Tourism WA
CORPORATE PLAN
2017-18

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Tourism Western Australia

CEO’s Message

The year ahead presents many opportunities and challenges for tourism in Western Australia.

We head into 2017-18 under a new State Government and a new departmental structure, as part of the Department of Jobs, Tourism, Science and Innovation. The government’s aim is to further elevate tourism as a key economic industry and recognise the role it plays in job creation in WA. This presents a positive position from which we can continue to advocate for industry and drive a co-ordinated voice across government, in our efforts to increase visitation.

In the year ending (YE) March 2017, 19.35 million intrastate daytrips were taken within the State and 10.4 million overnight (domestic and international) visitors came to, or travelled within, WA. Together, these visitors spent $10.1 billion in the State, $4.5 billion of which was spent in regional areas.

The type of visitor coming to WA has changed; the shifting economic climate has seen a drop in those coming to WA for long-term opportunities, such as business visitation, working holiday makers and employment. These types of visitors usually create higher economic impact - for example, because they visit frequently or stay much longer. However, we are seeing increases in leisure visitors, which is good news as this is a visitor segment over which Tourism WA has influence through marketing and promotional activities. We believe there is significant opportunity to further grow numbers through the actions outlined in this plan.

There are many strategies for an increase in leisure tourism in WA. For many years, hotel room stocks in Perth were limited, and dominated by business travellers able to pay a premium price. Coupled with that, the city did not offer enough variety as a tourism destination.
Recent investment in new tourism infrastructure throughout WA means a more complete holiday experience is now available to visitors. More than 4,000 new hotel rooms in Perth and the metropolitan area have either opened, or are in the pipeline. Liquor licensing reforms have produced new, small bars and restaurants. The 60,000 seat Perth Stadium, which will open in 2018, presents a new and significant opportunity to host world-class sporting and other events that drive visitation on a regular basis, further delivering revenue and supporting jobs.

The cityscape itself has changed, with the river now better linked to the CBD, whilst work to sink the rail line has produced a more accessible city. The building of a striking, new museum will further enhance the northern side of the CBD and create another must-visit element.

Significantly, Qantas has announced Perth as its new Australian hub for non-stop flights to and from Europe, opening-up a new level of convenience in visiting Perth and repositioning the city as a western gateway for Australia, with attractive stop-over and regional dispersal benefits. The London-Perth Dreamliner 787 route comes in addition to a 29 per cent increase in international aviation capacity to Perth between 2010 and 2017.

Opportunity also exists in sectors linked to tourism, such as business events and international education. Business events such as conferences and incentive trips, are a significant contributor to visitor spend. In the 12 months to March 2017, direct delegate expenditure for this sector was $46 million, an excellent increase of more than $32 million on 2015-16.

International education drives visitation and also creates a long-term connection to the State, which contributes to future tourism, trade links, investment and skilled migration. Education visitation and leisure tourism marketing will be closely aligned under the new State Government structure. Tourism WA will continue to leverage our partnership with the Perth Convention Bureau, Study Perth, the regional tourism organisations and other industry partners to build on these results through the activities in this plan.

Our goal remains to achieve $12 billion in total visitor spend by 2020. This will be achieved by driving demand to increase visitation.

The Tourism WA Board has refreshed its approach to ensure we are focusing on the areas that will help us achieve our goal.

This includes a strong focus on our high-growth markets, in particular the opportunities for increasing leisure visitation in the domestic and Asian markets.

In 2015-16, $50 in visitor spend was generated from every $1 of Tourism WA invested in cooperative marketing campaigns. Every additional $225,694 in visitor spend creates one, full-time direct job in the tourism industry. The tourism sector supports 109,000 jobs overall, both direct and indirect. This is an important industry for the future economic growth of WA. It generates revenue for Western Australia and provides jobs for Western Australians.

On behalf of the executive and staff, thank you for your ongoing support of our activities, and we look forward to continuing the growth of the tourism economy.

Stephen Wood
Chief Executive Officer
• 29.8 million visitors (including both overnight visitors and daytrips)

• Visitor expenditure $10.1 billion

• 6.9 nights on average (based on overnight visitors only)

• $142 average spend per day

• Every $225,694 in tourism spend in WA creates one additional direct tourism job*

* Source: ACIL Allen Consulting, June 2017
About Tourism Western Australia

The Western Australian Tourism Commission (operating as Tourism Western Australia - Tourism WA) is the Western Australian State Government statutory authority, established under the Western Australian Tourism Commission Act 1983 (the Act), to facilitate the development and marketing of tourism in Western Australia.

