Victoria Tourism Industry Council

Submission

to the

Regional Telecommunications Independent Review Committee

July 2015

22 July 2015

Secretariat
Regional Telecommunications Review Secretariat
Department of Communications
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Dear Regional Telecommunications Independent Review Committee,

The Victoria Tourism Industry Council (VTIC) welcomes the opportunity to provide a submission to the Regional Telecommunications Review.

This Review is of great relevance and significance to tourism in Victoria as regional tourism businesses are hugely reliant on telecommunications to access intrastate, interstate and international markets and to be able to build and deliver visitor experiences to meet and exceed the expectations of markets.

Regional Tourism is a key growth sector in Victoria and contributed $10.9 billion and over 107,000 jobs to the regional economy in 2012-13. It also makes a significant contribution in terms of exports earnings, geographic dispersal of wealth, infrastructure investment, social cohesion, pride in 'brand Victoria' and Victoria's confidence as a progressive and desirable place to visit, work or live.

In acknowledging that regional tourism businesses are an essential component of the tourism and events sector, then it is important to understand that even attractions, accommodation and services in rural, mountainous, rugged and lower population areas of the state play a role in attracting visitors to the State and outside of the metropolitan area and encourage visitors to stay longer and spend more.

It is our hope and expectation that this review will lead to positive improvements in regional telecommunications which will in turn deliver economic growth and jobs in the sector and for the whole state of Victoria. This review should result in improved efficiency and quality of business and experiences that are valued by visitors as part of a world class destination, which can attract repeat visitation and provide a platform for further regional growth and prosperity.

Thank you for your consideration of our submission.

Yours sincerely,

Dianne Smith
Chief Executive

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Introduction

The Victoria Tourism Industry Council (VTIC) is pleased to have the opportunity to contribute a submission to the Regional Telecommunications Review process. We are the peak tourism industry body in the state representing over 400 regional members. The majority of our members are private sector businesses; however, it is worth noting that all Regional Tourism Boards (RTBs) and 41 local governments are also members of VTIC.

The Victorian government recognises the visitor economy as a key driver of regional employment and economic development for regional Victoria. Tourism is a significant industry for regional Victoria. It generated $10.9 billion[1] to the regional economy and over 107,000 jobs (7% of total Victorian jobs) in 2012-13 (including both direct and indirect impacts). Employment generated by tourism in Regional Victoria has increased at an average annual rate of 3.0 per cent from 2006-07 to 2012-2013

Regional Victoria is more reliant on tourism than Melbourne, contributing 13.2 per cent of total Gross Regional Product (GRP) and 12.7 per cent of employment, compared to 3.3 per cent and 4.6 per cent respectively for Melbourne.

Tourism has strong links to other sectors in the economy and has helped fuel investment in new infrastructure and attractions in regional Victoria. It also provides opportunities for regional areas to diversify their economies and generate new employment prospects that utilise a broad range of skills. In fact, over half of all domestic tourism expenditure in the State occurs in regional areas.

The Victorian visitor economy competes not only for share of market (domestic and international) but also share of wallet. Leisure travel in particular is entirely discretionary. The slowing in the rate of growth of the national economy, together with low consumer confidence, will place further pressure on discretionary spending.

As a destination, Victoria must present a compelling and high quality value proposition that is delivered as an excellent and memorable experience**. Telecommunications at all stages of the visitor planning, buying, travelling and reviewing process is critical to the successful delivery of this experience – both to gain share of the potential global visitor market and share of the potential global visitor wallet.**

VTIC acknowledges that the review is particularly interested in:

- the pattern of demand for new data services in regional Australia;
- areas where the most significant challenges are faced, or are likely to occur, in the provision of relevant infrastructure; and most importantly,
- what can be done to improve access to services to target the services that are needed most.

By virtue of VTIC's membership and areas of expertise, this submission will focus primarily on the tourism and events industries. **Although VTIC has included case study examples from specific businesses in this submission, the challenges that these businesses are facing, are representative of similar challenges faced by many other businesses across regional and rural Victoria, where sufficient telecommunications currently do not exist.**

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[1] Victorian Regional Tourism Satellite Accounts 2012-13, Tourism Victoria

Chapter 1: Demand for Telecommunications in the Victorian Tourism Sector

The impact of online and mobile technology on consumer and traveller behaviour globally is undeniable and ever-present and has changed the tourism industry radically. Time is currency in this culture of immediacy. Google reports that travellers spend an average of 55 minutes to book a hotel and flights; they visit 17 websites and click four different search ads per travel search and 90% of these travellers use more than one device during the booking process.[2]

2014 saw the highest number of online travel bookings ever, reaching 148.3 million, with 65% of same day hotel reservations made via a smartphone[3]. This growth is enabled by confidence in mobile technology, mainstreaming high-spec devices and real time pricing capabilities. But as audiences become accustomed to online booking and information, they also become increasingly demanding of the service.

