northern beaches council

Supporting Information - Draft Key Directions for a Sustainable Visitor Economy

Destination Management Plan

Community Strategic Plan alignment: Goal 15, Strategy d: Enhance and extend opportunities for a sustainable tourist economy throughout the Council area.

Contents

Tourism insights and trends

'Traditional key performance indicators (KPIs) like visitor numbers are no longer sufficient. According to Mario Hardy, CEO of Pacific Asia Tourism Association (PATA), most destinations in Asia and the Pacific are experiencing tremendous growth: "It's not about what visitors you can get – they are coming anyways – but how you can increase the yield from your visitors." Destinations understand that revenue, the economic impact of tourism, is the true metric of success, not simply visitor numbers.'[1]

[1] Phocuswright White Paper, *Asia-Pacific Tourism 2019: Market Trends, Opportunities and the Challenges Facing Tourism Organisations*, March 2019

Economic contribution of tourism on the Northern Beaches

- Tourism contributes twice as many jobs and revenue to the Northern Beaches economy, compared to the NSW average.
- Today, 14,000 of our local jobs are in the Tourism and Hospitality sector. This is the fifth largest employing sector and accounts for 13% of all our jobs.
- Tourism and hospitality is a young industry, with three quarters of its workforce under the age of 44. These jobs create great opportunities for young people to stay on the Northern Beaches and get a foothold on the career ladder. It also includes many of our largest employing businesses (such as large hotels and clubs).
- Each year, the Tourism and Hospitality sector injects around $2.5 billion into our local economy. This accounts for 9% of all sales in the area, and supports a number of other sectors (including retail).

Who is coming to the Northern Beaches now?

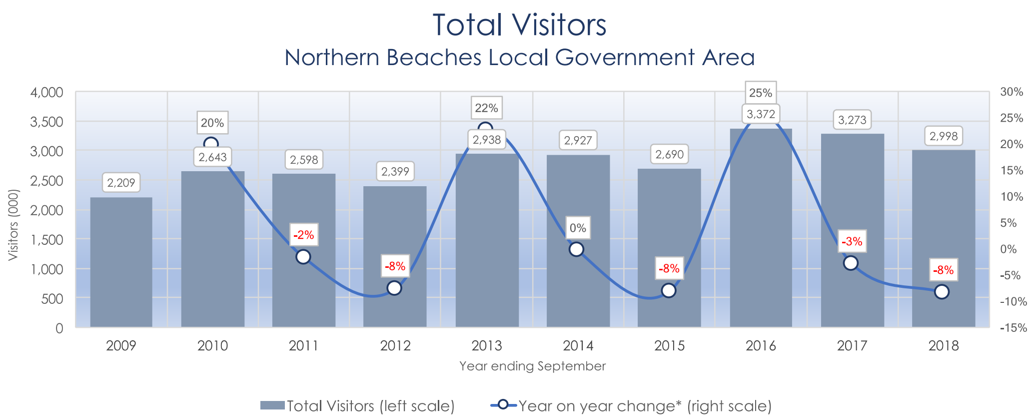
The Northern Beaches already receives a large number of visitors. Some salient points from the visitor research undertaken and used during this Destination Management Plan (DMP) development include:

- Visiting friends and relatives is the prime reason for domestic visitors to the Northern Beaches with 54.3% of visitors staying on average 3.1 days.
- International visitors are equally split with their main reasons for travel being holiday and visiting friends and relatives. International holidays average at 21 days.

Both of these figures are higher than the NSW average across all destinations.

The graph below (see Figure 2) provides the total visitation to the Northern Beaches over a 10-year period.

Figure 2: Total Visitors (Source: Tourism Research Australia National (TRA) and International Visitor Survey data)



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total including international Manly Day Visitors	2,209	2,643	2,598	2,399	2,938	2,927	2,690	3,372	3,273	2,998
*Year-on-year (YOY) % Change**		20%	-2%	-8%	22%	0%	-8%	25%	-3%	-8%
Total excluding Manly international day	1,684	1,851	1,839	1,668	2,182	2,107	1,832	2,414	2,310	2,073
*Year-on-year (YOY) % Change**		10%	-1%	-9%	31%	-3%	-13%	32%	-4%	-10%

* The statistical significance of this change is not confirmed and should be seen as indicative.

the darker the more significant relative to other data in the table

NOTES
International visitors to Manly do not distinguish between overnight or day visitors. Northern Beaches LGA International Overnight visitors have been deducted from the Manly visit total to estimate International Manly Day Visitors. This assumes all LGA visitors visit Manly at some stage during their stay.

Tourism and the Northern Beaches

Analysis reveals that over the last five years, visitors to the Northern Beaches spend less than the Sydney visitor average:

- Domestic day visitors spend $33 less
- Domestic overnight visitors spend $256 less
- International visitors spend $262 less

Over the 12 months from September 2017-September 2018, the Northern Beaches has experienced a decline across both domestic and international markets. While international visitor numbers are growing, the number of nights for international markets are declining and the average spend remains flat. These trends are more pronounced for domestic overnight with a decline in all key measures.