As of July 1, 2017, Tourism WA was amalgamated into the new Department of Jobs, Tourism, Science and Innovation. This includes the Department of State Development, parts of the Department of Commerce (i.e. Innovation, Defence and Industry Development), parts of Department of the Premier and Cabinet (the Office of Science) and Tourism WA.

Tourism WA’s role is primarily as an economic development agency focusing on facilitating the development and promotion of Western Australia as a holiday, event and convention destination. These functions are achieved by marketing the State as a competitive destination; developing, attracting and marketing major events; and supporting improvements in access and the development of tourism infrastructure.

About this Corporate Plan

Tourism WA has statutory requirements to produce Corporate and Operational Plans that provide an overview of its strategic direction and operation for the coming financial year (2017-18). This Corporate Plan will summarise progress against the State Government Strategy for Tourism in Western Australia 2020 focusing on the “Gaining Momentum” phase, which began in 2015.
Our Vision

The vision for Tourism WA is:

“To work in partnership with the private sector, government and the tourism industry to develop a visitor experience which fully embodies and delivers on the brand promise of “Experience Extraordinary”

Our Goal

Tourism WA shares its goal with the Western Australian tourism industry, and federal, state and territory governments, to maximise tourism’s contribution to the Australian people. The national stretch target is a challenging one: To achieve $140 billion in annual overnight tourism expenditure by 2020.

To bring this vision to life, over the decade between 2010 and 2020, a stretch goal for tourism in Western Australia has been developed. This is: To double the value of tourism in Western Australia from $6 billion in 2010 to $12 billion by 2020.
The State Government Strategy for Tourism in Western Australia 2020 was released in December 2012 following comprehensive consultation with the tourism industry and government agencies. It is a whole-of-government and industry long-term strategy to build the resilience and competitiveness of Western Australia’s tourism industry and grow its economic contribution to the State’s economy.

In order to achieve the stretch goal by 2020, seven strategic pillars were identified. These pillars have been determined by linking the critical issues for tourism, along with the current strategies of Tourism WA, other government agencies (Federal, State and Local) and the broader tourism industry.

The seven pillars address both demand and supply-side issues. Each of the pillars has a different role in relation to the four major source markets for Western Australia - International, Interstate, Intrastate and Day Trippers.

Gaining Momentum Phase Progress Update

Achieving Western Australia’s 2020 Goal
## THE STRATEGIC PILLARS IN MORE DETAIL

*Table 1: The Strategic Pillars*

<table>
<thead>
<tr>
<th>STRATEGIC PILLARS</th>
<th>OUTCOMES BY 2020...</th>
<th>DETAILS</th>
</tr>
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<tbody>
<tr>
<td>Brand</td>
<td>Firmly establish the Experience Extraordinary brand</td>
<td>The Experience Extraordinary brand represents a significant opportunity to stimulate awareness and demand for leisure travel in key markets, and at the same time provide industry with a clear and aspirational benchmark for the delivery of high quality products and services.</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>Expand hotel, aviation and workforce infrastructure to support the growth</td>
<td>Government and industry partnership is critical to address systemic shortfalls in hotels, aviation and transport, workforce development and other infrastructure areas.</td>
</tr>
<tr>
<td>Business Travel &amp; Business Events Travel</td>
<td>Increase the contribution and leverage of business travel to Western Australia</td>
<td>With the move from the construction to the production phase in the resources sector, the business travel segment is less buoyant. However additional funding for the Perth Convention Bureau has been provided by Government to grow the business events sector.</td>
</tr>
<tr>
<td>Asian Markets</td>
<td>Grow Western Australia’s share of high-yield Asian markets</td>
<td>It is critical to focus on international growth markets. To ensure that Western Australia grows its share, we need to balance the needs of Asian markets, such as China, Singapore and Malaysia which are high yielding, with high dispersing markets like UK, Germany and USA. In addition, to ensure targeted investment in markets such as Japan and Indonesia.</td>
</tr>
<tr>
<td>Events</td>
<td>Position Western Australia as a recognised events destination for locals and visitors</td>
<td>Events are a powerful asset to help energise intrastate and interstate demand, appeal to overseas markets and physically represent the Experience Extraordinary brand proposition.</td>
</tr>
<tr>
<td>Regional Travel</td>
<td>Increase visitors to regional Western Australia</td>
<td>Many of the iconic experiences in Western Australia are located in regional areas, along with many of the leisure based tourism businesses. To support regional tourism businesses, having a clear plan for increasing leisure visitors to regional areas is critical, as well as having the relevant infrastructure to support visitation.</td>
</tr>
<tr>
<td>Indigenous Tourism</td>
<td>Provide every visitor with the opportunity for an Aboriginal tourism experience</td>
<td>Extending the reach and impact of Aboriginal tourism experiences is critical to differentiation in overseas markets and delivers on the Experience Extraordinary brand promise. The development of additional experiences in areas of high visitor demand is key.</td>
</tr>
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</table>
Three ‘growth horizons’ were established in the original Strategy: Setting the Foundation, Gaining Momentum and Achieving the Potential.

