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**project title**

**Submission on Beyond Tourism 2020**



**prepared for**

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Beyond Tourism 2020 Steering Committee**



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## Introduction

Caravan Industry Association of Australia welcomes the opportunity to support the Beyond Tourism 2020 Steering committee in directing the development of Australia's tourism industry over the coming decade. The recommendations presented in this document are centred around enhancing regional dispersal, investing the tourism labour force, incentivising digital infrastructure upgrades for regional Australia and increasing demand from European and Indian markets to alleviate an overreliance on the Chinese market. Caravan Industry Association of Australia advocates promoting tourism in regional areas as a career pathway.

Caravan Industry Association of Australia operates as a not-for-profit organisation with a membership base comprising the individual state caravanning and camping industry associations, who we work collaboratively with on matters concerning the caravanning and camping industry in Australia. The Association represents over 3,500 businesses including manufacturers, dealers, caravan parks, service suppliers and repairers.

## Future trends: What do you see as the future trends which will shape and change the industry over the next 10 years?

Over the next ten years we are going to see significant changes to tourism in Australia. The continued rise of the Chinese and Indian middle classes and a weakening Australian dollar provide a strong base for inbound tourism in the coming decade. However, global economic pressures pose a risk including the possible rise in oil prices and mounting pressure for airlines to offset carbon emissions which, if realised, will have a strong impact on airline ticket prices.

Domestically, tourism is also facing challenges regarding the uncertain economic outlook. The OECD forecasts that Australia's macroeconomic policy continues to support robust growth, however by 2020 they suggest this growth will slow due to capacity constraints, reduced export market growth and household savings decreases. The latter is already evident with the average household savings ratio declining to 1%, the same level as during the 2009 GFC. When coupled with a record high household debt ratio (\$2.4 trillion) and record levels of underemployment, consumers are at increased risk of financial stress if Australia's financial system is tested in the coming years, which can severely impact travel patterns.

Social changes including a rise in urbanisation will increase the demand for escapist and nature based trips while consumer expectations will continue to grow regarding internet connectivity which remains an issue in parts of regional Australia. This highlights the need for continued investment so regions can keep pace with urban Australia. Similarly, the imminent adoption of new vehicle technologies will require investment and planning regarding charging points and better road conditions.

Increasingly disruptive business models are being introduced, with short term rental platforms and the so-called 'share economy' leaving government regulation lagging. Governments and tourism bodies need to support destinations with a suite of policy options in response to disruptive business models that ensure a level playing field for operators with maintained levels of safety and education for consumers.

**Regional dispersal: Given that growth in tourism beyond 2020 will mainly come from inbound visitors, particularly those from the Asian region, how can we achieve greater dispersal into our regions for longer periods of time? Should there be specific targets set for international visitation to regional Australia?**

While Caravan Industry Association of Australia applauds the Steering Committee for recognising that regional dispersal is an issue facing Australian tourism with the proportion of nights spent by international visitors outside of Capital cities and the Gold Coast at an all-time low (18%); we are bemused that the cruise industry, and supporting the development of cruise infrastructure in Sydney is seen as a way to 'deliver economic benefits to regional communities' (p. 8). Whilst it is acknowledged that the cruise industry plays a role in towns and cities that have a cruise terminal, it is questionable how many cruise visitors disperse to areas without cruise terminals, and even more so for those communities isolated from the coastline.

The caravan industry represents a crucial aspect of tourism in regional Australia with international visitors who chose to caravan or camp spending 83% of nights in Australia's regions, away from capital cities and the Gold Coast. Additionally, 90% of visitor expenditure from caravan and camping visitors is spent regionally, highlighting the immense opportunity the caravan industry has to facilitate regional dispersal. Of growing importance to the caravan industry is the growing Asian market that comprised 20% of international caravan/camping visitors in the past 12 months.

To continue to build a strategy regarding regional dispersal, increased consultation is required with regional tourism bodies, industry associations and operators. On face value, it appears that the Steering Committee have a limited interest in promoting greater dispersal patterns as the nine members on the committee seemingly lack strong connections with regional Australia.

Investment in driving demand to regional Australia needs to become ingrained in visitor engagement, before, during and after an international trip. Investment in creating marketing strategies that demonstrably generate demand to stay in regional areas is sorely needed. Although regional Australia is constantly marketed internationally through campaigns; current strategies are seemingly not driving tourism into regional areas for longer than day trips.

Research conducted by Caravan Industry Association of Australia highlighted that 82% of Chinese visitors stayed in caravan parks to get closer to nature, while three-quarter of the market completed a trip to have an 'authentic Aussie experience'. The recent marketing strategy from Tourism Australia aimed at Chinese FITs, based on research conducted into the Chinese market is a welcome addition to the marketing mix. To build on this, lobbying Austrade to extend the intake of Chinese WHM beyond the existing cap of 5,000 (which has been met every year since induction) should be a focus.

