

The following sets out the key directions of the Industry Action Plan for the Visitor Economy in terms of the NSW Economic Development Framework principles. Further details on the actions developed in response to the Taskforce's Report are set out in Part Three.

1. DEMONSTRATE LEADERSHIP

Embedding the visitor economy within wider NSW Government policy priorities

The NSW Government will take the lead in ensuring that the broader economy sectors are considered when looking at visitor services and activities. It is therefore essential that NSW Government departments and agencies realise the benefits and work together to grow the visitor economy.

The NSW Government has ensured that a visitor economy perspective has been incorporated into government policy by setting a target for the sector in *NSW 2021*. The Industry Action Plan for the Visitor Economy ensures a whole-of-government and systematic approach to overseeing the development and implementation of actions critical to achieving the 2020 target.

The NSW Government established Destination NSW in 2011 to lead the State's tourism and events agenda and has committed \$125 million a year to Destination NSW for the next four years.

The NSW Government will also establish a new annual Business Leadership Forum to deliver a progress report on the Industry Action Plans, including the Visitor Economy Industry Action Plan. The Forum will also provide advice on any amendments or changing priorities, and develop new measures to increase economic growth.

The Forum will include representatives from industry including the Taskforces, the NSW Innovation and Productivity Council, the Export and Investment Advisory Board (EIAB), the Multicultural Business Advisory Panel (MBAP), and the NSW Regional Development Advisory Council.

The Destination NSW Board will meet bi-annually with industry and Government stakeholders to monitor progress of the Visitor Economy Industry Action Plan and inform the reporting process.



Government leadership in partnership with industry

The Industry Action Plan for the Visitor Economy offers opportunities for Government and industry to work in partnership to encourage development and growth. Destination management planning in particular will focus on local knowledge, entrepreneurship, innovation and industry leadership.

Anticipate opportunities and challenges in the global market

The NSW Government recognises that in order to achieve the target set for growing the visitor economy the industry will need to focus on markets that are expected to provide a high rate of growth, such as Asian visitor markets.

The growing outbound Asian visitor markets, in particular China, South Korea and India present a significant opportunity for NSW and Sydney to tap into the emerging major economies of the future.

The Asian region is forecast to represent more than 50 per cent of the global economy by the middle of the century.² As *Australia in the Asian Century* indicates, we are entering an age of unprecedented opportunities and challenges as industries adapt to interconnected regional dynamics.³

To maximise the opportunities in the Asian region, the NSW Government is taking a strategic approach, turning to industry leaders to help Government to develop innovative, evidence-based policy.

Taskforces were set up to develop Industry Action Plans in those sectors most likely to benefit from the growth of economies in Asia. The EIAB and MBAP were also established to advise Government on how best to leverage NSW's capabilities and assets to strengthen exports and investment in these markets.

In line with this, Destination NSW has released a new China market strategy. Destination NSW also has international offices in Singapore, Shanghai, Tokyo, Los Angeles, Auckland and London, and opened a new office in India in July 2012.

Tourism is a national industry and it is therefore necessary for the NSW Government to work with the Commonwealth on tourism policy and with Tourism Australia to develop international visitor markets. The NSW Government also works jointly with other State, Territory and Commonwealth Governments through the National Long Term Tourism Strategy process.

The NSW Government has also developed the NSW Strategy for Business Migration & Attracting International Students which is designed to change the migration environment in NSW to better align with the NSW Government's economic priorities. The needs of international students and the education tourism market are incorporated into this strategy as well as the Industry Action Plan for International Education and Research.

Renewed focus on domestic markets

The NSW Government also recognises that domestic markets are of equal importance to the visitor economy as international markets.

Research commissioned by the Taskforce showed that many NSW destinations are not perceived as unique or appealing to domestic visitors. Consumer recognition for many NSW regional destinations was not strong, even amongst NSW residents. The results indicate a significant amount of development and sharper destination positioning is required. The NSW Government expects that the introduction of a destination management planning system will support a renewed focus on targeting domestic markets.

² Asian Development Bank "Asia 2050 Realising the Asian Century"

³ Australia in the Asian Century Issues Paper, December 2011



2. MAKE IT EASIER TO DO BUSINESS

Improve planning processes

The Government has embarked on a comprehensive review of the State's planning system. Strategic planning under the new planning system will help provide a stronger policy framework to specifically support the tourism industry.

The review is designed to deliver reforms across a number of areas including the reduction of red tape and delays in the assessment of development applications. The NSW Planning Review Draft White Paper is expected to be released for public comment by the end of 2012.

Ease the regulatory burden on business

More than half of businesses in the NSW visitor economy are micro, small or medium-sized enterprises. The Government appointed the State's first Small Business Commissioner as the principal advocate for the State's 650,000-plus small businesses. The Commissioner will play a key role in addressing unnecessary and burdensome regulation for small businesses.

The NSW Government is committed to reducing the regulatory burden on businesses. The Government has set a red tape reduction target of \$750 million in savings across Government for business and community partners by June 2015 and has enacted a 'one on, two off' policy for new regulations.

3. COLLABORATE TO DRIVE INNOVATION AND COMPETITIVENESS

New destination management planning approach introduced in NSW

The Government will facilitate the implementation of a destination management planning system in NSW. A new culture and process must be developed and implemented by the stakeholders of the visitor economy in NSW. It is of critical importance that the visitor economy is planned through a coordinated and sustainable approach.

By coordinating public and private priorities we are able to create an environment that encourages growth. Destination management planning will place the visitor's perspective at its centre and will combine the needs of visitors, community and the economy.

The approach will be led by key stakeholders in the different sectors of the economy and will involve all three levels of government, industry and the community. Decisions about the allocation of resources will be evidence-based and actions rigorously targeted and assessed.

Regional NSW destinations will particularly benefit from this new approach which supports a range of destination types and will facilitate the creation of synergies between government and industry activities. In the mind of a visitor, destinations are not necessarily defined by administrative boundaries such as local government areas or the boundaries in which a regional tourism organisation operates. It is anticipated that a plan will be developed for a destination that crosses these boundaries.

By having the visitor at its core, each destination will be able to determine the best allocation of resources to grow the visitor economy. A visitor destination can be a mature destination that needs management to ensure its sustainability or an emerging destination that hasn't reached its potential and requires a plan to encourage growth. Leadership for the planning process will come from the destination itself and be determined by local knowledge and enterprise.



Digital technologies and communication

Digital technologies and communication have had a profound impact on the tourism and events industries. Destination NSW will continue to forge a leadership role within the industry in terms of using best practice technologies and communication tools, including social media platforms.

The Government is committed to leveraging developments in new technologies and social media to ensure communication with target markets meets consumer expectations, particularly in the Asia Pacific region, and build a strong, global digital identity for NSW and Sydney. The Industry Action Plan for the Digital Economy will offer directions for collaborations between digital industries and the tourism and events industries.

4. INVEST IN CRITICAL INFRASTRUCTURE

The NSW Government recognises the need to boost investor confidence and encourage investment in new and improved visitor economy infrastructure including accommodation, attractions, access, transport and general amenities. This is evidenced by the NSW Government's commitment to deliver the new Sydney International Convention, Exhibition and Entertainment Centre, and its investment in infrastructure at the Royal Randwick and Rosehill Racecourses, and the Sydney Cricket Ground.

The Government recognises that rapid growth in demand for air travel will impact on the landside infrastructure and land use around the airport precinct. The NSW Government is currently looking at this matter in the context of the *NSW Long Term Transport Master Plan*. The Master Plan will also look at options to increase rail and bus services to and from Sydney Airport.

The NSW Government's \$87 million cruise infrastructure program will ensure Sydney remains a high profile cruise destination. The program will enable the construction of a domestic passenger terminal at White Bay, a Master Plan for the Overseas Passenger Terminal (OPT) and the improvement of mooring solutions for large ships at the OPT.

Investment attraction

The NSW Government's comprehensive review of the State's planning system includes land use for tourism-related developments. The review is designed to help reduce red tape and delays in assessment of development applications. This process is expected to provide clarity for investors and assist in encouraging investment in accommodation in Sydney and NSW.

The Government has also established the Property Asset Utilisation Taskforce to undertake a stocktake of Government-owned property assets that might be re-purposed for private industry, including visitor economy initiatives.

In addition to this broader work, a NSW Accommodation Supply Plan will form part of the implementation of the destination management planning system to be established in NSW.



5. RAISE THE GLOBAL PROFILE OF SYDNEY AND NSW

Sydney is consistently recognised as one of the world's leading cities and visitor destinations.

Sydney's global profile is as relevant to business, the arts, education, research and science as it is to leisure tourism and events. It needs to be managed in a way that coherently supports all these domains of endeavour.

The Taskforce reported that the marketing brands for Sydney and NSW lacked consistency and a long-term view. The NSW Government recognises this and Destination NSW has commenced work in this important area to develop a long-term brand for Sydney and NSW that promotes and delivers upon visitor expectations.

This activity requires a collaborative approach, involving industry and Government, to branding and promoting the State as a visitor destination. Raising the global profile of Sydney and NSW will also need to move beyond raising destination awareness and seek to convert interest into actual visitation.

Build a strong events calendar for Sydney and NSW

Destination NSW is already notching up an impressive list of major event wins. The 2012-13 NSW Budget committed \$125 million a year to Destination NSW's activities for the next four years to help rebuild the NSW economy by supporting tourism, business conferences and major events. This will help to ensure that Sydney and NSW benefit from a year-long list of events (including sporting, exhibitions and musicals) and conventions throughout NSW.

Provide a quality visitor experience

The destination management planning system will work to ensure that the visitor perspective is central to the development of visitor experiences, products and services.

The NSW Government will also work to capitalise on the opportunities presented by our unique Aboriginal culture, the arts, nature and heritage, retail and international students.

For example, the NSW Government has already taken steps in this direction and Destination NSW, Arts NSW and the cultural institutions are working together to ensure arts and cultural experiences are aligned with tourism and major events planning. Destination NSW will also lead the implementation of an Aboriginal Tourism Action Plan.

International education is a key industry for NSW and is the State's second largest export earner, worth \$6 billion. The potential for long-term growth in this sector is significant, so action to improve our competitive position will pay significant dividends.

As part of its activity to support the International Education and Research Industry as well as education tourism, the NSW Government recently announced a plan to extend access to concession travel fares to international students.



PART TWO: RESPONSE TO TASKFORCE RECOMMENDATIONS

In 2011 the NSW Government established industry-led Taskforces to help develop Industry Action Plans for the Digital Economy, International Education & Research, Manufacturing, Professional Services and Visitor Economy Industries. A Creative Industries Taskforce was established in 2012 and its work is currently underway.

Working together over the last 12 months, industry and the NSW Government have consulted widely on the priority actions to position the State's economy for growth, resilience, innovation, productivity and global competitiveness and create new investment opportunities over the next decade.

The Government has reviewed the recommendations and actions in the Final Report of the Visitor Economy Taskforce and its vision, and has provided a response to the 48 recommendations and 171 associated actions of the Taskforce Report. Where the recommendations of the Taskforce seek Government intervention in markets, we have analysed the objectives and identified, where possible, market-based pathways for delivery.

Supported by the NSW Economic Development Framework, the agreed actions by the Government will play a significant part in facilitating the industries' competitiveness and long-term growth.

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
STRATEGIC IMPERATIVE 1: INCREASE VISITATION						
Recommendation 1. Develop and implement a compelling, consistent and long-term brand strategy for Sydney that focuses on the priority target markets and liaise with Industry prior to implementation.	Destination NSW (DNSW)	Industry*, destinations**, Local Government, Business Events Sydney, relevant NSW Government agencies, Tourism Australia (TA)	Supported. DNSW will continue to lead the development and implementation of a brand strategy for Sydney and market destinations, event experiences and holiday offers to target trade and consumer markets. DNSW will continue to work in partnership with industry from across the visitor economy. An additional proposal to establish StudyNSW is currently in development. StudyNSW is proposed as a partnership between Government and industry to provide a one-stop-shop to support the delivery of a number of recommendations by the Taskforce on International Education and Research. This proposal is the subject of a separate Cabinet Minute.	✓		
Action 1A. Build on the extensive brand development work already completed, finalise and implement a brand communications strategy for Sydney that drives the key brand messaging to attract business, education and leisure visitors.	DNSW, NSW Trade & Investment (NSW T&I)	Industry, destinations, Local Government, relevant NSW Government agencies	Supported.	✓		
Action 1B. Integrate the major events and festivals' positioning and messaging into the broader brand strategy for Sydney.	DNSW	Industry, destinations, Local Government, Sport & Recreation, Arts NSW, other relevant NSW Government agencies	Supported.	✓		
Action 1C. Establish a systematic theming approach to the promotion of Sydney as a destination for use by all key Industry marketing partners.	DNSW	Industry, destinations, Local Government, relevant NSW	Supported.	✓		

* A broad definition covering the range of businesses that are part of the visitor economy e.g. events, arts, education, transport, etc.

** Includes local stakeholders in the visitor economy.

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
		Government agencies				
Action 1D. Further develop intrastate/interstate packages which will encourage visitors to key cultural and sporting events to extend their length of stay.	DNSW	Industry, destinations, Local Government, relevant NSW Government agencies	Supported.	✓		
Action 1E. Allow iconic publicly-owned Sydney images, locations and events to be filmed/photographed at no charge when being used in Sydney brand promotions.	DNSW	Arts NSW, cultural institutions, National Parks and Wildlife Service (NPWS), other relevant NSW Government agencies	Supported. DNSW will work with Arts NSW and other appropriate NSW Government agencies to review image protocols for Government, commercial and not for profit usage.	✓		
Recommendation 2. Finalise a long-term, compelling and consistently delivered brand strategy for the key identified NSW destinations, and ensure joint marketing with Industry support.	DNSW	Industry, destinations, relevant NSW Government agencies	Supported.	✓		
Action 2A. Build a comprehensive brand positioning framework for NSW destinations, utilising current data on visitor preferences for key NSW destinations and experiences.	DNSW	Industry, destinations, Local Government, relevant NSW Government agencies	Supported.	✓		
Action 2B. Link brand positioning with Destination Management Plans and work with destinations to identify key features and promote key strengths.	DNSW	Destinations, Industry, NSW T&I, other relevant NSW Government agencies	Supported. This Industry Action Plan includes a major new policy initiative: the NSW Government will facilitate the establishment and implementation of a destination management planning system in NSW for the first time. See response to Recommendation 18.		✓	
Action 2C. Integrate major events and festivals, arts and culture, natural heritage and other relevant positioning into the NSW destination brand strategy.	DNSW	Industry, destinations, relevant NSW Government agencies	Supported. DNSW work with partners on the branding strategy.	✓		
Action 2D. Establish a systematic theming approach to regional destination	DNSW	Industry, destinations	Supported.	✓		

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
promotion for use by all key industry marketing partners.						
Action 2E. Allow iconic publicly-owned NSW images, locations and events to be filmed/photographed at no charge when being used in NSW destination brand promotions.	DNSW	Arts NSW, cultural institutions, NPWS, other relevant NSW Government agencies	Supported. DNSW will work with Arts NSW, NPWS and other appropriate NSW agencies to review image protocols for Government, commercial and not for profit usage.	✓		
Recommendation 3. Focus all Government visitor marketing on the top target markets and market segments identified by research for NSW.	DNSW	Relevant NSW Government agencies	Supported.	✓		
Action 3A. Concentrate all future Destination NSW promotional effort, marketing, visitor servicing and product development solely on the top target markets identified through research: China, UK, South Korea, USA, New Zealand, Japan, Singapore, India, Malaysia, Germany and Indonesia. Identify the best market segment opportunities within or across these markets, for example, leisure, VFR, education and business.	DNSW	Industry, destinations, Local Government, relevant NSW Government agencies, TA	Supported.	✓		
Action 3B. Undertake regular updates of target market and segment analysis to determine how best to attract and service the highest potential yielding visitor markets in terms of spend.	DNSW	Industry	Supported.	✓		
Action 3C. Promote NSW destinations that have the highest demonstrated consumer appeal and potential to grow visitor expenditure to target markets and incorporate events and festivals that are proven visitation drivers, for example, the Tamworth Country Music Festival, into the domestic target market strategy.	DNSW	Industry, destinations, Local Government, relevant NSW Government agencies, TA	Supported.	✓		
Action 3D. Ensure Destination NSW's marketing maximises the spend potential arising from the strong growth seen in interstate VFR and business visitation segments.	DNSW	Industry, destinations, Local Government, NSW Government, TA	Supported.	✓		
Action 3E. Implement and adequately resource the comprehensive China	DNSW	Industry, destinations, Local	Supported.	✓		

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
Strategy that has been developed by Destination NSW.		Government, relevant NSW Government agencies, TA	DNSW has developed and begun implementing a new China Market Strategy.			
Action 3F. Increase and adapt Destination NSW presence in target markets as the strategy requires.	DNSW	Industry, destinations, Local Government, NSW Government, TA	Supported. DNSW has international offices in Singapore, Shanghai, Los Angeles, Auckland, London, Tokyo and opened a new office in India in July 2012.	✓		
Action 3G. Further analyse the top identified target markets to develop and focus on the following market segments identified for their growth potential: • international education • business events • youth and working holiday makers • baby boomers • other high-yield niche markets and market segments.	DNSW	Industry, destinations, Local Government, relevant NSW Government agencies, TA	Supported.	✓		
Action 3H. Incorporate events and festivals that are proven visitation drivers, for example, Sydney New Year's Eve, Vivid Sydney and Sydney's Chinese New Year celebration, into the international target market strategy.	DNSW	Industry, destinations, Local Government, relevant NSW Government agencies, TA	Supported.	✓		
Recommendation 4. Focus visitor economy marketing resources on a greater use of digital marketing and promotions and improve the links between complementary digital information services.	DNSW	Industry, destinations, Local Government, relevant NSW Government agencies, TA	Supported. DNSW's increased focus on digital marketing and promotions also align with the aims of the NSW Government's Digital Economy Industry Action Plan.	✓		
Action 4A. Build a competitive Industry and Government digital marketing capability, harnessing: • online promotion/search engine optimisation • social media networks/video casting/blogs • location and map search functions, smartphone apps, including QR code.	DNSW	Industry, destinations, Local Government, relevant NSW Government agencies	Supported.	✓		
Action 4B. Expand and disseminate insights from social media tracking programs that monitor the extent and nature of 'buzz/talkability' around NSW destinations and experiences by each	DNSW	Industry, destinations, Local Government, relevant NSW Government	Supported.	✓		

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
priority market segment.		agencies				
Action 4C. Take a leadership position in the digital space with new technologies, for example, augmented reality technology.	DNSW	Industry, destinations, Local Government, relevant NSW Government agencies	Supported.	✓		
Action 4D. Partner with Industry to accelerate the adoption and development of new technologies and digital marketing by the Tourism Industry.	DNSW	Industry, destinations, Local Government, relevant NSW Government agencies	Supported.	✓		
Action 4E. Establish a new and comprehensive whole-of-state website for events and festivals, conventions and exhibitions of all types, which can be viewed and searched by week/month and event genre and linked to relevant websites.	DNSW	Industry, destinations, Local Government, relevant NSW Government agencies	Supported.	✓		

STRATEGIC IMPERATIVE 2: GROW PHYSICAL CAPACITY

Recommendation 5. Provide an investment and regulatory environment for the City of Sydney and its surrounds which supports and encourages private investment in accommodation facilities, including: <ul style="list-style-type: none"> • incentives for visitor accommodation development • removal of regulatory impediments during the planning, approvals and construction phases of property development. 	Department of Planning & Infrastructure (DP&I)	Industry, Local Government, relevant NSW Government agencies	<p>Supported in principle.</p> <p>The Government has embarked on a comprehensive review of the State's planning system. Strategic planning under the new planning system will help provide a stronger policy framework to specifically support the tourism industry. The review is designed to deliver reforms across a number of areas, including the reduction of red tape and delays in the assessment of development applications.</p> <p>The <i>NSW Planning Review Draft White Paper</i> is expected to be released for public comment by the end of 2012.</p> <p>The new destination management planning system will also provide opportunities for collaboration between Local and State Governments at a community level, including on Sydney's CBD.</p>	✓		
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VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
Action 5A. Work with the City of Sydney on future land-use and development standards to be incorporated in the Sydney Local Environment Plan and Development Control Plan to encourage and incentivise visitor accommodation in key Sydney precincts.	DP&I	City of Sydney, DNSW, NSW T&I	<p>Supported in principle.</p> <p>The City of Sydney is currently undertaking the Central Sydney Planning Review which will in part investigate the need for tourist and visitor accommodation in the CBD and assess the adequacy of current planning controls for delivering it.</p> <p>DP&I will work with Council to implement any recommendation for changes to planning controls for the CBD arising from the Review. The Review is due for completion in 2013.</p> <p>The Government has also established the Property Asset Utilisation Taskforce to undertake a stocktake of property assets to help the Government identify assets for potential divestment, including assets in Sydney CBD that maybe suitable for hotel conversion by the private sector. The Taskforce's findings and recommendations have been endorsed by the Government and will be progressively implemented.</p>		✓	
Recommendation 6. Develop a NSW Visitor Accommodation Supply Plan to: <ul style="list-style-type: none"> • undertake regular accommodation supply and demand studies • ensure that achievement of the visitation target is not constrained by a shortage of visitor accommodation in key tourism destinations across NSW • encourage incremental and sustainable growth in, and encourage rejuvenation of, accommodation supply in key tourism destinations • encourage and facilitate investment in new visitor accommodation that matches market needs • provide confidence to investors and operators about the stability of their operating environment • contribute to the NSW Government's broader 	NSW T&I	DNSW, Industry, destinations, other NSW Government agencies	<p>Supported.</p> <p>The development of an Accommodation Supply Plan will form part of the process to implement the destination management planning system in NSW.</p>		✓	

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
<p>infrastructure planning processes and investment incentives.</p> <p>This Plan would focus on the immediate accommodation shortage in Greater Sydney and, secondly, on identified key and emerging regional tourism destinations to meet and generate demand.</p>						
Action 6A. Establish a joint Government/Industry group to oversee development of the NSW Visitor Accommodation Supply Plan and monitor its ongoing implementation.	NSW T&I	DNSW, Industry, destinations, other relevant NSW Government agencies	Supported.		✓	
Action 6B. Ensure that the current Property Asset Utilisation Taskforce completes an audit of Government property in Sydney's CBD and key tourism precincts to identify opportunities for use of Government owned buildings and land for new or redeveloped visitor accommodation.	Department of Finance & Services (DFS)	Industry, Local Government, relevant NSW Government agencies	Supported. The Government has established the Property Asset Utilisation Taskforce to undertake a stocktake of property assets to help the Government identify assets for potential divestment, including assets in Sydney CBD that maybe suitable for hotel conversion by the private sector. The Taskforce's findings and recommendations have been endorsed by the Government and will be progressively implemented.		✓	
Action 6C. Identify and release Crown Land suitable for visitor economy purposes, including caravan/ tourist parks, ecotourism, heritage, family or Aboriginal-based tourism developments, including in or adjacent to National Parks, State Forests and Reserves and other Crown Lands. Ensure that sustainable development and management practices are adopted.	NSW T&I / Department of Primary Industries – Crown Lands (DPI – Crown Lands)	DNSW, Office of Environment & Heritage (OEH), NPWS, Forests NSW, Caravan and Camping Industry Association of NSW (CCIA)	Supported in principle. Crown Lands is currently progressing a range of projects that will enhance the visitor economy such as Lightning Ridge Caravan Park redevelopment, Silverton Cycleway, the primitive camping network to support the Clarence River Canoe Trail experience, Revitalisation of Newcastle Foreshore, Coffs Harbour Foreshore Redevelopment, Albury Ranges Reserve Recreation study. This action will be further considered as part of a comprehensive review into the management of Crown Land under the <i>Crown Lands Act 1989</i> , commenced by the NSW Government in June 2012. The Crown Lands Review will address the overall management of Crown Land including legislation, financial		✓	

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
			management, governance, and business structures. A final report is expected by June 2013. The Government has established an interagency Steering Committee comprising Crown Lands, Forests NSW, NPWS and DNSW, to progress opportunities relating to tourism and the delivery of visitor experiences and services on Crown (State managed) Lands in NSW. The Steering Committee will present findings in a final report to Government in 2013-14.			
Action 6D. Liaise with owners of 'eco-lodges' and similar establishments to encourage the construction of buildings utilising green technologies and sustainable management practices and incorporate these insights into the NSW Visitor Accommodation Supply Plan and Destination Management Planning process for NSW.	NSW T&I	Industry, destinations, relevant NSW Government agencies	Supported in principle This will be investigated with Industry partners in the development of the destination management planning system.		✓	
Action 6E. Introduce specific incentives and remove unnecessary regulatory/approval procedures and requirements to encourage the adaptive re-use and preservation of heritage buildings.	NSW T&I	DNSW, DP&I, DFS, OEH	Supported in principle. The current National Parks and Wildlife legislation already facilitates leasing or licensing of heritage assets for adaptive reuse for any purpose. NPWS has a wide range of existing commercial arrangements for adaptive reuse and a number of new proposals are currently being progressed.	✓		✓
Action 6F. Ensure visitor accommodation targets are included in major Government-led urban renewal and strategic land use projects, such as Barangaroo and the new convention precinct.	OEH	Relevant NSW Government agencies	Supported in principle. Unnecessary regulatory/approval procedures and requirements will also be considered as part of the NSW Government Reduction in Red Tape Review.		✓	
Action 6G. Call upon the Commonwealth Government to provide greater flexibility within the <i>Fair Work Act 2009</i> to lessen the constraints of higher penalty rates on the accommodation sector.	NSW Industrial Relations (NSW IR)	NSW T&I	Supported in principle. The NSW Government has concerns that the modern award system is not operating in a way that promotes productive and cooperative workplace		✓	

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
			<p>relations and believes any consideration of the impact of penalty rates should focus on increasing incentives for employment growth.</p> <p>The current review into modern awards is a good opportunity for the parties to address how improvements can be made to promote flexibility for businesses and their employees.</p> <p>The NSW Government is monitoring the review to inform any future responses to these issues. The modern awards review is expected to conclude by the end of May 2013.</p>			
Recommendation 7. Call upon the Commonwealth Government to relax the current restrictions on aircraft movements at Sydney Airport to facilitate growth in visitor arrivals.	NSW T&I		<p>Supported in principle.</p> <p>The NSW Government supports better utilisation of the existing infrastructure. Current regulation regarding shoulder movements should be updated to match Sydney Airport Demand Management Act 1997.</p> <p>It would result in a further 11 morning landing slots and 14 take off / landing slots in the evening peak per week.</p> <p>The NSW Government will refer this recommendation and the Visitor Economy Taskforce Final Report to the Commonwealth Government as it is a matter for Commonwealth consideration.</p>	✓		
Action 7A. That the NSW Government take all possible action to have the Commonwealth Government amend the Sydney Airport Demand Management Act 1997 so as to increase the statutory movement cap to at least 90 per hour in the peak period.	NSW T&I		<p>Supported in principle.</p> <p>The NSW Government supports better utilisation of the existing infrastructure through increasing the movement cap from 80 to 85 movements per hour during peak periods, and increasing movements in the curfew shoulder to the level allowed by the Sydney Airport Curfew Act 1995.</p> <p>The Government does not support removal of the curfew or changes to protections for existing regional flights.</p>	✓		

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
Recommendation 8. Develop a whole-of-government NSW aviation strategy, including incentives and marketing, to improve air services frequency and add new routes which access and service target markets. The strategy should address access into Newcastle, Canberra and Coolangatta airports as well as Sydney Airport.	DNSW, NSW T&I, Department of Premier & Cabinet (DPC)	Industry, destinations, relevant NSW Government agencies including Transport for NSW (TfNSW),	Supported in principle. Year 1 work will focus on DNSW's airline partnership strategies (international and domestic). NSW Government agencies will work with the Sydney Airport Corporation Limited (SACL) regarding its revised masterplan including TfNSW, on airport access transport matters. The NSW Government has also announced a new floating heliport on Sydney Harbour. The heliport will enable ease of helicopter access to and from Sydney Airport and to regional NSW destinations.	✓		
Action 8A. Ensure that the NSW Government's <i>Long-Term Transport Master Plan</i> identifies and incorporates opportunities to improve passenger movement to and from Sydney Airport.	TfNSW		Supported. The Long Term Transport Master Plan identifies actions to increase rail and bus services to and from Sydney Airport and improve the road network around the airport.	✓		
Action 8B. Work with Sydney Airport Corporation Limited (SACL) to ensure that Sydney Airport's Master Plan has adequate provision for the expected increased growth in visitor numbers in accordance with this <i>Visitor Economy Industry Action Plan</i> .	DPC	TfNSW, other relevant NSW Government agencies	Supported. The <i>Sydney Airport Master Plan</i> is developed by SACL and approved by the Commonwealth Government. DPC and TfNSW are working with Sydney Airport on the revision of its <i>2013 Master Plan</i> , which will include a ground transport plan to address road congestion and improve traffic flows in and around the Sydney Airport precinct, as well as initiatives to support increased public transport usage.	✓		
Action 8C. Support the introduction of a common air border between Australia and New Zealand, which would result in significant opportunities for increased international flights to regional airports, particularly Newcastle.	NSW T&I	Commonwealth Government	Supported. The NSW Government will encourage the Commonwealth Government to progress the common border. The matter will also be raised by NSW through the joint Tourism Ministers Meetings.	✓		
Action 8D. Work with Sydney, Newcastle, Canberra and Gold Coast/Coolangatta airports to develop a NSW aviation	DNSW, NSW T&I, DPC, TfNSW	Industry, destinations, Local Government,	Supported in principle. See response to Recommendation 8.	✓		

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
strategy.		relevant NSW Government agencies				
Recommendation 9. Take urgent action to address the issue of ground transport access to Sydney Airport.	TfNSW	SACL, DNSW	<p>Supported</p> <p>The <i>Long Term Transport Master Plan</i> identifies a Precinct Action Plan for Port Botany & Sydney Airport to reduce traffic congestion, improve rail and bus services and improve freight flows to and from Port Botany. These actions will take into consideration the <i>Sydney Airport Master Plan</i>.</p> <p>The <i>Long Term Transport Master Plan</i> was released on 13 December 2012.</p> <p>Under the <i>Long Term Transport Master Plan</i>, the <i>Sydney's Rail Future Plan</i> identifies future increases in frequency on the Airport line.</p> <p>The NSW Government sought assistance from Infrastructure Australia in 2011 to develop a <i>Port Botany and Sydney Airport Transport Improvement Plan</i> to improve road and rail access in the short (2016) and longer term (by 2031). The <i>Long Term Transport Master Plan</i> is starting work on key actions.</p>		✓	
<p>Action 9A. Support the recommendation of the <i>Joint Study on Aviation Capacity in the Sydney Region</i> that the Commonwealth and NSW Governments, in consultation with SACL, commence work on the detailed planning required for a program of surface transport works to improve the connections to the airport and surrounding precinct, including:</p> <ul style="list-style-type: none"> • a program to upgrade roads and intersections in the locality of the airport • improvements to rail services to and from Sydney Airport and the CBD • a commitment by the Commonwealth and NSW Governments to invest in suitable rolling stock and train paths to increase airport rail link service capacity • establishment of priority lane access for buses and taxis from the CBD to and 	TfNSW	SACL, NSW T&I, DNSW, NSW Government	<p>Supported.</p> <p>Improvements to ground transport access to Sydney airport are being addressed through the <i>NSW Long Term Transport Master Plan</i> and the revised <i>Sydney Airport Master Plan</i>.</p> <p>This includes addressing road access pinch points around Port Botany and Sydney Airport and improving public transport access to the airport, through better rail and bus services and WestConnex serving the whole Port Botany and Sydney Airport precinct.</p>			✓

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
from Sydney Airport <ul style="list-style-type: none"> • expansion of the Sydney bus network services to and from the airport • development and implementation of a plan to facilitate bus and mini-bus access to a centralised transit point or points at the airport terminal precincts. 						
Action 9B. Support the recommendation of the <i>Joint Study on Aviation Capacity in the Sydney Region</i> that the NSW Government consult with the Commonwealth Government and SACL to develop and implement a strategy for increasing the patronage of the airport rail system, which includes improving the visitor experience, for example, by providing easier baggage storage, porter services and access to luggage trolleys.	TfNSW	SACL, Airport Link Company	Supported. As part of the implementation of <i>Sydney's Rail Future Plan</i> , improvements to the customer experience for airport passengers using the Airport Rail Line and strategies to increase patronage will be considered.			✓
Recommendation 10. Support the growth in air services to Newcastle, Gold Coast/Coolangatta and Canberra airports to accommodate larger aircraft, increased passenger movements and to cater for international arrivals and departures.	DNSW, NSW T&I, DPC, TfNSW	Industry, destinations, Local Government, relevant State/Territory Government agencies	Supported in principle. See response to Recommendation 8: Year 1 work will focus on DNSW's airline partnership strategies (international and domestic).			✓
Action 10A. Call upon the Commonwealth Government to agree to adjust the Slot Management System at Newcastle Airport to allow for more flexible scheduling, particularly in the A.M. and P.M. peak periods.	NSW T&I	Commonwealth Government	Supported. The NSW Government will refer this recommendation and the Visitor Economy Taskforce Final Report to the Commonwealth Government as it is a matter for the Commonwealth Government.	✓		
Action 10B. Undertake an audit with key stakeholders (including the Commonwealth Government), to assess regional airport infrastructure needs in the light of increased security requirements, increase in aircraft size and the inadequate funding available to Local Councils to expand and maintain key regional airports.	NSW T&I	Commonwealth Government, Industry, destinations, Local Government, relevant NSW Government agencies	Supported in principle. This action will be considered with Commonwealth and other stakeholders as part of the longer term work on an aviation strategy in the response to Recommendation 8.			✓
Action 10C. Support the development and enhancement of air services into Newcastle, Canberra and Gold Coast/ Coolangatta airports to facilitate increased visitation to NSW.	DNSW, NSW T&I	Industry, destinations, relevant NSW Government agencies	Supported in principle. See also Recommendation 8.		✓	

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
Action 10D. Work with the Queensland Government to resolve cross-border regulatory anomalies that do not provide reciprocal arrangements for NSW and Queensland taxis and restrict NSW taxis from picking up airport customers in Queensland to return them to NSW.	TfNSW	Queensland Government, NSW Cross Border Commissioner	Supported. TfNSW will continue to assist the NSW Cross Border Commissioner in developing solutions for improved taxi services across the border.	✓		
Action 10E. Establish a working group to identify the issues concerning future access to Lord Howe Island and make recommendations that plan for future access needs.	Lord Howe Island Board	DNSW, NSW T&I, other relevant NSW Government agencies	Supported. DNSW and NSW T&I will work with the Lord Howe Island Board and Industry to scope issues to be addressed through an interagency working group.		✓	
Recommendation 11. That the NSW Government fulfil its responsibility as acknowledged in the Hawke Review to expand cruise capacity within Sydney ports, including continuing the case for access to Garden Island.	NSW T&I	Roads & Maritime Services (RMS), Sydney Ports Corporation, DNSW, Commonwealth Government	Supported. In July 2012 the Commonwealth announced Garden Island Naval Base would be made available to berth additional visiting cruise ships in 2012-13 and 2013-14. The NSW Government has welcomed this announcement and will continue to work with the Commonwealth Government towards an agreed protocol to secure sustainable cruise ship access to Garden Island into the future.	✓		
Action 11A. Take all possible action, in association with the Commonwealth Government, to provide assured access on a regular, scheduled basis to Garden Island to accommodate the increasing number of large cruise ships.	NSW T&I	TfNSW, Sydney Ports Corporation, DNSW, Commonwealth Government	Supported. In July 2012 the Commonwealth announced Garden Island Naval Base would be made available to berth additional visiting cruise ships in 2012-13 and 2013-14. The NSW Government has welcomed this announcement and will continue to work with the Commonwealth Government towards an agreed protocol to secure sustainable cruise ship access to Garden Island into the future.	✓		
Recommendation 12. Prepare a 10-year Cruise Development Plan, in consultation with Industry, to: <ul style="list-style-type: none"> plan for the forecast growth in cruise ship calls and passenger numbers ensure NSW captures a larger share of the economic benefits from the growth in the cruise market, including provedoring of ships and 	TfNSW, Sydney Ports Corporation, DNSW	NSW T&I, DP&I, Industry, Commonwealth Government	Supported. DNSW will develop a plan to engage with the cruise industry including ground handling companies to increase the length of stay and spend by cruise visitors to NSW. The NSW Government's \$87 million Cruise Infrastructure Program has been	✓		

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS				Year 1	Year 2	Year 3 – 8
LEAD	KEY PARTNERS	GOVERNMENT RESPONSE				
pre- and post-cruise tours • develop financial models to identify capacity needs • identify the level and timing of future Government funding of cruise sector infrastructure, for example, White Bay funding commitments.			announced and has commenced. A new \$57 million Cruise Passenger Terminal is under construction at White Bay with completion anticipated in March 2013; mooring solutions at the OPT have been improved (\$5 million) and \$25 million has been earmarked for redevelopment of the OPT, with master planning underway			
Action 12A. Work with Royal Caribbean Cruise Lines, the stevedoring and cruise shipping industries to develop options for the use of Port Botany to accommodate cruise ship berthing facilities and engage with the Commonwealth Government in relation to customs and immigration passenger facilitation.	TfNSW, Sydney Ports Corporation	Industry, DNSW	Supported. Sydney Ports Corporation will work with Royal Caribbean Cruise Lines, the stevedoring and cruise shipping industries to develop and consider options for use of Port Botany to accommodate cruise ship berthing facilities. Sydney Ports Corporation notes that the decision to accommodate cruise ships at Port Botany rests with the stevedoring industry, with their decision driven around commercial and operational viability in and around container terminal activity.		✓	
Action 12B. Assess the feasibility to accommodate additional cruise ship berthing facilities at identified locations (including options such as a dolphin buoy at Athol Bight) in order to meet increased demand.	TfNSW, Sydney Ports Corporation	DNSW, NSW T&I	Supported. Buoys are currently used to facilitate passenger's shore excursions although they cannot support full exchanges of passengers with luggage and supplies. Ships proceed to a terminal to undertake passenger exchanges.	✓		
Action 12C. Work with the cruise industry and their ground handling companies to develop a plan which will increase the number of visitor nights for pre- and post-cruise stays.	DNSW	Industry, relevant NSW Government agencies	Supported. See also response to Recommendation 12.		✓	
Action 12D. Destination NSW to work with the cruise industry to capitalise on opportunities to grow overnight visitor expenditure.	DNSW	Industry	Supported. See also response to Recommendation 12.		✓	
Recommendation 13. Support the earliest practicable implementation of current cruise-related infrastructure enhancements, including: • White Bay Terminal development • the OPT Master Plan • OPT mooring improvements and	TfNSW, Sydney Ports Corporation	Relevant NSW Government agencies	Supported. As part of the NSW Government's \$87 million Cruise Infrastructure Program, a new \$57 million Cruise Passenger Terminal is under construction at White Bay with completion anticipated in March	✓		

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
<p>provedoring</p> <p>• berth scheduling at Garden Island.</p>			<p>2013; mooring solutions at the OPT have been improved (\$5 million) and \$25 million has been earmarked for redevelopment of the OPT, with master planning underway.</p> <p>The Commonwealth Government has committed to berthing 3 cruise ships per annum at Garden Island in 2012-13 and 2013-14.</p>			
Action 13A. Ensure priority of berthing capacity east of the Sydney Harbour Bridge at Garden Island and the OPT is for international cruise ships to allow these visitors ready access to retail and other spending activities.	TfNSW, Sydney Ports Corporation	Relevant NSW Government agencies	<p>Supported.</p> <p>See also response to Recommendation 12.</p> <p>Sydney Ports' berthing policy gives priority berthing to international cruise ships at the OPT, as these are typically large ships that cannot pass under the Harbour Bridge.</p>	✓		
Action 13B. Re-open Jack Munday Place and move the booth in the middle of the road at the entrance to allow direct provisioning vehicle access to cruise ships via Argyle Street.	TfNSW, Sydney Ports Corporation	Sydney Harbour Foreshore Authority (SHFA), DNSW, NSW T&I	<p>Supported in principle.</p> <p>In support of Sydney Ports Corporation trial traffic management plan for cruise ship operations, the SHFA has agreed to open Jack Munday Place on cruise ship days between the hours of 6am to 9am to allow coaches and trucks access to the OPT. The trial period is for six months and commenced on 17 October 2012.</p>	✓		
Action 13C. Further restrict vehicle parking immediately in front of the OPT during the provisioning of cruise ships.	TfNSW, Sydney Ports Corporation	SHFA	<p>Supported.</p> <p>Sydney Ports Corporation is working with cruise companies to identify alternative off-site parking options such as running a shuttle bus on ships days from northern Barangaroo to the OPT.</p> <p>Sydney Ports Corporation is also working with cruise companies to create an "off-road" waiting/staging area opposite the terminal for all supply deliveries.</p>	✓		
Action 13D. Include provedore supplier and visitor needs, (including access for enhanced pick-up and set-down and passenger services) in the design and operation of the current Master Planning	TfNSW, Sydney Ports Corporation	SHFA, DNSW, other relevant NSW Government agencies	<p>Supported.</p> <p>Provedore and visitor needs are being considered in the Master Planning process. The Government has requested</p>	✓		

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
process for Circular Quay/The Rocks/ Overseas Passenger Terminal.			further advice on additional options and costings for a staged redevelopment and a final report is anticipated by end of 2012.			
Action 13E. Ensure that a visitor economy perspective is taken into account in the planning for transport and access arrangements for the new White Bay cruise facility including: • its design to allow for multiple use of the facility for corporate and other events, conventions and exhibitions in order to maximise the return on the Government's investment • a free shuttle bus service to the city's retail precincts for transit passengers • that cruise industry forward projections are taken into account.	TfNSW, Sydney Ports Corporation	DNSW, NSW T&I, other relevant NSW Government agencies, Industry	Supported in principle. A Visitor Economy perspective is being taken into account in the planning for the White Bay facility. Sydney Ports Corporation to work with cruise ship operators to facilitate shuttle bus services operating between the terminal and Sydney CBD on cruise ship days.	✓		
Recommendation 14. Ensure that visitor needs relating to access to visitor precincts and major event venues are understood and effectively considered in the transport planning process across a wide range of transport modes and service providers (see also Recommendation 24).	TfNSW	DNSW, SHFA, City Of Sydney, NSW T&I, DPC, destinations, Industry	Supported. The <i>Long Term Transport Master Plan</i> identifies transport demand and economic activity generated by tourists and visitors. The Plan's objectives, such as supporting economic growth and productivity, improving quality of services for all customers and supporting regional development, will support visitor needs.	✓		
Action 14A. Ensure that the NSW Government's <i>Long-Term Transport Master Plan</i> currently being prepared addresses visitor facilitation and access issues across all transport modes.	TfNSW	DNSW, NSW T&I	Supported. This is being taken into consideration as part of the <i>Long Term Transport Master Plan</i> , expected to be released by the end of 2012.	✓		
Action 14B. In the context of the <i>Long- Term Transport Master Plan</i> , ensure that the Sydney light rail network review takes into account the role of light rail to connect major visitor precincts, including the Sydney Cricket Ground and Royal Randwick Racecourse through to the University of NSW, as well as its role in moving people for large scale events.	TfNSW	DNSW, NSW T&I, other stakeholders	Supported. The NSW Government has committed to Sydney's Light Rail Future – including the construction of a light rail line from Circular Quay to Central, and Central to the University of New South Wales. The 12 kilometre light rail project will link Circular Quay and Central via George Street to the important tourism hubs of the Moore Park sporting and entertainment precinct, the Sydney Cricket Ground and Allianz Stadium as	✓		

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
			well as the Randwick Racecourse.			
Action 14C. Improve coach and taxi infrastructure and access options throughout Sydney CBD, major visitor precincts, event venues and Regional NSW.	TfNSW	Local Government, DNSW	Supported. TfNSW is developing a Sydney City Centre Access Strategy under the <i>Long Term Transport Master Plan</i> , which will include consideration of coach and taxi access and infrastructure needs.	✓		
Action 14D. Review and pilot opportunities to improve the visitor experiences available through CountryLink including, for example, improved rail experiences and special event packages.	TfNSW	DNSW	Supported. CountryLink already works in partnership with DNSW. Following the <i>Long Term Transport Master Plan</i> , a Country Passenger Rail Services Strategy is being developed to improve regional NSW rail connections and visitor experience.	✓		
Action 14E. Ensure that forecast visitor usage is taken into account in the planning of new transport services, for example, the proposed light rail service to Barangaroo.	TfNSW	DPC	Supported. This is being considered in the <i>Long Term Transport Master Plan</i> , <i>Master Plan</i> and the future plans for light rail are included in <i>Sydney's Light Rail Future</i> .	✓		
Action 14F. Introduce a system and calendar to ensure that transport works are not scheduled to clash with major events.	TfNSW	DNSW, DPC	Supported. TfNSW, in consultation with DPC and DNSW, will work to minimise the impact of transport works on special events.	✓		
Recommendation 15. Call upon the Commonwealth Government to review the <i>Fair Work Act 2009</i> to remove those provisions for penalty rates which significantly increase labour costs and deter businesses in the visitor economy from operating at times/days of the week when the tourism and hospitality sector faces peak demand (see also Food and Wine recommendations).	NSW IR	NSW T&I	Supported in principle. The NSW Government has concerns that the modern award system is not operating in a way that promotes productive and cooperative workplace relations and believes any consideration of the impact of penalty rates should focus on increasing incentives for employment growth. The current review into modern awards is a good opportunity for the parties to address how improvements can be made to promote flexibility for business and			✓

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
			<p>their employees.</p> <p>The NSW Government is monitoring the review to inform any future responses to these issues. The modern awards review is expected to conclude by the end of May 2013.</p>			
<p>Action 15A. Call upon the Commonwealth Government to review the <i>Fair Work Act 2009</i>, including requiring an employee to work five days during the working week before being entitled to receive penalty rate wages for any subsequent shifts during the weekend.</p>	NSW IR	NSW T&I	<p>Supported in principle.</p> <p>The NSW Government has concerns that the modern award system is not operating in a way that promotes productive and cooperative workplace relations and believes any consideration of the impact of penalty rates should focus on increasing incentives for employment growth.</p> <p>Penalty rates should not prohibit employers providing services to the public on weekends and more properly reflect consumer demand while ensuring employees are reasonably remunerated for time worked.</p> <p>The individual flexibility arrangements contained in modern awards are too limited and should be modified to increase choice and flexibility in workplaces for both employers and employees.</p>			✓
<p>Recommendation 16. Increase the participation and enhance the skills training for Australian residents to fill the gap in demand for skilled labour in the visitor economy in NSW.</p>	Department of Education & Communities (DEC)	Service Skills Australia, DNSW, NSW T&I	<p>Supported.</p> <p>Under Smart and Skilled reforms, DEC will develop a Skills List to define what vocational qualifications will be subsidised by the NSW Government. The List will be based on industry consultation and labour market research regarding skill needs. The HSC Industry Curriculum Framework will also facilitate an industry demand-led approach to training</p>	✓		
<p>Action 16A. Facilitate school-based and technical training in targeted visitor economy industries, for example, hospitality, in partnership with key education institutions.</p>	DEC	Service Skills Australia, DNSW, NSW T&I	<p>Supported.</p> <p>See response to Recommendation 16.</p>	✓		

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
Action 16B. Call upon the Commonwealth Government to increase incentives and assistance for employers to offer additional places for traineeships and apprenticeships.	DEC	NSW T&I, Commonwealth Government	Supported. DEC will make representations to the Commonwealth Government.	✓		
Action 16C. Support Industry and Government initiatives to promote and expand career opportunities for Aboriginal trainees in visitor economy occupations.	DEC	Aboriginal Affairs, DNSW, NSW T&I, Industry, SHFA, OEI, NPWS, destinations, other relevant NSW Government agencies, Commonwealth Government	Supported. This action is consistent with the goals of the Aboriginal Education and Training Strategy. The Strategy engages the corporate sector, industry, universities, key government agencies and Aboriginal communities to pursue innovation and partnerships with government agencies, industry, employment providers and Aboriginal organisations to increase employment outcomes.	✓		
Action 16D. Support initiatives to increase the number of foreign language tour guides including: • engage with relevant educational institutions to offer Mandarin teachers opportunities to work as tour guides • fast-track accreditation processes for tour guides able to speak in priority target foreign languages.	DNSW	Industry, DEC	Supported. DNSW will facilitate engagement between Industry, DEC and private education providers, to implement action in this area. DNSW will raise the accreditation matters with the Tourism Quality Council of Australia (TQCA).	✓		
Recommendation 17. Maximise the opportunities for an increase in the supply of international short-term labour to the NSW visitor economy to meet short-term needs.	NSW T&I	Industry, DNSW, Commonwealth Government	Supported. Strategy for Business Migration & Attracting International Students outlines NSW Government's plans to increase international short term labour needs.	✓		
Action 17A. Call upon the Commonwealth Government to change migration policies and legislation, including: • expand the Working Holiday Makers Program by allowing working holiday makers to work more than six months in tourism and hospitality employment in order to qualify for a 12-month extension to their existing WHV 417 • expand the number of countries with which Australia has WHM visa arrangements	NSW T&I	Industry, DNSW, Commonwealth Government	Supported. The Commonwealth Government has recently announced that negotiations are ongoing with a number of countries including Greece, Indonesia, Mexico and Uruguay. The NSW Government's Strategy for Business Migration & Attracting International Students states NSW and Victoria will work together with the Commonwealth Government to extend	✓		

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
<ul style="list-style-type: none"> • extend the WHM visa program to people up to 35 years of age • allow overseas students who complete studies at a tertiary institution in Australia to stay in Australia for up to two years • ease the 'commitment to training' requirements needed to be met by businesses seeking approval as sponsors under the 457 visa program • expand the Pacific Islands guest worker pilot program to include NSW regional locations. 			<p>streamlined visa processing and post study work rights to international students at a broader range of high quality, low risk education providers, including VET providers.</p> <p>The NSW Government has made representations to the Commonwealth Government seeking an extension of post study work rights to all tertiary students. The feasibility of the remaining proposals will be undertaken and further approaches to the Commonwealth Government considered.</p>			
Action 17B. Amend the NSW State Migration Plan to include occupations related to the visitor economy such as cooks, chefs and restaurant managers.	NSW T&I	Commonwealth Government	<p>Supported.</p> <p>The NSW State Migration Plan was recently reviewed and visitor economy-related occupations now listed include chefs, cooks, and hotel managers.</p>	✓		
Action 17C. Support the Commonwealth Government's proposed HECS-style loans system for students studying Government-subsidised diplomas and advanced diplomas and call for certain loans to be specifically tailored for skills necessary to the visitor economy.	DEC	NSW T&I, Commonwealth Government	<p>Supported.</p> <p>NSW has committed to extending Vocational Education and Training (VET) Fee-Help to government subsidised diploma and advanced diploma qualifications.</p> <p>VET Fee-Help is a program that extends the existing higher education loan scheme to the vocational education and training sector</p>	✓		
STRATEGIC IMPERATIVE 3: RENEW AND REVITALISE DESTINATIONS						
Recommendation 18. Implement a Destination Management Planning approach for NSW's key destinations and develop uniform Destination Management Plans in identified visitor economy destinations across the State. The plans need to be developed in partnership with the Industry, the community and all three levels of Government.	DNSW	NSW T&I, Industry, destinations, other relevant NSW Government agencies, Commonwealth Government	<p>Supported.</p> <p>DNSW and NSW T&I will lead the establishment and implementation of a new destination management planning system in NSW.</p>	✓		
Action 18A. Ensure that Destination Management Plans address demand and supply, and policy and planning issues	DNSW, NSW T&I	Industry, destinations, Local Government,	<p>Supported.</p> <p>Destination management planning will</p>	✓		

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS				Year 1	Year 2	Year 3 – 8
including: <ul style="list-style-type: none"> • infrastructure requirements • Tourism Industry development • destination experience • destination brand and positioning • appropriate relevant target markets • major events and festivals, arts, culture, sport and recreation activities • the role of Crown Lands, including National Parks, State Reserves, heritage precincts and National Landscapes. 		relevant NSW Government agencies, Commonwealth Government	take a holistic and integrated approach to developing the visitor economy of a destination so that the community can reap the financial and social benefits of tourism. Stakeholders will be involved in the approach which will address both supply and demand factors to ensure current and future sustainability of the destination.			
Action 18B. Establish five visitor economy 'zones' across NSW to structure Destination NSW, Government and Industry engagement processes, including the facilitation of a new Destination Management Planning process: <ul style="list-style-type: none"> • Greater Sydney • Sydney Surrounds • North Coast • South Coast • Inland. 	DNSW	NSW T&I, other relevant NSW Government agencies	Supported. The 'zones' refer to internal working mechanisms for DNSW. The development of the destination management planning system will include the development of engagement models with government and industry stakeholders.	✓		
Action 18C. Develop cross-border arrangements with destinations adjacent to the borders of NSW.	DNSW	Industry, destinations, other State/Territory Governments, NSW T&I, Cross Border Commissioner, Commonwealth Government agencies	Supported. The NSW Government has appointed a Cross Border Commissioner to assist in identifying and resolving cross-border issues impacting on NSW communities.	✓		
Action 18D. Consolidate and leverage Government resources and investment in NSW by ensuring that grants and other payments relating to the visitor economy (for example, grants for arts, recreation, events and festivals and so on) are facilitated through the Destination Management Plans of the relevant destinations.	NSW T&I	Sport and Recreation, Arts NSW, Cultural Institutions, DNSW, other relevant NSW Government agencies	Supported in principle The Arts Funding Program (AFP) has annual guidelines approved by the Minister. It is noted that while the AFP contributes to the visitor economy, the purpose of the funding is to support the development of a vibrant arts and cultural life in NSW. Destination management planning will take into account priorities for arts, culture, recreation, and events.		✓	

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
Recommendation 19. Ensure that key tourism destinations and precincts are protected against encroachment by other forms of development activity which may impact on their sustainability or potential to contribute to the visitor economy.	DNSW, NSW T&I	Relevant NSW Government agencies	Supported in principle This will be considered in the development of the new destination management planning system.		✓	
Action 19A. Amend the relevant State planning policies and legislation to ensure the protection of significant tourism assets and values of the destination.	DP&I	Destinations, Industry, NSW Government	Supported. The Government has embarked on a comprehensive review of the State's planning system. Strategic planning under the new planning system will help provide a stronger policy framework to support the tourism industry.	✓		
Action 19B. Ensure that tourism assets and values of the destination, identified in Destination Management Plans, are protected through Local Environment Plans.	Local Government	DP&I, DNSW, NSW T&I, Industry, destinations	Supported in principle. The destination management planning system will enable the identification of assets and provide a planning tool to assist local government.		✓	
Action 19C. Support the recommendation of the <i>Joint Study on Aviation Capacity in the Sydney Region</i> that the Commonwealth and NSW Governments, in consultation with Newcastle Airport, RAAF and Councils, develop a strategy canvassing both land use and statutory protections in the areas around Newcastle Airport and its flight paths.	DP&I	Industry, destinations, relevant NSW Government agencies, Commonwealth Government	Supported. Land use and development in areas around RAAF Williamtown (Newcastle) Airport and its flight paths are being considered in the Lower Hunter Regional Strategy, which will inform more detailed local planning controls in Local Environmental Plans (LEP), Development Control Plans (DCP) and local strategies. The Lower Hunter Regional Strategy will be reviewed by December 2013.	✓		
Action 19D. Support the recommendation of the <i>Joint Study on aviation capacity in the Sydney Region</i> that the Commonwealth, ACT and NSW Governments work together to ensure that Canberra Airport is protected from encroaching noise-sensitive urban development which would be incompatible with 24-hour jet aircraft operations and could restrict the expansion of the airport over time.	NSW T&I		The NSW Government has determined its final position on this matter, which ensures housing at Tralee is compatible with Canberra Airport's planned operations and maintains the potential for 24 hour 7 day freight operations and planned increases in flight numbers.	✓		

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS		LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
Recommendation 20. That the guidelines governing the consideration by IPART for approval to a special rate variation, above the rate cap and applied to businesses, be amended to include expenditure in relation to the visitor economy. The additional rate revenue should be outside the current rate cap and would be collected and accounted for by Councils. The expenditure of these funds would be overseen and administrated by special purpose entities. The funds should be spent in accordance with relevant Destination Management Plans on those critical visitor economy initiatives necessary to achieve the 2020 target.		DPC (Local Government Division)	NSW T&I	Supported in principle. As NSW councils are able to apply for a special rate variation, it is not considered necessary to alter the current Guidelines for Special Rate Variations. The NSW Government will develop information specifically tailored to assist councils who wish to apply for a special rate variation to support visitor economy initiatives.	✓		
Action 20A. Develop a comprehensive policy, including approved types of expenditure, so as to amend guidelines governing special rate variation applications and encourage Councils to apply.		DPC (Local Government Division)	NSW T&I	Supported in principle. See response to Recommendation 20.	✓		
Action 20B. Allow a transition period of a maximum of 12 months to allow adjustment to the new arrangements.		DPC (Local Government Division)	NSW T&I	Supported in principle. See response to Recommendation 20.	✓		
Action 20C. Ensure that the new special purpose entities are representative of visitor economy interests (for example, including representation from Chambers of Commerce, retail, local tourism operators, events and festivals, Crown Lands, including National Parks management, and cultural institutions)		DPC (Local Government Division)	NSW T&I	Supported in principle. See response to Recommendation 20.	✓		
STRATEGIC IMPERATIVE 4: IMPROVE THE VISITOR EXPERIENCE							
Recommendation 21. Establish a dedicated visitor servicing entity, led by Destination NSW, to build strong commercial relationships with Sydney CBD visitor products and provide a single delivery and co-ordination mechanism for servicing visitors in Sydney CBD.		DNSW	Industry, City of Sydney, SACL, TfNSW, SHFA, other relevant NSW Government agencies	Supported. DNSW will initiate and provide support to develop a new co-operative and co-ordinated approach with stakeholders to ensure efficiency in the delivery of visitor services, particularly visitor information.	✓		

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
<p>Action 21A. Support the new dedicated visitor servicing entity for Sydney to undertake:</p> <ul style="list-style-type: none"> • planning of an integrated and overall strategic approach to visitor servicing • operation of visitor information centres in key locations • extensive volunteer meet-and-greet support and street guiding • provision of content for effective digital and social media communications • provision of consistent and improved information collateral, particularly maps • provision of consistent and improved wayfinding, signage and transport information • alignment to Destination Management Plans. 	DNSW	Industry, destinations, Local Government, relevant NSW Government agencies	<p>Supported.</p> <p>This action will be part of the response to Recommendation 21.</p>	✓		
<p>Action 21B. Negotiate free Wi-Fi visitor information hotspots in key city, urban and regional places frequented by visitors.</p>	DNSW	TfNSW, SHFA, DFS (Broadband), City of Sydney, NSW T&I	<p>Supported.</p> <p>This action will be part of the response to Recommendation 21.</p> <p>Free Wi-Fi in Sydney is being considered as part of the NSW Digital Economy Industry Action Plan. The NSW Government will work with the City of Sydney and relevant stakeholders to implement the Plan.</p> <p>Free Wi-Fi at major tourist destinations is currently available or being trialled, including across the Sydney CBD. Options to provide connectivity at other transport interchanges will be further explored by TfNSW.</p>	✓		
<p>Action 21C. Provide improved access to public transport information in multiple languages, including transport timetable and general service information via the internet, smartphone apps including QR codes, and purpose designed brochures.</p>	TfNSW	DNSW, other relevant NSW Government agencies	<p>Supported.</p> <p>Future upgrades of the TfNSW 131500 website will cater for multiple languages and way-finding strategies will be designed to ensure legibility to a wide range of customers, including tourists.</p>	✓		
<p>Action 21D. Include the role of visitor information centres and the provision of visitor information in the Destination Management Planning process.</p>	DNSW	NSW T&I, Industry, destinations, other relevant NSW Government agencies	<p>Supported.</p>	✓		

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
Recommendation 22. Incorporate way finding and signage considerations for visitors to Regional NSW into relevant policies and guidelines and provide suitable facilitation to enhance the visitor experience.	DNSW, TfNSW, RMS	Local Government, Industry, destinations	Supported. The NSW Government announced in September 2012 a rollout of clearer road signage, starting in 2013. TfNSW is also investigating improvements to public transport wayfinding signage to support the integrated transport network. This will be considered by DNSW and TfNSW through their joint work on the Tourist Attraction Signposting Assessment Committee (TASAC).	✓		
Action 22A. Review the role, location and operation of traditional visitor information centres and explore turning the centres into 'experience' gateways that showcase a destination's key experiences and link effectively with other destinations.	DNSW	Local Government, Industry, destinations, NSW T&I	Supported. The destination management planning system will address the role of visitor information centres and visitor services generally. This review will also be aligned with DNSW's action in response to Recommendation 21.	✓		
Action 22B. Ensure that the responsibility for the quality of the visitor experience is a key role for Destination NSW to co-ordinate and facilitate.	DNSW	Industry, Local Government, destinations, relevant NSW Government agencies	Supported.	✓		
Action 22C. Incentivise the development and support of digital-based visitor information that facilitates wayfinding and is supported by effective physical signage.	DNSW	Industry, destinations, TfNSW, other relevant NSW Government agencies	Supported. See also response to Recommendation 21.	✓		
Action 22D. Review tourist route and other wayfinding road signage policy and guidelines in consultation with Councils and RMS to ensure the appropriate timely facilitation and enhancement of road travel and touring by visitors.	DNSW, TfNSW, RMS	Local Government, Industry, destinations	Supported. A review of the current procedures and eligibility guidelines of TASAC will be conducted.	✓		
Recommendation 23. Develop and implement cultural awareness, customer service and quality assurance training programs at educational Institutions, including in schools, Industry and across	DNSW	Industry, Local Government, destinations, DEC, NSW T&I and other relevant NSW Government	Supported. DNSW work with industry, education sector and NSW Government agencies to promote training in relation to visitors.	✓		

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
Government.		agencies				
Action 23A. Continue to support the development of the national T-QUAL accreditation framework.	DNSW	TQCA, Industry, NSW Government, Commonwealth Government	Supported.	✓		
Action 23B. Place a higher priority on supporting Industry and education and training institutions to provide cultural awareness, language and customer service training.	DNSW	DEC, Industry	Supported. DNSW will engage with DEC and Industry to explore options to promote TAFE training programs (such as cultural awareness, language and customer service training) to people working in the visitor economy sector.	✓		
Action 23C. Facilitate Industry, particularly small and medium business, participation in and delivery of such training.	DNSW	Industry, destinations, other relevant NSW Government agencies, NSW Small Business Commissioner	Supported. The NSW Government has appointed the State's first Small Business Commissioner and launched the Small Biz Connect program to support small business owners develop skills and connect with expert professionals.	✓		
Action 23D. Review, consolidate and better promote access to existing Industry training packages or modules.	DNSW	Industry, DEC, NSW T&I, other relevant NSW Government agencies, Commonwealth Government	Supported. DNSW will work with industry associations to further promote industry-led training relevant to the visitor economy.	✓		
Action 23E. Ensure that language skills are given a priority within the training.	DNSW		Supported. See also response to Action 23B.	✓		
Recommendation 24. Develop a Visitor and Transport Policy to ensure that visitor needs and improved visitor service are incorporated into transport planning and service delivery.	TfNSW	NSW T&I, DNSW	Supported in principle. The <i>Long Term Transport Master Plan</i> identifies transport demand and economic activity generated by tourists and visitors. The Plan's objectives, such as supporting economic growth and productivity, improving quality of services for all customers and supporting regional development, will support visitor needs. NSW T&I will co-ordinate an interagency working group to consider the transport	✓		

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
			options needed by visitors in NSW.			
Action 24A. Ensure that adequate coach parking and accessibility arrangements are in place throughout the Sydney CBD and in key visitor precincts, hotels and transit areas.	TfNSW	Industry, DNSW, NSW T&I, destinations	Supported. NSW Government has committed to improving coach facilities and interchanges in Sydney CBD and other areas to benefit long distance coach travel as outlined in the <i>NSW Long Term Transport Master Plan</i> .			✓
Action 24B. Increase the frequency and hours of operation of late-night public transport services to support access to and from major events.	TfNSW	DPC, Local Government, NSW Police, transport providers	Supported. NSW Government will continue to improve customer experience through the <i>Long Term Transport Master Plan</i> . This will include increasing the frequency of late night public transport services and extending operating hours. Transport services to major events are planned on a case-by-case basis to ensure passenger services are effectively addressed. In September 2012, the NSW Government announced improvements to visitor experience and safety at Kings Cross, with extra buses, more security guards on taxi ranks, and a trial of pre-paid taxis. There are now buses to Central every 8 minutes and Town Hall every 15 minutes between 1am and 5am.			✓
Action 24C. Optimise the potential of ferry services on Sydney Harbour and provide new destination and visitor-related products and purchase arrangements and additional ferry berthing at Barangaroo and other sites.	TfNSW	Vessels operators, DNSW	Supported. TfNSW is currently undertaking the Ferry Network Review to deliver improved and expanded ferry services to visitors and commuters, with the first stage of improvements expected in 2013. TfNSW is developing a wharf access policy in consultation with the commuter and charter vessel industry to provide ferry operators with more certainty for developing new service proposals. The policy is expected in 2013. The <i>NSW Long Term Transport Master Plan</i> includes development of a	✓		

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
			Barangaroo Ferry Plan to improve services.			
Action 24D. Establish an operationally efficient transport interchange facility at Central Station to facilitate seamless transfers between all transport modes and Sydney and regional services.	TfNSW		Supported in principle. <i>The NSW Long Term Transport Master Plan</i> identifies the need to upgrade CBD interchanges, including the need for Central Station to better integrate multi-modal transport services, information and infrastructure.			✓
Action 24E. Improve the operation, efficiency and capability of taxi services through: <ul style="list-style-type: none"> improved training for taxi drivers in communication skills, particularly in liaising with visitors from non-English speaking backgrounds, and in identifying and recommending key visitor attractions and events reviewing the existing 3.00pm and 3.00am changeover requirements to better cater for visitors during peak periods, including the use of night licences so as to ensure such licences are being properly utilised for the purpose for which they were initially intended. increasing the number of taxi ranks in high-demand visitor usage areas ensuring that all taxi drivers identify in their taxis the additional languages, other than English, in which they can converse reviewing the opportunity for networks sharing bookings by offloading those bookings that are not accepted within a short timeframe by taxis from the initial network reviewing the method of allocation of new taxi licences by giving first consideration to current taxi drivers, having regard to their seniority and driving performance 	TfNSW	DNSW, Industry, other relevant NSW Government agencies	Supported in principle. TfNSW continues to develop ways to improve services and safety for customers and drivers, as well as training and education of taxi drivers. TfNSW continues to develop ways to improve services and safety for customers and drivers, as well as training and education of taxi drivers. Sydney CBD secure taxi ranks operate for longer periods over Christmas and New Year's Eve, with additional compliance patrols to monitor taxis. Networks can already offload bookings to meet demand and TfNSW is reviewing the regulation of taxi networks and booking app services, to support innovative ways to improve taxi customers' experience. The availability of taxis for customers is also under review by the Independent Pricing and Regulatory Tribunal, whose draft report has recommended release of 140 taxi licences to meet existing demand for services, with a further 250 peak period licences to improve waiting times at peak times. More taxi licences are issued to skilled and experienced taxi drivers, which require operation at shift changeover times, to improve services. DNSW will work with TfNSW to improve			✓

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
			taxi drivers' customer service skills.			
Recommendation 25. Develop a cost-effective and integrated public transport ticket system which specifically meets the needs of visitors and includes major attractions and events packages that are appealing and easy to use for visitors.	TfNSW	Transport providers	Supported. The Opal card will enable travel to any major attraction located within the area covered by the Electronic Ticketing System (Sydney, Blue Mountains, Illawarra, Hunter, Southern Highlands and the Central Coast). TfNSW will continue to work with event organisers to provide integrated event ticketing, where public transport is included in the price of the event ticket. TfNSW will also examine the possibility of including entry fees to NSW cultural institutions and other Sydney attractions as part of the Opal card system.	✓		✓
Action 25A. Provide travel concessions for international students.	TfNSW	NSW T&I, DEC, education providers	Supported. In October 2012, the NSW Government announced public travel discounts of up to 35% for international students.	✓		
Action 25B. Review the opportunities to provide greater and more accessible rail transport into Regional NSW and improved visitor experiences.	TfNSW	DNSW	Supported. The Country Passenger Rail Services Strategy will consider these issues. Under the <i>Long Term Transport Master Plan</i> , a Country Passenger Rail Services Strategy is being developed to improve regional NSW rail connections and visitor experiences.	✓		
Recommendation 26. Raise the profile of NSW's Aboriginal heritage and contemporary culture and further develop and sustain visitor attractions and experiences which tell the story of Indigenous Australia.	DNSW	Aboriginal communities, destinations, Industry, Local Government, relevant NSW Government agencies	Supported. DNSW will lead the implementation of an Aboriginal Tourism Action Plan.	✓		

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
Action 26A. Work with the Australian Indigenous community and the Barangaroo Delivery Authority to establish a National Indigenous Cultural Centre at Barangaroo to act as a gateway to the Australian Indigenous experience.	Barangaroo Delivery Authority (BDA)	NSW Government, Aboriginal Affairs, Indigenous Community, Industry, Cultural Institutions	Supported. BDA and Aboriginal Affairs will work with Indigenous community representatives and cultural institutions to scope a potential national Indigenous Cultural Centre.			✓
Action 26B. Seek to partner with the Commonwealth Government on funding to establish a National Indigenous Cultural Centre at Barangaroo.	BDA	NSW Government, Industry, Cultural Institutions, Commonwealth Government	Supported in principle. The BDA will seek funding partners from the private sector, philanthropic and, as appropriate, Commonwealth Government.			✓
Action 26C. Support the establishment of a major Indigenous cultural festival in Sydney and additional festivals in regional areas and identify potential opportunities for shared funding and promotion.	DNSW	Aboriginal communities, destinations, Industry, Local Government, Commonwealth Government	Supported. DNSW is currently in discussions with event proponents about a major Indigenous festival. The NSW Government will work with key stakeholders to promote the development of major Indigenous cultural festivals in Sydney and regional areas. Consideration will be given in particular to supporting existing festivals/events where possible, as there are a number of significant celebrations of Aboriginal culture across NSW such as the Sydney Opera House Message Sticks Festival.	✓		
Action 26D. Amend the management principles within the National Parks and Wildlife Act 1974 to ensure that relevant representatives of the NSW Aboriginal community are actively encouraged to be involved in undertaking interpretation and delivery of visitor experiences in National Parks. Ensure that the relevant Destination Management Plans require this as a key performance indicator for the National Parks and Wildlife Service.			Not supported. The NSW Government considers that the current legislation supports this recommendation and therefore does not require amendment.			
Action 26E. Increase Aboriginal cultural representation in Sydney, for example, include Aboriginal 'Welcomes to Country' into more international visitor experiences, both leisure and business, and work with stakeholders across Government, including the City of Sydney and Industry, to provide	DNSW	Aboriginal communities, destinations, Local Government including the City of Sydney, Industry, Business Events Sydney,	Supported. See also response to Recommendation 26.	✓		

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
increased Aboriginal interpretation within Sydney.		NSW Government agencies				
Action 26F. Ensure that priority is given to implementation of the updated Destination NSW Aboriginal Tourism Action Plan.	DNSW	Aboriginal communities, destinations, Industry, NSW Government agencies	Supported.	✓		
Recommendation 27. Implement a whole-of-government approach across all marketing and promotional activities of NSW Government arts and cultural institutions to better facilitate integration in the positioning and promoting of Sydney and NSW.	DNSW, Arts NSW	Arts and cultural sectors, destinations, Industry	Supported DNSW will continue to work with Arts NSW to further integrate the promotions of arts and culture with Sydney and NSW marketing to target visitor markets. This activity will also align with the work of the Creative Industries Taskforce and the development of Arts NSW's Arts and Cultural Strategy. Arts NSW hosts a biennial Cultural Tourism forum for arts and cultural organisations to coordinate programming and promotions.	✓		
Action 27A. Undertake a feasibility study to identify a site and commercial partnership opportunities for a new 2,000-seat lyric theatre in Sydney.	Arts NSW	Arts and cultural sectors, destinations, Industry	Supported in principle. NSW Government is interested in encouraging private sector development for an additional Lyric Theatre space. Arts NSW is developing a Cultural Venues Plan to guide the Government's arts and cultural infrastructure priorities and to ensure that cultural investment is targeted, planned and prioritised. The Plan confirms that non state assets, such as a privately developed Lyric Theatre, may make a major contribution to the NSW Government's policy directions for arts and culture. However, partnership funding would be leveraged and private funding encouraged for any new facility.			✓
Action 27B. Ensure that an enhanced visitor experience, including ease of access, is provided through the current Walsh Bay Precinct Master Plan process. The opportunity should be taken to	Arts NSW	Arts and cultural sectors, destinations, Industry, DNSW, relevant NSW	Supported. An enhanced visitor experience will be addressed in the Walsh Bay Master Plan. Additionally the NSW Government (led		✓	

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS				Year 1	Year 2	Year 3 – 8
develop a signature promenade of cultural attractions and associated activities linking the Art Gallery of NSW, the Botanical Gardens, the Opera House, MCA Australia, Circular Quay, The Rocks, Walsh Bay and Barangaroo.						
Action 27C. Identify the best of NSW arts and cultural products and events to be incorporated into the Sydney and NSW brand strategies.	DNSW	Arts NSW, arts and cultural sectors, destinations, Industry	Supported. DNSW to work with Arts NSW and partners to incorporate the cultural institutions and organisation funded under the AFP into brand strategies.	✓		
Action 27D. Establish roundtable meetings between arts and event sectors and Destination NSW in collaboration with Arts NSW and Regional Arts NSW to co-ordinate arts and culture and tourism/ travel activity packaging, develop promotional, distribution and visitor sales strategies and better target the demographics of growth target markets.	DNSW, Arts NSW	Regional Arts NSW	Supported. DNSW and Arts NSW will hold bi-monthly meetings to discuss and co-ordinate activity. Arts NSW hosts a biennial Cultural Tourism forum for arts and cultural organisations to co-ordinate programming and promotions.	✓		
Action 27E. Undertake a comprehensive audit of all arts and culture-related infrastructure throughout Regional NSW to identify the need for refurbishments or new developments, and potential hallmark Regional NSW arts/ culture attractions, as a part of the Destination Management Planning process.	NSW T&I, Arts NSW	Arts NSW, arts and cultural sectors, destinations, Industry, DNSW	Supported. Arts NSW commissioned a review of the regional cultural facilities which is published in the Cultural Facilities Directory, available on the Arts NSW website. This Directory provides information about publicly owned NSW cultural infrastructure outside the Sydney CBD including performing arts centres, exhibition spaces, galleries, museums, and community halls. It lists facilities regularly used for paid, professional arts practice, presentation, or exhibition. Information about facilities can be uploaded directly by councils. The AFP delivered by Arts NSW has a		✓	

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
			small annual capital budget for facility refurbishment. The destination management planning process will address facilities management.			
Action 27F. Identify opportunities for arts/culture development in key tourism precincts that maximise visitor economy returns, best serve target market needs and further develop the cultural brand of NSW and its regions, and incorporate these opportunities in the Destination Management Planning process.	DNSW, NSW T&I	Arts and cultural sectors, destinations, Industry, NSW Government agencies including Arts NSW.	Supported. The new destination management planning system will address arts and cultural opportunities related to the destination's visitor economy.		✓	
Action 27G. Undertake an audit of arts, cultural and entertainment venues and assets in Sydney's arts and cultural precincts.	Arts NSW	Arts and cultural sectors, destinations, Industry	Supported. A comprehensive audit of cultural facilities, "Review of Sydney's Cultural Facilities", was completed by Sweet Reason in 2011. The Review was jointly commissioned by Arts NSW, Tourism NSW, Events NSW, Barangaroo Delivery Authority, City of Sydney and the Greater Sydney Partnership. The review involved an audit of Sydney's existing cultural facilities, benchmarking of Sydney against six international cities, consultation with over 90 stakeholders and a high level needs analysis for improved and new facilities.	✓		
Recommendation 28. Enhance the existing NSW events and festivals strategy to develop a long-term comprehensive state-wide events and festivals strategy that encompasses both major and smaller events and festivals.	DNSW	Industry, destinations, Local Government, other relevant NSW, Commonwealth Government agencies	Supported.	✓		
Action 28A. Ensure that there is a year-round, well-planned and co-ordinated calendar of major events and festivals in Sydney that results in events complementing each other, rather than being in competition with one another.	DNSW	Industry, destinations, Business Events Sydney, NSW Government	Supported.	✓		

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
Action 28B. Streamline approval processes and enable long-term Development Approvals to be obtained for events and festivals.	DP&I	DNSW, Local Government including the City of Sydney	<p>Supported in principle.</p> <p>Following the introduction of the State significant assessment system in October 2011, the NSW Department of Planning and Infrastructure has been implementing a program of improvements for the Department's development assessment system. The focus of this work has been on streamlining the assessment of applications. Changes to date include further legislation amendments to simplify and standardise application lodgement and initial processing requirements across the various types of projects dealt with by the Department.</p> <p>The work to review and appropriately remove State Government concurrence and referral requirements is also continuing through various actions of the Department, which commenced with an initial removal of a significant number of concurrence requirements in December 2008. This issue is expected to be further considered in the Planning System Review draft White Paper, which is due to be released for public feedback by the end of 2012.</p>		✓	
Action 28C. Expand and heavily promote a year-round regional events and festivals calendar.	DNSW	Industry, destinations, other relevant NSW Government agencies	Supported	✓		
Action 28D. Require Government-funded events and festivals to include relevant visitor economy Key Performance Indicators (KPIs) in the conditions of Government funding.	DNSW, Arts NSW	Screen NSW, events proponents e.g. Sydney Festival	<p>Supported.</p> <p>The Arts Funding Program (AFP) has annual guidelines approved by the Minister which include KPIs that contribute to the visitor economy - however are not guided by this. While the Arts Funding Program contributes to the visitor economy, the purpose of the funding is to support arts and culture. AFP funding guidelines can incorporate reference to visitor economy outcomes.</p>		✓	

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
Action 28E. Continue work with Racing NSW to maximise the economic benefit which is derived from major racing carnivals conducted across metropolitan, provincial and country NSW.	DNSW	Racing NSW, destinations, Industry, other relevant NSW Government agencies	Supported.	✓		
Recommendation 29. Relevant NSW Government Departments and agencies work with the Tourism Industry to clearly articulate responsibilities and establish milestones for the management and development of identified nature and heritage tourism experiences and develop a co-ordinated and more dynamic approach to delivery of these opportunities.	DNSW	Industry, destinations, Local Government, OEH and other relevant NSW Government agencies	Supported. See also response to Action 6C. The new destination management planning system will also explore nature and heritage tourism opportunities to benefit a destination's visitor economy.	✓		
Action 29A. Amend the National Parks and Wildlife Act 1974 management principles to require the NPWS to develop and promote access, services and facilities for visitors that are compatible with the conservation of National Parks' natural and cultural values.			Not supported. The NSW Government considers the current legislation supports this recommendation and therefore does not require amendment.			
Action 29B. Incorporate significant National Landscapes and World Heritage Areas within NSW into the relevant Destination Management Plans to better leverage these experiences and help grow visitation and spend.	DNSW	OEH, NPWS, NSW T&I, Industry, destinations, other relevant NSW Government agencies, TA	Supported.	✓		
Action 29C. Identify and facilitate opportunities for commercial and strategic tourism partnerships and participation in National Parks, historic sites and other relevant State-operated Reserves and implement a plan to realise these opportunities.	OEH, NPWS	Industry, DNSW	Supported. NPWS is implementing a Sustainable Tourism Action Plan and is already working with other Government agencies and the tourism industry on a wide range of programs for the identification, delivery and marketing of tourism and recreation experiences to drive business and participation in NSW's National Parks.	✓		
Action 29D. Ensure that NPWS's role	NPWS	NSW T&I, DNSW	Supported.	✓		

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
and responsibilities are integrated into relevant Destination Management Plans.			NPWS develops and implements Experience Development Strategies at a landscape scale, which will support and link to the proposed destination management plans.			
Action 29E. Further develop and promote the Great Walks in NSW to enhance visitor nature experiences.	DNSW, OEH, NPWS	DPI – Crown Lands, Forests NSW	Supported. DNSW and NPWS will progress their joint work in this area. Crown Lands supports this action through the ongoing management, enhancement and promotion of a range of iconic walks on Crown Lands through ongoing stakeholder relationships via direct management, reserve trust management and multi tenured arrangements.	✓		
Recommendation 30. Undertake ongoing consumer research to identify opportunities to develop new products and experiences that will highlight NSW's distinctive features and appeal to visitors.	DNSW	Industry, destinations, Local Government, relevant NSW and Commonwealth Government agencies, TA	Supported.	✓		
Action 30A. Undertake an audit of existing products and experiences, in both Sydney and the regions, to identify gaps and undertake a development program to fill those gaps, for example, a permanent Sydney produce market.	DNSW	Industry, Local Government, relevant NSW Government agencies	Supported. DNSW is undertaking product audits as part of work on delivering a branding strategy. See also response to Action 2C.	✓		
Action 30B. Review the operation of the current Sydney Fish Market and examine the options for improved visitor access and amenity.	DPC	Local Government including the City of Sydney and Leichhardt Council, SHFA, Sydney Fish Market, DNSW, NSW Treasury, DP&I, TfNSW, RMS, Sydney Ports Corporation	Supported. The Sydney Fish Market is located in the Bays Precinct, which has recently been the subject of a comprehensive review by the Bays Precinct Taskforce. This review included consultations with local government, the community and other stakeholders. The Bays Precinct Taskforce has submitted a report to the Government for consideration. The future operations of the Sydney Fish Market will be given due consideration as part of this process.			✓

