

Tourism Outlook

At the national level, the environment for domestic tourism growth has shifted dramatically in recent months with consumer confidence falling quickly on the back of successive interest rate rises and record fuel prices. The value of the Australian dollar compared to other countries is still attractive and continued growth in outbound travel is still likely.

The arrival of new aircraft for Qantas, Jetstar, Virgin and Tiger could potentially stimulate domestic visitor nights across Australia. However, recent responses to record fuel prices with the withdrawal of services from specific routes by Qantas, Jetstar and Virgin on top of delays in the delivery of larger aircraft for inbound and outbound use by the major carriers is potentially diminishing that opportunity in the short term. Despite these storm clouds, Tasmania continues to record positive market performance for the twelve months to March 2008, and preference and intention to visit Tasmania is growing. That said, a recent report by Tourism Australia¹ forecasts decreases in visitor nights for Australia as a whole for 2008 and 2009 followed by modest growth to 2016.

Total Visitation

According to the Tasmanian Visitor Survey (TVS), there was a steady growth in the number of visitors to Tasmania in the year ending March 2008, with 842,000 people visiting the State on scheduled air and sea services, an increase of four per cent on the previous year. Total visitor nights also remained solid over the period, with 7.18 million nights spent in Tasmania, an increase of two per cent on the previous year. Similarly, total expenditure grew by three per cent to reach \$1.34 billion in the year ending March 2008.

Intrastate travel continues to dominate visitor activity in Tasmania with an estimated 5.5 million day and overnight trips taken by Tasmanians in their home state over the reporting period, up two per cent (National Visitor Survey). Interstate visitation grew by six per cent to 740,000 visitors (TVS), while international visitation remained stable with no change on the previous period (International Visitor Survey). In addition, cruise and navy ship visitors to Tasmania grew by 27 per cent and 26 per cent respectively over the year (Tasmanian Ports Corporation, Navy HQ Tasmania).

Interstate Visitation (Tasmanian Visitor Survey)

The number of interstate visitors (740,000) and the number of nights they stayed in Tasmania (5.97 million) both increased on the previous year to March, albeit, the average length of stay decreased only marginally from 8.3 to 8.1 nights. Expenditure by interstate visitors continues to grow, with an increase of five per cent to \$1.18 billion during the year to March 2008. Tasmania's market share of all interstate overnight trips (3.9%) and all visitor nights (4.9%) in Australia decreased marginally over the year (was 4.2% and 5.4% respectively), while interstate overnight expenditure remained unchanged at 5.2 per cent for the year ending March 2008 compared with 2007.

International Visitation (International Visitor Survey)

According to the International Visitor Survey, the number of international visitors to Tasmania over the year remained stable at 155,000. Despite a nine per cent decrease in the number of visitor nights on the previous year, expenditure continues its strong performance with an overall increase of 12 per cent to \$247 million². International visitation to Australia remained relatively flat, during the year to March, in terms of visitor numbers and the number of nights they spent in the country. Despite this, expenditure grew by 11% on the previous year. As a result Tasmania's market share of all international visitors (3%), nights (2%) and expenditure (2%) remained unchanged for the year to March 2008 compared with 2007.

Intrastate Visitation (National Visitor Survey)

Tasmanians took 5.5 million overnight and day trips in their home state in the year ending March 2008, a two per cent increase compared with the year ending March 2007. Most of the growth in intrastate visitation was driven by an increase in overnight trips, up seven per cent on the previous year. Of the 5.5 million intrastate trips taken, 77 per cent were day trips and the remaining 23 per cent were overnight trips. Just over half of all overnight intrastate travel (602,000 visitors) was for holiday purposes, an eight per cent increase on the previous year.

Cruise and Navy Ship Visitation (TasPorts, Navy Headquarters – Tasmania)

The number of cruise ship visitors to Tasmania in the year ending March 2008 grew by 27 per cent to 73,800 visitors, whilst the number of navy ship visitors increased by 26 per cent to 2,100 visitors over the same period.