Recent statistics from Victoria's destination website visitvictoria.com showed that visitors and potential visitors are increasingly using mobile devices to access information about the destination, as demonstrated in the slide below.
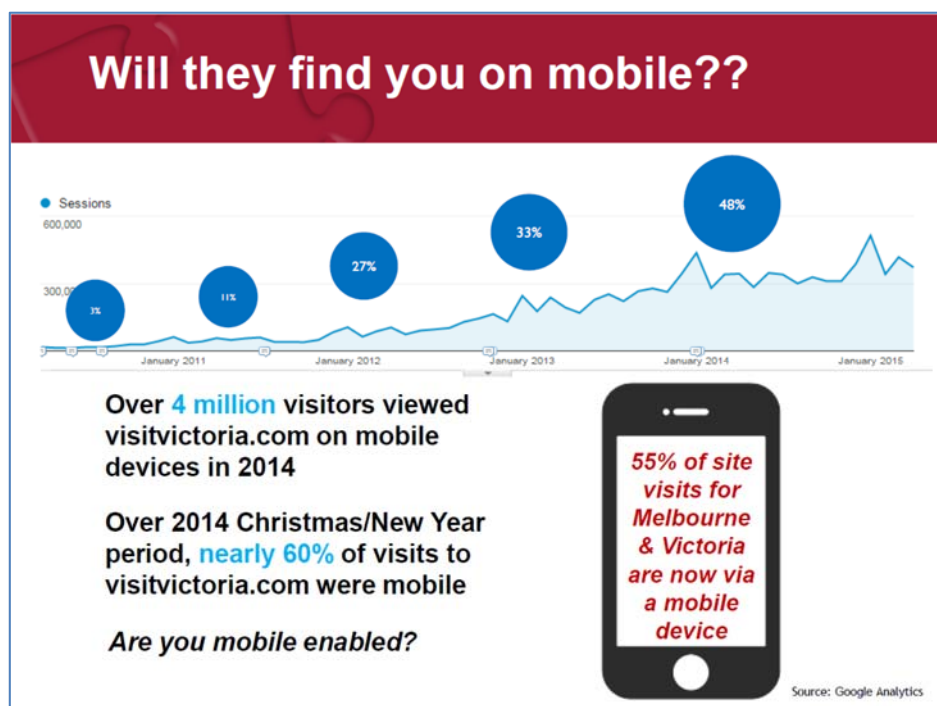
Source: Tourism Victoria, Victorian Tourism Conference July 2015

Mobiles are being used prior to arriving at the destination, whilst at the destination and after leaving the destination, to tell friends about their trip.

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[2] The 2013 Traveller, Google Think
[3] eMarketer Survey, September 2014

Australian Online Travel Agents and Distribution Websites are receiving enormous growth in traffic with TripAdvisor and Booking.com websites combined, receiving over **64 million visits in the first quarter of 2015.** Therefore online travel websites have revolutionised how travellers obtain information on and book Australian travel.

National Hitwise Data	Q1 JAN-MAR 2015
• #1 TripAdvisor	40,143,693
• #2 Booking.com	24,395,054
• #3 Webjet Australia	17,720,818
• #4 Wotif.com	12,534,902
• #5 Expedia	12,282,848
• #6 Airbnb Australia	8,938,238
• #7 Flight Centre	8,807,672
• #8 Stayz	8,643,248
• #9 Agoda.com	8,130,590
• #10 Hotels.com	7,819,398

Source: Experian Hitwise Australia, 2015

If Regional Tourism Businesses and their clients cannot consistently access these types of channels, they will lose business to both their metropolitan and global counterparts.

Regional tourism businesses are not keeping up with metropolitan counterparts in the adoption and use of these capabilities because of the frustrations of slow and inconsistent access to networks, which make it difficult to adopt timely and professional business practices and deliver efficient service to customers. Potential business and the chance to contribute to the economic growth of the region is either unable to be tapped into; lost upon enquiry into the internet access available; or results in low levels of satisfaction and repeat visits. As a result, the potential to create jobs in this growth sector is thwarted.