**Setting the Foundation** (2010-2014) focused on generating investment in Western Australia’s tourism assets and in facilitating the development of major tourism infrastructure in the State.

**Gaining Momentum** (2015 -2017) a continued focus on activating new infrastructure e.g. Elizabeth Quay, along with forward planning for new event infrastructure such as the Perth Stadium to maximise their tourism outcomes for the State. In parallel there is an increasing focus on leisure visitors (including a new brand marketing campaign launched in 2016) with more efficient promotion of Perth, and a specific focus on regional aviation to develop sustainable air services to grow leisure tourism.

**Achieving the Potential** (2018- 2020) will aim to amplify initiatives once the building blocks of infrastructure development are in place, with a focus on driving yield by getting visitors to stay longer, do more and disperse further when they visit.

**2016 Review of the State Strategy for Tourism in WA**

In December 2015 the Tourism WA Board agreed to refresh the State Strategy for Tourism in WA, to provide a view which reflects the current tourism environment and market trends. The refresh also sought to identify key initiatives from within the strategy for renewed focus, to enable the tourism sector to meet the stretch goal of $12bn in visitor spend by 2020.

On 4 November 2016 the Tourism WA Board approved the update. This document acknowledged that the State Strategy timeline to 2020 was just over the half-way point, and the first phase focusing on ensuring tourism was recognised as a key economic driver for Western Australia was successful. The next phase of the State Strategy involves driving extra demand through greater emphasis on marketing and events.

It was also recognised that there had been fundamental shifts in the tourism market since 2011 when the State Strategy was developed. They include: competitiveness of the Australian dollar; desire for greater safety and security in holiday destinations; state of the Western Australian economy, including the downturn of the resources sector which offers tourism both opportunities and challenges.

**Focus areas from the 2016 Strategy review**

Core to the review was the decision by the Board to renew focus on interstate visitation. This includes increased promotion of Perth given the increase in hotel rooms and new infrastructure. A new marketing plan for the interstate market will be devised to promote Perth short breaks, Perth plus another destination in the state and Adventure Travel throughout the state. In addition, to complement the stadium opening in 2018, new activity will be rolled out to encourage leisure visitation around AFL games and other major events. To ensure the success of this renewed focus on increasing interstate visitation, a market representative will be engaged on the East Coast. Their role will be to ensure Perth and WA are top of mind for agents selling holidays in Australia, drive visitation from the East Coast and to increase PR opportunities for the state. A series of interstate market share and visitation targets have also been developed, and discussed with industry.

In addition, five demand drivers were identified with the State Strategy refresh to achieving the 2020 goal, and these link back to the existing Strategic Pillars:

1. **Leisure visitation from key Asian markets**

Western Australia has a unique opportunity to increase visitation from key Asian markets of China, Singapore, Malaysia and Indonesia. This is primarily due to improvements in air access, the close proximity of these markets, being in the same time zone and being the closest western destination to visit.

Tourism WA’s strategy for market development across South East Asia and China involves five key elements: aviation development, consumer marketing, trade development, partnerships and supporting the WA tourism industry to be market ready.
To build consumer awareness and, in turn, deliver increased visitation to WA, Tourism WA will continue to invest in trade cooperative agreements. These will be with major partners in the travel trade such as airlines, on-line travel agents and wholesalers and seek new partnerships with non-traditional partners such as banks or retail. Tourism WA would seek matched funding for these cooperative marketing opportunities from the partners and from Tourism Australia.

To ensure the travel trade and key inbound tour operators have a good understanding of what there is to see and do in WA, an education program exists for all key markets which includes familiarisation visits to both Perth and the regional areas. There will also be a greater presence at consumer and travel trade shows and a more focused trade training program in-market, including further enhancement and incentives for agents to book through the Aussie Specialist Program hosted by Tourism Australia. In addition Western Australia will host the Australian Tourism Export Council’s Meeting Place event in Perth in November 2017 and the Helloworld Global Sales Conference in August 2017, both of which will bring key travel trade buyers to Perth and WA.
2. **Visitation through Events**

Tourism WA supports a diverse range of sporting, arts, cultural and culinary events throughout the State. The opening of Perth Stadium in 2018 is a trigger for increased focus, from major sporting and cultural events attracting international visitors to Perth from our Asian neighbours, encouraging interstate visitation as fans follow their teams and then have a holiday before or after the match.