Figure 3 below compares the performance of the Northern Beaches with Sydney (representing Greater Sydney, including the Northern Beaches).

Figure 3: Visitor numbers and spend per visitor by type and per night compared to Sydney (Source: TRA March 2019 data)

	Northern Beaches (A)						Sydney					
	Year ending September 2014	Year ending September 2015	Year ending September 2016	Year ending September 2017	Year ending September 2018	Average	Year ending September 2014	Year ending September 2015	Year ending September 2016	Year ending September 2017	Year ending September 2018	Average
Visitors (000)												
Domestic day	1,704	1,307	1,752	1,635	1,455	1,571	19,860	18,067	20,385	20,383	21,951	20,129
Domestic overnight	320	445	565	571	500	480	8,268	8,726	8,966	9,760	10,673	9,278
International	83	80	97	104	118	96	3,019	3,200	3,601	3,921	4,050	3,558
Total	2,107	1,833	2,415	2,310	2,073	2,148	31,147	29,992	32,952	34,063	36,675	32,966
Nights (000)												
Domestic day	-	-	-	-	-	-	-	-	-	-	-	-
Domestic overnight	1,064	1,681	1,502	1,817	1,479	1,509	22,729	23,617	23,495	27,031	28,560	25,086
International	2,214	2,158	2,682	2,726	2,538	2,464	63,373	69,078	74,182	79,668	80,994	73,459
Total	3,278	3,839	4,184	4,543	4,017	3,972	86,102	92,695	97,677	106,700	109,554	98,545
Expenditure ($M)												
Domestic day	117	92	156	129	92	117	2,162	1,929	2,127	2,229	2,336	2,157
Domestic overnight	178	230	225	278	210	224	5,951	6,176	6,435	6,988	8,438	6,798
International	173	162	218	209	209	194	6,294	7,163	8,487	9,349	9,641	8,187
Total	468	484	599	616	511	535	14,407	15,268	17,048	18,565	20,415	17,141
Av Spend per night ($)												
Domestic day	-	-	-	-	-	-	-	-	-	-	-	-
Domestic overnight	168	137	149	153	142	150	262	262	274	259	295	270
International	78	75	81	77	82	79	99	104	114	117	119	111
Total	143	126	143	136	127	135	167	165	175	174	186	173
Av spend per visitor ($)												
Domestic day	69	70	89	79	63	74	109	107	104	109	106	107
Domestic overnight	557	516	397	486	419	475	720	708	718	716	791	731
International	2,087	2,020	2,240	2,017	1,772	2,027	2,084	2,239	2,356	2,384	2,380	2,289
Total	222	264	248	267	246	249	463	509	517	545	557	518

Created on Friday, 22 March 2019

Learnings from the Current Visitation Data

Analysis of the visitation data highlights some of the more significant trends, opportunities or challenges:

- Visiting Friends and Relatives (VFR) is a significant market for the Northern Beaches across both domestic and international markets. This is a stronger market relative to the NSW average although the average stay is lower. It represents an opportunity to strengthen the offer nd increase the yield from VFR.

- The Northern Beaches international holiday market is relatively lower than the NSW five-year average. However, the average number of international holiday nights is relatively higher showing that those who do stay have a preference for the area.

- There is a high number of day visitors from both domestic and international markets suggesting that Northern Beaches could be doing more to attract visitors to stay overnight, particularly for domestic visitors, who have comparatively low overnight stays.

- Business travel, especially for international markets is relatively lower than the NSW average. This represents an opportunity to identify strategies to activate the business travel market such as through boutique business events and conferences.

What are the Visitor Expenditure Trends Forecast for the Northern Beaches?

In 2013, Deloitte Access Economics undertook the most comprehensive forecasting for the Australian economy, which was published in the report *Positioning for Prosperity*. The report identified the industry sectors expected to grow significantly faster than global gross domestic product (GGDP) over the next 20 years. Tourism has been identified as being the second fastest growing industry in Australia behind gas and is predicted to grow more than 10% faster than GGDP.

Sydney continues to experience growth in the number of visitors, nights and total expenditure. Over the period from the end of December 2010-December 2018[2], Sydney (representing Greater Sydney, including the Northern Beaches) experienced:

- 34.6% increase in the total number of visitors, including a 9.8% increase since the end of December 2017

- 77% increase in total visitor expenditure, including a 12.4% increase since the end of December 2017

A key observation is that Sydney continues to be an increasingly popular destination for both domestic and international markets. Further, given Sydney is the number one gateway city to Australia for the international visitor, the Northern Beaches is well positioned to take advantage of this growth to strengthen the region's visitor economy.