Marketing Performance (Holiday Tracking Survey)

Without any prompting on advertising (read, seen or heard) for holidays and travel, 16.3 per cent of Australians in the year ending March 2008 were aware of Tasmania as a holiday destination, a three percentage point increase compared to the same time last year. Tasmania had the second highest level of prompted advertising awareness for the year at 32 per cent, following Queensland (57%). When asked where you would like to go on holidays in the next two years, 17 per cent of Australians had a preference to travel to Tasmania, whilst five per cent of Australians intended to travel to the State in the next two years.

1. *Tourism Research Australia (2008) Through the looking glass – The future of domestic tourism. February 2008.*

2. *Tourism Research Australia revised international expenditure, 30 June 2008.*

INTERSTATE VISITORS TO TASMANIA

| INTERSTATE VISITATION | | | |
|---|----------------------------|----------------------------|----------|
| | 12 months ending Mar 07 | 12 months ending Mar 08 | % Change |
| Interstate Visitors | | | |
| Day Visitors | 19,100 | 16,200 | -15 |
| Overnight Visitors | 678,800 | 723,800 | 7 |
| Total Visitors (including day visitors) | 697,900 | 740,000 | 6 |
| Interstate Nights | | | |
| Total Nights | 5,798,500 | 5,970,400 | 3 |
| Average Length of Stay (nights) | 8.3 | 8.1 | |
| Interstate Expenditure (\$'000s) | | | |
| | \$1,117,500 | \$1,175,500 | 5 |
| Interstate Market Share * | | | |
| Visitors | 4.2% | 3.9% | |
| Nights | 5.4% | 4.9% | |
| Expenditure | 5.2% | 5.2% | |
| Interstate Mode of Departure | | | |
| Air | 579,600 | 623,800 | 8 |
| Sea | 118,400 | 116,200 | -2 |
| Total | 697,900 | 740,000 | 6 |
| Interstate Purpose of Visit | | | |
| Holiday | 307,700 | 317,700 | 3 |
| Visit friends or relatives | 197,500 | 216,100 | 9 |
| Business or employment | 128,800 | 139,300 | 8 |
| Convention / conference / seminar | 23,400 | 24,500 | 5 |
| Event / festival (incl sporting event) | 31,200 | 28,600 | -8 |
| Other (incl medical and education) | 3,500 | 4,300 | 23 |
| No Response | 5,900 | 9,600 | 61 |
| Total Interstate Visitors | 697,900 | 740,000 | 6 |

Source: Tasmanian Visitor Survey, Tourism Tasmania

* Source: National Visitor Survey, Tourism Research Australia

| INTERSTATE VISITORS TO TASMANIA | | | | | | |
|---------------------------------|----------------------------|----------------------------|----------|----------------------------|----------------------------|----------|
| State/territory of residence | ALL VISITORS | | | LEISURE VISITORS* | | |
| | 12 months ending Mar 07 | 12 months ending Mar 08 | % Change | 12 months ending Mar 07 | 12 months ending Mar 08 | % Change |
| Victoria | 308,200 | 341,300 | 11 | 216,400 | 239,500 | 11 |
| N.S.W. | 157,400 | 134,300 | -15 | 117,600 | 105,200 | -11 |
| Queensland | 111,900 | 111,900 | 0 | 89,000 | 89,100 | 0 |
| South Australia | 37,800 | 56,600 | 50 | 27,700 | 42,000 | 52 |
| Western Australia | 40,600 | 49,300 | 21 | 31,300 | 36,400 | 17 |
| A.C.T. | 18,300 | 21,900 | 20 | 11,900 | 13,900 | 17 |
| N.T. | 5,900 | 5,600 | -6 | 4,900 | 4,200 | -14 |
| Australia - no state given | 17,800 | 19,000 | 7 | 6,400 | 3,500 | -46 |
| Total Australia | 697,900 | 740,000 | 6 | 505,200 | 533,800 | 6 |

