



**Accommodation  
Association  
of Australia**

**New Tourism Strategic Plan –**  
**Northern Territory**

**Submission of Accommodation Association**  
**of Australia, 2012**

## EXECUTIVE SUMMARY

- Without it being overly detrimental to existing tourism accommodation businesses, the Accommodation Association of Australia is supportive of the NT's new tourism strategic plan containing measures to assist with stimulating the development of new premium tourism accommodation businesses which target high-end leisure visitors through incentives including payroll tax relief and land tax relief.
- The NT's new tourism strategic plan should outline strategies for establishing relocation and training incentives to assist with the task of convincing people to relocate to the NT to fill vacant positions in designated tourism businesses.
- The NT's new tourism strategic plan should specifically state that, where possible, the level of Territory Government funding for tourism marketing should increase annually by no less than the cost of living, as dictated by the consumer price index.
- The new tourism strategic plan should articulate that the NT has an ongoing commitment to attracting lucrative and high-yielding new major events to the Territory.
- Adequate resources must be made available to the NT Convention Bureau to attract business events, a point which must be articulated in the new tourism strategic plan.
- The NT should develop a formal digital strategy support mechanism for tourism businesses to promote take-up and utilisation of the National Broadband Network to enhance existing marketing activities being undertaken by accommodation businesses.

## INTRODUCTION

1. The Accommodation Association of Australia welcomes the opportunity to put forward the following formal submission to be considered as part of the development of a new tourism strategic plan for the Northern Territory.

## ABOUT THE ACCOMMODATION ASSOCIATION

2. The Accommodation Association of Australia (the Accommodation Association) is the national industry body for the Australian accommodation industry.
3. Members of the Accommodation Association include major hotels, resorts, motels, motor inns, serviced and holiday apartments, bed and breakfasts, guesthouses, backpackers and timeshare establishments in metropolitan, regional and rural Australia across all states and territories.
4. The Association's membership base includes almost 2000 properties and more than 110,000 guest rooms.
5. The Association's members include major hotel chains, including Accor Hotels, Mirvac Hotels and Resorts, Hilton Hotels, Toga Hospitality, Mantra Group, Rydges Hotels, Amora Hotels, InterContinental Hotels Group, 8Hotels and Quest Serviced Apartments.
6. In the NT, members of the Association include Crowne Plaza Darwin and Alice Springs, Holiday Inn Esplanade Darwin, Holiday Inn Darwin and Holiday Inn Gagudju Crocodile, Mantra Pandanas and Mantra on the Esplanade, Hotel Novotel Darwin Atrium and Vibe Hotel Darwin Waterfront.

## TOURISM AND ACCOMMODATION – OVERVIEW

7. Tourism contributes \$34 billion to Australia's gross domestic product (GDP), a 2.6 per cent share.<sup>1</sup>
8. Around 500,000 Australians are employed in the Australian tourism industry – 4.5 per cent of total employment.<sup>2</sup>
9. Employment within Australia's accommodation sector is 109,945.<sup>3</sup>
10. Employment within the accommodation sector in the NT is 3258.<sup>4</sup>
11. Tourism is Australia's leading services export and it is the sixth-largest total export earner.<sup>5</sup>

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<sup>1</sup> Tourism Industry Facts & Figures (at a glance), Department of Resources, Energy and Tourism/Tourism Research Australia, May 2011, Page 44

<sup>2</sup> Ibid, Page 44

<sup>3</sup> Tourism Accommodation – Australia, September Quarter 2011, Australian Bureau of Statistics

<sup>4</sup> Ibid

<sup>5</sup> Tourism Industry Facts & Figures (at a glance), Department of Resources, Energy and Tourism/Tourism Research Australia, May 2011, Page 45