The research also provides insights into changes to the purpose for travel over recent years, including:

- Strong growth in the Sydney holiday market

- Small visitor growth with a strong increase in the length of stay for visiting friends and relatives market

- Strong growth in business travel with a relatively longer average length of stay.

[2] Source: https://www.destinationnsw.com.au/tourism/facts-and-figures/sydney-tourism-statistics

Conservative Forecast for Visitor Experience Growth

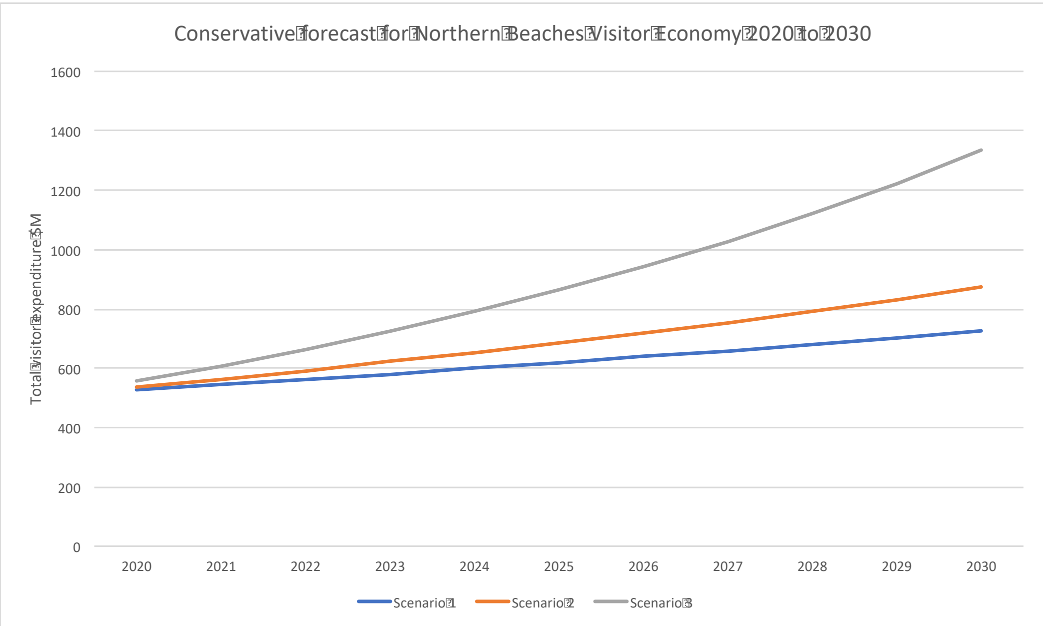
In order to understand the projected growth of the visitor economy, three conservative scenarios have been developed. These scenarios will change depending on the implementation of specific strategies, such as targeting high-yield markets (including special-interest markets, for example nature-based tourism) or adopting a stronger focus on attracting international markets and/or domestic overnight visitors.

The three base-case scenarios are all applied to the **total visitor expenditure** for the Northern Beaches LGA for the year ending September 2018 (source: Tourism Research Australia (TRA) shown in Figure 4), which includes domestic day, domestic overnight and international visitors. The three scenarios presented below are:

1. No change to the current average annual growth rate in visitor expenditure for the Northern Beaches (3.24% based on the TRA data for total expenditure September 2010-September 2018)
2. Small improvement in visitor expenditure through achieving the Australian average annual growth rate (5% based on TRA data 2010-2017 inclusive)
3. Competitive improvement in visitor expenditure, through applying the average annual growth rate for Greater Sydney (9.12% based on the TRA data for total expenditure September 2010-September 2018).

While this analysis is not comprehensive, it provides a high-level insight into the economic benefits derived from a more strategic approach to growing a sustainable visitor economy. The results of this analysis are represented in the following graph:

Figure 4: Visitor Economy Forecast (Source: Destination Marketing Store based on TRA data)



Insights: Opportunities to Grow Visitor Spend

- Increase average spend by visitors to the Northern Beaches to be in line with the Sydney average.
- Develop higher-yield experiences and products that attract different markets and increase spend from those already visiting, including VFR. While this approach may result in fewer visitors, it would contribute to strengthening the contribution to the LGA's visitor economy.
- Strengthen the experience offer and appeal of the Northern Beaches for nature-based tourism, creativity and the arts, and support an increase in boutique accommodation.
- Target the affluent over 55 market, both domestic and international, to improve the economic growth potential for the LGA's visitor economy.

A more comprehensive forecast projection for the Northern Beaches visitor economy will be included in the draft DMP based on these insights and the local community and industry's interest in growing tourism.

Collaboration and partnerships

An important opportunity to be considered in the DMP is strengthening collaboration and building new partnerships between Council, community, businesses and other organisations with a vested interest in the future of the Northern Beaches. This includes agencies of both the NSW and Commonwealth Governments, such as the NSW National Parks and Wildlife Service (NPWS) and Sydney Harbour Federation Trust (SHFT).