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
STRATEGIC IMPERATIVE 5: INCREASE VISITOR SPEND						
Recommendation 31. Work with the retail industry to position Sydney as a world-class shopping destination.	DNSW	Industry, destinations, Local Government including the City of Sydney	Supported. DNSW will continue to work with the City of Sydney's Advisory Retail Panel, the Australian National Retailers Association and the Australia Retailers Association to maximise the opportunities for retail to play a key role in the visitor economy.	✓		
Action 31A. Develop and implement a whole-of-city approach to retail promotions with the City of Sydney's Advisory Retail Panel, the Australian National Retailers Association and the Australia Retailers Association.	DNSW	City of Sydney, Industry	Supported.	✓		
Action 31B. Deregulate remaining restrictions on trading hours and days in key tourism precincts and destinations to enhance the retail trading environment for business and the shopping experience for visitors. Work with the City of Sydney to make retail an attractive feature of the 'late night economy' in Sydney.	NSW Government	City of Sydney, DNSW	Supported. NSW Government is working with the City of Sydney to deregulate restrictions on trading hours and days in key tourism precincts, for completion by the end of 2013. City of Sydney Council's OPEN Sydney: Draft strategy and action plan 2012 – 2030 is the vision and direction for the development of Sydney's night time economy over the next 20 years. One objective of the strategy is to increase the amount of non alcohol related activities such as retail shopping, theatre and libraries that are open late in the night. The intention is to encourage a more diverse range of people to the city at night and reduce alcohol induced anti social behaviour.	✓		
Action 31C. Call upon the Commonwealth Government to provide greater flexibility within the Fair Work Act 2009 to lessen the impact of higher penalty rates on the retail sector and encourage greater trading during weekends and public holidays (see also Food and Wine and Labour Supply).	NSW IR	NSW T&I	Supported in principle. The NSW Government has legitimate concerns that the modern award system is not operating in a way that promotes productive and cooperative workplace relations and believes any consideration of the impact of penalty rates should focus on increasing incentives for employment growth.		✓	

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
			<p>The current review into modern awards is a good opportunity for the parties to address how improvements can be made to promote flexibility for business and their employees.</p> <p>The NSW Government is monitoring the review to inform any future responses to these issues. The modern awards review is expected to conclude by the end of May 2013.</p>			
Action 31D. Call upon the Commonwealth Government to reform Australia's GST Tourist Refund Scheme (TRS) to allow competition by private refund operators that will drive tourist shopping and product development to international visitors and allow reimbursement whilst visitors are still in Australia.	NSW T&I	Industry, DNSW, Commonwealth Government	Supported.	✓		
Action 31E. Work with the retail industry to encourage transit cruise passengers to access Sydney's retail precinct.	DNSW	Cruise Industry, TfNSW, Sydney Ports Corporation, other relevant NSW and Commonwealth Government agencies	Supported.	✓		
Action 31F. Fast-track wider acceptance of China Union Pay cards.	DNSW, NSW T&I	Industry, destinations, relevant NSW Government agencies	Supported. DNSW and NSW T&I will engage with Industry and relevant Government agencies to promote acceptance of China Union Pay cards.		✓	
Recommendation 32. Extend the marketing and brand messaging for Sydney and NSW destinations to promote more strongly the quality food and wine experiences that NSW offers for visitors.	DNSW	Industry, destinations, Local Government, relevant NSW Government agencies	Supported.	✓		
Action 32A. Work with Industry to call upon the Commonwealth Government to provide greater flexibility within the <i>Fair Work Act 2009</i> to lessen the impact of higher penalty rates on the retail sector	NSW IR	NSW T&I	Supported in principle. The NSW Government has legitimate concerns that the modern award system is not operating in a way that promotes		✓	

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS				Year 1	Year 2	Year 3 – 8
and encourage greater trading during weekends and public holidays (see also Retail shopping).			productive and cooperative workplace relations and believes any consideration of the impact of penalty rates should focus on increasing incentives for employment growth. The current review into modern awards is a good opportunity for the parties to address how improvements can be made to promote flexibility for business and their employees. The NSW Government is monitoring the review to inform any future responses to these issues. The modern awards review is expected to conclude by the end of May 2013.			
Action 32B. Identify and further develop food and wine styles for individual destinations and associated events and festivals, and incorporate them into relevant Destination Management Plans.	DNSW	Industry, destinations, Local Government, relevant NSW Government agencies	Supported.	✓		
Action 32C. Further develop and promote food and wine trails.	DNSW	Industry, destinations, Local Government, relevant NSW Government agencies	Supported.	✓		
Action 32D. Extend and co-ordinate targeted trade and consumer promotions to encourage visitors to experience more of NSW's food, wine and hospitality services and promote the quality and diversity of food and wine experiences (including dining options) when promoting NSW as a destination.	DNSW	Industry, destinations, Local Government, relevant NSW Government agencies	Supported.	✓		
Action 32E. Call upon Industry associations in the food and hospitality sector to champion and work with their NSW members to increase the availability of NSW-sourced food and wine and to learn from successful wine marketing initiatives in New Zealand and other States/Territories.	Industry	DNSW, NSW T&I	Supported.		✓	

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
Action 32F. Work with the NSW wine and food industry to explore opportunities for promoting NSW as a destination on exported wine and food (for example, include Destination NSW's consumer web address on labels).	DNSW	Industry, destinations, Local Government, NSW T&I, other relevant NSW Government agencies	Supported.	✓		
Action 32G. Encourage hospitality industry organisations to undertake education and training programs to enable a better response to visitor cultural and culinary preferences.	DNSW	Industry	Supported.	✓		
Recommendation 33. Implement the recommendations of the Education and Tourism Taskforce Report, which include: <ul style="list-style-type: none"> • establishment of a Government and Industry entity to co-ordinate the promotion of NSW education to international markets • improve consumer research and market intelligence, including identification of the markets, segments and initiatives which provide the greatest growth opportunities and return for NSW • develop closer partnerships, co-ordination and collaboration between the education and tourism sectors to develop and expand the education sector • undertake development of new opportunities and segments, particularly in the informal education sector, and address supply constraints and weaknesses to boost visitor economy outcomes. • Introduce transport concessions for international students (Also see Visitor transport services). 	NSW T&I, DNSW	DEC, education sector, Industry, destinations	Supported in principle. Also see Recommendation 1.	✓		
Action 33A. Ensure visitor economy representation on any new co-ordination body to co-ordinate marketing and delivery functions.	DNSW, NSW T&I	DEC, Industry, education sector	Supported. See also response to Recommendation 1 reference to the proposed StudyNSW initiative.	✓		
Action 33B. Ensure the international student-related opportunities are targeted in Destination NSW's VFR marketing and	DNSW	Education sector, Industry, destinations, Local	Supported.		✓	

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
promotions.		Government, DEC, other relevant NSW Government agencies				
Recommendation 34. Continually assess, monitor and quantify emerging high-yield market segments.	DNSW	Industry, destinations, relevant NSW and Commonwealth agencies	Supported.		✓	
Action 34A. Work with the relevant Industry bodies to identify, develop and facilitate specific high-yield market segment opportunities, such as youth tourism, medical tourism, high-level business events (for example, Forbes Global Conference, World Economic Forum, luxury shopping, incentive travel and gaming).	DNSW	Industry, Business Events Sydney, relevant NSW and Commonwealth agencies	Supported.		✓	

STRATEGIC IMPERATIVE 6: MAKE NSW MORE COMPETITIVE

Recommendation 35. Follow through on the NSW 2021 commitment to reduce red tape and provide improved incentives and investment information, at State and Local Government level, to investors and establish mechanisms that facilitate and expedite private investment.	DPC, Better Regulation Office (BRO)	NSW Regulators	<p>Supported.</p> <p>The NSW Government is committed to reducing regulatory costs for business and the community by \$750 million in annual terms by June 2015. This target is part of the Government's <i>NSW 2021</i> commitment to reduce red tape and increase the competitiveness of doing business in NSW. Both regulatory and non-regulatory (administrative) reforms will be counted towards the target, which took effect on 1 September 2011.</p> <p>The Government also has a 'one on, two off' policy in place for new principal legislation. Under the policy, each calendar year the Government will aim to ensure that: the number of principal legislative instruments repealed is at least twice the number of new principal legislative instruments introduced; and the regulatory burden imposed by new principal legislative instruments within each portfolio is less than the regulatory burden removed by the repeal of principal legislative instruments from the same portfolio.</p>	✓		
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VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
			The BRO reports on progress on both commitments each year.			
Action 35A. Establish a one-stop shop for: <ul style="list-style-type: none"> • industry, including potential investors in the visitor economy, to access the full range of Government information and research and to expedite required approvals • event proponents to access a full range of Government information and to facilitate and expedite required approvals. 	DNSW	NSW T&I, Industry, destinations, Local Government, relevant NSW Government agencies	Supported. DNSW will establish a first one-stop shop for investors in the NSW visitor economy and facilitate access to support through relevant NSW Government agencies including the NSW Government's specialist Investment services in NSW T&I.	✓		
Action 35B. Investigate options to provide incentives, such as planning bonuses and tax offsets for tourism investment in new projects, as well as refurbishments and improvements that enhance the visitor experience and quality of existing product offerings.	NSW T&I	DNSW, other relevant NSW Government agencies	Supported in principle. The Government has embarked on a comprehensive review of the State's planning system. Strategic planning under the new planning system will help provide a stronger policy framework to specifically support the tourism industry. The review is designed to deliver reforms across a number of areas including the reduction of red tape and delays in the assessment of development applications. NSW Treasury as a general principle, any bonuses or tax offsets that entail an increase in government expenditure (direct or indirect), or a reduction in government revenue, are not supported because this is inconsistent with the Government's fiscal responsibility legislation. Any incentives must be subject to cost-benefit analysis and business case justification, assessment of economic impacts based on the industry assistance assessment framework, assessment of budget and regulatory impacts, and brought to the Expenditure Review Committee for review. NSW T&I will give further consideration to the range of issues relating to incentives and an approach to this action.		✓	

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
Action 35C. Increase the use of planning incentives and land use controls to stimulate tourism development, especially for visitor accommodation and attraction investment.	NSW T&I	Relevant NSW Government agencies	Supported in principle. See Action 35B.	✓		
Action 35D. Provide appropriate tenure arrangements, support infrastructure, development incentives and a consistent planning approval process to encourage quality and appropriate accommodation and attraction development in high natural amenity locations on Crown Land.	NSW T&I, Crown Lands	DPI	Supported in principle. This action will be considered as part of a comprehensive review into the management of Crown Land, commenced by the NSW Government in June 2012. The Crown Lands Review will address the overall management of Crown Land including legislation, financial management, governance, and business structures. The review steering committee is expected to submit a final report to Government by June 2013.	✓		
Recommendation 36. That the NSW Government adopt a whole-of-government approach to the attraction and hosting of business events, funding, brand development, planning and integration of events with the broader visitor economy in Sydney and across the relevant regions.	DNSW	Business Events Sydney, NSW T&I	Supported.		✓	
Action 36A. Establish a Business Events Investment Fund in place of the current subvention system to support conference bidding by Business Events Sydney against highly incentivised competitor destination bids for business events in NSW.	DNSW	Business Events Sydney, SHFA	Supported. This is subject to further consideration by DNSW of its forward workplan and budget.		✓	
Action 36B. Develop and implement a NSW Regional Business Events Strategy that identifies appropriate regional infrastructure and provides support to Regional NSW to effectively target business event opportunities, including required promotional activities.	DNSW	Business Events Sydney	Supported. The NSW Government will develop a new Regional Conferencing Strategy to enable regional NSW to increase its share of the high-yield business events market.	✓		
Action 36C. Increase the number of NSW Government conferences and events that are held in Regional NSW.	Relevant NSW Government agencies	DNSW, Business Events Sydney	Supported in principle.	✓		
Action 36D. Promote and engage with Sydney businesses to encourage them to hold their conferences in regional areas.	DNSW	Business Events Sydney	Supported. See also response to Action 36B.	✓		

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
Action 36E. Support the full closure of the Sydney Convention and Exhibition Centre during construction of the new centre to ensure the construction timeframe is minimised and expedite arrangements for alternate venues.	Infrastructure NSW (INSW)	Industry, DNSW, Business Events Sydney, NSW T&I, other relevant NSW Government agencies	Supported. The Sydney Convention and Exhibition Centre will remain open until December 2013. To accommodate exhibitions during the development of the new international convention, exhibition and entertainment precinct (December 2013 - 2016), an interim exhibition facility will be built at Glebe Island, Glebe Island Expo. The new Convention Centre will host events from 2017.			✓
Action 36F. Expand work with Business Events Sydney to assist in the development of pre and post-conference touring itineraries in NSW to maximise time and spend in the State.	DNSW	Business Events Sydney	Supported.	✓		
Action 36G. NSW Department heads to meet quarterly with Business Events Sydney CEO and Chairman to discuss event bid opportunities.	DNSW	Business Events Sydney, other relevant NSW Government agencies	Supported.		✓	
Recommendation 37. Initially, Destination NSW's current funding is at least maintained in real terms, including allocation for Regional Tourism.	DNSW	NSW Government	Supported. DNSW funding, including \$5.1 million for regional tourism, has been maintained for the 2012-13 financial year.			✓
Action 37A. Maintain funding for Destination NSW, including regional tourism 2012-13.	NSW Government	DNSW	Supported. The NSW Government has committed funding of \$125 million a year for 4 years to DNSW. DNSW funding and programs for regional tourism will be maintained for the 2012-13 financial year.			✓
Recommendation 38. Provide additional and sufficient funding to Destination NSW on a staged basis over the next eight years to deliver the Visitor Economy Action Plan and achieve the 2020 target.	NSW Government	DNSW	Supported. See response to Action 37A above.			✓
Action 38A. Assess the additional funding required against the actions and the milestones and timelines in this Plan as agreed with Government, so as to be	DNSW, NSW T&I	NSW Government	Supported. The NSW Government will assess funding requirements for the Visitor	✓		

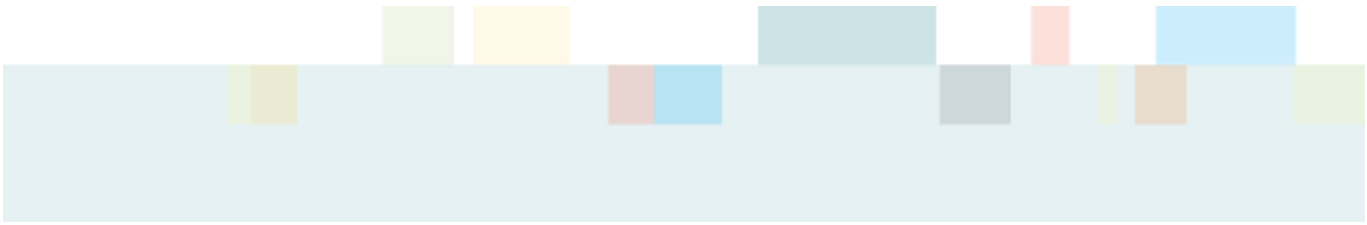
VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
accommodated in the 2013–14 State Budget process.			Economy Industry Action Plan as part of the 2013-14 Budget process.			
Action 38B. Obtain Industry commitment to additional funding and in-kind contributions.	DNSW	Industry	Supported.	✓		
Action 38C. Ensure that all additional funding to Destination NSW is tied to implementing the recommendations of this Plan.	NSW Government	DNSW	Supported. See responses to Action 37B and Recommendation 38.			✓
Recommendation 39. Ensure all NSW Government Departments' and agencies' funding on visitor economy-related activities, for example, arts and sport events grants, Industry development and so on, are subjected to the same assessment as outlined in the Plan and ensure a return on investment to the State.	NSW Government	NSW T&I	Supported. NSW Government departmental and agency expenditure on visitor economy-related purposes are reported as part of the whole-of-Government reporting on the goals of the <i>NSW 2021</i> plan.	✓		
Action 39A. Undertake an audit of all Department and agency budget allocations to identify expenditure on visitor economy-related purposes and, where it would be appropriate, guided by Destination Management Plans, that the funding requires a visitor economy-related performance indicator.	NSW Government	NSW T&I, DNSW	Supported. See response to Recommendation 39.	✓		
Recommendation 40. Recognise that this Industry as a segment qualifies for access to NSW innovation funding programs.	NSW T&I	Relevant NSW Government Agencies	Supported.	✓		
Action 40A. Review guidelines and criteria to include the visitor economy in NSW innovation funding programs.	NSW T&I	Relevant NSW Government agencies	Supported.	✓		
STRATEGIC IMPERATIVE 7: CHANGE OF MINDSET						
Recommendation 41. Adopt a proactive whole-of-government approach to improve consistency in policy and processes and cut red tape to drive innovation, investment and growth.	NSW Government	NSW T&I	Supported. This recommendation aligns with the goals of the NSW Government's <i>NSW 2021</i> plan.	✓		

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
Action 41A. Ensure that a visitor economy perspective is formally incorporated into relevant reviews being undertaken or contributed to by the NSW Government.	DNSW, NSW T&I	Relevant NSW Government agencies	Supported.	✓		
Recommendation 42. Provide greater operational flexibility to Destination NSW so as to enable it to operate more effectively in an agile and commercially competitive manner.	DNSW		Supported in principle. DNSW to develop a business case on operational flexibility proposals including exemption from Government-wide advertising restrictions and an approach to GAA submissions. DNSW will be exempt from the 25% reduction in NSW Government advertising spend.	✓		
Action 42A. Immediately exempt Destination NSW from the NSW Government's peer and Cabinet review processes for advertising.	DNSW		Supported in principle. See response to Recommendation 42.	✓		
Recommendation 43. Establish a sub-committee of Cabinet to oversee the progress of visitor economy priorities across Government.			Not supported. The NSW Government Cabinet and its sub committees are all responsible for overseeing the NSW 2021 goals, including the 2020 target for the NSW visitor economy. Therefore it is considered that an additional sub-committee is not required.			
Action 43A. The sub committee of Cabinet take promotional opportunities that arise from time to time by providing Destination NSW with supplementary funding (for example, Sydney hosting the Australian Tourism Exchange in 2013, Oprah Winfrey-type projects, the proposed Sydney Movie and so on).			Not supported. See response to Recommendation 43.			
Recommendation 44. That the Board of Destination NSW be charged with the responsibility for implementing this Plan in accordance with the milestones and timelines as agreed with Government.	DNSW	Industry, NSW T&I, other relevant NSW Government agencies	Supported in principle. The NSW Government will establish a new annual Business Leadership Forum to provide a mechanism to deliver a progress report on all Industry Actions Plans developed to meet the goals of NSW 2021. The Visitor Economy Industry Action Plan will be part of this reporting process.	✓		

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
			<p>The purpose of the Business Leadership Forum is also to provide advice on any amendments or changing priorities.</p> <p>The Forum will include representatives from the Industry Action Plan Taskforces, the NSW Innovation and Productivity Council, the Export and Investment Advisory Board, the Multicultural Business Advisory Panel, and the NSW Regional Development Australia Council.</p> <p>To inform this process, bi-annual meetings will be held with the Board of Destination NSW to monitor progress on the implementation of the Industry Action Plan for the Visitor Economy.</p> <p>The Board of Destination NSW will be responsible for the implementation of actions identified as the responsibility of DNSW.</p>			
Action 44A. Set and agree with Government critical milestone targets for implementation of the recommendations of the Visitor Economy Action Plan and regularly report back to Government and Industry on achievement against the milestones.	NSW T&I	DNSW, other relevant NSW Government agencies	Supported. See response to Recommendation 44.	✓		
Recommendation 45. That a sub-committee of the Board of Destination NSW meet with Government-nominated Industry representatives, at least twice yearly, under the chairmanship of the Chairman of Destination NSW, to jointly assess the overall implementation of the Plan and report to Government, including recommending any necessary adjustments to the Plan.	DNSW	NSW T&I	Supported in principle. See response to Recommendation 44.	✓		
Action 45A. Proactively identify opportunities for private sector participation in the provision of enhanced visitor-related services and facilities.	DNSW	Industry	Supported.	✓		
Recommendation 46. Stemming from the establishment of the joint sub-committee of the Board of Destination	DNSW	Industry including Australian Hotels Association	Supported in principle. See response to Recommendation 44.		✓	

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
NSW and nominated Industry representatives, that Industry work more closely with Government to take its share of responsibility for implementing the recommendations of the Visitor Economy Action Plan.		(AHA), Tourism Accommodation Australia (TAA), Australian Tourism Export Council (ATEC), Business Events Sydney, Tourism Industry Council NSW (TICNSW), Tourism & Transport Forum (TTF), SACL, Regional Tourism Organisations (RTOs).				
Action 46A. Provide a mechanism for Industry input into Destination NSW marketing plans and priorities.	DNSW	Industry	Supported.		✓	
Action 46B. Increase joint Industry co-operative marketing activities with Destination NSW, where those marketing activities are consistent with the relevant Destination NSW marketing plans.	DNSW	Industry	Supported.		✓	
Action 46C. Increase Industry participation in commercial partnerships to undertake innovative and adaptive re-use of heritage properties and for visitor facilitation in National Parks and visitor accommodation and attraction purposes, therefore gaining greater utilisation of heritage and natural assets.	OEH, NPWS	DNSW, NSW T&I	Supported. The current National Parks and Wildlife legislation already facilitates leasing or licensing of heritage assets for adaptive reuse for any purpose. NPWS has a wide range of existing commercial arrangements for adaptive reuse and a number of new proposals are currently being progressed.	✓		
Recommendation 47. Reform the operational structure and funding framework of regional tourism to enable funding to be allocated directly to destinations which have developed a Destination Management Plan and remove the requirement that all funding must be provided through the RTO network.	DNSW	Industry, destinations, Local Government, NSW T&I	Supported. DNSW regional visitor funding programs will made available on a contestable basis and open to applications from a wide range of industry and other stakeholders. DNSW will determine the criteria for its regional funding programs which will be for marketing and product development. The funding will be made available on a matched basis.	✓		

VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
			<p>An eligibility requirement for funding under DNSW regional tourism programs will be evidence that the application is in alignment with a relevant destination management plan.</p> <p>This eligibility requirement does not mean that each applicant needs to have an individual destination management plan (DMP) but they will need to be represented in a regional DMP.</p>			
Action 47A. Ensure that funding for regions will only continue where there is a Destination Management Plan that has a focus on building capacity and capability to grow visitor expenditure from priority target markets.	DNSW	Industry, destinations, Local Government	<p>Supported.</p> <p>See response to Recommendation 47.</p>		✓	
Action 47B. As experience-based destinations do not usually conform with existing Local Government, Regional or State boundaries, ensure that the special purpose entities (see Destination Management Plan) are empowered to manage the Destination Management Plans.	NSW T&I	Industry, destinations, Local Government, relevant NSW Government agencies	<p>Supported in principle.</p> <p>The new destination management system will include the development of a governance model based on a local leadership group.</p>		✓	
Action 47C. Ensure that Destination NSW is able to deal directly with all Industry and stakeholders in destinations.	DNSW	Industry, destinations, Local Government	Supported.	✓		
Action 47D. Ensure that arts and culture, events, nature and heritage and other visitor experience development initiatives are integrated into the Destination Management Planning and implementation processes for the relevant destination.	DNSW, NSW T&I	Arts, cultural, nature and heritage sectors, destinations, Industry, Arts NSW, other relevant NSW Government agencies	<p>Supported in principle.</p> <p>The AFP has annual guidelines approved by the Minister. It is noted that while the AFP contributes to the visitor economy, the purpose of the funding is to support arts and culture. Destination management planning should take into account funding provided for arts, culture, recreation, and events.</p>		✓	
Action 47E. Consolidate and leverage Government resources and investment in Regional NSW by ensuring that grants and other payments relating to enhancing visitor experiences (for example, grants for arts, recreation,	NSW T&I	Arts, cultural, nature and heritage sectors, destinations, Industry, Arts NSW, other	<p>Supported in principle.</p> <p>The AFP has annual guidelines approved by the Minister. It is noted that while the AFP contributes to the visitor economy, the purpose of the funding is to support</p>		✓	



VISITOR ECONOMY TASKFORCE FINAL REPORT RECOMMENDATIONS AND ACTIONS	LEAD	KEY PARTNERS	GOVERNMENT RESPONSE	Year 1	Year 2	Year 3 – 8
events and festivals) are facilitated through the Destination Management Plans of the relevant destinations.		relevant NSW Government agencies	arts and culture. Destination management planning can take into account for arts, culture, recreation, and events.			
Recommendation 48. Maintain, at least, the current \$5.1 million regional funding allocation for regional visitor economy initiatives.	DNSW		Supported.	✓		
Action 48A. Implement transitional funding arrangements by Destination NSW for regional tourism that do not continue beyond 2013: • allowing RTOs to access ‘capacity’ funding according to current criteria for a maximum of 12 months ending in the 2012-13 financial year so that alternates to any Government funding of staff, utilities and so on are put in place • opening up future Destination NSW marketing funding to competitive bidding, with funding proposals to be assessed by Destination NSW against specified criteria, including a Destination Management Plan, to all Industry and stakeholders in a destination, not just RTOs.	DNSW	Industry, destinations, Local Government	Supported. DNSW’s current regional funding program enables RTOs to access capacity funding until June 2013. See also response to Recommendation 47.	✓		



PART THREE: PERFORMANCE AND EVALUATION

Domestic and global economies are continually evolving and impacted by national and international 'shocks'. The development of new technologies and business methods can also have significant implications for the competitiveness of various industries. Therefore this Visitor Economy Plan and the accompanying set of actions are presented as a living document: to be constantly monitored and refined.

Implementation of actions and tracking how NSW is achieving the objectives of the Economic Development Framework will be monitored via an annual Business Leadership Forum.

Performance will be assessed against three primary criteria:

1. **Progress of supported actions** will be the initial measure.
2. **Degree of ongoing involvement and collaboration** with industry associations, education organisations, research institutes and other key partners will be a further measure of success.
3. **Achievement of long-term macro-economic objectives and relevant NSW 2021 targets** is the ultimate objective.

The new annual Business Leadership Forum will provide a mechanism to deliver a progress report on supported actions, provide advice on any amendments or changing priorities, and to refine and develop new measures to enhance economic growth.

The Forum will be a meeting with representatives from the Taskforces as well as the Government's four economic Advisory Bodies – the NSW Innovation and Productivity Council, the Export and Investment Advisory Board, the Multicultural Business Advisory Panel and the NSW Regional Development Advisory Council.

The Forum will provide an opportunity to report to industry leaders and seek further input on priority actions. This will also help to keep the Government's Framework relevant to industry's changing needs.

The Destination NSW Board will also meet bi-annually with industry and Government stakeholders to monitor progress of the Visitor Economy Industry Action Plan and inform the reporting process.

YEAR 1 ACTIONS

The following summarises the principal actions for the first year of the NSW Economic Development Framework.

Demonstrate Leadership (1)

Recommendations/Actions	Delivery Lead	Timeframe
<p>Action 17A. Call upon the Commonwealth Government to change migration policies and legislation, including:</p> <ul style="list-style-type: none"> • expand the Working Holiday Makers Program by allowing working holiday makers to work more than six months in tourism and hospitality employment in order to qualify for a 12-month extension to their existing WHV 417 • expand the number of countries with which Australia has WHM visa arrangements • extend the WHM visa program to people up to 35 years of age • allow overseas students who complete studies at a tertiary institution in Australia to stay in Australia for up to two years • ease the 'commitment to training' requirements needed to be met by businesses seeking approval as sponsors under the 457 visa program • expand the Pacific Islands guest worker pilot program to include NSW regional locations. 	NSW T&I	2013 - ongoing
Action 17B. Amend the NSW State Migration Plan to include occupations related to the visitor economy such as cooks, chefs and restaurant managers.	NSW T&I, DNSW	2012 - ongoing
Action 33A. Ensure visitor economy representation on any new co-ordination body to co-ordinate marketing and delivery functions.	NSW T&I	2012 - 2013
Action 38A. Assess the additional funding required against the actions and the milestones and timelines in this Plan as agreed with Government, so as to be accommodated in the 2013–14 State Budget process.	DNSW, NSW T&I	2013 - onwards
Action 38B. Obtain Industry commitment to additional funding and in-kind contributions.	DNSW	2013 - ongoing
Recommendation 39. Ensure all NSW Government Departments' and agencies' funding on visitor economy-related activities, for example, arts and sport events grants, Industry development and so on, are subjected to the same assessment as outlined in the Plan and ensure a return on investment to the State.	NSW Government	2013 - ongoing
Action 39A. Undertake an audit of all Department and agency budget allocations to identify expenditure on visitor economy-related purposes and, where it would be appropriate, guided by Destination Management Plans, that the funding requires a visitor economy-related performance indicator.	NSW Government	2013 - ongoing
Recommendation 40. Recognise that this Industry as a segment qualifies for access to NSW innovation funding programs.	NSW T&I	2013
Action 40A. Review guidelines and criteria to include the visitor economy in NSW innovation funding programs.	NSW T&I	2013
Recommendation 41. Adopt a proactive whole-of-government approach to improve consistency in policy and processes and cut red tape to drive innovation, investment and growth.	NSW Government	Ongoing
Action 41A. Ensure that a visitor economy perspective is formally incorporated into relevant reviews being undertaken or contributed to by the NSW Government. The Taskforce has identified an initial number of reviews that should incorporate a NSW visitor economy perspective. (Appendix D)	DNSW, NSW T&I	Ongoing
Recommendation 44. That the Board of Destination NSW be charged with the responsibility for implementing this Plan in accordance with the milestones and timelines as agreed with Government.	DNSW	2013 - ongoing

Recommendations/Actions	Delivery Lead	Timeframe
Action 44A. Set and agree with Government critical milestone targets for implementation of the recommendations of the Visitor Economy Action Plan and regularly report back to Government and Industry on achievement against the milestones.	NSW T&I	2013 - ongoing
Recommendation 45. That a sub-committee of the Board of Destination NSW meet with Government-nominated Industry representatives, at least twice yearly, under the chairmanship of the Chairman of Destination NSW, to jointly assess the overall implementation of the Plan and report to Government, including recommending any necessary adjustments to the Plan.	DNSW	2013
Action 45A. Proactively identify opportunities for private sector participation in the provision of enhanced visitor-related services and facilities.	DNSW	2013 - ongoing
Recommendation 47. Reform the operational structure and funding framework of regional tourism to enable funding to be allocated directly to destinations which have developed a Destination Management Plan and remove the requirement that all funding must be provided through the RTO network.	DNSW	2013 - ongoing
Action 47C. Ensure that Destination NSW is able to deal directly with all Industry and stakeholders in destinations.	DNSW	2013 - ongoing
Recommendation 48. Maintain, at least, the current \$5.1 million regional funding allocation for regional visitor economy initiatives.	DNSW	2012 - 2013
Action 48A. Implement transitional funding arrangements by Destination NSW for regional tourism that do not continue beyond 2013: <ul style="list-style-type: none"> • allowing RTOs to access 'capacity' funding according to current criteria for a maximum of 12 months ending in the 2012-13 financial year so that alternates to any Government funding of staff, utilities and so on are put in place • opening up future Destination NSW marketing funding to competitive bidding, with funding proposals to be assessed by Destination NSW against specified criteria, including a Destination Management Plan, to all Industry and stakeholders in a destination, not just RTOs. 	DNSW	2013 - ongoing

Make it Easier to Do Business (2)

Recommendations/Actions	Delivery Lead	Timeframe
Action 6E. Introduce specific incentives and remove unnecessary regulatory/approval procedures and requirements to encourage the adaptive re-use and preservation of heritage buildings.	NSW T&I	2013 - ongoing
Recommendation 7. Call upon the Commonwealth Government to relax the current restrictions on aircraft movements at Sydney Airport to facilitate growth in visitor arrivals	NSW T&I	2013
Action 7A. That the NSW Government take all possible action to have the Commonwealth Government amend the Sydney Airport Demand Management Act 1997 so as to increase the statutory movement cap to at least 90 per hour in the peak period.	NSW T&I	2013
Action 19A. Amend the relevant State planning policies and legislation to ensure the protection of significant tourism assets and values of the destination.	DP&I	2013 - ongoing
Action 19C. Support the recommendation of the Joint Study on Aviation Capacity in the Sydney Region that the Commonwealth and NSW Governments, in consultation with Newcastle Airport, RAAF and Councils, develop a strategy canvassing both land use and statutory protections in the areas around Newcastle Airport and its flight paths.	DP&I	2013 - 2014
Action 19D. Support the recommendation of the Joint Study on aviation capacity in the Sydney Region that the Commonwealth, ACT and NSW Governments work together to ensure that Canberra Airport is protected from encroaching noise-sensitive urban development which would be incompatible with 24-hour jet aircraft operations and could restrict the expansion of the airport over time.	NSW T&I	2013 - ongoing
Recommendation 20. That the guidelines governing the consideration by IPART for approval to a special rate variation, above the rate cap and applied to businesses, be amended to include expenditure in relation to the visitor economy. The additional rate revenue should be outside the current rate cap and would be collected and accounted for by Councils. The expenditure of these funds would be overseen and administrated by special purpose entities. The funds should be spent in accordance with relevant Destination Management Plans on those critical visitor economy initiatives necessary to achieve the 2020 target.	DPC/Local Government Division	2013 - ongoing
Action 20A. Develop a comprehensive policy, including approved types of expenditure, so as to amend guidelines governing special rate variation applications and encourage Councils to apply.	DPC/Local Government Division	2013 - ongoing
Action 20B. Allow a transition period of a maximum of 12 months to allow adjustment to the new arrangements.	DPC/Local Government Division	2013 - ongoing
Action 20C. Ensure that the new special purpose entities are representative of visitor economy interests (for example, including representation from Chambers of Commerce, retail, local tourism operators, events and festivals, Crown lands, including National Parks management and cultural institutions).	DPC/Local Government Division	2013 - ongoing
Action 31B. Deregulate remaining restrictions on trading hours and days in key tourism precincts and destinations to enhance the retail trading environment for business and the shopping experience for visitors. Work with the City of Sydney to make retail an attractive feature of the 'late night economy' in Sydney.	NSW Government	End 2013
Action 31D. Call upon the Commonwealth Government to reform Australia's GST Tourist Refund Scheme (TRS) to allow competition by private refund operators that will drive tourist shopping and product development to international visitors and allow reimbursement whilst visitors are still in Australia.	NSW T&I	2013 - ongoing
Action 35B. Investigate options to provide incentives, such as planning bonuses and tax offsets for tourism investment in new projects, as well as refurbishments and improvements that enhance the visitor experience and quality of existing product offerings.	NSW T&I	2013 (planning review)



Recommendations/Actions	Delivery Lead	Timeframe
Action 35C. Increase the use of planning incentives and land use controls to stimulate tourism development, especially for visitor accommodation and attraction investment.	NSW T&I	2013 (planning review completed)
Action 35D. Provide appropriate tenure arrangements, support infrastructure, development incentives and a consistent planning approval process to encourage quality and appropriate accommodation and attraction development in high natural amenity locations on Crown land.	NSW T&I/ Crown Lands	2012 - 2013
Recommendation 42. Provide greater operational flexibility to Destination NSW so as to enable it to operate more effectively in an agile and commercially competitive manner.	DNSW	Ongoing
Action 42A. Immediately exempt Destination NSW from the NSW Government's peer and Cabinet review processes for advertising.	DNSW	2013 - ongoing

Collaborate to Drive Innovation and Competitiveness (3)

Recommendations/Actions	Delivery Lead	Timeframe
Recommendation 16. Increase the participation and enhance the skills training for Australian residents to fill the gap in demand for skilled labour in the visitor economy in NSW.	DEC	2013 - ongoing
Action 16A. Facilitate school-based and technical training in targeted visitor economy industries, for example, hospitality, in partnership with key education institutions.	DEC	2013 - ongoing
Action 16B. Call upon the Commonwealth Government to increase incentives and assistance for employers to offer additional places for traineeships and apprenticeships.	DEC	2012 - 2013
Action 16C. Support Industry and Government initiatives to promote and expand career opportunities for Aboriginal trainees in visitor economy occupations.	DEC	2013 - ongoing
Action 16D. Support initiatives to increase the number of foreign language tour guides including: <ul style="list-style-type: none"> • engage with relevant educational institutions to offer Mandarin teachers opportunities to work as tour guides • fast-track accreditation processes for tour guides able to speak in priority target foreign languages. 	DNSW	2013 - ongoing
Recommendation 17. Maximise the opportunities for an increase in the supply of international short-term labour to the NSW visitor economy to meet short-term needs.	NSW T&I	2013 - ongoing
Action 17A. Call upon the Commonwealth Government to change migration policies and legislation, including: <ul style="list-style-type: none"> • expand the Working Holiday Makers Program by allowing working holiday makers to work more than six months in tourism and hospitality employment in order to qualify for a 12-month extension to their existing WHV 417 • expand the number of countries with which Australia has WHM visa arrangements • extend the WHM visa program to people up to 35 years of age • allow overseas students who complete studies at a tertiary institution in Australia to stay in Australia for up to two years • ease the 'commitment to training' requirements needed to be met by businesses seeking approval as sponsors under the 457 visa program • expand the Pacific Islands guest worker pilot program to include NSW regional locations. 	NSW T&I	2013 - ongoing
Action 17B. Amend the NSW State Migration Plan to include occupations related to the visitor economy such as cooks, chefs and restaurant managers	NSW T&I	2013 - ongoing
Action 17C. Support the Commonwealth Government's proposed HECS-style loans system for students studying Government-subsidised diplomas and advanced diplomas and call for certain loans to be specifically tailored for skills necessary to the visitor economy.	DEC	2013 - ongoing
Recommendation 18. Implement a Destination Management Planning approach for NSW's key destinations and develop uniform Destination Management Plans in identified visitor economy destinations across the State. The plans need to be developed in partnership with the Industry, the community and all three levels of Government.	DNSW	2013 - ongoing
Action 18A. Ensure that Destination Management Plans address demand and supply, and policy and planning issues including: <ul style="list-style-type: none"> • infrastructure requirements • Tourism Industry development • destination experience • destination brand and positioning • appropriate relevant target markets • major events and festivals, arts, culture, sport and recreation activities 	DNSW, NSW T&I	2013 - ongoing

Recommendations/Actions	Delivery Lead	Timeframe
<ul style="list-style-type: none"> the role of Crown lands, including National Parks, State Reserves, heritage precincts and National Landscapes. 		
Action 18B. Establish five visitor economy 'zones' across NSW to structure Destination NSW, Government and Industry engagement processes, including the facilitation of a new Destination Management Planning process: <ul style="list-style-type: none"> Greater Sydney Sydney Surrounds North Coast South Coast Inland. 	DNSW, NSW T&I	2013 - ongoing
Action 18C. Develop cross-border arrangements with destinations adjacent to the borders of NSW.	DNSW	2013 - ongoing
Recommendation 21. Establish a dedicated visitor servicing entity, led by Destination NSW, to build strong commercial relationships with Sydney CBD visitor products and provide a single delivery and co-ordination mechanism for servicing visitors in Sydney CBD.	DNSW	2013 - ongoing
Action 21A. Support the new dedicated visitor servicing entity for Sydney to undertake: <ul style="list-style-type: none"> planning of an integrated and overall strategic approach to visitor servicing operation of a visitor information centres in key locations extensive volunteer meet-and-greet support and street guiding provision of content for effective digital and social media communications provision of consistent and improved information collateral, particularly maps provision of consistent and improved wayfinding, signage and transport information alignment to Destination Management Plans. 	DNSW	2013 - ongoing
Action 21B. Negotiate free wi-fi visitor information hotspots in key city, urban and regional places frequented by visitors.	DNSW	2013 - ongoing
Action 21C. Provide improved access to public transport information in multiple languages, including transport timetable and general service information via the internet, smartphone apps including QR codes and purpose designed brochures.	TfNSW	2013 - ongoing
Action 21D. Include the role of visitor information centres and the provision of visitor information in the Destination Management Planning process.	DNSW	2013 - ongoing
Recommendation 22. Incorporate way finding and signage considerations for visitors to Regional NSW into relevant policies and guidelines and provide suitable facilitation to enhance the visitor experience.	DNSW, TfNSW	2013 - ongoing
Action 22A. Review the role, location and operation of traditional visitor information centres and explore turning the centres into 'experience' gateways that showcase a destination's key experiences and link effectively with other destinations.	DNSW	2013 - ongoing
Action 22B. Ensure that the responsibility for the quality of the visitor experience is a key role for Destination NSW to co-ordinate and facilitate.	DNSW	2013 - ongoing
Action 22C. Incentivise the development and support of digital-based visitor information that facilitates wayfinding and is supported by effective physical signage.	DNSW	2013 - ongoing
Action 22D. Review tourist route and other wayfinding road signage policy and guidelines in consultation with Councils and RMS to ensure the appropriate timely facilitation and enhancement of road travel and touring by visitors.	DNSW, TfNSW	2013
Recommendation 23. Develop and implement cultural awareness, customer service and quality assurance training programs at educational Institutions, including in schools, Industry and across Government.	DNSW	2013 - ongoing
Action 23A. Continue to support the development of the national T-QUAL accreditation framework.	DNSW	2012 - ongoing
Action 23B. Place a higher priority on supporting Industry and education and training institutions to provide cultural awareness, language and customer service training.	DNSW	2013 - ongoing
Action 23C. Facilitate Industry, particularly small and medium business, participation in and delivery of such training.	DNSW	2013 - ongoing

Recommendations/Actions	Delivery Lead	Timeframe
Action 23D. Review, consolidate and better promote access to existing Industry training packages or modules.	DNSW	2013 - ongoing
Action 23E. Ensure that language skills are given a priority within the training.	DNSW	2013 - ongoing
Action 26D. Amend the management principles within the National Parks and Wildlife Act 1974 to ensure that relevant representatives of the NSW Aboriginal community are actively encouraged to be involved in undertaking interpretation and delivery of visitor experiences in National Parks. Ensure that the relevant Destination Management Plans require this as a key performance indicator for the National Parks and Wildlife Service.	OEH, NPWS	2013 - ongoing
Action 27G. Undertake an audit of arts, cultural and entertainment venues and assets in Sydney's arts and cultural precincts.	Arts NSW	Done
Recommendation 29. Relevant NSW Government Departments and agencies work with the Tourism Industry to clearly articulate responsibilities and establish milestones for the management and development of identified nature and heritage tourism experiences and develop a co-ordinated and more dynamic approach to delivery of these opportunities.	DNSW	2013 - 2014 ongoing
Action 29B. Incorporate significant National Landscapes and World Heritage Areas within NSW into the relevant Destination Management Plans to better leverage these experiences and help grow visitation and spend.	DNSW	2013 - ongoing
Action 29C. Identify and facilitate opportunities for commercial and strategic tourism partnerships and participation in National Parks, historic sites and other relevant State-operated Reserves and implement a plan to realise these opportunities.	OEH, NPWS	2013 - 2014 ongoing
Action 29D. Ensure that NPWS's role and responsibilities are integrated into relevant Destination Management Plans.	NPWS	2013 - 2014 ongoing
Recommendation 30. Undertake ongoing consumer research to identify opportunities to develop new products and experiences that will highlight NSW's distinctive features and appeal to visitors.	DNSW	2013 - ongoing
Action 30A. Undertake an audit of existing products and experiences, in both Sydney and the regions, to identify gaps and undertake a development program to fill those gaps, for example, a permanent Sydney produce market.	DNSW	2013 - 2014
Action 31E. Work with the retail industry to encourage transit cruise passengers to access Sydney's retail precinct.	DNSW	2013 - ongoing
Action 32G. Encourage hospitality industry organisations to undertake education and training programs to enable a better response to visitor cultural and culinary preferences.	DNSW	2013 - ongoing
Recommendation 33. Implement the recommendations of the Education and Tourism Taskforce Report, which include: <ul style="list-style-type: none"> • establishment of a Government and Industry entity to co-ordinate the promotion of NSW education to international markets • improve consumer research and market intelligence, including identification of the markets, segments and initiatives which provide the greatest growth opportunities and return for NSW • develop closer partnerships, co-ordination and collaboration between the education and tourism sectors to develop and expand the education sector • undertake development of new opportunities and segments, particularly in the informal education sector, and address supply constraints and weaknesses to boost visitor economy outcomes. • Introduce transport concessions for international students (Also see Visitor transport services). 	NSW T&I, DNSW	(transport concessions) (2012-2013) (StudyNSW) (2012-2013) Others: 2013 - ongoing
Recommendation 35. Follow through on the NSW 2021 commitment to reduce red tape and provide improved incentives and investment information, at State and Local Government level, to investors and establish mechanisms that facilitate and expedite private investment.	DPC, BRO	Ongoing





Recommendations/Actions	Delivery Lead	Timeframe
Action 35A. Establish a one-stop shop for: <ul style="list-style-type: none"> • industry, including potential investors in the visitor economy, to access the full range of Government information and research and to expedite required approvals • event proponents to access a full range of Government information and to facilitate and expedite required approvals. 	DNSW	2013 - ongoing
Action 46C. Increase Industry participation in commercial partnerships to undertake innovative and adaptive re-use of heritage properties and for visitor facilitation in National Parks and visitor accommodation and attraction purposes, therefore gaining greater utilisation of heritage and natural assets.	OEH, NPWS	Review (2012-2013)

Invest in Critical Infrastructure (4)

Recommendations/Actions	Delivery Lead	Timeframe
Recommendation 5. Provide an investment and regulatory environment for the City of Sydney and its surrounds which supports and encourages private investment in accommodation facilities, including: <ul style="list-style-type: none"> • incentives for visitor accommodation development • removal of regulatory impediments during the planning, approvals and construction phases of property development. 	DP&I	2013 - ongoing
Recommendation 8. Develop a whole-of-government NSW aviation strategy, including incentives and marketing, to improve air services frequency and add new routes which access and service target markets. The strategy should address access into Newcastle, Canberra and Coolangatta airports as well as Sydney Airport.	TfNSW, DNSW, NSW T&I, DPC	2013
Action 8A. Ensure that the NSW Government's Long-Term Transport Master Plan identifies and incorporates opportunities to improve passenger movement to and from Sydney Airport.	TfNSW	2013
Action 8B. Work with Sydney Airport Corporation Limited (SACL) to ensure that Sydney Airport's Master Plan has adequate provision for the expected increased growth in visitor numbers in accordance with this <i>Visitor Economy Action Plan</i> .	DPC	2013 - ongoing
Action 8C. Support the introduction of a common air border between Australia and New Zealand, which would result in significant opportunities for increased international flights to regional airports, particularly Newcastle.	NSW T&I	2013
Action 10A. Call upon the Commonwealth Government to agree to adjust the Slot Management System at Newcastle Airport to allow for more flexible scheduling, particularly in the am and pm peak periods.	NSW T&I	2013
Action 10D. Work with the Queensland Government to resolve cross-border regulatory anomalies that do not provide reciprocal arrangements for NSW and Queensland taxis and restrict NSW taxis from picking up airport customers in Queensland to return them to NSW.	TfNSW	2013 - ongoing
Recommendation 11. That the NSW Government fulfil its responsibility as acknowledged in the Hawke Review to expand cruise capacity within Sydney ports, including continuing the case for access to Garden Island.	NSW T&I	2013 - ongoing
Action 11A. Take all possible action, in association with the Commonwealth Government, to provide assured access on a regular, scheduled basis to Garden Island to accommodate the increasing number of large cruise ships.	NSW T&I	2013 - ongoing
Recommendation 12. Prepare a 10-year Cruise Development Plan, in consultation with Industry, to: <ul style="list-style-type: none"> • plan for the forecast growth in cruise ship calls and passenger numbers • ensure NSW captures a larger share of the economic benefits from the growth in the cruise market, including providedoring of ships and pre- and post-cruise tours • develop financial models to identify capacity needs identify the level and timing of future Government funding of cruise sector infrastructure, for example, White Bay funding commitments.	TfNSW, Sydney Ports Corporation, DNSW	2013 - ongoing
Action 12B. Assess the feasibility to accommodate additional cruise ship berthing facilities at identified locations (including options such as a dolphin buoy at Athol Bight) in order to meet increased demand.	TfNSW, Sydney Ports Corporation	2013
Recommendation 13. Support the earliest practicable implementation of current cruise-related infrastructure enhancements, including: <ul style="list-style-type: none"> • White Bay Terminal development • the OPT Master Plan • OPT mooring improvements and providedoring • berth scheduling at Garden Island. 	TfNSW, Sydney Ports Corporation	2013 - ongoing

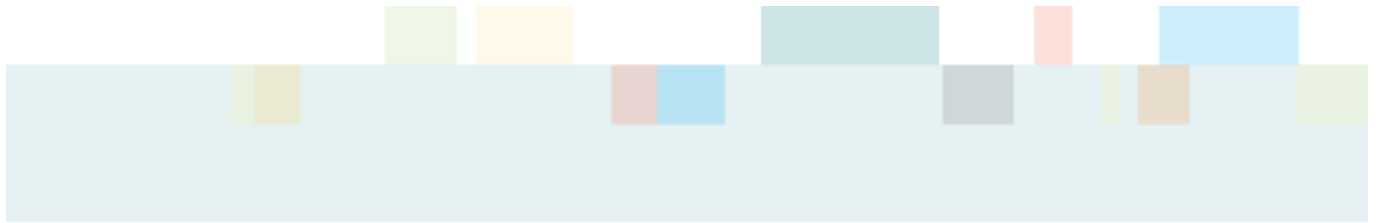
Recommendations/Actions	Delivery Lead	Timeframe
Action 13A. Ensure priority of berthing capacity east of the Sydney Harbour Bridge at Garden Island and the OPT is for international cruise ships to allow these visitors ready access to retail and other spending activities.	TfNSW, Sydney Ports Corporation	2013 - ongoing
Action 13B. Re-open Jack Munday Place and move the booth in the middle of the road at the entrance to allow direct provisioning vehicle access to cruise ships via Argyle Street.	TfNSW, Sydney Ports Corporation	2012 - 2013
Action 13C. Further restrict vehicle parking immediately in front of the OPT during the provisioning of cruise ships.	TfNSW, Sydney Ports Corporation	2012 - 2013
Action 13D. Include provender supplier and visitor needs, (including access for enhanced pick-up and set-down and passenger services) in the design and operation of the current Master Planning process for Circular Quay/The Rocks/Overseas Passenger Terminal.	TfNSW, Sydney Ports Corporation	2012 - 2013
Action 13E. Ensure that a visitor economy perspective is taken into account in the planning for transport and access arrangements for the new White Bay cruise facility including: <ul style="list-style-type: none"> • its design to allow for multiple use of the facility for corporate and other events, conventions and exhibitions in order to maximise the return on the Government's investment • a free shuttle bus service to the city's retail precincts for transit passengers • that cruise industry forward projections are taken into account. 	TfNSW, Sydney Ports Corporation	2012 - 2013
Recommendation 14. Ensure that visitor needs relating to access to visitor precincts and major event venues are understood and effectively considered in the transport planning process across a wide range of transport modes and service providers (see also Recommendation 24).	TfNSW	2013 - ongoing
Action 14A. Ensure that the NSW Government's Long-Term Transport Master Plan currently being prepared addresses visitor facilitation and access issues across all transport modes.	TfNSW	2012 - 2013
Action 14B. In the context of the Long-Term Transport Master Plan, ensure that the Sydney light rail network review takes into account the role of light rail to connect major visitor precincts, including the Sydney Cricket Ground and Royal Randwick Racecourse through to the University of NSW, as well as its role in moving people for large scale events.	TfNSW	2012 - 2013
Action 14C. Improve coach and taxi infrastructure and access options throughout Sydney CBD, major visitor precincts, event venues and Regional NSW.	TfNSW	2013 - ongoing
Action 14D. Review and pilot opportunities to improve the visitor experiences available through CountryLink including, for example, improved rail experiences and special event packages.	TfNSW	2013 - ongoing
Action 14E. Ensure that forecast visitor usage is taken into account in the planning of new transport services, for example, the proposed light rail service to Barangaroo.	TfNSW	2012 - 2013
Action 14F. Introduce a system and calendar to ensure that transport works are not scheduled that clash with major events.	TfNSW	2013
Recommendation 24. Develop a Visitor and Transport Policy to ensure that visitor needs and improved visitor service are incorporated into transport planning and service delivery.	TfNSW	2013 - 2014
Action 24C. Optimise the potential of ferry services on Sydney Harbour and provide new destination and visitor-related products and purchase arrangements and additional ferry berthing at Barangaroo and other sites.	TfNSW	2013 - ongoing
Recommendation 25. Develop a cost-effective and integrated public transport ticket system which specifically meets the needs of visitors and includes major attractions and events packages that are appealing and easy to use for visitors.	TfNSW	2013 - 2014
Action 25B. Review the opportunities to provide greater and more accessible rail transport into Regional NSW and improved visitor experiences.	TfNSW	2013 - ongoing

Raise the Global Profile of Sydney and NSW (5)

Recommendations/Actions	Delivery Lead	Timeframe
Recommendation 1. Develop and implement a compelling, consistent and long-term brand strategy for Sydney that focuses on the priority target markets and liaise with Industry prior to implementation.	DNSW	2013 - ongoing
Action 1A. Build on the extensive brand development work already completed, finalise and implement a brand communications strategy for Sydney that drives the key brand messaging to attract business, education and leisure visitors.	DNSW, NSW T&I	2013 - ongoing
Action 1B. Integrate the major events and festivals' positioning and messaging into the broader brand strategy for Sydney.	DNSW	2013
Action 1C. Establish a systematic theming approach to the promotion of Sydney as a destination for use by all key Industry marketing partners.	DNSW	2013
Action 1D. Further develop intrastate/interstate packages which will encourage those visitors to key cultural and sporting events to extend their length of stay.	DNSW	2013 - ongoing
Action 1E. Allow iconic publicly-owned Sydney images, locations and events to be filmed/photographed at no charge when being used in Sydney brand promotions.	DNSW	2013 - ongoing
Recommendation 2. Finalise a long-term, compelling and consistently delivered brand strategy for the key identified NSW destinations, and ensure joint marketing with Industry support.	DNSW	2013 - ongoing
Action 2A. Build a comprehensive brand positioning framework for NSW destinations, utilising current data on visitor preferences for key NSW destinations and experiences.	DNSW	2013 - ongoing
Action 2C. Integrate major events and festivals, arts and culture, natural heritage and other relevant positioning into the NSW destinations brand strategy.	DNSW	2013 - ongoing
Action 2D. Establish a systematic theming approach to regional destination promotion for use by all key industry marketing partners.	DNSW	2013
Action 2E. Allow iconic publicly-owned NSW images, locations and events to be filmed/photographed at no charge when being used in NSW destination brand promotions.	DNSW	2013
Recommendation 3. Focus all Government visitor marketing on the top target markets and market segments identified by research for NSW.	DNSW	2013 - ongoing
Action 3A. Concentrate all future Destination NSW promotional effort, marketing, visitor servicing and product development solely on the top target markets identified through research: China, UK, South Korea, USA, New Zealand, Japan, Singapore, India, Malaysia, Germany and Indonesia. Identify the best market segment opportunities within or across these markets, for example, leisure, VFR, education, business.	DNSW	2013 - ongoing
Action 3B. Undertake regular updates of target market and segment analysis to determine how best to attract and service the highest potential yielding visitor markets in terms of spend.	DNSW	2013 - ongoing
Action 3C. Promote NSW destinations that have the highest demonstrated consumer appeal and potential to grow visitor expenditure to target markets and incorporate events and festivals that are proven visitation drivers, for example, the Tamworth Country Music Festival, into the domestic target market strategy.	DNSW	2013 - ongoing
Action 3D. Ensure Destination NSW's marketing maximises the spend potential arising from the strong growth seen in interstate VFR and business visitation segments.	DNSW	2013 - ongoing
Action 3E. Implement and adequately resource the comprehensive China Strategy that has been developed by Destination NSW.	DNSW	2013 - ongoing
Action 3F. Increase and adapt Destination NSW presence in target markets as the strategy requires.	DNSW	2013 - ongoing
Action 3G. Further analyse the top identified target markets to develop and focus on the following market segments identified for their growth potential: • international education • business events	DNSW	2013 - ongoing

Recommendations/Actions	Delivery Lead	Timeframe
<ul style="list-style-type: none"> • youth and working holiday makers • baby boomers • other high-yield niche markets and market segments. 		
Action 3H. Incorporate events and festivals that are proven visitation drivers, for example, Sydney New Year's Eve, Vivid Sydney and Sydney's Chinese New Year celebration, into the international target market strategy.	DNSW	2013 - ongoing
Recommendation 4. Focus visitor economy marketing resources on a greater use of digital marketing and promotions and improve the links between complementary digital information services.	DNSW	2013 - ongoing
Action 4A. Build a competitive Industry and Government digital marketing capability, harnessing: <ul style="list-style-type: none"> • online promotion/search engine optimisation • social media networks/video casting/blogs • location and map search functions, smartphone apps, including QR code. 	DNSW	2013 - ongoing
Action 4B. Expand and disseminate insights from social media tracking programs that monitor the extent and nature of 'buzz/talkability' around NSW destinations and experiences by each priority market segment.	DNSW	2013 - ongoing
Action 4C. Take a leadership position in the digital space with new technologies, for example, augmented reality technology.	DNSW	2013 - ongoing
Action 4D. Partner with Industry to accelerate the adoption and development of new technologies and digital marketing by the Tourism Industry.	DNSW	2013 - ongoing
Action 4E. Establish a new and comprehensive whole-of-state website for events and festivals, conventions and exhibitions of all types, which can be viewed and searched by week/month and event genre and linked to relevant websites.	DNSW	
Action 25A. Provide travel concessions for international students.	TfNSW	2012
Recommendation 26. Raise the profile of NSW's Aboriginal heritage and contemporary culture and further develop and sustain visitor attractions and experiences which tell the story of Indigenous Australia.	DNSW	2013 - ongoing
Action 26C. Support the establishment of a major Indigenous cultural festival in Sydney and additional festivals in regional areas and identify potential opportunities for shared funding and promotion.	DNSW	2013 - 2014
Action 26E. Increase Aboriginal cultural representation in Sydney, for example, include Aboriginal 'Welcomes to Country' into more international visitor experiences, both leisure and business, and work with stakeholders across Government, including the City of Sydney and Industry, to provide increased Aboriginal interpretation within Sydney.	DNSW	2013 - ongoing
Action 26F. Ensure that priority is given to implementation of the Destination NSW Aboriginal Tourism Action Plan.	DNSW	2013 - ongoing
Recommendation 27. Implement a whole-of-government approach across all marketing and promotional activities of NSW Government arts and cultural institutions to better facilitate integration in the positioning and promoting of Sydney and NSW.	DNSW, Arts NSW	2013 - ongoing
Action 27C. Identify the best of NSW arts and cultural products and events to be incorporated into the Sydney and NSW brand strategies.	DNSW	2013 - ongoing
Action 27D. Establish roundtable meetings between arts and event sectors and Destination NSW in collaboration with Arts NSW and Regional Arts NSW to co-ordinate arts and culture and tourism/ travel activity packaging, develop promotional, distribution and visitor sales strategies and better target the demographics of growth target markets.	DNSW, Arts NSW	2013 - 2014
Recommendation 28. Enhance the existing NSW events and festivals strategy to develop a long-term comprehensive state-wide events and festivals strategy that encompasses both major and smaller events and festivals.	DNSW	2013 - 2014
Action 28A. Ensure that there is a year-round, well-planned and co-ordinated calendar of major events and festivals in Sydney that results in events	DNSW	2013 - ongoing

Recommendations/Actions	Delivery Lead	Timeframe
complementing each other, rather than being in competition with one another.		
Action 28C. Expand and heavily promote a year-round regional events and festivals calendar.	DNSW	2013 - ongoing
Action 28E. Continue work with Racing NSW to maximise the economic benefit which is derived from major racing carnivals conducted across metropolitan, provincial and country NSW.	DNSW	2013 - ongoing
Action 29E. Further develop and promote the Great Walks in NSW to enhance visitor nature experiences.	DNSW, OEH, NPWS	2013 - ongoing
Recommendation 31. Work with the retail industry to position Sydney as a world-class shopping destination.	DNSW	2013 - ongoing
Action 31A. Develop and implement a whole-of-city approach to retail promotions with the City of Sydney's Advisory Retail Panel, the Australian National Retailers Association and the Australia Retailers Association.	DNSW	2013 - ongoing
Recommendation 32. Extend the marketing and brand messaging for Sydney and NSW destinations to promote more strongly the quality food and wine experiences that NSW offers for visitors.	DNSW	2013 - ongoing
Action 32B. Identify and further develop food and wine styles for individual destinations and associated events and festivals, and incorporate them into relevant Destination Management Plans.	DNSW	2013 - ongoing
Action 32C. Further develop and promote food and wine trails.	DNSW	2013 - ongoing
Action 32D. Extend and co-ordinate targeted trade and consumer promotions to encourage visitors to experience more of NSW's food, wine and hospitality services and promote the quality and diversity of food and wine experiences (including dining options) when promoting NSW as a destination.	DNSW	2013 - ongoing
Action 32F. Work with the NSW wine and food industry to explore opportunities for promoting NSW as a destination on exported wine and food (for example, include Destination NSW's consumer web address on labels).	DNSW	2013 - ongoing
Action 36B. Develop and implement a NSW regional business events strategy that identifies appropriate regional infrastructure and provides support to regional NSW to effectively target business event opportunities, including required promotional activities.	DNSW	2013 - ongoing
Action 36C. Increase the number of NSW Government conferences and events that are held in Regional NSW.	Relevant NSW Government agencies	2013 - ongoing
Action 36D. Promote and engage with Sydney businesses to encourage them to hold their conferences in regional areas.	DNSW	2013 - ongoing
Action 36F. Expand work with Business Events Sydney to assist in the development of pre and post-conference touring itineraries in NSW to maximise time and spend in the State.	DNSW	2013 - ongoing



Business Leadership Forum

The objectives of this Government response can only be delivered through partnership between industry and all levels of government. Improved collaboration will be a leading indicator of the success of this new economic development approach.

A new annual Business Leadership Forum will provide a mechanism to deliver a progress report on agreed actions, the effectiveness of partnerships, and to amend priorities as our economy and other circumstances change. The Forum is designed to establish a dynamic new relationship between the private and public sectors as the key to long-term success. The Forum will be a joint meeting of industry representatives including the Innovation and Productivity Council, the Export and Investment Advisory Board, the Multicultural Business Advisory Panel, Regional Development Advisory Council and Government. It will also include representatives from the Industry Taskforces as well as other relevant stakeholders.

Key Performance Indicators

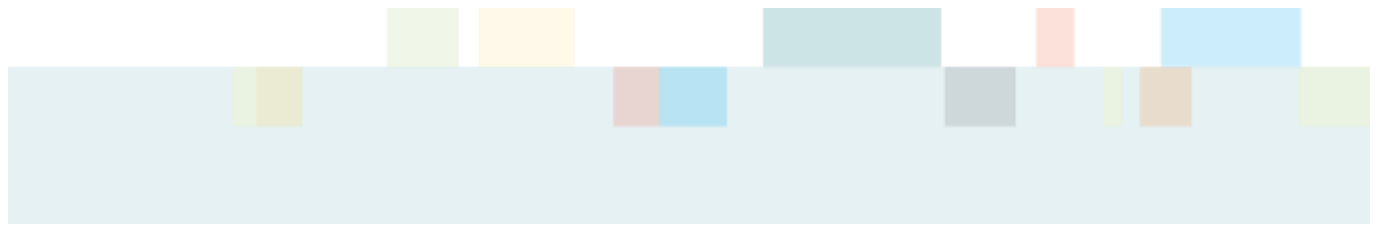
The primary measure of performance will be achieving the doubling of overnight visitor expenditure to NSW by 2020. This translates to achieving a total of \$36.6 billion in overnight expenditure. This will require a very high rate of growth of about 7.1% per annum. Given that the current rate is 2.2%, it is expected that during the early years of the plan's rollout that growth will be slow and will accelerate as recommendations and actions impact on the visitor economy.





APPENDIX 1 – ABBREVIATIONS LIST

ACT	Australian Capital Territory
AHA	Australian Hotels Association
ATEC	Australian Tourism Export Council
BDA	Barangaroo Development Authority
BRO	Better Regulation Office
CBD	Central Business District
CCIA	Caravan and Camping Industry Association
DA	Development Approval
DCP	Development Control Plan
DEC	Department of Education and Communities
DFS	Department of Finance and Services
DMP	Destination Management Plans
DNSW	Destination NSW
DPC	Department of Premier and Cabinet
DPI	Department of Primary Industries
DP&I	Department of Planning and Infrastructure
HECS	Higher Education Contribution Scheme
INSW	Infrastructure New South Wales
KPI	Key Performance Indicator
LEP	Local Environmental Plan
NPWS	National Parks and Wildlife Service
NSW	New South Wales
NSW IR	NSW Industrial Relations
NSW T&I	NSW Trade & Investment
NZ	New Zealand
OEH	Office of Environment and Heritage
OPT	Overseas Passenger Terminal
QLD	Queensland
RAAF	Royal Australian Air Force
RMS	Roads and Maritime Services



RTOs	Regional Tourism Organisations
SA	South Australia
SACL	Sydney Airport Corporation Limited
SHFA	Sydney Harbour Foreshore Authority
TA	Tourism Australia
TAA	Tourism Accommodation Australia
TIC	Tourism Industry Council
TASAC	Tourist Attraction Signposting Assessment Committee
TfNSW	Transport for NSW
T-QUAL/TQCA	T-QUAL Accreditation/ Tourism Quality Council of Australia
TRS	Tourist Refund Scheme
TTF	Tourism and Transport Forum
UK	United Kingdom
USA	The United States of America
VET	Visitor Economy Taskforce
VFR	Visiting Friends and Relatives
VIC	Victoria
WA	Western Australia
WHM	Working Holiday Makers
WHV 417	Working Holiday Visa 417 (as per the VET Final Report)
WHMV 417	Working Holiday Maker Visa 417
YTD	Year to date

CROWN SYDNEY HOTEL RESORT



FINAL REPORT OF THE VISITOR ECONOMY TASKFORCE

A PLAN TO DOUBLE OVERNIGHT VISITOR EXPENDITURE TO NSW BY 2020

FOR THE HON. GEORGE SOURIS MP,
MINISTER FOR TOURISM, MAJOR EVENTS,
HOSPITALITY AND RACING AND MINISTER FOR THE ARTS

June 2012



Trade & Investment

Visitor Economy Taskforce

14 JUN 2012

The Hon. George Souris MP
Minister for Tourism, Major Events, Hospitality and Racing
Minister for the Arts
Level 30 Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Minister

In June 2011 the NSW Government established the Visitor Economy Taskforce and charged it with developing a strategy to double overnight visitor expenditure to NSW by 2020. You requested that a final report be provided to you by 30 May, 2012.

The Taskforce now has pleasure in providing you with its Final Report and a Visitor Economy Action Plan for NSW.

The doubling of overnight visitor expenditure in eight years is ambitious. It translates to achieving a total of \$36.6 billion in overnight visitor expenditure per annum by 2020. This will require a very high rate of growth in overnight visitor expenditure of about 7.1 per cent per annum from now, currently annual growth is at only 2.2 per cent. Any delay in delivering a focused strategy for growth will directly impact on the State's ability to achieve the target.

Following extensive consultation, this Final Report and Action Plan focuses on those initiatives which the Taskforce has determined are required to achieve the target in the eight year timeframe.

The Taskforce and Industry believe that the 2020 target can be achieved provided bold action is taken by Government in partnership with industry and that appropriate funding is provided with adequate resources committed to implementation of the Plan in its entirety.

The target will not be achieved through incremental change.

The Taskforce commends the NSW Government for recognising the strong contribution the visitor economy can deliver to the State and thanks the Government for this opportunity to contribute to its plan to make NSW number one again.

Yours sincerely

Russell Balding, AO

The Hon. Bruce Baird AM

John King OAM

Sandra Chipchase

CONTENTS

Letter to the Minister

Executive summary	4
The facts	4
The challenges	4
Action needed	5
The target	6
The call to action	6
The strategic imperatives	7

Part A: New strategic direction required 8

1 Introduction 10

<i>NSW 2021: A plan to make NSW Number One</i>	10
What is the visitor economy?	10
Current economic contribution	11
The overnight visitor expenditure target	12
Global and Australian trends	12
Key target markets	13
NSW losing its competitiveness as a destination	13
Vision for the 2020 NSW visitor economy	15
Approach of the report	15
Visitor expenditure growth	16

2 Challenges, constraints and opportunities 19

Market challenges	19
Domestic visitors	20
International visitors	20
Constraints	21
Opportunities	24

3 The future 25

Strategic imperatives	25
Whole-of-government approach	25

Part B: Strategic imperatives

Strategic Imperative 1: Increase visitation	27
Strategic Imperative 2: Grow physical capacity	49
Strategic Imperative 3: Renew and revitalise destinations	73
Strategic Imperative 4: Improve the visitor experience	85
Strategic Imperative 5: Increase visitor spend	99
Strategic Imperative 6: Make NSW more competitive	113
Strategic Imperative 7: Change of mindset	123

Part C: Visitor Economy Action Plan 131

Introduction	133
Strategic imperatives: summary	134
Contents: Visitor Economy Action Plan	136

Appendices 175

A Terms of reference	176
B Diagram: visitor economy special purpose entity model	178
C The Taskforce approach	179
D List of Government reviews	181
E Abbreviations	182
F List of graphics	183
G Bibliography	185

Volume 2: Visitor Economy Taskforce – technical reports

The Taskforce commissioned the following technical reports:

- 1 *Demand audit, 2020 outlook and consumer appeal assessment*, BDA Marketing and Planning, March 2012
- 2 *Local Government revenue options for visitor economy services*, KPMG, May 2012
- 3 *Additional visitor expenditure from expanding capacity at Sydney Airport*, KPMG, May 2012
- 4 *Additional visitor expenditure from increased utilisation of Newcastle Airport*, KPMG, May 2012
- 5 *NSW economic loss due to provedoring constraints at Sydney Overseas Passenger Terminal*, KPMG, May 2012.

EXECUTIVE SUMMARY

THE FACTS

- Tourism alone supports 289,600 jobs in NSW (160,300 direct and 129,300 indirect jobs)
- Direct tourism employment in NSW ranks above employment for agriculture, forestry and fishing and mining
- Total NSW tourism consumption is \$28.7 billion
- Tourism contributes \$11.1 billion to the State's Gross State Product – this ranks above agriculture, forestry and fishing and just below mining
- There are more than 94,000 tourism businesses in NSW, of which 51,000 are micro, small or medium-sized
- The NSW Events calendar generates an estimated \$600 million per annum in direct expenditure for NSW
- Business events expenditure in NSW is estimated at \$778 million
- There were 149,375 million international and domestic visitor nights spent in NSW in the year ending December 2011
- Overnight visitor expenditure to NSW is currently \$19.3 billion (\$18.3 billion in 2009)
- Overnight visitor expenditure in NSW is currently 40 per cent from intrastate visitors, 33 per cent interstate visitors and 27 per cent international visitors
- Domestic travel is changing: in 1998, 29 per cent of interstate trips to NSW were by air and 63 per cent by road. In 2011, 44 per cent of trips were by air and 51 per cent were by road.

The above facts do not take into account the broader economic impact of the visitor economy.

Sources: NSW Tourism Satellite Accounts (2008-09), TRA 2011 and BDA 2012.

THE CHALLENGES

- **Shortfall:** A continuation of 'business as usual' will result in a \$13 billion shortfall against the 2020 target of \$36.6 billion overnight visitor expenditure.
- **Visitor economy:** There is a need for broader understanding of the extent and impact of the visitor economy – it is much broader than 'tourism and events'; it includes a wide range of businesses that benefit from the direct and indirect economic activity generated to provide goods and services to overnight visitors.
- **Tough global environment:** The existence of highly competitive market conditions and a high Australian dollar are having a significant impact.
- **Domestic market has changed:** The ratio of air to road travel into NSW has increased.
- **Uncompetitive:** NSW needs to confront the fact that its destination appeal has waned and it has lost its number one status across a number of measures; it has been outperformed and outspent by competitor destinations in Australia and the Asia-Pacific region over many years and its competitive position has been eroded.
- **Target markets:** There has been insufficient focus and resources for key priority markets, and NSW has been losing relative share of international visitors from growth markets.
- **Sydney accommodation:** Sydney is reaching capacity with hotel occupancy exceeding 80 per cent per annum (the highest in Australia); it will become increasingly more expensive and uncompetitive unless capacity for growth is found.
- **International air services:** NSW has been losing share of air travel seats into Australia and therefore visitor expenditure from many key international visitor markets.

- **Air access:** Additional airport capacity and its efficient use, particularly into Sydney, is the most critical element of infrastructure needed to achieve the visitor growth targets.
- **Cruise infrastructure:** Current infrastructure is inadequate to meet the current needs and future growth in cruise shipping, and access restrictions are costing NSW business in foregone provedoring opportunities.
- **Brand consistency:** A lack of long term, consistent and strong destination branding has limited the effectiveness of marketing and has failed to build branding capital for either NSW or Sydney.
- **Regulatory environment:** A process-focussed culture of red tape and unnecessary delays has stifled investment in necessary infrastructure and new products and hindered entrepreneurship.
- **Regional destinations:** Many NSW regional destinations are lacking visitor appeal, particularly in key domestic interstate markets.
- **Regional structures are broken:** The current structures around Government funding for regional tourism in NSW are fractured and inconsistent and most are not working. There is a lack of sustainable, alternative revenue sources for destinations that wish to invest in the critical infrastructure and initiatives which are demanded by visitors and that also benefit residents.

ACTION NEEDED

- **NSW must:** Increase visitation, grow physical capacity, renew and revitalise destinations, improve the visitor experience, increase visitor spend, make Sydney and NSW more competitive, and change the mindset of Government and Industry.
- **Target markets:** All marketing and promotional resources need to be focussed on the priority markets and be informed by the latest market insights on what appeals to visitors.
- **Sydney visitor accommodation capacity:** A whole-of-government approach is required to provide the investment and regulatory environment necessary to overcome the shortfall in Sydney hotel rooms and other accommodation
- **Destination Management Planning:** A new culture and process of Destination Management Planning must be implemented for NSW. This will require an integrated approach to product and infrastructure development, positioning, promotion and marketing and will ensure effective delivery of Government support (at all levels).
- **Sydney Airport:** Landings in the morning shoulder curfew period should be increased from 24 to 35; the hourly cap during peak hour periods should be increased from 80 to at least 90.
- **Air capacity:** Constraints on air capacity must be addressed at Sydney and key regional airports (Newcastle) and near NSW borders (Canberra and Coolangatta) to provide for increased visitation.
- **Cruise ship facilities and access:** Access must be immediately provided to provedores of cruise ships at Sydney's Overseas Passenger Terminal (OPT) to prevent ongoing lost business opportunities to NSW businesses and farmers.
- **Cruise ship berthing facilities:** The earliest implementation of current berthing infrastructure enhancements is supported; regular access to Garden Island must be assured.
- **Skills and labour supply:** Urgent action is required to provide an adequate supply of skills and labour (both international and local) to provide quality hospitality and other services to visitors.
- **Regions:** Marketing must focus on, and showcase, the most appealing NSW destinations. Quality experiences and events are required to drive major regional destination re-launches.

- **Destination NSW:** Additional funding is required for Destination NSW to put in place initiatives to deliver on the 2020 visitor economy target. Destination NSW should have the operational flexibility to be commercially effective and provide a one-stop shop for visitor economy investors.
- **Regional support:** Funding for regional tourism should be at least maintained, which should be directly available to destinations through Destination NSW.
- **Revenue source for regional destinations:** A new sustainable source of revenue, derived from a special rate variation for investment in visitor economy initiatives, should be available to Local Councils. Destinations should be able to invest this revenue in critical visitor infrastructure and experience development activities necessary to achieve the 2020 target, subject to full transparency, accountability and governance requirements through new special purpose entities.
- **Governance:** A Cabinet sub-committee should oversee the progress of visitor economy priorities of Government.
- **Joint Government/Industry Visitor Economy Action Plan Co-ordination Committee:** A joint Government/Industry Co-ordination Committee should be established to support Destination NSW's implementation of the *Visitor Economy Action Plan*.

THE TARGET

Goal 1 of *NSW 2021*, the NSW Government's plan to make NSW number one, is to improve the performance of the NSW economy.

NSW 2021 identifies a specific target for the visitor economy to support the achievement of this goal, that is, to double overnight visitor expenditure to NSW in eight years by 2020. The Commonwealth also has the same target which aligns with the *National Long-Term Tourism Strategy*.

The NSW Government's commitment to rebuilding and growing the NSW economy, outlined in *NSW 2021*, recognises the potential of the visitor economy to drive growth in the State's economy.

The Visitor Economy Taskforce has produced the *Visitor Economy Action Plan* (the Plan) to deliver on the NSW visitor economy target.

The visitor economy takes into account broader economic activity than that which has historically been defined as 'tourism and events'. It includes the direct and indirect impacts resulting from a visitor travelling outside their usual environment for a holiday, leisure, events, business, conventions and exhibitions, retail, education, to visit friends and relatives or for short-term employment in NSW. It includes intrastate, interstate and international visitors.

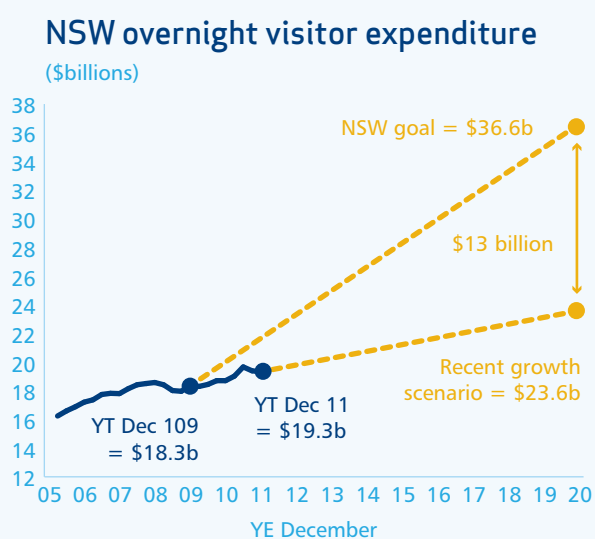
THE CALL TO ACTION

The NSW visitor economy target translates to achieving \$36.6 billion in overnight visitor expenditure in NSW by 2020 (from \$18.3 billion in 2009 as the base year). Achieving this target will require a very high rate of growth over the next eight years (approximately 7.1 per cent per annum). Therefore, this Report and Action Plan focuses on those strategies and initiatives which the Taskforce believes are required to achieve the target in that timeframe.

Overnight visitor expenditure currently grows at 2.2 per cent average annual growth.

NSW risks falling \$13 billion short of the 2020 target if this current growth rate of recent years continues (see *Graphic E1* below). This shows how the required doubling of overnight visitor expenditure from the 2009 base year compares with a continuation of the average growth of the last four years from the end of 2011 (the latest completed calendar year for which data is available).

Graphic E1: Overnight visitor expenditure



BDA 2012

THE STRATEGIC IMPERATIVES

The NSW Government established the Visitor Economy Taskforce to consult with Industry and other stakeholders and to prepare a strategy to achieve the 2020 target.

The Taskforce undertook an extensive stakeholder consultation process and considered a broad range of research and analysis of relevant reports and plans. The recommendations and actions in the *Visitor Economy Action Plan* are those which the Taskforce has assessed as being key to accelerating overnight visitor expenditure to NSW and delivering on the 2020 target.

The Taskforce delivered a *Work-in-Progress Report* to the Minister on 29 February 2012.

Many of the recommendations in this Final Report were included in the *Work-in-Progress Report*. The Taskforce strongly supports the earliest practical implementation of the NSW Government's existing visitor economy-related infrastructure commitments and initiatives.

The Taskforce now presents this Final Report and *Visitor Economy Action Plan*. The Plan nominates seven strategic imperatives which must all be acted upon to achieve the target:

Strategic Imperative 1:	Increase visitation
Strategic Imperative 2:	Grow physical capacity
Strategic Imperative 3:	Renew and revitalise NSW destinations
Strategic Imperative 4:	Improve the visitor experience
Strategic Imperative 5:	Increase visitor spend
Strategic Imperative 6:	Make NSW more competitive
Strategic Imperative 7:	Change of mindset.