Events give people a time-critical reason to visit Western Australia and encourage locals to travel around the State. They also add vibrancy, in particular to regional areas, attract valuable national and international media coverage, and provide a significant boost to the local economy. Tourism WA will review event opportunities to ensure that visitation is maximised, especially from key markets.

3. **Business events and incentives**

Perth Convention Bureau (PCB) will continue to broaden its focus to target the incentives market specifically in Asia. It will continue to secure business from the Associations sector and grow Western Australia’s share of the business events market.

PCB will leverage Tourism WA’s existing leisure tourism marketing structures and commission ongoing research and market intelligence within the corporate and incentive delegate sector, to qualify investment and marketing.

4. **International students**

Recognising the strong link between the international student sector and tourism, in particular Visiting Friends and Relatives (VFR) where, for every international student, there are 1.491 visitors over the period of study. Tourism WA will work closely with StudyPerth to support, where appropriate, the newly developed *International Education Strategy for Western Australia*.

5. **The right message to the right audience**

Tourism WA has overall responsibility for destination marketing for tourism to WA, working alongside Tourism Australia and the five regional tourism organisations. The tourism marketing campaign – *Just Another Day in WA* – marks a fundamental shift in the way Tourism WA promotes the State as a holiday destination. Key to this change is a focus on personal storytelling about the wealth of experiences that can be enjoyed on any given day in Western Australia.

These experiences are shared through a greater use of digital and social media, as well as traditional advertising, to ensure prospective leisure visitors are reached through a number of different channels. Also highlighted are Western Australia’s indigenous experiences, signature visitor experiences, as well as food and wine, and aquatic and coastal offerings.

In 2017-18 there will be a focus on improved segmentation and digital channels, along with a program of marketing and media research. Tourism WA will adopt a more concentrated approach to audience targeting to maximise the marketing investment to those consumers that have the highest propensity to travel to WA.

This approach will increase conversion by creating addressable audience profiles to deliver the right message, to the right audience, in the right environment, at the right time, through a messaging and data framework to convince and convert them.

In 2017-18 Tourism WA will introduce a resource on the East Coast of Australia with a focus on carrying out education and training of the travel trade and in-bound tour operators and elevating the profile of WA and its product offering to the market.

With the announcement from Qantas of direct air services from London to Perth, Tourism WA will heavily invest behind a partnership with Qantas to build Western Australia as a hub port into Australia.

Realising growth in WA’s tourism industry also relies on having a number of enablers being in place – consumers must be able to access the State and the products on offer, the experiences that consumers seek must be available in WA, and the industry needs to be competitive and sustainable.

1. **Study Perth Facts**
Progress to date

The State Government Strategy for Tourism in Western Australia 2020 contains the goal to double the value of tourism in Western Australia – from $6 billion in 2010 to $12 billion by 2020. The visitor spend target set for 2016 was $9.3 billion. Visitor spend in the year ending December 2016 reached $10.0 billion.

PROGRESS AGAINST THE 2020 GOAL VISITOR SPEND

Source: Tourism Research Australia, International and National Visitor Surveys

Note: From January 2014 the National Visitor Survey methodology was changed to include mobile phone interviewing to provide better coverage of the Australian population. As a result of this improvement, from 2014 onwards estimates are not directly comparable to estimates from previous years.
While overall expenditure targets have been met to this stage, the high dependence on intrastate visitors still represents a risk going forward.

**Our Partnership Approach**

A partnership model that recognises the distinct roles of both government and industry is critical to the achievement of the growth aspirations for tourism in Western Australia by 2020. All parties need to understand, support and participate in the overall vision for tourism in Western Australia.

Tourism WA actively collaborates with government and industry to create demand for travel to Western Australia through partnership marketing. This approach increases the opportunity to reach target customers and increase share of voice in the highly competitive global tourism environment.

Ensuring that potential visitors have the right information and can easily access and book quality tourism products in Western Australia drives distribution activities. To achieve this Tourism WA needs to lift both consumers’ and distributors’ knowledge about Western Australia.