Source: Tasmanian Visitor Survey, Tourism Tasmania

* Leisure Visitors: Visitors whose main purpose of visit is for a holiday or to visit friends and relatives

INTERSTATE VISITOR NIGHTS SPENT IN TASMANIA

| State/territory of residence | ALL NIGHTS | | | LEISURE VISITOR* NIGHTS | | |
|------------------------------|-------------------------|-------------------------|----------|-------------------------|-------------------------|----------|
| | 12 months ending Mar 07 | 12 months ending Mar 08 | % Change | 12 months ending Mar 07 | 12 months ending Mar 08 | % Change |
| Victoria | 1,775,200 | 2,221,300 | 25 | 1,349,200 | 1,593,600 | 18 |
| N.S.W. | 1,449,800 | 1,136,600 | -22 | 1,104,300 | 926,900 | -16 |
| Queensland | 1,289,000 | 1,184,600 | -8 | 1,047,300 | 1,024,500 | -2 |
| South Australia | 383,000 | 479,700 | 25 | 289,400 | 377,000 | 30 |
| Western Australia | 537,600 | 547,400 | 2 | 410,400 | 417,700 | 2 |
| A.C.T. | 136,300 | 149,200 | 9 | 109,700 | 116,300 | 6 |
| N.T. | 70,400 | 64,800 | -8 | 63,300 | 55,000 | -13 |
| Australia - no state given | 148,100 | 186,700 | 26 | 48,600 | 51,000 | 5 |
| Total Australia | 5,789,500 | 5,970,400 | 3 | 4,422,200 | 4,562,000 | 3 |
| Average Stay (nights) | 8.3 | 8.1 | | 8.8 | 8.5 | |

Source: Tasmanian Visitor Survey, Tourism Tasmania

* Leisure Visitors: Visitors whose main purpose of visit is for a holiday or to visit friends and relatives

INTERSTATE VISITOR EXPENDITURE IN TASMANIA

| State/territory of residence | ALL EXPENDITURE (\$'000s) | | | LEISURE VISITOR* EXPENDITURE (\$'000s) | | |
|------------------------------|---------------------------|-------------------------|----------|--|-------------------------|----------|
| | 12 months ending Mar 07 | 12 months ending Mar 08 | % Change | 12 months ending Mar 07 | 12 months ending Mar 08 | % Change |
| Victoria | \$366,900 | \$425,700 | 16 | \$295,300 | \$345,000 | 17 |
| N.S.W. | \$286,500 | \$238,500 | -17 | \$242,100 | \$204,700 | -15 |
| Queensland | \$243,700 | \$248,500 | 2 | \$212,300 | \$204,000 | -4 |
| South Australia | \$77,200 | \$92,000 | 19 | \$66,400 | \$72,600 | 9 |
| Western Australia | \$99,400 | \$112,300 | 13 | \$79,600 | \$84,000 | 5 |
| A.C.T. | \$24,600 | \$28,800 | 17 | \$19,700 | \$22,900 | 16 |
| N.T. | \$9,500 | \$11,100 | 17 | \$8,300 | \$9,700 | 17 |
| Australia - no state given | \$9,700 | \$18,700 | 92 | \$5,100 | \$5,800 | 15 |
| Total Australia | \$1,117,500 | \$1,175,500 | 5 | \$928,900 | \$948,700 | 2 |
| Average spend per visitor | \$1,601 | \$1,589 | | \$1,839 | \$1,777 | |
| Average spend per night | \$193 | \$197 | | \$210 | \$208 | |

Source: Tasmanian Visitor Survey, Tourism Tasmania

* Leisure Visitors: Visitors whose main purpose of visit is for a holiday or to visit friends and relatives