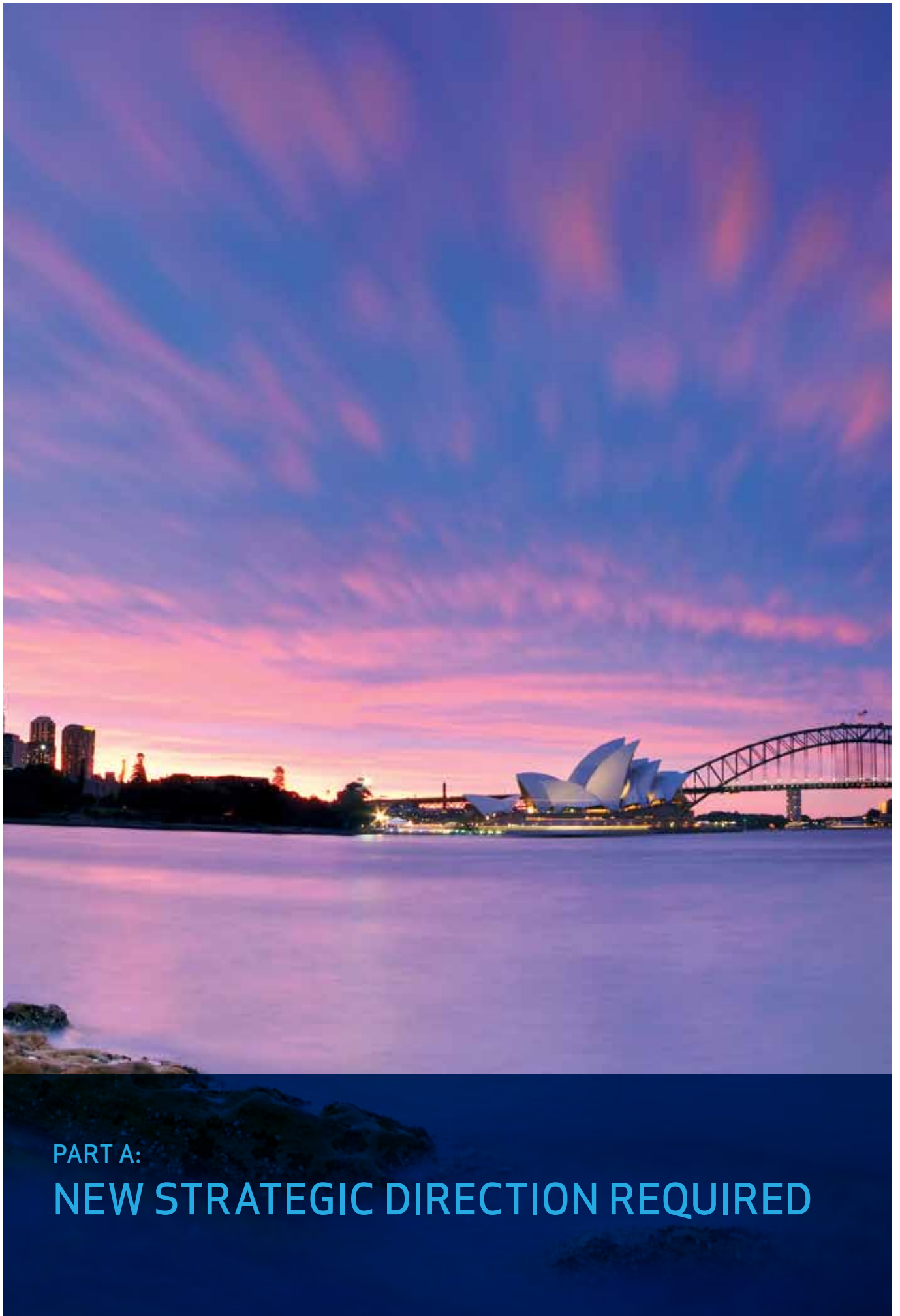
Despite its stunning natural and built environment and its role as the iconic gateway to Australia, Sydney and NSW's appeal as a visitor destination continues to fall short of competitor destinations across a range of variables. NSW Industry and Government must take stock of recent research findings. The same approaches as those taken in the past will not be successful.

Tourism has not been regarded as a key industry in NSW in the past. It has been characterised by declining market performance, lack of co-ordination and innovation and a focus on process over outcomes. There is now a compelling need for:

- long-term adequate and sustainable funding (NSW has been outspent by competitor destinations in Australia and in the region)
- a more strategic approach to priority target markets
- a major new approach to increasing the appeal of regional NSW
- a new sustainable revenue source to fund visitor economy initiatives, especially in the regions
- a robust, evidence-based approach to prioritising scarce Government resources
- continued reduction in business red tape and unnecessary delays
- a regulatory and planning environment that encourages innovation and entrepreneurship and attracts investment.

The Plan comprises 48 recommendations with actions that address the strategic imperatives identified by the Taskforce. The Taskforce recommends that the Plan be implemented in its entirety because a piecemeal approach will hinder the rapid sector growth needed to meet the 2020 target.

All the recommendations and actions required are set out in the *Visitor Economy Action Plan* in Part C of the Report.



CONTENTS

Part A: New strategic direction required

- 1 Introduction
- 2 Challenges, constraints and opportunities
- 3 The future

1 INTRODUCTION

NSW 2021: A PLAN TO MAKE NSW NUMBER ONE

NSW 2021 the Government's plan to make NSW number one has a key focus on rebuilding the NSW economy, improving infrastructure and making NSW a world-class destination for inward investment. Growth in the visitor economy has been identified by the NSW Government as a vital component necessary to achieve the goals outlined in NSW 2021.

NSW 2021 goals

The Taskforce acknowledges that the visitor economy has been identified by the NSW Government as one of the most productive sectors of the NSW economy with the potential for strong growth.

The *Visitor Economy Action Plan* will contribute to achieving the following goals in *NSW 2021*:

- Improve the performance of the NSW economy (Goal 1)
- Drive economic growth in regional NSW (Goal 3)
- Increase the competitiveness of doing business in NSW (Goal 4)
- Enhance cultural, creative, sporting and recreation opportunities (Goal 27).

Key to the success of the NSW visitor economy will be the adoption of an effective whole-of-government approach, in partnership with industry, through the implementation of the *Visitor Economy Action Plan*.

Industry action plans

The *Visitor Economy Industry Action Plan* will be one of six Industry action plans which will be integral to achieving the *NSW 2021* target of growing Gross State Product per capita by 1.5 per cent per annum.

The other sectors identified by the NSW Government for the development of priority industry action plans include manufacturing, professional services, international education and research the digital economy, and creative industries.

WHAT IS THE VISITOR ECONOMY?

The 'visitor economy' is a recently developed term which includes both the direct contribution of tourism activities, along with indirect effects (via the supply chain), the impact of capital investment and collective Government expenditure in relation to the visitor economy.

The NSW Government has created a significant opportunity to be at the forefront of a global shift away from the concept of 'tourism' to that of the visitor economy.

Traditionally tourism has referred to those sectors directly servicing and engaging with visitors (for example, attractions, airlines, hotels). People visit for many reasons, including to attend events. Some states refer to a 'tourism and events' industry. However, the concept of a visitor economy recognises that visitor service sectors cannot be viewed in isolation. Visitors offer many far-flowing benefits to the broader economy, including through employment, investment, infrastructure development, export growth and multiculturalism.

Whilst no concise definition has been globally settled, the visitor economy takes into account broader economic activity than what has been historically defined as tourism and events. It encompasses the direct and indirect contributions to the economy resulting from a person (a 'visitor') travelling outside their usual environment for holiday, leisure and events and festivals, business, conventions and exhibitions, education, to visit friends and relatives and for employment in NSW. In other words, the full value chain of the visitor economy is being accounted for. This includes intrastate, interstate and international visitors.

The bulk of spend and visitation to NSW is for holiday/leisure where visitors travel to experience what NSW destinations have to offer. While on its own travel for the purpose of attending an event represents a small market comparatively, the events sector, especially the business events sector, is lucrative with higher average spend than holiday/leisure visitors. Events deliver considerable benefits beyond the direct impact of additional visitation; they can drive demand and are key to building the awareness and appeal of a destination.

Providing the optimal amount of Government support to visitor economy sectors requires recognition and quantification of all the benefits, direct and indirect, of a visitor dollar spent in NSW. The concept of 'tourism' presents an undervaluation of the current and potential impact of the visitor economy.

The NSW visitor economy has the potential to be a driver of growth for the NSW economy and is already a major contributor to regional economies with 47 per cent of tourism jobs in regional NSW. (TRA 2010)

Intrastate overnight visitor expenditure (that is, by NSW residents) is included in this concept, as every NSW resident who chooses to take a break in NSW has made that choice instead of the alternative of making a visit interstate or overseas, or making a different type of purchase. Intrastate visitor expenditure is still adding value to the NSW economy.

With a supportive strategy in place, NSW will aim to double overnight visitor expenditure from \$18.3 billion in 2009 (the base year) to the target of \$36.6 billion in 2020.

CURRENT ECONOMIC CONTRIBUTION

Whilst only providing a subset measure of the visitor economy, the current NSW Tourism Satellite Account demonstrates that tourism is a significant contributor to the NSW economy, supporting a total of 289,600 jobs both directly and indirectly.

As an emerging concept, the visitor economy takes into account broader economic activity than has been historically measured by the Tourism Satellite Account.

The Tourism Satellite Account measures the direct and indirect contribution of tourism (through the supply chain) to Gross State Product (GSP) — representing the total value produced by the Tourism Industry, and the Gross Value Added (GVA) — the additional value generated by the Industry beyond the cost of producing the goods and services, and employment.

This report does not model the full contribution of the visitor economy which would require an analysis of broader quantifiable impacts including domestic investment, foreign direct investment (FDI), Government spending on investments in the visitor economy and spill-over benefits to other sectors in NSW. However, the Tourism Satellite Account is an indicator for measuring the visitor economy's contribution to the State economy and provides a baseline estimate of the direct benefits and inputs associated with people travelling and staying overnight in NSW.

The statistics below from the NSW Tourism Satellite Accounts highlight the economic contribution of the tourism/visitor economy sector to the NSW economy:

- in 2009, tourism contributed \$11.1 billion to NSW GSP and the GVA contribution to NSW was \$10.2 billion
- in 2009, overnight visitors spent approximately \$18.3 billion or approximately \$47 million per day. According to the Tourism Satellite Account this level of expenditure supported 160,300 direct and 129,000 indirect full-time equivalent (FTE) jobs in the NSW economy
- since 2004, direct tourism industry employment has remained relatively stable at around 4.6 to 4.7 per cent of total NSW employment
- of the 160,300 people employed directly, almost one quarter are employed by cafés, restaurants and takeaway food services. Following this, people are employed in retail services, accommodation, transport-related services, and education and training services respectively
- in 2009, the GVA contribution of tourism to NSW was 2.8 per cent and tourism was the sixteenth largest industry in NSW.

This data demonstrates the importance of the visitor economy to NSW and the economic potential associated with planning and investing in the future of the visitor economy. The *Visitor Economy Action Plan* has the potential to leverage these economic benefits to make the visitor economy an even more significant contributor to the NSW economy and to meet the objectives of *NSW 2021*. It is estimated that for many communities the visitor economy is the major part of their overall economy.

However, there are a significant number of challenges and constraints facing the visitor economy in NSW, as well as these opportunities. These are discussed in the following section.

THE OVERNIGHT VISITOR EXPENDITURE TARGET

The NSW Government's target is to double overnight visitor expenditure (in nominal terms) in NSW by 2020. This translates into a target of \$36.6 billion, that is, double the 2009 (base year) result of \$18.3 billion.

There must be significantly improved performance in the key components of the visitor economy if the 2020 target is to be achieved as growth has been at 2.2 per cent per annum over the last four years (BDA 2012). If this growth rate continues, then NSW will fall \$13 billion short of the 2020 target.

Achieving this target will require a very high rate of growth over the next eight years. Therefore, this Plan focuses on those strategies and initiatives which the Taskforce believes are required to achieve the target in that timeframe.

It should be noted that the Taskforce's findings and recommendations are based on the visitation data available to the Taskforce as at April 2012. The latest visitation data available to the Taskforce relates to the 2011 calendar year. There is a well-known national data collection lag which prevents the new initiatives and Government measures undertaken from mid-2011 being reflected in the visitation data for the year ended December 2011. Therefore the Taskforce has not been in a position to evaluate the impact of many new initiatives undertaken by the NSW Government and Destination NSW (which was formed on 1 July 2011).

Current market analysis

In this report, references to 'visitor markets' include references to countries and geographical locations, for example, other overseas countries and other Australian states and territories. References to 'market segments' include references to types of visitors, for example, leisure visitors, business visitors, international students, and those visiting friends and relatives (VFR).

GLOBAL AND AUSTRALIAN TRENDS

NSW's performance must first be placed in the context of the global and Australian economies and the overall trends in visitation to Australia.

The global economy

The global economy has slowed again, after a post-Global Financial Crisis (GFC) recovery. However, it is a story of two hemispheres, with the East broadly in growth and the West in nil or negative growth.

Global trends indicate that overall international travel is growing at four per cent per annum (UNWTO World Tourism Barometer, 2012). However, Australia is losing market share in an increasingly competitive global travel market, with 0.7 per cent share in 2000 down to 0.6 per cent in 2011.

NSW has lost its share of international arrivals to Australia (59 per cent in 2000 down to 51 per cent in 2011) and has only increased its international numbers by 2 per cent during this period. In this same period Victoria has increased its share of international visitors to Australia from 25 per cent to 32 per cent (IVS December 2011).

Consumer wealth has generally weakened in 2011. This has impacted on consumer confidence, resulting in a high and growing rate of consumer savings (BDA 2012) which impacts directly upon the willingness of Australian residents to spend money on travel intrastate, interstate and overseas. The level of visitation to NSW will be directly impacted by these national trends.

Less discretionary spending, but tourism holding share of spend in Australia

With increased costs of housing and utilities, Australians are spending more on non-discretionary items. Non-discretionary consumption expenditure has risen to 56 per cent, with most discretionary categories edging down. However, the tourism category of discretionary expenditure is holding up well, and actually increased, as a share of Australians' household discretionary spending (BDA 2012).

However, much of this discretionary expenditure is on outbound travel. The challenge for NSW is to encourage Australians to visit NSW more often for leisure, business, education and other purposes.

Outbound travel boom

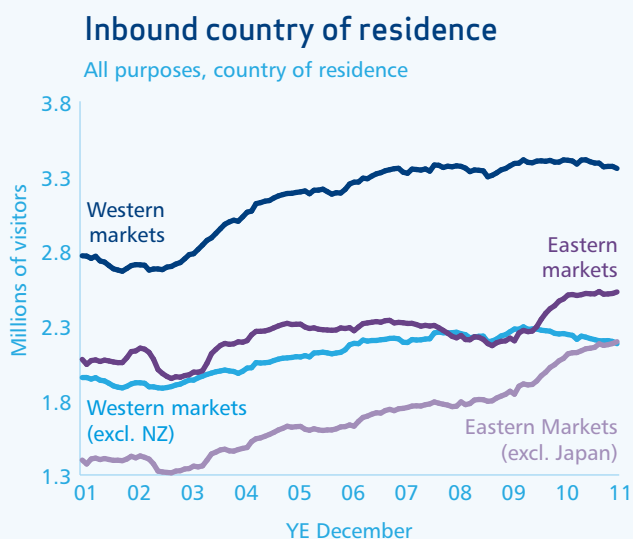
The boom in outbound Australian travel is continuing, up another 10 per cent in 2011 (BDA 2012). Outbound trips (8 million in 2011) continue to exceed inbound trips (6 million in 2011). Holiday trips are driving the growth, with the strongest destination growth being in Thailand (up 23 per cent in 2011), Bali (up 19 per cent) and the USA (up 17 per cent) (BDA 2012).

Australian inbound visitation

Inbound travel growth to Australia has slowed over the last two years, with holiday travel the weakest, down 4 per cent year-on-year.

Again it is a story of two hemispheres, with key Western hemisphere markets, for example, the UK and USA very soft, but strong growth from some of the key Eastern markets, for example, China, Singapore, Malaysia and India. One key insight from research commissioned by the Taskforce is that the number of visitors to Australia from Eastern markets (excluding Japan, which is in decline) is now equal to, and about to overtake, the number of visitors from Western markets (excluding New Zealand, for which Australia is not a long-haul destination). See *Graphic A1.1* below.

Graphic A1.1: Inbound visitors to Australia by key Western and Eastern markets, 2001–11



BDA 2012

The challenge for NSW is to persuade potential overseas visitors to choose Sydney and key NSW destinations over other places and to stay longer.

Australian domestic travel

At the domestic travel level, the number of domestic trips being taken by Australians travelling interstate in Australia has improved slightly over the last two years. This is largely driven by business and VFR sector travel.

However, intrastate travel has been in decline for some years and is clearly being impacted by a range of factors. These include the impact of increasingly competitive interstate airfares and the trend of very strong outbound travel growth.

KEY TARGET MARKETS

The Taskforce has identified 11 overseas markets of significance for NSW. These are referred to as the 'target markets'. They are:

- four Western markets (in order of contribution to overnight visitor expenditure):
 - UK
 - USA
 - New Zealand
 - Germany
- seven Eastern markets (in order of contribution to overnight visitor expenditure):
 - China
 - South Korea
 - Japan
 - India
 - Singapore
 - Malaysia
 - Indonesia.

The Taskforce commissioned BDA Marketing Planning Pty Ltd to undertake a detailed analysis of NSW's performance in relation to intrastate and interstate visitors, and international visitors from the target markets.

NSW LOSING ITS COMPETITIVENESS AS A DESTINATION

While NSW is the number one destination for international and domestic visitors on a range of key criteria, it continues to lose in other areas. This erosion of NSW's competitive position as an appealing destination for visitors can be clearly seen when measured against four important indicators:

- share of interstate visitors and expenditure
- share of international inbound aircraft seats
- share of inbound aircraft seats from the target markets
- share of international inbound visitors.¹

¹ References to 'visitors' and 'trips' are generally interchangeable for the purposes of this Final Report. If an individual makes five trips (or journeys) to NSW in a year, then those five trips are recorded separately, even though they have been made by the same person. The emphasis of the 2020 target is the on the aggregate overnight visitor expenditure made on those trips, and not on whether the data shows five trips by one person, compared with five visitors.

NSW's performance against each of these indicators is discussed as follows.

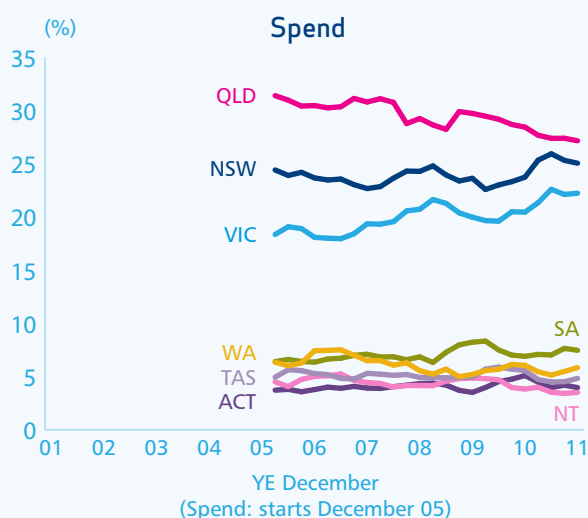
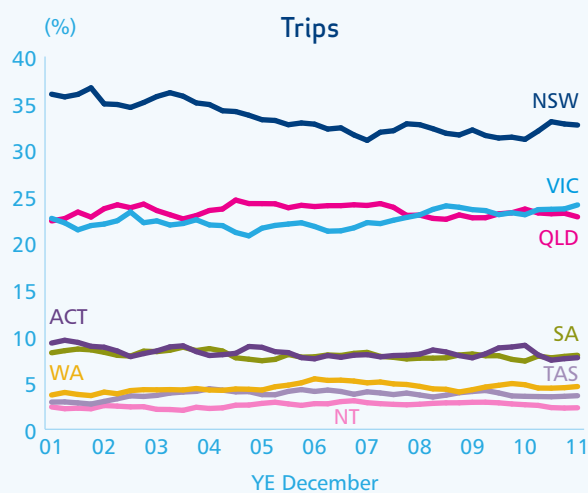
Share of interstate travel trips and expenditure

NSW has the number one share of interstate visitors and overnight visitor expenditure. However, NSW's share of interstate travel trips has declined over the past decade (see *Graphic A1.2*). There has been strong growth in NSW's share of interstate trips and expenditure in the past two years. This has helped NSW to regain historic market share levels in relation to expenditure by interstate visitors.

This recent growth will need to be sustained, and exceeded, if the 2020 target is to be achieved.

Graphic A1.2: NSW share of interstate demand

State's share of interstate demand



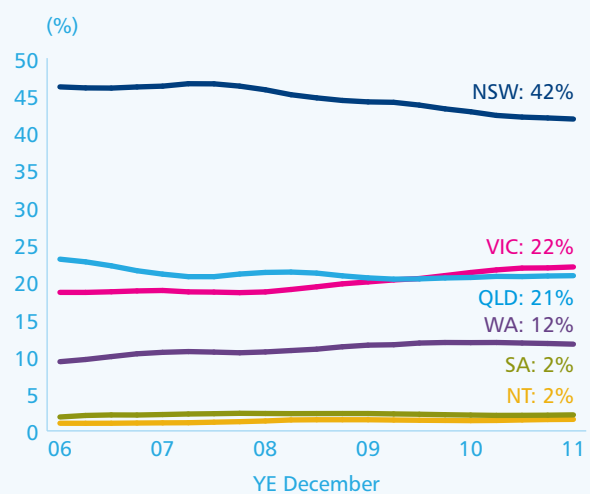
BDA 2012

Share of inbound seats

NSW has the number one share of international inbound air seats into Australia. However, NSW has lost market share in overall inbound aircraft seats from international markets into Australia over the last five years (see *Graphic A1.3*). Victoria has now overtaken Queensland as the second highest share of inbound seats to Australia.

Graphic A1.3: NSW share of inbound seats into Australia

NSW share of inbound seats



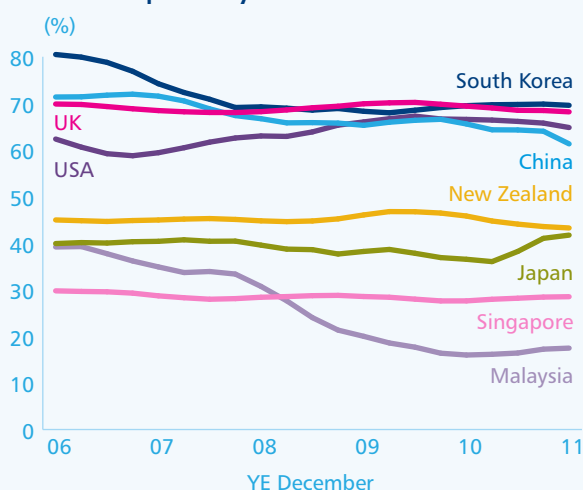
BDA 2012

Share of inbound seats from key target markets

Of most concern is a loss of share of inbound aircraft seats from the key target markets, including China, South Korea and Malaysia between 2006 and 2011 (see *Graphic A1.4*). NSW has been losing relative share out of China, and is only holding share for the other key growth markets. Japan, a market in steep decline, is the only target growth market in which NSW is gaining share of inbound seats against the other States.

Graphic A1.4: NSW share of inbound seats from target markets

NSW share of inbound seats from 8 priority markets



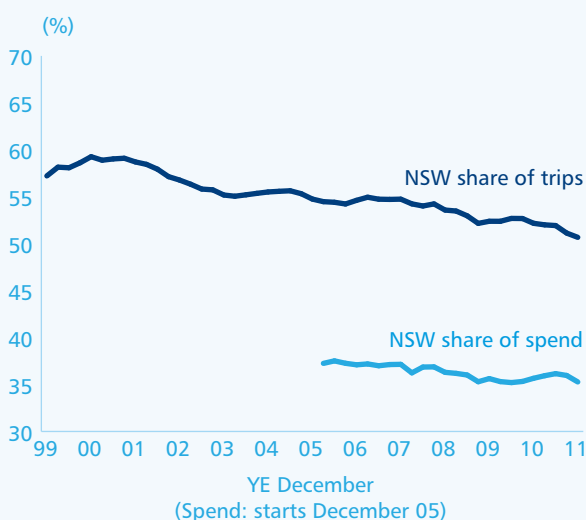
BDA 2012

Share of international overnight visitor expenditure

NSW has the number one share of international visitors and overnight international visitor expenditure. However, the loss of market share of inbound seats has resulted in NSW losing 13.3 per cent of its market share of international visitors from 2001 to 2011. In 2001, NSW received 60 per cent of international visitors to Australia, but this had fallen to 52 per cent in 2011 (see *Graphic A1.5* below). This is a critical situation, which needs to be addressed immediately.

Graphic A1.5: NSW share of international visitors

NSW share of inbound demand



BDA 2012

In the light of these recent trends, it is clear that the 2020 target will not be achieved through incremental change.

Without decisive action, NSW will continue to lose market share as a competitive visitor destination. It will not be equipped to take full advantage of the potential growth in visitor numbers and overnight visitor expenditure in an increasingly competitive Australian, Asia-Pacific and global environment.

VISION FOR THE 2020 NSW VISITOR ECONOMY

It is the vision of the Taskforce that by 2020, NSW will have a high-performance visitor economy that has doubled its contribution to the State's economy as measured by overnight visitor expenditure (in nominal terms).

NSW will be established as the premier destination for visitors from key priority target markets and market segments, including holiday/leisure, business, business event, education, employment, backpacker, and 'visiting friends and relatives' (VFR) visitors.

The best of the State will be showcased through appealing, authentic and high-quality visitor experiences.

The 2020 visitor economy will be characterised by a culture of innovation, entrepreneurship and Industry leadership. Businesses in the visitor economy will contribute strongly to NSW's economic, social and cultural strengths.

Destination Management Plans will provide clear frameworks to guide Government support at all levels and industry investment to deliver experiences that match and exceed visitor expectations and provide growth.

NSW will be a State that welcomes visitors and celebrates the NSW experience, reflecting civic pride in the State and its success.

APPROACH OF THE REPORT

The Report and its Action Plan are based upon the importance of improved collaboration between Government and Industry, with Government acting as a facilitator for Industry-driven change.

A successful plan that will drive the required changes and facilitate the right environment needs to be focussed on the following areas:

- **Delivering on the visitor experience:** We must continually strive to improve the visitor experience
- **Market analysis:** Marketing efforts must be focussed on key priority markets, and not all markets will receive equal attention

- **Planning destination appeal:** A Destination Management Planning approach will ensure investor confidence and integrated delivery of Government support for destinations which offer experiences that appeal to visitors
- **Innovation:** There must be support and encouragement of innovation in visitor servicing, product development, local area planning and entrepreneurship at the individual, community, regional and business levels
- **A whole-of-government approach:** There must be encouragement of private/public partnerships that can be facilitated by a whole-of-government approach through Destination Management Planning, with appropriate targets and performance measures
- **Clearing red tape:** There must be a focus on clearing Government red tape and creating better planning certainty
- **Necessary resources:** There must be a commitment to increased, long-term funding and resources.

Industry will support and invest in the visitor economy in a genuine partnership with Government in the right environment. Government's role as facilitator is therefore critical to the success of the Plan.

VISITOR EXPENDITURE GROWTH

The target to double overnight visitor expenditure to NSW by 2020 is an ambitious target which assumes a very high growth scenario. To achieve it will require a whole-of-government approach and pragmatic action.

The NSW visitor economy operates in a highly competitive, global environment. A successful strategy for the State will need to confront the challenge of both growing and holding market share in an extremely competitive environment in order to reach the 2020 target.

The current situation – overnight visitor expenditure

In terms of share of total overnight visitor expenditure in Australia, NSW is still the number one State, and achieved a share of 30.9 per cent in 2011.

Total overnight visitor expenditure in NSW was \$19.3 billion in 2011. This comprised:

- 40 per cent expenditure by intrastate overnight visitors
- 33 per cent expenditure by international overnight visitors
- 27 per cent expenditure by interstate overnight visitors.

The 'very high growth' scenario

The NSW visitor economy target of \$36.6 billion overnight visitor expenditure by 2020 constitutes a very high growth scenario.

Tourism Australia (TA) has projected a national 2020 tourism potential in the range of \$115 billion to \$140 billion (TA, 2011) in overnight visitor expenditure (in nominal terms). This is a national target to double overnight visitor expenditure, including from the inbound market, into Australia. This is described as a 'very high growth' scenario.

NSW runs the risk of further diminishing its relative market share of inbound tourism if it does not make changes and improve performance.

Under this very high growth scenario, NSW would need to not only hold market share in the identified target markets, but also grow market share in those markets above the recent trends.

Growth in spend

To achieve the 2020 target, NSW requires growth not only in visitor numbers but also in visitor spend. High-spending, particularly high-yield international visitors, predominantly from China, have been identified in this Plan as a key target market and represents a significant opportunity to increase overnight visitor expenditure.

Achieving the target requires growth in both international visitor numbers and nights stayed. NSW needs appropriately targeted strategies to tailor products and experiences that meet the demands of high-yield visitors. Government also needs to deliver high-quality infrastructure and ensure stronger linkages between different sectors of the visitor economy, in order to ensure that the visitor economy does not experience capacity constraints that prevent the 2020 target from being achieved.

Visitors to NSW need to be presented with a greater number of potential destinations that provide authentic, high-quality experiences. This is essential for visitor satisfaction, spend and length of stay to be increased.

It will require bold action from Government and Industry to achieve the very high growth target. Government and Industry must jointly meet the challenge of holding market share in key mature markets and growing market share in the identified target markets.

Current growth scenario

At present, overnight visitor expenditure in NSW has been growing at only 2.2 per cent average annual growth (over the last four years). This can be described as the 'current growth scenario'. This represents incremental growth, which will not be sufficient to reach the 2020 target.

Under one approach it can be assumed that overnight visitor expenditure in NSW will continue to grow at the same rate as the last four years. This is the 'business as usual' approach presented here as the worst case scenario.

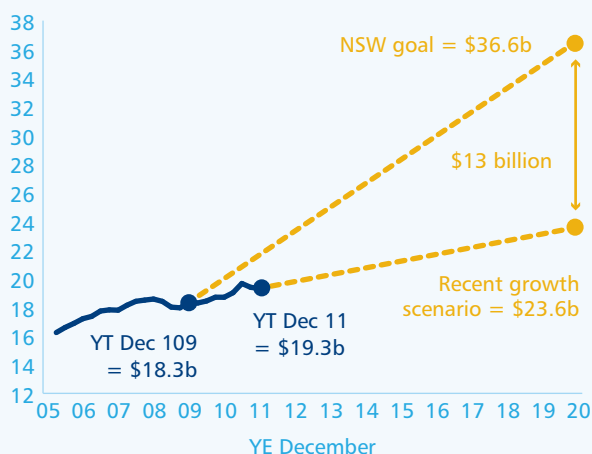
If there is not a significant change of approach, the Government risks falling \$13 billion short of the 2020 target (BDA 2012). This possible shortfall, based on the recent growth scenario, can be seen in *Graphic A1.6* below.

If NSW does not commit to implementing this *Visitor Economy Action Plan*, then there is unlikely to be any significant improvement in performance and NSW may indeed slip backwards and lose existing market share.

Graphic A1.6: Overnight visitor expenditure

NSW overnight visitor expenditure

(\$billions)



BDA 2012

All of the recommendations of the Taskforce's *Visitor Economy Action Plan* are designed to deliver the very high growth which is necessary to close the \$13 billion gap between the trend and target.

In order to achieve the 2020 target, it will be necessary to capture substantial growth in the international visitor market. This will result in a significant change in the profile mix of domestic/international visitors to NSW by 2020. For example, it is likely that expenditure by international overnight visitors will rise to 44.7 per cent (from 33.3 per cent) of total overnight visitor expenditure in 2020, and that total domestic overnight visitor expenditure will comprise 55.3 per cent, compared with current shares of 66.7 percent.

On this trajectory, international visitors will eventually contribute more than 50 per cent of total overnight visitor expenditure in NSW (see *Graphic A1.7*).

This challenge takes place in the context of other calls on consumer spending, a likely sustained high Australian dollar and increased competition for visitor spend both domestically and internationally.

At the time of setting the 2020 target, 6.5 per cent average annual growth was required to meet the target. However, NSW has been losing ground against the required growth rate.

NSW will now require 7.1 per cent average annual growth (in nominal terms) in total overnight visitor expenditure from 2012–13 to achieve the 2020 target. With every passing year the target will become increasingly more difficult to achieve.

NSW must act quickly to put itself on the required growth trajectory.

Graphic A1.7: Overnight visitor expenditure 2020 target, % contribution shift from 2011

NSW market summary

	Current Expenditure*	% of Current Expenditure*	Current Number of Visitors*	Market Target by 2020	% of 2020 Goal	Number of Visitors 2020 Goal
Country	(\$ billion)	(\$19.3b)	(000's)	(\$ billion)	(\$36.6b)	(000's)
China	1.2	6.3	302.8	4.3	11.9	799
Germany	0.2	0.8	98.8	0.3	0.9	169.5
India	0.2	1	69	0.5	1.4	146.1
Japan	0.3	1.6	145	0.6	1.6	232.4
Malaysia	0.1	0.6	46.4	0.4	1	85.8
NZ	0.4	2.2	379.1	0.8	2.3	590.5
Singapore	0.2	1.1	84.3	0.5	1.4	162.1
South Korea	0.5	2.8	149.4	1.5	4.2	305.5
UK	0.6	3	330.7	1.6	4.4	573.6
USA	0.5	2.6	284.3	1.4	3.9	480
ROW*	2.2	11.4	866.5	4.3	11.8	1353
Inbound Total	6.4	33.3	2,756.30	16.3	44.7	4,897.50
Interstate	5.2	26.7	7,588	8.7	23.8	10,037.30
Intrastate	7.7	40	16,401	11.5	31.5	19,092.20
Total Domestic	12.9	66.7	23,989	20.2	55.3	29,129.50
Total	19.3		26,745.30	36.6		34,027.00

* Current refers to YT Dec 11. Number of Visitors – 2020 Goal assumes real spend per trip remains constant to 2020. Individual figures may not add to total due to rounding. The base year was 2009

BDA 2012

Conclusion

NSW will have to make the right decisions and implement the right strategy if it is to hold its share of overnight visitor expenditure from the mature markets and to hold, and grow, its share from the identified growth target markets. The 2020 target will not be achieved if the same approach of recent years is followed.

The Taskforce was established to develop a strategy to achieve the 2020 target and the *Visitor Economy Action Plan* delivers on that task.

2 CHALLENGES, CONSTRAINTS AND OPPORTUNITIES

MARKET CHALLENGES

In order to make NSW number one again, NSW must address a number of challenges and constraints.

Other States have also set goals to increase overnight visitor expenditure by 2020, and are pursuing aggressive plans to increase market share at the expense of NSW.

There are four key external market challenges which NSW needs to respond to if it is to achieve the 2020 target. These are:

- competition is increasing
- global travel conditions and visitor expectations are changing
- the domestic economy is changing
- technology is increasingly influencing consumer behaviour.

Competition is increasing

NSW faces increasingly aggressive competition from other destinations both locally and globally. Potential visitors are now spoiled for choice – across Australia and the world, in destinations, in experiences, in price and in quality.

There are major new investments being made to attract visitors into the Middle East, South East Asia, China and the Pacific, as well as domestically, particularly in Victoria. This is giving rise to new experiences in direct competition with NSW's offerings.

In major international growth markets, like China, NSW is losing its national share of airline seat capacity and as a consequence has lost share of inbound trips from China to Australia.

NSW retains its position as number one in terms of its share of total overnight visitor expenditure. However, it is not number one on all measures. For example, NSW is number two, behind Queensland, in terms of share of interstate overnight visitor expenditure (BDA 2012). See *Graphic B1.10*

Competition from the other states, particularly Queensland and Victoria, is intense.

Queensland

The newly elected Queensland Government has announced the establishment of *Destination Q*, a new partnership arrangement between Tourism Queensland and Industry to reverse Queensland's declining share of domestic overnight visitor expenditure and its declining 'travel' preference rating (LNP 2012).

The Queensland Government has announced a number of game-changing goals, commitments and initiatives, including:

- the goal for Queensland to be number one in share of overnight domestic visitor expenditure (LNP 2012)
- the goal to double overnight visitor expenditure to \$30 billion by 2020
- a commitment to provide an \$8 million aviation incentive fund (Newman, 2012).

Victoria

Victoria has been competing strongly, and overtaking NSW (and Queensland) in a number of key measures of success in the visitor economy, including:

- **domestic visitors:** rated number one for more experiences than NSW, including in shopping, touring holidays, food and wine, festivals, sporting events, arts and culture (BDA 2012)
- **international spend:** overtaken Queensland as number two in the share of overnight visitor expenditure from international visitors (BDA 2012)
- **inbound air seats:** overtaken Queensland as number two in the share of all inbound air seats into Australia (BDA, 2012)
- **inbound seats – Malaysia:** overtaken NSW as number one share in inbound air seats from Malaysia (BDA 2012). Note: AirAsia X has now commenced flights from Kuala Lumpur to Sydney.
- **International conventions:** Melbourne is currently ahead of Sydney in the International Congress and Convention Association (ICCA) convention city rankings.

Global travel market conditions and visitor expectations are changing

The current strength of the Australian dollar and other external factors have resulted in slowing growth in visitors coming from traditional inbound markets such as Japan, New Zealand, Europe, the UK and the US. As a result, the profile of international visitors is changing, with a greater proportion of international visitors to NSW arriving from Asia, particularly China, India, Indonesia and Malaysia.

The expectations of visitors from these Eastern-hemisphere markets are different, regarding the experiences and destinations being sought, as well as their spending and travel patterns. Understanding, meeting and exceeding these expectations is critical to NSW's success.

The domestic economy is changing

Even though tourism is holding its share of discretionary expenditure, there is constant pressure to retire household debt or undertake alternative expenditure, such as on consumer durables and electronic equipment. There is also significant increased spending on outbound travel.

Australia's resources boom and an ageing population have also contributed to conditions which are problematic for visitor economy growth – workers have become increasingly difficult to source and retain, particularly in Regional NSW.

Technology increasingly continues to influence consumer behaviour

The internet revolution and digital technology have changed the way in which visitors research, choose destinations and purchase travel, products and services. Traditional channels of information are increasingly losing appeal while social and other online media continue to increase in influence and increase the speed of decision-making. Indeed, travel websites such as *TripAdvisor* have not only changed traveller behaviour but are now influencing travel products and destination brands via visitors' reviews. In this environment, the perceptions of past customers of the quality of the service provided are a critical element in the purchase decision.

Travellers increasingly rate an operator's online functionality as very important, especially for bookings. An effective online presence, and booking capability, are increasingly important for business survival and success in the visitor economy.

In a 2010 *Australian Tourism Operators Online Capability Survey* only 4 out of 10 tourism businesses offered availability and price checking, or offered instant confirmation of bookings, on their websites.

DOMESTIC VISITORS

Domestic visitors contribute two-thirds of all overnight visitor expenditure in NSW, comprising:

- NSW visitors travelling **intrastate** (40 per cent of overnight visitor expenditure in 2011) (BDA 2012)
- **interstate** visitors to NSW (27 per cent of overnight visitor expenditure) (BDA 2012)

However, research commissioned by the Taskforce shows that many NSW destinations are simply not unique enough or have sufficient domestic appeal to domestic visitors. This finding is also supported by industry feedback to the Taskforce.

NSW must develop new strategies to maintain and defend this market share.

NSW must seek new ways to appeal to NSW residents to increasingly holiday at home as opposed to undertaking international and interstate travel. The objective is to stop the leakage of visitor expenditure from NSW.

NSW needs to motivate people to take short breaks in the State, rather than staying at home, to generate additional visitation and therefore additional visitor spend. One aim should be to persuade Sydney residents (the largest source market) to take more short breaks in Regional NSW.

INTERNATIONAL VISITORS

As stated earlier, NSW is the number one State in share of overnight visitor expenditure by international visitors. International overnight visitor expenditure comprises 33 per cent of total overnight visitor expenditure in NSW (BDA 2012).

However, NSW is losing its share of this expenditure (BDA 2012). This is due primarily to limited air seat supply.

Its only real share gains are being achieved in the declining market of Japan. It is losing, or only holding, share in all other priority markets (BDA 2012).

NSW has been losing share of arrivals from target growth markets, including China and Malaysia.

NSW's traditional inbound visitor is changing, with a greater proportion of visitors arriving from China, South Korea, India, Malaysia and Indonesia. With this change in the profile of visitors to NSW comes a need to cater to their specific tastes. The preferences of visitors from these Eastern markets are different from the traditional markets in terms of the experiences and destinations being sought, as well as their spending and travel patterns. Understanding, meeting and exceeding the expectations of these visitors, while maintaining and growing NSW's share of the traditional inbound markets, will be essential if the 2020 target is to be reached.

Resource allocation must be directed to target the growth outlooks of the respective markets:

- China is the obvious number one priority
- USA, UK, NZ, South Korea and Germany are key current markets, and forecast to remain so
- India, Indonesia and Malaysia have very strong growth outlooks at lower volume levels
- NSW will need to hold share in its traditional markets.

CONSTRAINTS

In addition to the external challenges, there are also a number of major constraints inhibiting the NSW visitor economy from realising its full potential. In order to overcome these constraints, NSW must take action to ensure that it has:

- **adequate infrastructure to meet visitor needs**
- **adequate skills and labour supply**
- **appealing destinations and events**
- **long-term, consistent and compelling branding**
- **effective Government co-ordination in facilitating future growth.**

Adequate infrastructure to meet visitor needs

Existing infrastructure in NSW is insufficient to satisfy demand at the levels that will be required to meet the 2020 target. The most pressing immediate major infrastructure issues are a shortage of Sydney hotel rooms and Sydney's limited air capacity. In addition, there has been a lack of adequate business events facilities in Sydney and Regional NSW.

There is also limited cruise ship capacity in Sydney Harbour and the need for further improvements in delivering an integrated public transport system for use by visitors in Sydney.

The Taskforce acknowledges the NSW Government's commitments to infrastructure investment in relation to Sydney's new Convention, Entertainment and Exhibition centres, the Royal Randwick and Rosehill Racecourses and the Sydney Cricket Ground. These major capital projects will significantly and directly contribute to achieving visitor economy growth. The Taskforce supports the earliest practicable implementation of the proposed White Bay Cruise Terminal and the Overseas Passenger Terminal Master Plan development and mooring improvements.

Sydney hotel accommodation

Visitor accommodation in Sydney is a critical infrastructure need. Sydney has one of the highest average annual hotel occupancy rates, at over 80 per cent, of any capital city in Australia. This means that, frequently throughout the year, there are insufficient rooms available to meet demand. As occupancy levels have reached this level, hotel room rates have risen, putting more pressure on the 'value-for-money' equation that is now often a strong part of the decision to visit a destination or stage an event here.

NSW is not currently seen as the best value-for-money destination by interstate visitors (BDA 2012). This perception, whether well-founded or otherwise, will adversely impact the decision-making process regarding destination choices by potential interstate visitors to NSW.

Sydney's air capacity

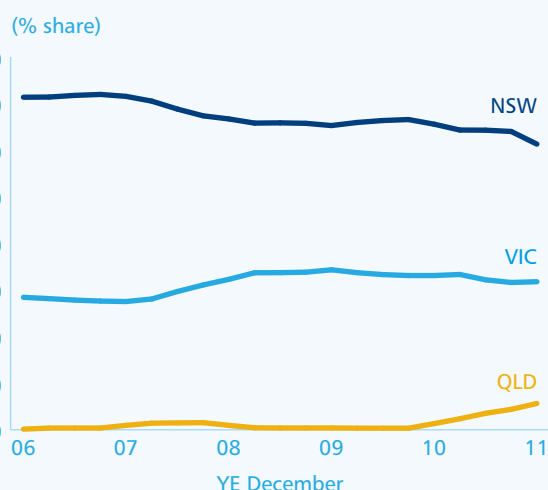
Another critical area of infrastructure need is Sydney's air capacity.

Sydney Airport is the major international and interstate visitor gateway to the State. Analysis indicates that to be able to respond to the target market growth requires both increased capacity and better utilisation of this vital piece of infrastructure.

The importance of taking a more aggressive approach to growing the utilisation of Sydney Airport and attracting new services is best highlighted by the following chart which shows the progressive loss of share in NSW of Australian inbound aircraft seats from the major growth market of China. This then directly translates into a loss of market share of visitor trips from China. See *Graphic A1.8*.

Graphic A1.8: NSW loss of share of Australian seats

NSW share of inbound seats – China



BDA 2012

Sydney's cruise facilities

Sydney's cruise ship industry continues to show strong growth performance in line with global trends. There is a critical need to expand cruise berthing capacity within Sydney ports to meet forecast growth in vessel numbers and to ensure that Sydney is able to effectively maximise the economic benefits derived from cruise ship operations, including provedoring.

Adequate skills and labour supply

The visitor economy in NSW is experiencing difficulty in attracting and retaining adequate skills and resources. Significant skills shortages are emerging as the visitor economy grows and these will have a direct impact on the quality of the visitor experience. This constraint comes from a combination of Australia's mining boom drawing workers from the hospitality sector and an ageing population. As the visitor economy grows, significant labour and skill gaps will

emerge for NSW, particularly in the hospitality area. These skills gaps will directly impact on the quality of the visitor experience and, in this digital age of instant online reviews, can greatly influence a potential visitor's decision to visit NSW.

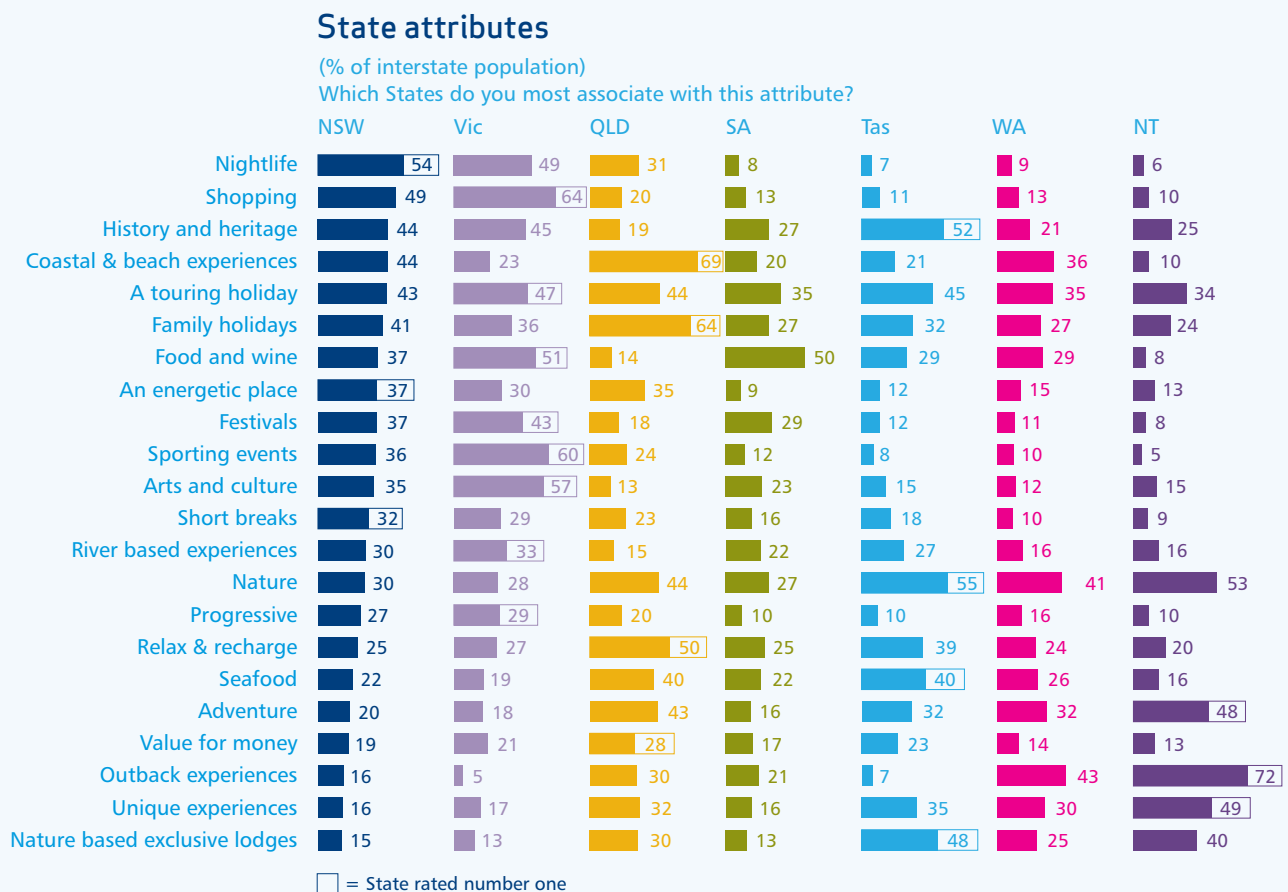
Appealing destinations

Research commissioned by the Taskforce assessed the appeal of NSW destinations to potential domestic visitors. The assessment included measures of awareness, appeal, what experiences are most appealing and the overall holiday preference (BDA 2012). The assessment covered both interstate and intrastate domestic visitor potential.

The analysis focussed on 16 regional destinations in NSW. The key finding was that according to the research that 'many NSW destinations are not perceived as unique or appealing enough to domestic visitors'.

NSW is rated number one in only 3 out of 22 areas (compared with 8 out of 22 for Victoria) of appeal tested with potential domestic visitors. This is a critical situation, which must be reversed if the 2020 target is to be reached. See *Graphic A1.9* below.

Graphic A1.9: Perceptions of State attributes



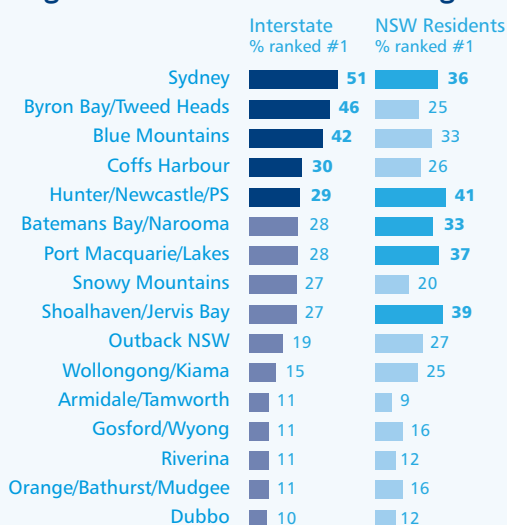
BDA 2012

This result indicates that a significant amount of development and repositioning is required for key destinations if NSW is to unlock the demand potential necessary to achieve the 2020 target. In particular, the findings show:

- many NSW destinations are seen as too generic and are lacking visitor appeal, particularly in key domestic interstate markets
- sharper destination positioning is required
- there is a critical need to identify, encourage and develop new experiences to lift the perceived value for visitors
- all regions are not equally appealing
- destinations with the highest potential consumer appeal should be the priority destinations to promote to increase visitation and visitor spend.

Graphic A1.10: Domestic visitors ranking of regional destinations with highest consumer recognition

Regions ranked #1 consumer recognition



BDA 2012

Dysfunctional regional structures

Industry and stakeholder consultation adamantly conveyed the position to the Taskforce that the current structures for Government funding and development of Regional Tourism in NSW are inconsistent and dysfunctional and that significant reform was needed if there was to be any improvement.

Destination NSW's funding of Regional NSW should be at least maintained. However, future funding (2013-14 onwards) should no longer be provided for Regional Tourism Organisations (RTO) operations (staff and offices) as this would only perpetuate the existing dysfunctional system. Destination NSW's regional programs, including funding programs, need to be opened up to competitive bidding against criteria set by Destination NSW under which a wider range of Industry, Local Government and other stakeholders, beyond RTOs, are able to apply for, and receive, funding. Funding should be opened up for product development – not just marketing.

In addition, there is no sustainable source of funding to enable key destinations to invest in the priority enhancements necessary for destinations across NSW to contribute to achieving the 2020 target. Currently, the guidelines used by IPART in considering special rate variation applications do not recognise the visitor economy as an eligible purpose. If these guidelines were amended so as to include expenditure on visitor economy initiatives in accordance with this Report, Local Councils would have the opportunity to seek approval to raise additional revenue to invest in critical infrastructure, visitor experience development and promotional initiatives. Special purpose entities should be established to receive and oversee the funds and co-ordinate expenditure of those funds.

It is envisaged that these Special Purpose Entities will be the main drivers of Destination Management Plans and therefore will singly, or jointly, seek relevant funding from NSW and Commonwealth Government sources.

Consistent branding

A lack of long-term, consistent and strong destination branding has limited the effectiveness of past promotions and has prevented the brand potential of Sydney and NSW from being achieved.

As indicated in the analysis of destination appeal (see *Graphic A1.10*), NSW also needs to create destination brands to promote and deliver authentic experiences which will meet the desires and needs of future visitors. The Taskforce notes that Destination NSW has commenced this approach

Government co-ordination and funding

There has been a lack of a true whole-of-government approach to developing and facilitating growth of the State's visitor economy. This inhibits investment opportunities and support for visitor-related services and restricts overall revenue growth.

There exists an excess of regulation and bureaucratic red tape in the system, particularly in the investment and development approval areas. This severely restricts the ability of the private sector to respond to and cater for the growing need for more accommodation in Sydney and in key visitor areas, for example, the Snowy Mountains.

Coupled with resource constraints, particularly in Local Government, the potential capacity of the Regional NSW visitor economy is significantly curtailed.

Destination NSW funding

Destination NSW needs to be able to act with sufficient agility in an extremely competitive commercial operating environment.

To reach the 2020 target, it will be necessary for Destination NSW to be adequately funded and resourced to effectively implement the recommendations and actions of this Plan.

OPPORTUNITIES

While there are both challenges and constraints, there are also a number of opportunities that NSW must capitalise on in order to develop and grow its visitor economy.

The increasingly affluent outbound Asian travel markets, particularly China, South Korea and India, present a significant opportunity for Sydney, and NSW more generally, to tap into the emerging major economies of the future. At the same time Sydney, as a truly global city, is in a position to consolidate its strong status as Australia's city of choice for visitors from major Western markets, such as the UK, North America, Germany and New Zealand. Opportunities for growth from these markets exist, particularly in the Youth and Visiting Friends and Relatives (VFR) segments.

These existing and emerging growth areas present further opportunities to attract more of the high-yield segments of the visitor economy such as international education, medical tourism, cruise and business events.

Furthermore, the growing middle class in Asia as well as NSW's share of the already affluent Western markets provide opportunities to expand the retail shopping experience and deliver more visitor spend and enhanced destination experiences for visitors. Currently, competitor destinations such as Singapore and even Melbourne are outperforming Sydney in terms of visitor economy shopping expenditure as a share of total overnight visitor expenditure.

NSW must take advantage of the tremendous opportunity presented by Sydney's appeal and status as a truly global city. It is a business hub for the Asia-Pacific region, with many leading banks and international corporations choosing Sydney as their Australian or Asia-Pacific base. Sydney is already renowned for its scenic beauty, iconic landmarks and major cultural events and a vibrant, creative cultural life. For NSW to do well, Sydney will need to succeed.

Regional NSW also has the potential to contribute more to and benefit from an increase in visitor expenditure, but it is the finding of the Taskforce, strongly supported by the vast majority of views put forward during the consultation process, that unless the operational structure and funding framework of Regional Tourism undergoes a major change, this will not be achieved.

An opportunity also exists to utilise fully the diverse experiences offered by Regional NSW – from the snowfields to the rainforests and the red deserts of Outback NSW.

Ultimately, an opportunity exists to develop a 'whole-of-life' relationship with visitors through travel associated with education, recreation and rejuvenation, lifestyle, health and wellness, business relationships and investment, encouraging visitors to return again and again to NSW.

3 THE FUTURE

In order to reach the ambitious target of doubling overnight visitor expenditure by 2020, Government must adopt a bold, innovative and action-based approach which encompasses all aspects of the visitor economy.

STRATEGIC IMPERATIVES

There are seven strategic imperatives which must be addressed if the 2020 vision and target are to be achieved:

- Increase visitation
- Grow physical capacity
- Renew and revitalise destinations
- Improve the visitor experience
- Increase visitor spend
- Make NSW more competitive
- Change the mindset.

Each of the seven strategic imperatives and the accompanying recommendations are discussed in detail in Part B of this report. These recommendations reflect the fact that, to reach the \$36.6 billion per annum overnight visitor expenditure target, NSW needs a bold and innovative approach focused on major actions that deliver clear results.

WHOLE-OF-GOVERNMENT APPROACH

A whole-of-government approach will be required to successfully implement, in a phased and timely manner, the recommendations of this *Visitor Economy Action Plan*.

The Taskforce's Plan is also based on the need for Government to recognise, prioritise and realise opportunities, within the 2020 timeframe, of the whole visitor economy. That is, not only opportunities from leisure visitors but also from business, conventions and exhibitions, working holiday and education visitors, and those visiting friends and relatives.

New approach

In summary, it is proposed that a new approach should be adopted by Government which:

- moves the emphasis from processes to outcomes
- shifts the focus from not only increasing visitor numbers but also to increasing visitor spend
- focuses finite and limited resources on priority high-value target markets
- establishes a platform for stronger Government and Industry leadership working in a partnership – with effective implementation of this Plan the key to success.

New revenue source for local visitor economies

A new source of revenue derived from an approval to a special rate variation for expenditure on visitor economy initiatives will allow Councils and regional destinations new local autonomy in raising revenue to invest in what is necessary to achieve the 2020 target. Expenditure of the new revenues raised by Councils will be required to satisfy guidelines for priority investment relevant to achieving the visitor economy target. The new arrangements will ensure adequate visibility, accountability and control.

Removal of constraints

This Plan also recognises that the potential of the NSW visitor economy will only be achieved through the overcoming of major constraints by:

- building new infrastructure to meet the needs of key visitor economy growth segments, for example, visitor accommodation and additional cruise shipping facilities
- increasing air capacity
- implementing a long-term, consistently applied, compelling brand strategy for Sydney and other key NSW destinations
- implementing Destination Management Plans for the major destinations in NSW, including Greater Sydney
- developing more motivating, authentic experiences that appeal to and meet future visitor needs
- improving Industry's service quality and skills.

Focus on visitors from target growth markets

This Plan aims to use limited resources more effectively, prioritising high-value target markets which offer real opportunities to increase visitor spend. This approach shifts the focus from just being on tourism and events to the broader concept of the 'visitor economy'. It involves a recognition that, for many destinations in NSW, their primary growth opportunity is not necessarily from leisure visitors but from visitors for business, education or who are visiting friends and relatives.

Meeting the needs of these types of visitors will require a different approach than that previously undertaken for traditional leisure visitors.

A new evidence-based approach

The Plan is fundamentally evidence-based and is built upon:

- a rigorous domestic consumer appeal assessment of the best existing holidays and experiences in NSW (including measures of awareness, appeal, what elements are most appealing, and overall holiday preferences)
- identification of which consumer markets and segments are most productive for NSW to target.

Several recommendations of the Plan have also been based upon an economic analysis of the likely short-term impact on overnight visitor expenditure by either the removal or reduction of identified constraints.

Measuring results

The Plan places a focus on increased visitor spend as well as numbers of visitors. This outcome-based approach identifies actions and their timely implementation to deliver real results for Government and industry.

The Taskforce recommends that Destination NSW develop, with Industry, appropriate indicators to measure the progress against the relevant recommendations of this Plan.

Strategic imperatives

Each of the seven strategic imperatives identified in the Plan is discussed in detail in Part B of this report.

The *Visitor Economy Action Plan* is in Part C of the report.



PART B
STRATEGIC IMPERATIVE 1:
INCREASE VISITATION

CONTENTS

STRATEGIC IMPERATIVE 1: INCREASE VISITATION

POSITIONING, PROMOTION AND SELLING

Sydney's brand

- 1 Implement a consistent, long-term brand strategy for Sydney

NSW destinations brand

- 2 Finalise a brand strategy for key NSW destinations

Target markets

- 3 Focus on priority target markets

Digital marketing

- 4 Make greater use of digital marketing for all promotional activity

STRATEGIC IMPERATIVE 1:

INCREASE VISITATION

In order to achieve the 2020 target of overnight visitor expenditure, it will be necessary to significantly increase the number of visitors coming to NSW.

NSW needs to take a new approach to positioning, promoting and selling itself to potential visitors. The four key measures identified to increase the number of visitors to NSW are:

- implement a brand strategy for Sydney
- finalise a brand strategy for key NSW destinations
- focus on priority target markets
- make greater use of digital marketing for all promotional activity.

POSITIONING, PROMOTION AND SELLING

Rationale

It is a difficult and very competitive environment worldwide in which to motivate visitors to travel. In such an environment, a strong, motivational destination brand is the key to cutting through the clutter of the many destination choices on offer to consumers and move them to select Sydney and NSW.

A compelling and consistent brand strategy for Sydney is essential if NSW is to substantially increase the number of visitors to the level necessary to meet the 2020 visitor expenditure target.

SYDNEY'S BRAND

Snapshot

Sydney is an attractive major global city. However, research shows that many potential visitors are in fact ambivalent about its appeal and character and the opportunities and experiences it offers.

A long-term, compelling and consistent brand strategy is needed to position Sydney as a place to work, do business, study and holiday. The strategy needs to capitalise on the city's character and assets and significantly increase the appeal of Sydney to visitors.

Background

Global performance

Sydney was placed third in the Anholt – GfK Roper City Brands Index 2011 which ranks the strength of a city's brand and ranked the ninth most recognisable global city in the 2010 *Global Cities Index* (Australia, 2010).

As an internationally renowned city, Sydney has the potential to significantly increase the numbers of visitors. Sydney is known for its natural harbour and scenic beauty, the friendliness of its people and the fact that it is host to two of Australia's iconic architectural landmarks: the Sydney Opera House and the Sydney Harbour Bridge.

The city is also Australia's premier business city, a business hub for the Asia-Pacific region and a major events city, as well as home to a vibrant and creative cultural scene.

Sydney is also a high-yield destination for international visitors, ranked as the sixth-highest travel city in the world in terms of international spending, with USD14.4 billion in spending in 2011, as measured under the *MasterCard Index of Global Destination Cities*. Sydney consistently ranks number one in terms of desire, and specific motivators, but we are not converting enough of that overall appeal into visitation.

Domestic brand

Research commissioned by the Taskforce indicates that, amongst Australians, Sydney is only the third most mentioned holiday destination, behind the Gold Coast and Tasmania (BDA 2012). It is not clear how Sydney is perceived as a business destination amongst the same group, however, it is the case that business visitors are the number one category of interstate visitors to Sydney (BDA 2012).

The challenge

Sydney lacks the cumulative benefit that comes from investment in a successful, long-term co-ordinated brand strategy. Inconsistent brand messaging also results in inefficient use of marketing and destination management resources. This lack of brand consistency is most evident when compared to some of the other cities in Australia, such as Melbourne, as well as neighbouring competitor destinations, such as Singapore and New Zealand² (see the case study on the following page).

Government and Industry had previously commenced some brand development work for Sydney, in particular the Brand Sydney project which delivered significant research on Sydney and its brand attributes in 2009. These research findings and preliminary work have not yet resulted in a comprehensive new branding strategy for Sydney. It is important that this work be incorporated into a new Sydney brand strategy to be commenced by Destination NSW as soon as practicable, after liaison with Industry.

A co-ordinated approach between Industry and Government will be necessary to ensure the effective execution of strategy to position the city globally.

² The Taskforce acknowledges that New Zealand is a whole-of-country destination brand, as opposed to a city brand. However, it is a good example of a strong and consistent brand message for potential visitors.

A cohesive brand strategy for Sydney will enhance the impact of marketing to target international and domestic markets in a cost-effective manner. It is important to understand that a brand strategy is not about logos and taglines. Its value is that it identifies what Sydney is and what it stands for, and enables the delivery of this messaging through a co-ordinated, consistent, long-term and audience-focussed marketing approach that is designed to generate economic benefit to the State.

A co-ordinated brand strategy for Sydney will increase Sydney's appeal at both a domestic and international level. The Taskforce's research has identified appeal factors within the target markets that will enable the brand to focus on the authentic experiences that satisfy the needs of potential visitors. A stronger linkage between appeal factors and brand will better position Sydney to capitalise on demand for particular travel experiences.

Key destinations across the Asia-Pacific region have capitalised on a strong and consistent approach to branding which links the destination's image to certain appeal factors. The case study below demonstrates how New Zealand and Singapore have effectively used branding to define these destinations to visitors.

CASE STUDY – NEW ZEALAND AND SINGAPORE

New Zealand and Singapore have well-recognised brands that successfully define their destinations and emphasise their appeal to potential visitors. New Zealand has effectively branded itself to demonstrate the country's appeal as a singular destination, with strong natural and adventure tourism attractions. Its "100% Pure" branding focuses on developing and providing experiences, with a specific focus on traveller satisfaction (New Zealand Tourism, 2012). New Zealand's branding recognises the destination's strength and appeal as a nature-based travel destination.

By contrast, Singapore has built a strong and recognisable brand that focuses on the city state's strengths as one of the world's leading destinations in terms of retail, food and beverage, entertainment, hospitality and healthcare (Singapore Tourism Board, 2011). Furthermore, Singapore (like Sydney) is a regional commercial hub, and home to the Asia-Pacific headquarters of many multi-national corporations. Effective brand management has enabled Singapore to leverage its strengths to enhance its appeal to potential visitors.

Priority issues

The Taskforce has identified two priority issues to address when developing a brand strategy for Sydney:

- **understand the market:** it is critical to know what Sydney has to offer and to identify what target markets are looking for
- **consistent branding:** there is a need to develop a long-term brand that is consistent in its message.

Understand the market

As an internationally recognisable city and the primary gateway city to Australia, Sydney attracts visitors who arrive for all purposes of travel. Achieving the 2020 visitor expenditure target will require a systematic approach to capturing visitor demand through a brand that is relevant to key target markets and market segments including leisure, business, education and events. An effective brand strategy and marketing campaign needs to be built on an understanding of what Sydney has to offer and how it can appeal to target markets.

Domestic visitors

The research commissioned by the Taskforce recently tested consumer response to key destinations in NSW. This study, which provided survey respondents with select information available on a range of visitor experiences, demonstrated that effective branding and imagery has a significant impact in raising awareness of Sydney as a destination. This was effective, with 39 per cent of interstate residents, who had a positive awareness response rate and intrastate residents showed a high positive awareness response rate of 64 per cent.

Sydney was clearly the most known of the regions (BDA 2012). The prominence of Sydney in the eyes of interstate visitors demonstrates the importance of the city in helping to meet the 2020 visitor expenditure target. Effectively capturing Sydney's strongest attributes will help to develop a brand that is appealing to potential visitors, and cost-effective in terms of strategic marketing and promotion.

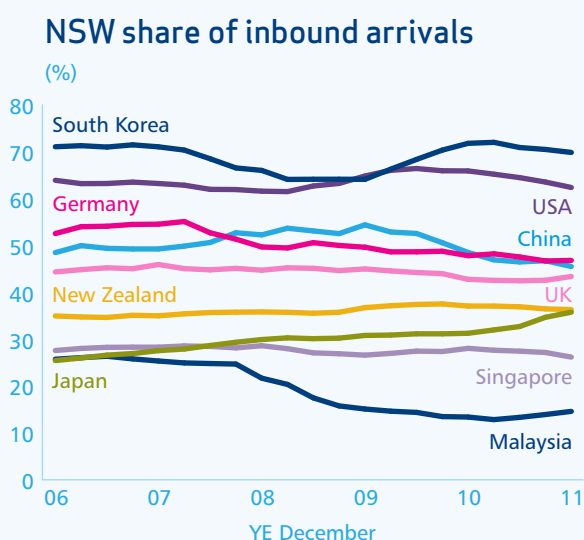
This market analysis demonstrates that effective branding can help raise awareness of a destination within target markets. It is important, however, that the branding and marketing is effectively targeted within key target markets to enable maximum return on investment.

International Visitors

An effective Sydney brand plays a strong part in influencing future travel decisions of inbound visitors. It is also important to continually build on Sydney's high international profile and for the city to maintain its role as Australia's primary arrival hub for international visitors.

Despite its role as Australia's primary gateway, Sydney is losing its share of international visitors into Australia, particularly visitors from key emerging markets such as China and Malaysia, as well as established markets such as South Korea. This has occurred at a time when some other States have seen a rise in visitors from these markets (BDA 2012). This is demonstrated in *Graphic B1.1*.

Graphic B1.1: NSW's market share of visitors from international target markets



BDA 2012

Consistent branding

In visitor economy terms, branding influences perceptions of a destination and can significantly impact visitation and the resultant investment through visitor expenditure.

Major events and festivals hosted in a city reflect that city's brand image. Sydney's major events, such as the Sydney Festival and Vivid Sydney, are celebrations of its artistic and cultural vibrancy. A consistent brand that reflects Sydney's major events would provide invaluable destination equity and very appealing attributes that help shape visitors' perceptions of the city.

For example, major high-end sporting events held in Melbourne play a key role in shaping that city's brand. Events such as the Formula One Grand Prix, the Australian Open tennis tournament and the Melbourne Cup racing carnival contribute to Victoria being the Australian State most associated (by interstate residents) with sporting events (BDA 2012).

Destination NSW and the Tourism Industry must leverage a consistent brand and co-ordinate their activities to shape and promote Sydney's identity in full (O'Neill 2008). A joined-up approach is essential to ensure that Industry and Government marketing and promotional investment is efficient and effective.

Investment in long-term, strong and consistent branding for Sydney will also benefit destinations within NSW. Relevant destinations will be able to leverage the strategy for attracting visitors into Sydney to encourage visitors to extend their visit to beyond Sydney itself. This 'hub and spoke' approach is also important feature of a NSW destination brand strategy.

Recommendation

- Develop and implement a compelling, consistent and long-term brand strategy for Sydney that focuses on the priority target markets and liaise with Industry prior to implementation.**

Actions

Five actions have been identified to implement this recommendation:

- Action 1A: Build on the extensive brand development work already completed, finalise and implement a brand communications strategy for Sydney that drives the key brand messaging to attract business, education and leisure visitors.
- Action 1B: Integrate the major events and festivals' positioning and messaging into the broader brand strategy for Sydney.
- Action 1C: Establish a systematic theming approach to the promotion of Sydney as a destination for use by all key Industry marketing partners.
- Action 1D: Further develop intrastate/interstate packages which will encourage those visitors to key cultural and sporting events to extend their length of stay.
- Action 1E: Allow iconic publicly-owned Sydney images, locations and events to be filmed/photographed at no charge when being used in Sydney brand promotions.

NSW DESTINATION BRANDS

Rationale

A compelling and consistent set of NSW destination brands is essential if NSW is to substantially increase the number of visitors to the level necessary to meet the 2020 visitor expenditure target.

Snapshot

NSW needs to confront the reality of diminishing demand from the domestic market for many regions of NSW and the pattern of decline in visitation from inbound markets.

Research shows there are only a small number of NSW regions which have high appeal as a place to visit to potential domestic travellers (BDA 2012). The impact of low-cost carriers has also seen an increase in domestic interstate air travel at the same time as a decline in self-drive intrastate and touring-style holidays and therefore the number of visitors passing through regions of NSW.

International visitors spent 84 per cent of their nights on their visit to NSW in Sydney. The NSW regions will have to work harder to attract international visitors to travel into the regions.

The boom in outbound Australian travel is continuing, and NSW destinations have to compete fiercely with overseas destinations as a short-break alternative for NSW residents.

Destination NSW needs to continue transitioning its marketing strategy from promoting an overall State brand to promoting the drawcard attractions, experiences, events and major destinations in NSW. This will require robust strategies for marketing and promotion that are based on the realities of consumer research and achieve Industry buy-in and participation.

BACKGROUND

Regional NSW has the potential to contribute to, and benefit from, the increase in visitor expenditure required to meet the 2020 target. In terms of branding, however, the concept of 'NSW' means little to visitors, who rarely take the State label into consideration when planning and undertaking a journey.

The strength of regional NSW's visitor economy lies within the broad range of destinations themselves. NSW has in the past marketed the State as a whole with a diverse range of destinations, experiences and attractions within it. Whilst this can resonate with some potential visitors, the majority of visitors will predominantly be drawn directly to destinations based on the special features that appeal directly to the individual's preferred experience.

The Taskforce acknowledges the significant new Destination NSW initiatives underway in the area of regional destination brand development in recent months that will translate to new destination branding and marketing initiatives.

Consumer appeal assessment of regions

The Taskforce commissioned consumer appeal assessment of NSW. The research was conducted in 16 regions:

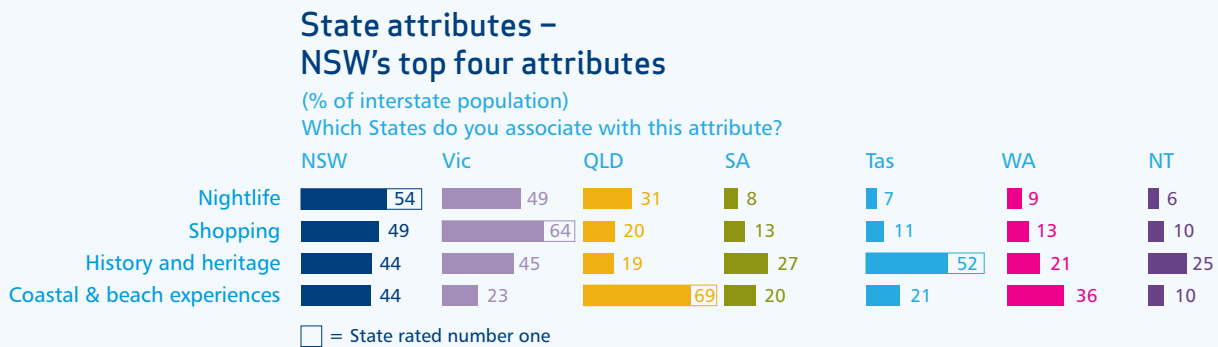
- Sydney
- Armidale/Tamworth
- Batemans Bay/Narooma (South Coast)
- Blue Mountains
- Byron Bay/Tweed Heads (North Coast)
- Coffs Harbour
- Dubbo
- Gosford/Wyong (Central Coast)
- Hunter Valley/Newcastle/Port Stephens
- Orange/Bathurst/Mudgee
- Outback NSW
- Port Macquarie/Great Lakes
- Riverina
- Shoalhaven/Jervis Bay (South Coast)
- Snowy Mountains
- Wollongong/Kiama.

The key findings are that not many regions have more than moderate appeal as they are, and that there are not enough unknown or unique experiences (BDA 2012).

Attributes of NSW

The survey of interstate residents demonstrated that, of the 22 key visitor experiences or 'attributes' surveyed across Australia, the top four attributes that are perceived to apply to NSW are: nightlife, shopping, history/heritage and coastal and beach experiences. *Graphic B1.2* demonstrates that NSW is the number one State for only one attribute – nightlife.

Graphic B1.2: State associations by attribute – NSW's top four attributes

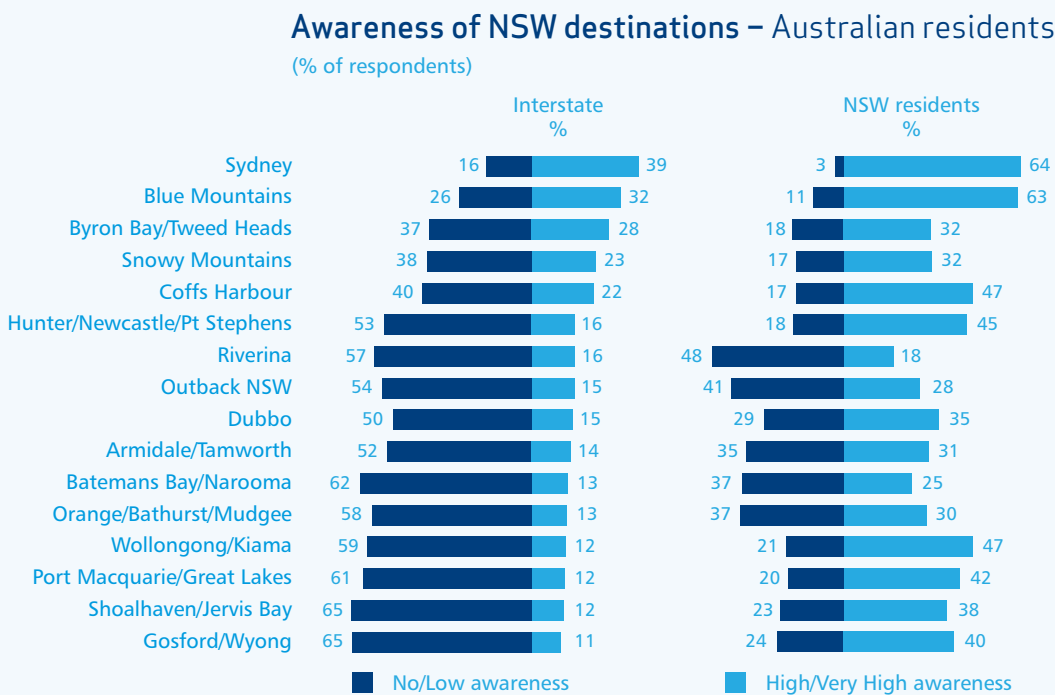


BDA 2012

Awareness of NSW destinations

The findings show that there is a low awareness of regional NSW destinations amongst interstate residents. Furthermore, there is inconsistent awareness of regional NSW attractions amongst NSW residents, with low awareness of some destinations remote from Sydney. This is demonstrated in *Graphic B1.3*, which shows the awareness levels of selected respondents of Regional NSW destinations, following an awareness stimulation exercise (prompted recall).

Graphic B1.3: Awareness of NSW destinations



BDA 2012

Aspects of appeal

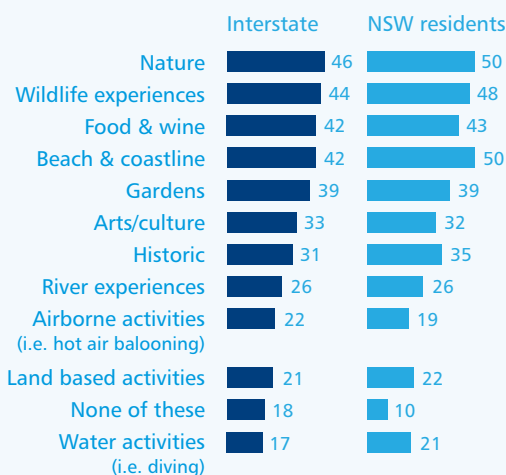
It is the natural, unspoilt locations which most appeal to potential intrastate and interstate visitors to NSW. Wildlife, beach and coastal experiences are also highly appealing to potential visitors (BDA 2012), as demonstrated in *Graphic B1.4*. This is consistent with Industry feedback to the Taskforce that nature tourism is the stand-out experience with the potential to most motivate key inbound markets and generate maximum impact to drive visitation to Australia.

Food and wine was identified as a major attribute or aspect of appeal as well.

Events, conferences and exhibitions are also major drivers of visitation.

Graphic B1.4: Priority aspects of appeal to interstate visitors and NSW residents

Aspects of appeal to visitors to NSW and NSW residents



BDA 2012

Therefore, to further capitalise on domestic visitation opportunities, brand positioning of NSW destinations needs to take better account of the strengths of particular destinations and their appeal to different visitor types. Destination NSW needs to assist Industry to incorporate the aspects of appeal to potential visitors of key regional and rural destinations in NSW by market segment, for example, young people, students and education visitors, in order to develop effective branding strategies.

Priority issues

The Taskforce's research concluded that there is insignificant demand potential for many of the NSW regions domestically and that new experiences and new events are needed to drive major region re-launches. The research showed that latent demand for the regions is relatively low and just knowing about current offers will not move the needle forward sufficiently for the 2020 goal achievement (BDA 2012).

The main issues relating to the branding of regional NSW destinations include:

- **focussing branding on destinations and unique experiences and events:** branding in Regional NSW requires a focus on destinations and activities, not an approach of branding 'NSW' as a travel destination
- **appeal factors within target markets:** regional destination branding must further build on appeal factors for visitors within key target markets and market segments
- **industry and community support:** an effective brand messaging strategy requires the strong support and buy-in of local Industry and the community to enhance brand authenticity and drive awareness amongst visitors
- **Destination Management Planning:** regional destination branding must be part of a Destination Management Planning approach which is linked to Government support ensuring it is targeted and efficient
- **connection with Sydney's branding:** there is a need to better utilise NSW's key travel drawcard, Sydney, and ensure that branding for regional destinations leverages the capital city's role as Australia's premier visitor gateway and commercial hub.

Focusing branding on destinations and activities

Research shows that many regional destinations in NSW currently have sub-optimal and diminishing visitor appeal. This is particularly the case in key domestic interstate markets, where prospective visitors have difficulty in identifying the strengths and appeal of NSW regional destinations.

For example " ... **none of them are unique, they're all generic and there's towns like that all over Australia** ... " (BDA 2012)

This is a confronting reality for NSW Industry and Government to face. Regional NSW needs to invest in an effective branding strategy that links branding, marketing and promotion to the needs of prospective visitors.

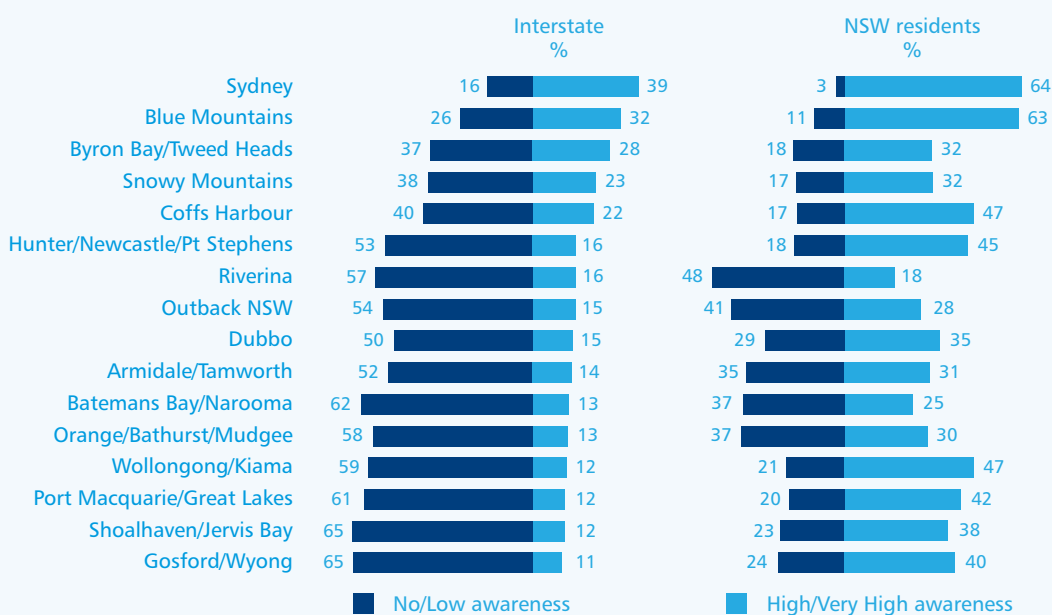
Unlike Queensland, with a brand which is very much associated with beach/tropical leisure holidays, NSW is a diverse State with a vast array of destinations and experiences that are difficult to consolidate into a single brand. There are many appeal factors that singularly draw interstate, intrastate and international visitors to NSW. NSW's diversity means that travellers can choose to travel to Regional NSW to encounter a wide range of destinations, landscapes and experiences. Regional destination branding should effectively capture these appeal factors and ensure that the NSW experience reflects the diversity of the State.