**Government Focus**

Tourism WA works with key Government partners that develop policy and manage key infrastructure projects creating a favourable environment for tourism investment. Some of the key agencies are:

- Department of Local Government, Sport and Cultural Industries and VenuesWest on the development of the new Perth Stadium.
- Metropolitan Redevelopment Authority on Elizabeth Quay, Perth City Link and Scarborough.
- Department of Transport for regional aviation and regional airport development.
- Department of Biodiversity, Conservation and Attractions, Department of Community Services, Main Roads and Department of Primary Industries and Regional Development on regional tourism initiatives.
- Department of Primary Industries and Regional Development on regional tourism developments including events, marketing and infrastructure.
- Department of Planning, Lands and Heritage, Department on accommodation and attraction development across WA.
- Department of Jobs, Tourism, Science and Innovation on international relationships.

Tourism WA has been working with these organisations to develop a shared understanding of expectations and to ensure the most positive outcomes for tourism in the State.

**Partnership Focus**

To achieve the goal of doubling the value of tourism in WA, the State’s tourism industry must provide support and actively participate in the overall tourism vision for the State.

Peak bodies provide capacity building programs for industry. In addition, Tourism WA undertakes cooperative marketing across our key markets with trade distribution partners such as airlines, wholesalers, retail travel chains and online tourism retailers. This enables Tourism WA greater reach to attract leisure visitors and the ability to retail a wide range of WA tourism product.

Tourism WA funds and works with Key Delivery Partners - Regional Tourism Organisations, Perth Convention Bureau, and WAITOC to ensure that potential visitors have the right information and access to quality Western Australian tourism experiences to drive increased customer bookings.

**Budget 2017-18**

Details of our Budget breakdown and KPIs are available at www.tourism.wa.gov.au/About%20Us/What_we_do/Pages/Annual-Report.aspx
Since the launch of the State Government Strategy for Tourism in Western Australia 2020 in 2012, the tourism sector has continued to experience shifts and changes, from: global economic factors, changes in consumer behaviour, shifts in the media landscape and the composition of the travel industry.

While the Western Australia tourism industry cannot control these external forces driving global tourism demand and its impact on the local economy, it can plan for the future, to ensure that the unique challenges and trends for WA are considered in the development of the strategic plan.

Market challenges

At a national level strong gains in international markets continues to make them the growth engines of the tourism industry in Australia over the next few years. In the 12 months to year ending March 2017, international visitors to Australia spent a record $39.8 billion\(^2\), 5% or $1.9 billion more than the previous year. That strong growth was led by the majority of Australia’s major markets, with Asia in particular leading the way.

For Western Australia, international visitation increased by 9.1% in the year ending March 2017, with 953,800 people visiting WA from overseas markets, which is on par with the national growth rate of +9.2%. Growth in international visitors’ numbers to WA has been driven by the leisure segment, particularly the holiday sector with an increase of 17.7%. All of the markets in which Tourism WA is active saw growth – with the exception of New Zealand. The markets that performed strongest, and above the national growth rate, were Malaysia, the USA and Singapore.

Spend by international visitors to Western Australia increased by 7.9% to $2.4 billion\(^3\). Increase in spend was seen in holiday, Visiting Friends and Relatives (VFR), and the education sectors. Spend by the education sector saw strong growth across the country and WA’s share of education spend increased from 6.5% to 7.3%.

The majority of markets in which Tourism WA is currently active have seen growth in spend, with some markets achieving growth at a rate faster than what is required to reach the 2020 aspirational spend goals for these markets, such as Singapore, Hong Kong and Indonesia. However, in order to reach the aspirational total international visitor spend goal of $3.9 billion for 2020, international visitor spend will need to grow by an average of 17% per annum over the next three years.

A different picture emerged for domestic visitation and spend in WA, with a stabilisation in domestic visitation and limited growth in domestic visitor spend due to economic conditions. In the year ending March 2017, from an interstate perspective, WA welcomed fewer overall visitors than the previous year, with the drop being attributed to 17.4% fewer business visitors than the previous year. Given the contracting WA economy this was not unexpected.

On a more positive note, the number of interstate holiday visitors to WA increased by 5.6%, which means that WA maintained its 3.4% share of interstate holiday trips in Australia. Spend from interstate visitors to WA also grew by 14.3% to $1.5 billion, and

Source 2: Tourism Research Australia – Tourism Australia International Visitor Survey: Year end March 2017
Source 3: Tourism Research Australia – International Visitor Survey: Year end March 2017
this growth was greater than the national average 9.6%, and was driven by spend from holidaymakers.

In contrast, there has been a decline in intrastate travel across all purposes of travel, including trips to visit friends and relatives, and holidaymakers. Reflecting that drop in visitation there has been a corresponding drop in spend by 5.9% from $4.3 billion to $4.0 billion. Whilst nationally intrastate travel increased by +3.4%, given WA’s economic contraction, lagging behind the national growth rate on all key economic indicators⁴, it’s logical that intrastate travel in WA is behind the national average. This scenario was noted in the 2016-17 Corporate Plan.