INTERNATIONAL VISITORS TO TASMANIA

| INTERNATIONAL VISITATION | | | |
|--|----------------------------|----------------------------|----------|
| | 12 months ending Mar 07 | 12 months ending Mar 08 | % Change |
| International Visitors | 155,700 | 155,100 | 0 |
| International Nights | | | |
| Total Nights | 3,277,200 | 2,977,900 | -9 |
| Average Length of Stay (Nights) | 21.0 | 19.2 | |
| International Expenditure (\$million) | \$221 | \$247* | 12 |
| International Market Share | | | |
| Visitors | 3% | 3% | |
| Nights | 2% | 2% | |
| Expenditure | 2% | 2% | |
| International Purpose of Visit | | | |
| Holiday | 107,900 | 106,300 | -1 |
| Visit friends or relatives | 27,900 | 31,500 | 13 |
| Business | 16,800 | 20,700 | 23 |
| Education | 9,200 | 9,200 | 0 |
| Employment | 2,600 | 1,200 | -54 |
| Other reason | 1,400 | 1,000 | -29 |
| Total international visitors | 155,700 | 155,100 | 0 |

Source: International Visitor Survey, Tourism Research Australia

*Tourism Research Australia revised international expenditure, 30 June 2008.

| INTERNATIONAL VISITORS TO TASMANIA | | | |
|-------------------------------------|----------------------------|----------------------------|----------|
| VISITORS | | | |
| Country of residence | 12 months ending Mar 07 | 12 months ending Mar 08 | % Change |
| United Kingdom | 30,100 | 26,700 | -11 |
| New Zealand | 13,600 | 14,600 | 8 |
| Japan | 9,400 | 9,600 | 2 |
| China | 9,100 | 8,800 | -3 |
| Korea | 5,500 | 5,900 | 9 |
| Other Asia | 24,100 | 19,200 | -20 |
| North America | 28,700 | 29,600 | 3 |
| USA | 23,200 | 20,100 | -14 |
| Canada | 5,500 | 9,500 | 73 |
| Total Europe | 30,800 | 32,900 | 7 |
| Germany | 9,900 | 9,300 | -6 |
| Other Europe | 20,900 | 23,600 | 13 |
| Other Countries | 4,300 | 7,900 | 83 |
| Total international visitors | 155,700 | 155,100 | 0 |

Source: International Visitor Survey, Tourism Research Australia

INTERNATIONAL VISITOR NIGHTS SPENT IN TASMANIA

| Country of residence | NIGHTS ('000s) | | |
|----------------------------|-------------------------|-------------------------|----------|
| | 12 months ending Mar 07 | 12 months ending Mar 08 | % Change |
| United Kingdom | 402 | 337.6 | -16 |
| New Zealand | 252.1 | 156.6 | -38 |
| Japan | 279.7 | 301.3 | 8 |
| China | 153.2 | 167.6 | 9 |
| Korea | 154.7 | 138.1 | -11 |
| Other Asia | 863.6 | 779.7 | -10 |
| North America | 355.8 | 297.1 | -16 |
| USA | 300 | 188.2 | -37 |
| Canada | 55.8 | 108.9 | 95 |
| Total Europe | 663.1 | 589.4 | -11 |
| Germany | 242.8 | 182 | -25 |
| Other Europe | 420.3 | 407.4 | -3 |
| Other Countries | 153 | 210.4 | 38 |
| Total international nights | 3277.2 | 2977.9 | -9 |

Source: International Visitor Survey, Tourism Research Australia

INTERNATIONAL VISITOR EXPENDITURE IN TASMANIA

| Country of residence | EXPENDITURE (\$million) | | |
|---------------------------------|-------------------------|--------------------------|----------|
| | 12 months ending Mar 07 | 12 months ending Mar 08* | % Change |
| United Kingdom | \$27 | \$24 | -11 |
| New Zealand | \$15 | \$17 | 13 |
| Japan | \$17 | \$14 | -18 |
| China | np | np | np |
| Korea | np | np | np |
| Other Asia | np | np | np |
| North America | \$29 | \$29 | 0 |
| USA | \$24 | \$20 | -17 |
| Canada | \$5 | \$9 | 80 |
| Total Europe | np | np | np |
| Germany | \$16 | \$15 | -6 |
| Other Europe | np | np | np |
| Other Countries | \$19 | \$19 | 0 |
| Total international expenditure | \$221 | \$247 | 12 |

Source: International Visitor Survey, Tourism Research Australia

n.p. not published due to data reliability

*Tourism Research Australia revised international expenditure, 30 June 2008.