Destination NSW and Industry must further utilise this latest research on visitor preferences for key NSW destinations and experiences in refining the brand strategy for the key regional destinations and experiences. As identified in *Graphic B1.5*, destinations across NSW generate considerable appeal when profiled individually.

Graphic B1.5: Appeal of NSW destinations

Awareness of NSW destinations – Australian residents

(% of respondents)



BDA 2012

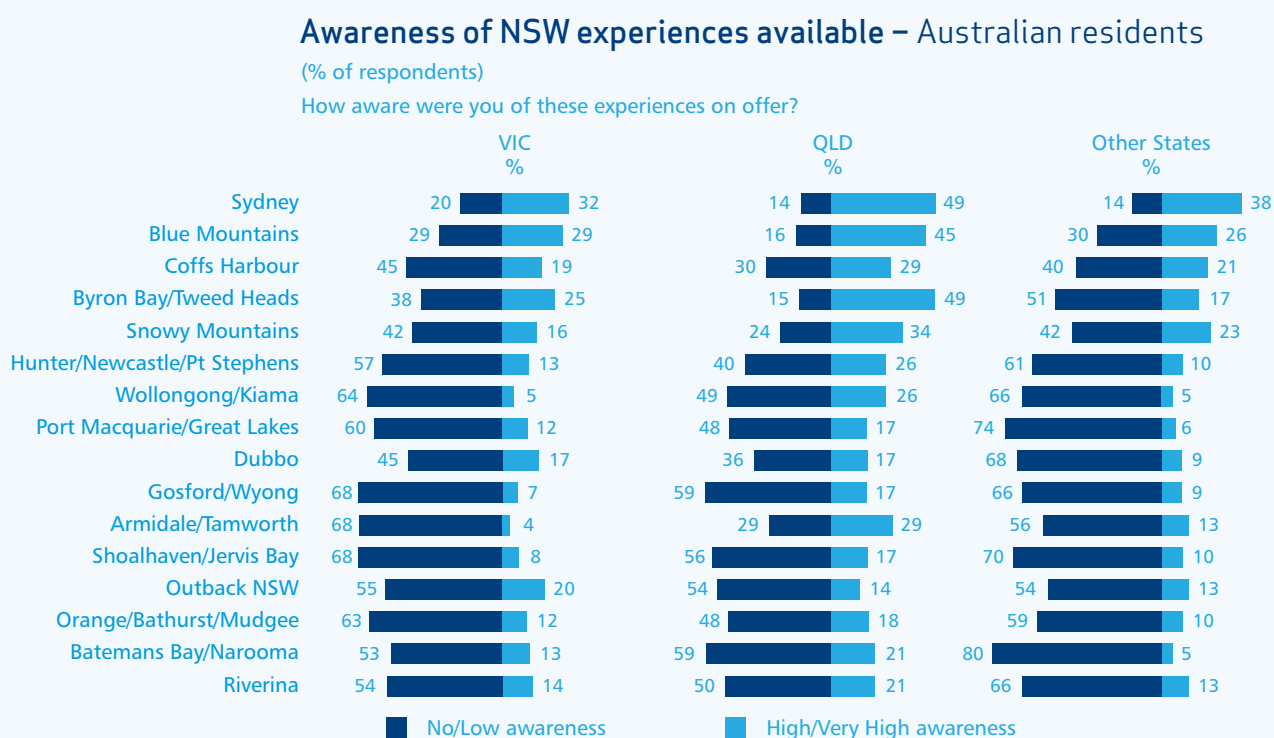
The lack of a long-term, consistent, compelling and strong destination branding strategy has most likely impacted the level of visitation to Regional NSW destinations. As a result, one-off and individual promotions without establishment of brand are less effective as target audiences do not already identify with the destination brand. A detailed understanding of target markets and the appeal and strengths of key destinations is vital for the development of an effective destination brand strategy for NSW.

Appeal factors within target markets

Different markets and market segments seek different experiences. Given the diversity of destinations and experiences available in Regional NSW, it is important that potential visitors are able to gather information regarding the experiences that most appeal to them. This includes visitors from a full range of market segments, from leisure visitors to those wishing to undertake technical tours and field study visits for business/education purposes.

With regard to interstate travellers, different States have varying levels of awareness of Regional NSW destinations. Interstate awareness of Regional NSW is generally low across the board. However, awareness does differ on certain destinations on a State-by-State basis. *Graphic B1.6* demonstrates differing awareness in NSW's two primary interstate source markets, compared with awareness across other States.

Graphic B1.6: Awareness of NSW destinations – awareness of NSW experiences available



BDA 2012

The analysis demonstrates that Queenslanders generally have a higher awareness of the visitor experiences on offer in Regional NSW, compared with Victorians and residents of other States. Victorians have a higher awareness of Outback NSW, compared with Queenslanders and residents of other States.

This analysis demonstrates that branding across a diverse State such as NSW is complex and requires a multi-faceted approach that takes into account appeal factors and rates of awareness across key markets.

Industry and community support

Strong destination branding is most effective when local industry and the community is actively involved in developing and implementing the brand. If local industry and the community strongly support a branding strategy, they will play a key role in promoting the brand to prospective visitors and reinforcing the brand once visitors arrive.

Local industry and community involvement will ensure that the destination brand is authentic and that actual visitor experiences are delivered consistent with that brand message.

Strong industry involvement, including co-operative marketing, also lessens the potential cost for Government in marketing particular destinations. Industry and community involvement in the destination's brand messaging strategy will also reinforce the brand in the eyes of visitors, as their visitor experiences will be consistent with the brand and connect them with the community.

Destination Management Planning

Effective branding is an essential element of developing a strong local visitor economy. The Taskforce recommends that destinations develop comprehensive and holistic Destination Management Plans that address supply and demand issues (see *Strategic Imperative 3: Renew and revitalise destinations*). Destination Management Plans provide certainty for investors regarding the nature and future use of destination assets, with increased investment helping to attract additional visitation.

Having incorporated branding linked to a Destination Management Plan will ensure that local and regional brand development and messaging forms an integral part of the destination's broader strategic approach to promoting and growing the local visitor economy.

Recommendation

2 Finalise a long-term, compelling and consistently delivered brand strategy for the key identified NSW destinations, and ensure joint marketing with Industry support.

Actions

Five actions have been identified to implement this recommendation:

- Action 2A: Build a comprehensive brand positioning framework for NSW destinations, utilising current data on visitor preferences for key NSW destinations and experiences.
- Action 2B: Link brand positioning with Destination Management Plans and work with destinations to identify key features and promote key strengths.
- Action 2C: Integrate major events and festivals, arts and culture, natural heritage and other relevant positioning into the NSW destinations brand strategy.
- Action 2D: Establish a systematic theming approach to regional destination promotion for use by all key industry marketing partners.
- Action 2E: Allow iconic publicly-owned NSW images, locations and events to be filmed/photographed at no charge when being used in NSW destination brand promotions.

TARGET MARKETS

Snapshot

With limited resources and significant competition, Destination NSW needs to focus and target its efforts on those visitor markets and market segments that will give the best return to the State and help achieve the 2020 target.

These markets and market segments need to be selected against criteria based on evidence and will include a mix of the traditional, specific, new, emerging and specific high-yielding opportunities. The strength of the appeal of specific events and festivals also needs to be factored into target market selection.

Destination NSW will need to retain flexibility in target market and segment choice, for example, when new airline routes open up new potential markets or where a market segment has a high dispersal and expenditure profile.

All future Destination NSW promotional effort should be focussed on these selected target markets.

As these markets are constantly changing, they will need regular review.

Background

The Taskforce commissioned a comprehensive demand audit to 2020 and consumer appeal assessment.

That analysis included:

- an assessment of demand potential through to 2020, including forecasts for domestic and international travel, as well as a more detailed analysis of 10 key international markets for NSW
- a domestic consumer appeal assessment of best existing holidays and experiences in NSW (including measures of awareness, appeal, what elements are most appealing, and overall holiday preferences)
- identification of which consumer markets and segments are most productive for NSW to target
- a direction for marketing mix priorities resulting from the research.

The analysis shows that the 2020 visitor expenditure target is achievable if NSW can hold its market share in mature visitor markets, whilst stretching current growth levels in rapidly emerging major markets such as China.

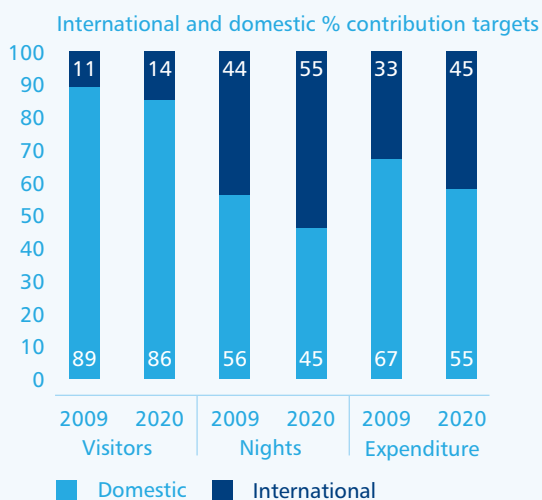
It also indicates that, while international visitation will potentially be able to grow to some 15 per cent of total visitors under a future 2020 scenario (currently it is 11 per cent), maintaining the current levels of domestic visitation will remain a critical element in reaching the 2020 target. Therefore, a strategic focus on maintaining and growing domestic marketshare remains important.

Growth is needed not just in visitor numbers but also in spend. International high-yield visitors will be significant to this growth. The graphic below shows international visitor spend will need to grow from 33 per cent (base year of 2009) to 45 per cent in 2020.

Graphic B1.7.

NSW visitor economy target

NSW 2009 base year vs NSW 2020 target



(Derived from NVS/IVS TRA and the Tourism Industry Potential, TRA)

NSW losing market share

Analysis of NSW's recent visitor economy performance shows, without a deliberate and effective strategy and a mere continuation of recent State performance, NSW will fall short of the 2020 target by an estimated \$13 billion (BDA 2012).

NSW has been losing market share, both at a domestic interstate level and at an international level, while States like Victoria have been securing additional domestic and international market share. There is also increasing competition from competitor international destinations, both in the Asia-Pacific region and globally.

To achieve the 2020 visitor economy goal with finite resources, NSW will need to focus on the identified priority, large and high-growth international markets.

NSW faces two parallel tasks:

- the first requires developing and implementing strategies that will enable NSW to preserve and hold market share in the domestic market and in key major mature international markets
- the second involves identifying priority growth international markets and market segments where investment can stimulate considerable growth.

Growth in the NSW visitor economy will come from three distinct types of visitors:

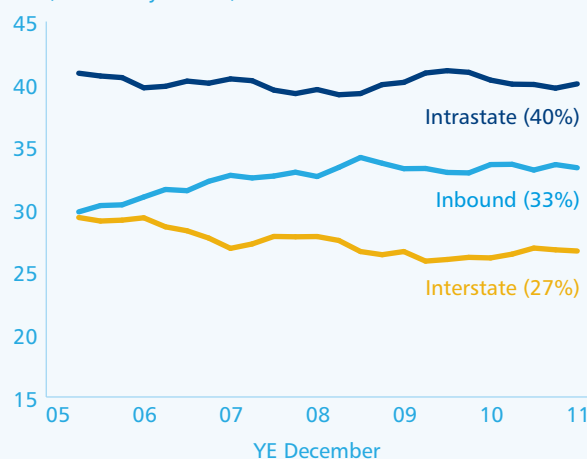
- intrastate visitors (40 per cent of overnight visitor expenditure in 2011)
- interstate visitors (33 per cent of overnight visitor expenditure in 2011)
- international visitors (27 per cent of overnight visitor expenditure in 2011) (BDA 2012).

Expenditure by international (inbound) visitors overtook expenditure by interstate visitors some five years ago, and is on a trajectory to overtake intrastate visitor expenditure as the primary source of visitor expenditure.

Graphic B1.8: NSW visitor expenditure performance by visitor type

Total NSW tourism expenditure

Overnight visitor expenditure
(% share by stream)



BOA 2012

Total expenditure by domestic visitors is forecast to comprise 55 per cent of the 2020 visitor economy target, which highlights the ongoing importance of the domestic market to achieving the target (see *Graphic B1.7*).

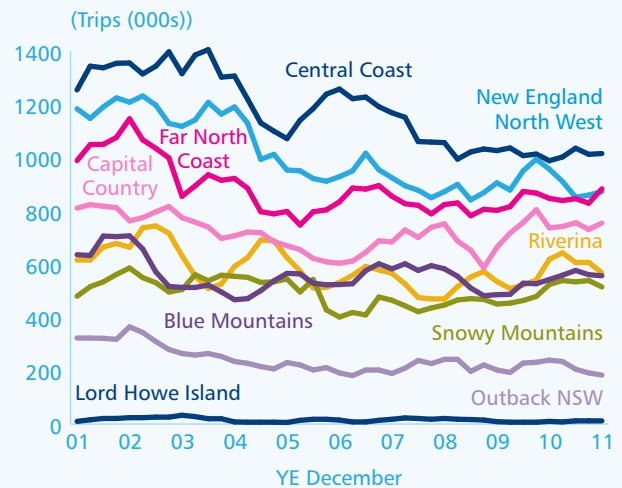
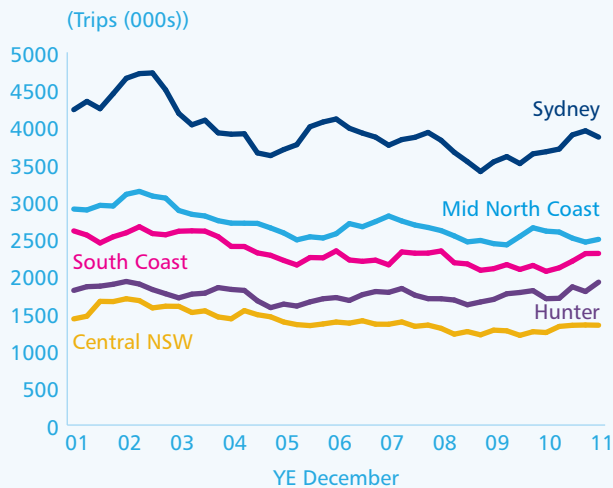
Intrastate

Intrastate demand for overnight travel within NSW has experienced a slight recovery since late 2009 (BDA 2012). Despite the decline in the total number of intrastate trips since a peak in 2002, total expenditure has seen some growth, with the exception of a brief decline during the GFC in 2008 (BDA 2012).

It is vital to maximise the appeal of NSW for intrastate visits as an effective alternative to international outbound travel, which results in a leakage of overnight visitor expenditure from the NSW economy.

Graphic B1.9: Intrastate Sydney and regional demand in visitor numbers

Intrastate Sydney and regional demand



BDA 2012

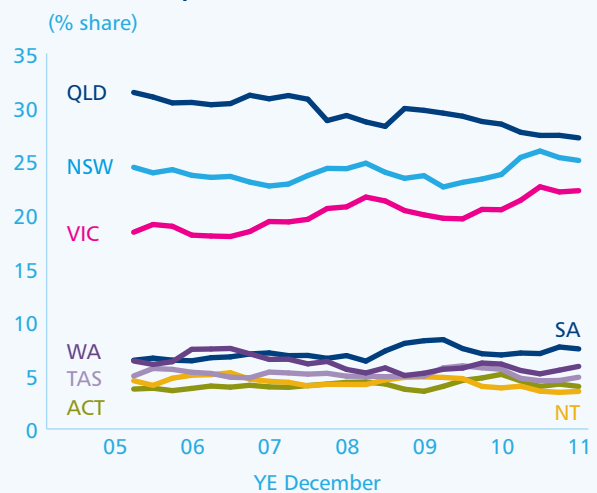
Priority should be given to the promotion of the NSW destinations that have the highest demonstrated consumer appeal to target markets.

Interstate

Although it has been able to capitalise in recent years on the fall in interstate visitors to Queensland and to remote States (BDA 2012), NSW has been progressively losing market share of interstate visitor demand (see *Graphic A1.2* in Part A). NSW holds the number two State share of interstate visitor expenditure, behind Queensland (see *Graphic B1.10*).

Graphic B1.10: NSW State share of interstate overnight visitor expenditure

NSW share of interstate overnight visitor expenditure



BDA 2012

There has been strong growth over the last three years in trips to the NSW Far North Coast by Queenslanders for the purpose of holiday and VFR (BDA 2012).

Victoria has recently overtaken Queensland, for the first time, as the primary source of interstate trips to NSW (BDA 2012).

Sydney has also experienced strong growth in visitors from Victoria and Queensland, particularly driven by business and VFR visitors (BDA 2012).

Priority should be given to the promotion of the NSW destinations that have the highest demonstrated consumer appeal to target markets.

International

The high Australian dollar and Eurozone crisis have impacted on international visitors to Australia and to NSW. There is a shift from the traditionally strong Western markets to the Eastern markets.

Whilst international visitor demand is forecast to grow, growth rates across markets are not consistent. Visitation is increasing from emerging Eastern markets (such as China and India), whilst visitation growth is lower, or declining, from the large, mature Western markets (such as the USA and Europe) and Japan.

Graphic B1.11: Top 10 international priority markets

Top 10 international priority markets

Country	Current expenditure (\$ billion)	% of current expenditure (\$19.4billion)	Market target by 2020 (\$ billion)	% of 2020 goal (\$36.6billion)
China	1.20	6.19%	4.30	11.75%
UK	0.60	3.09%	1.60	4.37%
South Korea	0.56	2.89%	1.50	4.10%
USA	0.50	2.58%	1.20	3.28%
New Zealand	0.42	2.16%	0.84	2.30%
Japan	0.30	1.55%	0.57	1.56%
Singapore	0.22	1.13%	0.50	1.37%
India	0.21	1.08%	0.50	1.37%
Malaysia	0.14	0.72%	0.38	1.04%
Germany	0.16	0.82%	0.34	0.93%
Total	4.31	22.22%	11.73	32.05%

BDA 2012

Indonesia should also be targeted as a potential priority market having regard to forecast growth.

Mature markets

The Taskforce's research has identified five priority mature markets for focussed marketing attention, with the objective of holding market share: UK, USA, New Zealand, Japan and Germany.

Priority growth markets

The research has also identified five priority growth markets for focussed marketing attention, with the objective of holding and growing market share: China, South Korea, India, Singapore and Malaysia.

NSW's international marketing effort should be focussed on these 10 priority international markets.

These 10 priority international markets deliver the best growth prospects for NSW. These contributions are shown in *Graphic B1.11* below.

NSW losing market share

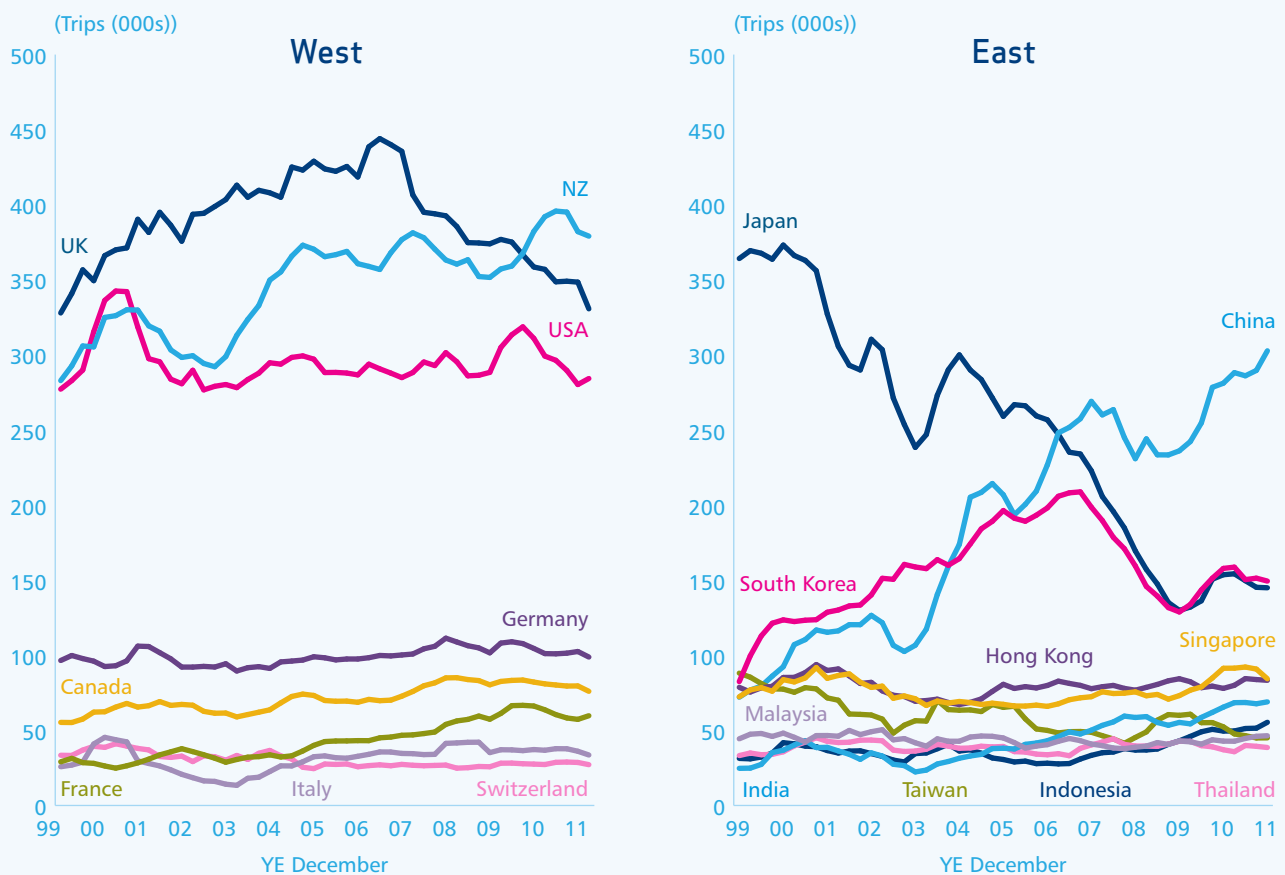
However, it should be recognised that currently, in comparison to the rest of Australia, NSW is not achieving the same growth from several of the key Eastern markets.

China market

In major international growth markets, like China, NSW is losing its national share of airline seat capacity and as a consequence has lost share of outbound China trips to Australia (BDA 2012). Recently, China has been the only market showing significant growth, passing the USA as the third largest market of inbound visitors to NSW (BDA 2012). See *Graphic B1.12* below.

Graphic B1.12: NSW source of inbound international visitors by country, 2000–11

NSW inbound visitors – origin country



BDA 2012

China currently contributes 6.19 per cent of total overnight visitor expenditure but this is expected to grow to 11.75 per cent of the 2020 goal. Destination NSW's newly developed China Strategy is the first step in taking advantage of priority growth markets. Having regard to the increased focus on this critically and strategically important market by other world and Australian destinations, it is important that Destination NSW move quickly to promulgate its China Strategy and can adequately resource that Strategy.

Malaysia market

Identifying and quickly adapting to the demand of each priority market is crucial to capturing visitation. Identifying priority markets and providing opportunities to meet the demand is critical. For example, NSW's share of arrivals is closely correlated with its inbound seat share. In 2008 NSW suffered a significant loss to Victoria in share of inbound visitors from Malaysia. This is a direct result of AirAsia X flying direct to Melbourne for the majority of its flights to Australia, along with supporting promotion. The introduction of the low cost Malaysian carrier AirAsia X flying direct to Melbourne enabled Victoria to capture a large share of the market in a short period of time.

It should be noted that Destination NSW has responded quickly since its formation by securing direct services to Sydney by AirAsia X in collaboration with Sydney Airport and Tourism Australia.

Market segments

An effective marketing strategy will require geographic targeting as well as demographic targeting which focuses on market segments and the purpose of visit. Key market segments that provide significant visitation and expenditure growth potential include:

- holidays (non-event related)
- visiting friends and relatives
- business (excluding conferences)
- leisure events
- education
- business events.

Each of these target market segments represents growth potential to help meet the 2020 expenditure target. NSW needs to focus resources on priority markets and priority market segments to maximise the return on its investment and to create the greatest possible uplift on visitation performance. In particular, priority must be given to market segments that will stay longer and have potential for wider dispersal into regional areas.

However, in recommending a stronger target market focus, the Taskforce does recognise the dynamic and fast changing environment in which Destination NSW and industry are working. It is important that Destination NSW has the operational and financial flexibility to respond to short-term, high-potential opportunities that might arise outside of these target market areas.

For the purposes of this report, references to the 'international education market segment' include formal and informal education, for example, study groups and farm and business visits for educational and training purposes, including English language training and post-graduate short courses and so on. Significant opportunities remain to do more with those education groups that are here and to attract greater numbers.

Recommendation

3 Focus all Government visitor marketing on the top target markets and market segments identified by research for NSW.

Actions

Eight actions have been identified to implement this recommendation:

General

Action 3A: Concentrate all future Destination NSW promotional effort, marketing, visitor servicing and product development solely on the top target markets identified through research: China, UK, South Korea, USA, New Zealand, Japan, Singapore, India, Malaysia, Germany and Indonesia. Identify the best market segment opportunities within or across these markets, for example, leisure, VFR, education, business.

Action 3B: Undertake regular updates of target market and segment analysis to determine how best to attract and service the highest potential yielding visitor markets in terms of spend.

Domestic

Action 3C: Promote NSW destinations that have the highest demonstrated consumer appeal and potential to grow visitor expenditure to target markets and incorporate events and festivals that are proven visitation drivers, for example, the Tamworth Country Music Festival, into the domestic target market strategy.

Action 3D: Ensure Destination NSW's marketing maximises the spend potential arising from the strong growth seen in interstate VFR and business visitation segments.

International

Action 3E: Implement and adequately resource the comprehensive China Strategy that has been developed by Destination NSW.

Action 3F: Increase and adapt Destination NSW presence in target markets as the strategy requires.

Action 3G: Further analyse the top identified target markets to develop and focus on the following market segments identified for their growth potential:

- international education
- business events
- youth and working holiday makers
- baby boomers
- other high-yield niche markets and market segments.

Action 3H: Incorporate events and festivals that are proven visitation drivers, for example, Sydney New Year's Eve, Vivid Sydney and Sydney's Chinese New Year celebration, into the international target market strategy.

DIGITAL MARKETING

Snapshot

To successfully communicate with target markets and generate increased visitation, marketing strategies must be responsive to, and make immediate use of, the developments in technology and social media that caused a massive shift in the way travellers seek and share information as well as book travel.

There is a significant need for improved search functionality on all Industry websites in order for NSW to be truly competitive.

There is also a need to better capture and convert visitor interest as evidenced by measuring the numbers of online enquiries compared to the numbers of actual visitors, and benchmarking NSW's performance compared to competitor destinations.

Background

An ever-increasing number of popular avenues for researching travel destinations and experiences are internet-based. Visitors are increasingly planning and booking trips online, either directly from the travel supplier or through an online travel agent. The modern traveller is increasingly dependent on online resources for bookings and purchases. Mobile devices and social media account for the highest growth in the uptake of online resources. Developments in technology and social media usage have generated a shift in the way travellers seek and share information when travelling across Australia.

For simple, low-risk travel there is an increasing consumer preference towards internet-based resources. Online services are increasingly prevalent in the travel market, with internet-based options for each step of a trip life cycle and modern travellers able to utilise the internet for various phases, including researching potential destinations, planning and booking their trip and, if applicable, providing online feedback on their experiences (for example, *TripAdvisor*). Factors such as accessibility, product detail, special offers, value adds, comprehensiveness, aesthetics, usability and consistency of the online presence of visitor economy businesses influence a potential visitor's final travel decision and purchase.

In 2010, eight out of ten of all Australian tourism businesses that take bookings had an online presence. However, unfortunately only four in ten tourism businesses were found to offer availability and price checking or offer instant confirmation for bookings on their websites (AU 2010).

There is a critical need for visitor economy businesses to improve their capability in the online environment if the required numbers of visitors are to be attracted to destinations and experiences within NSW.

This is especially relevant for targeting the Chinese market. In China, there were an estimated 457 million internet users in 2010. This represents an increase of about 19 per cent from 2009 levels. About 66 per cent of these users access the internet using a web-enabled mobile device. Ctrip.com, a company based in China, has developed a version of its service which is compatible on mobile devices. This service – m.ctrip.com – facilitates the booking of flights and hotels across China (Burson Marsteller, 2011).

Presently, potential visitors can source information regarding travel to NSW through primary online methods:

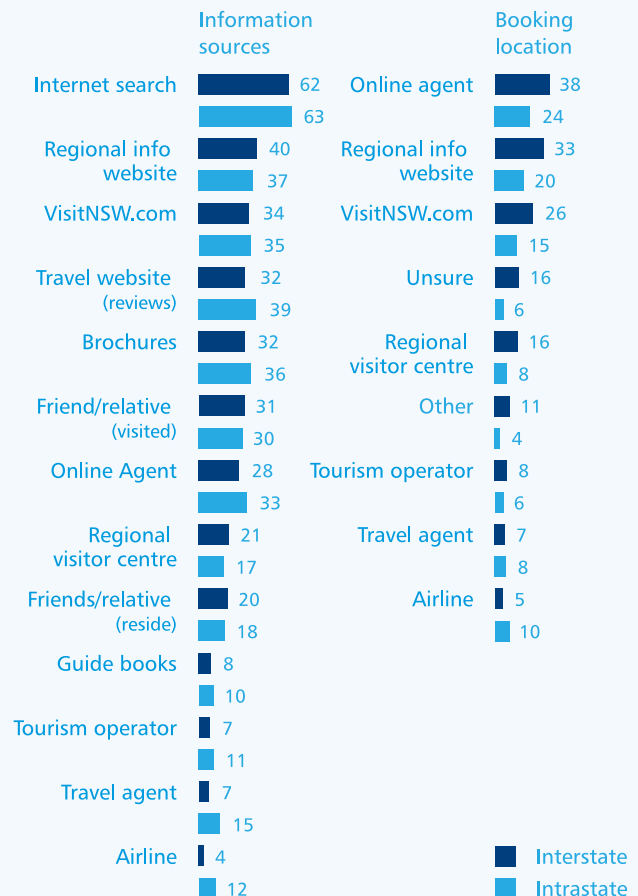
- general internet searches
- regional information websites
- *VisitNSW.com*
- private travel websites (including online travel agents).

Graphic B1.13 demonstrates that these online methods are the most prevalent sources of both information and booking services for domestic travellers to, and within, NSW.

Graphic B1.13 Planning and booking travel to NSW .

Planning and booking travel to NSW

(% of respondents) – interstate and intrastate visitors



BDA 2012

The rapid growth of social media in recent years provides an opportunity to use new media to connect with potential, existing and recent visitors. Social media also provides an opportunity for visitors to participate directly in the promotion and marketing of a destination, which can have major positive impact for the promotion of a destination, through online means such as Twitter, Facebook and China's Weibo.

It is important that businesses in the NSW visitor economy are tech-ready to capitalise on the opportunities presented by the digital economy. As the China case study demonstrates, competitor markets are already using digital media to their advantage.

Priority issues

Several priorities have been identified to improve communication with target markets:

- **digital marketing for all promotional activity:** shifting marketing resources to increased use of digital marketing for all promotional activity will have greater impact
- **capitalising on social media:** NSW destinations need to become more sophisticated in how they engage with social media
- **digital media leadership:** NSW has an opportunity to become a leader in technological innovation in the visitor economy context
- **innovating with industry:** effective partnerships with the IT industry can help drive cutting-edge innovation.

Digital marketing for all promotional activity

Recent years have witnessed a major global uptake of digital and social media platforms through a wider range of devices including smartphones and tablets. For predominantly online consumers, the proliferation of web-based technology has created competition for traditional information and booking services, such as visitor information centres, travel agents and in-person booking services. Expanding the use of digital marketing and developing capabilities in emerging technologies is imperative in meeting the demands of the next generation of visitors.

One of the great advantages of online technology is its global accessibility. In the online world, Australian destinations are not constrained by geographical isolation. A well-implemented digital profiling and marketing framework has the potential to massively increase exposure in key emerging markets, such as China.

Digital media is rapidly reshaping travel purchasing in NSW, as elsewhere. Despite the lack of online bookings capability amongst many Australian businesses in the visitor economy, the use of internet-related information and bookings has grown considerably in recent years. This growth, for both international and domestic visitors, is demonstrated in *Graphic B1.14* below.

Graphic B1.14: Internet use for visitor-related information and bookings

Internet use for visitor-related information and bookings



TRA 2011



The successful exploitation of online media opportunities will help visitors to, and within, NSW to better access products and services. Better integration of marketing and booking systems will create valuable linkages across the visitor economy and better connections for the visitor to a broad range of services. The growth of digital media underscores the need for visitor-reliant businesses to ensure that they have an adequate digital presence.

Capitalising on social media

Social media networks have the capacity to help NSW destinations reach a very large audience. Social media is an increasing part of everyday lives. Industry and Government have the potential to better capture the opportunities presented by social media and use recognisable platforms such as Facebook, Twitter, YouTube and Weibo to communicate directly with visitors and prospective visitors.

One of the most significant opportunities presented by social media networks is when an issue, event or person generates considerable 'noise', which can generate a very large volume of interest from prospective travellers. Effective use of social media to generate a commercial outcome requires a targeted and strategic approach. Additionally, organisations, authorities and corporations can use social media to run targeted campaigns to generate interest in a particular good or service at a relatively low cost.

Social media can be a powerful tool to connect with potential visitors and reinforce brand messages delivered through traditional media, as demonstrated in the following case studies.

CASE STUDIES – CAPITALISING ON SOCIAL MEDIA

Destination NSW recently used Weibo – a Chinese version of YouTube – for an online promotion with a travel wholesaler to stimulate bookings to Sydney for the Vivid Sydney Festival. By utilising this social media promotional vehicle, more than 4,000 Chinese visitors are booked to experience Vivid Sydney 2012.

Destination NSW and the Sydney Gay and Lesbian Mardi Gras secured international pop music legend Kylie Minogue as the feature performer for the 2012 Mardi Gras. Kylie Minogue has more than 1 million followers on Twitter and as part of the event, Kylie and her followers sent numerous tweets about her great experiences in Sydney during her stay.

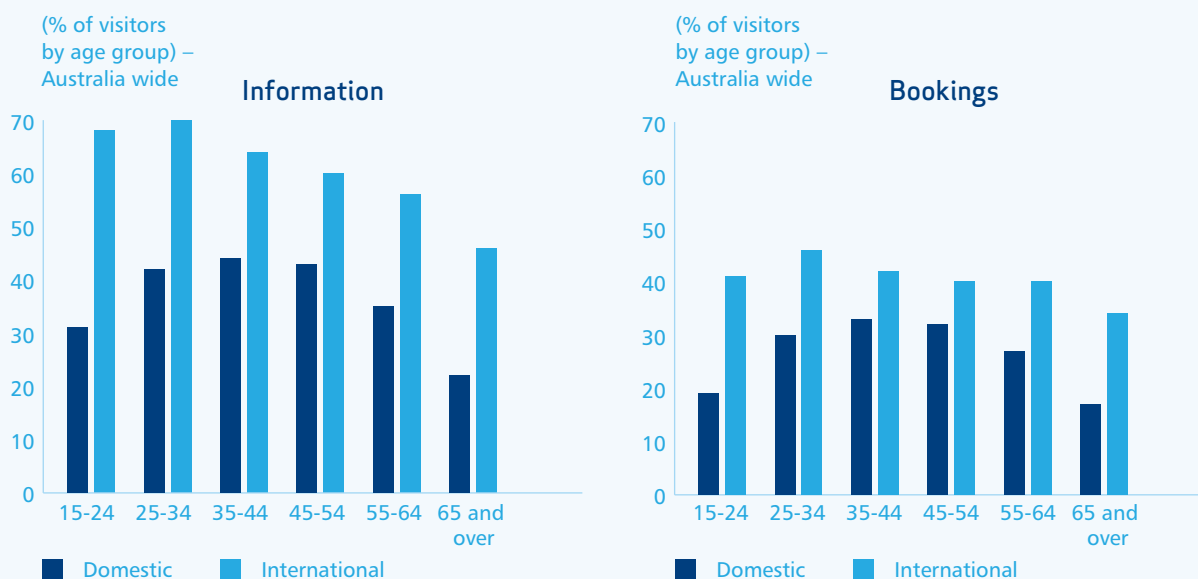
Digital media leadership

Online usage for visitor-related purposes is higher for younger international and domestic visitor age groups (TRA, 2011).

Graphic B1.15 demonstrates that, over time, as the high-usage age groups become more dominant, the proportional reliance to travellers on digital media is likely to increase.

Graphic B1.15: Internet use for visitor-related purposes (domestic and international)

Internet use for visitor-related information and bookings – 2010



TRA 2011

As visitor usage of digital marketing and social media increases over the next eight years to 2020, it is increasingly likely that competition will intensify between NSW and competitor destinations to fully capitalise on opportunities emerging in the digital age. NSW must commit to being the leader in digital marketing and social media innovation.

Analysis by BDA demonstrates that NSW is currently number two, behind Victoria, as the State perceived by non-NSW Australian residents as the most progressive in Australia (see *Graphic B1.16*).

Graphic B1.16: Perceptions of non-NSW Australian residents regarding which State is the most progressive

State association by non-residents – Most progressive State

(% of interstate population)

Which States do you associate as progressive?



BDA 2012

NSW must strive to be the most technologically advanced and progressive State in Australia, particularly in terms of the digital economy.

The NSW Government is preparing an Industry Action Plan on the Digital Economy under *NSW 2021* and support for the growth of the visitor economy needs to also feature in this plan.

Partnership with Industry

Destination NSW must forge a role as a digital marketing and social media leader and encourage greater use within the Tourism Industry. This will require strong partnerships between Destination NSW, businesses in the visitor economy and IT innovators and strategists.

Visitors need to be able to move seamlessly and easily from NSW Government websites to individual tourism business websites and other information websites and book their holiday or visit. This is a particularly competitive environment and NSW will lose visitors if it does not perform in this space.

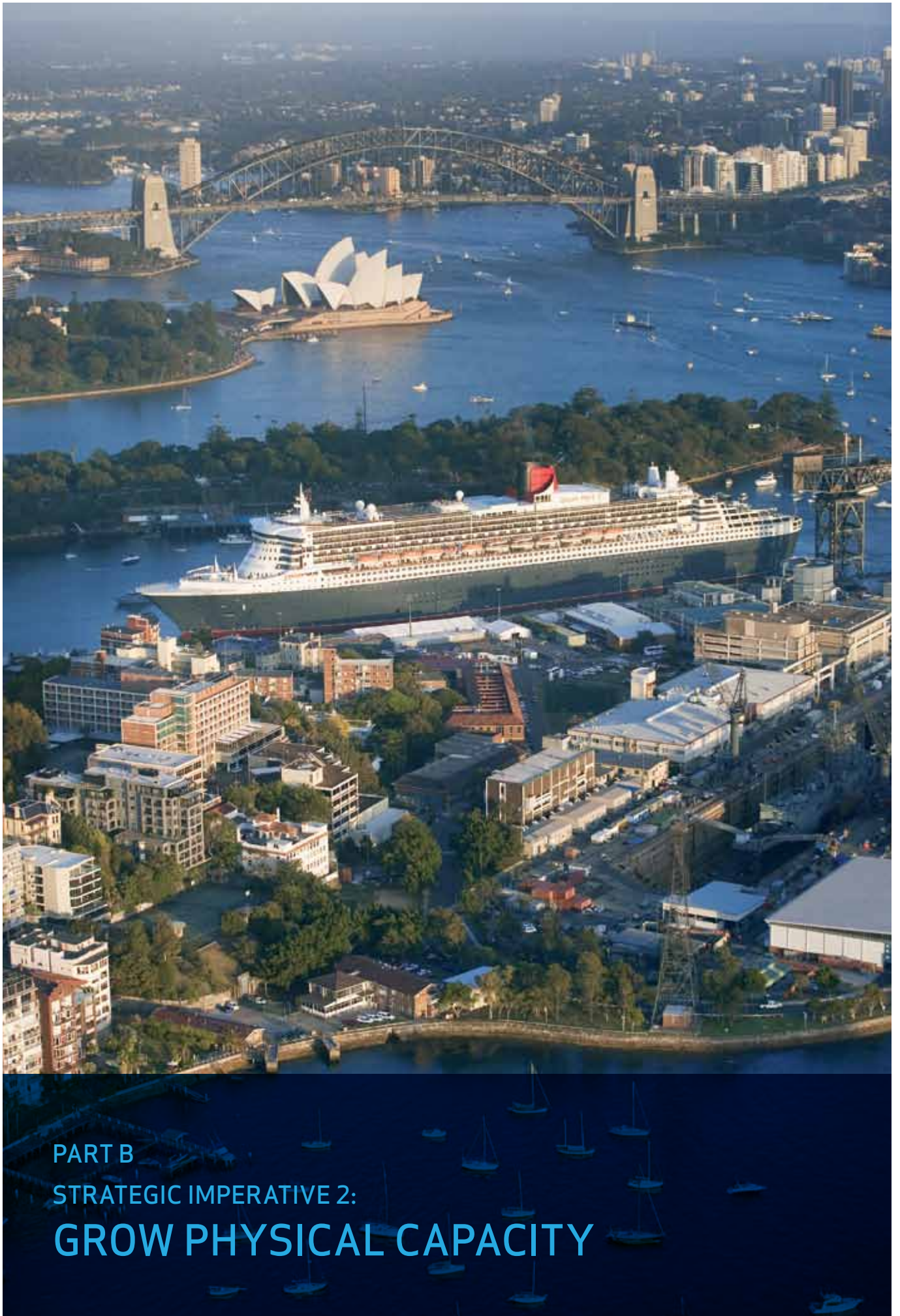
Recommendation

- 4 Focus visitor economy marketing resources on a greater use of digital marketing and promotions and improve the links between complementary digital information services.**

Actions

Five actions have been identified to implement this recommendation:

- Action 4A: Build a competitive Industry and Government digital marketing capability, harnessing:
 - online promotion/search engine optimisation
 - social media networks/videocasting/blogs
 - location and map search functions, smartphone apps, including QR code.
- Action 4B: Expand and disseminate insights from social media tracking programs that monitor the extent and nature of 'buzz/talkability' around NSW destinations and experiences by each priority market segment.
- Action 4C: Take a leadership position in the digital space with new technologies, for example, augmented reality technology.
- Action 4D: Partner with Industry to accelerate the adoption and development of new technologies and digital marketing by the Tourism Industry.
- Action 4E: Establish a new and comprehensive whole-of-state website for events and festivals, conventions and exhibitions of all types, which can be viewed and searched by week/month and event genre and linked to relevant websites.



PART B

STRATEGIC IMPERATIVE 2:

GROW PHYSICAL CAPACITY

CONTENTS

STRATEGIC IMPERATIVE 2: GROW PHYSICAL CAPACITY

INFRASTRUCTURE

Accommodation capacity

- 5 Improve regulatory environment for investment in visitor accommodation
- 6 Develop a NSW Visitor Accommodation Supply Plan

Airport capacity – Sydney Airport

- 7 Reduce artificial restrictions at Sydney Airport
- 8 Incentivise air services and new routes
- 9 Address ground transport access at Sydney Airport

Airport capacity – regional airports

- 10 Expand regional airport capacity

Cruise ship capacity

- 11 Expand cruise berth capacity in Sydney
- 12 Prepare a 10-year Cruise Development Plan
- 13 Support earliest implementation of current infrastructure enhancements

Integrated transport planning

- 14 Include visitor needs in transport planning

SKILLS AND LABOUR

Awards and conditions

- 15 Call on Commonwealth Government to review *Fair Work Act 2009*

Local skills and labour sources

- 16 Improve access to training for Australian residents

International skills and labour sources

- 17 Increase international short-term labour supply

STRATEGIC IMPERATIVE 2:

GROW PHYSICAL CAPACITY

Rationale

NSW must grow the physical capacity of its infrastructure to enable the required growth in visitor numbers to be achieved. Accommodation and air capacity are the highest priority capacity challenges which must be addressed.

INFRASTRUCTURE

Key infrastructure and capacity needs to be addressed to achieve the 2020 target include:

- accommodation capacity
- air capacity – Sydney Airport
- air capacity – regional airports
- cruise ship capacity
- integrated transport planning.

ACCOMMODATION CAPACITY

Background

Currently there is limited capacity to promote additional visitation into Sydney due to the lack of accommodation capacity. Competitor destinations, such as Melbourne, have implemented a strategy and an efficient development approval process which has ensured that accommodation capacity has stayed ahead of demand. Melbourne has also implemented a sustainable major events calendar and invested heavily in tourism marketing over many years to ensure a manageable spread of demand.

Accommodation supply includes hotel rooms, serviced apartments, caravan parks, holiday rentals and hostels.

Average annual hotel occupancy in Sydney is over 80 per cent. This means that at peak times accommodation is scarce and prices increase substantially. Furthermore, despite a post-GFC decline in 2008–09, hotel occupancy rates in Sydney have been steadily increasing since 2006.

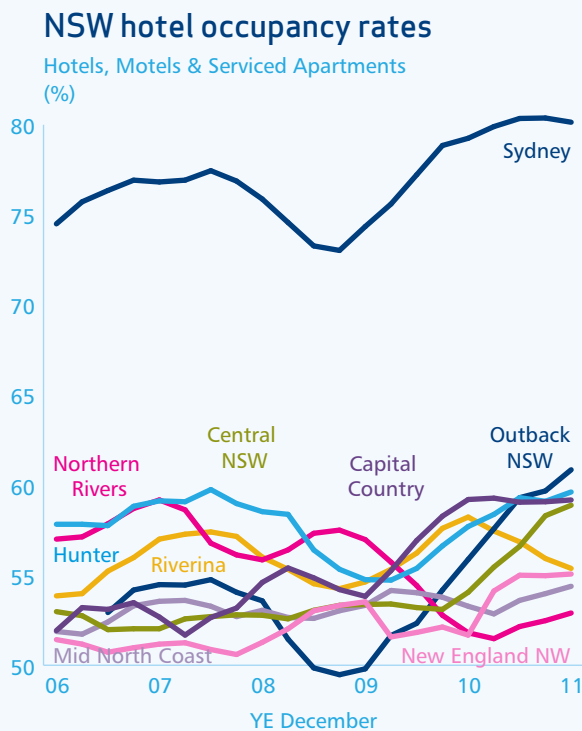
Snapshot

A doubling of the overnight visitor expenditure by 2020 will demand more visitor accommodation for Sydney's CBD and Greater Sydney. Achieving the target will also have an impact on current and future demand for accommodation in regional NSW.

A measured and effective whole-of-government approach is required to encourage a phased accommodation development, as investors require certainty regarding future development plans in order to make investment decisions over the medium to longer term.

Currently, there is limited capacity to promote additional visitation into Sydney. Competitor destinations, such as Melbourne, have implemented a strategy which has ensured that accommodation capacity has stayed ahead of demand.

Graphic B2.1: NSW hotel occupancy rates – 2006 to 2011



BDA 2012

Additionally, despite high hotel occupancy rates in most State capital cities, Sydney's occupancy rate in recent times is the highest of any capital city in Australia. See *Graphic B2.2*.

Graphic B2.2: Capital city hotel occupancy rates



BDA 2012

There is currently a shortage of short-term visitor accommodation in Sydney to accommodate the 2020 NSW visitor economy target.

Tourism Australia's 2020 Tourism Industry Potential estimates an additional 40,000 to 70,000 hotel rooms will be required in Australia to accommodate the national target of doubling overnight expenditure from \$70 billion to as high as \$140 billion in 2020.

A Tourism Accommodation Australia (TAA) report recommends hotel supply increases of between 150 to 550 rooms per annum (based on current TRA demand projections of 1.8 per cent growth annually) or 5,000 rooms in total by 2020 to allow for market expansion, capture future demand and result in a sustainable hotel sector in Sydney. TAA's report estimates Sydney could lose \$189 million in annual investment or a total of \$1.7 billion of investment by 2020 unless a balance is found between encouraging investment and growing demand. (TAA April 2012).

A 2010 study commissioned by the NSW Tourism, Investment and Planning Taskforce undertaken by Jones Lang LaSalle Hotels (JLLH) projected that accommodation supply in Sydney city and metropolitan markets would need to increase in the order of 8,900 rooms over the next ten years, from 32,916 in 2009 to 41,790 in 2020 (JLLH 2010).

Notwithstanding the significant range of the various Industry forecasts, what is evident is that a capacity shortfall exists and this capacity constraint will restrict NSW's ability to provide accommodation for the likely number of visitors necessary to double overnight visitor expenditure by 2020.

The Taskforce notes the recent positive initiatives by the NSW Government to identify potential hotel investment opportunities available for Australian or overseas interests.

Planning issues

A historical lack of long-term Government planning, alongside the challenges presented by market fundamentals, such as the low return on hotel investment compared to retail and office space, has not helped Sydney present a competitive edge in attracting investment in visitor accommodation. In particular:

- land available for hotel development, particularly in Sydney's CBD, competes with other asset class development opportunities. Land is scarce and, depending upon the economic and property cycle, alternative land uses for accommodation often provide higher immediate returns for private developers and landowners
- there has been a loss of existing hotel stock due to hotel closures and conversion to residential units
- private investors will overlook investment into new accommodation developments in favour of higher-yield property investments such as residential or commercial office development
- planning and approvals processes for hotel developments have historically encountered delays due to regulatory red tape. Investors have advised the Taskforce that it takes an average of eight years to get a major development completed in Sydney. In a competitive market, this is a disincentive for pursuing accommodation development opportunities in NSW.

Government action is required to help ensure Sydney has sufficient hotel capacity to accommodate projected growth and reach its projected targets. This will require greater Government co-operation and integration at all levels to remove unnecessary constraints on new development. Action is required to sustain existing accommodation assets, including building refurbishment/retrofitting, whilst encouraging demand-driven new accommodation development to meet NSW's rising visitor demand.

The NSW Deputy Premier recently announced that the current Property Asset Utilisation Taskforce will undertake an audit of Government property in Sydney's CBD and key tourism precincts to identify opportunities for use of Government-owned buildings and land for new or redeveloped visitor accommodation. This initiative was recommended in the Visitor Economy Taskforce's *Work-in-Progress Report* and is strongly supported.

Priority issues

Two priority issues have been identified to improve accommodation capacity in Sydney's CBD:

- **investment and regulatory framework:** there is a need to further improve the investment and regulatory framework in order to encourage private investment in accommodation facilities that will improve accommodation capacity throughout Sydney's CBD
- **visitor accommodation supply plan:** there is a need to develop a strategic NSW Visitor Accommodation Supply Plan that will assist in providing for sustainable growth in key tourism precincts. It will help ensure that achievement of the 2020 target is not inhibited by accommodation capacity issues.

Investment and regulatory framework

In addition to red tape delays, there has been a lack of planning incentives (for example making Government-owned sites available, floor space ratios) as well as financial incentives to encourage investment. With this in mind, it is critical that the NSW Government continue to further improve the investment and regulatory framework, including through the current NSW Planning Review, in order to encourage and facilitate investment in accommodation assets.

Creating an environment which incentivises accommodation development to help ensure that it offers similar financial returns to other infrastructure investment opportunities will promote greater investment in accommodation. Meanwhile, Government support at all levels to reduce regulatory red tape associated with the planning, approvals and construction phases of property development will further encourage visitor accommodation development.

A measured and effective whole-of-government approach is required to ensure a phased development of the long-term asset class that hotels represent.

NSW Visitor Accommodation Supply Plan

The necessary growth in visitor numbers to meet the 2020 target must not be constrained by a lack of accommodation options for visitors. The development of a NSW Visitor Accommodation Supply Plan is necessary to address the immediate accommodation shortage in Sydney's CBD, while ensuring that key and emerging tourism precincts contain sufficient accommodation infrastructure to attract and meet growing demand.

It is expected that the NSW Visitor Accommodation Supply Plan will provide for incremental and sustainable growth in, and rejuvenation of, accommodation supply in key tourism precincts and provide a collaborative framework to encourage and facilitate accommodation development which meets market needs.

In addition, there needs to be greater flexibility in the *Fair Work Act 2009* (see Recommendation 15) .

Recommendations

5 Provide an investment and regulatory environment for the City of Sydney and its surrounds which supports and encourages private investment in accommodation facilities, including:

- incentives for visitor accommodation development
- removal of regulatory impediments during the planning, approvals and construction phases of property development.

6 Develop a NSW Visitor Accommodation Supply Plan to:

- undertake regular accommodation supply and demand studies
- ensure that achievement of the visitation target is not constrained by a shortage of visitor accommodation in key tourism destinations across NSW
- encourage incremental and sustainable growth in, and encourage rejuvenation of, accommodation supply in key tourism destinations
- encourage and facilitate investment in new visitor accommodation that matches market needs
- provide confidence to investors and operators about the stability of their operating environment
- contribute to the NSW Government's broader infrastructure planning processes and investment incentives.

This Plan would focus on the immediate accommodation shortage in Greater Sydney and, secondly, on identified key and emerging regional tourism destinations to meet and generate demand.

Actions

Eight actions have been identified to implement these recommendations:

- Action 5A: Work with the City of Sydney on future land-use and development standards to be incorporated in the Sydney Local Environment Plan and Development Control Plan to encourage and incentivise visitor accommodation in key Sydney precincts.
- Action 6A: Establish a joint Government/Industry group to oversee development of the NSW Visitor Accommodation Supply Plan and monitor its ongoing implementation.
- Action 6B: Ensure that the current Property Asset Utilisation Taskforce completes an audit of Government property in Sydney's CBD and key tourism precincts to identify opportunities for use of Government-owned buildings and land for new or redeveloped visitor accommodation.
- Action 6C: Identify and release Crown land suitable for visitor economy purposes, including caravan/tourist parks, ecotourism, heritage, family or Aboriginal-based tourism developments, including in or adjacent to National Parks, State Forests and Reserves and other Crown lands. Ensure that sustainable development and management practices are adopted.
- Action 6D: Liaise with owners of 'eco-lodges' and similar establishments to encourage the construction of buildings utilising green technologies and sustainable management practices and incorporate these insights into the NSW Visitor Accommodation Supply Plan and Destination Management Planning process for NSW.
- Action 6E: Introduce specific incentives and remove unnecessary regulatory/approval procedures and requirements to encourage the adaptive re-use and preservation of heritage buildings.
- Action 6F: Ensure visitor accommodation targets are included in major Government-led urban renewal and strategic land use projects, such as Barangaroo and the new convention precinct.
- Action 6G: Call upon the Commonwealth Government to provide greater flexibility within the *Fair Work Act 2009* to lessen the constraints of higher penalty rates on the accommodation sector.

AIR CAPACITY – SYDNEY AIRPORT

Snapshot

NSW is losing relative market share of inbound seats from major international growth markets, for example, outbound long-haul China seats and trips.

Forecasts indicate there will need to be an increase in domestic and international air seats to NSW if the 2020 target is to be reached.

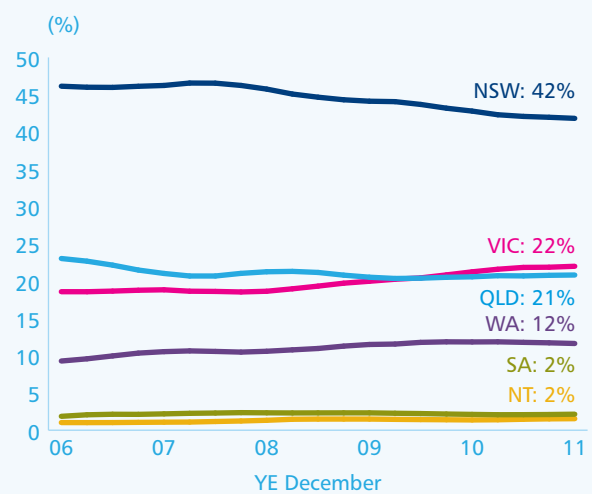
These measures are focussed on achieving the 2020 visitor economy target. The 2020 target cannot be achieved unless the artificial constraints on Sydney Airport are reduced. The Airport's ability to perform as Australia's national gateway is critical to the growth of the visitor economy and overall economic health of NSW. Improved access to regional airports near the Sydney basin is also vital to facilitate the attraction of additional airlines and routes to NSW.

Background

Whilst NSW is still Australia's leading State in terms of inbound airline seats into Australia, it has been losing market share to other States in recent years. As *Graphic B2.3* demonstrates, NSW has been losing market share to Victoria and Western Australia in particular.

Graphic B2.3: Market share of inbound seats into Australia – international visitors

NSW share of inbound seats

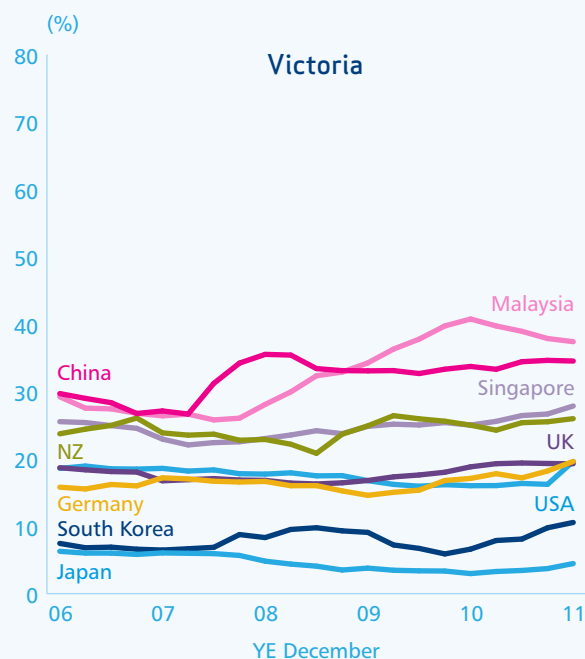
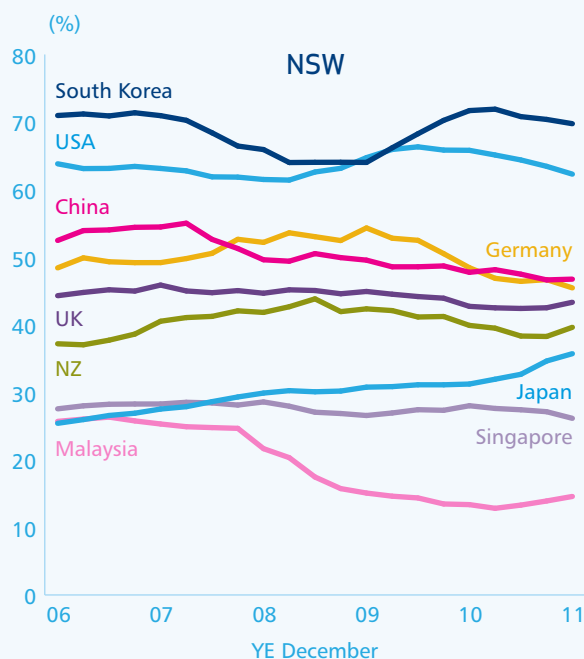


BDA 2012

The drop in NSW's inbound aviation market share is particularly evident amongst the key target markets. *Graphic B2.4* demonstrates that NSW's recent loss of market share from China and Malaysia has been primarily due to increased flights to Victoria.

Graphic B2.4: Market share of inbound seats into Australia by nationality – NSW vs Victoria

NSW share of inbound arrivals by nationality NSW vs Victoria



BDA 2012

This analysis shows that while NSW still retains the greatest market share, other States are capitalising on issues that impact NSW, such as aviation capacity.

The Taskforce also notes the recommendations contained in the report of the *Joint Study on aviation capacity in the Sydney region* (the Joint Study). As the Joint Study involved a comprehensive review by Commonwealth and State authorities and officials of the need for a second Sydney airport and the Taskforce's recommendations relate to actions within a 2020 timeframe, the Taskforce considers that this issue is outside its terms of reference.

Sydney Airport is one of the key pieces of infrastructure underpinning Sydney's competitive strength. It is the gateway airport for international visitors arriving in Australia and NSW, catering for 35 million passengers annually.

The recently published Joint Study examined long-term issues out to 2060, and found that:

"... under current constraints, Sydney (Kingsford-Smith) Airport will become unable to meet demand for new services."

Forecasts demonstrate that international visitors will account for a majority of visitor economy growth in NSW to 2020. Nearly all these international visitors will arrive by air, with the majority of direct international flights into NSW expected to arrive at Sydney Airport.

Analysis undertaken for the Taskforce indicated that achieving the 2020 visitor expenditure target translates to a 7 per cent per annum increase of inbound passengers into Sydney Airport. Sydney Airport's Master Plan currently forecasts a passenger growth rate of 5.6 per cent per annum over the period to 2020 (SACL 2009). This growth forecast will only account for 80 per cent of the growth required to meet the 2020 visitor expenditure target, which will result in a significant shortfall.

The issues of the cap on movements and the shoulder curfew were examined in detail in the Joint Study.

In essence aircraft movements at Sydney Airport are regulated by two pieces of legislation:

- the *Sydney Airport Demand Management Act 1997* (the Demand Management Act)
- the *Sydney Airport Curfew Act 1995* (the Curfew Act).

These pieces of legislation are used to regulate aircraft noise during the day and night respectively.

The *Demand Management Act* regulates the number of aircraft movements that are allowed per hour. The Act places a limit of 80 scheduled aircraft movements per regulated hour.³

³ A regulated hour is a period of 60 minutes starting either on the hour, or at 15, 30 or 45 minutes past. It is not a regulated hour if it starts during or less than 60 minutes before a curfew period.

The *Demand Management Act* established the framework within which the Slot Management Scheme was developed, and currently operates. The Slot Management Scheme provides a system for allocating permissions for gate movements at Sydney Airport.

As indicated in the Joint Study at present, on Fridays from 7.00am to 9.00am the cap of 80 movements per hour is reached, and almost reaches the cap on other mornings, and in the evening from 5.00pm to 7.00pm (JAS, 2012).

In particular, the Joint Study found that by 2020, all slots on weekday mornings between 6.00am and noon and between 4.00pm and 7.00pm will be fully allocated, so growth of passenger capacity at these times will be dependent on aircraft upgauging, that is, current aircraft being replaced by larger capacity aircraft (JAS, 2012).

The Joint Study recommended increasing the cap from 80 movements per hour to 85 movements per hour during the peak periods (JAS, 2012). The peak hours for the purposes of the Joint Study were weekdays from 6.00am to 10.00am, and 3.00pm to 8.00pm. The Taskforce has adopted these hours as the peak hours for the purposes of this Final Report and the *Visitor Economy Action Plan*.

The curfew

Regulated hours operate from 6.00am to 11.00pm. Outside of this period, aircraft movements are regulated by the *Curfew Act*, which restricts landings and take-offs during the curfew period from 11.00pm to 6.00am.

The shoulder period of the curfew is in operation from 11.00pm to midnight and from 5.00am to 6.00am. During the shoulder period, the *Curfew Act* legislates international passenger aircraft movements, including a maximum of:

- 35 landings per week, and 7 per day, between 5.00am and 6.00am
- 14 aircraft movements between 11.00pm and midnight per week, and no more than 4 on any one day.

Currently, the associated regulations, the Sydney Airport Curfew Regulations 1995, impose tighter restrictions on aircraft movements during the shoulder period than those outlined in the *Curfew Act*. The regulations prescribe that:

- no take-offs or landings are permitted between 11.00pm and midnight, sub-regulation 6(2)
- a maximum of 24 landings per week, and 5 per day are allowed between 5.00am and 6.00am, sub-regulation 7(1).

The Taskforce is not proposing any legislative changes to the 11.00pm – 6.00am curfew. The Taskforce however is proposing that the regulations governing the shoulder am curfew are amended to be aligned with the *Curfew Act* to allow more movements within the am shoulder curfew, consistent with the legislation. The Taskforce is also proposing that the hourly cap be increased to at least 90 movements during the peak period.

Aircraft coming off the production line today are significantly quieter than they were 40 years ago. Further substantial environmental benefits are expected due to the increasing use of new generation, quieter aircraft such as the Airbus A380, A320neo and Boeing's B787, 737MAX and 7478F. Qantas has taken delivery of ten of its planned twenty A380 aircraft. This represents the second-largest A380 firm order of any airline in the world. Many other airlines regularly flying to Sydney also have A380s on order, including Emirates (90), Etihad (10), China Southern (5), Korean Airlines (10), British Airways (12), Singapore Airlines (19), Thai Airways (6), Asiana Airlines (6) and Virgin Atlantic (6).

Airservices Australia has released a report showing that the A380 is between 2.3 and 6.7 decibels quieter than the B747-400 when departing Sydney Airport. Airservices Australia indicates that a 3 decibel reduction is regarded as halving an aircraft's noise energy.

Regional airline utilisation

Ongoing access for the regional airlines to Sydney Airport and the nearby CBD is vital for regional communities and also to enable transfers to flights to other interstate or overseas destinations.

The *Demand Management Act* protects direct flights between Sydney and airports within NSW with a ring-fence (the regional ring-fence). The regional ring-fence comprises a number of rules, including:

- NSW regional slots cannot be freely swapped with domestic or international flights
- NSW regional slots are limited to the level operated in 2001 during peak periods
- new NSW regional services can only be allocated between 11.00am and 3.00pm or after 8.00pm (ACA, 2011).

The evidence shows that there is a very high level of utilisation by the regional airlines of the protected regional slots. Only very few regional slots remain available on some days during peak periods (ACA, 2011).

Priority issues

Despite Sydney Airport's critical role in facilitating NSW's current visitor market share, these regulatory constraints prevent it from achieving its full potential in helping to drive growth in visitation. The Visitor Economy Taskforce consultation process has identified three priority issues which, if addressed, will improve the existing capacity of Sydney Airport:

- **regulatory restrictions:** easing the current artificial constraints on aircraft movements at Sydney Airport is necessary to facilitate the expected growth in visitor arrivals
- **whole-of-government strategy:** a whole-of-government strategy is required to improve access to priority markets and increase air services frequency, which will drive the bulk of growth up to 2020. A holistic strategy will enable greater access to NSW and selected regional areas
- **ground transport access:** urgent action is required to address the issues of ground transport access to Sydney Airport to improve the connections to the airport and surrounding precincts.

Regulatory restrictions

The artificial constraints referred to above not only impact the day-to-day operations of Sydney Airport and impede its ability to use its available capacity efficiently but also result in a significant foregone economic benefit to NSW.

Movement cap

Recent analysis by KPMG indicates that increasing the existing movement cap in the peak hours to either 85 (as recommended by the Joint Study) or 90 movements per peak period hour will significantly increase overnight visitor expenditure by \$300 million or \$600 million per year respectively.

Shoulder curfew

Further analysis by KPMG indicates that increasing the number of international landing slots available during the morning shoulder period by 11 per week (as provided for in the *Curfew Act*) will result in between \$228 million additional overnight visitor expenditure per year, (with the current aircraft mix) and \$325 million additional overnight visitor expenditure per year (with the likely future aircraft mix).

These two regulatory changes have the potential to significantly increase the level of visitation necessary to achieve the 2020 visitor expenditure target.

Whole-of-government strategy

Stronger partnerships and communication between all relevant Government Departments, agencies and private organisations are required to improve the capability, efficiency and visitor experience both within, and in accessing, Sydney Airport.

Ground transport access

Ground transport access to Sydney Airport and the surrounding precinct is hampered by limited connections, which currently require considerable redevelopment. Upgrading user access is critical to enable NSW to effectively meet increased visitor demand. Visitors increasingly require more efficient transport options to and from Sydney Airport, which demonstrates why infrastructure upgrades are of high priority, as are public transport networks which increase accessibility.

The Joint Study concluded that rail and road transport links to the airport will reach capacity by 2013 and 2015 respectively:

" ... at the current level of operations, train services to the city travelling via the airport will reach capacity by 2013 in the morning peak period ... "

" ... current roads and intersections at the entrance to the airport Domestic Terminal precinct are expected to reach a critical point as early as 2015 ... "

The Taskforce urges immediate action to ensure that ground transport capacity constraints do not prevent NSW meeting the 2020 visitor expenditure target.

Recommendations

- 7 **Call upon the Commonwealth Government to relax the current restrictions on aircraft movements at Sydney Airport to facilitate growth in visitor arrivals.**
- 8 **Develop a whole-of-government NSW aviation strategy, including incentives and marketing, to improve air services frequency and add new routes which access and service target markets. The strategy should address access into Newcastle, Canberra and Coolangatta airports as well as Sydney Airport.**
- 9 **Take urgent action to address the issue of ground transport access to Sydney Airport.**

Actions

Eight actions have been identified to implement this recommendation:

Action 7A: That the NSW Government take all possible action to have the Commonwealth Government amend the *Sydney Airport Demand Management Act 1997* so as to increase the statutory movement cap to at least 90 per hour in the peak period.

Action 7B: Call upon the Commonwealth Government to increase the am shoulder curfew movements by 11 movements per week so as to be consistent with the *Sydney Airport Curfew Act 1995*.

Action 8A: Ensure that the NSW Government's Long-Term Transport Master Plan identifies and incorporates opportunities to improve passenger movement to and from Sydney Airport.

Action 8B: Work with Sydney Airport Corporation Limited (SACL) to ensure that Sydney Airport's Master Plan has adequate provision for the expected increased growth in visitor numbers in accordance with this *Visitor Economy Action Plan*.

Action 8C: Support the introduction of a common air border between Australia and New Zealand, which would result in significant opportunities for increased international flights to regional airports, particularly Newcastle.

Action 8D: Work with Sydney, Newcastle, Canberra and Gold Coast/Coolangatta airports to develop a NSW aviation strategy.

Action 9A: Support the recommendation of the *Joint Study on Aviation Capacity in the Sydney Region* that the Commonwealth and NSW Governments, in consultation with SACL, commence work on the detailed planning required for a program of surface transport works to improve the connections to the airport and surrounding precinct, including:

- a program to upgrade roads and intersections in the locality of the airport
- improvements to rail services to and from Sydney Airport and the CBD
- a commitment by the Commonwealth and NSW Governments to invest in suitable rolling stock and train paths to increase airport rail link service capacity
- establishment of priority lane access for buses and taxis from the CBD to and from Sydney Airport
- expansion of the Sydney bus network services to and from the airport
- development and implementation of a plan to facilitate bus and mini-bus access to a centralised transit point or points at the airport terminal precincts.

Action 9B: Support the recommendation of the *Joint Study on Aviation Capacity in the Sydney Region* that the NSW Government consult with the Commonwealth Government and SACL to develop and implement a strategy for increasing the patronage of the airport rail system, which includes improving the visitor experience, for example, by providing easier baggage storage, porter services and access to luggage trolleys.

AIRPORT CAPACITY – REGIONAL AIRPORTS

Snapshot

Newcastle, Canberra and Gold Coast/Coolangatta present opportunities to grow NSW's airport capacity and air access opportunities into NSW for visitors. Newcastle presents a particularly significant opportunity, not only to increase regional access, but to also complement Sydney Airport's capacity – both domestically and internationally. However, current hourly movement restrictions at Newcastle need to be more flexible over a 24-hour period.

There also is a need to develop and agree on policy and planning approaches to prevent inappropriate development within flight corridors which restricts opportunities for airport development and expansion, particularly at Canberra Airport.

Greater use of regional aviation provides an opportunity to increase visits to rural and regional NSW. At present, only 9 per cent of all passenger movements at NSW airports occur outside Sydney Airport. Increasing the passenger movement capacity and capability of regional airports can help grow the visitor economy and ensure that NSW enhances its competitiveness in comparison to other States. At present other geographically large States, in particular Queensland and Western Australia, have better-developed regional aviation infrastructure, particularly in light of fly-in, fly-out (FIFO) worker arrangements within the resource sector.

Priority issues

The Taskforce has identified the following priority issues for regional aviation in NSW:

- **enhancing the utilisation of Newcastle Airport:** it is critical that this airport with close proximity to Greater Sydney assists in easing NSW's aviation capacity issues and provides greater access to the Hunter and the Mid North and Central Coasts
- **increasing the number of seats in the air:** encouraging the use of larger aircraft by regional airlines will increase the potential numbers of visitors to and from regional NSW
- **enhancing the usability of other regional airports:** better use should be made of Canberra and Gold Coast/Coolangatta airports to increase visitor access to regional NSW.

Enhance the use of Newcastle Airport

Increased air capacity near the Sydney basin will be vital in ensuring that NSW can meet the growing demand for international access to Australia's premier aviation hub. Increased capacity at RAAF Williamstown (Newcastle) Airport has the potential to match developments in other States, such as the expansion of Avalon Airport near Geelong, Victoria.

Newcastle is a potential second gateway for international visitors into NSW, particularly if a Trans-Tasman border arrangement is introduced. By developing the infrastructure to process international arrivals, Newcastle can play a vital role in expanding international aviation capacity into NSW and the Greater Sydney region.

Newcastle Airport has experienced substantial growth in recent years. Given its relatively close proximity to Sydney, the airport offers the potential for additional growth and delivery of an increase in visitor numbers through:

- the airport's medium-term growth strategy, which sets an objective of increasing passenger movements from approximately 1.2 million passengers per annum to 2.3 million per annum by 2014
- a post-2014 strategy to increase flexibility around the permitted number of arrivals per hour.

KPMG analysis indicates that achievement of Newcastle Airport's medium-term growth strategy will deliver approximately \$149 million per annum in additional visitor expenditure.

The peak period hours at Newcastle Airport are:

- 8.00am to 10.00am
- noon to 2.00pm
- 4.00pm to 6.00pm.

Newcastle has a cap of six arrivals per hour (and an implicit six take-offs) for non-military aircraft. There is the potential to increase that cap to eight arrivals per hour in the peak periods (two additional landings and an implicit two additional take-offs), and reduce the cap by an equivalent amount in the non-peak periods (which are currently not utilised). Such an approach would see no increase in the total number of non-military aircraft slots on a daily or weekly basis.

Further analysis indicates that, in addition to the extra \$149 million per annum in overnight visitor expenditure through the medium-term growth strategy, increasing the number of peak hour slots in this manner will deliver approximately \$194 million per annum in additional visitor expenditure.

Increasing the capacity of Newcastle Airport as recommended, along with introducing international arrivals and departures processing at Newcastle Airport, has the potential to grow the NSW visitor economy and improve visitor access to Sydney and to regional areas. Importantly, enhanced access is critical to increasing visitor numbers and thus increasing expenditure throughout the visitor economy.

Increasing the number of seats in the air

Given NSW's diverse geography, other airports with proximity to Regional NSW can also play a role in growing aviation capacity. Canberra Airport is in the process of undertaking a major upgrade and, given its location near the southeast of NSW, it could play a considerable role in enhancing visitor access. Canberra Airport forecast such a role in its 2009 Master Plan:

"Canberra Airport also foreshadows a key role in meeting the needs of the Sydney basin"
(Canberra Airport Corporation, 2009)

A key advantage of better utilising Canberra Airport is its pre-existing role in servicing the needs of visitors to and from the ACT. This creates a useful base to enable increased visitation to surrounding parts of Regional NSW.

Like Canberra Airport in the ACT, the Gold Coast/Coolangatta Airport near the NSW/Queensland border currently plays a key role in servicing the aviation needs of rapidly growing southeast Queensland. This airport's strategic location, and its base load of aviation transport servicing the Gold Coast, provide an opportunity to provide easy access to visitors wishing to visit the northern regions of NSW.

NSW can increase visitor numbers by enhancing the utilisation of major NSW regional airports, such as Newcastle Airport, and supporting the development of neighbouring airport infrastructure in Canberra and Coolangatta/Gold Coast. Such enhancements can help increase visitation to the neighbouring NSW regions, and also (in the case of Newcastle Airport) help relieve the growing capacity constraints facing Sydney Airport.

Lord Howe Island

There are a number of challenges for future access to Lord Howe Island that will need be addressed. QantasLink currently operates a Dash 8–200 to service Lord Howe Island as it is the only aircraft in the Qantas fleet that can serve the Island due to the size and nature of its runway. QantasLink has advised that this aircraft, at some point in time, will need to be retired from their fleet. The current runway on the Island will not accommodate landing by the new generation Dash 8–300 aircraft – or aircraft of similar size.

Recommendation

10 Support the growth in air services to Newcastle, Gold Coast/Coolangatta and Canberra airports to accommodate larger aircraft, increased passenger movements and to cater for international arrivals and departures.

Actions

Five actions have been identified to implement this recommendation:

- Action 10A: Call upon the Commonwealth Government to agree to adjust the Slot Management System at Newcastle Airport to allow for more flexible scheduling, particularly in the am and pm peak periods.
- Action 10B: Undertake an audit with key stakeholders (including the Commonwealth Government), to assess regional airport infrastructure needs in the light of increased security requirements, increase in aircraft size and the inadequate funding available to Local Councils to expand and maintain key regional airports.
- Action 10C: Support the development and enhancement of air services into Newcastle, Canberra and Gold Coast/Coolangatta airports to facilitate increased visitation to NSW.
- Action 10D: Work with the Queensland Government to resolve cross-border regulatory anomalies that do not provide reciprocal arrangements for NSW and Queensland taxis and restrict NSW taxis from picking up airport customers in Queensland to return them to NSW.
- Action 10E: Establish a working group to identify the issues concerning future access to Lord Howe Island and make recommendations that plan for future access needs.

CRUISE SHIP CAPACITY

Snapshot

The growing popularity of the cruise industry globally requires more effective planning and management of infrastructure capacity in Sydney for it to remain a high-profile cruise destination. With double-digit growth over the past six years, Sydney and NSW will be unable to reap the economic benefits if infrastructure fails to keep up with demand, severely constraining the economic benefits from cruise passenger spending and lost provisioning opportunities for NSW primary producers and other related businesses.

There are significant lost opportunities for additional cruise ship visits (the forward bookings indicate that OPT will reach capacity in the peak season in 2013 – Hawke Review 2012), therefore limiting future growth. Industry trends, such as the construction of larger capacity ships and a better connection to the Australasia-Pacific region through the Panama Canal widening of 2014 will also support further growth in Sydney, but only if the infrastructure is in place.

Sydney Harbour is widely regarded as the focal point for international cruise ships visiting Australia. The Sydney Harbour experience is a key attraction for many overseas visitors and one that is unrivalled in Australia.

NSW remains the State that generates the largest economic activity from the cruise shipping industry. The economic contribution of the cruise ship industry to Australia has been quantified most recently in a 2012 report undertaken by Deloitte Access Economics. The report notes that Sydney has the highest proportion of base passengers⁴ of all Australian ports:

- by 2019–20, 93 per cent of passengers passing through Sydney cruise passenger terminals will be base passengers
- the total economic contribution of visitor-related port activity in NSW was \$371 million in 2010–11, and is forecast to grow to \$1.1 billion by 2019–20
- cruise-related activity generates approximately 3,350 Full Time Equivalent (FTE) workers in the NSW economy
- total passengers are forecast to reach more than 825,000 by 2019–20, a significant increase from 256,000 in 2010–11 (Deloitte Access Economics 2012).

Sydney's cruise ship industry continues to show strong performance in line with global trends. Cruise ship calls increased from 150 in 2010–11 to 214 scheduled for the current year. Ship calls for 2012–13 are forecast to be 264, a growth of 23 per cent on this year. The popularity of cruising continues to grow as does the choice of Sydney as a global destination.

The NSW Passenger Cruise Terminal Steering Committee reviewed passenger cruise terminal requirements for Sydney, and reported to the relevant NSW Ministers in January 2011 with a series of recommendations. The Committee's Part B Report analysis of forecast vessel calls to Sydney indicated strong average yearly growth to 2020 under various growth scenarios (the Part B Report estimates), as outlined in *Graphic B2.5* below.

In some quarters, there is a perception that cruise ships are mostly about taking Australians offshore. Some 50 per cent of ship calls to Sydney deliver international visitors and the other 50 per cent contain domestic outbound passengers. Careful management of Sydney's cruise ship infrastructure capacity is needed to ensure the maximum yield associated with the range of opportunities from both the inbound and outbound cruise markets.

Graphic B2.5: Forecasts of cruise ship calls to Sydney (2015-2030)

Growth scenarios	Vessel calls (year ended 30 June)					Average yearly growth			
	2010	To 2015	To 2020	To 2025	To 2030	To 2015	To 2020	To 2025	To 2030
Low growth	116	270	311	341	375	18.4%	2.9%	1.8%	1.9%
Medium case	116	278	381	466	525	19.1%	6.5%	4.1%	2.4%
High growth	116	287	444	626	773	19.8%	9.1%	7.1%	4.3%

Source: Passenger Cruise Terminal Steering Committee (2011)

⁴ There is a significant distinction between base and transit passengers. Base passengers travel on a ship based at that port, whereas transit passengers travel on a ship based at another port.

NSW is well placed to benefit from the forecast strong growth in cruise ship arrivals to Australia, as Sydney offers a visitor experience that cannot be replicated in competitor destination ports across Australia. The natural beauty of Sydney Harbour is a considerable drawcard for high-yield international visitors. With the right policy initiatives and strategic investments, NSW can secure the bulk of the growth in cruise shipping into Australia and increase economic benefits to NSW through cruise passenger spending and providedoring of cruise ships.

However, NSW cannot be complacent, as competitor destinations will seek to attract excess cruise ship activity if NSW cannot provide the capacity necessary to meet the forecast growth.

