

## MEDIA RELEASE

### **New report highlights underperformance of regional NSW tourism accommodation** Tourism Accommodation Australia report calls on greater stimulus for regional NSW tourism

12 November 2014: A new research report undertaken by **Tourism Accommodation Australia (TAA) NSW** reveals that many regional accommodation operators have been struggling in recent years, and have the potential to slip back even further if the Government ignores the need for significant investment in regional tourism and infrastructure.

The report – ***Addressing the poor performance of the Accommodation sector in regional NSW*** – shows that regional NSW’s share of the State’s visitor nights has fallen to 45% in 2012-13 (from a traditional base of around 50%) and is predicted to decline to 40.2% by 2022-23.

The poor performance of NSW regional operators is in stark contrast to most city hoteliers, and will make the NSW Government’s 2020 objective of doubling the State’s overnight visitor expenditure very challenging unless the issues impacting regional NSW are addressed.

Six in ten visitors to regional NSW are domestic day trippers, which means NSW is not maximising regional visitor expenditure. The NSW situation reflects a **national trend towards declining regional performances**. Regional Australia used to make up 61.2% of all tourist visits in 2005-06, but that slipped to around 60% in 2012-13, while visitor nights (accommodation stays) in regional Australia has declined from 50.5% to 48.1% over the same period.

Commenting on the new research report, (Interim) CEO of TAA, Carol Giuseppi, said that overnight visitor expenditure in regional NSW had been in decline even before the GFC, with hotel, motel and other accommodation affected by the increasing attractiveness and affordability of overseas destinations, the lack of perceived reasons to visit regional destinations, poor infrastructure and a reduction in business events.

“The NSW Government adopted a goal of doubling overnight visitor expenditure from \$18.3 billion in 2009 to \$36.6 billion in 2020, but this target is rapidly getting out of reach, because half of the expenditure has historically come from regional NSW, a market which is expected to decline steadily without serious remedial action,” said Ms Giuseppi.

“There is a need to attract more overnight visitors to regional NSW. More infrastructure projects are required, day trips need to be converted into overnight stays, more major events need to be developed, and visitors need to be encouraged to stay longer. While many destinations enjoy strong weekend occupancies, the decline in business-related travel has particularly affected mid-week trading in many centres.

“Investment in regional destinations will be essential if NSW is to reach the 2020 tourism targets, and – even more importantly – help grow employment, which is now beginning to feel the impact of the mining sector slowdown.”

Ms Giuseppi said that the tourism sector had welcomed the NSW Government's new \$110 million Regional Tourism Infrastructure Fund but the projects had not yet been defined.

"In 2012 The NSW Government established the Visitor Economy Taskforce which produced a report aimed at doubling overnight visitor expenditure to NSW by 2020," said Ms Giuseppi. "The Taskforce committed to developing a NSW Regional Business Events Strategy in its first year. It is now year two and the industry has still not seen the Regional Business Events Strategy."

"There is limited scope for most regional operators to reduce costs further, given the continuing high level of employment-related costs, so the aim must be to generate increased demand through greater investment in infrastructure development, marketing and events in regional areas."

Ms Giuseppi said that regional tourism required a far more comprehensive strategy built around addressing three major challenges:

- **Improving the Reason to Visit:** Identifying and investing in tourism infrastructure is the major priority.
- **Diversifying the Visitor Profile:** NSW needs to follow the lead of States such as Victoria and Queensland and re-establish a Regional Business Events Fund, supported by a mix of state and industry funding, to grow the market share of business events in regional NSW for regions within 2 hours of Sydney.
- **Addressing Barriers to investment.** Greater co-ordination is required between State and local government planning authorities to ensure barriers to growth in tourism investment – such as excessive red tape – are minimised. Consistent and reliable data in the regions is an absolute priority for potential investors, and TAA recommends that Destination NSW invests in improved data collection initiatives to support tourism sector development.

"Governments need the regional tourism and hospitality sector to thrive to ensure that employment opportunities grow and local economies flourish, but at the moment there is a serious gap between intent and delivery" said Ms Giuseppi.

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