12. Tourism contributes \$23 billion or 9 per cent of Australia’s total export earnings for all goods and services.<sup>6</sup>
13. There are 4279 tourism accommodation establishments in Australia.<sup>7</sup>
14. There are 227,320 tourism accommodation rooms within Australia and 640,454 bed spaces.<sup>8</sup>
15. There are 95 tourism accommodation establishments in the NT.<sup>9</sup>
16. There are 7199 tourism accommodation rooms within the NT and 20,451 bed spaces.<sup>10</sup>
17. Tourism’s share of the Australian economy has been declining.
18. The number of domestic overnight trips taken by Australians has fallen by 1.1 per cent on average each year over the period 2001-2010.<sup>11</sup>
19. The total number of domestic visitor nights fell by 1.2 per cent on average each year between 2001-2010.<sup>12</sup>
20. Tourism has a number of unique characteristics in comparison to other industries. These include:
  - It is highly labour intensive;
  - It requires the input of many service providers into a single “product” to the end consumer;
  - It is dominated by a significant number of small businesses;
  - Tourism competes against all other discretionary expenditures for the “hearts and minds” expenditure of the consumer; and
  - Tourism businesses operate in a highly complex environment requiring significant compliance skills and costs.

## **CURRENT STATE OF NT ACCOMMODATION MARKET**

21. In general terms, the accommodation industry in the NT has demonstrated relatively solid performance and by extension, solid returns for operators and investors.
22. According to latest Australian Bureau of statistics figures – for the September quarter of 2011 – room occupancy within tourism accommodation businesses in the NT was 74.6 per cent.<sup>13</sup>
23. This is the second-highest occupancy rate of any Australian State or Territory (the ACT is the highest at 77.0 per cent), while it is also almost 8 per cent higher than Australia-wide occupancy (66.8 per cent).

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<sup>6</sup> Ibid, Page 45

<sup>7</sup> Ibid, Page 55

<sup>8</sup> Ibid, Page 55

<sup>9</sup> Tourism Accommodation – Australia, September Quarter 2011, Australian Bureau of Statistics

<sup>10</sup> Ibid, Page 55

<sup>11</sup> Tourism Industry Facts & Figures (at a glance), Department of Resources, Energy and Tourism/Tourism Research Australia, May 2011, Page 26

<sup>12</sup> Ibid, Page 26

<sup>13</sup> Tourism Accommodation – Australia, September Quarter 2011, Australian Bureau of Statistics

24. Occupancy (and revenue per available room) in tourism accommodation businesses in the NT benefits from the NT's unconventional aviation schedules where many flights land in the early hours of the morning, meaning in some instances, rooms can be sold more than once during a 24-hour period.
25. As identified in the "Towards 2020" Discussion Paper, a major challenge for the industry in the NT is to promote investment and refurbishment in accommodation product.

## **NEW TOURISM ACCOMMODATION DEVELOPMENT**

26. Tourism Australia's "2020 Tourism Industry Potential", which was publicly released in November 2010, outlined an ambitious set of goals to promote long-term, sustainable growth of Australia's tourism industry.
27. For industry, realising this potential, according to Tourism Australia, would:
  - Double overnight expenditure from \$70 billion in 2009 to as high as \$140 billion in 2020;
  - Increase tourism's contribution to GDP to up to 3 per cent in 2020; and
  - Increase tax revenues from tourism from \$9.3 billion in 2009 to as high as \$14.5 billion in 2020.
28. To achieve the goals in the 2020 Tourism Industry Potential, Tourism Australia estimates between 40,000-70,000 new accommodation rooms will be needed in Australia (at occupancy rates of 75 per cent). These new rooms will be needed mainly in capital cities, with improvements on quality, rather than quantity being the focus for regional Australia.
29. It is critical that any increases in room inventory are not overly detrimental to existing tourism accommodation businesses.
30. For visitor numbers and, by extension, tourism in the NT to grow, investment in existing and new tourism accommodation businesses is essential, with the Accommodation Association advocating a focus on premium products which target high-end leisure visitors.
31. The Ayers Rock Resort, which was taken over by the Indigenous Land Council in 2011, is one such example.
32. The NT's new tourism strategic plan should signal incentives to stimulate the development of new premium tourism accommodation businesses. This would enhance the chances of developments similar to Emirates Wolgan Valley Resort & Spa (NSW) and Southern Ocean Lodge (SA) being undertaken in the NT.
33. Such incentives could include payroll tax relief, land tax relief and floor-space ratio (FSR) bonuses.