Priority issues

Sydney's cruise ship infrastructure capacity needs careful management to ensure the maximum yield possible from a range of opportunities from both the inbound and the outbound markets, including:

- direct passenger and crew spend, particularly through more retail
- longer stays in Sydney and NSW for pre- and post-cruise visitation
- cruise operator spend associated with ship operations and providedoring.

Three priority issues have been identified to improve cruise ship capacity and increase the economic benefits to NSW primary producers and businesses from provisioning cruise ships:

- **expand cruise berthing capacity:** there is a need to expand cruise berthing capacity within Sydney ports, including at Garden Island, to meet forecast growth in vessel numbers
- **economic loss from providedoring constraints:** access limitations to the Overseas Passenger Terminal also reduce the capacity for providedoring, which reduces the potential economic benefit to NSW primary producers and businesses
- **a 10-year Cruise Development Plan:** development of a 10-year Cruise Development Plan for Sydney, in consultation with Industry, will assist in addressing a number of issues relating to forecast growth, financial models for capacity building and the level of Government support for the cruise sector.

Expand cruise berthing capacity

There is potential for significant lost opportunities for additional cruise ship visits and Sydney Harbour will soon reach saturation in peak periods, therefore limiting future growth.

Operational improvements, including the building of larger capacity ships and a better connection to the Australasia-Pacific region through the Panama Canal widening in 2014 will also support future growth for Sydney. These developments will create a substantial increase in the number of large cruise ships undertaking world cruises. Sydney will continue to be a strategic location for embarkation and disembarkation for these world cruise segments. This passenger movement is an important generator of high-yield visitors in Sydney and beyond.

Current berthing arrangements in Sydney Harbour mean that larger vessels that cannot fit under the Sydney Harbour Bridge, or cannot be accommodated at the OPT, may have only limited access to Garden Island. Current scheduling constraints at the OPT also require some vessels to use Athol Bight to moor in the peak month of February. The berthing facilities at Barangaroo are scheduled to be replaced by White Bay in 2013 but access to this will be limited due to the size of ships that fit under the Sydney Harbour Bridge.

The Passenger Cruise Terminal Steering Committee has undertaken a gap analysis of several scenarios (based on medium growth estimates) to highlight the inability of the OPT to provide adequate berthing for visiting cruise ships between 2010 and 2020. That analysis, under two scenarios, was re-produced in the Hawke Review, and is set out in *Graphic B2.6* and *Graphic B2.7*.

Scenario 1 identifies the number of vessels unable to be serviced based on a two-day berth for a round-the-world segment.

Scenario 2 identifies the number of vessels unable to be serviced based on a one-day berth per vessel per day.

Graphic B2.6: OPT gap analysis scenario 1 – medium growth

Gap Analysis Scenario 1 – Medium Growth 2010 – 2030 OPT													
Vessels unable to be serviced based on two day berth for round the world segment													
	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
2010	0	0	0	0	0	0	0	0	0	0	0	0	0
2015	0	0	0	0	0	0	0	4	0	0	0	0	4
2020	0	0	0	0	0	3	5	15	0	0	0	0	23
2025	0	0	0	0	16	19	18	30	10	2	0	0	95
2030	0	0	0	5	23	28	26	40	16	6	0	0	144

Passenger Cruise Terminal Steering Committee Part B Report, 2011

Scenario 2 identifies the number of vessels unable to be serviced based on a one-day berth per vessel per day.

Graphic B2.7: OPT gap analysis scenario 2 – medium growth

Gap Analysis Scenario 2 – Medium Growth 2010 – 2030 OPT													
Vessels unable to be serviced based on one day berth per vessel per day													
	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
2010	0	0	0	0	0	0	0	0	0	0	0	0	0
2015	0	0	0	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	2	2	10	0	0	0	0	14
2025	0	0	0	0	16	18	15	24	7	2	0	0	82
2030	0	0	0	5	22	26	22	32	13	6	0	0	126

Passenger Cruise Terminal Steering Committee Part B Report, 2011

Without the assured access to adequate berthing in Sydney Harbour, including Garden Island, on a regular, scheduled basis, Sydney runs the risk of international cruise lines deciding not to schedule their ships to visit Sydney.

Cruise ships may decide to bypass Sydney in future for the following reasons:

- industry has cited poor transport and access to the OPT as having a major impact on the passenger experience in Sydney
- the passenger disembarkation process at the OPT is cumbersome, involving many processes and procedures and resulting in congestion at the embarkation point. Additionally, security arrangements are challenging and car access to the OPT is limited, which adversely impacts the flow of traffic to and from the precinct (*Passenger Cruise Terminal Steering Committee Part B Report, 2011*)
- forward bookings indicate that the Part B Report estimates have already been exceeded, and the OPT will reach capacity in the peak season of 2013 (Hawke, 2012)

- by 2015 and 2020 respectively, the Cruise Passenger Terminal Steering Committee estimated that 33 per cent and 56 per cent of cruise ships visiting Sydney will be unable to pass under the Sydney Harbour Bridge due to their height. This will necessitate adequate berthing infrastructure on the eastern side of the bridge (*Passenger Cruise Terminal Steering Committee Part B Report, 2011*).

Given these constraints and the increased demand for shipping infrastructure, there is a heightened need for improvements to cruise ship accommodation and passenger amenities.

The Cruise Passenger Terminal Steering Committee noted:

“Sydney’s existing facilities will struggle with the predicted growth of passenger numbers and vessel size”

The report also noted that:

“Sydney’s ability to compete with other cruise destinations within Australia and overseas is dependent on keeping pace with changes in the cruise market and in the infrastructure needs of the next generation of cruise ships”

These forecasts confirm that significant infrastructure enhancements are required to ensure that Sydney maintains its competitiveness as a preferred cruising destination. The Taskforce understands that Auckland Port is planning improved links between its berthing facilities and its airport to seek to capitalise on the opportunity that will arise when Sydney's cruise berthing capacity is reached.

Industry strongly supports the infrastructure enhancements already committed by the Government, including those relating to the White Bay terminal development, the OPT Master Plan and OPT mooring improvements. However, further action will be required by the NSW Government to undertake additional infrastructure improvements to improve visitor and providedore supplier access.

Garden Island

The Hawke Review recommended a continuance of only limited and ad hoc access to Garden Island.

"5.2 ... the Review concludes that current and future Navy capability requirements of Garden Island facilities are essentially incompatible with cruise ship access over the long term, except on the existing ad hoc basis."

However, the Review did add:

" ... noting that primary responsibility for provision of commercial port infrastructure in Sydney/Port Botany rests with the NSW Government, through Sydney Ports Corporation, this Review's findings and recommendations should also be considered against the outcomes of the current NSW Transport, Infrastructure and Tourism reviews, including the NSW Visitor Economy Taskforce ..."

Port Botany

Royal Caribbean Cruise Lines has indicated a desire to also use potential facilities at Port Botany to assist with the cruise infrastructure berthing requirements.

Economic loss from providedoring constraints

Economic activity from providedoring in NSW during 2010–11 was more than double that of all the other States.

The OPT is, however, capacity constrained in relation to providedoring cruise ships. Due to congestion and road access limitations, only two to four trucks can provide deliveries at any one time, where a cruise ship turnaround requires up to 30 truck-loads of provisions. Because of the difficulties associated with providedoring at the OPT, a number of vessels, which also call at Brisbane and/or Melbourne ports, are taking the opportunity to providedore at those ports instead of Sydney. This situation results in an economic loss to NSW primary producers and businesses, which would otherwise be able to provide fresh produce and supplies to visiting cruise ships.

Research commissioned by the Taskforce and undertaken by KPMG has estimated that, if the providedoring constraints at the OPT were removed, the future estimated potential additional value to NSW primary producers and businesses would be \$22 million per annum in 2015 and \$43 million per annum in 2020. See *Graphic B2.8* below.

Graphic B2.8: Future estimated potential additional value of providedoring at the OPT

Year	Total persons	Weighted average additional providedoring (%)	Weighted average cost per person (\$)	Cost per annum (\$m)
2015	291,523	55	138	22.2
2020	562,212	55	138	42.9

KPMG 2012

Immediate action should be taken to make the required road access changes and to impose the necessary vehicle parking restrictions required to allow direct providedoring vehicle access to facilitate provisioning of cruise ships at the OPT. This approach is strongly recommended for immediate implementation and any possible increase in congestion in the CBD should be monitored.

10-year Cruise Development Plan

There is a need to draft and implement a long-term, 10-year Cruise Development Plan for Sydney to address the challenges associated with accommodating forecast growth in passenger numbers and cruise ship calls. The Cruise Plan will require the development of preferred financial models for capacity building, which will help determine the most practicable and achievable level of Government support and Industry partnerships for the cruise ship sector.

Industry and Government collaboration will be essential to ensure that the Cruise Plan best targets and addresses identified needs within the cruise sector and maximises the return to NSW on infrastructure investment.

Recommendations

11 That the NSW Government fulfil its responsibility as acknowledged in the Hawke Review to expand cruise capacity within Sydney ports, including continuing the case for access to Garden Island.

12 Prepare a 10-year Cruise Development Plan, in consultation with Industry, to:

- **plan for the forecast growth in cruise ship calls and passenger numbers**
- **ensure NSW captures a larger share of the economic benefits from the growth in the cruise market, including providedoring of ships and pre- and post-cruise tours**
- **develop financial models to identify capacity needs**
- **identify the level and timing of future Government funding of cruise sector infrastructure, for example, White Bay funding commitments.**

13 Support the earliest practicable implementation of current cruise-related infrastructure enhancements, including:

- **White Bay Terminal development**
- **the OPT Master Plan**
- **OPT mooring improvements and providedoring**
- **berth scheduling at Garden Island.**

Actions

Ten actions have been identified to implement these recommendations:

Action 11A: Take all possible action, in association with the Commonwealth Government, to provide assured access on a regular, scheduled basis to Garden Island to accommodate the increasing number of large cruise ships.

Action 12A: Work with Royal Caribbean Cruise Lines, the stevedoring and cruise shipping industries to develop options for the use of Port Botany to accommodate cruise ship berthing facilities and engage with the Commonwealth Government in relation to customs and immigration passenger facilitation.

Action 12B: Assess the feasibility to accommodate additional cruise ship berthing facilities at identified locations (including options such as a dolphin buoy at Athol Bight) in order to meet increased demand.

Action 12C: Work with the cruise industry and their ground handling companies to develop a plan which will increase the number of visitor nights for pre- and post-cruise stays.

Action 12D: Destination NSW to work with the cruise industry to capitalise on opportunities to grow overnight visitor expenditure.

Action 13A: Ensure priority of berthing capacity east of the Sydney Harbour Bridge at Garden Island and the OPT is for international cruise ships to allow these visitors ready access to retail and other spending activities.

Action 13B: Re-open Jack Munday Place and move the booth in the middle of the road at the entrance to allow direct provisioning vehicle access to cruise ships via Argyle Street.

Action 13C: Further restrict vehicle parking immediately in front of the OPT during the provisioning of cruise ships.

Action 13D: Include providedore supplier and visitor needs, (including access for enhanced pick-up and set-down and passenger services) in the design and operation of the current Master Planning process for Circular Quay/The Rocks/Overseas Passenger Terminal.

Action 13E: Ensure that a visitor economy perspective is taken into account in the planning for transport and access arrangements for the new White Bay cruise facility including:

- its design to allow for multiple use of the facility for corporate and other events, conventions and exhibitions in order to maximise the return on the Government's investment
- a free shuttle bus service to the city's retail precincts for transit passengers
- that cruise industry forward projections are taken into account.

INTEGRATED TRANSPORT PLANNING

Snapshot

Effective transport planning provides opportunities for visitors and locals to experience more of Sydney and NSW. Current transport planning could better cater for visitor and resident needs and better incorporate visitor products, experiences and services.

Transport and integrated access arrangements are fundamental to a successful and well-functioning visitor economy. Efficient, easily accessible and affordable transport provides opportunities for visitors, as well as locals, to experience more of Sydney's and NSW's destinations, attractions and events. Integrated transport planning improves visitor and resident access to regions across the State and is vital in maximising the potential economic return associated with each visitor to, and within, NSW.

Ease of access enables visitors to experience more of the State within a visit, which helps increase visitor expenditure. Additionally, effective public transport within a destination or precinct, for example, Sydney, can enhance the visitor experience and maximise the appeal of the destination, leading to increased overnight visitor expenditure.

Current transport planning arrangements can be further improved to adequately cater for visitor needs, and thus increase the potential economic return from NSW's visitor experiences.

Historically, transport planning has tended to focus only on the needs of local residents and not included the needs of visitors. As a result, a number of issues across the Sydney and NSW transport networks require further development to better meet the needs of the visitor economy, such as:

- transport network information should be easier to access and understand, especially for non-English speaking visitors
- there is an opportunity to further improve the integration of Sydney tourist offerings (including key attractions, events and retail experiences) into public transport options
- there is a need to further improve the integration of public transport ticketing options and access, including greater consistency across all transport modes (train, light rail, bus, ferry).

Further improvements to the connectivity of transport networks are required to enhance the visitor experience and enhance Sydney's and NSW's position as a world-class visitor destination.

Priority issues

Two priority issues have been identified to enhance integrated transport planning in NSW, with a particular focus on impacts for the visitor economy:

- **Long-Term Transport Master Plan:** ensure that the needs of the visitor economy are prominent in the development and execution of the NSW Government's plan to develop transport in the State
- **better public transport linkage to visitor precincts:** ensure that developments to rail, light rail, bus, ferry and taxi infrastructure take into account the needs of visitors to key events and attractions, in particular major cultural, sporting and business events.

Long-Term Transport Master Plan

The needs of visitors must feature in NSW transport planning. Visitor expenditure will be constrained if visitors do not have ease of access to major event precincts and attractions within key destinations. This is particularly the case with Sydney, with its higher volume of international visitors, many of whom do not have English as a first language.

Effective transport planning can maximise the economic return from visitation to NSW. NSW transport planning should consider the needs of visitors and recognise the importance of visitor expenditure to the State's economy. This will require greater collaboration and transfer of information between Government and Industry stakeholders. For example, effective collaboration will enable event operators and service providers to better co-ordinate major event planning (e.g. joint scheduling of rail track work to avoid a clash of access to major events that have been planned for a long time), ticketing, packages and transport information. Such a planning approach will help provide a seamless and easily accessible transport system across all transport modes for visitors and residents alike.

The Long-Term Transport Master Plan process currently underway provides an important opportunity to highlight the needs of visitors in a transport planning context.

Better public transport usage

A better integrated public transport system will further enable NSW to realise the economic benefit from essential capital investment in infrastructure that has high visitor usage. This is particularly relevant to the Sydney International Convention, Exhibition and Entertainment Precinct redevelopment and upgrades of the Sydney Cricket Ground and the Royal Randwick and Rosehill Racecourses. Better linkages via light rail, bus and taxi will ensure ease of access for visitors, and enhance the potential to increase visitor expenditure.

There is the opportunity to further improve the co-ordination of public transport in relation to major event planning, with ticketing packages and transport information services.

Furthermore, the needs of visitors should also be strongly taken into account with regard to Government decisions on the future viability of new or upgraded public transport infrastructure.

The needs of visitors must also be taken into account in future developments, for example, the new Barangaroo Precinct. Effective public transport, such as a new light rail link, can help increase visitor access and usage of key precincts.

Recommendation

14 Ensure that visitor needs relating to access to visitor precincts and major event venues are understood and effectively considered in the transport planning process across a wide range of transport modes and service providers (see also Recommendation 24).

Actions

Six actions have been identified to implement this recommendation:

- Action 14A: Ensure that the NSW Government's Long-Term Transport Master Plan currently being prepared addresses visitor facilitation and access issues across all transport modes.
- Action 14B: In the context of the Long-Term Transport Master Plan, ensure that the Sydney light rail network review takes into account the role of light rail to connect major visitor precincts, including the Sydney Cricket Ground and Royal Randwick Racecourse through to the University of NSW, as well as its role in moving people for large scale events.

Action 14C: Improve coach and taxi infrastructure and access options throughout Sydney CBD, major visitor precincts, event venues and Regional NSW.

Action 14D: Review and pilot opportunities to improve the visitor experiences available through CountryLink including, for example, improved rail experiences and special event packages.

Action 14E: Ensure that forecast visitor usage is taken into account in the planning of new transport services, for example, the proposed light rail service to Barangaroo.

Action 14F: Introduce a system and calendar to ensure that transport works are not scheduled that clash with major events.

SKILLS AND LABOUR

Snapshot

Conservative estimates of current visitor economy trends show that NSW will require a significant increase in additional labour supply to meet visitor demands. To achieve this in a climate where NSW is currently facing a shortfall in the labour force, and where traditional sources of labour supply are diminishing, will be challenging.

Awards and conditions: inflexibility and labour costs under the current *Fair Work Act 2009* substantially reduce economic viability, competitiveness and the quality of the visitor experience. In order to maximise visitor economy returns and to enhance the visitor experience, it is important that a range of businesses are financially able to trade on weekends and public holidays.

Local skills and labour sources: there is a need to increase the number and skills of Australian residents in order to fill the gap in demand for labour in the visitor economy.

International skills and labour sources: there is still a gap in skills and labour that requires further supply of international short-term labour to the NSW visitor economy for short-term needs.

Background

Australia's mining boom together with an ageing population and an increasingly complex migration scheme have meant that sourcing skills and labour for the visitor economy has become increasingly difficult.

It is essential to have an adequate supply of skilled labour to service visitor needs. A poorly skilled and inadequate labour supply will jeopardise achieving the 2020 target.

Currently, the national visitor economy is experiencing extreme difficulty in attracting and retaining adequate skills and resources. Tourism Australia has estimated a shortfall of 36,000 positions nationally.

There are a range of varying estimates of the current and predicted shortfall of positions in the visitor economy in NSW. However, based on the most conservative estimates of hospitality demand, this sector would need an additional '21,589 people by 2020' (DEEWR).

As the visitor economy grows, significant skills and labour supply gaps will continue to emerge for NSW, particularly in the hospitality industry, where these gaps can directly impact on the quality of the visitor experience. In a 2011 study for the Department of Resources, Energy and Tourism (RET), Deloitte Access Economics undertook a survey of tourism employers to review the nature and severity of labour force shortages. Survey respondents reported 7 per cent underemployment in NSW. This equates to 18,200 employees before the additional demand for growth and attrition rate are accounted for (Deloitte, 2011).

The ongoing availability of a large, skilled labour force will be a critical determinant of the visitor economy's ongoing success.

Even conservative estimates of current trends indicate that NSW will not have an adequate labour supply to meet the needs of the number of visitors expected by 2020.

The visitor economy also needs to be recognised as the seven-day week industry sector it is. Visitors do not distinguish between business work days and weekend days in shaping their expectations of service. Australia's current system of awards and penalty rates is preventing many businesses in the visitor economy from operating at peak periods, including public holidays. These existing problems will not be overcome unless the system is changed completely.

Restaurants in Sydney and regional NSW are increasingly closing on Sundays because they find trading is not economically viable. The Taskforce has also been advised that some hotels are reducing the hours of room service availability.

Industry examples highlighting the impact on some Sydney hotels over the Easter holiday period follow.

SITUATION SNAPSHOT – SYDNEY HOTELS, EASTER, APRIL 2012

Tourism Accommodation Australia (NSW) surveyed its hotel members on the impacts of current penalty rates on service over the Easter period this year. Survey responses from hotels included:

The Grace Hotel. "Closed the Brasserie buffet restaurant for lunch and dinner over Easter.

The Fideli restaurant and bar, formerly the Grace's Café restaurant, is now leased out to independent operators and they closed it for lunch and dinner over the Easter period. "Hardly what is required to encourage visitors to our city!" Housekeeping room attendants are kept to a minimum over the period and on Public Holidays as many rooms are not serviced as possible to the next day to avoid paying penalty rates."

Metro Central Sydney. "Restaurant is only open for breakfast during public holidays. Substantially reduced room service hours."

Novotel Rockford Darling Harbour. "Closed The Pumphouse earlier on each night including Monday by 3 hours. Reduced casual/permanent staff hours accordingly to reduce the amount of penalty rates exposed to and replaced these with salaried staff over the whole long weekend. Reduced number of staff running the food and beverage operation at the Pumphouse. Nevertheless still incurred substantially higher payroll costs against diminishing revenue over the period."

The Bayview Boulevard. "Closed the 25th Floor restaurant for the Easter period. Biggest problem is getting casual day time staff during the weekdays as most people seeking employment realise they can work 2 days in the weekend rather than having to work 3 days during the week."

Hilton Sydney. "Reduced hours of operation for the Restaurant and Bar. Many team members are happy to work without penalty rates in order to get additional hours. They are deprived of this opportunity."

Sydney Harbour Marriott. "Restaurant closed over 4 days. "Hotels struggle to maintain the balance between expectations and cost in periods like this. This lack of service hinders repeat business and perception."

Four Seasons Hotel. "Reduced operating hours in Restaurant, Bar and Spa. It leaves the hotel with no option but to increase charges over these periods."

Hyde Park Inn. "Restaurant closed for lunch and dinner. Also ran lower front desk staff levels and serviced rooms where possible until Tuesday to help minimise costs."

Pullman Sydney Olympic Park. "Restaurant closed for lunch over Easter and bar closed during same period. Public holidays are always challenging for our industry as generally the demand is low (dependant on the time of year) and the penalty rates impact our profitability. Outlet closures are quite common on public holidays."

Radisson Blu. "Business class lounge closed and restaurant closed for lunch."

Parkroyal Darling Harbour. "Restaurant closed for dinner on the Sunday and Monday."

Holiday Inn Darling Harbour. "Restaurant closed for dinner over the public holidays. Fewer staff employed. Rooms serviced where possible."

Data from Restaurant & Caterers Association indicates that 70 per cent of retail operators will close for a public holiday in 2011–12 on which they had been open in 2010–11.

Priority issues

Three areas for priority action have been identified to address the critical skills and labour supply issues facing the visitor economy in NSW:

- **awards and conditions:** flexible working arrangements and an appropriately skilled labour force will ensure that businesses can meet the needs of increasingly sophisticated visitors and create lasting impressions through high-quality service
- **local skills and labour sources:** there is a need to increase the number of skilled Australian residents in order to fill the gap in demand for labour in the visitor economy
- **international skills and short-term sources:** international sources of labour play an important role in filling short-term gaps in Australia's labour market. Easing restrictions on the sourcing of labour internationally will assist the NSW visitor economy to meet its short-term needs.

AWARDS AND CONDITIONS

Snapshot

The inflexibility and labour costs incurred under the current *Fair Work Act 2009* substantially reduce economic viability, competitiveness and the quality of the visitor experience.

The penalty rates currently imposed by the *Fair Work Act 2009* curtail the financial viability of businesses operating in visitor economy sectors such as food, retail and accommodation. Many businesses are unable to stay open during peak periods (such as public holidays, evenings and weekends) due to the current penalty rates imposed under the *Fair Work Act 2009*, leaving demand unmet and benefit from visitor expenditure lost.

Inadequate service levels, due to insufficient staffing at peak periods, result in a failure to retain customers, but may also drive away potential future customers through negative online reviews posted on the websites used so much by visitors to inform their dining, shopping and accommodation choices.

Easing the impact of penalty rates under the *Fair Work Act 2009* will give employers the flexibility to hire staff during high-demand periods and allow NSW to fully capture the revenue potential of discretionary visitor spend.

LOCAL SKILLS AND LABOUR SOURCES

Snapshot

There is a need to increase the number and skills of Australian residents in order to fill the gap in demand for labour in the visitor economy.

A lack of post-school qualifications significantly restricts career progression and earning potential for workers in the visitor economy. This results in difficulties in sourcing and retaining staff. The uptake of Certificate II and III programs in hospitality in NSW has reduced significantly, partially as a result of the removal of incentives for traineeships in these areas by the Commonwealth Government and State Governments.

However, the Commonwealth Government's proposed HECS-style loans system for students studying Government-subsidised diplomas may contribute to a greater number of Australians seeking post-school diplomas, and increase the availability of skilled labour in the visitor economy.

NSW has Australia's largest population of Indigenous Australians. Industry initiatives to promote and expand career opportunities for Indigenous trainees in high-demand occupations are important initiatives that play a role in addressing labour shortage in the hospitality sector and for the visitor economy overall.

Vocational training for work in the visitor economy should be encouraged at the school level. Working in partnership with key educational institutions, the facilitation of school-based technical training in select areas such as hospitality may allow school leavers to enter the visitor economy workforce quickly, either on a casual or long-term basis.

INTERNATIONAL SKILLS AND LABOUR SOURCES

Snapshot

There is a need to further increase the supply of international labour to the NSW visitor economy for short-term needs.

The NSW Government has outlined that it will work with the Commonwealth Government to extend streamlined visa processing and post-study work rights to overseas students at a broader range of high-quality, low-risk education providers, including visitor economy providers. Such an initiative is likely to be effective in addressing the decreasing number of overseas students in NSW and in filling vacancies in the NSW visitor economy.

The recent Knight Review of the student visa program recommended a range of measures that may see a change in the number of overseas student visas granted. The challenge is that these measures will most likely increase the number of overseas students in the higher education sector, but not necessarily in the vocational education sector.

The review recommended that Bachelor degree graduates from Australian universities who have spent at least two academic years studying that degree in Australia and who have complied with their visa conditions should receive two years' work rights (Knight, *Review of the Student Visa Program 2011*). This criteria should be extended to include study at any tertiary institution.

Working holiday makers (WHM) also provide an invaluable source of labour in the visitor economy. However, a range of rules and restrictions on age, location and length of employment imposed on these visitors significantly limit the potential of WHM to contribute labour to the visitor economy.

Employment in tourism and hospitality in regional Australia should be included as part of the 12-month extension program for the second WH 417 visa. These arrangements should be available to a wider range of countries.

Many businesses seeking international labour sources are finding it difficult to meet local training benchmarks as required under the law and are thus unable to seek approval as sponsors of skilled migrants under the 457 visa program.

A Pacific Island guest worker pilot program has commenced in selected remote locations outside NSW. Expanding this program to include regional locations in NSW may assist in filling the labour shortage in the regional NSW visitor economy.

Although a number of qualified skilled occupations required in the visitor economy are already part of the *NSW State Migration Plan*, this list does not include occupations such as cooks and restaurant managers which are in short supply and essential for the visitor economy. In a recent strategy document, the NSW Government outlined an initiative to target health care workers, engineers and tradespersons to migrate to Regional NSW. It does not, however, mention occupations directly relevant to the visitor economy.

Recommendations

- 15. Call upon the Commonwealth Government to review the *Fair Work Act 2009* to remove those provisions for penalty rates which significantly increase labour costs and deter businesses in the visitor economy from operating at times/days of the week when the tourism and hospitality sector faces peak demand (see also Food and Wine recommendations).**
- 16. Increase the participation and enhance the skills training for Australian residents to fill the gap in demand for skilled labour in the visitor economy in NSW.**
- 17. Maximise the opportunities for an increase in the supply of international short-term labour to the NSW visitor economy to meet short-term needs.**

Actions

Eight actions have been identified to implement these recommendations:

Action 15A: Call upon the Commonwealth Government to review the *Fair Work Act 2009*, including to require an employee to work five days during the working week before being entitled to receive penalty rate wages for any subsequent shifts during the weekend.

Action 16A: Facilitate school-based and technical training in targeted visitor economy industries, for example, hospitality, in partnership with key education institutions.

Action 16B: Call upon the Commonwealth Government to increase incentives and assistance for employers to offer additional places for traineeships and apprenticeships

Action 16C: Support Industry and Government initiatives to promote and expand career opportunities for Aboriginal trainees in visitor economy occupations.

Action 16D: Support initiatives to increase the number of foreign language tour guides including:

- engage with relevant educational institutions to offer Mandarin teachers opportunities to work as tour guides
- fast-track accreditation processes for tour guides able to speak in priority target foreign languages.

Action 17A: Call upon the Commonwealth Government to change migration policies and legislation, including:

- expand the Working Holiday Makers Program by allowing working holiday makers to work more than six months in tourism and hospitality employment in order to qualify for a 12-month extension to their existing WHV 417
- expand the number of countries with which Australia has WHM visa arrangements
- extend the WHM visa program to people up to 35 years of age
- allow overseas students who complete studies at a tertiary institution in Australia to stay in Australia for up to two years
- ease the 'commitment to training' requirements needed to be met by businesses seeking approval as sponsors under the 457 visa program
- expand the Pacific Islands guest worker pilot program to include NSW regional locations.

Action 17B: Amend the *NSW State Migration Plan* to include occupations related to the visitor economy such as cooks, chefs and restaurant managers.

Action 17C: Support the Commonwealth Government's proposed HECS-style loans system for students studying Government-subsidised diplomas and advanced diplomas and call for certain loans to be specifically tailored for skills necessary to the visitor economy.



PART B
STRATEGIC IMPERATIVE 3:
RENEW AND REVITALISE DESTINATIONS

CONTENTS

STRATEGIC IMPERATIVE 3: RENEW AND REVITALISE DESTINATIONS

Destination Management Planning

- 18 Implement a Destination Management Planning system in NSW
- 19 Protect key visitor destinations and precincts from encroachment

Additional revenue to support visitor economies

- 20 Enable Local Councils to source additional rates revenue for visitor economy growth

STRATEGIC IMPERATIVE 3:

RENEW AND REVITALISE DESTINATIONS

Rationale

NSW destinations must confront and address the reality of research findings that there is currently insufficient consumer demand potential for NSW regions amongst domestic visitors and that overall international visitation growth to regional NSW is diminishing.

Renewing and revitalising destinations across NSW requires new thinking. A Destination Management Planning approach can harness the potential of the visitor economy for the whole community.

A new approach to experiences and events is needed to drive re-launches of key destinations.

DESTINATION MANAGEMENT PLANNING

Snapshot

Destination Management Planning is an important foundation for the establishment of effective experience destinations.

A Destination Management Plan focuses on the key factors of a destination's appeal and the means by which to provide focus, extension and facilitation of that appeal.

A successful Destination Management Planning system sees the development and implementation of a common approach that engages with and has the support of Industry, the community and Government at all levels.

Destination Management Plans provide certainty for investors regarding the nature and future use of key destinations and their assets and ensures the sustainability of those destinations and assets.

Some Australian States are taking action to legislate to protect their key tourism destinations and assets from encroachment from conflicting uses. South Australia and Western Australia have acted to protect the Barossa Valley and Margaret River wine districts respectively.

Background

Queensland ranks first in perceptions of preferred holiday destinations in Australia amongst Australian residents. NSW ranks second, ahead of Victoria, suggesting that some regions in NSW are dominant in Australians' holiday perceptions (BDA, 2012).

The recent comprehensive market analysis commissioned by the Taskforce, however, demonstrates that many individual destinations in NSW are struggling to state their case and 'stand out' to the visitor market.

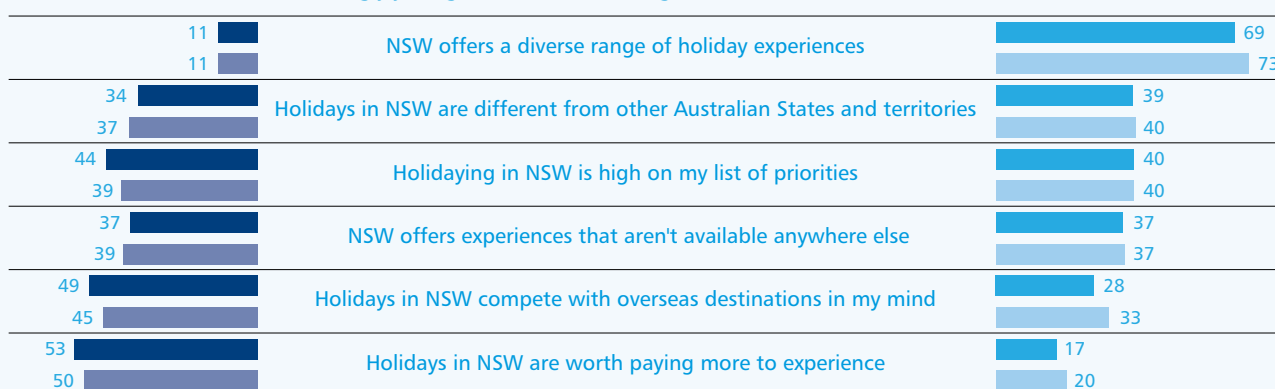
Surveys of potential interstate visitors reveal that visitors do not perceive NSW as offering unique visitor experiences. Even after being shown promotional material highlighting current attractions in NSW, interstate residents on a NSW visit did not significantly change their travel intentions. See *Graphic B3.1*.

Graphic B3.1: Intention of interstate residents to travel to NSW

Prompted NSW perceptions

(% of interstate population)

Please indicate how strongly you agree with the following statements:



Respondents were shown stimulus including information on holiday experiences available and photos.

■ Pre-Stimulus: Strongly/Somewhat disagree
■ Post-Stimulus: Strongly/Somewhat disagree

■ Pre-Stimulus: Strongly/Somewhat agree
■ Post-Stimulus: Strongly/Somewhat agree

BDA, 2012

This research demonstrates that much work needs to be done to increase the appeal of NSW destinations for interstate visitors and provides insights also relevant to the international market.

“ ... current offers (are) not enough for sustainable domestic demand growth ...” (BDA 2012)

Developing destinations requires more than designing and implementing a marketing strategy. Destination development requires a holistic approach that takes into account planning for both demand and supply needs across the destination to maximise the visitor economy potential of that destination.

Destination Management Planning is being applied successfully internationally. The case studies outline the approach in Bath, UK and Oshkosh, USA.

CASE STUDIES – BATH, UK AND OSHKOSH, USA

Bath, England is a mature visitor destination with a long tourism history and status as a World Heritage Site.

Its high levels of awareness, both nationally and internationally, mean that Bath has drawn large numbers of visitors. Visitor satisfaction levels have traditionally been high.

Tourism is vitally important to the Bath economy, generating employment, underpinning other economic sectors and supporting a more varied range of facilities than the local population alone could support. In short, Bath was doing well but could be better and standing still was not an option as the world was changing and planning for the visitor economy needed to change to suit the wider economic and social context.

Work on a Destination Management Plan for Bath and North East Somerset commenced in March 2007. Funding was provided by the Bath & North East Somerset Council, Bath Tourism Plus and South West Tourism. Even with its strengths, Bath identified weaknesses through the planning process which threatened its future viability as a tourism destination. They were:

- static and possibly contracting visitation
- over-dependence on holiday travel
- lack of accommodation capacity
- loss of ground in terms of value-for-money
- planning constraints impediments
- lack of effective destination management.

The Plan addressed the core destination management issues identified including:

- marketing and positioning
- tourism products and priorities for improvement
- the environment, public realm and supporting infrastructure
- delivery and management mechanisms.

The Local Government and Industry claim that the Plan resulted in ensuring that Bath continues as a successful leading visitor destination. It also connected the visitor economy to the wider aspirations for Bath and the surrounding areas by setting a long-term strategic direction. (B&NES Management Plan: Final Report, 2007)

Oshkosh, known for its famous annual airshow recently developed a Destination Management Plan to develop a stronger and more integrated plan for growth of its visitor economy.

This report on its outcome appeared in the Oshkosh Northwestern.

A simple recitation of all that's happening is merely the sum of the parts of outstanding entertainment, outdoors activities, world-class art and aviation. The greater whole is a sense that for the first time in a long time, all of the parts are working together in a way that Oshkosh hasn't seen in generations.

It's not merely solving the chicken-or-egg conundrum about events or hotel rooms. Certainly, the revival of the former City Center hotel is a development to shout about from the rooftops. So too is the prospect of rebuilding the city's convention trade. Equally important, the hotel's redevelopment is happening at the same time City Hall is speeding construction on the river walk system and major construction is under way on the soon-to-be interstate highway that brings the visitors to the events that fill the hotel rooms, restaurants and attractions.

Something even more significant is at work. A city with a sleek riverfront amphitheater, revamped hotel and convention center and attractively landscaped Main Street sends a message about pride, livability and delivering on the long promised promise of the community.

Streets are finally getting fixed, the riverfront's getting filled in, most of the petty local political bickering's a bad memory and the city is bullish enough about the future to build a brand-new elementary school in economically uncertain times (27 May 2012, Oshkosh Northwestern).

Destination Management Planning is an approach that involves co-ordinating industry, the community and all three levels of Government to ensure that they are involved in the planning, development and marketing of individual destinations.

The purpose of Destination Management Planning is to increase the competitiveness and sustainability of the visitor experiences available at the destination and to position it to benefit from the visitor economy on an ongoing basis. To achieve this, destination planners need to identify the *distinctiveness* of a destination – what will appeal to, and help shape the experience of current and future visitors. The planning process also audits visitor assets and facilities, transport and other infrastructure. With this in place, destination marketing can be tailored to appeal to the needs of the target markets and to provide focus on the strengths of the destination.

Destination Management Planning recognises that not all destinations are the same and will participate in the same way, or to the same extent, in the visitor economy.

Once a final Destination Management Plan is in place it can provide a blueprint for the development and enhancement of a destination. The Plan also aligns businesses, Local, State and Commonwealth Governments and other stakeholders in a destination, particularly in respect to funding and investment in visitor-related development and programs (RET, 2007).

Destination Management Plans will play a key role in renewing and revitalising destinations across NSW. They will ensure that these destinations help contribute to the growth in visitor expenditure required to meet the visitor expenditure target and benefit from it.

Priority issues

Two priority issues have been identified to improve the competitiveness and sustainability of NSW destinations:

- **Destination Management Plans:** key visitor destinations across the State need to be identified and then Destination Management Plans developed and implemented as a means of understanding product and service gaps and revitalising and intensifying the appeal of their destinations to visitors
- **protection of key visitor destinations and precincts:** key tourism destination assets should be protected against encroachment by other forms of development activity which may impact on their sustainability or appeal to visitors.

Destination Management Plans

The development of destinations in NSW that have sustainable appeal to visitors has been impeded by the absence of co-ordinated Destination Management Planning. A 'silo approach' across Government has impacted the development of destinations and, as a result, hindered innovation, investment and growth.

Without adequate destination planning, destinations cannot be as competitive in the face of generally flat demand amongst interstate visitors and a falling NSW market share in overall inbound aircraft seats from international markets (BDA, 2012).

Destinations across NSW need to better integrate plans and strategies to incorporate Commonwealth, State and Local Government input, including those of National Parks, State Reserves and heritage precincts, as all three layers of Government impact businesses within the visitor economy.

Effective Destination Management Plans provide a framework for a destination to increase its attractiveness for visitors. Individual destinations need to develop distinctive experiences that will attract visitors and then ensure the effective delivery of those experiences once the visitors arrive.

Destination Management Plans enable a destination to strategically develop the key demand and supply factors that enable the destination to capitalise upon:

- its features and attractions
- major events and festivals, in particular, arts, culture, sport and recreation activities.

An effective Destination Management Plan links experiences within a destination to the needs of target markets through strategic branding and positioning. Additionally, the Plan will also identify the strategic investment that is required to enable the destination to meet its visitor economy potential.

Enhancing destinations across NSW will require detailed strategic planning that draws on local strengths to develop and enhance visitor experiences. This process will also ensure that future funding for visitor economy improvement is as effectively utilised as possible.

Protection of key visitor destinations and precincts

Other States have taken action to protect their key tourism assets from encroachment from conflicting uses. The South Australia Government has introduced two Bills into Parliament to protect the special character of the Barossa Valley and McLaren Vale wine districts. The *Character Preservation (Barossa Valley) Bill 2012* and the *Character Preservation (McLaren Vale) Bill 2012* are currently under consideration as

well as the Barossa Valley and McLaren Vale Protection Districts Development Plan amendment to prevent inappropriate development in the two districts. The amendment has been brought into operation on a temporary basis while feedback is sought from the community and the Bills debated in Parliament. Public consultation on the amendment is due to completed June 2012. (Government of South Australia, April 2012). In February this year, the Western Australia Government rejected a proposal to develop a coal mine north-east of Margaret River.

Various forms of conflicting activity have the potential to adversely impact on tourism assets and locations. NSW planning laws should be amended to ensure that the State's significant tourism assets and destinations are protected from such future encroachment (for example, for the protection of sight lines for major tourism locations). Destination Management Plans should identify the significant tourism assets of a destination and include the requirements for protection against future encroachment.

Recommendations

18 Implement a Destination Management Planning approach for NSW's key destinations and develop uniform Destination Management Plans in identified visitor economy destinations across the State. The plans need to be developed in partnership with the Industry, the community and all three levels of Government.

19 Ensure that key tourism destinations and precincts are protected against encroachment by other forms of development activity which may impact on their sustainability or potential to contribute to the visitor economy.

Actions

Eight actions have been identified to implement these recommendations:

Action 18A: Ensure that Destination Management Plans address demand and supply, and policy and planning issues including:

- infrastructure requirements
- Tourism Industry development
- destination experience
- destination brand and positioning
- appropriate relevant target markets
- major events and festivals, arts, culture, sport and recreation activities

- the role of Crown lands, including National Parks, State Reserves, heritage precincts and National Landscapes.

Action 18B: Establish five visitor economy 'zones' across NSW to structure Destination NSW, Government and Industry engagement processes, including the facilitation of a new Destination Management Planning process:

- Greater Sydney
- Sydney Surrounds
- North Coast
- South Coast
- Inland.

Action 18C: Develop cross-border arrangements with destinations adjacent to the borders of NSW.

Action 18D: Consolidate and leverage Government resources and investment in NSW by ensuring that grants and other payments relating to the visitor economy (for example, grants for arts, recreation, events and festivals and so on) are facilitated through the Destination Management Plans of the relevant destinations.

Action 19A: Amend the relevant State planning policies and legislation to ensure the protection of significant tourism assets and values of the destination.

Action 19B: Ensure that tourism assets and values of the destination, identified in Destination Management Plans, are protected through Local Environment Plans.

Action 19C: Support the recommendation of the *Joint Study on aviation capacity in the Sydney region* that the Commonwealth and NSW Governments, in consultation with Newcastle Airport, RAAF and Councils, develop a strategy canvassing both land use and statutory protections in the areas around Newcastle Airport and its flight paths.

Action 19D: Support the recommendation of the *Joint Study on aviation capacity in the Sydney region* that the Commonwealth, ACT and NSW Governments work together to ensure that Canberra Airport is protected from encroaching noise-sensitive urban development which would be incompatible with 24-hour jet aircraft operations and could restrict the expansion of the airport over time.

ADDITIONAL REVENUE TO SUPPORT VISITOR ECONOMIES

Snapshot

The lack of a sustainable source of revenue to fund investment in critical visitor economy infrastructure and new product development for the visitor economy has prevented destinations, particularly regional destinations, from developing their full visitor economy potential. The regions' share of the statewide value of the visitor economy has consequently been declining.

There is a need to establish a sustainable revenue source to fund locally-based investments and initiatives across the visitor economy. Guidelines for approval of special rate variations should be amended so as to allow Local Councils to seek additional rate revenue which:

- is outside the current rate cap
- paid by all local businesses on a Council rates basis
- is collected, and accounted for, by Council
- is overseen by a newly created special-purpose local entity
- is invested according to agreed visitor economy guidelines that align with relevant Destination Management Plans.

This initiative removes the current 'free-rider' problem under which most businesses in a destination benefit from the visitor economy but do not contribute to the costs of development of the public infrastructure or marketing which underpins continued visitation.

Background

The regional visitor economy, including the Regional Tourism Organisation (RTO) model and the role of current Government funding programs, in particular the Regional Tourism Partnership Program, is not working effectively. The status quo will not realise the potential of regional NSW.

Throughout the Taskforce's extensive consultation, there were overwhelming and consistent views that the current funding structure was ineffective.

Revenue collected by NSW Councils from the traditional 'tourism' sector has not always been sufficient to fund local visitor needs. This locally-sourced revenue has traditionally funded marketing activities and services, such as visitor information centres and limited infrastructure improvements and events, to meet visitor needs in the local area.

Councils that place importance on the economic value delivered through attracting visitors to the local area have traditionally been required to fund tourism activities from general revenue derived from all rate payers within the Local Government Area (LGA). Council rates are subject to the general rates cap which prevents Councils raising rate revenues above the relevant cap.

Given the broad range of services funded through general revenue, a few Councils have initiated other revenue raising mechanisms – especially through ‘special rates’, which are applied to commercial properties within LGAs for specific tourism-related purposes. This has been the case, for example, in Gosford City Council.

CASE STUDY – GOSFORD CITY COUNCIL

Gosford is a popular tourist destination, with close proximity to the major population centres of Newcastle and Sydney. To help fund provision of activities contributing to business and tourism development, Gosford City Council levies two types of special rates targeted towards tourism development activities. These rates are shown in *Graphic B3.2*.

Graphic B3.2: Special rates – Gosford City Council

Type of rate	Rate applied (cents in the \$)
Business/Tourism Development Special Rate	0.00048833
Terrigal Tourism/Business Development Special Rate	0.00193841

Gosford City Council, special rates available at, accessed 18 April 2012.

The funds raised through the Business/Tourism Development Special Rate were dispersed to Central Coast Tourism and special tourism/business development projects.

Gosford City Council also applies a special rate known as the Terrigal Tourism/Business Development Special Rate, which applies to portions of the LGA.

In addition to the targeted tourism and business development activities outlined above, funds raised through these special rates may be used to facilitate the development of Business Improvement Districts (BIDs) across a Council area. In essence, a BID is a commercial area designated by a Council within which property and business owners plan a variety of activities to increase the area’s profile and vitality. Gosford’s ‘Citywide BID policy is designed to support local businesses to maintain, promote and develop their commercial districts to encourage people to spend more time and money there.’ (Gosford City Council, 2010).

BIDs have also successfully operated in a number of international locations including across the United Kingdom and Canada and there are nearly 1,000 BIDs in USA.

Need for a new revenue source for the regions

The general rates cap prevents most Local Councils from applying revenue to support the visitor economy in the manner implemented by Gosford City Council.

At present, the RTOs oversee the bulk of investment into local visitor economy activities. These organisations receive funding through membership fees and through NSW Government funding for tourism investment and promotion at a regional level.

The Taskforce believes that the current RTO model is dysfunctional and RTOs are no longer an effective conduit between Destination NSW and Industry. At present, genuine collaboration or effective strategy delivery between the NSW Government and regional areas through RTOs is limited. The current model fails to deliver adequate results and tangible benefits to the NSW visitor economy. The attempt to treat all areas equally, whether a tourism area or not, has failed. Business and organisations outside the RTO cannot access Government funds through the current Regional Tourism Partnership Program (RTPP) and the reporting of results through the RTPP has been often sporadic and of inconsistent quality. The focus has been driven by administrative boundaries rather than destinations.

Although a very small number of Councils impose special rates or source funds to contribute to visitor economy development activities, there is currently no sustainable statewide funding mechanism. This prevents regional destinations from realising their full visitor economy potential. There is a critical need for Councils to access revenue for broad investment in key local visitor economy infrastructure and product development initiatives.

Currently, the *Local Government Act 1993* allows Councils to apply to introduce a special rate variation outside the statutory rate cap, either through a ‘one-off’ percentage increase to existing rates or a multi-year increase of between two and seven years. This rate can support community service requirements, infrastructure requirements, projects of regional significance and other special or unique cost pressures. Visitor economy requirements are not specifically referenced as a purpose for which a Council may wish to seek funding through the introduction of special rates.

The Independent Pricing and Regulatory Tribunal (IPART) has responsibility for assessing and determining applications from Councils for special rate variations. The funding for visitor economy initiatives is currently not included in IPART’s guidelines for decision-making on special rate variation applications.

The previous *Local Government and Tourism Taskforce Report* recommended that the funding of tourism initiatives is an appropriate focus for a special variation application by Councils to IPART to exceed the rate peg, under the *Local Government Act 1993*.

Guidelines for approval of special variations should be amended so as to allow Local Councils to seek additional rate revenue from businesses for visitor economy infrastructure. This would:

- remove the current ‘free-rider problem’ under which many businesses in a region benefit from, but do not contribute to, development of the visitor economy
- provide local autonomy and leadership
- provide necessary funding for the development of visitor economy infrastructure or attractions which would result in increased visitation and increased visitor expenditure
- enable establishment of a special purpose local entity (representing Councils, businesses and the community) to make the decisions relating to investment of the funds in the visitor economy. This will ensure that funds are expended on initiatives which are based on practical experience and designed to assist in achieving the 2020 target.

Priority issues

Two priority issues have been identified to enhance revenue capabilities at the local visitor economy level:

- **visitor economy revenue source:** guidelines covering special rate variations to be amended and Councils encouraged to seek approval to raise additional revenue to invest in visitor economy-related programs and infrastructure
- **local leadership:** Councils to collaborate with like-minded Councils and establish special purpose local entities across a specific region to oversee the investment of additional rate revenue. These entities would work to ascertain the best use of the revenue and would involve representation from the Councils, local community and local Industry to ensure a collaborative approach is taken to the administration and expenditure of funds. These investments need to be aligned to the priority initiatives identified in the relevant Destination Management Plans.

The Taskforce commissioned KPMG to undertake a detailed analysis of this concept, specifically to inform the Plan. That analysis indicates that the estimated revenue from a sample rate of 0.14 cents per dollar applied to the unimproved capital value (UCV) of business zoned land across three sample Councils (Port Macquarie, Kempsey and Greater Taree) would raise just over \$1 million per annum in revenue. See *Graphic B3.3*.

It should be noted that business zoned land excludes industrial zoned land (see further discussion below).

Graphic B3.3: Estimated revenue from introducing special rates in selected LGAs – business zoned land only

Scenario (flat levy on business zoned land)	\$m in 2011 based on various rates
Sample rate of 0.14 cents in the dollar (14c per \$100 of rateable value)	
Port Macquarie	\$ 645,604
Kempsey	\$ 169,954
Greater Taree	\$ 217,441
Total (across three LGAs)	\$ 1,032,999

KPMG

These funds would offer a substantial opportunity to further invest in the development of the necessary infrastructure and visitor services to provide sustainable support for the growth of the destination. The increased visitor expenditure in the area as a result of these improvements would benefit all of the businesses across the three Councils.

As an example, if the additional rate was 0.14 cents per dollar of UCV of commercial properties as estimated earlier, an estimate has been prepared of the amount of the potential, additional revenue visitor economy which would be paid by typical sized businesses. The estimated cost for sample businesses under this amount is set out in *Graphic B3.4*.

Graphic B3.4: Cost for businesses at 0.14 cents per dollar of rateable value

Business type	Port Macquarie per annum		Kempsey per annum		Greater Taree per annum	
	Inner LGA	Outer LGA	Inner LGA	Outer LGA	Inner LGA	Outer LGA
151 square metres (e.g. café)	\$442	\$127	\$171	\$ 52	\$101	\$55
1000 square metres (e.g. motel or supermarket)	\$2,924	\$843	\$1,135	\$345	\$668	\$365

KPMG. *Land data for Greater Taree is based on July 2010 valuation.

Special purpose entities

A key element of the new revenue mechanism is the establishment of a separate special purpose entity to oversee the allocation and expenditure of the additional revenue. The entity will make expenditure decisions in accordance with the relevant Destination Management Plan and with visitor economy guidelines developed by the NSW Government through Destination NSW and Local Government with input from Industry.

To ensure that the entity is representative of local visitor economy needs, these special purpose entities will include representation from Councils, the community and local visitor economy interests, including local Industry such as tourism operators.

Local visitor economy leadership

The new self-managing special purpose entities would have the following features:

- have an ownership structure open to Local Government, Industry and community representatives
- have a board comprising of stakeholders including representation from the participating Councils, Industry (which could be industry organisations) and the local community
- acquit the expenditure of the additional funds which will require that funds are only expended for purposes which will assist in meeting the 2020 overnight visitor expenditure target and that are consistent with the relevant Destination Management Plan
- be required to operate within the boundaries of one or more LGAs, (as the funds will be raised by the relevant Council(s) as a special rate on the UCV of business zoned land)

- be subject to full transparency, accountability, probity requirements and annual audit on all financial processes, practices and delegations and the expenditure of all funds
- be required to provide an annual report to Government and to the participating Councils and other shareholders
- be subject to such other establishment, compliance and reporting obligations as the Government may require.

Transitional arrangements

A transition period is necessary to allow for planning and implementation of the new arrangements, including the:

- development of a statewide Destination Management Planning system, including Government and stakeholder engagement
- change to current Destination NSW regional and Local Government level funding programs to align to the new destination planning system.

The Taskforce considers a maximum of 12 months is an appropriate time period to allow for transition planning, during which current arrangements would continue.

A diagram on the special purpose entity is at Appendix B.

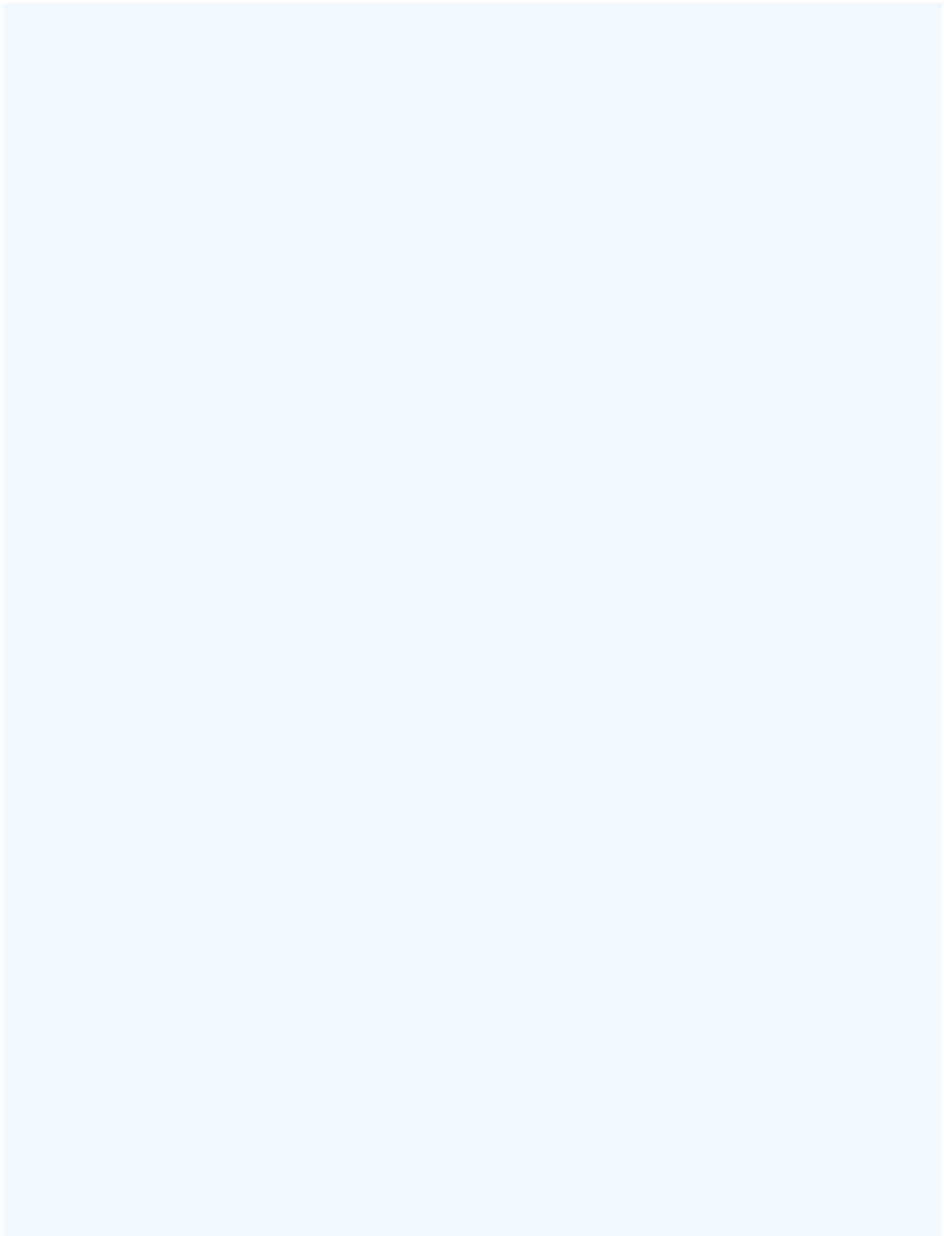
Recommendation

20 That the guidelines governing the consideration by IPART for approval to a special rate variation, above the rate cap and applied to businesses, be amended to include expenditure in relation to the visitor economy. The additional rate revenue should be outside the current rate cap and would be collected and accounted for by Councils. The expenditure of these funds would be overseen and administrated by special purpose entities. The funds should be spent in accordance with relevant Destination Management Plans on those critical visitor economy initiatives necessary to achieve the 2020 target.

Actions

Three actions have been identified to implement these recommendations:

- Action 20A: Develop a comprehensive policy, including approved types of expenditure, so as to amend guidelines governing special rate variation applications and encourage Councils to apply.
- Action 20B: Allow a transition period of a maximum of 12 months to allow adjustment to the new arrangements.
- Action 20C: Ensure that the new special purpose entities are representative of visitor economy interests (for example, including representation from Chambers of Commerce, retail, local tourism operators, events and festivals, Crown lands, including National Parks management and cultural institutions).





PART B
STRATEGIC IMPERATIVE 4:
IMPROVE THE VISITOR EXPERIENCE

CONTENTS

STRATEGIC IMPERATIVE 4: IMPROVE THE VISITOR EXPERIENCE

VISITOR SERVICES

Sydney and regional visitor servicing

- 21 Co-ordinate Sydney visitor information delivery
- 22 Incorporate wayfinding and signage into policy

Customer service

- 23 Develop and implement cultural awareness programs for industry

VISITOR TRANSPORT SERVICES

Visitor transport services

- 24 Plan for visitors in transport policy
- 25 Develop cost-effective ticketing options for visitors

EXPERIENCE DEVELOPMENT

Aboriginal experience development

- 26 Increase profile of NSW's Aboriginal heritage and contemporary culture

Arts and culture experience development

- 27 Integrate arts and culture into the visitor economy

Events and festivals

- 28 Expand statewide events and festivals strategy

Nature and heritage experience development

- 29 Improve Government and Industry collaboration for management/development of nature and heritage experiences

Ongoing experience development

- 30 Develop new products and experiences

STRATEGIC IMPERATIVE 4:

IMPROVE THE VISITOR EXPERIENCE

Rationale

NSW needs to ensure that the right policies and procedures are in place to enhance the experience of visitors to the State. NSW has the capacity to provide a higher quality service to visitors than it has in the past.

The three key measures to improve the visitor experience are:

- improved visitor information and booking services
- improved visitor access and transport services
- improved experience development.

VISITOR SERVICES

Visitor services are critical in ensuring satisfied travellers and repeat visitation to help reach the 2020 expenditure target. Key issues include:

- Sydney and regional visitor services
- customer service.

Sydney and regional visitor servicing

Snapshot

Sydney's level of visitor servicing compared with other global cities needs to be improved.

The existing provision of visitor information and servicing does not take full advantage of the latest information technology. There is a need to provide greater consistency of wayfinding and increased locations for physical signage for use by visitors. Existing signage is inconsistent, inadequate and poorly co-ordinated.

NSW has a competitive advantage in the range and quality of its visitor information centre network across the State. However, as consumers shift the way they obtain information and as the cost of maintenance of visitor information centres rises, a new approach must be found.

Background

Ensuring a great visitor experience requires the availability and accessibility of timely, accurate, consistent, engaging, meaningful and relevant information. There has been a major shift in traveller preferences for seeking and sharing information. As outlined previously, this change has been driven principally by a strong uptake of technology devices and the use of social media resources.

There are three major entities currently developing and providing visitor information in Sydney. They are the City of Sydney, Destination NSW and the Sydney Harbour Foreshore Authority (SHFA). SHFA is currently going through the process of outsourcing the operation of its visitor centres to the private sector. State public transport agencies also provide a range of transport information accessed by visitors. While these organisations work together, there is a need for an overall co-ordinated approach.

A review in 2010 of visitor information services found that Sydney underperformed in all vital areas which have been benchmarked as best practice (Tourism NSW, 2010). These include:

- the need for one lead organisation to independently provide a delivery and co-ordination mechanism
- high visibility visitor information centres
- an expansive volunteer street presence to increase awareness of information and services
- consistent, officially branded and single-source collateral
- clear, intuitive wayfinding mapping and signage
- integrated ticketing and transport systems.

CASE STUDY – DIGITAL CONNECTIVITY

Multi-format, digital information, pricing and booking resources are shifting and streamlining information and service delivery. Affordable internet connections are therefore important for visitors while they are in a destination. Two examples of mechanisms by which to increase the accessibility and affordability of internet connectivity are outlined below.

SIM cards – Contiki Australia provides an international SIM card to outgoing tourists with discounted roaming rates. AirAsia provides free SIM cards for visitors to Kuala Lumpur.

Free public wi-fi – Some major cities around the world provide free wi-fi access in networks of public locations. Paris provides 400 free wi-fi hotspots from 7.00am to 11.00pm in over 260 locations. Kuala Lumpur City Hall, in collaboration with the Malaysian Communications and Multimedia Commission and Packet One Networks (M) Sdn Bhd (the converged Malaysian telecommunications, broadband and 4G service providers) provide around 1,500 free wi-fi hotspots throughout commercial districts, offices, tourist attractions, residential areas, community centres and public areas. The Hamilton Business District Committee provides free wi-fi in Beaumont Street in Newcastle, NSW.

Priority issues

Two initiatives have been identified to improve visitor servicing in NSW:

- **dedicated entity:** with Sydney the main gateway to and destination for NSW, the effective servicing of visitor needs in this destination will lead to strong customer satisfaction and positive referral. To achieve this there is a need to establish a dedicated visitor servicing entity, which covers Sydney and its surrounds, led by Destination NSW, to build strong commercial relationships with Sydney CBD visitor products and provide a single delivery and co-ordination mechanism for servicing visitors in Sydney CBD and major tourism precincts.
- **regional initiatives:** with the way visitors access information is fast changing and the opportunity exists for regional NSW to explore how the traditional visitor information centres and digital technology can encourage visitors to experience Regional NSW.

Dedicated entity

Establishing a dedicated entity will underpin the successful implementation of strategies. The provision of a single delivery and co-ordination mechanism will be critical in promoting consistent, seamless and effective information transfer.

The entity would be responsible for facilitating:

- highly visible accredited information centres in critical visitor precincts in Sydney's CBD
- 'wayfinding' information delivery supported across digital and social media platforms that are accessible and affordable
- consistent, officially branded, single-source collateral including guides, brochures and maps
- signage which is clear, intuitive and traverses linguistic barriers where possible
- information regarding public and private transport
- an increased street presence of volunteers to convey information, services and digital resources to visitors.

Recommendations

21 Establish a dedicated visitor servicing entity, led by Destination NSW, to build strong commercial relationships with Sydney CBD visitor products and provide a single delivery and co-ordination mechanism for servicing visitors in Sydney CBD.

22 Incorporate wayfinding and signage considerations for visitors to Regional NSW into relevant policies and guidelines and provide suitable facilitation to enhance the visitor experience.

Actions

Eight actions have been identified to implement these recommendations:

Action 21A: Support the new dedicated visitor servicing entity for Sydney to undertake:

- planning of an integrated and overall strategic approach to visitor servicing
- operation of a visitor information centres in key locations
- extensive volunteer meet-and-greet support and street guiding
- provision of content for effective digital and social media communications
- provision of consistent and improved information collateral, particularly maps
- provision of consistent and improved wayfinding, signage and transport information
- alignment to Destination Management Plans.

Action 21B: Negotiate free wi-fi visitor information hotspots in key city, urban and regional places frequented by visitors.

Action 21C: Provide improved access to public transport information in multiple languages, including transport timetable and general service information via the internet, smartphone apps including QR codes and purpose-designed brochures.

Action 21D: Include the role of visitor information centres and the provision of visitor information in the Destination Management Planning process.

Action 22A: Review the role, location and operation of traditional visitor information centres and explore turning the centres into 'experience' gateways that showcase a destination's key experiences and link effectively with other destinations.

Action 22B: Ensure that the responsibility for the quality of the visitor experience is a key role for Destination NSW to co-ordinate and facilitate.

Action 22C: Incentivise the development and support of digital-based visitor information that facilitates wayfinding and is supported by effective physical signage.

Action 22D: Review tourist route and other wayfinding road signage policy and guidelines in consultation with Councils and Roads and Maritime Services (RMS) to ensure the appropriate timely facilitation and enhancement of road travel and touring by visitors.

CUSTOMER SERVICE

Snapshot

In order to grow key markets, there is a need to provide better levels of service and awareness of cultural issues.

It is important that industry conducts basic training in order to ensure that the visitor economy workforce, particularly at the entry level, has a minimum competency and skill level in providing high-level customer service.

Background

In order to continually improve the visitor experience, the quality of customer services provided to visitors must be monitored and regularly enhanced. The Taskforce recognises that an integral element in raising customer service quality levels is increased awareness of the cultural requirements of visitors to NSW. It is also necessary to encourage more businesses in the NSW visitor economy to assess, and improve where necessary, the quality of visitor experience they provide.

The cultures of international visitors are often not understood by local businesses and communities, which can lead to an unfavourable visitor experience. An inability to understand visitor preferences in key areas such as dining and shopping, key areas in which there is potential to increase visitor expenditure, can have a negative impact on the NSW visitor economy through loss of future business.

Cultural awareness and language training can help to bridge the cultural divide between local businesses and international visitors. The Taskforce is of the view that this training needs to be managed carefully and co-ordinated across Government and Industry to ensure less duplication in the funding and delivery of training programs.

For example, there is currently a lot of Industry focus on China market development training and this is an area in which Industry and Government should work together. The opportunity exists to ensure that the training that is made available is professional, relevant and delivered within a well thought-out, cost-efficient strategy.

An important development in creating consistent national tourism quality standards has been the national T-QUAL accreditation framework. The T-QUAL Tick identifies tourism businesses and operators in Australia that have been endorsed as meeting the quality standards of T-QUAL accreditation. This provides a national symbol for consumers to be able to recognise quality products and services easily. Nationally, there are currently more than 13,000 business operators who are accredited under this scheme.

Recommendation

23 Develop and implement cultural awareness, customer service and quality assurance training programs at educational Institutions, including in schools, Industry and across Government.

Actions

Five actions have been identified to implement this recommendation:

Action 23A: Continue to support the development of the national T-QUAL accreditation framework.

Action 23B: Place a higher priority on supporting Industry and education and training institutions to provide cultural awareness, language and customer service training.

Action 23C: Facilitate Industry, particularly small and medium business, participation in and delivery of such training.

Action 23D: Review, consolidate and better promote access to existing Industry training packages or modules.

Action 23E: Ensure that language skills are given a priority within the training.

VISITOR TRANSPORT SERVICES

Effective and efficient visitor transport services are critical in helping to ensure a quality visitor experience.

VISITOR TRANSPORT SERVICES

Snapshot

There is a need for improved co-ordination of transport services to facilitate visitor access to major venues and attraction of high visitor demand and usage in Sydney and across NSW.

The Taskforce acknowledges the transport initiatives of the NSW Government that have commenced.

Background

Transport and access considerations are of fundamental importance to the visitor economy. Visitors need adequate transport services, including easily accessible and visitor-friendly ticketing options. If a visitor economy perspective is not incorporated into future transport planning and operational decisions, NSW's ability to double overnight visitor expenditure by 2020 will be severely constrained.

While NSW is well-positioned to maximise use of its existing transport infrastructure and service offerings – particularly through additional use of ferry, train, light rail and bus services – more work is required to further integrate these service offerings and ensure that they also cater to visitor needs. Visitor needs easily align with resident needs.

The Taskforce acknowledges the major focus of the NSW Government on transport and recent transport initiatives. The introduction of the Opal smart card, with trials scheduled for late 2012, presents great opportunities to incorporate attractions and events and encourage visitors to further explore and stay longer in NSW.

NSW is now at a stage where there is a need to develop a wider range of competitive visitor transport product offerings and to meet the needs of the growing visitor economy.

Priority issues

The following priorities need to be addressed in order to meet the 2020 target:

- **coach parking and accessibility:** better coach access needed for visitor access to key tourism precincts
- **optimise ferry services on Sydney Harbour and provide additional ferry berthing at Barangaroo and other sites**
- **the frequency and hours of operation of late-night public transport:** need to be in line with planning for the growth of the late-night visitor economy in Sydney
- **interchange facilities at Central Station** are difficult to navigate

- **taxi services should play an enhanced role in the visitor experience**
- **provision of travel concessions for international students** to assist in promoting Sydney as an attractive international student destination
- **provision of suitable rail transport to regional NSW** to improve the linkages between Sydney and regional areas, and facilitate further growth of regional visitor economies.

Coach parking and accessibility arrangements

Existing coach parking facility and accessibility arrangements throughout Sydney CBD need to be reviewed to ensure they are adequate, and address visitor needs. Some tourism precincts have limited coach facilities, creating difficulties for visitors seeking to access accommodation, key tourist sites and other visitor-related infrastructure. These experiences directly detract from Sydney being a visitor-friendly city.

Frequency and hours of operation of late-night public transport

Existing late night public transport arrangements are limited, increasing demand for already-stretched taxi resources. This is especially important to be able to efficiently move people to and from major event venues. Improvements are required to promote the Sydney City Late Night Economy and uphold Sydney's position as a global city and visitor destination of choice.

Interchange facilities at Central Station

Existing interchange facilities at Central Station are cumbersome and difficult to navigate, particularly for first-time visitors. Provision of all-weather cover and access for all transport modes, especially coach and taxi services, is important.

Taxi services

Stakeholder feedback has been that current taxi service provision and infrastructure is not meeting the needs of visitors to NSW and includes that:

- taxi ranks and taxis are difficult to access in high-demand visitor usage areas
- taxi drivers lack knowledge of key visitor attractions
- current changeover requirements result in a significant reduction in taxi services at 3.00pm and 3.00am and need to be staggered.

It is important that visitors to Sydney not only have good access to taxi services through adequate supply of taxis but also enjoy a good experience with high level customer service.

Ferries and cruise vessels

Boat travel on Sydney Harbour offers visitors an appealing and unique Sydney experience and is extremely popular with visitors. An increase in the number of visitors to Sydney provides the opportunity for Government and Industry to introduce more visitor-related ferry services. New ferry embarkation points in Sydney Harbour are needed, including new wharf facilities at Barangaroo and other sites so as to relieve berth capacity constraints at Circular Quay.

Concession travel for international students

Current policy inhibits international students accessing concession travel fares which are available to NSW students. International students wish to be treated as local students. NSW needs to remain competitive and provide as welcoming an experience as its competitors. The introduction of a transport concession would provide added attraction to undertake study in Sydney and NSW. It would also mean easier use of transport for student visitors, increase their patronage of public transport and encourage dispersal throughout Sydney, its surrounds and NSW.

Rail transport to regional NSW

There are opportunities to develop tailored rail experiences that appeal to visitors, for example, Queensland has developed luxury rail travel packages. Train travel has great appeal to some international and domestic markets and there are opportunities for Regional NSW, particularly inland Regional NSW, to develop and test some specific rail packages. These could include food and wine themed train travel and special event focussed train travel, along the lines of the successful Elvis train experience for the annual Elvis Festival in Parkes, to generate increased visitation and therefore spend to Regional NSW.

Recommendations

24 Develop a Visitor and Transport Policy to ensure that visitor needs and improved visitor service are incorporated into transport planning and service delivery.

25 Develop a cost-effective and integrated public transport ticket system which specifically meets the needs of visitors and includes major attractions and events packages that are appealing and easy to use for visitors.

Actions

Seven actions have been identified to implement these recommendations:

Action 24A: Ensure that adequate coach parking and accessibility arrangements are in place throughout the Sydney CBD and in key visitor precincts, hotels and transit areas.

Action 24B: Increase the frequency and hours of operation of late-night public transport services to support access to and from major events.

Action 24C: Optimise the potential of ferry services on Sydney Harbour and provide new destination and visitor-related products and purchase arrangements and additional ferry berthing at Barangaroo and other sites.

Action 24D: Establish an operationally efficient transport interchange facility at Central Station to facilitate seamless transfers between all transport modes and Sydney and regional services.

Action 24E: Improve the operation, efficiency and capability of taxi services through:

- improved training for taxi drivers in communication skills, particularly in liaising with visitors from non-English speaking backgrounds, and in identifying and recommending key visitor attractions and events
- reviewing the existing 3.00pm and 3.00am changeover requirements to better cater for visitors during peak periods, including the use of night licences so as to ensure such licences are being properly utilised for the purpose for which they were initially intended
- increasing the number of taxi ranks in high-demand visitor usage areas
- ensuring that all taxi drivers identify in their taxis the additional languages, other than English, in which they can converse
- reviewing the opportunity for networks sharing bookings by offloading those bookings that are not accepted within a short timeframe by taxis from the initial network
- reviewing the method of allocation of new taxi licences by giving first consideration to current taxi drivers, having regard to their seniority and driving performance.

Action 25A: Provide travel concessions for international students.

Action 25B: Review the opportunities to provide greater and more accessible rail transport into Regional NSW and improved visitor experiences.

EXPERIENCE DEVELOPMENT

To meet the 2020 expenditure target, NSW will need to ensure that it maximises and develops distinctive and appealing visitor experiences, including in the following key areas:

- Aboriginal experience development
- arts and culture experience development
- events and festivals
- nature and heritage experience development
- other distinctive experiences.

ABORIGINAL EXPERIENCE DEVELOPMENT

Snapshot

Australia's Aboriginal heritage and contemporary culture is a focus of international fascination and appeal and international visitors as well as locals want to know more.

NSW has Australia's largest population of Aboriginal people. However it has, until now, substantially underplayed the depth of the unique Aboriginal heritage and contemporary culture available in NSW. NSW needs to start telling its Aboriginal story more effectively.

There is an opportunity for Industry and Government to work with the Aboriginal community to support these efforts through joint planning and implementation.

Background

Sydney, being a significant global city, with the largest Aboriginal population in Australia, is the evident home for an internationally significant National Indigenous Cultural Centre.

Destination NSW has developed a comprehensive *Aboriginal Tourism Action Plan* with support of the Aboriginal community and it should be implemented as a matter of priority. Most States in Australia are actively pursuing the development of Indigenous tourism and the Taskforce urges the NSW Government to ensure NSW is in position to be able to promote this unique aspect of Australia and not be overtaken in this important area by other States.

There is no major festival devoted to celebrating Aboriginal culture; the Dreaming Festival moved to Queensland in 2003 because of a perceived (or perhaps real) lack of support in Sydney.

There is a need to emphasise and focus on opportunities which promote Indigenous tourism experiences and celebrate the best of Aboriginal cultural offerings throughout NSW. Our Aboriginal story is a true point of uniqueness for Australia and if NSW realises the opportunities this provides, it will be a distinct globally competitive advantage for the NSW visitor economy.

Priority issues

The following priority issues have been noted as opportunities to help raise the profile of Aboriginal experiences throughout NSW:

- **establish a National Indigenous Cultural Centre** to promote Australia's Indigenous heritage and contemporary culture
- **establish a major Indigenous festival in Sydney** to raise the profile of NSW and Australia's Indigenous culture.

A National Indigenous Cultural Centre should be established at Barangaroo. A world-class centre of this kind would be a major attraction for visitors and residents and a catalyst for encouraging visitors to pursue an Indigenous cultural experience in regional areas of NSW and Australia. A major Aboriginal cultural festival should be established in Sydney and additional festivals supported in Regional NSW.

There should be increased Aboriginal cultural representation and interpretation throughout Sydney.

Recommendation

26 Raise the profile of NSW's Aboriginal heritage and contemporary culture and further develop and sustain visitor attractions and experiences which tell the story of Indigenous Australia.

Actions

Six actions have been identified to implement this recommendation:

- Action 26A: Work with the Australian Indigenous community and the Barangaroo Delivery Authority to establish a National Indigenous Cultural Centre at Barangaroo to act as a gateway to the Australian Indigenous experience.
- Action 26B: Seek to partner with the Commonwealth Government on funding to establish a National Indigenous Cultural Centre at Barangaroo.
- Action 26C: Support the establishment of a major Indigenous cultural festival in Sydney and additional festivals in regional areas and identify potential opportunities for shared funding and promotion.
- Action 26D: Amend the management principles within the *National Parks and Wildlife Act 1974* to ensure that relevant representatives of the NSW Aboriginal community are actively encouraged to be involved in undertaking interpretation and delivery of visitor experiences in National Parks. Ensure that the relevant Destination Management Plans require this as a key performance indicator for the National Parks and Wildlife Service.

Action 26E: Increase Aboriginal cultural representation in Sydney, for example, include Aboriginal 'Welcomes to Country' into more international visitor experiences, both leisure and business, and work with stakeholders across Government, including the City of Sydney and Industry to provide increased Aboriginal interpretation within Sydney.

Action 26F: Ensure that priority is given to implementation of the Destination NSW *Aboriginal Tourism Action Plan*.

ARTS AND CULTURE EXPERIENCE DEVELOPMENT

Snapshot

Greater integration of arts and cultural attractions with other visitor experiences, together with improved arts infrastructure, will ensure that Sydney becomes and remains a competitive destination for cultural activity. The Taskforce acknowledges the NSW arts sector recognises and understands its role as part of the visitor economy. Sydney needs to ensure that it continues to build on its position as a competitive destination for major theatrical productions, performances and gallery exhibitions.

Arts and cultural experiences also have a major role in improving the appeal of regional destinations.

Background

Arts, entertainment and cultural attractions and events are drawcards for visitors and feature significantly in the experience for many visitors to NSW. Cultural visitors enjoy a wide range of arts and culture-related activities from visiting museums and galleries, attending events through to visiting particular cultural sites and locations.

There is a strong level of support in the arts community and NSW cultural institutions for cultural visitors to play an active role in increasing visitor expenditure to NSW. The arts community wishes to be included in the development and implementation of a NSW visitor economy strategy.

In 2009, 51 per cent of all international visitors to Australia attended at least one cultural attraction while in Australia (ABS 2011). The most popular destinations and activities for international and domestic cultural heritage visitors were in Sydney. Domestically, the Mid North Coast and South Coast were the most popular regional destinations for domestic overnight arts and cultural visitors with the Northern Rivers the most popular NSW destination for regional international visitors (TRA 2100).

On average, arts and cultural visitors are likely to spend more compared to other visitors. For example, the average spend by international cultural and heritage visitors was \$6,280 per trip compared to other international visitors who spent an average of \$3,832 (TRA 2011).

Priority issues

The Taskforce recognises the importance of arts and culture to the visitor economy and recognises that a number of key aspects need to be addressed to ensure the sustainable growth of cultural visitation in NSW. Three priority issues have been identified to enhance arts and cultural experiences in NSW:

- **whole-of-government approach:** with arts and culture potentially at the forefront of promoting Regional NSW
- **arts and cultural precincts:** improving return from existing NSW precincts that have a concentration of arts and cultural attractions and developing those with potential, especially in Sydney
- **infrastructure:** investing in key infrastructure to enhance visitor expenditure.

Whole-of-government approach

The Taskforce recognises the need for a whole-of-government approach when promoting arts and cultural activities and experiences. This is particularly relevant for Regional NSW with arts and cultural assets that have the potential to become major drawcards and which require a co-ordinated marketing development and promotional approach.

Arts and cultural precincts

The Sydney Opera House and its surrounds are key features of the cultural landscape of Sydney and influence on cultural visitation. The development of Barangaroo and Walsh Bay present an opportunity for reinvigorating Sydney's cultural landscape by providing facilities and better access, hospitality and night time activity that will attract increased major cultural activity that will drive significant economic benefit to Sydney and NSW more broadly.

Sydney is well-placed to develop a promenade of international significance incorporating activities linking the Art Gallery of NSW, the Botanic Gardens, the Opera House, Circular Quay, MCA Australia, The Rocks, Walsh Bay and Barangaroo.

Infrastructure

Further, Sydney as a global city is well-positioned to attract major shows and productions to launch their Australian and world premieres. This will bring significant economic value to NSW. It is estimated that a six-month run of a first-time Sydney musical production generates \$20 million in direct visitor expenditure. However, the Taskforce recognises the capacity constraint for lyric theatres in Sydney.

MAJOR MUSICAL THEATRE VENUES IN MELBOURNE AND SYDNEY

- Sydney: two venues with a total of 4,400 seats
- Melbourne: four venues with a total of 6,439 seats

Source: Planning Sydney's Cultural Facilities, March 2011

Note: This excludes the State Theatre, Melbourne and the Opera Theatre, Sydney Opera House as both venues are predominantly used for opera and ballet performances.

The 2011 report, *Planning of Sydney's Cultural Facilities*, identified that Sydney is somewhat limited in the number of lyric theatres suitable for the presentation of musical theatre and two of its three available theatres have limitations as a result of capacity, configuration, location and/or ownership management structure. Consequently, Sydney is at risk of losing cultural visitation, with a number of theatrical productions and musical premieres opening in Melbourne instead of Sydney, due to the number and configurations of Melbourne's theatres.

Recommendation

27 Implement a whole-of-government approach across all marketing and promotional activities of NSW Government arts and cultural institutions to better facilitate integration in the positioning and promoting of Sydney and NSW.

Actions

Seven actions have been identified to implement this recommendation:

- Action 27A: Undertake a feasibility study to identify a site and commercial partnership opportunities for a new 2,000-seat lyric theatre in Sydney.
- Action 27B: Ensure that an enhanced visitor experience, including ease of access, is provided through the current Walsh Bay Precinct Master Plan process. The opportunity should be taken to develop a signature promenade of cultural attractions and associated activities linking the Art Gallery of NSW, the Botanical Gardens, the Opera House, MCA Australia, Circular Quay, The Rocks, Walsh Bay and Barangaroo.

Action 27C: Identify the best of NSW arts and cultural products and events to be incorporated into the Sydney and NSW brand strategies.