Given the domestic picture for intrastate and interstate visitors, WA will need to continue increasing its share of spend from international markets. There will be a focus on maintaining interstate spend, whilst preparing for moderate growth in intrastate visitation, accommodated in WA’s plans. Both challenges need to be addressed to achieve the aspirational visitors’ spend goal for 2020.

Source 4: CommSec, State of the States – April 2017 economic performance report


**Funding**

Since the launch of the State Strategy for Tourism in 2012 the focus was to ensure that the key settings were in place for the future – namely additional hotel rooms, tourism considered in major infrastructure developments and improving aviation access to WA. The recent investment in new tourism infrastructure throughout WA means there is now a more complete holiday experience to offer visitors. Whilst those goals have largely been achieved, Tourism WA will sharpen its focus towards demand-driving activities that increase visitation.

The ability for WA to achieve this will depend on the funding secured for Tourism WA’s three service areas of: Destination Marketing, Event Tourism and Destination Development. The overarching tourism election commitment within the Government’s Plan for Jobs, of $425 million in Destination Marketing and Event Tourism, over five years, now provides funding certainty and security. In order to fully meet the election commitments, Tourism WA needs to ensure that identified funding for Destination Development initiatives are supported to deliver essential tourism infrastructure initiatives.

This funding certainty enables long term planning and strategy implementation for Tourism WA, while providing confidence to the tourism industry, so they too can invest for the longer term.

**Key constraints**

For Tourism WA to achieve a greater share of the demand from international markets there are some immediate headwinds that require attention. In addition to delivering effective marketing campaigns and a vibrant events programme, investment in tourism infrastructure and people skills is still required.

Being able to travel easily to Western Australia, and within the State is critical. Tourism WA will continue to develop international aviation capacity to WA and domestically to support and develop regional aviation to achieve growth in tourism visitation to relevant destinations.

Continued investment in these areas will enable the West Australian tourism industry to support larger numbers of tourists. It will also ensure that WA has a tourism workforce that can provide visitors a world-class experience.

The State Government has made a commitment to job creation and economic sustainability. Tourism is one of the few areas where government investment generates a positive economic return. The tourism sector already supports 109,000 jobs in the State and contributed $10.1 billion in visitor spend, in year ending March 2017. For every 180 visitors to the State a job is created in the tourism industry.

A significant and continued investment in tourism marketing and events will realise a return within the budget cycle, while investment for infrastructure projects is expected to provide a dividend within a term of government.
## Global Trends

The table below outlines the trends that will impact Australian tourism and implications for Tourism Western Australia. These include global economic factors, consumer behaviour changes, shifts in the media landscape and the composition of the travel industry. These have been taken into consideration when planning Tourism Western Australia’s budgeting and resourcing, marketing, events and destination management activities.

<table>
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<tr>
<th>GLOBAL CHANGES IMPACTING AUSTRALIAN TOURISM</th>
<th>IMPLICATIONS FOR TOURISM WA</th>
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<tbody>
<tr>
<td><strong>Economic</strong></td>
<td>Continue to focus on driving leisure visitation from key Asian markets. Important to maintain marketing investment across a balanced portfolio of markets.</td>
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<tr>
<td>Whilst the global outlook is increasingly uncertain, closer to home, the tourism sector has continued to benefit from the growth of the Asian middle class. Growth in international visitors has reached 11%, with almost all this growth occurring in the leisure sector. Tourism is increasingly competitive as countries identify it as a source of economic growth. Tourism continues to be one of the fastest growth sectors in the Australian economy. ^5</td>
<td></td>
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<tr>
<td><strong>Marketing Channels</strong></td>
<td>Presents new opportunities to gain insight about prospective visitors and address them directly. Ability to communicate through all stages of travel planning. Place a focus on the investment between offline and digital media.</td>
</tr>
<tr>
<td>Increased data is now available on visitors and their behaviour. The evolution of digital marketing is enabling more relevant and responsive communication. Brands which are experiencing strong growth are balancing the requirements of broad versus targeted communication.</td>
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<tr>
<td><strong>Consumer</strong></td>
<td>Deliver a direct, mobile experience that assists the traveller. Opportunity to understand what technologies consumers are willing to adopt, and what experiences will drive real value.</td>
</tr>
<tr>
<td>Use of mobile, and desire for a seamless mobile experience that assists the traveller, is increasing Consumers are seeking authentic and personalised travel experiences. Emerging technology will continue to promise greater benefits for consumers – augmented and virtual reality to the Internet of Things.^6</td>
<td></td>
</tr>
<tr>
<td><strong>Travel industry</strong></td>
<td>Monitor developments that impact demand for Western Australia as a tourism destination. Dynamic scheduling already exists in WA’s regional aviation scene with changes to the mining sector, and also in international markets. Tourism WA and Qantas will invest $5.7million over three years to promote the Perth to London route. Look at the opportunity to increase mobile marketing in Asia Pacific.</td>
</tr>
<tr>
<td>The sharing economy will continue to grow in popularity. In aviation, ‘dynamic scheduling’ is growing as more airlines, both full service and low cost carriers, adopt a flexible approach to schedules - adapting frequency and aircraft size to best meet market demands. Rise of low cost carriers, and airline partnerships e.g. Qantas/Emirates, Virgin Australia and Singapore Airlines. Introduction of the Perth-London Qantas daily direct service March 2018 Online travel market in 2017 will see fastest growth in emerging markets: Asia Pacific will lead as its online and mobile environments mature. ^7</td>
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</tr>
</tbody>
</table>

