



FACT SHEET TASMANIA'S 2030 TOURISM DEMAND AND SUPPLY FORECAST

Tourism continues to contribute positively to the Tasmanian economy, contributing \$3.2 billion or 10.3 per cent to Gross State Product and supporting 42 800 jobs, direct and indirect, in Tasmania¹. Importantly, this is supporting retail trade and investor confidence in additional new investment in accommodation and tourism facilities across the State.

PLANNING FOR OUR FUTURE

The Government is committed to working with visitor economy leaders, broader industry and local communities to create a shared vision for the future of tourism in Tasmania. Tourism is important to all regions of the State and the focus is on growth that is sensible and strategic, creating sustainable benefits for our community, economy and environment.

We are planning for our future now.

The 2030 visitor economy strategy, will build on the success of *The Tasmanian Visitor Economy Strategy 2015-2020* which comes to an end in 2020.

To assist our planning, Deloitte Access Economics was commissioned to provide a 10-year demand and supply forecast to inform policy, planning and investment for our future.

The tourism demand forecast is an unconstrained outlook of visitor numbers to Tasmania from 2019 to 2030, taking into account historical demand in Tasmania and its linkages and performance against a series of underlying macroeconomic factors including economic performance in Australian and in key international source markets, consumer price indices, bilateral exchange rates and oil prices, and expected population growth.

A number of supply side areas have been considered on the backdrop of the potential visitor demand to 2030 including, visitor accommodation, and tourism labour force required to accommodate visitor demand.

KEY FINDINGS

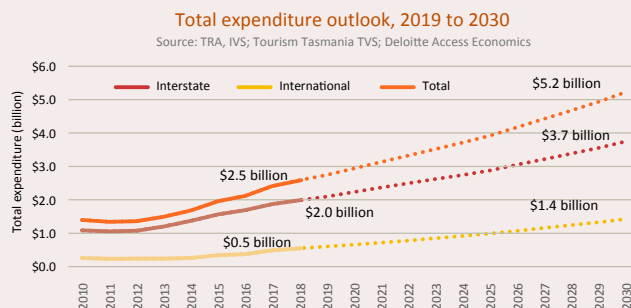


Visitor expenditure

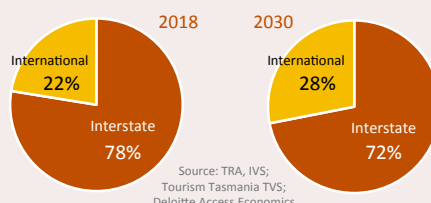
By 2030, total expenditure from international and interstate visitors could reach more than \$5.2 billion, more than double the value at 2018.

Spend by international visitors is expected to grow at a faster rate than interstate visitors, 8.3% on average per year versus 5.4%

The proportionate share of expenditure between international and interstate visitors will shift with international visitor share increasing by 6%



Share of international and interstate visitor expenditure



Visitor growth

Since 2015, Tasmania has enjoyed on average visitor growth of 5.4% each year and for the past ten years an average annual growth rate of 4.2%.

By 2030, total overnight visitor arrivals to Tasmania could reach almost 2.2 million, an average annual growth of 3.9% over the forecast horizon.

Source:

¹ Tourism Satellite Accounts 2017-18, Tourism Research Australia

International visitor arrivals

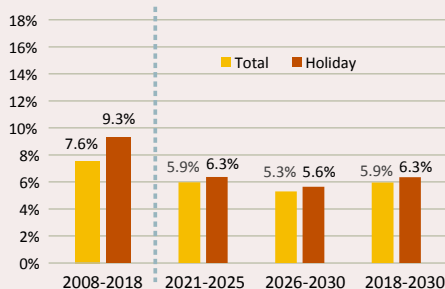
Tasmania has recorded double-digit growth in international visitors in recent years, and over the last ten years an average annual growth rate of 7.6%.

The economic outlook for many of Australia's key source markets has softened, leading to a more modest growth outlook for international arrivals to Tasmania across the forecast horizon, in comparison to recent performance.

The expectation is that growth rates would stabilise in the long run to a more sustainable rate of 5.9% with the holiday market growing slightly more rapidly at 6.3%.