Action 27D: Establish roundtable meetings between arts and event sectors and Destination NSW in collaboration with Arts NSW and Regional Arts NSW to co-ordinate arts and culture and tourism/travel activity packaging, develop promotional, distribution and visitor sales strategies and better target the demographics of growth target markets.

Action 27E: Undertake a comprehensive audit of all arts and culture-related infrastructure throughout Regional NSW to identify the need for refurbishments or new developments, and potential hallmark Regional NSW arts/culture attractions, as a part of the Destination Management Planning process.

Action 27F: Identify opportunities for arts/culture development in key tourism precincts that maximise visitor economy returns, best serve target market needs and further develop the cultural brand of NSW and its regions, and incorporate these opportunities in the Destination Management Planning process.

Action 27G: Undertake an audit of arts, cultural and entertainment venues and assets in Sydney's arts and cultural precincts.

EVENTS AND FESTIVALS

Snapshot

Events and festivals have a significant role in attracting increased visitation and spend.

The recent NSW Government investments in the event venue infrastructure of the Sydney Cricket Ground and Royal Randwick and Rosehill Racecourses present a significant opportunity.

Co-ordination and major event facilitation across local and State Governments can be improved. Major events and festivals can clash and compete. There is an opportunity to apply large event management practices to assist with maximising the visitor impact of smaller, regional events and festivals.

In addition, there is a significant amount of red tape at State and Local Government levels to secure approvals for events and festivals, for example, liquor licensing for an event or annual development application (DA) processes which inhibit opportunities to retain and build the value of repeat events and festivals.

Background

Events and festivals are integral to the visitor economy and provide significant tourism, trade and investment opportunities for NSW. They can reinforce the brand of a city and region. Events and festivals stimulate both direct and indirect contributions to the economy. Direct benefits include employment creation and revenue generation through visitor expenditure, with flow on benefits including:

- pre- and post-event tourist visitation
- future trade and investment interest
- valuable product and service development
- prospective tourism opportunities by exposure generated by the event.

Events and festivals are also important to rural and regional communities through job creation and infrastructure development. Such activities can stimulate economic activity in local communities during downturns and can assist with smoothing seasonal fluctuations (Aust. Government 2011).

Governments invest in staging events and festivals because they recognise that they make both direct and indirect contributions to the economy. Successful events and festivals are a powerful attractor of visitors. Effective funding assessments, evaluations and leveraging strategies will be key to realising the benefits events can deliver to NSW.

NSW is well-placed to capture these benefits from events and festivals, with Sydney recognised in 2010 and 2011 as the best festival and event city in the world (International Festival and Events Association 2012).

The NSW Events Calendar is estimated to generate more than \$600 million in annual revenue for NSW (Destination NSW). Some of the key events on the calendar include New Year's Eve in Sydney, Sydney Festival, Vivid Sydney, Sydney International Art Series, Biennale of Sydney and the Australian Open of Surfing.

Sydney's spring and autumn racing carnivals also generate significant economic benefit. There are opportunities to work further with the thoroughbred racing industry. Country racing events present an opportunity for regional NSW to capture more Sydney visitors and particularly if regional events are co-ordinated so as to be complementary rather than competing against each other.

Regional NSW is home to some of the State's most iconic events including the Bluesfest in Byron Bay, the Tamworth Country Music Festival and the Deni Ute Muster at Deniliquin.

Priority issues

The Taskforce acknowledges that events and festivals have a significant role in attracting increased visitation and spend, particularly for regional destinations and in the off-season.

The key priority issues relate to:

- need for a whole-of-government approach
- infrastructure needs
- funding
- event packaging.

Whole-of-government approach and reducing red tape

It is essential that a whole-of-government approach is taken to developing a comprehensive long-term strategy for statewide events and festivals that encompasses both major and small events and festivals. Such a strategy needs to address the required partnership between Local and State Government to ensure events and festivals are well co-ordinated, organised and promoted.

Currently there is a significant amount of cumbersome process and procedures to secure Local and State Government approvals for events and festivals, which inhibits opportunities to retain and build the value of repeat events and festivals.

Infrastructure

Events and festivals require adequate infrastructure. The Taskforce strongly supports the NSW Government's proposed investment in the expansion of the exhibition, entertainment and convention facilities and precinct at Darling Harbour. The Taskforce also strongly supports the NSW Government's investment in the infrastructure of the Sydney Cricket Ground, Royal Randwick and Rosehill Racecourses.

Major capital investments in Sydney and Regional NSW will help directly drive increased visitation and visitor spend in NSW and contribute to achieving the 2020 target.

Funding and Government support

Government seed funding for events is important not only for securing an event but also developing an event. The funding framework for events and festivals across all of Government should be reviewed to take into account the wider benefits of events for both urban and regional areas.

At times, monetary grants may not be required and there are other ways Government can offer support that can significantly assist the Industry. This can include event promotion, event leveraging, tax incentives and performance based loans.

Event packaging

More 'packaging' of events and festivals presents a significant opportunity to increase revenue generated by the visitor economy. Packaging allows a number of attractions, facilities and services to be offered as a single product for sale and is designed to promote the experience of visiting a region itself and therefore extend the length of visitor stay and spend.

Destination NSW has made some significant breakthroughs in this area, but more assistance for event owners and operators is required

Recommendation

28 Enhance the existing NSW events and festivals strategy to develop a long-term comprehensive statewide events and festivals strategy that encompasses both major and smaller events and festivals.

Actions

Five actions have been identified to implement this recommendation:

- Action 28A: Ensure that there is a year-round, well-planned and co-ordinated calendar of major events and festivals in Sydney that results in events complementing each other, rather than being in competition with one another.
- Action 28B: Streamline approval processes and enable long-term DA approvals to be obtained for events and festivals.
- Action 28C: Expand and heavily promote a year-round regional events and festivals calendar.
- Action 28D: Require Government-funded events and festivals to include relevant visitor economy Key Performance Indicators (KPIs) in the conditions of Government funding.
- Action 28E: Continue work with Racing NSW to maximise the economic benefit which is derived from major racing carnivals conducted across metropolitan, provincial and country NSW.

NATURE AND HERITAGE EXPERIENCE DEVELOPMENT

Snapshot

Well-managed protected reserves and restored heritage sites are well-positioned to provide internationally competitive and sustainable tourism experiences. Research shows that nature tourism and wildlife experiences are the major motivators of travel to and within NSW. The natural, unspoilt setting is what most appeals to domestic visitors to NSW (BDA 2011).

The Taskforce acknowledges a recent significant change of operational approach by the National Parks and Wildlife Service (NPWS) in adopting initiatives that support the visitor economy. However, significant additional effort is still required to ensure the delivery of nature and heritage tourism experiences in NSW. A more dynamic and collaborative approach, particularly at the local level, is needed to maximise the return on nature and heritage tourism opportunities, improve visitor experiences and integrate with complementary tourism activities and appeal.

Background

Natural assets are a key driver of economic activity and sustainable employment in the visitor economy, particularly in Regional NSW. Well-managed sustainable nature tourism operations in key regions create significant differentiation between destinations and visitor experiences (DECC, 2008). A recent survey in 2010 found that NSW's National Parks and Reserves generate approximately 34.6 million domestic visits annually.

Despite its known competitive strengths, NSW is yet to fully capitalise on the visitor potential of its existing nature and heritage assets. There is a need for:

- clearer roles and responsibility between Government and Industry for the identification and delivery of sustainable nature visitor experiences in NSW
- improved strategic positioning to emphasise NSW's distinctive competitive advantages through its diverse range of nature and heritage experiences
- improved co-ordination to deliver nature and heritage experiences to properly capitalise on NSW's plethora of heritage tourism experience. Various NSW and Commonwealth Government agencies (Defence and Sydney Harbour Federation Trust) administer NSW's nature and heritage assets, in conjunction with Local Government and community groups such as historical societies and the National Trust

- a stronger Government commitment to provide and maintain visitor experiences in identified key nature and heritage tourism precincts
- improved access for visitors to quality information on nature and heritage tourism experiences. There is also a need for improved co-ordination between Government and Industry stakeholders in visitor information delivery.

Recommendation

29 Relevant NSW Government Departments and agencies work with the Tourism Industry to clearly articulate responsibilities and establish milestones for the management and development of identified nature and heritage tourism experiences and develop a co-ordinated and more dynamic approach to delivery of these opportunities.

Actions

Five actions have been identified to implement this recommendation:

- Action 29A: Amend the *National Parks and Wildlife Services Act 1974* management principles to require the NPWS to develop and promote access, services and facilities for visitors that are compatible with the conservation of National Parks' natural and cultural values.
- Action 29B: Incorporate significant National Landscapes and World Heritage Areas within NSW into the relevant Destination Management Plans to better leverage these experiences and help grow visitation and spend.
- Action 29C: Identify and facilitate opportunities for commercial and strategic tourism partnerships and participation in National Parks, historic sites and other relevant State-operated Reserves and implement a plan to realise these opportunities.
- Action 29D: Ensure that NPWS's role and responsibilities are integrated into relevant Destination Management Plans.
- Action 29E: Further develop and promote the *Great Walks in NSW* to enhance visitor nature experiences.

ONGOING EXPERIENCE DEVELOPMENT

Snapshot

There is a need to continually support development of new products and experiences that will highlight NSW's distinctive features and that will appeal to visitors. Ongoing consumer research regarding what consumers find distinctive and appealing about NSW will capture the insights necessary to identify further product and experience development priorities.

For example, the Sydney Fish Market is a key attraction and key brand attribute for Sydney, however, there is a need to explore options to fully capitalise on its potential for increased visitation.

Background

NSW's attractions and experiences are as varied as its visitors. Tracking and co-ordinating product development is an important aspect of ensuring that the growth of the visitor economy is targeted at those sectors where the need is highest. Identifying gaps in products and experiences early will ensure NSW does not miss out on economic benefits.

The Sydney Fish Market, situated along the Sydney Harbour foreshore, is a very popular attraction for visitors to Sydney as well as residents. However, the Market has several constraints as an ideal visitor precinct. It should be a major attraction but is not being fully capitalised on currently.

A revamped Sydney Fish Market, which is a more integrated Sydney Harbour experience, in a location with greater visitor access, has the potential to develop into a major visitor asset for the city.

Sydney has Eveleigh Farmers Market but as a global city more markets of this quality are needed. The opportunity for the development of another significant permanent and ongoing fresh produce market near the CBD should also be explored. Melbourne has a number of produce markets which are very popular with locals and visitors alike. Sydney lacks such a facility.

Recommendation

30 Undertake ongoing consumer research to identify opportunities to develop new products and experiences that will highlight NSW's distinctive features and appeal to visitors.

Actions

Two actions have been identified to implement this recommendation:

Action 30A: Undertake an audit of existing products and experiences, in both Sydney and the regions, to identify gaps and undertake a development program to fill those gaps, for example, a permanent Sydney produce market.

Action 30B: Review the operation of the current Sydney Fish Market and examine the options for improved visitor access and amenity.



PART B
STRATEGIC IMPERATIVE 5:
INCREASE VISITOR SPEND

CONTENTS

STRATEGIC IMPERATIVE 5: INCREASE VISITOR SPEND

VISITOR YIELD

Retail shopping

- 31 Position Sydney as a world-class shopping destination

Food and wine

- 32 Extend marketing and brand messaging of NSW
quality food and wine experiences

International students and education market

- 33 Implement international education market strategies

Specific high-yield segments

- 34 Assess and act on emerging high-yield
market opportunities

STRATEGIC IMPERATIVE 5:

INCREASE VISITOR SPEND

It is imperative that NSW increases visitor spend if it is to reach the 2020 target. The key to increasing visitor spend is to increase visitor yield (that is, expenditure per visitor per trip).

VISITOR YIELD

Rationale

The arrival of more visitors to NSW does not, by itself, guarantee that the 2020 target can be achieved. A doubling of overnight visitor expenditure will require increased spend per visitor.

Four priority areas for increasing visitor spend have been identified:

- retail shopping
- food and wine
- international students and the education market
- ongoing assessment of other high-yield segments, for example, medical tourism and international convention delegates.

RETAIL SHOPPING

Snapshot

Shopping comprises one of the major areas of visitor expenditure. NSW is being outperformed by competitor destinations, such as Singapore and Melbourne, in terms of tourism shopping expenditure as a share of total overnight visitor expenditure.

The retail experience in NSW needs to better promote and connect visitors with retail shopping opportunities.

Background

Shopping is one of the most popular activities for international visitors to Australia. Eighty-six per cent (4.7 million) of all foreign visitors participated in shopping in 2011, spending \$2.3 billion (TRA 2011). World-class retail experiences have the potential to influence length of stay, choice of destination and visitor spend. An estimated \$815 million was spent in the State by international visitors in 2011. A report produced by Visa, *Tourism Outlook: Australia*, April 2011, shows that total spending (including all purposes) on Visa cards alone in Australia by international visitors in 2010 was \$5.1 billion. With focussed effort there is the opportunity to substantially increase the economic benefit from shopping to NSW.

Growing competition from online shopping and premier shopping destinations in Asia, for example, Singapore means there is a strong imperative for high-quality retail that is available when and where visitors demand it. Singapore and Bangkok are leaders in visitor shopping facilitation – see case study below.

CASE STUDY – SINGAPORE

Established shopping destinations utilise initiatives to unlock the potential of shopping to increase international visitor yield. For example, in Singapore the Tourist Refund Scheme (TRS) plays a more prominent role in high-level visitor purchases. Under its 'open market' system, Singapore permits private sector refund providers to compete for the right to provide TRS services. This approach enables refund providers to work with retailers to provide innovative services for international shoppers, and promote Singapore to their global network.

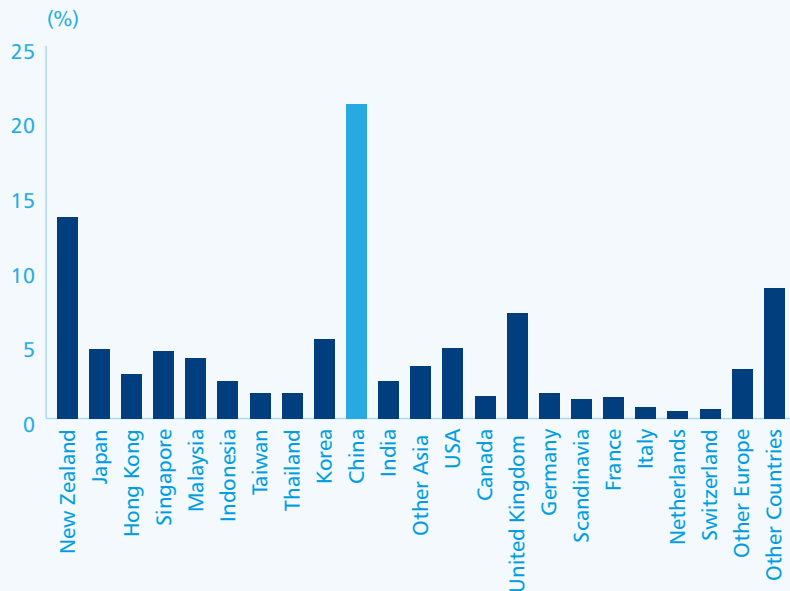
Retail shopping is particularly important for the rapidly growing segment of inbound visitors from the priority target market of China for whom shopping is an important driver of travel activity. Visitors from China account for approximately 21 per cent of total international shopping dollars spent in Australia in 2011 (TRA 2011), despite representing only 10 per cent of total international visitors in the same period (Global Blue). See *Graphic B5.1*.

China UnionPay (CUP), China's major bankcard association, was founded in 2002 and by the end of 2009 it had issued more than 1.3 billion UnionPay cards. Since CUP internationalised in 2004, the growth rate of UnionPay international transactions has soared and in 2009, the international transaction volume increased 26 times from what it was in 2004. (ChinaUnionPay, CNTO site).

All Chinese travellers, when leaving China, usually have a UnionPay card. They are the highest visitor spend and enjoy shopping. Unfortunately, the retail and banking industries in Australia have been slow to accommodate the use of this card. As Chinese visitors to NSW increase, NSW is missing out on significant expenditure because the card is not accepted widely across the NSW retail sector. The National Australia Bank is the only Australian bank that currently accepts the card.

Graphic B5.1: Proportion of international shopping dollars spent in Australia

Proportion of international shopping dollars spent in Australia – 2011



Global Blue 2011

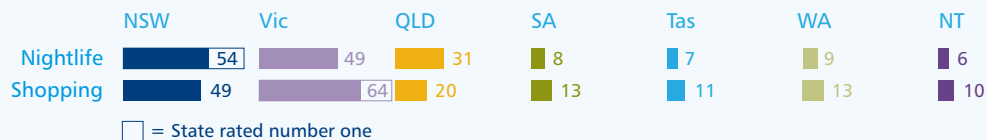
In terms of domestic visitors, NSW is number two in appeal, behind Victoria, as a shopping destination (BDA 2012). See *Graphic B5.2*.

Graphic B5.2: State associations by non-NSW residents – shopping

State associations by non-NSW interstate residents

(% of interstate population)

Which states do you associate with this attribute? (nightlife and shopping)



BDA 2012

Priority issues

Two priority issues have been identified to improve the retail shopping experience for visitors to NSW:

- **trading hours:** trading hours in key tourism precincts need to be in keeping with the seven-day visitor economy to open further opportunities for visitor spend and help extend the length of stay by visitors
- **product and service innovation:** with the growth of global shopping and a high Australian dollar, NSW must foster an innovative culture in its retail sector, including acceptance of China UnionPay cards, if retailers are to compete for visitor spend and gain from the visitor economy.

Trading hours

The growth of entertainment attractions such as theatres, cultural events and restaurants has led to visitors staying out longer and later into the night. Unfortunately, trading hour and day restrictions in some precincts are limiting retail availability during these high-value periods. This is especially detrimental during holiday seasons and during major international events when strong demand for shopping is often unmet because shops remain closed.

Deregulated trading hours and days will help businesses respond to changing visitor numbers and empower the retail industry to create commercial opportunities by linking retail shopping to NSW's holiday and night-time experiences.

An enhanced shopping environment will lead to a greater diversity and availability of experiences and destinations, which can help drive increased yield.

Penalty rates

Deregulation of trading hours and days is not by itself sufficient to deliver better access to retail experiences. The additional cost of labour during weekends, evenings and public holidays raises questions over the commercial viability for retailers to stay open. Australia's retail labour costs are already amongst some of the highest in the world and penalty rates can have a marked impact on the availability of quality retail services.

The *Fair Work Act 2009* penalty rate provisions should be amended to recognise that the visitor economy operates seven days a week.

Easing the impact of penalty rates under the *Fair Work Act 2009* in this way would give employers the flexibility to open and hire staff during high-demand periods and allow NSW to fully capture the revenue potential of discretionary visitor spend.

Product and service innovation

Shopping currently accounts for 9 per cent of total international visitor spend in Australia (TRA 2011). This is low in comparison to other international destinations. For example, in Singapore shopping accounts for 27 per cent of international visitor spend (Singapore Tourism Board, 2011).

NSW, along with other Australian markets, competes for the international visitor shopping dollar within a highly competitive market. In addition to having a relatively higher cost base, due to its proximity to key markets and the high exchange rate of the Australian dollar, NSW directly competes with destinations that have a more sophisticated visitor shopping experience.

The Commonwealth Government should amend the Tourist Refund Scheme (TRS) provisions of the GST law to allow competition by private refund operators, as occurs in many jurisdictions around the world. This will drive the development of innovative, new promotional campaigns targeted at international visitors, who will be entitled to reimbursement of their GST refund whilst still in Australia. This has the potential to significantly increase the levels of tourist shopping by international visitors while they are still in NSW.

Work needs to be undertaken with the retail industry to further encourage transit cruise passengers to access Sydney's retail precinct. For example, the option should be examined to provide free shuttle buses to the city's retail precincts for transit passengers, especially those passengers transitting from the proposed new White Bay cruise berthing facility.

There is an ongoing challenge to develop other innovative ideas to assist Sydney to be further developed as a world-class shopping destination.

Recommendation

31 Work with the retail industry to position Sydney as a world-class shopping destination.

Actions

Six actions have been identified to implement this recommendation:

- Action 31A: Develop and implement a whole-of-city approach to retail promotions with the City of Sydney's Advisory Retail Panel, the Australian National Retailers Association and the Australia Retailers Association.
- Action 31B: Deregulate remaining restrictions on trading hours and days in key tourism precincts and destinations to enhance the retail trading environment for business and the shopping experience for visitors. Work with the City of Sydney to make retail an attractive feature of the 'late night economy' in Sydney.
- Action 31C: Call upon the Commonwealth Government to provide greater flexibility within the *Fair Work Act 2009* to lessen the impact of higher penalty rates on the retail sector and encourage greater trading during weekends and public holidays (see also Food and Wine and Labour Supply).
- Action 31D: Call upon the Commonwealth Government to reform Australia's GST Tourism Refund Scheme (TRS) to allow competition by private refund operators that will drive tourist shopping and product development to international visitors and allow reimbursement whilst visitors are still in Australia.
- Action 31E: Work with the retail industry to encourage transit cruise passengers to access Sydney's retail precinct.
- Action 31F: Fast-track wider acceptance of China UnionPay cards.

FOOD AND WINE

Snapshot

There is a significant opportunity to use NSW food, wine and dining to enhance the image, appeal and experience of many regional areas. Already food and wine tourism is a growing part of travel within NSW. However, this contribution has the potential to be much further enhanced.

Eating out at restaurants is one of the most popular activities undertaken by visitors to NSW and is an important contributor to visitor spend. As the most multicultural State in Australia, NSW can cater for all cuisines, religious requirements and personal preferences. However, a lack of understanding regarding visitor requirements, labour shortages and a difficult investment environment curtail the sector realising its full potential and increasing its contribution to the visitor economy.

Background

The food and wine sector makes a significant contribution to the NSW visitor economy, and is an important part of every visitor's experience. Achieving increased spending by visitors on food and wine is likely to be achievable more easily than in many other expenditure areas. The high degree of Australian ownership of food businesses and the sector's high labour intensity ensure that any increased visitor expenditure on food and wine delivers maximum economic return to NSW.

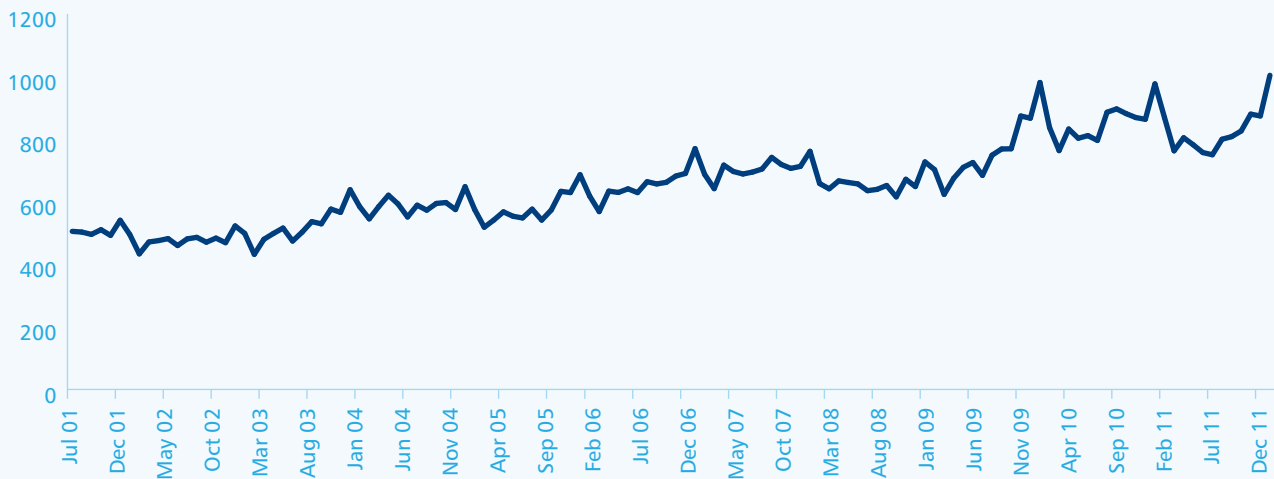
Eating out at restaurants is a popular activity undertaken by visitors to NSW and is an important component of visitor spend. However, a lack of understanding of and/or ability to meet visitor requirements, labour shortages and a difficult investment environment curtail the sector realising its full potential and increasing its contribution to the visitor economy.

The NSW food services sector (including restaurants, cafés and take-away food) has had consistent turnover growth over many years and achieved a total turnover of \$9.9 billion in the year to December 2011 (see *Graphic B5.3*).

Graphic B5.3: NSW turnover for restaurants, cafés and takeaway food

NSW Turnover for Restaurants, Cafés and Takeaway Food

(\$billions)



ABS 2012

Leveraging this growth can significantly improve the hospitality experiences of visitors and boost overnight visitor spend. The food and wine sector is a significant employer in NSW. Cafés, restaurants, takeaway shops, clubs, pubs, and bars in NSW directly employ 48,200 people in tourism-related positions. (TSA, 2009). Supporting the sector will not only create employment and up-skilling opportunities but will also ensure that the delivery of hospitality experiences is at a standard of quality and authenticity that visitors expect.

In terms of domestic visitors, NSW is only the third highest State by its perceived association with food and wine experiences, following Victoria and South Australia (see *Graphic B5.4*). Approximately 37 per cent of the interstate population surveyed associate NSW with food and wine (BDA 2012).

Graphic B5.4: State associations by non-NSW residents — food and wine

State associations by non-NSW interstate residents

(% of interstate population)

Which states do you associate with this attribute? (food and wine)



BDA 2012

Marketing NSW food and wine

In order that maximum value is obtained, additional visitation and spend must occur where there is existing capacity. Restaurants in central Sydney, for example, are generally operating strongly while many attractive regional restaurants are not.

Food and wine promotion should also be directed toward domestic and international visitors who are likely to visit hospitality outlets during non-peak times. The promotional effort must make use of insights into consumer dining behaviour and build on the pride of the NSW food and wine product. In particular, there are significant opportunities to leverage promotion in regional areas to market the diversity of dining options in NSW. Providing promotional assistance to destinations and regional food organisations can capture increased visitor spend.

Marketing campaigns must also recognise the potential of events and festivals to contribute to food and wine spend. NZ has most successfully promoted its wines and captured market share. Events such as the NSW Wine Festival must not only be focussed on generating overnight visitors and increase spend, but also help to build Sydney's appeal as a premier dining destination.

Promotion can also capitalise on NSW's award-winning wine sector by increasing awareness and distribution of NSW wines throughout the State's hospitality venues. In 2010, only 19 per cent of wines on NSW wine lists were from NSW, compared to 64 per cent of local wines in South Australia and 32 per cent in Victoria (Wine Business Solutions, 2011). NSW was the only state that had a result which was higher than in the previous year, and it was noted that:

"... NSW wines are receiving strong support from the NSW Government in their home State and it is starting to yield results."

Recommendation

32 Extend the marketing and brand messaging for Sydney and NSW destinations to promote more strongly the quality food and wine experiences that NSW offers for visitors.

Actions

Seven actions have been identified to implement this recommendation:

- Action 32A: Work with Industry to call upon the Commonwealth Government to provide greater flexibility within the *Fair Work Act 2009* to lessen the impact of higher penalty rates on the retail sector and encourage greater trading during weekends and public holidays (see also Retail shopping).
- Action 32B: Identify and further develop food and wine styles for individual destinations and associated events and festivals, and incorporate them into relevant Destination Management Plans.
- Action 32C: Further develop and promote food and wine trails.
- Action 32D: Extend and co-ordinate targeted trade and consumer promotions to encourage visitors to experience more of NSW's food, wine and hospitality services and promote the quality and diversity of food and wine experiences (including dining options) when promoting NSW as a destination.
- Action 32E: Call upon Industry associations in the food and hospitality sector to champion and work with their NSW members to increase the availability of NSW-sourced food and wine and to learn from successful wine marketing initiatives in NZ and other States.
- Action 32F: Work with the NSW wine and food industry to explore opportunities for promoting NSW as a destination on exported wine and food (for example, include Destination NSW's consumer web address on labels).
- Action 31G: Encourage hospitality industry organisations to undertake education and training programs to enable a better response to visitor cultural and culinary preferences.

INTERNATIONAL STUDENTS AND EDUCATION MARKET

Snapshot

International students make a significant contribution to the NSW visitor economy. However, as the *Education and Tourism Taskforce Report* previously indicated, there are significant opportunities to extend this contribution. The international education market segment ranges across the formal and informal education sectors.

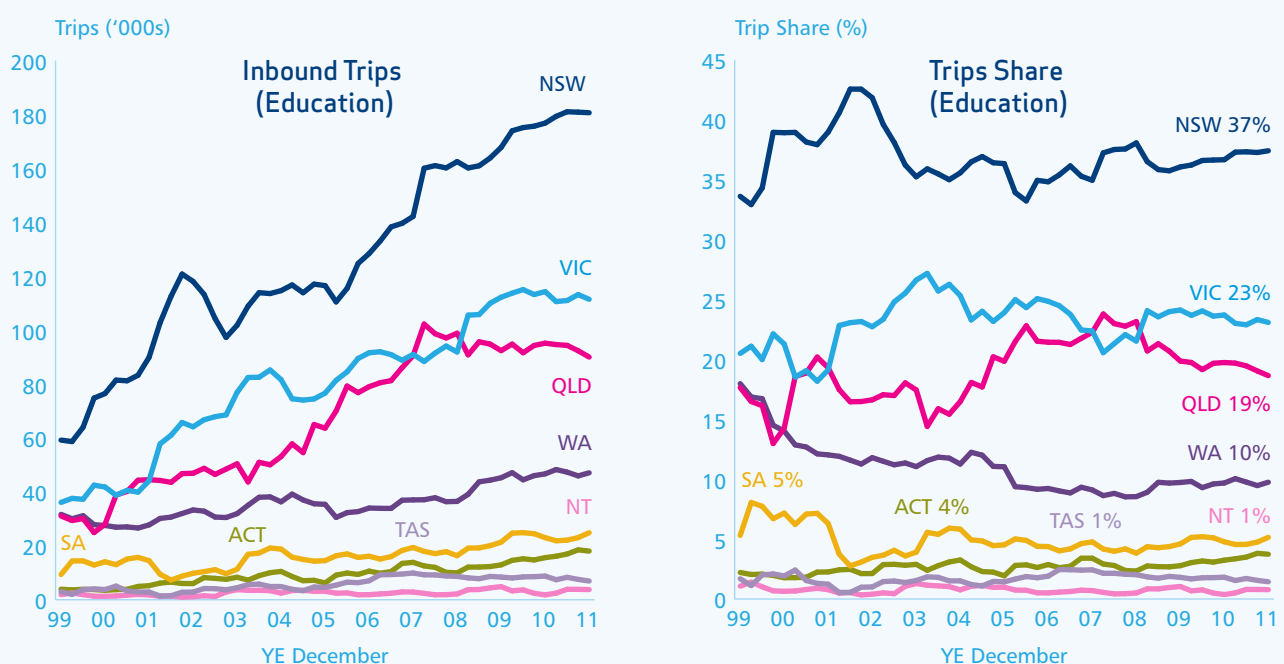
There are significant opportunities to further develop the VFR market segment in relation to international students who are studying in NSW. NSW is the most culturally diverse State in Australia with people from around 200 birthplaces having made the State their home. In addition, close to a quarter of the population speak a language other than English at home. (CRC). This diversity is a great asset for our international education sector.

Background

NSW is Australia's leading State for international education visitors, receiving 37 per cent of all education trips. It is followed by Victoria (23 per cent) and Queensland (19 per cent) (BDA 2012). See *Graphic B5.5*.

Graphic B5.5: Inbound education and trips share

Inbound purpose: education



BDA 2012

The total international education market is worth \$2.4 billion in NSW, over a third of all international visitor expenditure (TRA 2011).

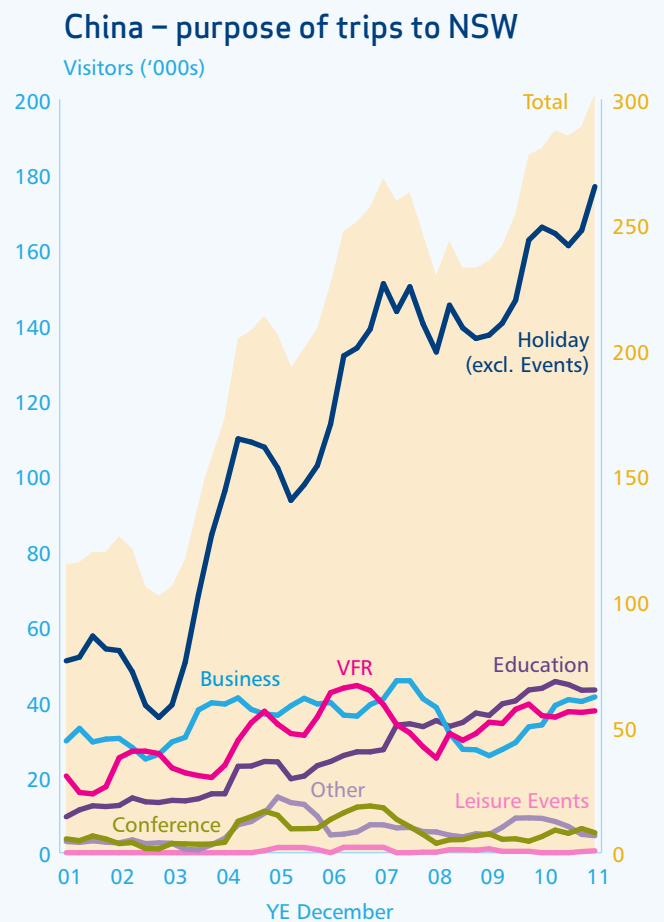
The international student market is clearly a significant contributor to the growth of the NSW visitor economy. However, global competition for market share is extremely high and it is important that Sydney and NSW continue to offer an appealing proposition to students.

The education market is typified by longer-staying visitors and offers many opportunities for NSW to increase visitor spend and maintain its leading position. Education visitors to NSW represent 7.8 per cent of total international visitors to the State, and a third of all nights spent by international visitors to NSW (DNSW 2011).

The most important factors influencing decisions by international students are quality of education, cost of tuition, safe and friendly environments and the cost of living. Students, however, vary widely in their preferences, making the sector difficult to target. Personal aspirations, recommendations from family and friends, and value for money are also significant drivers in choosing in which State to study. This means a broad approach to communication and marketing is needed to influence student choices and maximise spend in NSW

Eastern growth markets are especially important to NSW's continued success in the education market. Student arrivals from China have been steadily growing over the last decade. Education is now the second highest purpose of travel for Chinese visitors to NSW, overtaking business visitors and VFR visitors (see *Graphic B5.6*).

Graphic B5.6: China— purpose of trips to NSW



BDA 2012

Priority issues

The recommendations of the NSW Joint Ministerial Taskforce on Education Tourism (the Education Tourism Taskforce) have yet to be implemented. Immediate implementation of all of the recommendations is supported to ensure that the full potential of the NSW education market is realised.

The key recommendations of the Education Tourism Taskforce include:

- research and market intelligence
- partnerships, co-ordination and collaboration
- product and market development.

Research and market intelligence

The Education Tourism Taskforce found that there is currently limited information and insights in a number of areas relating to education visitors, including:

- the processes undertaken by students in selecting education destinations
- the information sources used
- the extent, type and value of tourism activity already undertaken by short and long-term students
- examples of global best practice in developing education travel and associated visitor activities (Joint Ministerial Taskforce report, 2009).

In order to maximise the benefits of the education visitor, it is necessary to better understand the factors that are instrumental to a student's choice of destination and the types of activities they undertake. Improved consumer research and market intelligence regarding leading geographic markets and segments will allow Industry and Government to target priority areas which will provide the greatest growth opportunities and return for NSW.

Partnerships, co-ordination and collaboration

Historically there has been little collaboration between the education and tourism sectors. In order for the sector to reach its full potential there must be strong partnerships that recognise the potential for greater integration of students into the visitor economy.

There are also significant opportunities to create stronger regional partnerships between educational institutions, regional tourism bodies and the three levels of Government to work together to develop initiatives to attract more students to Regional NSW, whether for study or leisure (*Joint Ministerial Taskforce Report*, 2009).

Product and market development

There are many opportunities to expand the informal education tourism sector. Increasingly, student travel choices will be motivated by personal interests, needs and endeavours. Product development should target opportunities in a wide range of 'learning through travel' educative activities that can facilitate personal and professional development.

For example, there is enormous potential in the areas of mature-age learning, school visits and student exchanges, industry study tours, technical visitation programs and volunteering. There are also significant opportunities to increase yield from English language students through partnerships with English Language Intensive Courses for Overseas Students (ELICOS).

Recommendation

33 Implement the recommendations of the Education and Tourism Taskforce report, which include:

- establishment of a Government and Industry entity to co-ordinate the promotion of NSW education to international markets
- improve consumer research and market intelligence, including to identify the markets, segments and initiatives which provide the greatest growth opportunities and return for NSW
- develop closer partnerships, co-ordination and collaboration between the education and tourism sectors to develop and expand the education sector
- undertake development of new opportunities and segments, particularly in the informal education sector and address supply constraints and weaknesses to boost visitor economy outcomes.
- Introduce transport concessions for international students (Also see Visitor transport services).

Actions

Two actions have been identified to implement this recommendation:

Action 33A: Ensure visitor economy representation on any new co-ordination body to co-ordinate marketing and delivery functions.

Action 33B: Ensure the international student-related opportunities are targeted in Destination NSW's VFR marketing and promotions.

SPECIFIC HIGH-YIELD SEGMENTS

Snapshot

There is a need for NSW to continually seek out and develop high-yield visitor markets and market segments. Specific and niche events and market segments can present opportunities for overnight visitor expenditure growth and considered investment in them can deliver significant returns.

Background

Continuous evaluation of visitor trends and demographics will allow NSW to identify growth opportunities early and act fast to establish a presence in emerging high-yield segments.

Priority issues

Proactively assessing and acting upon opportunities for growth will help generate additional visitor spend.

Two potential high-yield segments have been identified for preliminary comment. (Business Events are covered in a separate section):

- youth tourism
- medical tourism.

Youth tourism

Sydney and Regional NSW attract over 5 million youth visitors (people aged 15 to 29 years) every year. Of these, 740,000 are leisure youth visitors (travellers whose main purpose is holiday or VFR). The youth market contributes approximately \$5.5 billion to the NSW visitor economy. The main source markets of youth visitors include the UK (15 per cent), New Zealand (10 per cent), USA (8 per cent) and Korea (6 per cent). There may be opportunities to expand the youth market in Regional NSW which currently accounts for only 18.7 per cent of leisure youth visitor nights (DNSW 2011).

Some youth are deterred from coming to NSW by the prices and cost of living relative to other global destinations, particularly in Sydney. The international youth market, with a long average length of stay, is extremely attractive to many businesses with short-term vacancies, for example, telecommunications companies and the food and hospitality sector. Developing a better framework for engaging the corporate sector with working holidaymakers will help provide youth with a means for staying longer and spending more.

There is also scope to further develop targeted marketing directed at the youth sector.

Young people increasingly obtain their information online and digital marketing is the most cost-effective method of reaching them. This requires an integrated strategy, not merely a social media campaign. Young people listen to other young people and targeting popular forums and websites will provide greater penetration than social network marketing on its own. Marketing efforts could similarly be undertaken to increase regional visitation by backpackers.

Medical tourism

Medical tourism refers to patients who travel overseas for medical procedures and care. Market share in medical tourism is primarily held by Asian nations (such as Thailand) owing to low costs and the availability of luxurious post-operative amenities. Medical tourism is comparatively small in Australia, representing just 0.001 per cent of global medical visitors. Nonetheless Australian medical tourism has been growing at an average annual rate of 6.19 per cent, this compares to a 2.97 per cent average growth rate for all visitors. Medical visitors stay in Australia for an average of 14 nights and spend \$3,973 per visitor, including airfares (Deloitte 2011). Capturing the high-yield potential of medical visitors may provide significant growth opportunities for the NSW visitor economy in the long term. Australia has areas of medical expertise that are highly regarded internationally. For example, Australian IVF services are sought after and the treatment requires patients to stay for several weeks. These specialist medical services may present further opportunities for the NSW visitor economy and should be investigated.

Sydney is currently the number one destination for international medical visitors to Australia (Deloitte, 2011). Medical tourism in NSW may be particularly attractive to patients from nearby Asia-Pacific nations.

Currently Australian medical tourism is highly underdeveloped and there are few co-ordinated medical tourism providers. There is also limited on-the-ground support such as referral agencies/clinics, marketing companies and co-ordinators of medical records (Deloitte 2011). This makes it difficult for patients to organise treatment and travel (including obtaining visas).

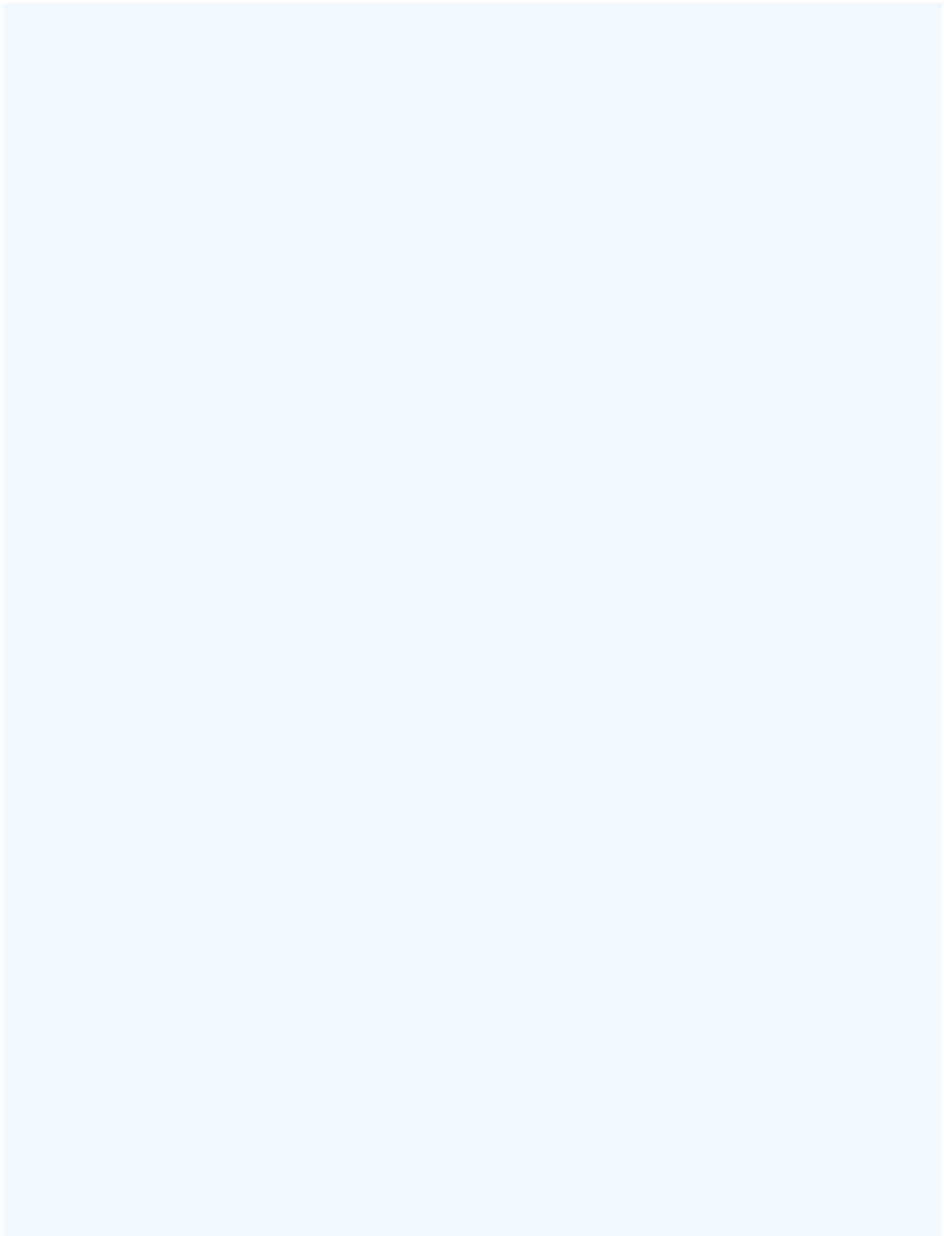
Recommendation

34 Continually assess, monitor and quantify emerging high-yield market segments.

Action

One action has been identified to implement this recommendation:

Action 34A: Work with the relevant Industry bodies to identify, develop and facilitate specific high-yield market segment opportunities, such as youth tourism, medical tourism, high-level business events (for example, Forbes Global Conference, World Economic Forum, luxury shopping, incentive travel and gaming).





PART B
STRATEGIC IMPERATIVE 6:
MAKE NSW MORE COMPETITIVE

STRATEGIC IMPERATIVE 6:

MAKE NSW MORE COMPETITIVE

INVESTMENT FACILITATION

Investment

35 Cut red tape and incentivise investors

Business events

36 Implement whole-of-government approach to business events

Funding

37 Resource Destination NSW

38 Connect visitor economy to NSW Government programs, including funding

39 Assess NSW Government spending on visitor economy initiatives

40 Industry innovation funding

STRATEGIC IMPERATIVE 6:

MAKE NSW MORE COMPETITIVE

Rationale

Significant new investment will be required for NSW to achieve the ambitious 2020 growth target. Measures that hinder new investment into NSW will have a marked impact on visitor expenditure growth. NSW can help increase visitor expenditure by ensuring that the State is an attractive and competitive investment destination.

INVESTMENT FACILITATION

Snapshot

There is a strong and common view that, in recent years, it has been difficult to undertake new business investment in NSW. The Taskforce does, however, note that the NSW Government has undertaken a number of initiatives to address this situation.

To increase its capacity and visitor spend, NSW must provide increased encouragement and facilitation (such as information services, business resources and online portals), reduce impediments and create incentives to help investors make and progress investment decisions to best meet the needs of target markets. In regional areas, the issue is more a need to refurbish and update existing accommodation stock rather than develop new properties.

Background

Investment in the visitor economy in NSW has been lacking in recent years. From 2000–01 to 2009–10, tourism-related investment grew at only half the pace of investment in the rest of the Australian economy (TA 2011). Businesses with a high reliance on visitor expenditure currently face a disproportionate regulatory burden, which has had a negative impact on overall investment (TA 2011).

Industry argues that a lack of co-ordination is a competitive barrier to growing the State's visitor economy. Existing uncertainties in the planning, approvals and construction phases of development result in delays and, in some cases, cancellation of projects which otherwise would increase the capacity of the visitor economy. Stakeholders have indicated that slow development assessment processes hamper major new visitor economy projects. Additionally, there is a need for improved Government co-operation at all levels to identify and promote visitor economy-related investment opportunities.

The following case studies demonstrate the regulatory impediments that prevent investment in the NSW visitor economy.

CASE STUDIES – MAJOR PROJECTS

A \$50 million investment proposal for adaptive reuse of a Sydney foreshore heritage building to create a high quality restaurant precinct that would also showcase NSW wines and produce and deliver a new major events venue on Sydney Harbour was stalled through three years of negotiation. The approval process required by the various consent authorities and their differing views has also resulted in associated costs to the investors to date in excess of \$1 million. The project is still in limbo.

Unfortunately, this case study is not an isolated case. A family attraction in Regional NSW advises that its proposal for a \$30 million expansion has, to date, taken three years to process through Local Council and has cost an additional \$1 million in consultant fees. The estimated 101 jobs that would have been created in the construction phase have been lost because the process is stalled. By comparison, in Victoria the same company experienced a four-month assessment process before receiving approval to develop an adventure park.

Reducing the existing planning regulatory burden in NSW will create an investment environment in which private development can drive new accommodation, attractions and experiences for visitors.

The Taskforce acknowledges the NSW Government's commitment to reform planning laws and processes in NSW and, in particular, notes that the NSW Planning Review is currently underway. However, there are still major constraints to facilitating investment in NSW which need to be addressed.

Priority issues

The following priority issues were identified by the Taskforce:

- **NSW 2021:** it is important to follow through on the *NSW 2021* commitments
- **one-stop shop:** there is a need for a one-stop shop for potential investors in the visitor economy
- **incentives:** reform is required at State and Local Government levels to establish incentives that facilitate and expedite private investment
- **land use planning issues:** there are several land use planning measures which must be reformed.

NSW 2021

NSW 2021 committed to reduce red tape and provide improved incentives for investment. The key targets include:

- **red tape:** reduce red tape for businesses and the community by 20 per cent by June 2015
- **development approval processes:** increase the number of developments that are approved without the need for detailed assessment (lengthy merit assessment)
- **duplication of Commonwealth and NSW Government environmental regulation:** reduce duplication of Commonwealth/NSW environmental regulations, which will help to streamline approvals while protecting the environment.

Progress towards these goals will greatly assist the growth of the visitor economy.

Whole-of-government approach to establish a one-stop shop

One of the greatest impediments to visitor economy-related development in recent years has been a lack of co-ordination or a proactive approach to visitor economy investment attraction at a whole-of-government level. This has led to a 'silo approach' to administration, a lack of consistency in policy and processes and excessive red tape and conflicting decision-making.

The Taskforce considers that Destination NSW is well-placed to provide a visible one-stop shop for industry, including potential investors in the visitor economy and event proponents, to provide support for projects that meet key visitor economy criteria and to liaise with Government personnel and Departments. The purpose of the one-stop shop would be to seek out Industry investment in visitor economy initiatives and expedite Industry access to the full range of Government information and services through NSW Trade & Investment and other Government Departments and agencies. The one-stop shop would also assist industry to navigate NSW Government approval processes in a commercial timeframe by having all key agencies at the table. This proactive approach to investment attraction and facilitation is required to help generate a higher rate of investment growth in the State's visitor economy. This approach should be supported by a roundtable of key NSW Government Department representatives.

Incentives and tax offsets

Financial incentives for new visitor economy-related investment (including building refurbishments) can help stimulate investment activity. Additionally, investment incentives or tax offsets can incentivise infrastructure investments that enhance the visitor experience and the

quality of the product offering. The planning bonuses and tax offsets that existed in the lead-up to the Sydney Olympics in 2000 are a useful reference.

The Western Australian Government recently announced a set of incentives to encourage hotel investment, the following incentives apply on a project-by-project basis:

- release of Crown land for hotel development through expressions of interests
- granting of longer-term Crown leases for short-stay accommodation developments where appropriate
- concessional lease payments for Crown land on the Valuer General's advice that specifically promote hotel accommodation developments
- discount of Crown land values for hotel developments on a case-by-case basis in consultation with the Department of Regional Development and Lands, and other relevant agencies
- leasing of Crown land for hotel use at a peppercorn rate
- designating the use of land under Government control, Crown land, properties and/or buildings for future hotel use or conversion
- allocation of funds for the provision of infrastructure upgrades to facilitate hotel accommodation development on a case-by-case basis
- flexible plot ratio bonuses for hotel developments. (WA Government, December 2011).

The WA Government has just released (May 2012) the first two Government-owned sites in Perth city for potential investment under the incentive scheme.

Land use planning issues

The NSW Government should look at various incentive options that will assist in attracting new investment in the visitor economy. The development assessment process is the primary upfront cost to businesses that are investing in the visitor economy (Planning Institute of Australia, 2010). Simplification and streamlining of land use planning controls and procedures would stimulate visitor economy related development, especially for visitor accommodation and attraction investment.

Current Local and State Government land use planning laws and business regulations are hampering the growth of potential visitor investment in destinations. Unfortunately, not all planning decisions made within key visitor destinations pay due consideration to the needs of the visitor economy.

Current planning guidelines only require Local Governments to consider visitor/tourism issues in their Local Environmental Plans (LEPs). Councils are not currently required to incorporate

visitor economy-specific objectives into broader planning, or develop specific plans for future visitor development. This inhibits Industry's ability to make investments and develop new products and experiences. These planning issues should be included in the relevant Destination Management Plans for each destination and reflected in relevant LEPs.

There is a need for a more strategic approach to land use planning for visitor economy purposes. If this is not implemented, it could result in NSW missing out on essential new developments and events to meet rising visitor demand.

A clear policy framework is required for visitor economy related development in NSW. This will facilitate ongoing and sustainable investment in visitor accommodation, infrastructure and attractions.

Recommendation

35 Follow through on the *NSW 2021* commitment to reduce red tape and provide improved incentives and investment information, at State and Local Government level, to investors and establish mechanisms that facilitate and expedite private investment.

Actions

Four actions have been identified:

Action 35A: Establish a one-stop shop for:

- Industry, including potential investors in the visitor economy, to access the full range of Government information and research and to expedite required approvals
- event proponents to access a full range of Government information and to facilitate and expedite required approvals.

Action 35B: Investigate options to provide incentives, such as planning bonuses and tax offsets for tourism investment in new projects, as well as refurbishments and improvements that enhance the visitor experience and quality of existing product offerings.

Action 35C: Increase the use of planning incentives and land use controls to stimulate tourism development, especially for visitor accommodation and attraction investment.

Action 35D: Provide appropriate tenure arrangements, support infrastructure, development incentives and a consistent planning approval process to encourage quality and appropriate accommodation and attraction development in high natural amenity locations on Crown land.

BUSINESS EVENTS

Snapshot

Business events provide one of the highest levels of visitor expenditure. Beyond this, however, there are many export order benefits for NSW and other benefits to enhance business, research and investment prospects for NSW.

NSW business events need infrastructure and funding support to deliver maximum benefits to Industry and to best showcase NSW and its regions as successful business destinations. There is a lack of awareness of the value of business events across portfolios outside of tourism. Business events strategies need to be aligned with other Government strategies, as highlighted in *NSW 2021*.

The early decision by the NSW Government to develop a major new Convention and Exhibition Centre in Sydney is welcomed and will provide increased capacity to expand this market and become a major driver of increased visitor spend. However, it is essential that appropriate strategies are put in place to ensure optimum utilisation of this new Centre.

Funds earmarked to assist in attracting particular international events are traditionally referred to as 'subvention funds', that is, funds that are offered, in the conference bidding process, to meet the cost of some aspect of the event, if the bid is finally successful. This contribution often enables the event organisers to choose a location for their event on the basis of the (reduced) net cost of holding the event in that location.

Sydney's major competitors have access to substantial subvention funding.

Background

Business events include meetings, incentive travel, reward programs, conventions and exhibitions. Business events are an important component of the visitor economy and generate one of the highest visitor expenditure yields. Business event visitors spend more than the average visitor. Business visitor expenditure in NSW is estimated at \$778 million. (TRA 2011)

More than one-third of all international convention delegates pre- and post-tour to other parts of the State or Australia. NSW needs to capitalise on this opportunity. (NBES 2010)

Business events can be prone to fluctuations in economic activity. NSW has had some success in leveraging its reputation as a premier location for business events but will need to continue its active pursuit to grow market share of the lucrative business events sector. In 2011, Sydney hosted 57 out of 204 international conventions and ranked tenth in the Asia-Pacific region. Sydney is currently ranked behind Melbourne in International Congress & Convention Association's (ICCA) 2011 worldwide and Asia-Pacific regional rankings for number of meetings held.

The Taskforce welcomes the early decision by the NSW Government to develop a major new Convention and Exhibition Centre in Sydney. This strategic new investment will provide increased capacity to expand the business events market and will become a major driver of increased visitor spend in NSW. However, competition for business events is increasing and NSW is at risk of losing market share. Competition is intensifying particularly as competitor Governments are offering substantial financial incentives to attract business events.

Priority issues

The Taskforce acknowledges the role business events play in driving innovation, productivity and the knowledge economy. However, business events can also provide many other benefits to enhance business, research and investment prospects for NSW. In recognising this the Taskforce has identified the following priority issues:

- **establishment of a Business Events Investment Fund:** this is necessary to ensure co-ordinated, well-supported international conference, exhibition and major incentive travel group bidding to maintain competitiveness with other destination bids
- **resourcing of Business Events Sydney** to ensure sufficient funding and resourcing for development of business event opportunities and promotional activities
- **support for Regional NSW** through delivery of a regional conferencing strategy and the hosting of Government conferences and events in regional areas
- **the temporary full closure of the Sydney Convention and Exhibition Centre** to minimise the construction timeframe and the need for high-quality alternative venues, during the closure period, to ensure NSW does not lose business events booked in this period and can accommodate new requests
- **expansion of the role Business Events Sydney plays** in the development of pre- and post-conference itineraries to maximise visitor spend.

Establishment of a Business Events Investment Fund

A NSW Business Events Investment Fund would benefit the entire State. The fund's investment would help increase visitor spend and, ultimately, stimulate broader economic growth. The new fund would provide seed funding for new anchor events, enhance existing events and allow for selective purchases of key business events, including conventions, exhibitions and major incentive travel group business.

Competitor business event destinations in Australia and globally have access to 'subvention' funds to stimulate business event bookings. Some major Asian destinations have had funds in the order of \$20 to \$25 million (over four years) available.

Resourcing Business Events Sydney

Business Events Sydney is the organisation responsible for bidding for, and winning, business events and for promoting Sydney as a business events destination. Its key responsibilities include identifying new event opportunities and securing these events for Sydney. It needs to have appropriate resourcing to effectively target and capitalise on business event opportunities.

Hosting conferences and events in regional areas

There is currently no single body responsible for attracting and promoting business events in Regional NSW. Consequently, events and conferences tend to overlook the regions in favour of Sydney or other destinations. There is a need for the development of a NSW regional conferencing strategy to identify required promotional activities.

In seeking to stimulate events and conferences in Regional NSW, the NSW Government must lead by example and establish a policy to host its own conferences and events in Regional NSW as appropriate.

Closure of the Sydney Convention & Exhibition Centre

Construction of a new centre will be costly and time-consuming. A full temporary closure of the Sydney Convention & Exhibition Centre during the construction phase will go a long way to ensuring that the construction timeframe is minimised. To that end, the Taskforce welcomes the NSW Government's announcement that the Sydney Convention & Exhibition Centre will close from December 2013 to fast track construction.

The Taskforce also supports Government moves to establish alternative venues with sufficient meeting and exhibition space during the construction period.

Interaction with Business Events Sydney

Participants in business events often seek local experiences and products during their business visit. Greater interaction and communication between the NSW Government, Destination NSW, Industry and Business Events Sydney can help identify and develop pre- and post-conference touring itineraries throughout NSW. This will ensure maximum visitor expenditure and future benefits for the State as a result of participation in business events in NSW.

Whole-of-government approach

Business events provide the means to engage internationally, profile the strengths of NSW, host trade delegations, showcase research capabilities and affirm Sydney and NSW as desirable locations to conduct business. These opportunities require effective planning to maximise the delegates' experience and therefore expenditure in NSW.

To ensure the maximum benefits to the NSW visitor economy, the State requires a whole-of-government approach. This approach needs to be aligned with other Government strategies, as highlighted in *NSW 2021*, and take into account all elements of the process from bidding, events delivery and post-event relationship management.

Infrastructure

Infrastructure to support such an approach is necessary. The replacement of the Sydney Convention & Exhibition Centre is, singularly, probably the most significant infrastructure investment that will directly contribute to the 2020 expenditure target. Industry estimates suggest the exhibition and convention facilities will deliver \$270 million in economic activity each year (PWC 2010). It is estimated that international business event delegates are estimated to spend on average five times more than international leisure visitors to Australia, therefore this high yielding market will be a major contributor to doubling overnight visitor expenditure by 2020 (BESyd 2011).

While the Taskforce appreciates the NSW Government's expansion of the Sydney Convention & Exhibition Centre, further consideration is required for regional infrastructure to incentivise and encourage more business events to be held in regional areas.

Funding

Above all, it is essential that appropriate funding is directed to strategies that ensure business events continue to contribute to the visitor economy in Sydney and Regional NSW. Competition for events is intensifying, with many States heavily bidding against NSW for major business events. Consequently, NSW is at risk of not realising the full potential that business events can offer the NSW economy.

Recommendation

36 That the NSW Government adopt a whole-of-government approach to the attraction and hosting of business events, funding, brand development, planning and integration of events with the broader visitor economy in Sydney and across the relevant regions.

Actions

Seven actions have been identified to implement this recommendation:

- Action 36A: Establish a Business Events Investment Fund in place of the current subvention system to support conference bidding by Business Events Sydney against highly incentivised competitor destination bids for business events in NSW.
- Action 36B: Develop and implement a NSW regional business events strategy that identifies appropriate regional infrastructure and provides support to Regional NSW to effectively target business event opportunities, including required promotional activities.
- Action 36C: Increase the number of NSW Government conferences and events that are held in Regional NSW.
- Action 36D: Promote to, and engage with, Sydney businesses to encourage them to hold their conferences in regional areas.
- Action 36E: Support the full closure of the Sydney Convention & Exhibition Centre during construction of the new centre to ensure the construction timeframe is minimised and expedite arrangements for alternate venues.
- Action 36F: Expand work with Business Events Sydney to assist in the development of pre and post-conference touring itineraries in NSW to maximise time and spend in the State.
- Action 36G: NSW Department heads to meet quarterly with Business Events Sydney CEO and Chairman to discuss event bid opportunities.

FUNDING

Snapshot

The Taskforce commends the positive outcome for the visitor economy in the NSW Government's 2012–13 Budget. The Budget funding commitments of \$500 million to Destination NSW over four years, \$377 million to the arts and cultural sector, \$120 million for trade and investment programs and the plans announced for infrastructure and transport for the State will directly contribute to driving visitor economy growth in NSW.

Despite its natural and built attractiveness and regardless of the great affection for the city by its residents, research shows that the appeal of Sydney and NSW as visitor destinations falls short of competitor destinations on several criteria.

The Taskforce is of the view that there is an unparalleled opportunity to drive infrastructure, investment, marketing and brand initiatives to facilitate the attainment of the NSW 2020 visitor economy target.

The NSW Government needs to adequately resource and fund the implementation of this Plan.

Background

The Taskforce acknowledges the significance of the funding commitment to Destination NSW in the NSW 2012–13 Budget. Although the funding of \$125 million per annum for the next four years to be allocated to Destination NSW makes up for a critical shortfall, projected to be \$167 million over the coming four years, additional funding and resources will be required to implement this Plan.

Despite the considerable appeal of its natural and built attractions, Sydney (and NSW) has been losing market share to its competitor destinations. For example NSW's share of international visitors to Australia in 2001 was 60 per cent, whereas in 2011 it was 52 per cent (DNSW 2012). Destination NSW is at risk of being unable to act with sufficient agility in an extremely competitive commercial operating environment.

Paramount to the challenges required to ensure that NSW meets its 2020 target, is the need to ensure adequate funding and resourcing for Destination NSW to deliver the Plan. The goal is not to merely maintain current levels of activity but to deliver on an ambitious 2020 target.

In particular, regional stakeholders highlighted that they embrace the concept of developing the visitor economy. Despite this enthusiasm, financial constraints are a major impediment to Local Councils' capacity to embrace the concept of greater investment into the visitor economy. Current revenue collected by Local Councils for tourism

promotional activities has not always been sufficient to fund effective investment in activities such as marketing, visitor services (such as visitor information centres) and infrastructure provisions to meet visitor needs.

The proposed initiative to allow Local Councils to seek special approval for rate increases above their rates cap for investment in the visitor economy will provide Local Councils with the opportunity to raise funds to overcome these funding issues.

Priority issues

The Taskforce has identified four priority issues in relation to the funding of visitor economy initiatives:

- **initially maintain and then increase existing funding:** additional funding is required to facilitate growth and development of the NSW visitor economy in line with the *Visitor Economy Action Plan*
- **industry contribution commitment:** a greater Industry contribution is required to develop the visitor economy
- **innovation funds:** the Industry should be eligible for funding from NSW Government innovation programs
- **examination of current Government expenditure on the broader visitor economy:** to assess the value of this investment.

Destination NSW funding

The Taskforce is of the view that the 2020 visitor economy target cannot be reached unless additional funding for Destination NSW above the current funding level is allocated. The goal is not merely to maintain current levels of activity, but to deliver on a strategy to double overnight visitor expenditure in NSW by 2020.

Destination NSW's funding in 2012–13, should at least be maintained in real terms. Additional funding will then be required from 2013–14 onwards to implement the Plan to achieve the 2020 target.

Destination NSW should undertake a detailed assessment of the additional funding required against the actions, milestones and timelines in the Plan, once the Plan is agreed by Government. This assessment should include the opportunity for increased industry funding and in-kind commitments against initiatives in the Plan. The additional funding should be allocated in the 2013 State Budget for 2013–14 and subsequent financial years.

Funding for regional tourism must be maintained in real terms. However, the funding allocation needs to be more reflective of the destinations' life cycle, growth potential and visitation.

The level of funding provided by Destination NSW to individual destinations should also be based upon current visitation, growth potential and overall contribution to the State visitor economy and in alignment with Destination Management Planning criteria.

Industry contribution commitment

Industry needs to partner and invest with Destination NSW in implementing this Plan, in co-operative marketing and other initiatives.

Innovation funding

Consideration should also be given to recognising tourism and the visitor economy as an Industry sector that qualifies for access to NSW Government innovation programs.

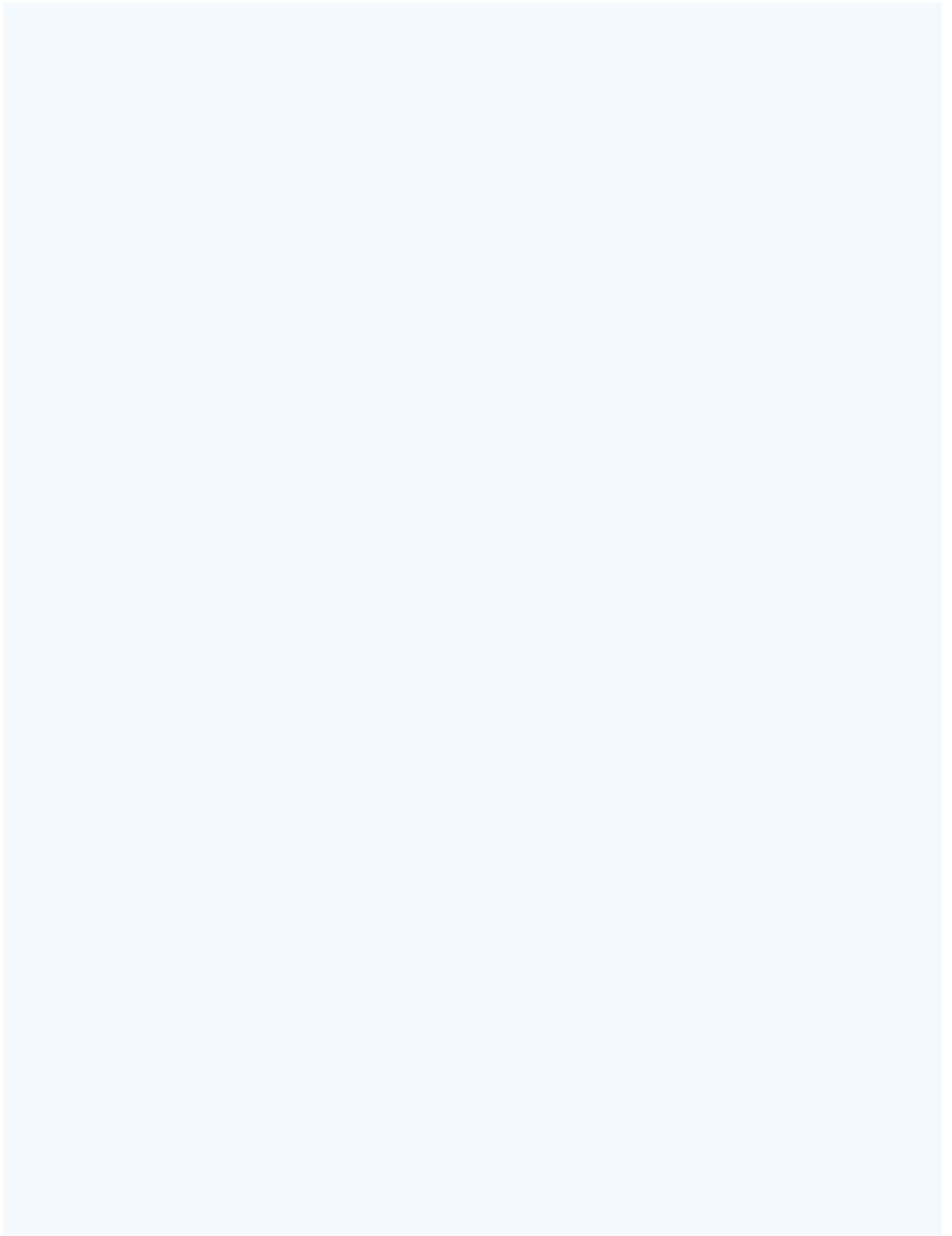
Recommendations

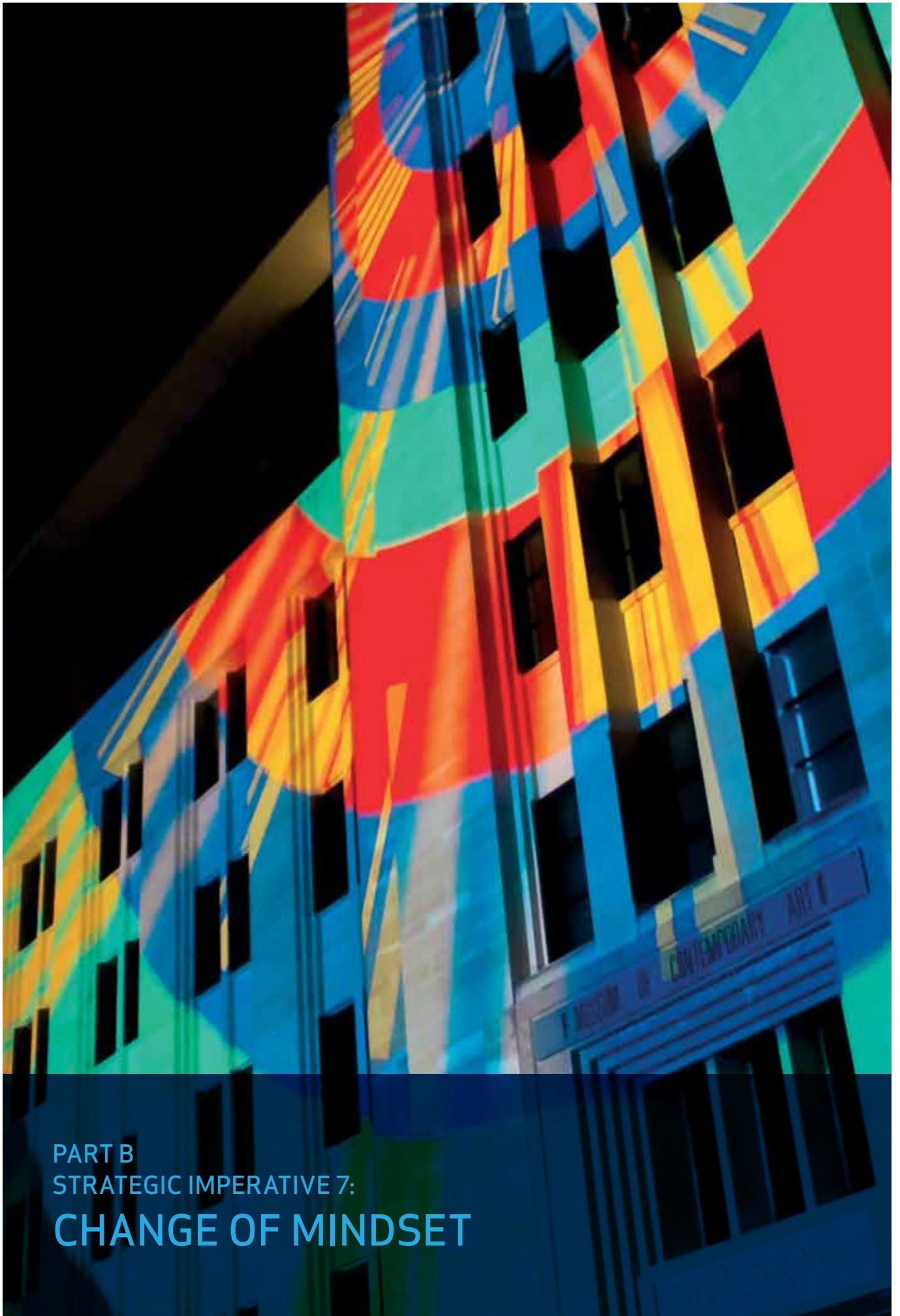
- 37 Initially, Destination NSW's current funding is at least maintained in real terms. Including allocation for regional tourism.**
- 38 Provide additional and sufficient funding to Destination NSW on a staged basis over the next eight years to deliver the *Visitor Economy Action Plan* and achieve the 2020 target.**
- 39 Ensure all NSW Government Departments' and agencies' funding on visitor economy-related activities, for example, arts and sport events grants, Industry development and so on are subjected to the same assessment as outlined in the Plan and ensure a return on investment to the State.**
- 40 Recognise this Industry as a segment that qualifies for access to NSW innovation funding programs.**

Actions

Six actions have been identified to implement these recommendations:

- Action 37A: Maintain funding for Destination NSW, including Regional Tourism 2012–13.
- Action 38A: Assess the additional funding required against the actions and the milestones and timelines in this Plan as agreed with Government, so as to be accommodated in the 2013–14 State Budget process.
- Action 38B: Obtain Industry commitment to additional funding and in-kind contributions.
- Action 38C: Ensure that all additional funding to Destination NSW is tied to implementing the recommendations of this Plan.
- Action 39A: Undertake an audit of all Department and agency budget allocations to identify expenditure on visitor economy-related purposes and, where it would be appropriate, guided by Destination Management Plans, that the funding require a visitor economy-related performance indicator.
- Action 40A: Review guidelines and criteria to include the visitor economy in NSW innovation funding programs.





PART B
STRATEGIC IMPERATIVE 7:
CHANGE OF MINDSET

CONTENTS

STRATEGIC IMPERATIVE 7: CHANGE OF MINDSET

STRATEGY IMPLEMENTATION

Whole-of-government approach

- 41 Implement a whole-of-government approach to visitor economy policy-making
- 42 Ensure Destination NSW has operational flexibility
- 43 Establish a sub-committee of Cabinet for the visitor economy
- 44 Board of Destination NSW to have responsibility for implementation of the Plan
- 45 Establish a joint Government/Industry co-ordination committee to monitor the Plan

Industry leadership

- 46 Industry to work more closely with Government and be jointly responsible for the Plan

Regional development and support

- 47 Reform operational structures and funding framework for Regional NSW
- 48 A complete new approach to Regional NSW

STRATEGIC IMPERATIVE 7:

CHANGE OF MINDSET

Rationale

The *NSW 2021* overnight visitor expenditure target is ambitious. A change of mindset, for both Government and Industry, will be necessary if the target is to be achieved.

The way we have done things in the past will need to change, including our approach to administration and funding Regional NSW.

Meeting the challenges and maximising the opportunities arising in the visitor economy will require a concerted whole-of-government approach and a proactive 'can-do' attitude from across Government, Industry and the community.

WHOLE-OF-GOVERNMENT APPROACH

Snapshot

There has been a 'silo approach' due to a lack of a whole-of-government commitment to the visitor economy by previous Governments, which has led to a lack of consistency in policy and processes, excessive red tape and conflicting priorities which in turn have inhibited innovation, investment and growth.

To help achieve the 2020 expenditure target, Destination NSW needs to be able to act with agility in an extremely competitive operating environment.

There is a need for many Government Departments and agencies to change their culture to be proactive and for the focus to be more on active encouragement and support for Industry innovation, entrepreneurship and excellence. This is the approach which has been successful in Victoria.

Background

Meeting the 2020 visitor expenditure target will require support and commitment across the full breadth of Government in NSW. NSW needs a whole-of-government approach, with NSW Government Departments and agencies working in partnership to achieve a collective response to key policy priorities.

Stakeholders have strongly emphasised the need for a whole-of-government approach in their input to the Taskforce. Collaboration across Government is seen as fundamental to the success of the visitor economy. The absence of a whole-of-government approach is partially responsible for some of the inertia, particularly in the area of investment for the visitor economy. For example, investment and development approval red tape severely restricts the ability of industry to respond to the growing need for more hotel accommodation in Sydney.

Priority issues

Four priority issues have been identified:

- **adopting of a whole-of-government approach** to oversee policy development and implementation of those policies needed to achieve the 2020 expenditure target
- **ensuring Destination NSW has the operational flexibility** to deliver an agile, commercial approach to visitor economy development
- **establishing a special sub-committee of Cabinet** to oversee policy co-ordination
- **implementing a formal relationship between Government and industry** to ensure a collaborative and co-operative approach in implementing the *Visitor Economy Action Plan*.

Adoption of a whole-of-government approach

Government will play a key role as the main facilitator of the change required for the success of the visitor economy strategy. A successful strategy will require whole-of-government co-ordination to drive the necessary change and create the right economic environment. Key outcomes required include reduced red tape, greater planning certainty, and better access to private/public partnership arrangements. This approach must be connected with Destination Management Planning and appropriate performance targets.

Ensure Destination NSW operates as an effective and flexible entity

Implementing this Plan and achieving the 2020 target over a relatively short period (eight years) will require the ability for Destination NSW to act with greater agility in an extremely competitive commercial operating environment. A central one-stop shop for industry, including providing assistance to potential visitor economy investors, will be essential. Destination NSW should be able to better facilitate and expedite visitor economy growth initiatives by not being inhibited by current laborious, over bureaucratic policies and practices. It could also access necessary Government support and services through a roundtable of key NSW Government Departments. This could include, for example, fast-tracking of appropriate investment proposals that meet approved criteria.

An initial priority for the Government should include exempting Destination NSW from the NSW Government's advertising approval peer and Cabinet review process.

Establishing a special sub-committee of Cabinet

The Taskforce recommends that a sub-committee of Cabinet oversee the whole-of-government process and monitor the State's progress towards meeting the 2020 expenditure target. For example, policies regarding infrastructure spending, business regulation and funding for cultural opportunities cross over with other Departments' policy considerations.

Whole-of-government collaboration will better enable NSW to focus resources and effort, unlock potential sources of growth and create flow-on effects for the wider economy.

A number of Governments, where tourism and events are major economic generators, have recently announced similar arrangements (for example, Queensland and Malaysia).

Instigating a formal relationship between Government and Industry

The Taskforce supports a formal dialogue between Government and Industry to enable the effective implementation of the *Visitor Economy Action Plan*. Ongoing industry input will be vital to ensuring broad buy-in and the necessary collaboration to help meet the 2020 expenditure target.

Whilst the Board of Destination NSW should be charged with the overall responsibility for implementation of this Plan, it is imperative that Industry also recognises and accepts its role as a partner with this implementation.

It is proposed that a sub-committee of the Board of Destination NSW meet with Government-nominated Industry representatives, at least twice yearly, to jointly assess the overall implementation of the Plan and report to Government, including recommending any necessary adjustments to the Plan.

Recommendations

- 41 Adopt a proactive whole-of-government approach to improve consistency in policy and processes and cut red tape to drive innovation, investment and growth.**
- 42 Provide greater operational flexibility to Destination NSW so as to enable it to operate more effectively in an agile and commercially competitive manner.**
- 43 Establish a sub-committee of Cabinet to oversee the progress of visitor economy priorities across Government.**
- 44 That the Board of Destination NSW be charged with the responsibility for implementing this Plan in accordance with the milestones and timelines as agreed with Government.**
- 45 That a sub-committee of the Board of Destination NSW, meet with Government-nominated Industry representatives, at least twice yearly, under the chairmanship of the Chairman of Destination NSW, to jointly assess the overall implementation of the Plan and report to Government, including recommending any necessary adjustments to the Plan.**

Actions

Five actions have been identified to implement these recommendations:

- Action 41A: Ensure that a visitor economy perspective is formally incorporated into relevant reviews being undertaken or contributed to by the NSW Government. The Taskforce has identified an initial number of reviews that should incorporate a NSW visitor economy perspective. (Appendix D)
- Action 42A: Immediately exempt Destination NSW from the NSW Government's peer and Cabinet review processes for advertising.

Action 43A: The sub committee of Cabinet take promotional opportunities that arise from time to time by providing Destination NSW with supplementary funding (for example, Sydney hosting the Australian Tourism Exchange in 2013, Oprah Winfrey-type projects, the proposed Sydney Movie and so on).

Action 44A: Set and agree with Government critical milestone targets for implementation of the recommendations of the *Visitor Economy Action Plan* and regularly report back to Government and Industry on achievement against the milestones.

Action 45A: Proactively identify opportunities for private sector participation in the provision of enhanced visitor-related services and facilities.

INDUSTRY LEADERSHIP

Snapshot

Visitor economy development relies upon Industry innovation and entrepreneurship. Therefore the Tourism Industry needs to step up and take a leadership role in, and responsibility for, the relevant areas of implementation of the *Visitor Economy Action Plan*.

Background

Government has traditionally led policy co-ordination and planning that directly impacts the visitor economy in NSW. The broad and diverse nature of the Tourism and Event Industries, in combination with the high concentration of small and medium enterprise (SME) operators, has impacted on industry leadership in this industry sector.

The ambition of the 2020 expenditure target and the roll-out of the *Visitor Economy Action Plan* provide a significant opportunity for Industry to stand up and show strong leadership in the future direction of the visitor economy. The 2020 expenditure target will not be met without the strong involvement of Industry and a genuine common objective to drive considerable Industry growth.

Industry cannot achieve this expenditure target growth without Government, and Government cannot achieve the target without Industry.

Priority issues

The Taskforce has identified three priority issues to be addressed in order to promote greater collaboration between Government and Industry:

- **development of a mechanism** to facilitate Industry input into Destination NSW co-operative marketing plans and priorities
- **provision of joint marketing opportunities** between Industry and Destination NSW to help achieve collaborative demand-side outcomes
- **development of commercial partnerships** to expand sustainable use of heritage and natural assets.

