

CEO Commentary

Tasmanian Tourism Snapshot for the year ending June 2016



The latest figures for the 2015-16 financial year reveal another positive set of results for our visitor economy, with the number of visitors, their spending and their length of stay in Tassie all growing.

Not only did we see a two per cent increase in visitor numbers compared with the previous financial year, but they also stayed longer and spent more while they were in Tasmania. I was especially pleased to see that our visitors spent just over \$2.05 billion during 2015-16, or around nine per cent more than the year before.

This level of spending is very positive for our visitor economy and the 5 818 businesses throughout our cities and regional towns that, according to Tourism Research Australia, rely either solely or partly on visitors for their revenue, as well as the other businesses who provide trade, professional, catering and other services to our tourism operators.

Of course, we should also acknowledge the growing demand for Tasmania coming from international visitors. Despite coming off a lower base, the latest figures from the International Visitor Survey showed a record 224 000 international visitors coming to Tasmania last financial year. This is 13 per cent more than the same period a year ago and the highest number of international visitors we've ever recorded. Once again, our Asian markets, the USA and Europe performed well for us during the year.

The other pleasing piece of news out of the latest figures was the increase in our visitor's length of stay while they were in Tassie. In 2015-16 our visitors stayed a total of 10.2 million nights in Tasmania, which was five per cent more nights than the previous year.

The increased length of stay leads to more opportunities to get out and about to explore our regions, and the figures show this was in fact the case, with numbers to the north, east and Cradle Coast regions all growing at a greater rate than overall visitor numbers. This means that the overall share of visitors travelling to these regions had grown during the year.

However, the muted rate of growth in overall visitor numbers this year, when combined with other statistics, shows that we are experiencing growing pains in some areas as we progress towards the industry and government's visitor economy goals for 2020.

For example, the major airlines increased their capacity in 2015-16 on the major routes to Tasmania by a little over 170 000 seats or four per cent more seats than the previous financial year. However their passenger numbers rose by an even greater five per cent as the extra capacity was snapped up by visitors coming here and by locals travelling out of the state for business and leisure.

With the majority of available airline seats being filled and the Spirits of Tasmania continuing to attract more and more passengers on their extra services, we are seeing limited spare capacity being available to cater for future growth in international and domestic visitor numbers.

Of course this constraint is recognised in the state's Access 2020 Plan, which shows that we require around 140 000 more airline seats into and out of Tasmania every year until 2020 to ensure we can transport the growing number of visitors we want to attract. So there is still a way to go.

To compound this situation, recent Tasmanian Hospitality Association (THA) figures showed record occupancy rates throughout the state during the 2015-16 financial year. In the south, the THA reported an average occupancy rate for the entire year of just over 82 per cent and an average 77 per cent occupancy for the June quarter alone.

Having an average of around eight out of every ten rooms filled throughout the entire year is pretty amazing. If this is indicative of the broader accommodation situation in Hobart, then it should be no surprise if visitor growth in the region became stunted.

With many of Tasmania's most popular attractions located in or near the state's capital, it is only natural for visitors to want to stay in Hobart for some of their Tassie holiday. We are aware that the availability of preferred accommodation in Hobart and other popular local destinations can influence a person's decision to visit Tasmania, and this would naturally affect visitor growth for Hobart, southern Tasmania and our other tourism regions.

On the upside, Tourism Research Australia's recent Tourism Investment Monitor showed that there was around \$509 million of tourism investment in the pipeline throughout Tasmania in 2015, and around \$112 million of this was for accommodation projects. The report also showed there was an additional \$700 million of investment in the pipeline in Tassie for mixed-use development projects that had some visitor accommodation as part of the project.

I know many new hotels and rooms are being planned or under construction in Hobart right now, and while this is reassuring, very few are expected to be open for business next year. Given the time it will take to get all the new hotels built and trading, it is unlikely that we will see high rates of growth in overall visitor numbers to Tasmania in the short to medium term.

The good news is that the future leisure demand appears strong and positive, with our market surveys showing Tasmania continues to have very high appeal, is being recommended by the majority of our visitors, and the volume of people saying they are considering a trip to Tasmania for leisure remains stable.

Research also shows that the number of visitors who said they were extremely satisfied with their visit to Tasmania has risen, and despite the challenge of finding sufficient hotel rooms for their customers, our travel trade partners are telling us that they are very positive about forward bookings for Tasmania this season.

So in summary, while it is a very positive time right now for our visitor economy, and we will continue to pursue further visitor growth over the coming year, the need for more air capacity and accommodation in Tasmania, and especially in Hobart, will have a major bearing on the rate of that growth in the short term and possibly over the next couple of years.

John Fitzgerald
CEO, Tourism Tasmania