INTRASTATE TRAVEL IN TASMANIA

| INTRASTATE TRAVEL * | | | |
|---|----------------------------|----------------------------|----------|
| | 12 months ending Mar 07 | 12 months ending Mar 08 | % Change |
| Intrastate Visitors ('000s) | | | |
| Day Visitors | 4,276 | 4,287 | 0 |
| Overnight Visitors | 1,090 | 1,167 | 7 |
| Total Visitors (day + o'night visitors) | 5,366 | 5,454 | 2 |
| Intrastate Nights ('000s) | | | |
| Total Nights | 2,814 | 3,058 | 9 |
| Average Length of Stay (nights) | 2.6 | 2.6 | |
| Overnight Intrastate Expenditure (\$million) | 284 | 313 | 10 |
| Overnight Intrastate Market Share | | | |
| Visitors | 2.2% | 2.3% | |
| Nights | 1.8% | 1.9% | |
| Expenditure | 1.7% | 1.7% | |
| Overnight Intrastate Purpose ('000s) | | | |
| Holiday | 557 | 602 | 8 |
| Visit friends or relatives | 310 | 342 | 10 |
| Business | 171 | 159 | -7 |
| Other | 63 | 69 | 10 |
| Total Overnight Intrastate Visitors | 1,090 | 1,167 | 7 |

Source: National Visitor Survey, Tourism Research Australia

* Intrastate travel refers to travel undertaken by Tasmanian residents in Tasmania.

CRUISE & NAVY SHIP VISITORS TO TASMANIA

| CRUISE AND NAVY SHIP VISITORS TO TASMANIA | | | |
|---|----------------------------|----------------------------|----------|
| | 12 months ending Mar 07 | 12 months ending Mar 08 | % Change |
| Cruise ship visitors (passengers and crew)* | 58,300 | 73,800 | 27 |
| Navy ship visitors** | 1,700 | 2,100 | 26 |

*Source: Tasmanian Ports Corporation

**Source: Navy Headquarters - Tasmania

| MARKETING PERFORMANCE | | | |
|--|----------------------------|----------------------------|-------------------|
| | 12 months ending Mar 07 | 12 months ending Mar 08 | % Point Change |
| | per cent | per cent | |
| Advertising Awareness (Unprompted) ¹ | 13.3 | 16.3 | 3.0 |
| Advertising Awareness (Prompted) ¹ | 28.4 | 32.0 | 3.6 |
| Preference to visit Tasmania ² | 16.8 | 17.3 | 0.5 |
| Intention to visit Tasmania ³ | 4.3 | 4.9 | 0.6 |
| Behaviour ⁴ | 4.7 | 4.7 | 0.0 |
| Tagline Awareness - 'Island of Inspiration' ⁵ | n.a. | 13.4 | n.a. |

Source: *Holiday Tracking Survey, Roy Morgan Research*

¹ Advertising Awareness - Percentage of Australians with un-prompted & prompted advertising awareness for holidays in Tasmania.

² Preference - Percentage of Australians that would like to visit Tasmania in the next 2 years.

³ Intention - Percentage of Australians planning or intending to visit Tasmania on their next trip.

⁴ Behaviour - Percentage of Australians that visited Tasmania in the last 12 months.

⁵ Tagline Awareness - Percentage of Australians with an awareness of Tasmania's advertising tagline 'Island of Inspiration' launched in January 2007.