Industry input into marketing plans and priorities

To be effective, marketing must be responsive to the needs of the Industry and collaboration is needed to ensure that promotion is appropriately targeted to deliver on priority objectives. Businesses are on the front line of the visitor economy and need to provide input to the understanding of the needs of visitors to NSW.

A formal system is required to facilitate Industry input into Destination NSW marketing plans. This will provide Destination NSW with regular updates of the latest Industry trends, bookings, results of campaigns and event activation and on-the-ground needs of the visitor economy, helping to maximise return-on-investment for marketing.

Co-operative Industry and Destination NSW marketing initiatives

Combining Destination NSW's broader perspective with Industry's first-hand know-how can result in enhanced marketing initiatives and a more efficient use of resources. Industry engagement in marketing will lead to increased promotional effort.

Co-operative marketing contributions by Industry are essential to achieve maximum leverage from Destination NSW marketing investments. Industry and destinations should be prepared to increase their financial and in-kind contributions to co-operative marketing initiatives.

Commercial partnerships to expand use of heritage and natural assets

Industry participation in commercial partnerships can lead to innovative and adaptive development and re-use of heritage properties and natural assets. These redeveloped properties can be adapted for a wide range of uses, including for visitor facilitation, visitor accommodation or attractions purposes.

The NSW Government should promote a culture of innovation and leadership in the use of natural and heritage assets.

Industry can work with Government to explore commercial partnerships that will create opportunities to adapt, and upgrade, NSW's under-utilised heritage resources for the greater benefit of visitors, who will experience the State's natural and historical appeal.

Recommendation

46 Stemming from the establishment of the joint sub-committee of the Board of Destination NSW and nominated Industry representatives, that Industry work more closely with Government to take its share of responsibility for implementing the recommendations of the *Visitor Economy Action Plan*.

Actions

Three actions have been identified to implement this recommendation:

Action 46A: Provide a mechanism for Industry input into Destination NSW marketing plans and priorities.

Action 46B: Increase joint Industry co-operative marketing activities with Destination NSW, where those marketing activities are consistent with the relevant Destination NSW marketing plans.

Action 46C: Increase Industry participation in commercial partnerships to undertake innovative and adaptive re-use of heritage properties and for visitor facilitation in National Parks and visitor accommodation and attraction purposes, therefore gaining greater utilisation of heritage and natural assets.

REGIONAL DEVELOPMENT AND SUPPORT

Snapshot

Research shows that there is diminishing demand for NSW regions domestically and declining visitation from inbound markets.

Regional NSW is currently not positioned to make the contribution required of it to help achieve the 2020 visitor economy target. The current structures and funding processes underpinning regional tourism in NSW are not enabling regional destinations to achieve their full visitor potential.

The culture of providing funding to every region, regardless of relative destination appeal or effective effort, cannot continue if the needs and preferences of visitors from priority target markets and the 2020 target are to be met.

The current operational structure and funding framework for Regional NSW that Destination NSW operates within must be reformed.

Background

The visitor economy is an important contributor to Regional NSW and vice versa. The visitor economy constitutes a major part of the overall economy of many communities and provides the potential for further expansion.

However, it has been a strong consistent theme throughout the stakeholder consultations undertaken by the Taskforce that the current operational structures and funding framework underpinning regional tourism in NSW are not working effectively. These issues have been preventing NSW regional destinations from achieving their full visitor potential.

Competition from other jurisdictions and overseas is fierce and innovation is required to allow NSW to compete effectively. Without a new approach, it will not be possible for the NSW regions to increase their market share of interstate and international visitors to the extent necessary to meet the 2020 visitor expenditure target NSW.

The key to improving the positioning of NSW destinations is to reform the current structure and funding processes for the regions.

As recommended in *Strategic Imperative 3: Renew and revitalise destinations*, Councils should be encouraged to seek approval to a special rate variation for investment in visitor economy initiatives and to create special purpose entities to oversee the investment of those funds in initiatives which will assist achieve the 2020 visitor expenditure target.

Priority issues

The current level of base funding for NSW Regional Tourism must be maintained at least in real terms.

The following five priority issues have been identified as key opportunities to improve the visitor economy throughout Regional NSW:

- **Destination Management Plans** should connect demand and supply planning in order to receive any Government funding
- **Special Purpose Entities** should manage Destination Management Plans
- **Destination NSW funding for regions** should be provided to destinations which provide greatest attraction, potential and desire to increase visitor spending
- **Integration of all visitor economy initiatives** should take place within the framework of Destination Management Plans
- **Consolidation and leveraging of existing Government resources and funding** should be co-ordinated through the Destination Management Plans.

Destination Management Plan requirements

The implementation of a uniform approach to developing Destination Management Plans can play an important role in renewing and revitalising regional destinations across NSW. The development of destinations in NSW with sustainable visitor appeal has been impeded by a lack of a co-ordinated Destination Management Planning approach across the State. Instead, a 'silo approach' across Local, NSW and Commonwealth Government levels is hampering innovation, investment and growth.

NSW has the potential to improve the way in which it incorporates the needs of visitors into destination planning. This will enable destinations to become more competitive, particularly when faced with generally flat demand amongst interstate visitors. This new approach will facilitate greater integration of Commonwealth, State and Local Government, Industry and community input. Drawing on the local strengths of destinations to develop distinctive experiences will attract more visitors to Regional NSW particularly. To achieve this, Destination Management Plans need to identify the strategic investment, branding and positioning required to enable a destination reach its full visitor economy potential.

Requiring regional Destination Management Plans to connect demand and supply planning will also help align planning across the three levels of Government. This can result in increased destination share of benefits from the visitor economy. It will also ensure that future funding for visitor economy initiatives is effectively utilised.

Establishment of special purpose entities

Many of NSW's experience-based destinations do not conform to existing Local Government or regional boundaries. The establishment of separate special purpose entities to oversee Destination Management Plans and expenditure allocation will ensure the protection, development and maintenance of key tourism assets. The entities will assist in the protection of key tourism destinations against encroachment by other forms of development activity which may impact on their sustainability or potential to contribute to the visitor economy. Expenditure decisions will be made by the entities in accordance with relevant outcomes and oversight will be provided based on guidelines developed by the NSW Government through Destination NSW.

To ensure that the entity is representative of local visitor economy needs, these special purpose entities will be required to include representation from Councils, the community and local visitor economy interests, including local Industry such as tourism operators.

The special purpose entities should manage the Destination Management Plans in (and across) the LGAs where they have been established.

Enable Destination NSW to collaborate with destinations directly

Presently, Regional Tourism Organisations oversee the bulk of investment into local visitor economy activities. These organisations receive funding through membership fees and through NSW Government funding via Destination NSW, and are responsible for visitor economy investment and promotion at a regional level.

Consistent with Industry feedback, the Taskforce believes that the current RTO model is dysfunctional and is no longer an effective conduit between Destination NSW and Industry. At present, genuine collaboration between the NSW Government and regional areas through RTOs is limited.

It is essential that Destination NSW be empowered to collaborate with, and provide funding directly to, Industry stakeholders, such as the special purpose entities. This will improve the effectiveness of the funding processes. It will also deliver tangible benefits to the NSW visitor economy, particularly in Regional NSW.

Transitional funding arrangements that do not continue beyond June 2013 will be required to be implemented by Destination NSW for regional tourism initiatives.

Integration of visitor experience development initiatives

Effective Destination Management Plans provide a framework for destinations to enhance the attractiveness of their experiences to visitors. Individual destinations must firstly develop distinctive experiences that will draw visitors, and then ensure the effective delivery of those experiences once the visitors arrive.

Destination Management Plans can enable a destination to strategically develop key experiences, including:

- its natural attractions
- major events and festivals, in particular arts, culture, sport and recreation activities.

An effective Destination Management Plan must link experiences to the needs of target markets through strategic branding and positioning. Destinations must work to integrate arts, culture, events, nature, heritage and other visitor experience development initiatives into their Destination Management Planning. This will allow destinations to strategically position themselves in delivering experiences where they have comparative strengths, building on their key attributes to be more appealing to visitors and providing visitors with a more authentic and satisfying stay.

Consolidation and leveraging of existing Government resources and funding

If continued, the current lack of a strategic approach to visitor economy planning, management and delivery will result in NSW missing out on essential new developments to meet rising visitor demand. Destination Management Plans provide a simple yet effective framework to focus funding on enhancing visitor experiences and ensuring that Government resources provide the greatest benefit to the visitor economy.

Linking all visitor economy-related Government funding in accordance with Destination Management Plans will be more efficient and effective, and will help consolidate investment and incentivise visitor experience development in Regional NSW particularly as well as improve local amenities.

Recommendations

47 Reform the operational structure and funding framework of regional tourism to enable funding to be allocated directly to destinations which have developed a Destination Management Plan and remove the requirement that all funding must be provided through the RTO network.

48 Maintain, at least, the current \$5.1 million regional funding allocation for regional visitor economy initiatives.

Actions

Six actions have been identified to implement these recommendations:

Action 47A: Ensure that funding for regions will only continue where there is a Destination Management Plan that has a focus on building capacity and capability to grow visitor expenditure from priority target markets.

Action 47B: As experience-based destinations do not usually conform with existing Local Government, regional or State boundaries, ensure that the special purpose entities (see Destination Management Plan) are empowered to manage the Destination Management Plans.

Action 47C: Ensure that Destination NSW is able to deal directly with all Industry and stakeholders in destinations.

Action 47D: Ensure that arts and culture, events, nature and heritage and other visitor experience development initiatives are integrated into the Destination Management Planning and implementation processes for the relevant destination.

Action 47E: Consolidate and leverage Government resources and investment in Regional NSW by ensuring that grants and other payments relating to enhancing visitor experiences (for example, grants for arts, recreation, events and festivals) are facilitated through the Destination Management Plans of the relevant destinations.

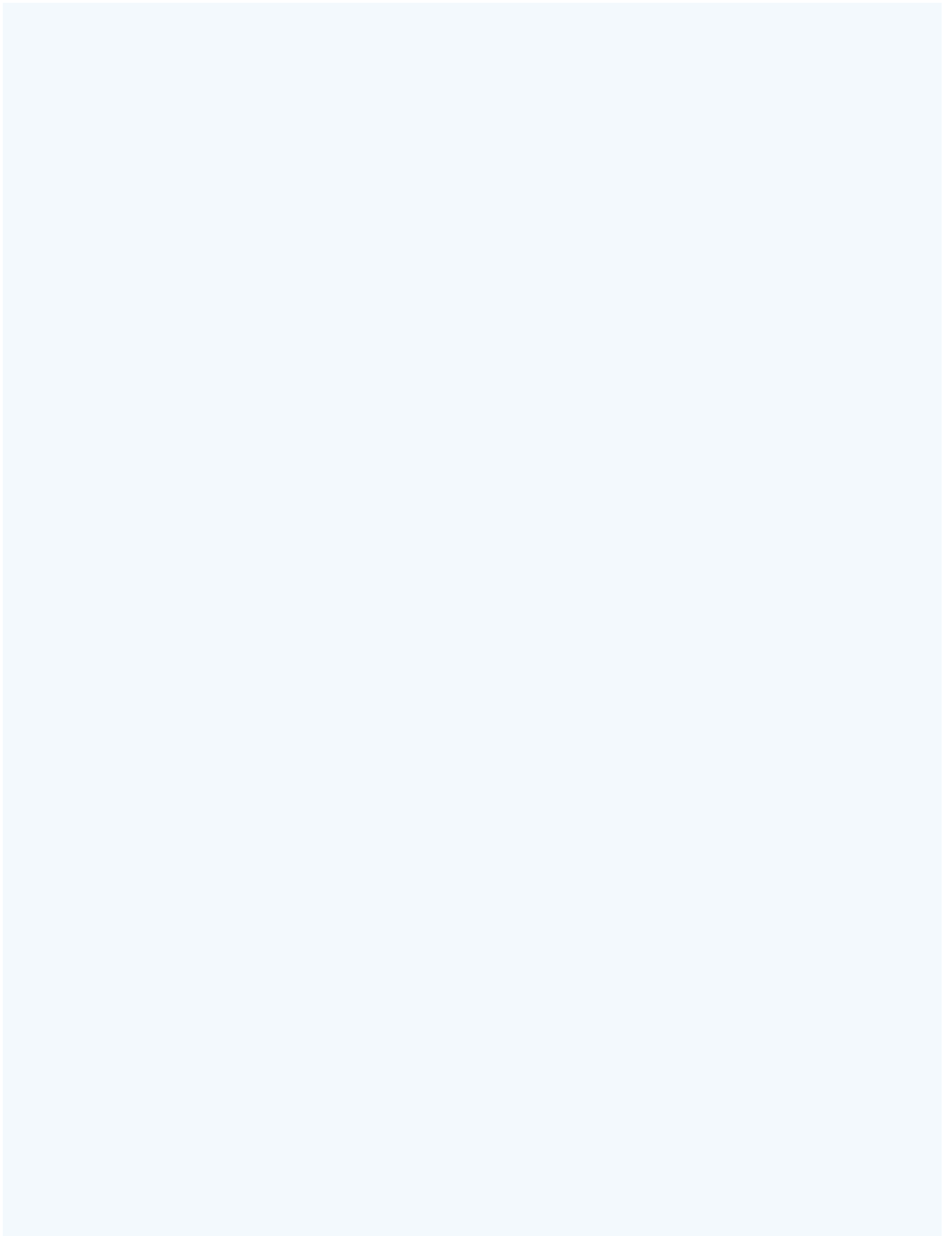
Action 48A: Implement transitional funding arrangements by Destination NSW for regional tourism that do not continue beyond 2013:

- allowing RTOs to access 'capacity' funding according to current criteria for a maximum of 12 months ending in the 2012–13 financial year so that alternates to any Government funding of staff, utilities and so on are put in place
- opening up future Destination NSW marketing funding to competitive bidding, with funding proposals to be assessed by Destination NSW against specified criteria, including a Destination Management Plan, to all Industry and stakeholders in a destination, not just RTOs.

These transitional arrangements will be in place for a maximum of 12 months, or less, when the new special purpose entities, additional revenue from special variation approval and new Destination Management Planning process are established.



PART C: VISITOR ECONOMY ACTION PLAN



VISITOR ECONOMY ACTION PLAN

INTRODUCTION

The *Visitor Economy Action Plan* identifies seven strategic imperatives that will need to be addressed for NSW to achieve *NSW 2021* target of the doubling of overnight visitor expenditure to the state by 2020.

The Visitor Economy Taskforce has developed an integrated *Visitor Economy Action Plan* with recommendations and corresponding actions designed to tackle these strategic imperatives.

For the *Visitor Economy Action Plan* to succeed it is the view of the Taskforce that the Plan will need to be implemented by the NSW Government and industry in its entirety.

The seven strategic imperatives driving the *Visitor Economy Action Plan* for NSW are:

- 1 *Increase visitation*
- 2 *Grow physical capacity*
- 3 *Renew and revitalise destinations*
- 4 *Improve the visitor experience*
- 5 *Increase visitor spend*
- 6 *Make NSW more competitive*
- 7 *Change of mindset.*

STRATEGIC IMPERATIVES: SUMMARY

Strategic Imperative 1: Increase Visitation

Positioning, promotion and selling

- New Sydney brand
- NSW destinations brand
- Target markets
- Digital marketing

Strategic Imperative 2: Grow Physical Capacity

Infrastructure

- Accommodation capacity
- Airport capacity – Sydney Airport
- Airport capacity – regional airports
- Cruise ship capacity
- Integrated transport planning
- Arts/Cultural precincts

Skills and Labour

- Awards and conditions
- Local skilled labour sources
- International skills and labour sources

Strategic Imperative 3: Renew and Revitalise Destinations

Destination Management Planning

- Destination Management Plans
- Protection of key visitor destinations and precincts

Additional revenue to support visitor economies

- Enable Local Councils to source revenue for visitor economy growth



Overarching imperative



Strategic Imperative 7: Change the Mindset

Strategy implementation

- Whole-of-government
- Industry
- Regional development and support

Strategic Imperative 4: Improve the Visitor Experience

Visitor Services

- Sydney and regional visitor servicing
- Customer service

Visitor Transport Services

- Visitor transport services

Experience development

- Aboriginal experience development
- Arts and culture experience development
- Events and festivals
- Nature and heritage experience development
- Ongoing experience development

Strategic Imperative 5: Increase Visitor Spend

Visitor Yield

- Retail shopping
- Food and wine
- International students and education market
- Specific high-yield segments

Strategic Imperative 6: Making NSW more Competitive

Investment Facilitation

- Investment facilitation
- Business events
- Funding



Overarching imperative



Strategic Imperative 7: Change the Mindset

Strategy implementation

- Whole-of-government
- Industry leadership
- Regional development and support

CONTENTS

STRATEGIC IMPERATIVE 1: INCREASE VISITATION

POSITIONING, PROMOTION AND SELLING

Sydney's brand

- 1 Implement a consistent, long-term brand strategy for Sydney

NSW destinations brand

- 2 Finalise a brand strategy for key NSW destinations

Target markets

- 3 Focus on priority target markets

Digital marketing

- 4 Make greater use of digital marketing for all promotional activity

STRATEGIC IMPERATIVE 2: GROW PHYSICAL CAPACITY

INFRASTRUCTURE

Accommodation capacity

- 5 Improve regulatory environment for investment in visitor accommodation
- 6 Develop a NSW Visitor Accommodation Supply Plan

Airport capacity – Sydney Airport

- 7 Reduce artificial restrictions at Sydney Airport
- 8 Incentivise air services and new routes
- 9 Address ground transport access at Sydney Airport

Airport capacity – regional airports

- 10 Expand regional airport capacity

Cruise ship capacity

- 11 Expand cruise berth capacity in Sydney
- 12 Prepare a 10-year Cruise Development Plan
- 13 Support earliest implementation of current infrastructure enhancements

Integrated transport planning

- 14 Include visitor needs in transport planning

SKILLS AND LABOUR

Awards and conditions

- 15 Call on Commonwealth Government to review *Fair Work Act 2009*

Local skilled labour sources

- 16 Improve access to training for Australian residents

International skills and labour sources

- 17 Increase international short-term labour supply

STRATEGIC IMPERATIVE 3: RENEW AND REVITALISE DESTINATIONS

Destination Management Planning

- 18 Implement a Destination Management Planning system in NSW
- 19 Protect key visitor destinations and precincts from encroachment

Additional revenue to support visitor economics

- 20 Enable Local Councils to source additional rates revenue for visitor economy growth

STRATEGIC IMPERATIVE 4: IMPROVE THE VISITOR EXPERIENCE

VISITOR SERVICES

Sydney and regional visitor servicing

- 21 Co-ordinate Sydney visitor information delivery
- 22 Incorporate wayfinding and signage into policy

Customer service

- 23 Develop and implement cultural awareness programs for Industry

Visitor transport services

- 24 Plan for visitors in transport policy
- 25 Develop cost-effective ticketing options for visitors

EXPERIENCE DEVELOPMENT

Aboriginal experience development

- 26 Increase profile of NSW's Aboriginal heritage and contemporary culture

Arts and culture experience development

- 27 Integrate arts and culture into the visitor economy

Events and festivals

- 28 Expand statewide events and festivals strategy

Nature and heritage experience development

- 29 Improve Government and Industry collaboration for management/development of nature and heritage experiences

Ongoing experience development

- 30 Develop new products and experiences

STRATEGIC IMPERATIVE 5: INCREASE VISITOR SPEND

VISITOR YIELD

Retail shopping

- 31 Position Sydney as a world-class shopping destination

Food and wine

- 32 Extend marketing and brand messaging of NSW quality food and wine experiences

International students and education market

- 33 Implement international education market strategies

Specific high-yield segments

- 34 Assess and act on emerging high-yield market opportunities

STRATEGIC IMPERATIVE 6: MAKE NSW MORE COMPETITIVE

INVESTMENT FACILITATION

Investment

- 35 Cut red tape and incentivise investors

Business events

- 36 Implement whole-of-government approach to business events

Funding

- 37 Resource Destination NSW
- 38 Connect visitor economy to NSW Government programs including funding
- 39 Assess NSW Government spending on visitor economy initiatives
- 40 Industry innovation funding

STRATEGIC IMPERATIVE 7: CHANGE OF MINDSET

STRATEGY IMPLEMENTATION

Whole-of-government

- 41 Implement a whole-of-government approach to visitor economy policy-making
- 42 Ensure Destination NSW has operational flexibility
- 43 Establish a sub-committee of Cabinet for the visitor economy
- 44 Board of Destination NSW to have responsibility for implementation of the Plan
- 45 Establish a joint Government/Industry co-ordination committee to monitor the Plan

Industry leadership

- 46 Industry to work more closely with Government and be jointly responsible for the Plan

Regional development and support

- 47 Reform operational structures and funding framework for Regional NSW
- 48 A complete new approach to Regional NSW

STRATEGIC IMPERATIVE 1: INCREASE VISITATION

POSITIONING, PROMOTION AND SELLING

Rationale

It is a difficult and very competitive environment worldwide in which to motivate visitors to travel. In such an environment, a strong, motivational destination brand is the key to cutting through the clutter of the many destination choices on offer to consumers and move them to select Sydney and NSW. A compelling and consistent brand strategy for Sydney is essential if NSW is to substantially increase the number of visitors to the level necessary to meet the 2020 visitor expenditure target.

SYDNEY'S BRAND

Snapshot

Sydney is an attractive major global city. However, research shows that many potential visitors are in fact ambivalent about its appeal and character and the opportunities and experiences it offers.

A long-term, compelling and consistent brand strategy is needed to position Sydney as a place to work, do business, study and holiday. The strategy needs to capitalise on the city's character and assets and significantly increase the appeal of Sydney to visitors.

Recommendations and actions	Lead Responsibility
Recommendation	
1. Develop and implement a compelling, consistent and long-term brand strategy for Sydney that focuses on the priority target markets and liaise with Industry prior to implementation.	Destination NSW
Actions	
1A Build on the extensive brand development work already completed, finalise and implement a brand communications strategy for Sydney that drives the key brand messaging to attract business, education and leisure visitors.	Destination NSW
1B Integrate the major events and festivals' positioning and messaging into the broader brand strategy for Sydney.	Destination NSW
1C Establish a systematic theming approach to the promotion of Sydney as a destination for use by all key Industry marketing partners.	Destination NSW
1D Further develop intrastate/interstate packages which will encourage those visitors to key cultural and sporting events to extend their length of stay.	Destination NSW
1E Allow iconic publicly-owned Sydney images, locations and events to be filmed/photographed at no charge when being used in Sydney brand promotions.	NSW Government

STRATEGIC IMPERATIVE 1: INCREASE VISITATION

NSW DESTINATION BRANDS

Rationale

A compelling and consistent set of NSW destination brands is essential if NSW is to substantially increase the number of visitors to the level necessary to meet the 2020 visitor expenditure target.

Snapshot

NSW needs to confront the reality of diminishing demand from the domestic market for many regions of NSW and the pattern of decline in visitation from inbound markets.

Research shows there are only a small number of NSW regions which have high appeal as a place to visit to potential domestic travellers (BDA 2012). The impact of low-cost carriers has also seen an increase in domestic interstate air travel at the same time as a decline in self-drive intrastate and touring-style holidays and therefore the number of visitors passing through regions of NSW.

International visitors spent 84 per cent of their nights on their visit to NSW in Sydney. The NSW regions will have to work harder to attract international visitors to travel into the regions.

The boom in outbound Australian travel is continuing, and NSW destinations have to compete fiercely with overseas destinations as a short-break alternative for NSW residents.

Destination NSW needs to continue transitioning its marketing strategy from promoting an overall State brand to promoting the drawcard attractions, experiences, events and major destinations in NSW. This will require robust strategies for marketing and promotion that are based on the realities of consumer research and achieve Industry buy-in and participation.

Recommendations and actions	Lead Responsibility
Recommendation	
2. Finalise a long-term, compelling and consistently delivered brand strategy for the key identified NSW destinations, and ensure joint marketing with Industry support.	Destination NSW
Actions	
2A Build a comprehensive brand positioning framework for NSW destinations, utilising current data on visitor preferences for key NSW destinations and experiences.	Destination NSW
2B Link brand positioning with Destination Management Plans and work with destinations to identify key features and promote key strengths.	Destination NSW
2C Integrate major events and festivals, arts and culture, natural heritage and other relevant positioning into the NSW destinations brand strategy.	Destination NSW
2D Establish a systematic theming approach to regional destination promotion for use by all key industry marketing partners.	Destination NSW
2E Allow iconic publicly-owned NSW images, locations and events to be filmed/photographed at no charge when being used in NSW destination brand promotions.	NSW Government

STRATEGIC IMPERATIVE 1: INCREASE VISITATION

TARGET MARKETS

Snapshot

With limited resources and significant competition, Destination NSW needs to focus and target its efforts on those visitor markets and market segments that will give the best return to the State and help achieve the 2020 target.

These markets and market segments need to be selected against criteria based on evidence and will include a mix of the traditional, specific, new, emerging and specific high-yielding opportunities. The strength of the appeal of specific events and festivals also needs to be factored into target market selection.

Destination NSW will need to retain flexibility in target market and segment choice, for example, when new airline routes open up new potential markets or where a market segment has a high dispersal and expenditure profile. All future Destination NSW promotional effort should be focussed on these selected target markets. As these markets are constantly changing, they will need regular review.

Recommendations and actions	Lead Responsibility
Recommendation	
3. Focus all Government visitor marketing on the top target markets and market segments identified by research for NSW.	Destination NSW
Actions – General	
3A Concentrate all future Destination NSW promotional effort, marketing, visitor servicing and product development solely on the top target markets identified through research: China, UK, South Korea, USA, New Zealand, Japan, Singapore, India, Malaysia, Germany and Indonesia. Identify the best market segment opportunities within or across these markets, for example, leisure, VFR, education, business.	Destination NSW
3B Undertake regular updates of target market and segment analysis to determine how best to attract and service the highest potential yielding visitor markets in terms of spend.	Destination NSW
Domestic	
3C Promote NSW destinations that have the highest demonstrated consumer appeal and potential to grow visitor expenditure to target markets and incorporate events and festivals that are proven visitation drivers, for example, the Tamworth Country Music Festival, into the domestic target market strategy.	Destination NSW
3D Ensure Destination NSW's marketing maximises the spend potential arising from the strong growth seen in interstate VFR and business visitation segments.	Destination NSW

STRATEGIC IMPERATIVE 1: INCREASE VISITATION

Recommendations and actions		Lead Responsibility
International		
3E	Implement and adequately resource the comprehensive China Strategy that has been developed by Destination NSW.	Destination NSW
3F	Increase and adapt Destination NSW presence in target markets as the strategy requires.	Destination NSW
3G	Further analyse the top identified target markets to develop and focus on the following market segments identified for their growth potential: <ul style="list-style-type: none"> • international education • business events • youth and working holiday makers • baby boomers • other high-yield niche markets and market segments. 	Destination NSW
3H	Incorporate events and festivals that are proven visitation drivers, for example, Sydney New Year's Eve, Vivid Sydney and Sydney's Chinese New Year celebration, into the international target market strategy.	Destination NSW

STRATEGIC IMPERATIVE 1: INCREASE VISITATION

DIGITAL MARKETING

Snapshot

To successfully communicate with target markets and generate increased visitation, marketing strategies must be responsive to, and make immediate use of, the developments in technology and social media that caused a massive shift in the way travellers seek and share information as well as book travel. There is a significant need for improved search functionality on all Industry websites in order for NSW to be truly competitive. There is also a need to better capture and convert visitor interest as evidenced by measuring the numbers of online enquiries compared to the numbers of actual visitors, and benchmarking NSW's performance compared to competitor destinations.

Recommendations and actions	Lead Responsibility
Recommendation	
4. Focus visitor economy marketing resources on a greater use of digital marketing and promotions and improve the links between complementary digital information services.	Destination NSW
Actions	
4A Build a competitive Industry and Government digital marketing capability, harnessing: <ul style="list-style-type: none"> • online promotion/search engine optimisation • social media networks/videocasting/blogs • location and map search functions, smartphone apps, including QR code. 	Destination NSW
4B Expand and disseminate insights from social media tracking programs that monitor the extent and nature of 'buzz/talkability' around NSW destinations and experiences by each priority market segment.	Destination NSW
4C Take a leadership position in the digital space with new technologies, for example, augmented reality technology.	Destination NSW
4D Partner with Industry to accelerate the adoption and development of new technologies and digital marketing by the Tourism Industry.	Destination NSW
4E Establish a new and comprehensive whole-of-state website for events and festivals, conventions and exhibitions of all types, which can be viewed and searched by week/month and event genre and linked to relevant websites.	Destination NSW

STRATEGIC IMPERATIVE 2: GROW PHYSICAL CAPACITY

INFRASTRUCTURE

Rationale

NSW must grow the physical capacity of its infrastructure to enable the required growth in visitor numbers to be achieved. Accommodation and air capacity are the highest priority capacity challenges which must be addressed.

ACCOMMODATION CAPACITY

Snapshot

A doubling of the overnight visitor expenditure by 2020 will demand more visitor accommodation for Sydney's CBD and Greater Sydney. Achieving the target will also have an impact on current and future demand for accommodation in Regional NSW.

A measured and effective whole-of-government approach is required to encourage a phased accommodation development, as investors require certainty regarding future development plans in order to make investment decisions over the medium to longer term.

Currently, there is limited capacity to promote additional visitation into Sydney. Competitor destinations, such as Melbourne, have implemented a strategy which has ensured that accommodation capacity has stayed ahead of demand.

Priority recommendations and actions	Lead Responsibility
Recommendations 5. Provide an investment and regulatory environment for the City of Sydney and its surrounds which supports and encourages private investment in accommodation facilities, including: <ul style="list-style-type: none"> incentives for visitor accommodation development removal of regulatory impediments during the planning, approvals and construction phases of property development. 	NSW Government
6. Develop a NSW Visitor Accommodation Supply Plan to: <ul style="list-style-type: none"> undertake regular accommodation supply and demand studies ensure that achievement of the visitation target is not constrained by a shortage of visitor accommodation in key tourism destinations across NSW encourage incremental and sustainable growth in, and encourage rejuvenation of, accommodation supply in key tourism destinations encourage and facilitate investment in new visitor accommodation that matches market needs provide confidence to investors and operators about the stability of their operating environment contribute to the NSW Government's broader infrastructure planning processes and investment incentives. This Plan would focus on the immediate accommodation shortage in Greater Sydney and, secondly, on identified key and emerging regional tourism destinations to meet and generate demand.	NSW Government

STRATEGIC IMPERATIVE 2: GROW PHYSICAL CAPACITY

Priority recommendations and actions	Lead Responsibility
Actions	
5A Work with the City of Sydney on future land-use and development standards to be incorporated in the Sydney Local Environment Plan and Development Control Plan to encourage and incentivise visitor accommodation in key Sydney precincts.	NSW Government
6A Establish a joint Government/Industry group to oversee development of the NSW Visitor Accommodation Supply Plan and monitor its ongoing implementation.	NSW Government
6B Ensure that the current Property Asset Utilisation Taskforce completes an audit of Government property in Sydney's CBD and key tourism precincts to identify opportunities for use of Government-owned buildings and land for new or redeveloped visitor accommodation.	NSW Government
6C Identify and release Crown land suitable for visitor economy purposes, including caravan/ tourist parks, ecotourism, heritage, family or Aboriginal-based tourism developments, including in or adjacent to National Parks, State Forests and Reserves and other Crown lands. Ensure that sustainable development and management practices are adopted.	NSW Government
6D Liaise with owners of 'eco-lodges' and similar establishments to encourage the construction of buildings utilising green technologies and sustainable management practices and incorporate these insights into the NSW Visitor Accommodation Supply Plan and Destination Management Planning process for NSW.	NSW Government
6E Introduce specific incentives and remove unnecessary regulatory/approval procedures and requirements to encourage the adaptive re-use and preservation of heritage buildings.	NSW Government
6F Ensure visitor accommodation targets are included in major Government-led urban renewal and strategic land use projects, such as Barangaroo and the new convention precinct.	NSW Government
6G Call upon the Commonwealth Government to provide greater flexibility within the <i>Fair Work Act 2009</i> to lessen the constraints of higher penalty rates on the accommodation sector.	NSW Government

STRATEGIC IMPERATIVE 2: GROW PHYSICAL CAPACITY

AIR CAPACITY – SYDNEY AIRPORT

Snapshot

NSW is losing relative market share of inbound seats from major international growth markets, for example, outbound long-haul China seats and trips.

Forecasts indicate there will need to be an increase in domestic and international air seats to NSW if the 2020 target is to be reached.

These measures are focussed on achieving the 2020 visitor economy target. The 2020 target cannot be achieved unless the artificial constraints on Sydney Airport are reduced. The Airport's ability to perform as Australia's national gateway is critical to the growth of the visitor economy and overall economic health of NSW. Improved access to regional airports near the Sydney basin is also vital to facilitate the attraction of additional airlines and routes to NSW.

Priority recommendations and actions	Lead Responsibility
Recommendations	
7. Call upon the Commonwealth Government to relax the current restrictions on aircraft movements at Sydney Airport to facilitate growth in visitor arrivals.	NSW Government
8. Develop a whole-of-government NSW aviation strategy, including incentives and marketing, to improve air services frequency and add new routes which access and service target markets. The strategy should address access into Newcastle, Canberra and Coolangatta airports as well as Sydney Airport.	NSW Government
9. Take urgent action to address the issue of ground transport access to Sydney Airport.	NSW Government
Actions	
7A That the NSW Government take all possible action to have the Commonwealth Government amend the <i>Sydney Airport Demand Management Act 1997</i> so as to increase the statutory movement cap to at least 90 per hour in the peak period.	NSW Government
7B Call upon the Commonwealth Government to increase the am shoulder curfew movements by 11 movements per week so as to be consistent with the <i>Sydney Airport Curfew Act 1995</i> .	NSW Government
8A Ensure that the NSW Government's Long-Term Transport Master Plan identifies and incorporates opportunities to improve passenger movement to and from Sydney Airport.	NSW Government
8B Work with Sydney Airport Corporation Limited (SACL) to ensure that Sydney Airport's Master Plan has adequate provision for the expected increased growth in visitor numbers in accordance with this <i>Visitor Economy Action Plan</i> .	NSW Government
8C Support the introduction of a common air border between Australia and New Zealand, which would result in significant opportunities for increased international flights to regional airports, particularly Newcastle.	NSW Government
8D Work with Sydney, Newcastle, Canberra and Gold Coast/Coolangatta airports to develop a NSW aviation strategy.	NSW Government

STRATEGIC IMPERATIVE 2: GROW PHYSICAL CAPACITY

Priority recommendations and actions	Lead Responsibility
<p>9A Support the recommendation of the <i>Joint Study on Aviation Capacity in the Sydney Region</i> that the Commonwealth and NSW Governments, in consultation with SACL, commence work on the detailed planning required for a program of surface transport works to improve the connections to the airport and surrounding precinct, including:</p> <ul style="list-style-type: none"> • a program to upgrade roads and intersections in the locality of the airport • improvements to rail services to and from Sydney Airport and the CBD • a commitment by the Commonwealth and NSW Governments to invest in suitable rolling stock and train paths to increase airport rail link service capacity • establishment of priority lane access for buses and taxis from the CBD to and from Sydney Airport • expansion of the Sydney bus network services to and from the airport • development and implementation of a plan to facilitate bus and mini-bus access to a centralised transit point or points at the airport terminal precincts. 	NSW Government
<p>9B Support the recommendation of the <i>Joint Study on Aviation Capacity in the Sydney Region</i> that the NSW Government consult with the Commonwealth Government and SACL to develop and implement a strategy for increasing the patronage of the airport rail system, which includes improving the visitor experience, for example, by providing easier baggage storage, porter services and access to luggage trolleys.</p>	NSW Government

STRATEGIC IMPERATIVE 2: GROW PHYSICAL CAPACITY

AIRPORT CAPACITY – REGIONAL AIRPORTS

Snapshot

Newcastle, Canberra and Gold Coast/Coolangatta present opportunities to grow NSW's airport capacity and air access opportunities into NSW for visitors. Newcastle presents a particularly significant opportunity, not only to increase regional access, but to also complement Sydney Airport's capacity – both domestically and internationally. However, current hourly movement restrictions at Newcastle need to be more flexible over a 24-hour period.

There also is a need to develop and agree on policy and planning approaches to prevent inappropriate development within flight corridors which restricts opportunities for airport development and expansion, particularly at Canberra Airport.

Priority recommendations and actions	Lead Responsibility
Recommendation	
10. Support the growth in air services to Newcastle, Gold Coast/Coolangatta and Canberra airports to accommodate larger aircraft, increased passenger movements and to cater for international arrivals and departures.	NSW Government
Actions	
10A Call upon the Commonwealth Government to agree to adjust the Slot Management System at Newcastle Airport to allow for more flexible scheduling, particularly in the am and pm peak periods.	NSW Government
10B Undertake an audit with key stakeholders (including the Commonwealth Government), to assess regional airport infrastructure needs in the light of increased security requirements, increase in aircraft size and the inadequate funding available to Local Councils to expand and maintain key regional airports.	NSW Government
10C Support the development and enhancement of air services into Newcastle, Canberra and Gold Coast/Coolangatta airports to facilitate increased visitation to NSW.	NSW Government
10D Work with the Queensland Government to resolve cross-border regulatory anomalies that do not provide reciprocal arrangements for NSW and Queensland taxis and restrict NSW taxis from picking up airport customers in Queensland to return them to NSW.	NSW Government
10E Establish a working group to identify the issues concerning future access to Lord Howe Island and make recommendations that plan for future access needs.	NSW Government

STRATEGIC IMPERATIVE 2: GROW PHYSICAL CAPACITY

CRUISE SHIP CAPACITY

Snapshot

The growing popularity of the cruise industry globally requires more effective planning and management of infrastructure capacity in Sydney for it to remain a high-profile cruise destination. With double-digit growth over the past six years, Sydney and NSW will be unable to reap the economic benefits if infrastructure fails to keep up with demand, severely constraining the economic benefits from cruise passenger spending and lost providedoring opportunities for NSW primary producers and other related businesses.

There are significant lost opportunities for additional cruise ship visits (the forward bookings indicate that OPT will reach capacity in the peak season in 2013, (Hawke Review 2012), therefore limiting future growth. Industry trends, such as the construction of larger capacity ships and a better connection to the Australasia-Pacific region through the Panama Canal widening of 2014 will also support further growth in Sydney, but only if the infrastructure is in place.

Recommendations and actions	Lead Responsibility
Recommendations	
11. That the NSW Government fulfil its responsibility as acknowledged in the Hawke Review to expand cruise capacity within Sydney ports, including continuing the case for access to Garden Island.	NSW Government
12. Prepare a 10-year Cruise Development Plan, in consultation with Industry, to: <ul style="list-style-type: none"> plan for the forecast growth in cruise ship calls and passenger numbers ensure NSW captures a larger share of the economic benefits from the growth in the cruise market, including providedoring of ships and pre- and post-cruise tours develop financial models to identify capacity needs identify the level and timing of future Government funding of cruise sector infrastructure, for example, White Bay funding commitments. 	NSW Government
13. Support the earliest practicable implementation of current cruise-related infrastructure enhancements, including: <ul style="list-style-type: none"> White Bay Terminal development the OPT Master Plan OPT mooring improvements and providedoring berth scheduling at Garden Island. 	NSW Government

STRATEGIC IMPERATIVE 2: GROW PHYSICAL CAPACITY

Recommendations and actions	Lead Responsibility
Actions	
11A Take all possible action, in association with the Commonwealth Government, to provide assured access on a regular, scheduled basis to Garden Island to accommodate the increasing number of large cruise ships.	NSW Government
12A Work with Royal Caribbean Cruise Lines, the stevedoring and cruise shipping industries to develop options for the use of Port Botany to accommodate cruise ship berthing facilities and engage with the Commonwealth Government in relation to customs and immigration passenger facilitation.	NSW Government
12B Assess the feasibility to accommodate additional cruise ship berthing facilities at identified locations (including options such as a dolphin buoy at Athol Bight) in order to meet increased demand.	NSW Government
12C Work with the cruise industry and their ground handling companies to develop a plan which will increase the number of visitor nights for pre- and post- cruise stays.	Destination NSW
12D Destination NSW to work with the cruise industry to capitalise on opportunities to grow overnight visitor expenditure.	Destination NSW
13A Ensure priority of berthing capacity east of the Sydney Harbour Bridge at Garden Island and the OPT is for international cruise ships to allow these visitors ready access to retail and other spending activities.	NSW Government
13B Re-open Jack Munday Place and move the booth in the middle of the road at the entrance to allow direct provisioning vehicle access to cruise ships via Argyle Street.	NSW Government
13C Further restrict vehicle parking immediately in front of the OPT during the provisioning of cruise ships.	NSW Government
13D Include provedore supplier and visitor needs, (including access for enhanced pick-up and set-down and passenger services) in the design and operation of the current Master Planning process for Circular Quay/The Rocks/Overseas Passenger Terminal.	NSW Government
13E Ensure that a visitor economy perspective is taken into account in the planning for transport and access arrangements for the new White Bay cruise facility including: <ul style="list-style-type: none"> its design to allow for multiple use of the facility for corporate and other events, conventions and exhibitions in order to maximise the return on the Government's investment a free shuttle bus service to the city's retail precincts for transit passengers that cruise industry forward projections are taken into account. 	NSW Government

STRATEGIC IMPERATIVE 2: GROW PHYSICAL CAPACITY

INTEGRATED TRANSPORT PLANNING

Snapshot

Effective transport planning provides opportunities for visitors and locals to experience more of Sydney and NSW. Current transport planning could better cater for visitor and resident needs and better incorporate visitor products, experiences and services.

Recommendations and actions	Lead Responsibility
Recommendation	
14. Ensure that visitor needs relating to access to visitor precincts and major event venues are understood and effectively considered in the transport planning process across a wide range of transport modes and service providers (see also Recommendation 24).	NSW Government
Actions	
14A Ensure that the NSW Government's Long-Term Transport Master Plan currently being prepared addresses visitor facilitation and access issues across all transport modes.	NSW Government
14B In the context of the Long-Term Transport Master Plan, ensure that the Sydney light rail network review takes into account the role of light rail to connect major visitor precincts, including the Sydney Cricket Ground and Royal Randwick Racecourse through to the University of NSW, as well as its role in moving people for large scale events.	NSW Government
14C Improve coach and taxi infrastructure and access options throughout Sydney CBD, major visitor precincts, event venues and Regional NSW.	NSW Government
14D Review and pilot opportunities to improve the visitor experiences available through CountryLink including, for example, improved rail experiences and special event packages.	NSW Government
14E Ensure that forecast visitor usage is taken into account in the planning of new transport services, for example, the proposed light rail service to Barangaroo.	NSW Government
14F Introduce a system and calendar to ensure that transport works are not scheduled that clash with major events.	Destination NSW

STRATEGIC IMPERATIVE 2: GROW PHYSICAL CAPACITY

SKILLS AND LABOUR

Snapshot

Conservative estimates of current visitor economy trends show that NSW will require a significant increase in additional labour supply to meet visitor demands. To achieve this in a climate where NSW is currently facing a shortfall in the labour force, and where traditional sources of labour supply are diminishing, will be challenging.

Awards and conditions: inflexibility and labour costs under the current *Fair Work Act 2009* substantially reduce economic viability, competitiveness and the quality of the visitor experience. In order to maximise visitor economy returns and to enhance the visitor experience, it is important that a range of businesses are financially able to trade on weekends and public holidays.

Local skills and labour sources: there is a need to increase the number and skills of Australian residents in order to fill the gap in demand for labour in the visitor economy.

International skills and labour sources: there is still a gap in skills and labour that requires further supply of international short-term labour to the NSW visitor economy for short-term needs.

AWARDS AND CONDITIONS

Snapshot

The inflexibility and labour costs incurred under the current *Fair Work Act 2009* substantially reduce economic viability, competitiveness and the quality of the visitor experience.

LOCAL SKILLS AND LABOUR SOURCES

Snapshot

There is a need to increase the number and skills of Australian residents in order to fill the gap in demand for labour in the visitor economy.

INTERNATIONAL SKILLS AND LABOUR SOURCES

Snapshot

There is a need to further increase the supply of international labour to the NSW visitor economy for short-term needs..

Recommendations and actions	Lead Responsibility
Recommendations	
15. Call upon the Commonwealth Government to review the <i>Fair Work Act 2009</i> to remove those provisions for penalty rates which significantly increase labour costs and deter businesses in the visitor economy from operating at times/days of the week when the tourism and hospitality sector faces peak demand (see also Food and Wine recommendations).	NSW Government
16. Increase the participation and enhance the skills training for Australian residents to fill the gap in demand for skilled labour in the visitor economy in NSW.	NSW Government
17. Maximise the opportunities for an increase in the supply of international short-term labour to the NSW visitor economy to meet short-term needs.	NSW Government

STRATEGIC IMPERATIVE 2: GROW PHYSICAL CAPACITY

Recommendations and actions	Lead Responsibility
Actions	
15A Call upon the Commonwealth Government to review the <i>Fair Work Act 2009</i> , including to require an employee to work five days during the working week before being entitled to receive penalty rate wages for any subsequent shifts during the weekend.	NSW Government
16A Facilitate school-based and technical training in targeted visitor economy industries, for example, hospitality, in partnership with key education institutions.	NSW Government
16B Call upon the Commonwealth Government to increase incentives and assistance for employers to offer additional places for traineeships and apprenticeships.	NSW Government
16C Support Industry and Government initiatives to promote and expand career opportunities for Aboriginal trainees in visitor economy occupations.	NSW Government
16D Support initiatives to increase the number of foreign language tour guides including: <ul style="list-style-type: none"> engage with relevant educational institutions to offer Mandarin teachers opportunities to work as tour guides fast-track accreditation processes for tour guides able to speak in priority target foreign languages. 	NSW Government
17A Call upon the Commonwealth Government to change migration policies and legislation, including: <ul style="list-style-type: none"> expand the Working Holiday Makers Program by allowing working holiday makers to work more than six months in tourism and hospitality employment in order to qualify for a 12-month extension to their existing WHV 417 expand the number of countries with which Australia has WHM visa arrangements extend the WHM visa program to people up to 35 years of age allow overseas students who complete studies at a tertiary institution in Australia to stay in Australia for up to two years ease the 'commitment to training' requirements needed to be met by businesses seeking approval as sponsors under the 457 visa program expand the Pacific Islands guest worker pilot program to include NSW regional locations. 	NSW Government
17B Amend the <i>NSW State Migration Plan</i> to include occupations related to the visitor economy such as cooks, chefs and restaurant managers.	NSW Government
17C Support the Commonwealth Government's proposed HECS-style loans system for students studying Government-subsidised diplomas and advanced diplomas and call for certain loans to be specifically tailored for skills necessary to the visitor economy.	NSW Government

STRATEGIC IMPERATIVE 3: RENEW AND REVITALISE DESTINATIONS

DESTINATION MANAGEMENT PLANNING

Rationale

NSW destinations must confront and address the reality of research findings that there is currently insufficient consumer demand potential for NSW regions amongst domestic visitors and that overall international visitation growth to regional NSW is diminishing.

Renewing and revitalising destinations across NSW requires new thinking. A Destination Management Planning approach can harness the potential of the visitor economy for the whole community.

A new approach to experiences and events is needed to drive re-launches of key destinations.

Snapshot

Destination Management Planning is an important foundation for the establishment of effective experience destinations. A Destination Management Plan focuses on the key factors of a destination's appeal and the means by which to provide focus, extension and facilitation of that appeal.

A successful Destination Management Planning system sees the development and implementation of a common approach that engages with and has the support of Industry, the community and Government at all levels.

Destination Management Plans provide certainty for investors regarding the nature and future use of key destinations and their assets and ensures the sustainability of those destinations and assets.

Some Australian States are taking action to legislate to protect their key tourism destinations and assets from encroachment from conflicting uses. South Australia and Western Australia have acted to protect the Barossa Valley and Margaret River wine districts respectively.

Recommendations and actions	Lead Responsibility
Recommendations	
18. Implement a Destination Management Planning approach for NSW's key destinations and develop uniform Destination Management Plans in identified visitor economy destinations across the State. The plans need to be developed in partnership with the Industry, the community and all three levels of Government.	Destination NSW
19. Ensure that key tourism destinations and precincts are protected against encroachment by other forms of development activity which may impact on their sustainability or potential to contribute to the visitor economy.	NSW Government

STRATEGIC IMPERATIVE 3: RENEW AND REVITALISE DESTINATIONS

Recommendations and actions	Lead Responsibility
Actions	
<p>18A Ensure that Destination Management Plans address demand and supply, and policy and planning issues including:</p> <ul style="list-style-type: none"> • infrastructure requirements • Tourism Industry development • destination experience • destination brand and positioning • appropriate relevant target markets • major events and festivals, arts, culture, sport and recreation activities • the role of Crown lands, including National Parks, State Reserves, heritage precincts and National Landscapes. 	Destination NSW
<p>18B Establish five visitor economy 'zones' across NSW to structure Destination NSW, Government and Industry engagement processes, including the facilitation of a new Destination Management Planning process:</p> <ul style="list-style-type: none"> • Greater Sydney • Sydney Surrounds • North Coast • South Coast • Inland. 	Destination NSW
18C Develop cross-border arrangements with destinations adjacent to the borders of NSW.	NSW Government
18D Consolidate and leverage Government resources and investment in NSW by ensuring that grants and other payments relating to the visitor economy (for example, grants for arts, recreation, events and festivals and so on) are facilitated through the Destination Management Plans of the relevant destinations.	
19A Amend the relevant State planning policies and legislation to ensure the protection of significant tourism assets and values of the destination.	NSW Government
19B Ensure that tourism assets and values of the destination, identified in Destination Management Plans, are protected through Local Environment Plans.	NSW Government
19C Support the recommendation of the <i>Joint Study on Aviation Capacity in the Sydney Region</i> that the Commonwealth and NSW Governments, in consultation with Newcastle Airport, RAAF and Councils, develop a strategy canvassing both land use and statutory protections in the areas around Newcastle Airport and its flight paths.	NSW Government
19D Support the recommendation of the <i>Joint Study on aviation capacity in the Sydney Region</i> that the Commonwealth, ACT and NSW Governments work together to ensure that Canberra Airport is protected from encroaching noise-sensitive urban development which would be incompatible with 24-hour jet aircraft operations and could restrict the expansion of the airport over time.	NSW Government

STRATEGIC IMPERATIVE 3: RENEW AND REVITALISE DESTINATIONS

ADDITIONAL REVENUE TO SUPPORT VISITOR ECONOMIES

Snapshot

The lack of a sustainable source of revenue to fund investment in critical visitor economy infrastructure and new product development for the visitor economy has prevented destinations, particularly regional destinations, from developing their full visitor economy potential. The regions' share of the statewide value of the visitor economy has consequently been declining.

There is a need to establish a sustainable revenue source to fund locally-based investments and initiatives across the visitor economy. Guidelines for approval of special rate variations should be amended so as to allow Local Councils to seek additional rate revenue which:

- is outside the current rate cap
- paid by all local businesses on a Council rates basis
- is collected, and accounted for, by Council
- is overseen by a newly created special-purpose local entity
- is invested according to agreed visitor economy guidelines that align with relevant Destination Management Plans.

This initiative removes the current 'free-rider' problem under which most businesses in a destination benefit from the visitor economy but do not contribute to the costs of development of the public infrastructure or marketing which underpins continued visitation.

Recommendations and actions	Lead Responsibility
Recommendation 20. That the guidelines governing the consideration by IPART for approval to a special rate variation, above the rate cap and applied to businesses, be amended to include expenditure in relation to the visitor economy. The additional rate revenue should be outside the current rate cap and would be collected and accounted for by Councils. The expenditure of these funds would be overseen and administrated by special purpose entities. The funds should be spent in accordance with relevant Destination Management Plans on those critical visitor economy initiatives necessary to achieve the 2020 target.	NSW Government
Actions 20A Develop a comprehensive policy, including approved types of expenditure, so as to amend guidelines governing special rate variation applications and encourage Councils to apply.	Destination NSW
20B Allow a transition period of a maximum of 12 months to allow adjustment to the new arrangements.	Destination NSW
20C Ensure that the new special purpose entities are representative of visitor economy interests (for example, including representation from Chambers of Commerce, retail, local tourism operators, events and festivals, Crown lands, including National Parks management and cultural institutions).	Destination NSW

STRATEGIC IMPERATIVE 4: IMPROVE THE VISITOR EXPERIENCE

VISITOR SERVICES

Rationale

NSW needs to ensure that the right policies and procedures are in place to enhance the experience of visitors to the State. NSW has the capacity to provide a higher quality service to visitors than it has in the past. The three key measures to improve the visitor experience are:

- improved visitor information and booking services
- improved visitor access and transport services
- improved experience development.

SYDNEY AND REGIONAL VISITOR SERVICING

Snapshot

Sydney's level of visitor servicing compared with other global cities needs to be improved.

The existing provision of visitor information and servicing does not take full advantage of the latest information technology. There is a need to provide greater consistency of wayfinding and increased locations for physical signage for use by visitors. Existing signage is inconsistent, inadequate and poorly co-ordinated.

NSW has a competitive advantage in the range and quality of its visitor information centre network across the State. However, as consumers shift the way they obtain information and as the cost of maintenance of visitor information centres rises, a new approach must be found.

Recommendations and actions	Lead Responsibility
Recommendations	
21. Establish a dedicated visitor servicing entity, led by Destination NSW, to build strong commercial relationships with Sydney CBD visitor products and provide a single delivery and co-ordination mechanism for servicing visitors in Sydney CBD.	Destination NSW
22. Incorporate wayfinding and signage considerations for visitors to Regional NSW into relevant policies and guidelines and provide suitable facilitation to enhance the visitor experience.	NSW Government
Actions	
21A Support the new dedicated visitor servicing entity for Sydney to undertake: <ul style="list-style-type: none"> • planning of an integrated and overall strategic approach to visitor servicing • operation of a visitor information centres in key locations • extensive volunteer meet-and-greet support and street guiding • provision of content for effective digital and social media communications • provision of consistent and improved information collateral, particularly maps • provision of consistent and improved wayfinding, signage and transport information • alignment to Destination Management Plans. 	Destination NSW
21B Negotiate free wi-fi visitor information hotspots in key city, urban and regional places frequented by visitors.	NSW Government
21C Provide improved access to public transport information in multiple languages, including transport timetable and general service information via the internet, smartphone apps including QR codes and purposedesigned brochures.	NSW Government
21D Include the role of visitor information centres and the provision of visitor information in the Destination Management Planning process.	Destination NSW

STRATEGIC IMPERATIVE 4: IMPROVE THE VISITOR EXPERIENCE

Recommendations and actions	Lead Responsibility
22A Review the role, location and operation of traditional visitor information centres and explore turning the centres into 'experience' gateways that showcase a destination's key experiences and link effectively with other destinations.	Destination NSW
22B Ensure that the responsibility for the quality of the visitor experience is a key role for Destination NSW to co-ordinate and facilitate.	Destination NSW
22C Incentivise the development and support of digital-based visitor information that facilitates wayfinding and is supported by effective physical signage.	NSW Government
22D Review tourist route and other wayfinding road signage policy and guidelines in consultation with Councils and Roads and Maritime Services (RMS) to ensure the appropriate timely facilitation and enhancement of road travel and touring by visitors.	NSW Government

STRATEGIC IMPERATIVE 4: IMPROVE THE VISITOR EXPERIENCE

CUSTOMER SERVICE

Snapshot

In order to grow key markets, there is a need to provide better levels of service and awareness of cultural issues.

Recommendations and actions	Lead Responsibility
Recommendation	
23. Develop and implement cultural awareness, customer service and quality assurance training programs at educational Institutions, including in schools, Industry and across Government.	NSW Government
Action	
23A Continue to support the development of the national T-QUAL accreditation framework.	Destination NSW
23B Place a higher priority on supporting Industry and education and training institutions to provide cultural awareness, language and customer service training.	NSW Government
23C Facilitate Industry, particularly small and medium business, participation in and delivery of such training.	NSW Government
23D Review, consolidate and better promote access to existing Industry training packages or modules.	NSW Government
23E Ensure that language skills are given a priority within the training.	NSW Government

STRATEGIC IMPERATIVE 4: IMPROVE THE VISITOR EXPERIENCE

VISITOR TRANSPORT SERVICES

Snapshot

There is a need for improved co-ordination of transport services to facilitate visitor access to major venues and attraction of high visitor demand and usage in Sydney and across NSW.

The Taskforce acknowledges the transport initiatives of the NSW Government that have commenced.

Recommendations and actions	Lead Responsibility
Recommendations	
24. Develop a Visitor and Transport Policy to ensure that visitor needs and improved visitor service are incorporated into transport planning and service delivery.	NSW Government
25. Develop a cost-effective and integrated public transport ticket system which specifically meets the needs of visitors and includes major attractions and events packages that are appealing and easy to use for visitors.	NSW Government
Actions	
24A Ensure that adequate coach parking and accessibility arrangements are in place throughout the Sydney CBD and in key visitor precincts, hotels and transit areas.	NSW Government
24B Increase the frequency and hours of operation of late-night public transport services to support access to and from major events.	NSW Government
24C Optimise the potential of ferry services on Sydney Harbour and provide new destination and visitor-related products and purchase arrangements and additional ferry berthing at Barangaroo and other sites.	NSW Government
24D Establish an operationally efficient transport interchange facility at Central Station to facilitate seamless transfers between all transport modes and Sydney and regional services.	NSW Government
24E Improve the operation, efficiency and capability of taxi services through: <ul style="list-style-type: none"> improved training for taxi drivers in communication skills, particularly in liaising with visitors from non-English speaking backgrounds, and in identifying and recommending key visitor attractions and events reviewing the existing 3.00pm and 3.00am changeover requirements to better cater for visitors during peak periods, including the use of night licences so as to ensure such licences are being properly utilised for the purpose for which they were initially intended. increasing the number of taxi ranks in high-demand visitor usage areas ensuring that all taxi drivers identify in their taxis the additional languages, other than English, in which they can converse reviewing the opportunity for networks sharing bookings by offloading those bookings that are not accepted within a short timeframe by taxis from the initial network reviewing the method of allocation of new taxi licences by giving first consideration to current taxi drivers, having regard to their seniority and driving performance. 	NSW Government
25A Provide travel concessions for international students.	NSW Government
25B Review the opportunities to provide greater and more accessible rail transport into Regional NSW and improved visitor experiences.	NSW Government

STRATEGIC IMPERATIVE 4: IMPROVE THE VISITOR EXPERIENCE

ABORIGINAL EXPERIENCE DEVELOPMENT

Snapshot

Australia's Aboriginal heritage and contemporary culture is a focus of international fascination and appeal and international visitors as well as locals want to know more.

NSW has Australia's largest population of Aboriginal people. However it has, until now, substantially underplayed the depth of the unique Aboriginal heritage and contemporary culture available in NSW. NSW needs to start telling its Aboriginal story more effectively.

There is an opportunity for Industry and Government to work with the Aboriginal community to support these efforts through joint planning and implementation.

Recommendations and actions	Lead Responsibility
Recommendation	
26. Raise the profile of NSW's Aboriginal heritage and contemporary culture and further develop and sustain visitor attractions and experiences which tell the story of Indigenous Australia.	NSW Government
Actions	
26A Work with the Australian Indigenous community and the Barangaroo Delivery Authority to establish a National Indigenous Cultural Centre at Barangaroo to act as a gateway to the Australian Indigenous experience.	NSW Government
26B Seek to partner with the Commonwealth Government on funding to establish a National Indigenous Cultural Centre at Barangaroo.	NSW Government
26C Support the establishment of a major Indigenous cultural festival in Sydney and additional festivals in regional areas and identify potential opportunities for shared funding and promotion.	Destination NSW
26D Amend the management principles within the <i>National Parks and Wildlife Act 1974</i> to ensure that relevant representatives of the NSW Aboriginal community are actively encouraged to be involved in undertaking interpretation and delivery of visitor experiences in National Parks. Ensure that the relevant Destination Management Plans require this as a key performance indicator for the National Parks and Wildlife Service.	NSW Government
26E Increase Aboriginal cultural representation in Sydney, for example, include Aboriginal 'Welcomes to Country' into more international visitor experiences, both leisure and business, and work with stakeholders across Government, including the City of Sydney and Industry, to provide increased Aboriginal interpretation within Sydney.	Destination NSW
26F Ensure that priority is given to implementation of the Destination NSW <i>Aboriginal Tourism Action Plan</i> .	Destination NSW

STRATEGIC IMPERATIVE 4: IMPROVE THE VISITOR EXPERIENCE

ARTS AND CULTURE EXPERIENCE DEVELOPMENT

Snapshot

Greater integration of arts and cultural attractions with other visitor experiences, together with improved arts infrastructure, will ensure that Sydney becomes and remains a competitive destination for cultural activity. The Taskforce acknowledges the NSW arts sector recognises and understands its role as part of the visitor economy. Sydney needs to ensure that it continues to build on its position as a competitive destination for major theatrical productions, performances and gallery exhibitions.

Arts and cultural experiences also have a major role in improving the appeal of regional destinations.

Recommendations and actions	Lead Responsibility
Recommendation	
27. Implement a whole-of-government approach across all marketing and promotional activities of NSW Government arts and cultural institutions to better facilitate integration in the positioning and promoting of Sydney and NSW.	NSW Government
Actions	
27A Undertake a feasibility study to identify a site and commercial partnership opportunities for a new 2,000-seat lyric theatre in Sydney.	NSW Government
27B Ensure that an enhanced visitor experience, including ease of access, is provided through the current Walsh Bay Precinct Master Plan process. The opportunity should be taken to develop a signature promenade of cultural attractions and associated activities linking the Art Gallery of NSW, the Botanical Gardens, the Opera House, MCA Australia, Circular Quay, The Rocks, Walsh Bay and Barangaroo.	NSW Government
27C Identify the best of NSW arts and cultural products and events to be incorporated into the Sydney and NSW brand strategies.	Destination NSW
27D Establish roundtable meetings between arts and event sectors and Destination NSW in collaboration with Arts NSW and Regional Arts NSW to co-ordinate arts and culture and tourism/ travel activity packaging, develop promotional, distribution and visitor sales strategies and better target the demographics of growth target markets.	Destination NSW
27E Undertake a comprehensive audit of all arts and culture-related infrastructure throughout Regional NSW to identify the need for refurbishments or new developments, and potential hallmark Regional NSW arts/culture attractions, as a part of the Destination Management Planning process.	NSW Government
27F Identify opportunities for arts/culture development in key tourism precincts that maximise visitor economy returns, best serve target market needs and further develop the cultural brand of NSW and its regions, and incorporate these opportunities in the Destination Management Planning process.	Destination NSW
27G Undertake an audit of arts, cultural and entertainment venues and assets in Sydney's arts and cultural precincts.	NSW Government

STRATEGIC IMPERATIVE 4: IMPROVE THE VISITOR EXPERIENCE

EVENTS AND FESTIVALS

Snapshot

Events and festivals have a significant role in attracting increased visitation and spend.

The recent NSW Government investments in the event venue infrastructure of the Sydney Cricket Ground and Royal Randwick and Rosehill Racecourses present a significant opportunity.

Co-ordination and major event facilitation across local and State Governments can be improved. Major events and festivals can clash and compete. There is an opportunity to apply large event management practices to assist with maximising the visitor impact of smaller, regional events and festivals.

In addition, there is a significant amount of red tape at State and Local Government levels to secure approvals for events and festivals, for example, liquor licensing for an event or annual development application (DA) processes which inhibit opportunities to retain and build the value of repeat events and festivals.

Recommendations and actions	Lead Responsibility
Recommendation	
28. Enhance the existing NSW events and festivals strategy to develop a long-term comprehensive statewide events and festivals strategy that encompasses both major and smaller events and festivals.	Destination NSW
Actions	
28A. Ensure that there is a year-round, well-planned and co-ordinated calendar of major events and festivals in Sydney that results in events complementing each other, rather than being in competition with one another.	Destination NSW
28B. Streamline approval processes and enable long-term DA approvals to be obtained for events and festivals.	NSW Government
28C. Expand and heavily promote a year-round regional events and festivals calendar.	Destination NSW
28D. Require Government-funded events and festivals to include relevant visitor economy Key Performance Indicators (KPIs) in the conditions of Government funding.	Destination NSW
28E. Continue work with Racing NSW to maximise the economic benefit which is derived from major racing carnivals conducted across metropolitan, provincial and country NSW.	Destination NSW

STRATEGIC IMPERATIVE 4: IMPROVE THE VISITOR EXPERIENCE

NATURE AND HERITAGE EXPERIENCE DEVELOPMENT

Snapshot

Well-managed protected reserves and restored heritage sites are well-positioned to provide internationally competitive and sustainable tourism experiences. Research shows that nature tourism and wildlife experiences are the major motivators of travel to and within NSW. The natural, unspoilt setting is what most appeals to domestic visitors to NSW (BDA 2011).

The Taskforce acknowledges a recent significant change of operational approach by the National Parks and Wildlife Service (NPWS) in adopting initiatives that support the visitor economy. However, significant additional effort is still required to ensure the delivery of nature and heritage tourism experiences in NSW. A more dynamic and collaborative approach, particularly at the local level, is needed to maximise the return on nature and heritage tourism opportunities, improve visitor experiences and integrate with complementary tourism activities and appeal.

Recommendations and actions	Lead Responsibility
Recommendation	
29. Relevant NSW Government Departments and agencies work with the Tourism Industry to clearly articulate responsibilities and establish milestones for the management and development of identified nature and heritage tourism experiences and develop a co-ordinated and more dynamic approach to delivery of these opportunities.	NSW Government
Actions	
29A Amend the <i>National Parks and Wildlife Services Act 1974</i> management principles to require the NPWS to develop and promote access, services and facilities for visitors that are compatible with the conservation of National Parks' natural and cultural values.	NSW Government
29B Incorporate significant National Landscapes and World Heritage Areas within NSW into the relevant Destination Management Plans to better leverage these experiences and help grow visitation and spend.	Destination NSW
29C Identify and facilitate opportunities for commercial and strategic tourism partnerships and participation in National Parks, historic sites and other relevant State-operated Reserves and implement a plan to realise these opportunities.	NSW Government
29D Ensure that NPWS's role and responsibilities are integrated into relevant Destination Management Plans.	NSW Government
29E Further develop and promote the <i>Great Walks in NSW</i> to enhance visitor nature experiences.	Destination NSW

STRATEGIC IMPERATIVE 4: IMPROVE THE VISITOR EXPERIENCE

ONGOING EXPERIENCE DEVELOPMENT

Snapshot

There is a need to continually support development of new products and experiences that will highlight NSW's distinctive features and that will appeal to visitors. Ongoing consumer research regarding what consumers find distinctive and appealing about NSW will capture the insights necessary to identify further product and experience development priorities.

For example, the Sydney Fish Market is a key attraction and key brand attribute for Sydney, however, there is a need to explore options to fully capitalise on its potential for increased visitation.

Recommendations and actions	Lead Responsibility
Recommendation	
30. Undertake ongoing consumer research to identify opportunities to develop new products and experiences that will highlight NSW's distinctive features and appeal to visitors.	Destination NSW
Actions	
30A Undertake an audit of existing products and experiences, in both Sydney and the regions, to identify gaps and undertake a development program to fill those gaps, for example, a permanent Sydney produce market.	Destination NSW
30B Review the operation of the current Sydney Fish Market and examine the options for improved visitor access and amenity.	NSW Government

STRATEGIC IMPERATIVE 5: INCREASE VISITOR SPEND

VISITOR YIELD

Rationale

The arrival of more visitors to NSW does not, by itself, guarantee that the 2020 target can be achieved. A doubling of overnight visitor expenditure will require increased spend per visitor.

Four priority areas for increasing visitor spend have been identified:

- retail shopping
- food and wine
- international students and the education market
- ongoing assessment of other high-yield segments, for example, medical tourism and international convention delegates.

RETAIL SHOPPING

Snapshot

Shopping comprises one of the major areas of visitor expenditure. NSW is being outperformed by competitor destinations, such as Singapore and Melbourne, in terms of tourism shopping expenditure as a share of total overnight visitor expenditure.

The retail experience in NSW needs to better promote and connect visitors with retail shopping opportunities.

Recommendations and actions	Lead Responsibility
Recommendation	
31. Work with the retail industry to position Sydney as a world-class shopping destination.	Destination NSW
Actions	
31A Develop and implement a whole-of-city approach to retail promotions with the City of Sydney's Advisory Retail Panel, the Australian National Retailers Association and the Australia Retailers Association.	Destination NSW
31B Deregulate remaining restrictions on trading hours and days in key tourism precincts and destinations to enhance the retail trading environment for business and the shopping experience for visitors. Work with the City of Sydney to make retail an attractive feature of the 'late night economy' in Sydney.	NSW Government
31C Call upon the Commonwealth Government to provide greater flexibility within the <i>Fair Work Act 2009</i> to lessen the impact of higher penalty rates on the retail sector and encourage greater trading during weekends and public holidays (see also Food and Wine and Labour Supply).	NSW Government
31D Call upon the Commonwealth Government to reform Australia's GST Tourism Refund Scheme (TRS) to allow competition by private refund operators that will drive tourist shopping and product development to international visitors and allow reimbursement whilst visitors are still in Australia.	NSW Government
31E Work with the retail industry to encourage transit cruise passengers to access Sydney's retail precinct.	Destination NSW
31F Fast-track wider acceptance of China UnionPay cards.	Destination NSW

STRATEGIC IMPERATIVE 5: INCREASE VISITOR SPEND

FOOD AND WINE

Snapshot

There is a significant opportunity to use NSW food, wine and dining to enhance the image, appeal and experience of many regional areas. Already food and wine tourism is a growing part of travel within NSW. However, this contribution has the potential to be much further enhanced.

Eating out at restaurants is one of the most popular activities undertaken by visitors to NSW and is an important contributor to visitor spend. As the most multicultural State in Australia, NSW can cater for all cuisines, religious requirements and personal preferences. However, a lack of understanding regarding visitor requirements, labour shortages and a difficult investment environment curtail the sector realising its full potential and increasing its contribution to the visitor economy.

Recommendations and actions	Lead Responsibility
Recommendation	
32. Extend the marketing and brand messaging for Sydney and NSW destinations to promote more strongly the quality food and wine experiences that NSW offers for visitors.	Destination NSW
Actions	
32A Work with Industry to call upon the Commonwealth Government to provide greater flexibility within the <i>Fair Work Act 2009</i> to lessen the impact of higher penalty rates on the retail sector and encourage greater trading during weekends and public holidays (see also Retail shopping).	NSW Government
32B Identify and further develop food and wine styles for individual destinations and associated events and festivals, and incorporate them into relevant Destination Management Plans.	Destination NSW
32C Further develop and promote food and wine trails.	Destination NSW
32D Extend and co-ordinate targeted trade and consumer promotions to encourage visitors to experience more of NSW's food, wine and hospitality services and promote the quality and diversity of food and wine experiences (including dining options) when promoting NSW as a destination.	Destination NSW
32E Call upon Industry associations in the food and hospitality sector to champion and work with their NSW members to increase the availability of NSW-sourced food and wine and to learn from successful wine marketing initiatives in NZ and other States.	NSW Government
32F Work with the NSW wine and food industry to explore opportunities for promoting NSW as a destination on exported wine and food (for example, include Destination NSW's consumer web address on labels).	NSW Government
32G Encourage hospitality industry organisations to undertake education and training programs to enable a better response to visitor cultural and culinary preferences.	NSW Government

STRATEGIC IMPERATIVE 5: INCREASE VISITOR SPEND

INTERNATIONAL STUDENTS AND EDUCATION MARKET

Snapshot

International students make a significant contribution to the NSW visitor economy. However, as the *Education and Tourism Taskforce Report* previously indicated, there are significant opportunities to extend this contribution. The international education market segment ranges across the formal and informal education sectors.

There are significant opportunities to further develop the VFR market segment in relation to international students who are studying in NSW. NSW is the most culturally diverse State in Australia with people from around 200 birthplaces having made the State their home. In addition, close to a quarter of the population speak a language other than English at home. (CRC). This diversity is a great asset for our international education sector.

Recommendations and actions	Lead Responsibility
Recommendation 33. Implement the recommendations of the Education and Tourism Taskforce report, which include: <ul style="list-style-type: none"> establishment of a Government and Industry entity to co-ordinate the promotion of NSW education to international markets improve consumer research and market intelligence, including to identify the markets, segments and initiatives which provide the greatest growth opportunities and return for NSW develop closer partnerships, co-ordination and collaboration between the education and tourism sectors to develop and expand the education sector undertake development of new opportunities and segments, particularly in the informal education sector, and address supply constraints and weaknesses to boost visitor economy outcomes. Introduce transport concessions for international students (Also see Visitor transport services). 	NSW Government
Actions 33A Ensure visitor economy representation on any new co-ordination body to co-ordinate marketing and delivery functions.	NSW Government
33B Ensure the international student-related opportunities are targeted in Destination NSW's VFR marketing and promotions.	Destination NSW

STRATEGIC IMPERATIVE 5: INCREASE VISITOR SPEND

SPECIFIC HIGH-YIELD OPPORTUNITIES

Snapshot

There is a need for NSW to continually seek out and develop high-yield visitor markets and market segments. Specific and niche events and market segments can present opportunities for overnight visitor expenditure growth and considered investment in them can deliver significant returns.

Recommendations and actions	Lead Responsibility
Recommendation	
34. Continually assess, monitor and quantify emerging high-yield market segments.	Destination NSW
Action	
34A Work with the relevant Industry bodies to identify, develop and facilitate specific high- yield market segment opportunities, such as youth tourism, medical tourism, high-level business events (for example, Forbes Global Conference, World Economic Forum, luxury shopping, incentive travel and gaming).	Destination NSW

STRATEGIC IMPERATIVE 6: MAKE NSW MORE COMPETITIVE

INVESTMENT FACILITATION

Snapshot

There is a strong and common view that, in recent years, it has been difficult to undertake new business investment in NSW. The Taskforce does, however, note that the NSW Government has undertaken a number of initiatives to address this situation.

To increase its capacity and visitor spend, NSW must provide increased encouragement and facilitation (such as information services, business resources and online portals), reduce impediments and create incentives to help investors make and progress investment decisions to best meet the needs of target markets. In regional areas, the issue is more a need to refurbish and update existing accommodation stock rather than develop new properties.

Recommendations and actions	Lead Responsibility
Recommendation	
35. Follow through on the <i>NSW 2021</i> commitment to reduce red tape and provide improved incentives and investment information, at State and Local Government level, to investors and establish mechanisms that facilitate and expedite private investment.	NSW Government
Actions	
35A Establish a one-stop shop for: <ul style="list-style-type: none"> industry, including potential investors in the visitor economy, to access the full range of Government information and research and to expedite required approvals event proponents to access a full range of Government information and to facilitate and expedite required approvals. 	NSW Government
35B Investigate options to provide incentives, such as planning bonuses and tax offsets for tourism investment in new projects, as well as refurbishments and improvements that enhance the visitor experience and quality of existing product offerings.	NSW Government
35C Increase the use of planning incentives and land use controls to stimulate tourism development, especially for visitor accommodation and attraction investment.	NSW Government
35D Provide appropriate tenure arrangements, support infrastructure, development incentives and a consistent planning approval process to encourage quality and appropriate accommodation and attraction development in high natural amenity locations on Crown land.	NSW Government

STRATEGIC IMPERATIVE 6: MAKE NSW MORE COMPETITIVE

BUSINESS EVENTS

Snapshot

Business events provide one of the highest levels of visitor expenditure. Beyond this, however, there are many export order benefits for NSW and other benefits to enhance business, research and investment prospects for NSW.

NSW business events need infrastructure and funding support to deliver maximum benefits to Industry and to best showcase NSW and its regions as successful business destinations. There is a lack of awareness of the value of business events across portfolios outside of tourism. Business events strategies need to be aligned with other Government strategies, as highlighted in *NSW 2021*.

The early decision by the NSW Government to develop a major new Convention and Exhibition Centre in Sydney is welcomed and will provide increased capacity to expand this market and become a major driver of increased visitor spend. However, it is essential that appropriate strategies are put in place to ensure optimum utilisation of this new Centre.

Funds earmarked to assist in attracting particular international events are traditionally referred to as 'subvention funds', that is, funds that are offered, in the conference bidding process, to meet the cost of some aspect of the event, if the bid is finally successful. This contribution often enables the event organisers to choose a location for their event on the basis of the (reduced) net cost of holding the event in that location.

Sydney's major competitors have access to substantial subvention funding.

Recommendations and actions	Lead Responsibility
Recommendation	
36. That the NSW Government adopt a whole-of-government approach to the attraction and hosting of business events, funding, brand development, planning and integration of events with the broader visitor economy in Sydney and across the relevant regions.	NSW Government
Actions	
36A Establish a Business Events Investment Fund in place of the current subvention system to support conference bidding by Business Events Sydney against highly incentivised competitor destination bids for business events in NSW.	NSW Government
36B Develop and implement a NSW regional business events strategy that identifies appropriate regional infrastructure and provides support to regional NSW to effectively target business event opportunities, including required promotional activities.	Destination NSW
36C Increase the number of NSW Government conferences and events that are held in Regional NSW.	NSW Government
36D Promote to, and engage with, Sydney businesses to encourage them to hold their conferences in regional areas.	NSW Government
36E Support the full closure of the Sydney Convention and Exhibition Centre during construction of the new centre to ensure the construction timeframe is minimised and expedite arrangements for alternate venues.	NSW Government
36F Expand work with Business Events Sydney to assist in the development of pre and post-conference touring itineraries in NSW to maximise time and spend in the State.	Destination NSW
36G NSW Department heads to meet quarterly with Business Events Sydney CEO and Chairman to discuss event bid opportunities.	NSW Government

STRATEGIC IMPERATIVE 6: MAKE NSW MORE COMPETITIVE

FUNDING

Snapshot

The Taskforce commends the positive outcome for the visitor economy in the NSW Government's 2012–13 Budget. The Budget funding commitments of \$500 million to Destination NSW over four years, \$377 million to the arts and cultural sector, \$120 million for trade and investment programs and the plans announced for infrastructure and transport for the State will directly contribute to driving visitor economy growth in NSW.

Despite its natural and built attractiveness and regardless of the great affection for the city by its residents, research shows that the appeal of Sydney and NSW as visitor destinations falls short of competitor destinations on several criteria.

The Taskforce is of the view that there is a unparalleled opportunity to drive infrastructure, investment, marketing and brand initiatives to facilitate the attainment of the NSW 2020 visitor economy target.

The NSW Government needs to adequately resource and fund the implementation of this Plan.

Recommendations and actions	Lead Responsibility
Recommendations	
37. Initially, Destination NSW's current funding is at least maintained in real terms. Including allocation for Regional Tourism.	NSW Government
38. Provide additional and sufficient funding to Destination NSW on a staged basis over the next eight years to deliver the <i>Visitor Economy Action Plan</i> and achieve the 2020 target.	NSW Government
39. Ensure all NSW Government Departments' and agencies' funding on visitor economy-related activities, for example, arts and sport events grants, Industry development and so on, are subjected to the same assessment as outlined in the Plan and ensure a return on investment to the State.	NSW Government
40. Recognise this Industry as a segment that qualifies for access to NSW innovation funding programs.	NSW Government
Actions	
37A Maintain funding for Destination NSW, including regional tourism 2012–13	Destination NSW
38A Assess the additional funding required against the actions and the milestones and timelines in this Plan as agreed with Government, so as to be accommodated in the 2013–14 State Budget process.	NSW Government
38B Obtain Industry commitment to additional funding and in-kind contributions.	Destination NSW
38C Ensure that all additional funding to Destination NSW is tied to implementing the recommendations of this Plan.	NSW Government
39A Undertake an audit of all Department and agency budget allocations to identify expenditure on visitor economy-related purposes and, where it would be appropriate, guided by Destination Management Plans, that the funding require a visitor economy-related performance indicator.	NSW Government
40A Review guidelines and criteria to include the visitor economy in NSW innovation funding programs.	NSW Government

STRATEGIC IMPERATIVE 7: CHANGE OF MINDSET

WHOLE-OF-GOVERNMENT APPROACH

Rationale

The *NSW 2021* overnight visitor expenditure target is ambitious. A change of mindset, for both Government and Industry, will be necessary if the target is to be achieved. **The way we have done things in the past will need to change, including our approach to administration and funding Regional NSW.**

Meeting the challenges and maximising the opportunities arising in the visitor economy will require a concerted whole-of-government approach and a proactive 'can-do' attitude from across Government, Industry and the community.

Snapshot

There has been a 'silo approach' due to a lack of a whole-of-government commitment to the visitor economy by previous Governments, which has led to a lack of consistency in policy and processes, excessive red tape and conflicting priorities which in turn have inhibited innovation, investment and growth.

To help achieve the 2020 expenditure target, Destination NSW needs to be able to act with agility in an extremely competitive operating environment.

There is a need for many Government Departments and agencies to change their culture to be proactive and for the focus to be more on active encouragement and support for Industry innovation, entrepreneurship and excellence. This is the approach which has been successful in Victoria.