**The Caravan Industry Association of Australia recommends that the following stretch targets be adopted for 2030 to measure regional dispersal:**

- 1) Increase the proportion of international visitors who stay overnight in Regional Australia to between 45% and 55% by 2030. This proportion was 34% in 2018.
- 2) Increase the proportion of international nights being spent in regional areas to between 30% and 40% by 2030. In 2018, 18% of international nights were spent in regional Australia.

### Technology: What technological advances do you think will shape the sector over the next 10 years? What legislative and regulatory amendments are needed to better facilitate the adoption of new technology to meet the diverse needs of the future traveller?

The investment in 'Smart Cities' throughout the country has been beneficial for cities; however, the conversation needs to move towards Australia being a Smart Country, with Smart Regions that have Smart Cities. Technological upgrades and steps to encourage innovation in this sector is required to ensure the digital divide does not widen between urban and regional tourism areas which impacts on visitor experience and business service/product delivery.

Domestically, one of the largest changes the following decade will see is the increased adoption of electric vehicles (EVs). Research shows that users of EVs are significantly more likely to charge overnight, as opposed to filling up 'on the go' like conventionally fuelled vehicles. This provides an opportunity for regional Australia, using accommodation operators, to provide charging points. Access to capital through a grant program so operators can build charge stations in regional areas is vital to ensure owners of electric cars are not anchored to cities, as the average range of EVs is only 300 kilometres currently.

### Employment: How can the tourism industry improve career perceptions and create career pathways to attract new workers into the industry?

Improved support for the training and development of the tourism workforce in regional Australia is necessary to develop careers in the tourism sector. Clearer career paths are required, with approved, and, if needed, subsidized places in vocational and tertiary courses that support professional development in tourism. This will add professionalism, longevity and improve the overall delivery of Australia's tourism products.

To quantify this need, the tourism labour force survey that was last completed by Deloitte in 2015 needs to be reinstated. In 2015 the turnover rate of jobs in tourism was 66% - notably higher than other industries. In addition, the 2015 survey found that 69% of businesses reported skill deficiencies amongst staff – up from 50% in 2011. This impacts on product delivery, customer service skills and management of tourist activities, sites and accommodations – all of which can have a negative impact on the visitor experience. Therefore, investment in skills-based training that supports the needs of businesses will improve the long supply chain of tourism, from design to delivery.

One of the challenges faced by the caravan and camping industry, which is likely to be mirrored in other sectors in the lack of awareness of career opportunities within the sector, especially for professional roles.

## Aviation: What are the missing links in Australia's aviation network, including 'secondary' international hubs and domestic regional locations?

Global air traffic is expected to double over the next twenty years, hence Australia needs to provide further investment and build the capacity of airports such as Cairns, Canberra and Avalon. This will relieve the major hubs of Sydney and Melbourne, boost the overall capacity of aviation to Australia as well as facilitating regional dispersal of international visitors. This can enhance opportunities for regional tourism operators to immediately access international markets.

**Suggested Target: An increase to 20% of international visitors arriving into secondary airports (not Melbourne, Sydney, Brisbane or Perth) increasing from 9.5% in 2018.**

## Resilience: How can the Australian tourism industry ensure it is resilient to the impact of global shocks beyond 2020 (economic, political and environmental)?

In 2018, 29% of all international visitor expenditure in Australia came from China; more than our next six markets combined. Over-reliance on China poses a threat to the sustainable growth of tourism in Australia and diversification is needed to protect Australia from shocks that could restrict or halt the flow of Chinese tourists.

Strong potential growth markets that can increase their market share include the US and India, as well as re-energising the British and German markets. The US, despite being Australia's 3rd largest inbound market by expenditure, contributed only 6% of total expenditure by market share. Recent marketing efforts by Tourism Australia into the US market can be built upon to increase this market share of spend by 2030.

A further part of market diversification is continuing to market Australia as working holiday destination. WHM visa holders are more likely to travel further and spend more as well as having a significantly stronger chance to return to Australia with family or friends in the future. Improving Australia's status as a premier WHM destination is required as British and European markets soften with their youth increasingly looking for work/travel experiences that leave a long-lasting impact. Highlighting the growth potential that a working holiday or gap year provides is crucial to re-energising this segment and can be based around the unique experiences available in Australia as well.

**Suggested Target: By 2030, no market individually comprising more than 25% of visitor expenditure to Australia.**

## Title: What is the appropriate title for the strategy?

Driving Australian Tourism to 2030.