Source 5: Deloitte’s Tourism and hotel market outlook Edition 1, 2017
Source 6: Travel & Tourism: Global Economic Impact & Issues 2017
Source 7: 2017 Phocus Forward The Year Ahead In Digital Travel by Phocuswright Inc
Economic Outlook

The economic and environmental outlook has been provided by ACIL Allen Consulting.
Recent Trends

The WA economy continues to feel the effects of the unwinding of the resources boom. After peaking in 2012, business investment has fallen by over a third, driving the State’s domestic economy (as measured by State Final Demand) into a four year recession. By March 2017, the domestic economy had contracted for 14 of the past 15 quarters, to be 12% lower than the December 2012 peak.

As the investment fuelled growth in domestic activity fell away, so too did demand for labour, with full time employment declining and the average unemployment rate rising above 6% in the first half of 2017. This in turn has seen the State’s population growth slump from a record high of 3.7% in 2012, to a record low of just 0.7% by the end of 2016.

**FIGURE 0.1 WA KEY INDICATORS**

**State Final Demand, Seasonally Adjusted, Annual % Change**

- 20%
- 15%
- 10%
- 5%
- 0%
- -5%
- -10%
- -15%

**Population Growth, Annual % Change**

- 4.0%
- 3.5%
- 3.0%
- 2.5%
- 2.0%
- 1.5%
- 1.0%
- 0.5%
- 0.0%

**SOURCE:** ABS, ACIL ALLEN CONSULTING
Forward indicators suggest, however, that the worst may well be over for WA. The State’s labour market is improving, as evidenced by a pick-up in full time employment so far in 2017. The number of hours worked by Western Australians has also been on the rise in 2017, which suggests that the slack in the labour market is starting to be absorbed by business.

FIGURE 0.2 LABOUR MARKET FORWARD INDICATORS, FULL-TIME EMPLOYMENT (000S) AND TOTAL HOURS WORKED (MILLIONS), SEASONALLY ADJUSTED

SOURCE: ABS, ACIL ALLEN CONSULTING
While the domestic economy continues to contract, this has to be balanced against a more positive external outlook. Exports remains a key driver of growth in the WA economy, and will be further boosted by increased volumes as resource projects shift from construction to production. The second half of 2016 and early 2017 has brought good news to miners with rising commodity prices, generated from renewed optimism regarding the medium term growth prospects in key markets – particularly China and the United States. At its current levels, the Australian dollar will also provide a competitive boost to other sectors of the WA economy, including key service industries such as tourism and education.

Despite the geopolitical uncertainty, the global economy has remained robust. The International Monetary Fund found the global economy grew by 3.1% last year, down on the previous year but a seventh-straight year of growth following the Global Financial Crisis.

The United States continues to grow around trend pace, buoyed by low energy and labour costs and a cheaper American dollar. The Chinese economy remains focussed on a transition of its economic growth model from investment-led to consumer-led, with growth slowing to a still-strong 6.5% in 2017. Other Asian nations, which rely on demand from the US and China as export markets, continue to perform well, while political upheaval across Europe has failed to dent the moderate growth performance of countries
both inside and outside of the European Union. However for the United Kingdom, the impact of Brexit and the associated uncertainty has had a material impact, with economic growth slowing to just 2% in the year to March 2017.

**Outlook for WA**

While the economic indicators remain mixed, the broader fundamentals for the WA economy are sound and are supportive of a return to trend growth over the coming two years. This is supported by the WA Government’s official economic forecasts, published in the 2016-17 Mid Year Financial Projections Statement. WA Treasury projects the State economy grew by one per cent this financial year, and is set to grow by 2.25% in 2017-18 and 3.25% in 2018-19. This is an improvement on recent years, but remains below the decade average to 2012-13 of 4.9%.