Recommendations and actions	Lead Responsibility
Recommendations	
41. Adopt a proactive whole-of-government approach to improve consistency in policy and processes and cut red tape to drive innovation, investment and growth.	NSW Government
42. Provide greater operational flexibility to Destination NSW so as to enable it to operate more effectively in an agile and commercially competitive manner.	NSW Government
43. Establish a sub-committee of Cabinet to oversee the progress of visitor economy priorities across Government.	NSW Government
44. That the Board of Destination NSW be charged with the responsibility for implementing this Plan in accordance with the milestones and timelines as agreed with Government.	NSW Government
45. That a sub-committee of the Board of Destination NSW meet with Government-nominated Industry representatives, at least twice yearly, under the chairmanship of the Chairman of Destination NSW, to jointly assess the overall implementation of the Plan and report to Government, including recommending any necessary adjustments to the Plan.	NSW Government
Recommendations and actions	Lead Responsibility
Actions	
41A Ensure that a visitor economy perspective is formally incorporated into relevant reviews being undertaken or contributed to by the NSW Government. The Taskforce has identified an initial number of reviews that should incorporate a NSW visitor economy perspective. (Appendix D)	NSW Government
42A Immediately exempt Destination NSW from the NSW Government's peer and Cabinet review processes for advertising.	NSW Government
43A The sub committee of Cabinet take promotional opportunities that arise from time to time by providing Destination NSW with supplementary funding (for example, Sydney hosting the Australian Tourism Exchange in 2013, Oprah Winfrey-type projects, the proposed Sydney Movie and so on).	NSW Government
44A Set and agree with Government critical milestone targets for implementation of the recommendations of the <i>Visitor Economy Action Plan</i> and regularly report back to Government and Industry on achievement against the milestones.	NSW Government
45A Proactively identify opportunities for private sector participation in the provision of enhanced visitor-related services and facilities.	NSW Government

STRATEGIC IMPERATIVE 7: CHANGE OF MINDSET

INDUSTRY LEADERSHIP

Snapshot

Visitor economy development relies upon Industry innovation and entrepreneurship. Therefore the Tourism Industry needs to step up and take a leadership role in, and responsibility for, the relevant areas of implementation of the *Visitor Economy Action Plan*.

Recommendations and actions	Lead Responsibility
Recommendation	
46. Stemming from the establishment of the joint sub-committee of the Board of Destination NSW and nominated Industry representatives, that Industry work more closely with Government to take its share of responsibility for implementing the recommendations of the <i>Visitor Economy Action Plan</i> .	Destination NSW
Actions	
46A Provide a mechanism for Industry input into Destination NSW marketing plans and priorities.	Destination NSW
46B Increase joint Industry co-operative marketing activities with Destination NSW, where those marketing activities are consistent with the relevant Destination NSW marketing plans.	Destination NSW
46C Increase Industry participation in commercial partnerships to undertake innovative and adaptive re-use of heritage properties and for visitor facilitation in National Parks and visitor accommodation and attraction purposes, therefore gaining greater utilisation of heritage and natural assets.	Destination NSW

STRATEGIC IMPERATIVE 7: CHANGE OF MINDSET

REGIONAL DEVELOPMENT AND SUPPORT

Snapshot

Research shows that there is diminishing demand for NSW regions domestically and declining visitation from inbound markets.

Regional NSW is currently not positioned to make the contribution required of it to help achieve the 2020 visitor economy target. The current structures and funding processes underpinning regional tourism in NSW are not enabling regional destinations to achieve their full visitor potential.

The culture of providing funding to every region, regardless of relative destination appeal or effective effort, cannot continue if the needs and preferences of visitors from priority target markets and the 2020 target are to be met.

The current operational structure and funding framework for Regional NSW that Destination NSW operates within must be reformed.

Recommendations and actions	Lead Responsibility
Recommendations	
47. Reform the operational structure and funding framework of regional tourism to enable funding to be allocated directly to destinations which have developed a Destination Management Plan and remove the requirement that all funding must be provided through the RTO network.	NSW Government
48. Maintain, at least, the current \$5.1 million regional funding allocation for regional visitor economy initiatives.	NSW Government
Actions	
47A Ensure that funding for regions will only continue where there is a Destination Management Plan that has a focus on building capacity and capability to grow visitor expenditure from priority target markets.	NSW Government
47B As experience-based destinations do not usually conform with existing Local Government, regional or State boundaries, ensure that the special purpose entities (see Destination Management Plan) are empowered to manage the Destination Management Plans.	NSW Government
47C Ensure that Destination NSW is able to deal directly with all Industry and stakeholders in destinations.	
47D Ensure that arts and culture, events, nature and heritage and other visitor experience development initiatives are integrated into the Destination Management Planning and implementation processes for the relevant destination.	NSW Government
47E Consolidate and leverage Government resources and investment in Regional NSW by ensuring that grants and other payments relating to enhancing visitor experiences (for example, grants for arts, recreation, events and festivals) are facilitated through the Destination Management Plans of the relevant destinations.	NSW Government
48A Implement transitional funding arrangements by Destination NSW for regional tourism that do not continue beyond 2013: <ul style="list-style-type: none"> allowing RTOs to access 'capacity' funding according to current criteria for a maximum of 12 months ending in the 2012–13 financial year so that alternates to any Government funding of staff, utilities and so on are put in place opening up future Destination NSW marketing funding to competitive bidding, with funding proposals to be assessed by Destination NSW against specified criteria, including a Destination Management Plan, to all Industry and stakeholders in a destination, not just RTOs. 	NSW Government



APPENDICES

APPENDIX A

VISITOR ECONOMY TASKFORCE TERMS OF REFERENCE

OBJECTIVES

The Visitor Economy Taskforce will deliver a strategy to double tourism measured by overnight visitor expenditure by 2020.

This is to be a comprehensive strategy which will include measures to influence people to travel to NSW including for events and to regional NSW.

The strategy should aim to foster a sustainable tourism industry and to help increase the economic benefits to NSW from tourism.

The work of the Visitor Economy Taskforce will be aligned with the NSW Industry Action Plan framework.

FUNCTIONS

1. The Taskforce will develop a strategy for delivery over the next five years that will place the NSW tourism industry on a trajectory to achieve a doubling of overnight visitor expenditure by 2020. Taskforce recommendations will include:
 - Attraction of additional airlines and routes to New South Wales, development of new cruise shipping capacity
 - Innovative approaches to visitation growth and product development
 - The servicing of basic visitor needs such as wayfinding and public transport with particular emphasis on the needs of non-English speaking visitors
 - Identification of and policies to ameliorate product and service delivery gaps for eastern markets
 - Investment attraction to deliver sustainable infrastructure, products etc to service growth
 - Establishing destination development strategies
 - Crown land tourism development schemes
 - Industry development programs
 - Strategies and programs to develop regional tourism and events
 - A focus on the development and implementation of global growth strategies including Marketing/ Communications strategies which will also address targeted markets, destination branding and event calendars and distribution strategies and
 - Appropriate structures to oversee implementation and execution of the strategy.

2. The Taskforce will take into account the work that has been undertaken and is currently in progress, including:
 - The NSW Tourism Strategy
 - The joint industry and government Taskforces on Tourism and National Parks, Tourism and Education, Tourism and Planning and Investment and Tourism and Local Government,
 - The draft NSW Tourism Industry Plan endorsed by industry and government agencies and
 - The National Long Term Tourism Strategy being undertaken jointly by Australian jurisdictions.
3. The strategy will also have regard to:
 - Consideration of the findings from an extensive, structured engagement and consultation program with stakeholders including industry, non government organisations and government at all levels, undertaken specifically to inform the Taskforce's final report
 - The development of a diversified portfolio of tourism market segments that respond to trends in domestic and international tourism markets so as to protect the industry from unforeseen economic fluctuations
 - Opportunities to enhance tourism outcomes by actions to address hard and soft infrastructure needs, and growth in segments such as events, Indigenous tourism, youth travel, aged travel, health tourism, food and wine as well as addressing broader innovation matters relating to tourism
 - Actions to maximise regional tourism including business travel, by addressing strategic imperatives such as destination planning, market priorities and market development activities, events leveraging, market channels, visitor information and services and
 - Opportunities to attract, enhance and leverage major events to NSW.

The Taskforce may form reference and/or expert working groups and commission the use of experts and consultancies, as required to conduct in-depth assessment of aspects of the strategy. For example, to assess hard and soft infrastructure needs, events, innovation, distribution, consumer protection and individual markets as indicated under point 3 above.

The Taskforce will undertake extensive engagement with both Government and Industry, including the Board of Destination NSW, to assess and evaluate:

- Competitive strengths/points of competitive advantage for potential visitation growth
- The appropriate mix of tourism sectors that maximises the economic benefit to NSW
- The target visitor markets (demographic/geographic) that have or have the potential to, respond to the above strengths
- Signature events for NSW, including for the regions and
- Ways to maximise the destination appeal of Sydney and NSW and drive increased visitation.

This engagement will include appropriate representation from tourism industry sectors.

TIMEFRAMES:

The Taskforce will meet as soon as practicable after appointment and determine a timetable of activity in order to provide an interim report by end of February 2012 with a final report due by 30 May 2012.

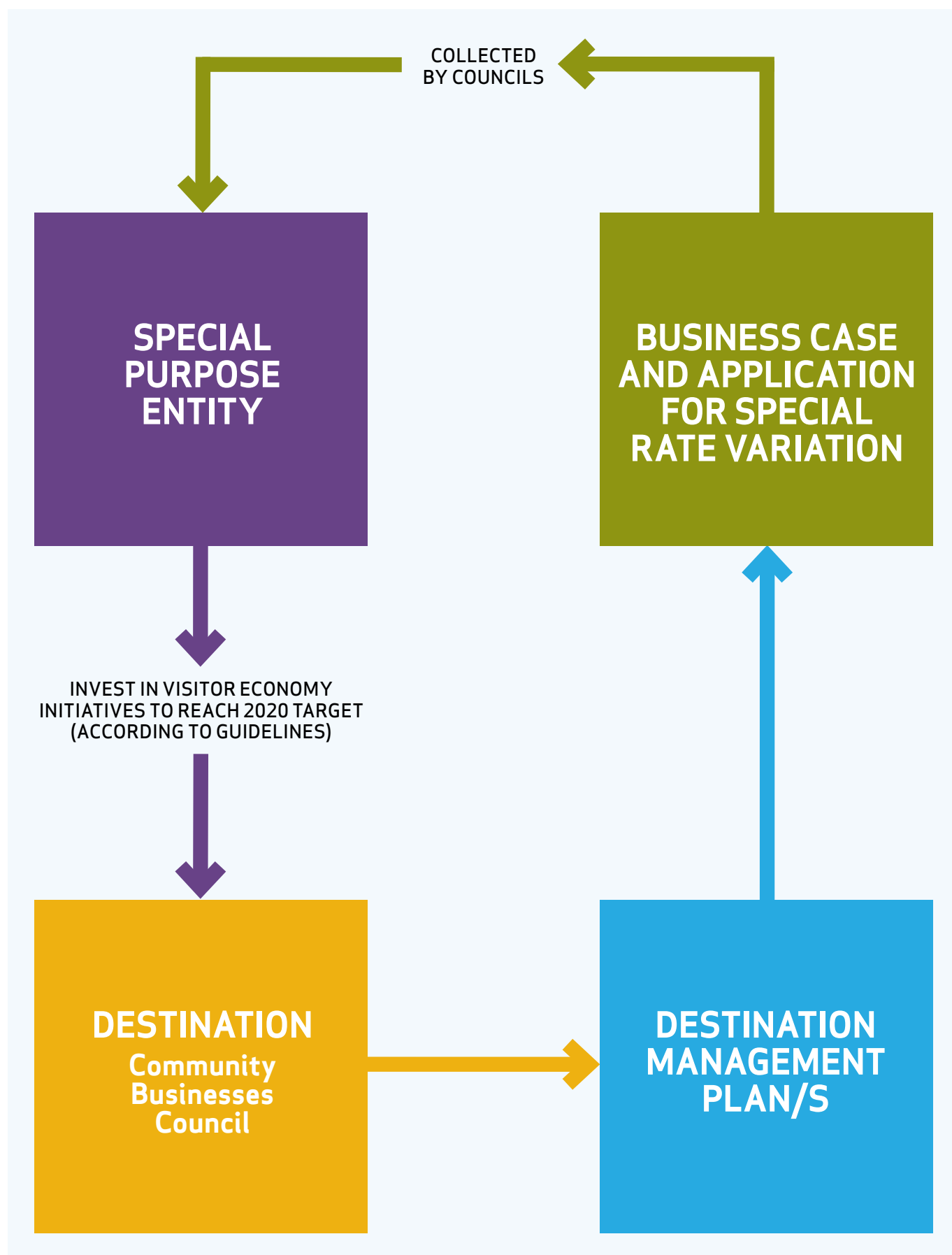
INDUSTRY ENGAGEMENT:

Representation for advisory groups and other engagement will be drawn from across industry including, but not limited to:

- Tourism Industry Council (NSW)
- Backpacker Operators Association
- The Transport and Tourism Forum
- Australian Tourism Export Council
- Business Chambers
- Aviation industry
- Australian Federation of Travel Agents
- Hospitality
- Local Government
- Regional Tourism Organisations
- Arts industry
- Retail sector
- International tourism
- Tourism business owners
- and from other industry associations and sectors.

APPENDIX B

SPECIAL PURPOSE ENTITY MODEL – HOW IT WORKS



APPENDIX C

THE TASKFORCE APPROACH

The Taskforce has adopted a comprehensive and collaborative approach to identifying the key issues that will impact on the growth of the NSW visitor economy and has developed recommendations which are evidence-based and supported by Industry.

Taskforce membership

The Taskforce was comprised of the following members:

- Mr Russell Balding, AO, Chairman
- The Hon. Bruce Baird, AM
- Mr John King, OAM
- Ms Sandra Chipchase (CEO, Destination NSW).

Terms of reference

The Terms of Reference of the Taskforce required it to develop a strategy to double overnight visitor expenditure to NSW by 2020.

See the full Terms of Reference at Appendix A.

STAKEHOLDER ENGAGEMENT

An extensive stakeholder engagement program was key to the Taskforce's approach to ensure that the Taskforce had the benefit of views and ideas from specially convened Industry Advisory Groups, peak industry associations, public submissions, a program of public meetings and an online forum for public comment.

The Taskforce's stakeholder engagement program has included:

- 14 Industry Advisory Groups that involved 319 participants
- 40 plus meetings with peak industry associations and other organisations
- 91 submissions
- 191 online comments on the NSW Government's *haveyoursay* website
- 339 attendees at nine consultation meetings across NSW.

Many ideas and suggestions were collected during this extensive process. Some of these were high-level conceptual ideas and others were of a more pragmatic nature. All of those ideas and suggestions which have not been included in this Report and Plan have been collated, documented and will be referred to Destination NSW for further consideration and/or action.

The establishment of the Taskforce and participation in previous reports has heightened expectations in Industry. The recognition of the value of the visitor economy and the ambitious target set by Government are welcomed by an Industry in NSW which remains ready to commit funds and resources to achieve the 2020 target.

REVIEW OF PREVIOUS REPORTS AND PLANS

As required by the Terms of Reference, the Taskforce undertook a review of selected previous strategic reports and plans to inform and guide development of its recommendations. These reports and plans are listed in Appendix A. The Taskforce ensured that its recommendations are based on domestic and international best-practice approaches and comprise an innovative, evidence-based Plan.

The Taskforce also reviewed a number of recent reports and reviews, including:

- the *Joint Study on aviation capacity for the Sydney region* (Joint Study)
- the *Independent Review of Enhanced Cruise Ship Access to Garden Island*.

Reports reviewed are included in the bibliography.

DEMAND AUDIT, 2020 OUTLOOK AND CONSUMER APPEAL ASSESSMENT

The Taskforce commissioned BDA Marketing and Planning Pty Ltd to undertake a comprehensive demand audit, 2020 outlook and consumer appeal assessment. That analysis has provided the Taskforce with:

- an understanding of the economic and tourism environment in which the State is operating
- an assessment of the performance of NSW within this environment
- an understanding of the current status of NSW as a tourism destination
- an outlook of demand to 2020, including forecasts for domestic travel as well as 10 key international markets for NSW
- an assessment of the NSW visitor economy goal relative to this market opportunity outlook
- a domestic consumer appeal assessment of best existing holidays and experiences in NSW (including measures of awareness, appeal, what elements are most appealing, and overall holiday preferences)
- identification of which consumer markets and segments are most productive for NSW to target
- a direction for marketing mix priorities resulting from the research.

This assessment by BDA will remain confidential as it contains extensive competitor analysis. Selected insights from the analysis are included in this report.

ECONOMIC ANALYSIS

The Taskforce commissioned KPMG to provide a detailed economic analysis of the potential benefits of removing selected current constraints to growth in the NSW visitor economy. That analysis included assessing the likely growth in overnight visitor expenditure resulting from:

- increasing the number of international landings at Sydney Airport during the morning shoulder curfew (5.00am to 6.00am) from 24 to 35 per week (as provided for in the *Sydney Airport Curfew Act 1995*)
- increasing the hourly movement cap for Sydney Airport from 80 to 85 or 90 movements per hour in the peak period hours identified by the Joint Study
- adjusting the public air capacity for Newcastle Airport as a result of negotiated adjustments to utilisation of Newcastle Airport by the RAAF fighter base.

KPMG was also commissioned to provide:

- a detailed economic analysis of the likely economic cost to NSW (in terms of lost value) resulting from cruise shipping lines which berth in Sydney being required to acquire provided services at alternative ports due to access restrictions for provided services at the Overseas Passenger Terminal
- an estimate of the likely amount of additional revenue that would be raised under a special rate variation.

APPRECIATION

The Taskforce wishes to thank the many Industry stakeholders for the time and effort that they contributed to the consultation process. Many of these contributions were strictly commercial-in-confidence, and this has assisted the Taskforce in its deliberations.

The Taskforce wishes to especially acknowledge the Chairs of the Industry Advisory Groups and thank them for volunteering their time and expertise. The insights and ideas contributed through the Industry Advisory Group process were more constructive and extremely valuable.

VISITOR ECONOMY TASKFORCE ADVISORY GROUPS

The Advisory Groups were led by independent Industry representatives. Their details are also listed for background information.

Group	Chair	
Aboriginal Tourism	John Morse AM	Indigenous Tourism Advisor, Chairman Hutitjulu Foundation, Board Member National Museum of Australia and former CEO of the Australian Tourist Commission (Tourism Australia)
Access, Touring & Transport	Ron Murray AM	Executive Chairman, Murrays Australia Pty Ltd
Accommodation	Simon McGrath	Chief Operating Officer – Pacific, Accor Hospitality
Arts and Culture	Donald McDonald AC	Director, Classification Board
Attractions, Retail & Destinations	Peter Hearne	Managing Director, Luna Park Sydney
Aviation	Peter McLaughlin	Destination NSW Aviation Specialist
Business Events	Elizabeth Rich	Business Events Specialist, Agenda Pty Ltd
Cruising	Richard Doyle	Managing Director, Doyle Tourism Services Pty.Ltd.
Events & Festivals	Rhoda Roberts	Actor, creative director, writer, producer & arts consultant
Nature and Heritage Tourism	Bruce Leaver	Chairman, Sapphire Coast Tourism Board
Regional	Phil Helé	Owner and General Manager, Hunter Valley Resort
Visitor Information & Distribution	Geoff Buckley	Managing Director, New Earth Tourism Pty Ltd
Wine, Food & Hospitality	John Hart	CEO, Restaurant & Catering Australia
Youth & International Education	Julian Ledger	CEO, YHA Ltd

APPENDIX D

GOVERNMENT REVIEWS

Name	Lead
Affordable Housing Taskforce	NSW
Australia in the Asian Century	Commonwealth
Bays Precinct Taskforce	NSW
Business Regulation Benchmarking: Role of Local Government as Regulator	Commonwealth
Customer engagement on prices for monopoly services	NSW
Department of Immigration and Citizenship Student Visa Risk Assessment Level System	Commonwealth
Destination 2036 Action Plan (Local Government)	NSW
Digital Economy Industry Action Plan	NSW
Fair Work Act Review	Commonwealth
Improving the governance of residential parks	NSW
Inquiry into Smart Infrastructure	Commonwealth
International Education and Research Industry Action Plan	NSW
Metropolitan Strategy (Sydney over the next 20 years)	NSW
Ministerial Taskforce on Aboriginal Affairs	NSW
National Cultural Policy	Commonwealth
Natural Disaster Recovery Taskforce	Commonwealth
Night Time Economy	City of Sydney
NSW Long-Term Transport Master Plan	NSW
NSW Planning System Review	NSW
Overseas Passenger Terminal Master Plan	NSW
Professional Services Industry Action Plan	NSW
Property Asset Utilisation Taskforce	NSW
Regional Migration Agreements	Commonwealth
Smoke-free outdoors legislation	NSW
Sydney International Convention, Exhibition & Entertainment Precinct	NSW
Sydney Light Rail Strategic Plan	NSW
Walsh Bay Arts Precinct Master Plan	NSW

APPENDIX E

ABBREVIATIONS

AAG	Aviation Advisory Group
ABS	Australian Bureau of Statistics
ACA	Airport Co-ordination Australia
ACT	Australian Capital Territory
AOT	Airports of Thailand
ASIC	Australian Securities and Investments Commission
BDA	BDA Marketing and Planning Pty Ltd
BID	Business Improvement Districts
bn	Billion
CBD	Central Business District
CRC	Community Relations Commission (NSW)
CUP	China Union Pay
DA	Development Approval
DECC	Department of Environment and Climate Change
DEEWR	Department of Education, Employment and Workplace Relations
DMP	Destination Management Plans
DNSW	Destination NSW
DRET	Department of Resources, Energy and Tourism
ELICOS	English Language Intensive Courses for Overseas Students
FDI	Foreign direct investment
FIFO	Fly-in, fly-out
FTE	Full-Time Equivalent
GFC	Global Financial Crisis
GSP	Gross State Product
GVA	Gross Value Added
HECS	Higher Education Contribution Scheme
ICCA	International Congress and Convention Association
IVS	International Visitors Survey

JAS	Joint Aviation Study on Sydney Airport
KPI	Key Performance Indicator
LEP	Local Environment Plans
LGA	Local Government Area
LNP	Liberal National Party
MMT	Moving Monthly Total
NBES	National Business Events Study
NPWS	National Parks and Wildlife Service
NSW	New South Wales
NZ	New Zealand
OPT	Overseas Passenger Terminal
RAAF	Royal Australian Air Force
RMS	Roads and Maritime Services
RTO's	Regional Tourism Organisations
RTPP	Regional Tourism Partnership Program
SACL	Sydney Airport Corporation Limited
SHFA	Sydney Harbour Foreshore Authority
TA	Tourism Australia
TAA	Tourism Accommodation Australia
TGVA	Tourism Gross Value Added
T-QUAL	T-QUAL Accreditation
TRA	Tourism Research Australia
TRS	Tourist Refund Scheme
TSA	Tourism Satellite Account
UCV	Unimproved Capital Value
UK	United Kingdom
USA	The United States of America
VET	Visitor Economy Taskforce
VFR	Visiting Friends and Relatives
WHM	Working Holiday Makers
WHV417	Working Holiday Visa sub-class 417
YTD	Year to date

APPENDIX F

LIST OF GRAPHICS

PART A

P No.	Name of Graphic
6	Graphic E.1: NSW Overnight visitor expenditure
13	Graphic A1.1: Inbound visitors to Australia by key Western and Eastern markets, 2001–2011
14	Graphic A1.2: NSW share of interstate demand
14	Graphic A1.3: NSW share of inbound seats into Australia
15	Graphic A1.4: NSW share of inbound seats from target markets
15	Graphic A1.5: NSW share of international visitors
17	Graphic A1.6: Overnight visitor expenditure
18	Graphic A1.7: Overnight visitor expenditure 2020 Target, % contribution shift from 2011
21	Graphic A1.8: NSW loss of share of Australian seats
22	Graphic A1.9: Perceptions of State attributes
23	Graphic A1.10: Domestic visitors ranking of regional destinations with highest consumer recognition

PART B – IMPERATIVE 1: INCREASE VISITATION

P No.	Name of Graphic
31	Graphic B1.1: NSW's market share of visitors from international target markets
33	Graphic B1.2: State associations by attribute – NSW's top four attributes
33	Graphic B1.3: Awareness of NSW destinations
34	Graphic B1.4: Priority aspects of appeal to interstate visitors and NSW residents
35	Graphic B1.5: Appeal of NSW destinations
36	Graphic B1.6: Awareness of NSW destinations – awareness of NSW experiences available
38	Graphic B1.7: The NSW visitor economy target
39	Graphic B1.8: NSW visitor expenditure performance by visitor type
40	Graphic B1.9: Intrastate Sydney and regional demand in visitor numbers
40	Graphic B1.10: NSW State share of interstate overnight visitor expenditure
41	Graphic B1.11: Top 10 international priority markets
42	Graphic B1.12: NSW source of inbound international visitors by country, 2000–2011
45	Graphic B1.13: Planning and booking travel to NSW
46	Graphic B1.14: Internet use for visitor-related information and bookings
47	Graphic B1.15: Internet use for visitor-related purposes (domestic and international)
48	Graphic B1.16: Perceptions of non-NSW Australian residents regarding which State is the most progressive

IMPERATIVE 2: GROW PHYSICAL CAPACITY

P No.	Name of Graphic
52	Graphic B2.1: NSW hotel occupancy rates – 2006 to 2011
52	Graphic B2.2: Capital city hotel occupancy rates
55	Graphic B2.3: Market share of inbound seats into Australia – international visitors
56	Graphic B2.4: Market share of inbound seats into Australia by nationality – NSW vs Victoria
62	Graphic B2.5: Forecast of cruise ship calls to Sydney (2015–2030)
64	Graphic B2.6: OPT Gap analysis scenario 1 – medium growth
64	Graphic B2.7: OPT Gap analysis scenario 2 – medium growth
65	Graphic B2.8: Future estimated potential additional value of provedoring at the OPT

IMPERATIVE 3: RENEW AND REVITALISE DESTINATIONS

P No.	Name of Graphic
76	Graphic B3.1: Intention of interstate residents to travel to NSW
80	Graphic B3.2: Special rates – Gosford City Council
81	Graphic B3.3: Estimated revenue from introducing special rates in selected LGAs – business zoned land only
82	Graphic B3.4: Cost for businesses at 0.14c per dollar of rateable value

IMPERATIVE 5: INCREASE VISITOR SPEND

P No.	Name of Graphic
102	Graphic B5.1: Proportion of International shopping dollars spent in Australia
102	Graphic B5.2: State association by non-NSW residents – shopping
105	Graphic B5.3: NSW turnover for restaurants, cafés and takeaway food
105	Graphic B5.4: State association by non-NSW residents – food and wine
107	Graphic B5.5: Inbound education and trips share
108	Graphic B5.6: China – purpose of trips to NSW

APPENDIX G

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The citation for each item in the bibliography as it appears in this report is in brackets.

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CROWN SYDNEY HOTEL RESORT





Destination
NSW

China Tourism Strategy 2012–20



FOREWORD

This document is designed to provide New South Wales operators with a succinct snapshot of Destination NSW's China Tourism Strategy and Action Plan.

China has been much heralded as a tourism source market for Australia and NSW has had an active and successful presence in China for many years.

However, changes in competition and market dynamics, and the NSW Government's goal to double the value of overnight visitor expenditure to NSW by the year 2020, have highlighted the need for expanded activities and new strategies.

Destination NSW intends to capitalise on the diverse opportunities on offer in China. We will actively build new markets, support new products and services and develop our industry partnerships to ensure that NSW secures substantial market share and harnesses the potential of the China market.

Sandra Chipchase
Chief Executive Officer
Destination NSW



China Tourism Strategy 2012–20



MINISTER'S MESSAGE

In this 'Asian Century', it is of critical importance that New South Wales (NSW) continues to increase trade and investment links with China. The NSW Government has adopted a whole-of-government approach to the market and is actively supporting key export industries in our quest to develop Chinese markets. Not surprisingly tourism is expected to be among the state's highest performing industries in terms of delivering growth.

Tourism from China to NSW began its extraordinary rise when Australia received Approved Destination Status (ADS) in 1999. In recent years the acceleration in growth has been extraordinary and China is now NSW's largest international market in terms of expenditure, contributing more than \$1.1 billion annually to the NSW Visitor Economy.

However China is a rapidly evolving tourism market, constantly throwing out challenges and opportunities to an intensely competitive global marketplace. Australia and its State and Territory partners now have many competitors in China. If NSW is to protect its position it will need focus on this burgeoning market in coming years.

Sydney's brand appeal in China is a prime motivator for travel to Australia and Destination NSW's strategies operate on two levels; supporting the national marketing effort through continued promotion of Sydney; and ensuring that NSW remains Australia's market leader by continuing to attract the highest share of both visitor arrivals and visitor nights.

Destination NSW has undertaken an extensive examination of the market and identified a series of strategic directions outlined in this document that will guide business development and marketing initiatives between 2012–2020.

Priority will be given to targeting additional geographic source markets within China and engaging the more mature FIT consumer segment. This will require considerable focus on extending the range of NSW product in market and improving the Chinese visitor experience in Sydney and Regional NSW.

Strategic partnerships with public and private sector partners are also highlighted. Given the size and complexity of the market, a co-operative approach is essential. This approach will also extend to other NSW industry sectors operating in China, with clear areas of alignment between tourism and the business events, education and investment sectors.

If we are able to capitalise on the opportunities presented by China over the next decade, NSW visitor arrivals and visitor nights are expected to almost double. Over the ten-year period 2020/21 China will contribute more than \$17.4 billion to the NSW Visitor Economy and be directly responsible for 13,900 jobs.

We have set an ambitious agenda for China and the stakes are very high. However I am confident that with the support of our Government, the industry and their commercial partners will achieve great success.

George Souris MP

Minister for Tourism, Major Events,
Hospitality and Racing, and
Minister for the Arts



CONTENTS

02	Minister's Message
03	Contents
04	Executive Summary
06	NSW and the China Market to Australia
08	NSW Visitor Forecasts
09	Strategic Directions
11	Geographic Source Markets
14	Aviation
16	Consumer Segments
19	Visitor Experiences
22	Consumer Promotion
24	Trade Distribution
28	Government and Commercial Partnerships
30	Resources

EXECUTIVE SUMMARY

Destination NSW's China Tourism Strategy will guide business development and consumer marketing activity between 2012–2020. The strategy is directed towards ensuring that NSW keeps pace with the rapid expansion of geographic source markets within China and the changing travel preferences of maturing consumer segments.

A key objective of the strategy is to protect NSW's leadership position. While the China market is continuing to grow, so too is the competitor threat from other destinations. NSW currently attracts 60 per cent of all Chinese visitors to Australia and 40 per cent of Chinese visitor nights.

Forecasts indicate that if the state is successful in protecting its market share, the value of Chinese inbound tourism to NSW will almost double. By 2020 China will be NSW's largest international market in terms of visitor arrivals, visitor nights and expenditure; it will contribute more than \$2.1 billion in expenditure annually to the NSW Visitor Economy; and be directly responsible for 13,900 jobs.

The strategy is directed towards ensuring that NSW keeps pace with the rapid expansion of geographic source markets within China and the changing travel preferences of maturing consumer segments. Securing additional air services from China is important but improving load factors will be essential. Airline and industry partnerships are key to ensuring sustainable and significant growth.



STRATEGIC DIRECTIONS

To capitalise on opportunities presented by China over the next decade Destination NSW has identified eight strategic directions:

1. **Extend Marketing Activity into more Geographic Source Markets**
2. **Support Aviation and Route Development to Keep Pace with Demand**
3. **Target High Performing Consumer Segments**
4. **Improve the Quality and Range of Visitor Experiences**
5. **Increase Consumer Promotion**
6. **Develop Trade Distribution Networks**
7. **Expand Commercial and Government Partnerships**
8. **Increase Resources to Facilitate Growth.**

Sydney with its unique balance of city and nature experiences will be the focus for destination promotion in China. Regional destinations within three hours drive of Sydney, and North Coast regions accessible from the Gold Coast will also be supported.

Central to Destination NSW's approach is the targeting of high performing consumer segments and the phased development of up to 30 new 'secondary city' source markets, which will be serviced from four major hubs: Beijing (North), Greater Shanghai (East), Guangdong province (South) and the new, rapidly growing Central Western sector of Chengdu/Chongqing.

To encourage additional aviation services to keep pace with projected travel demand, Destination NSW will adopt a multi-airline development approach. Priority will be given to building capacity into Sydney from primary city hubs and supporting the establishment of direct routes from other major Chinese cities.

Destination NSW has targeted several key consumer segments for growth from these regions. While Approved Destination Status (ADS) group travel will remain a primary target, considerable emphasis will also be given to engaging with the emerging FIT segment.

Other key segments include Business Events Travel and Student Travel – both are strategically important because of their links with other NSW export industries.

Destination NSW will work co-operatively with government and private sector organisations to engage these markets.

NSW's range of product in-market requires expansion and enhancement to meet the needs of the more sophisticated and experienced FIT visitor. Product development and trade distribution activities will be stepped up in partnership with industry. The aim is to bring new categories of relevant product to market such as Resort Stays, Wedding/Honeymoon, Food and Wine, Unique Events, Luxury and Soft Adventure and build existing segments such as Self Drive and Golf.

The focus on product development further extends to ensuring that Sydney and Regional NSW better meet the needs of Chinese visitors. A priority will be to work with industry and government agencies to improve the quality of the Chinese visitor experience. Programs will include increasing the availability of trained Mandarin speaking guides; providing better Chinese language information resources and signage; and addressing issues associated with visitor shopping and dining experiences.

Destination NSW has also highlighted the importance of trade distribution in the strategy. Provision has been made to increase trade servicing activities throughout China. Additional support will also be provided to NSW tourism operators to encourage entry to the market – programs will include educational activities, incentives for operators to become 'China Ready' and coordination of trade show participation and workshops in-market.

Destination NSW's consumer marketing activity will be directed primarily to the FIT segment and will aim to build consumer awareness and aspiration to visit Sydney. Marketing activity will be largely conducted through digital channels supported by extensive publicity programs. Partnership marketing activity will include support for Tourism Australia's consumer campaigns, retail campaigns conducted with trade partners, and co-operative promotions undertaken with commercial partners.

In response to the expansion of the market, Destination NSW will allocate additional resources to facilitate growth. The majority of these will be focused on business and trade development activities. Additional resources will be made available to improve in-market Public Relations and digital marketing capability.

NSW AND THE CHINA INBOUND TOURISM MARKET TO AUSTRALIA

In 1999 Australia became one of the first Western countries in the world to be granted Approved Destination Status (ADS) by the Chinese Government. This was a significant breakthrough for the Australian tourism industry; it effectively gave the green light for the opening up of Mainland China as a source market for inbound visitors and delivered an early entry advantage to a market of unparalleled promise.

Since 2000 there has been rapid growth in tourism from China – it is now ranked amongst Australia’s fastest growing and highest yielding visitor markets. It outperforms all other markets in terms of length of stay and is richly diverse, performing well across Holiday, Visiting Friends and Relatives (VFR), Business and Education travel segments.

Despite an initial concentration into Sydney, Melbourne and Brisbane, Chinese visitors are also starting to travel further afield and the market now ranks impressively as Australia’s third largest for dispersed nights.

Forecasts for 2020 indicate that the inbound market from China is set to more than double in size, contributing more than one million visitors to Australia and more than \$6.8 billion in Total Inbound Economic Value.¹

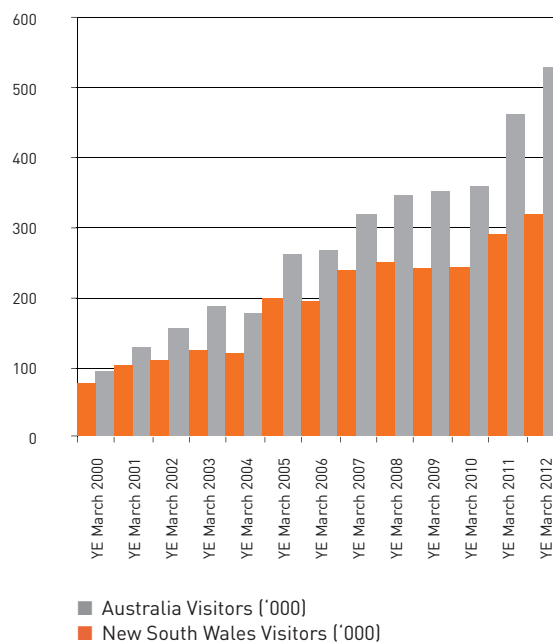
Since 2000, New South Wales has captured the momentum of the market – benefiting from Sydney’s global appeal, its position as the major gateway for Chinese visitors and its ‘first mover’ status – a principal destination for most first time visitors to Australia. NSW’s servicing of the market, which began in the late 90s has been a strength in securing trade support from China.

NSW is now Australia’s market leader, with a 60 per cent market share of Chinese visitor arrivals and a 40 per cent share of visitor nights. Over the last decade, despite shocks such as terrorism attacks, international pandemics and the global financial crisis, Chinese annual visitor arrivals and visitor nights have continued to climb on an impressive trajectory of growth.

However, while the outlook for the market is buoyant significant changes to consumer travel preferences; geographic source markets within China; trade distribution; direct airline services to other states; and the escalation of competitor threat means that NSW needs a new strategy if it is to reach the goal of doubling overnight visitor expenditure by 2020.

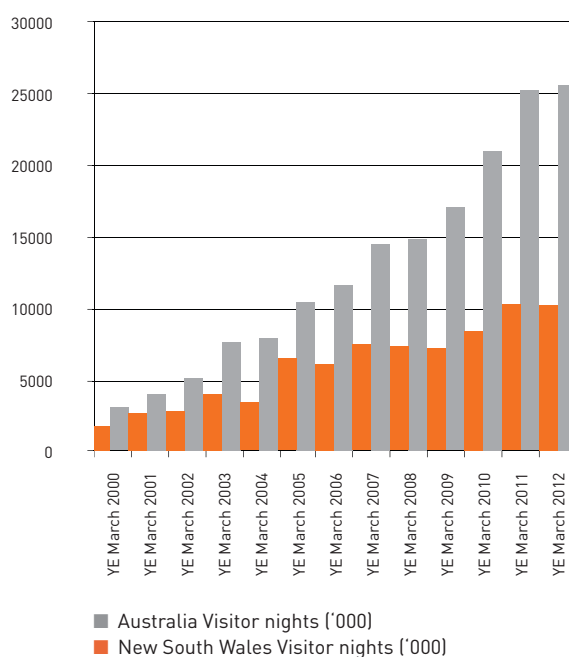
CHINESE VISITOR ARRIVALS – AUSTRALIA AND NSW SINCE 2000

Source: IVS, YE March 2012 TRA



CHINESE VISITOR NIGHTS – AUSTRALIA AND NSW SINCE 2000

Source: IVS, YE March 2012 TRA



¹ Source: TFC Forecast 2012 Issue 1

TOURISM SNAPSHOT: CHINESE VISITORS TO NSW YEAR ENDING MARCH 2012

CHINESE VISITOR ARRIVALS

Australia	530,000
NSW	320,000
Growth on Previous Year: Australia	+ 15%
Growth on Previous Year: NSW	+10%
NSW Market Share Visitors: 60% of Chinese inbound market to Australia	

VISITOR NIGHTS

Australia	25.6 million+
NSW	10.2 million+
Growth on Previous Year: Australia	+2%
Growth on Previous Year: NSW	-1%
NSW Market Share Nights:	40%

AVERAGE LENGTH OF STAY

Australia	48.4 nights*
NSW	32 nights*

*includes student visitors

EXPENDITURE

Total Australia	\$2.7 billion
Total NSW	\$1.1 billion
Growth on Previous Year: Australia	+8%
Growth on Previous Year: NSW	+5%

VISITOR DISPERSAL

Visitation to Sydney and Regional NSW

	Visitors	Visitor nights
Sydney	97%	91%
Regional NSW	7%	9%

NOTE: figures add to more than 100% due to multiple destinations applying to some visitors

Total Number of Visitors and Visitor Nights

	Visitors	% chg	Visitor nights	% chg
Sydney	309,900	9%	9,310,800	-1%
Regional NSW	23,000	38%	924,900	6%
New South Wales	320,000	10%	10,235,700	-1%

NOTE: NSW total is less than addition of Sydney and Regional NSW due to multiple destinations applying to some visitors

PURPOSE OF VISIT

	Visitors	Visitor Nights
Holiday	63%	10%
Visiting friends and relatives	15%	22%
Business	11%	4%
Education	11%	57%
Employment	2%	6%
Other	1%	0%
Total	100%	100%

PURPOSE OF VISIT – CHANGES ON PREVIOUS YEAR (YE MAR 2011)

Visitors

	Visitors	% chg on previous year
Holiday	201,400	23%
Visiting friends and relatives	47,200	-1%
Business	34,700	-10%
Education	36,700	-2%
Employment	5,500	91%
Other	3,800	-74%
Total	320,000	10%

Visitor Nights

	Visitor Nights	% chg on previous year
Holiday	1,035,700	48%
Visiting friends and relatives	2,298,600	-18%
Business	405,500	5%
Education	5,864,400	-1%
Employment	608,800	223%
Other	22,800	-92%
Total	10,235,700	-1%

SOURCE: All figures are sourced from the International Visitor Survey YE March 2012, Tourism Research Australia

THE CHINA MARKET NSW'S 2020/21 FORECASTS

The Tourism Forecasting Council predicts that Mainland China will continue its current growth trend for at least the next decade.

National arrival forecasts for 2020/21 have been revised upwards to 1.039 million and visitor nights to more than 48.9 million. Total economic value to Australia from China is forecast to exceed \$6.8 billion.²

A key outcome for NSW in the years leading up to 2020 will be to maintain market leadership by protecting and growing its share of visitors and visitor nights and continuing to attract higher levels of expenditure.

If NSW is successful in achieving this objective, it is set to almost double the value of Chinese visitor expenditure* within the state by 2020/21. The table below outlines 2020/21 forecasts for NSW, which are based on current TRA Forecasts to 2020/21.



2020/21 CHINA MARKET FORECASTS:

Impacts NSW Visitors, Expenditure, Employment and Gross State Product.³

INBOUND VISITORS FROM MAINLAND CHINA	NSW FORECASTS 2020/21
Chinese visitor arrivals	623,000
Visitor nights	19.6 million
Economic Contribution*	
Visitor expenditure	\$2.1 billion*
Gross State Product (GSP)	\$2.1 billion*
Total contribution to GSP over the ten fiscal years between 2011/12 to 2020/21	\$17.4 billion*
Employment	
Number of direct jobs	13,900
Number of direct and indirect jobs	24,100

* Measured in December 2011 Australian Dollars

² Source: TFC Forecast 2012 Issue 1

³ NSW Forecasts are estimates based on TFC Forecasts 2012 Issue 1, Tourism Satellite Accounts and International Visitor Survey, Tourism Research Australia

Strategic Directions

If NSW protects and maintains its market share of visitors and visitor nights, China will contribute more than \$17.4 billion to the NSW economy over the ten-year period to 2020/21 and be directly responsible for 13,900 jobs.

Destination NSW has identified eight strategic directions in its Business Development Strategy for China to ensure that NSW is able to fully capitalise on the opportunities presented by China in the next decade. The strategic response to these priorities will require commitment and involvement from a broad range of industry, Government and corporate partners.

- 1 Extend Marketing Activity into more Geographic Source Markets**
- 2 Support Aviation and Route Development to Keep Pace with Demand**
- 3 Target High Performing Consumer Segments**
- 4 Improve the Quality and Range of Visitor Experiences**
- 5 Increase Consumer Promotion**
- 6 Develop Trade Distribution Networks**
- 7 Expand Commercial and Government Partnerships**
- 8 Increase Resources to Facilitate Growth**



**Central to
Destination NSW's
approach is the
phased development
of 'secondary city'
source markets.**



STRATEGIC DIRECTION 1

EXTEND MARKETING ACTIVITIES INTO MORE GEOGRAPHIC SOURCE MARKETS 2012–2020

Tourism Australia has undertaken an evidence based market assessment of more than 600 cities in China that identified the cities most likely to be potential source markets for Australia in 2020.

It concluded that in the next decade up to 55 cities would have significant populations with the financial means and access to travel internationally. While primary regions/cities will remain critically important, 'secondary cities' will drive tourism growth to Australia in the years leading up to 2020.

KEY PRIORITIES

- **Servicing Secondary Cities via Regional Hubs**
Although 55 cities seems an extraordinary number of markets to attempt to leverage, Tourism Australia suggests that economies of scale can be achieved by focusing marketing resources in four primary hubs: Greater Beijing (North), Greater Shanghai (East), Guangdong province (South) and the new, rapidly growing Central Western sector of Chengdu/Chongqing.

Destination NSW will therefore increase its in-market resources in these major hubs in order to adequately service the market. Destination NSW's China headquarters are in Shanghai.

- **Phased Development**

Destination NSW will be taking a phased approach to market development – stepping up trade and consumer activity as each market reaches appropriate milestones in size, maturity and visitation levels.

Marketing and resource commitments will be aligned to the differing levels of market maturity. Given Sydney's 'first mover' appeal it is logical for NSW to align its development approach with Tourism Australia's. The table on page 13 indicates proposed target markets and their anticipated stage of development in the years leading up to 2020.

STRATEGIES: GEOGRAPHIC SOURCE MARKETS	
Desired Outcome	NSW attracts the majority of visitors and visitor nights from China's growing geographic source markets.
Strategy	Focus marketing and development activity on primary tourism hubs within Eastern, Southern, Northern and Central /Western China.
Activities	<ul style="list-style-type: none"> ● In Developed Markets implement integrated trade and consumer marketing activities
Strategy	Provide consumer marketing and trade development services from primary hubs to secondary cities identified in Tourism Australia's Market Prioritisation Plan.
Activities	<ul style="list-style-type: none"> ● Phased development of up to 30 city markets via a tiered development approach aimed at progressing markets through emerging and growth phases to maturity ● In Emerging Markets: Travel agent education through the Aussie Specialist program and assistance with market development ● In Growth Markets: Trade education, sales development, retail campaigns with Premier Aussie Specialist agencies and consumer PR

CHINA GEOGRAPHIC SOURCE MARKETS 2012-20



NSW'S CITY TARGET MARKETS BY GEOGRAPHIC REGION.

Indicates how city markets will evolve through emerging and growth phases towards market maturity between 2012–20*

REGION			
Northern Markets	Phase 1 (2012–14)	Phase 2 (2014–17)	Phase 3 (2017–20)
Developed (Hub)	Beijing	Beijing	Beijing
Growth Markets	Qingdao Tianjin	Qingdao Tianjin Shenyang Dalian Jinan	Qingdao Tianjin Shenyang Dalian Jinan
Emerging	Dalian Shenyang Jinan	Post 2014 Dalian, Shenyang and Jinan have entered the growth phase	
Eastern Markets	Phase 1 (2012–14)	Phase 2 (2014–17)	Phase 3 (2017–20)
Developed (Hub)	Shanghai	Shanghai	Shanghai
Growth	Hangzhou Nanjing Ningbo Suzhou	Hangzhou Nanjing Ningbo Suzhou Wuxi	Hangzhou Nanjing Ningbo Suzhou Wuxi Wenzhou
Emerging Markets	Wenzhou Wuxi	Wenzhou	Post 2017 Wenzhou has entered the growth phase
Southern Markets	Phase 1 (2012–14)	Phase 2 (2014–17)	Phase 3 (2017–20)
Developed (Hub)	Guangzhou	Guangzhou	Guangzhou
Growth Markets	Shenzhen Xiamen	Shenzhen Xiamen Dongguan Foshan	Shenzhen Xiamen Dongguan Foshan Huizhou Fuzhou
Emerging Markets	Dongguan Foshan Huizhou Fuzhou	Huizhou Fuzhou	Post 2017 Huizhou and Fuzhou have entered the growth phase
Central / Western Markets	Phase 1 (2012–14)	Phase 2 (2014–17)	Phase 3 (2017–20)
Developed (Hub)			Post 2020 Chengdu/Chongqing
Growth Markets	Chengdu Chongqing	Chengdu Chongqing	Chengdu Chongqing Changsha Wuhan
Emerging Markets	New markets will begin to emerge in 2014	Changsha Wuhan	5–6 additional Markets

* Targets reflect alignment with Tourism Australia's proposed city prioritisation approach leading up to 2020.

In Developed Hubs: NSW undertakes integrated trade and consumer marketing

For Cities in the Growth phase: NSW's focus is trade and market development

For Cities in the Emerging phase: NSW's focus is trade education and some market development assistance

STRATEGIC DIRECTION 2

SUPPORT AVIATION & ROUTE DEVELOPMENT TO KEEP PACE WITH DEMAND

If 2020 visitor forecasts and the NSW Government's goal of doubling visitor expenditure are to be realised, China-Australia routes are going to require more aircraft, more services from primary markets and more direct and indirect services from second-tier cities.

Sydney as the premium gateway to Australia, is serviced by Chinese carriers, other Asian airlines and Qantas. Recent bi-lateral agreements have resulted in significant capacity increases for existing carriers – but more is required.

NSW faces many complexities in building airline relationships and capacity from China over coming years and its strategies will need to be based on a multi-airline development approach. This means Destination NSW will continue to maintain active relationships and co-operative marketing investment with all carriers servicing NSW routes and gateways. In addition, the organisation may need to assist new and existing carriers in their efforts to sustain capacity levels by building two-way traffic.

Continued collaboration between Destination NSW and Tourism Australia will be essential; NSW needs to be able to leverage Tourism Australia's relationships in market and also to potentially tap into opportunities for financial support from the organisation's Aviation Development Fund.

KEY PRIORITIES

- **Building Capacity from Primary Markets**
Priority will be given to ensuring sufficient capacity to meet current increases in demand from the three primary hubs of Beijing, Shanghai and Guangzhou.
- **Route Development**
A second priority is to encourage direct capacity into Sydney from other major Chinese cities. Destination NSW, in co-operation with Sydney Airport Corporation, will need to concentrate on further development of strategies which prove viability of new services or open up new destinations. A good example of this type of strategy is to provide support for charter services.

CHINA SYDNEY FLIGHTS

Sydney has 39 flights per week from China⁴ but capacity will need to increase dramatically if visitor forecasts for 2020 are to be realised.

Due to recent agreements between the Australian and Chinese Governments there are no regulatory impediments for airlines to increase services and capacity to Australia in the short to medium term.

Services include:

China Southern	14 services	Air China	11 services
China Eastern	7 services	Qantas	7 services

In mid-2012 low cost carrier Scoot Airlines is also scheduled to introduce services between Tianjin and secondary city ports in China and Sydney via Singapore. Hainan Airlines may soon recommence services to Sydney.

Airfares on the Australia-China route are relatively competitive compared to other long haul destinations.

⁴ As of March 2012

STRATEGIES: AVIATION	
Desired Outcome	Airline capacity from China to Sydney supports and stimulates growth from primary hubs and secondary cities.
Strategy	Continue to pursue a multi-airline development approach, with tiered level support for marketing based on current and committed capacity, frequency and routes.
Activities	<ul style="list-style-type: none"> ● Dedicate resources to developing co-operative partnerships under MOU agreements with airline partners
Strategy	Encourage additional capacity from primary markets of Beijing, Shanghai and Guangzhou.
Activities	<ul style="list-style-type: none"> ● Collaborate with Sydney Airport Corporation and Tourism Australia in encouraging existing carriers to add additional services on Sydney routes
Strategy	Encourage direct capacity from secondary cities.
Activities	<ul style="list-style-type: none"> ● Engage with new airline partners including third country and low cost carriers
Strategy	Invest in route development activities.
Activities	<ul style="list-style-type: none"> ● Increase investment in co-operative marketing with airline partners ● Assist sustainability of services by working in partnership with Sydney Airport Corporation to target the Sydney-based management of Chinese carriers and Qantas to provide contacts and assistance that can help them build the two-way traffic ● Seek opportunities to obtain additional financial investment for aviation opportunities through Tourism Australia's Aviation Development Fund ● Work with industry partners to support charter services from developing markets

STRATEGIC DIRECTION 3

TARGET HIGH PERFORMING CONSUMER SEGMENTS

Consumer Segments in the China market are increasingly differentiated by region and travel maturity. Most Chinese leisure travel to NSW is now (and in the foreseeable future) via ADS group travel. However it is strategically important that NSW ensures that other segments are also prioritised for development.

KEY SEGMENTS

- **ADS Group Travel**

Over the next decade holiday travel to NSW will remain largely dominated by ADS Group Travel. Much of this segment will be sourced from rapidly expanding markets in secondary cities. It is essential that NSW protect its market share by extending its product development, trade marketing and consumer awareness activities beyond its existing base in the primary cities.

- **Assisted FIT Tours**

There is a general consensus amongst the industry in both China and Australia, that NSW also needs to take advantage of the maturing travel markets in Beijing, Shanghai and Guangzhou. Consumer travel preferences in these markets are rapidly evolving and there is a major trend towards FIT travel.

Because of its leadership position in the market NSW has the potential to position itself strongly to FIT visitors – but it is quite vulnerable to competitive pressures from other state destinations. If NSW is to successfully tap this growing segment considerable effort has to be made to address product development issues, and bring experiences to market such as Self Drive, Golfing, Resort, Food and Wine, Unique Events, Luxury and Soft Adventure.

- **Student Travel**

Another important segment for NSW is Student Travel. NSW's share of visitor nights is largely driven by this segment (accounting for around 57% of visitor nights)⁵ and its associated VFR traffic. It is a strategically important segment, which impacts the wider NSW economy and is vital to maintaining NSW's share of visitor nights in 2020.

- **Business Events Travel**

Although Business Events travel from China is currently quite low in volume it is extremely high yielding. A priority for NSW is to grow incentive and convention business from China. NSW's export industries with China offer good leverage opportunities to support growth in this travel segment.

OTHER OPPORTUNITIES

In addition to these primary consumer segments, NSW has strong potential to develop a series of high yielding niche markets from different regions of China. They are evidence of the evolving nature of the market, which is showing increased diversity in consumer travel preferences. These include Luxury Travel and Special Interest or Affinity Travel – and are sourced from mature markets located in primary cities. Government driven, industry based Technical Visits will also continue be a strong feature of the market.



⁵ Source: IVS YE March 2012

PRIMARY SEGMENT

ADS Group Traveller

Characteristics	<ul style="list-style-type: none"> ● New or less experienced travellers ● Part of growing middle class ● Travels in groups of up to 20 people ● Little or no English ● Slightly more likely to be female ● Group market is more susceptible to external shocks such as pandemics, terrorism etc. ● 99 per cent use packaged arrangements purchased through travel agents/wholesalers ● Visit up to three destinations per trip ● Highly price sensitive ● Quality issues prevalent with 'below cost' tours potentially affecting visitor satisfaction
Opportunity	<ul style="list-style-type: none"> ▶ Will remain a primary market for NSW in the next decade because of the state's advantage as a 'first mover' destination, driven by Sydney's appeal ▶ Offers good potential for growth as more and more cities in mainland China expand their middle classes ▶ Will require more resources to service travel agents and wholesalers in up to 30 potential city markets by 2020

Assisted FIT Travellers

Characteristics	<ul style="list-style-type: none"> ● Affluent, university educated couples aged 30–49 years ● Experienced travellers with an independent travel mindset ● Seek to explore and experience local culture, some Soft Adventure ● Interest in Golf, Self Drive, Food & Wine Experiences and Resort Stays ● Researches travel information extensively online ● Flight and accommodation packages arranged through travel agents – including online travel agents ● Emerging strongly in Beijing, Shanghai and Guangzhou
Opportunity	<ul style="list-style-type: none"> ▶ Has the potential to deliver more high yielding, mono destination travel to NSW (particularly linked to unique major events) ▶ Presents challenges in terms of availability of suitable NSW FIT product ▶ Requires both trade and consumer education and awareness programs ▶ Increased opportunity for direct marketing and advocacy via digital marketing

Youth Travellers

Characteristics	<ul style="list-style-type: none"> ● Aged 15–24 and 25–34 ● Primarily Education visitors ● Currently accounts for majority of visitor nights (57%) ● Of total Chinese visitor arrivals to NSW YE March 2012, 11 per cent were Education visitors
Opportunity	<ul style="list-style-type: none"> ▶ Strategically important because of wider economic benefit and overall contribution to visitor nights ▶ Also attracts additional VFR visitation ▶ NSW has the largest share of the Australian international education sector and attracts more Chinese students than other Australian states

Business Event Travellers

Characteristics	<ul style="list-style-type: none"> ● Strong interest in Sydney from outbound corporate incentive groups and convention delegates ● Growth driven from primary cities as well as fast growing secondary cities
Opportunity	<ul style="list-style-type: none"> ▶ Potential to leverage NSW links with China in core sectors such as finance and insurance services, information communication, technology (ICT), pharmaceutical, manufacturing, creative industries and direct selling

STRATEGIC DIRECTION 3

TARGET HIGH PERFORMING CONSUMER SEGMENTS (CONTINUED)

NICHE SEGMENTS	
Technical Visits	
Characteristics	<ul style="list-style-type: none"> ● Primarily driven by the Chinese Government ● Focuses on areas of importance to Greater China such as Agriculture, Water Management, Farm Management
Opportunity	<ul style="list-style-type: none"> ▶ Complements the NSW Government's broader industry and investment strategy with China ▶ Opportunity to position NSW high value added industries
Affinity Groups	
Characteristics	<ul style="list-style-type: none"> ● Emerging segment with extremely strong potential for growth ● Networks being created by 'like-minded' Chinese travellers through social media
Opportunity	<ul style="list-style-type: none"> ▶ Specialised, tailored programs with a strong focus on new and imaginative product catering to special interests ▶ Advocacy for NSW product and experiences can be effectively built through digital marketing and social media
High End/Luxury Traveller	
Characteristics	<ul style="list-style-type: none"> ● Growing segment ● Largely focused in primary cities of Beijing, Shanghai and Guangzhou ● Sophisticated travellers who know value and can compare with other destinations ● Strongly motivated by exclusivity, and Western prestige
Opportunity	<ul style="list-style-type: none"> ▶ Largely untapped by Australia due to a reluctance to promote, primarily due to supply/ product constraints. NSW can offer select product to market but needs to work co-operatively with Tourism Australia in opening channels to market ▶ High yielding, high service expectations segment

If NSW is to successfully tap this growing FIT segment considerable effort has to be made to address product development issues, and continue to bring experiences to market such as Self Drive, Golfing, Resort, Backpacker, Food and Wine, Unique Events, Honeymoon, Luxury and Soft Adventure.

STRATEGIC DIRECTION 4

IMPROVE THE QUALITY AND RANGE OF VISITOR EXPERIENCES

The most compelling proposition for Australian destination promotion in China is 'City plus Nature' or 'Accessible Nature' and the broader element of 'naturalness.' This coupled with perceived attributes of Australia as being a 'welcoming' and a 'safe' destination creates positive expectations and motivations among Chinese visitors.

The key experiences requested by Chinese visitors relate to how Australians live, work and play. What and where do they eat? How do they spend their leisure time? How do they use 'nature' and maximise 'naturalness'. The table below outlines the main activities generally favoured by Chinese holiday visitors and the potential category development for FIT product.

Examples of the style of product now growing in appeal – particularly to the FIT traveller – include a sea plane trip for a group of 8–10 to a private tasting and lunch at a winery in the Hunter Valley; a shopping spree at a major retail centre escorted by a personal concierge; and an exceptional dining experience with limousine transfers.

Simpler inclusions for both ADS and FIT travel would include a ferry ride to Manly to visit the beach and experience the harbour like a local, or beachside dining at Bondi.



CITY BASED EXPERIENCES	SOFT ADVENTURE/ NATURE EXPERIENCES	CATEGORY DEVELOPMENT
Sightseeing and experiencing iconic sites	Walking – particularly in areas of natural beauty such as by a beach	Food and Wine
Shopping – for global brands, at local markets and for authentic local products	Cycling	Self Drive
Nightlife – including gambling	Participate in water activities	Golf
Theatre and local shows and entertainment	Outdoor Sports	Resort Stays Wedding/Honeymoon
Dining and sampling local cuisine	Photography	Unique Events and Festivals
	Wildlife Experiences	Luxury

STRATEGIC DIRECTION 4

IMPROVE THE QUALITY AND RANGE OF VISITOR EXPERIENCES (CONTINUED)

PRODUCT DEVELOPMENT

A major challenge for NSW in China is that despite the fact that the state clearly has many compelling experiences with which to engage consumers, there is currently a very limited range of products represented in-market. Concerns around product quality, consumer relevance and language needs are also emerging.

To address these issues Destination NSW will deploy appropriate product development strategies to better meet the needs of Chinese visitors. These will include programs to encourage better product uptake and distribution by travel agents and wholesalers; and the promotion of a wider range of NSW experiences to consumers.

The NSW tourism industry also needs to be actively engaging the Greater China markets. Destination NSW requires the support and participation of more tourism operators and a shared long-term commitment to a planned market development approach.

KEY PRIORITIES

- **Working with the NSW Industry**

A better understanding of Chinese visitor needs, motivations, travel preferences and planning and buying patterns is required to assist the NSW industry develop product that is more relevant to emerging consumer segments. A priority for Destination NSW is to encourage NSW operators to engage with the market and then to lead them through the cycle of market preparedness, distribution development and consumer promotion.

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- **Improving the NSW Visitor Experience**

Government, industry groups and tourism operators need to work together to address issues associated with improving the tourism experience for Chinese visitors in NSW. Priorities include increasing the number and quality of Mandarin speaking guides; addressing issues associated with way-finding, such as signage and the availability of both online and offline interpretative resources; and improved retail access. The recent introduction of the acceptance of China Union Pay (CUP) bankcards in taxis through an MOU signed by Destination NSW, Cabcharge, CUP, National Australia Bank (NAB) and the NSW Government is a great initiative. Partnerships such as these need to be expanded.

- **Addressing Quality Issues**

Government tourism bodies and industry operators in both China and Australia need to explore a range of regulatory and commercial solutions which can address factors causing consumer complaints such as 'below cost' tours. These are group tours sold by agents at 'below cost' in order to win the business. They recoup expenses by means such as booking visitors into inexpensive accommodation far from the city centre, limiting shopping access to outlets that pay commission and charging for free experiences. Below cost tours are a significant issue for NSW as they present an inferior product experience that has the potential to undermine Sydney's appeal (and that of other NSW destinations) and lower visitor yields.

- **Product Distribution in China**

Destination NSW's distribution development programs will be deployed more strategically to encourage uptake of a broader travel inventory by agents and wholesalers in China. Activities will include agent education programs, category development of FIT product, provision of content and marketing resources and investment in co-operative marketing partnerships.

STRATEGIES: ENSURING A QUALITY VISITOR EXPERIENCE	
Desired Outcome	NSW has a broad, diverse and relevant product range available in China which delivers a quality visitor experience to Chinese consumers.
Strategy	Build a better understanding of the China market amongst NSW industry operators.
Activities	<ul style="list-style-type: none"> ● Partner with Tourism Australia in undertaking additional research into the needs, motivations, preferences and booking patterns of different consumer segments in new and existing geographic markets ● Conduct a product gap analysis and work closely with industry on product and itinerary development ● Develop an ongoing series of workshops, market updates and other educational forums with NSW industry operators aimed at encouraging development of relevant product and raising cultural awareness ● Appoint a Head Office based specialist to work with industry and help them to better understand the China market ● Provide 'incentives' to industry to become more 'China Ready' and assist entry of more relevant product to market
Strategy	Work with Chinese wholesalers and travel agents to encourage broader uptake of NSW product.
Activities	<ul style="list-style-type: none"> ● Undertake a series of new product workshops in market (these to be in addition to major missions and trade shows) ● Develop training schedules targeted to both traditional and online travel agents ● Develop travel agent resources such as education manuals that address new product categories and the needs and preferences of new consumer segments
Strategy	Improve the Chinese visitor experience in NSW.
Activities	<ul style="list-style-type: none"> ● Work with Industry to increase the availability of Mandarin speaking guides ● Assist industry in improving the knowledge and skill of guides through training and accreditation programs ● Improve and extend Chinese signage and way finding resources such as online and off-line information guides, maps and other 'in-language' visitor collateral ● Work with Sydney Airport, accommodation suppliers, retailers and attractions to improve their interface with Chinese visitors by employing Mandarin speaking staff and providing Chinese language signage, information and visitor resources
Strategy	Implement Quality Control Initiatives.
Activities	<ul style="list-style-type: none"> ● Discourage 'below cost' tours through government and industry groups such as the China Industry Advisory Group (CIAG) in market and the China Market Advisory Panel (CIAP) in Australia ● Work with industry, Duty Free retailers and the NSW Office of Fair trading to improve shopping experiences ● Monitor visitor satisfaction through surveys and market research ● Ensure only quality 'China Ready' product is featured in Destination NSW Co-operative Marketing Programs

STRATEGIC DIRECTION 5

INCREASE CONSUMER PROMOTION

As demand for outbound travel grows in China so to will the appeal of competitor destinations. Status, curiosity and a desire to visit iconic places and experience different aspects of Western culture are powerful motivators for travel. It is important for Australia's position in the market that Sydney continues to be perceived as an aspirational destination across all key consumer segments.

A priority for Destination NSW over the planning period is additional investment in building consumer awareness of Brand Sydney. Core communication messages include Sydney's iconic attractions and unique experiences; its exciting and glamorous city environment enlivened by major events; and easily accessible nature both within the city and its surrounding regions. Particular promotional emphasis will be targeted to the FIT segment – this market is looking for more sophisticated experiences and is influential in leading travel trends.

KEY PRIORITIES

- **Digital Marketing**

Destination NSW's approach to reaching consumer markets in China through marketing communications channels will, in future be heavily influenced by the market's fast changing digital media environment. As the world's top market for Internet and mobile phone usage, the online environment in China offers immense potential for promotion of NSW tourism experiences and destinations.

Destination NSW has already trialled a successful Social Media initiative for Vivid Sydney 2012 which resulted in more than 4,000 Chinese visitors attending the event. The production of Chinese language digital content and resources to support marketing and communication activities will form a platform for future activity.

- **Publicity**

PR programs and use of social media will communicate Brand Sydney messages and support NSW's Regional product development focus for categories such as Soft Adventure, Food and Wine, Self Drive and Resort Stays, Luxury and Unique Events. Target media will be high-end publications, broadcast and digital media. Publicity will also lead promotion of 'new' destinations such as NSW's Northern Regions, accessible from Brisbane and Gold Coast Gateways.

- **Partnership Marketing**

In order to extend its reach across key source markets and consumer segments Destination NSW will also undertake extensive partnership marketing activity. This will include participation in Tourism Australia's Brand Australia consumer campaigns; retail campaigns with trade partners focused on communicating value and accessibility; and co-operative promotions with Government partners such as NSW Trade & Investment and representatives from other NSW industry sectors such as Education. Destination NSW will also leverage the extensive network of established Sister City relationships.



STRATEGIES: CONSUMER PROMOTION	
Desired Outcome	Chinese consumers perceive Sydney and Regional NSW as highly aspirational destinations for leisure, education and business events.
Strategy	Build Sydney's brand appeal by positioning the city and its surrounding destinations to the FIT market in Guangzhou, Beijing and Shanghai.
Activities	<ul style="list-style-type: none"> ● Focus communications on Sydney's glamour, beauty, luxury and exciting major events and the easily accessible natural wonders of its surrounding destinations ● Increase investment in destination marketing and promotion in China ● Prioritise digital marketing and PR activity ● Develop China specific marketing resources such as images, footage, digital assets and other promotional materials which best showcase NSW experiences ● Develop new content that provides Chinese visitors with 'mix and match' itinerary planning capability including sample itineraries structured to different time frames, nature plus city experiences and passive and adventurous activities ● Develop a co-operative prospectus to stimulate partnership marketing activities
Strategy	Engage consumers from developing markets in secondary cities.
Activities	<ul style="list-style-type: none"> ● Undertake PR activities to raise general awareness and motivational appeal of Sydney and surrounds ● Develop online planning and information content for broad distribution to consumers via digital channels
Strategy	Focus additional promotional strategies on building awareness and interest in new product categories to appeal to Chinese FIT segments.
Activities	<ul style="list-style-type: none"> ● Develop marketing resources and promotional programs to build consumer awareness of the following experiences: <ul style="list-style-type: none"> > Food and Wine > Self Drive > Golf > Resort Stays > Soft Adventure > Luxury > Iconic Sites and Events
Strategy	Introduce new regional destinations to Chinese consumers.
Activities	<ul style="list-style-type: none"> ● Increase promotion of nature destinations near Sydney and destinations in Northern NSW accessible from Brisbane and Gold Coast Gateways
Strategy	Support promotion of NSW educational experiences.
Activities	<ul style="list-style-type: none"> ● Work in partnership with NSW Government organisations including NSW Trade & Investment and Universities and other education providers to engage consumers considering vocational and short term study overseas ● Provide content, resources and investment in co-operative programs with partner organisations such as Universities and Technical Colleges and providers of English Language Intensive Courses for Overseas Students (ELICOS) ● Implement a marketing program aimed at engaging VFR travel associated with young Chinese visitors studying in NSW
Strategy	Work in partnership with Business Events Sydney (BESydney) to promote incentive, exhibition and convention travel from Guangzhou, Shanghai and Beijing.
Activities	<ul style="list-style-type: none"> ● Leverage promotional opportunities associated with other NSW Export sectors such as Agriculture, Wine, Professional Services, ICT, Sustainable Energy, Mining and Creative Industries ● Provide marketing resources and investment in co-operative campaigns with BESydney ● Promote attendance from China to attend meetings and exhibitions associated with high profile events such as Vivid Sydney

STRATEGIC DIRECTION 6

EXPAND TRADE DISTRIBUTION NETWORKS

Australia's traditional distribution channels in China are coming under pressure due to the rapid expansion of the outbound market. Any advantage achieved by its early entrance to the market is being increasingly eroded by other competitor destinations.

More than 140 countries have now received ADS and the trade distribution system is becoming bigger, more complex and more fragmented as secondary cities switch on growth in outbound travel. The previously heavy regulated trade distribution system is likely to be further pressured as consumers in mature markets start showing different travel preferences and use of digital channels to source travel information becomes more popular.

KEY PRIORITIES

- **Maintaining Trade Loyalty**

As new competitor destinations and experiences take hold in the market, it is becoming increasingly difficult to engage and motivate wholesalers and agents to package and sell new Australian product. It is important that Destination NSW exerts considerable effort in engaging and enhancing its traditional distribution base of ADS approved wholesalers, as they will, in the foreseeable future, continue to deliver significant increases in group travel.

Existing ADS wholesalers have not been slow in capitalising on growth trends – many are extending their operations into fast growing secondary markets by opening retail shops or acting as General Sales Agents (GSAs).

- **FIT Assisted Tours**

The shift towards FIT travel in Beijing, Shanghai and Guangzhou has many implications for the way in which Destination NSW and its industry partners do business in China. This will require considerable focus on trade education and product development strategies. Partnerships with trade who are already successfully servicing the needs of this segment will be vital.

- **Online Distribution**

Chinese distribution channels are fragmenting due to the growth in FIT travel and consumer usage of online channels as a primary means of research and planning. To date online channels have tended to follow traditional trade roles – distributing and selling tourism product. However some of these sites attract huge audiences and are considered as key media channels suitable for targeted promotion.

Although the travel agent is likely to remain very relevant over the next 10 years, NSW needs to ensure it also supports online distribution with services such as tailored information and training, content and resources which can improve online promotion and selling of NSW product.

- **Trade Engagement – Aussie Specialists and Premier Aussie Specialist Programs**

Priorities for Destination NSW in stepping up engagement with the trade will be the travel agent training and accreditation opportunities offered through the online Aussie Specialist Program (ASP) – which now has more than 4,700 agents enrolled.⁶ It is a key mechanism to educate, qualify and build the conversion skills of participating agents.

The Premier Aussie Specialist Program (PASP) undertaken through major travel companies also offers NSW significant development opportunities such as the scheduling of airline charters to support more direct access from new markets, promotions for Regional NSW and co-operative consumer campaigns. Both programs are co-ordinated in conjunction with Tourism Australia.

⁶ Source: China Market Profile, Tourism Australia, May 2012

STRATEGIES: TRADE DISTRIBUTION

Desired Outcome	NSW continues to receive the largest share of visitors to Australia due to ongoing support and expansion of its travel distribution network in China.
Strategy	Increase NSW industry engagement with Chinese Travel distributors.
Activities	<ul style="list-style-type: none"> ● Provide structured opportunities for NSW operators to travel to market and make business connections with key travel distributors via missions and delegations to in-market trade shows ● Ensure high level engagement of NSW tourism businesses with the market – introduce CEO Missions to Market led by Destination NSW ● Strengthen engagement with ITOs based in Sydney and maintain a regular program of sales calls and engagement ● Protect important relationships with ADS agents through travel agent education and training and co-operative business development and marketing initiatives ● Undertake product training and familiarisation programs with agents catering to the developing FIT and Business Events markets, including Aussie Specialist agents ● Provide business development and marketing assistance to Premier Aussie Specialist agents ● Engage with emerging online travel distributors on an ongoing basis and provide content resources and co-operative marketing investment



Although China's travel distribution system is heavily regulated by Government there are many opportunities for partnerships and growth.



MARKET SNAPSHOT: CHINA'S TRAVEL DISTRIBUTION SYSTEM

APPROVED DESTINATION STATUS (ADS)

The Chinese market is heavily regulated by Government through the China National Tourism Administration (CNTA). It is responsible for regulating the development and promotion of outbound travel.

Central to government regulation of the market is Approved Destination Status (ADS), a bilateral agreement administered by CNTA that acts as a guarantee of safe and reliable tourism services for Chinese group travellers (excluding business and official travel). Countries not granted ADS are not allowed to receive tourist groups from China or to promote their destination in China.

There are 91 ADS Approved Chinese Outbound Tour Operators (OTO) able to promote and organise ADS group travel.

There are 51 ADS Approved Inbound Tour Operators (ITOs) in Australia.

ADS ADVANTAGES

ADS travel has many advantages over non-ADS travel for certain consumer segments – these include access to a fast and efficient visa processing system for travel to Australia, agents who are educated and familiar with Australia and the security of Government regulation and endorsement.

ADS has also presented advantages to State and Federal Tourism bodies and industry operators who have been able to grow the market through their support and engagement with the ADS trade distribution system.

ADS TRAVELLER DEMOGRAPHIC

ADS travellers have a broad demographic. Participants are aged 25–54, are representative of China's growing middle classes, live in major cities such as Beijing, Shanghai and Guangzhou as well as rapidly growing secondary cities across China.

They tend to be new or less experienced travellers with a preference for travelling on a group tour with some free time built into the itinerary.

ADS 2020 OUTLOOK

Until 2020 (and beyond) ADS group travel will drive the majority of growth in leisure travel to Australia and NSW. ADS travel from primary markets will remain strong but growth will be driven by the expansion of 'secondary city' markets.

Established ADS wholesalers are responding by extending operations to new city markets – acting as General Sales Agents (GSAs) or opening retail shops.

FIT-ASSISTED INDEPENDENT TRAVEL

Younger, educated and well-to-do Chinese consumers with more travel experience want more flexibility and independence. This segment increasingly uses the Internet for travel research and planning, but bookings are still largely handled through ADS travel agents who arrange flight and accommodation packages, services such as Mandarin speaking guides and access the efficient ADS visa processing system. This segment is termed 'Free Independent Travel' (FIT) but is more accurately termed 'Assisted Independent Travel'.

The shift towards FIT has recently been aided by further simplification of visa application processes to Australia – although in future years a key challenge will be ensuring that the Australian Government is able to manage the potential high volume of FIT applications.

FIT Travel is growing strongly in the primary markets of Beijing, Guangzhou and Shanghai and similar sophisticated travel segments are starting to emerge elsewhere.

The challenge for NSW will be to ensure distribution channels have access to greater FIT product information and have the capability to sell the product. Previous experience in other Asian markets, such as Japan, indicate that wholesalers in maturing markets can struggle in catering to demand for more independent, less homogenous travel experiences.

ONLINE TRAVEL AGENTS

More than 90 per cent of travel bookings are still undertaken through traditional channels but the Internet is the most popular source of planning information.

Travel search engines are gaining in popularity by allowing consumers to make price comparisons quickly. However so called 'online agents' are actually hybrids comprising traditional retail /wholesaler arrangements, search sites and call centres. While set to grow, online bookings are presently constrained in China by technology issues, and comparatively low usage of credit cards.

BUSINESS EVENTS AGENTS

Traditional ADS agencies are developing their Business Events divisions, largely servicing convention and incentive travel.

STRATEGIC DIRECTION 7 EXPAND COMMERCIAL AND GOVERNMENT PARTNERSHIPS

Government and commercial partnerships are fundamental to achieving success in China. However Destination NSW needs to conduct and develop these relationships in conjunction with other Australian Government and industry bodies. Given the market's size, complexity and regulatory environment, a united approach is crucial.

KEY PRIORITIES

- **National Government Policy Initiatives**

Australia supports two key forums to address tourism policy and regulatory issues with the Chinese tourism authorities. These are the market based China Industry Advisory Group (CIAG) and in Australia, the China Market Advisory Panel (CMAP).

Although NSW has some participation, these partnerships are very much Federally controlled and are conducted through representatives of Tourism Australia, Department of Resources, Energy and Tourism (DRET), Department of Immigration and Citizenship (DIAC) and Department of Foreign Affairs and Trade (DFAT). Both forums will be extremely important as new markets become active and opportunities and associated opportunities arise.

- **Strategic Commercial Partnerships**

Destination NSW is also targeting development of more commercial partnerships, both within and outside the tourism industry. These can assist NSW in meeting its strategic growth objectives by providing new promotional opportunities, extending audience reach, attracting additional investment and offering connections with development activities undertaken by other parties.

A good example of commercial partnerships is Destination NSW's partnership with China Union Pay (CUP) – China's only provider of bankcard services. This partnership gives NSW access to potential FIT segments and online travel distributors. The focus for entering into these partnerships is the overall strategic benefit they bring, rather than their capacity to deliver simple revenue targets.



STRATEGIES: COMMERCIAL AND GOVERNMENT PARTNERSHIPS	
Desired Outcome	Destination NSW's Government and commercial partnerships have assisted NSW to overcome barriers, maximise influence and deliver strategic benefits which have enabled both Australia and NSW to achieve success in the market.
Strategy	Align with Tourism Australia and other Government partners to address policy and regulatory issues with Chinese authorities.
Activities	<ul style="list-style-type: none"> Supportive contribution to National initiatives through CIAG and CMAP
Strategy	Negotiate and exert influence with the Commonwealth Government to resolve key policy issues affecting NSW.
Activities	<ul style="list-style-type: none"> In conjunction with other NSW Government and industry bodies, address key strategic issues relating to bi-lateral airline agreements, visa issuance and immigration to meet skills shortages in the tourism industry
Strategy	Align with other NSW and Commonwealth Government partners to support development of complementary export and investment sectors.
Activities	<ul style="list-style-type: none"> Work in partnership with NSW T&I, Business Events Sydney, NSW Department of Education, Austrade and Department of Foreign Affairs and Trade to grow NSW's share of Business Events and Education visitation Work in partnership with NSW T&I to implement initiatives to attract Chinese investment in major tourism enterprises in Sydney and regional NSW In partnership with NSW T&I and other industry and Government organisations position Sydney as Australia's global city and the leading centre for business, industry and investment

Destination NSW is targeting development of more commercial partnerships, both within and outside the tourism industry. The focus for entering into these partnerships is the overall strategic benefit they bring, rather than their capacity to deliver simple revenue targets.

STRATEGIC DIRECTION 8

INCREASE RESOURCES TO FACILITATE GROWTH

Destination NSW's in-market resources need to be increased to enable broader market engagement and penetration. NSW has had a tourism presence in-market since the late '90s, initially with an office in Hong Kong and then, since 2009 with a two person office located in the NSW Government Trade Office in Shanghai – with responsibility for covering all of Mainland China.

Although somewhat limited by its size, NSW's regional office in Shanghai has been able to successfully build broad trade relationships, facilitate new product categories to market such as Self-Drive and lead the establishment of several key strategic partnerships. However with the rapid and ongoing growth of the market there will be increased resourcing for the region.

KEY PRIORITIES

- **Business Development**
The majority of Destination NSW's market resources will be focused on Business Development – working to create and educate channels to market for NSW product suppliers and educating distributors on how to 'sell' NSW to their clients.
- **Additional Service Centres**
The expanding geographic coverage required in Greater China, and Sydney's 'first mover' position, means that there will be a growing need to provide servicing capability to the trade in other parts of China.
- **Promotional Resources**
Additional assistance will be provided in-market to better facilitate advertising, public relations and promotional activity. In addition, marketing support resources such as top quality images, footage, digital content, consumer and trade collateral and visiting trade and media support will be provided by Destination NSW's Head Office in Sydney.
- **Head Office Resources**
Dedicated resources to educate, guide and encourage NSW operators to develop product and engage with the China market will be provided by Destination NSW's Sydney office.



STRATEGIES: RESOURCING FOR GROWTH	
Desired Outcome	Destination NSW's investment, marketing and human resources have optimised yield and visitation from the market.
Strategy	Focus the majority of Destination NSW resourcing for China on business and trade development activities.
Activities	<ul style="list-style-type: none"> ● Increase servicing capability in China by employing additional staff ● Investigate opportunities to increase office space in China including co-locating with Tourism Australia ● Appoint a dedicated China specialist in Sydney to work with NSW operators ● Increase resources to expand and increase training programs with NSW industry ● Allocate significant budgetary commitments in China to trade education and servicing and co-operative campaigns with major trade partners
Strategy	Direct consumer marketing investment to improving in-market capability in PR, social networking and digital marketing activities.
Activities	<ul style="list-style-type: none"> ● Engage agency services in China to assist social media, digital marketing and PR



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...if NSW is successful in protecting and growing its market share, the value of Chinese inbound tourism to NSW will almost double.

By 2020 China will be NSW's largest international market in terms of visitor arrivals, visitor nights and expenditure; contribute more than \$2.1 billion annually to the NSW Visitor Economy and be directly responsible for 13,900 jobs.

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Page 9: Hamilton Lund; Destination NSW

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