## **LABOUR/SKILLS**

34. Attracting skilled and unskilled workers is an ongoing struggle for operators of tourism accommodation businesses in the NT, particularly in regional and remote parts of the Territory.
35. This task has been made even tougher by the high demand for labour within the resources sector, notably in neighbouring WA and Queensland.
36. In order to preserve high levels of service in the accommodation industry, it is vital for operators to be able to readily access adequate levels of skilled and unskilled labour.
37. The NT's new tourism strategic plan should outline initiatives to assist with the task of convincing people to relocate to the NT to fill vacant positions in designated tourism businesses from both interstate and overseas.
38. Incentives could include relocation assistance and assistance with funding training programs.
39. It is the submission of the Accommodation Association that the NT should also have a formal policy of advocating to the Federal Government for changes to visas to enable more overseas workers to fill such vacant positions.

## **TOURISM MARKETING**

40. Tourism marketing underpins the accommodation industry in the NT.
41. There is a direct relationship between the number of visitors to the NT and the investment in marketing initiatives by the NT Government through Tourism NT and other trade-related NT government agencies.
42. It is the submission of the Accommodation Association that the NT's new tourism strategic plan should specifically state that, where possible, the level of Territory Government funding for tourism marketing should increase annually by no less than the cost of living, as dictated by increases in the consumer price index.
43. Without such a guarantee, the state of the tourism industry and, by extension, the accommodation sector will decline.
44. As an exponential number of potential visitors and visitors alike are making their travel decisions based on research they do over the internet, there should a strong focus on marketing through digital channels. Further information about the Accommodation Association's position on this important distribution channel is contained in the section below titled "Digital Support".
45. There should also be a major emphasis on attempting to increase the number of airlines that fly to and from the NT, as well as the number of seats on aircraft that already fly to and from the NT, i.e. an aviation development fund.

## **MAJOR EVENTS**

46. In 2012, attracting major events is a fierce contest between Australian states/territories and indeed between Australian states/territories and other countries within the Asia-Pacific region and around the world.
47. For the past 15 years, Victoria has led the way in attracting major events to Australia (e.g. 2006 Commonwealth Games), but other jurisdictions, such as SA (Tour Down Under cycling race), have also shown a strong commitment to major events. The NSW State Government is demonstrating an aggressive intent to entice more major events too.
48. Traditionally, the NT hasn't had the same emphasis on events and there is scope for growth within this important driver of tourism dollars.
49. The new tourism strategic plan should contain a strategy for attracting lucrative and high-yielding (new) major events to the NT.

## **BUSINESS EVENTS**

50. Marketing of business events destinations within the NT – through the Northern Territory Convention Bureau and other channels – is critical to attracting meetings and conventions.
51. While a significant proportion of visitors to the NT are leisure tourists, business tourism – or travel for work purposes – continues to be a major driver of business for the accommodation industry in the Territory.
52. This reliance on business tourism includes the MICE (meetings, incentives, conventions, events) sector.
53. Competition between states/territories and other countries across Asia-Pacific for major conventions and conferences is intense.
54. For the NT to be able to effectively compete for this business on a regular basis, adequate resources must be made available to the NT Convention Bureau and this should be articulated in the new tourism strategic plan.

## **DIGITAL SUPPORT**

55. The internet is a principal driver of business for Australia's accommodation industry.
56. Even consumers who do not use the internet to book accommodation utilise it as a research tool to assist them with making decisions about where they would like to stay.
57. In comparison to five years ago, the increase in the number of accommodation businesses which have an online presence (website or similar) has been exponential to the point where in 2012, up to 80 per cent of accommodation businesses now have such a presence.
58. Despite this, the functionality of the online presence of accommodation businesses is continuing to hold the industry back.
59. Specifically, many do not offer consumers the ability to book their accommodation directly through the website of the accommodation business.

60. To assist with overcoming this deficiency, to promote take-up and utilisation of the National Broadband Network and to enhance existing marketing activities being undertaken by accommodation businesses, the NT Government should adopt a formal digital strategy support mechanism for tourism businesses as part of the new tourism strategic plan.

## **CONCLUSION**

61. The Accommodation Association looks forward to further engagement with Tourism NT and the NT Government on these important policy issues for the accommodation industry and tourism more broadly.

Date: 16 March 2012