Driving this result is continued strong export performance as major LNG projects move into production, which will continue to offset a weak performance in the domestic economy.

**Tourism Industry Trends**

The tourism industry has not been immune to the prolonged weakness in the WA economy and the global economic uncertainty. Over the past decade, the Western Australian tourism industry has been buffeted from all sides by the impacts – both positive and negative – of the resources investment boom.

Concerns over accommodation shortages, high labour costs and the high Australian dollar that were common-place during the boom years are no longer a constraint on the tourism industry.

Significant investment in hotel accommodation, and in key public infrastructure will also help to position the tourism industry as the economic recovery gathers momentum.

Tourism represents a future growth driver for the WA economy. The latest State Tourism Satellite Account released by Tourism Research Australia has found that the tourism industry accounted for $11.9 billion of WA’s Gross State Product, directly and indirectly supporting 109,000 jobs in the State. Research by Acil Allen has found that in a direct employment sense, the tourism industry is the State’s 10th-largest employer, ahead of, for example, agriculture, financial services and administration services sectors.

However, the tourism market is extremely competitive, and to capture valuable market share for domestic and international tourists will require more than a business as usual approach. This means future growth for the tourism industry will depend on capturing an increased share of overseas tourists.

The new State Government has put tourism at the centre of its economic development strategy, with a raft of initiatives announced during the election across regulatory reform, marketing and promotion and infrastructure investment now progressively rolled out in their first six months in office. This is part of the State’s focus on creating new jobs across a diverse range of industries – with tourism generating an additional full time equivalent job for every $225,000 of visitor spend in the State.
Visitor Numbers and Forecasts

In the year ending March 2017, Western Australia received an estimated 10.4 million overnight (domestic and international) visitors. Western Australians took an estimated 19.35 million intrastate daytrips within the State. Together, these visitors spent $10.1 billion in Western Australia, and of this amount, $4.5 billion (45%) was spent in Regional WA.

The growth seen in international visitor numbers to WA was driven by an uplift in the leisure sector, with the number of international visitors holidaying in WA increasing by 17.7%. Whilst the average length of stay declined, the total nights stayed saw a slight increase, along with an increase in visitor spend to $2.4 billion. However visitation in other sectors, such as employment and working holiday makers declined, which is linked to the changing economic climate in WA.

While interstate visitation is down, driven in the main by a drop in business visitation, interstate holiday visitors increased. This means WA maintained its 3.4% share of interstate holiday trips in Australia. Interstate visitor spend in WA also grew to $1.5 billion, up 14.3% from the previous year. This growth was greater than the national average (9.6%) and was driven by spend from holidaymakers.
Finally, there has been a decline in intrastate travel across visitors, nights and spend, including visiting friends and relatives and holiday trips, which again reflects the impact of the current economic climate in WA.

The State Government has made a commitment to job creation and economic sustainability, and tourism can greatly assist in realising this commitment. Tourism is an industry critical to Western Australia’s economic future, as seen by the visitation figures above. Tourism generates 109,000 jobs, more jobs than traditional industries such as agriculture, forestry and fishing, manufacturing and, mining.

With the amalgamation of Tourism WA into the portfolio of Jobs, Tourism, Science and Innovation in the WA State Government, the agency can pursue opportunities to further grow the State’s tourism industry, with a particular focus on international education and trade office links.

This is a time of genuine opportunity for WA tourism, and both Tourism WA and the industry need to work in partnership to realise the potential.
VISITOR NUMBERS YEAR ENDING MARCH 2017

TOTAL VISITOR ESTIMATES - WESTERN AUSTRALIA
YEAR ENDING MARCH 2017
$10.1 billion spend

TOTAL OVERNIGHT VISITOR ESTIMATES – WESTERN AUSTRALIA
YEAR ENDING MARCH 2017
$8.0 billion Spend

- International Visitors
  - $2,439 million spend
  - 953,800 visitors
  - 28,540,100 nights

- Interstate Visitors
  - $1,526 million spend
  - 1,357,000 visitors
  - 12,568,000 nights

- Intrastate Visitors
  - $4,026 million spend
  - 8,131,000 visitors
  - 30,512,000 nights

Caution: the interstate figures from the NVS have reliability issues due to small sample size.

Intrastate Daytrips
- $2,145 million spend
- 19,351,000 day trips

Source: Tourism Research Australia, International and National Visitor Survey, Year Ending March 2017