International visitors, historical and forecast growth rates (CAGR)

Source: TRA; Deloitte Access Economics



Interstate visitor arrivals

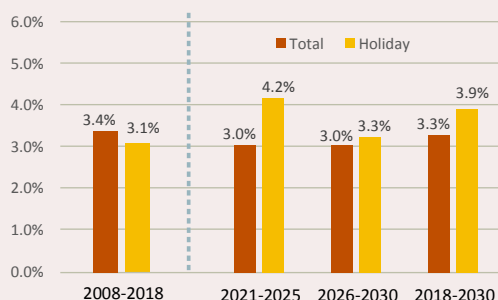
The growth outlook of interstate travel is expected to maintain the recent growth rates of 3.3% per annum over 2015-2018.

The holiday segment is expected to grow more rapidly at 4.2% per annum over the forecast horizon.

Competition in Australia's domestic market for travel is strong, but interstate visitors will continue to play an important role in the overall visitor mix for Tasmania, especially when the new two Spirit of Tasmanians come on-line.

Interstate visitors, historical and forecast growth (CAGR)

Source: Deloitte Access Economics



Tasmanians travelling at home

In 2018 Tasmanians made up 55% of overnight travellers in the state and the number of intrastate trips per resident for Tasmania has grown from 2.2 trips in 2008 to 3.2 trips in 2018. Compared to national indicators, Tasmanians clearly love exploring their home state.

Overnight travel by Tasmanians within the state has stepped up in recent years, with an average 11.5% growth each year over the last five years, with the holiday market leading the growth.

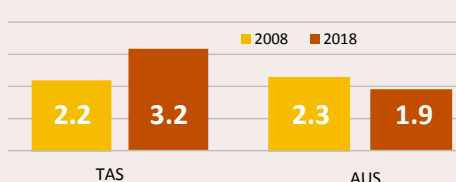
The outlook for intrastate travel by Tasmanians is forecast to be more modest than the strong growth seen recently. A key consideration is the relatively slow annual growth forecast for the state's population at 0.4% to 2030, compared to the national population forecast growth of 1.3% per year.

By 2030, trips by Tasmanians around our State is forecast to grow at an average annual rate of 3.0%, with the holiday market expected to continue to grow slightly faster with forecast average annual growth of 3.6% over the forecast horizon.

While Tasmanians holidaying at home do not form part of our Visitor Economy targets, they are an important consideration in future planning for infrastructure, accommodation and experiences.

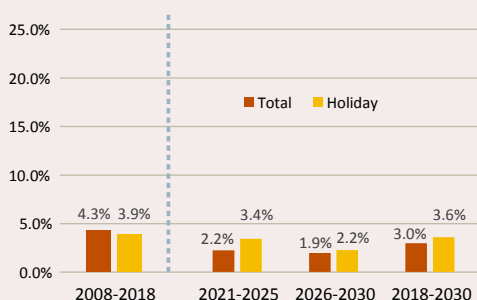
Intrastate trip per resident, 2008 and 2018

Source: ABS; Deloitte Access Economics



Intrastate visitors, historical and forecast growth (CAGR)

Source: TRA, NVS; Deloitte Access Economics



TOURISM LABOUR FORCE

Main data sources were used for the labour supply modelling exercise:

- ABS Place of Work Census (2016) for base employment estimates
- TRA State Tourism Satellite Account (2017-18) for total state tourism labour force
- Deloitte Access Economics regional economy model for historical productivity estimates. This data is not publicly available.

To meet forecast tourism demand, more than 5,000 additional workers will be required by 2030 across Tasmania.

These jobs will be needed across the state in a variety of fields including accommodation, travel agencies, tour operators, cafes, restaurants, bars and retail as well as supporting other sectors such as transport, agriculture and cultural services.



TOURIST ACCOMMODATION SUPPLY

Deloitte Access Economics conducted a survey with accommodation providers across Tasmania to better understand the accommodation stock.

Understanding the future supply needs, in other words how many rooms we will require to accommodate future demand, is important to future planning. Tasmania's accommodation landscape will change dramatically over the next few years, as major hotel chains open their doors, especially in Hobart. Hotels make up the largest proportion of total visitor nights (including international, interstate and intrastate travellers) in commercial accommodation.

Where average occupancy rates are maintained at 2018 levels across all types of accommodation it is forecast that the number of rooms across the state would need to grow at 3.9% each year between 2018-2030 to meet the baseline demand. Where occupancy rates are increased 0.5% each year up to a maximum of 85% across the forecast horizon, the requirement for additional rooms is reduced to 3.1%.