Tourism Region Submission

"Insufficient Digital and Mobile coverage and accessible bandwidth in the Grampians Tourism region is a key barrier to the realisation of a number of Regional Priority Opportunities (RPO) and Significant Opportunity (SO) projects as identified via the Grampians Tourism Destination Plan and Investment Roadmap (2014).

It also equates to a direct economic impact to industry efficiency and visitor dispersal.

Analysis recognises the provision of services to the Grampians region is critical to the future economic sustainability of our communities. Increasing reliance on telecommunications in tourism, agriculture and emergency management puts the Grampians region at a competitive disadvantage due to poor access and lack of competition in the provision of the necessary telecommunications services."

Grampians Tourism Board

Q1. Do people in regional Australia believe their reliance on telecommunications differs from those in urban areas? How does it differ and can you provide examples?

The tourism sector in regional Victoria believes their reliance on telecommunications is much greater than those in urban areas due to a number of economic prosperity, market access, and safety reasons.

Regional Victoria has a greater reliance on the tourism sector than Melbourne, contributing 13.2 per cent of total GRP and 12.7 per cent of employment compared with 3.3 per cent of GRP and 4.6 per cent of employment contribution in Melbourne as highlighted in the chart below.

Total contribution of tourism to the economy by region of Victoria 2012-13
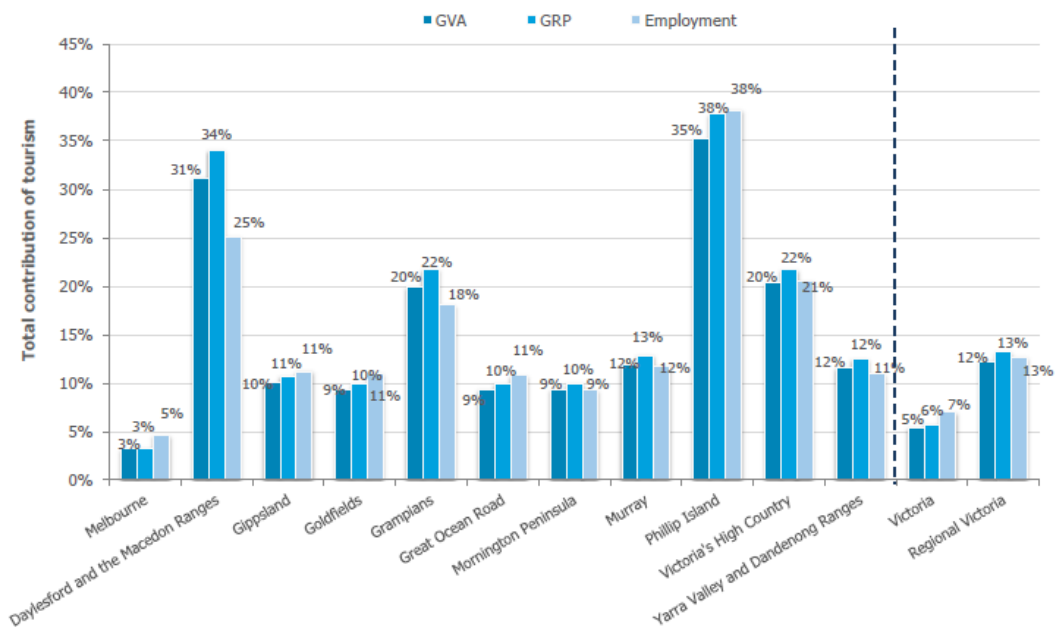
Source: Value of Tourism to Victoria's Regions 2012-13 Factsheet, Tourism Victoria

Tourism businesses in regional Victoria depend on geographically diverse markets including other regions in Victoria, interstate and international markets and importantly, the large metropolitan Melbourne population, from which to attract visitors. They therefore rely heavily on telecommunications to access these markets via websites such as Booking.com and other online travel agents, review sites such as TripAdvisor, mobile apps, email and social media.

Tourism businesses also rely on these telecommunications tools to communicate with distributors of fresh produce and other supplies required for catering to visitation demand. In urban areas these suppliers are likely to be local and it is easy to make regular trips to markets, supermarkets and warehouse outlets but regional tourism businesses often need to order these items often from suppliers far away from their business.

Chapter 2: How are telecommunications services in regional, rural and remote Australia delivered?

Re Fixed and Mobile Networks:

Q 2. Describe your current connection and whether it is meeting your expectations (particularly those users already connected to an NBN network service)

There are large areas of regional Victoria which are not currently serviced by the NBN. However, even many of the businesses that are connected, are expressing frustration because the satellite capability is having negative impacts due to the limited capacity and ability to stream sufficient data.

The provision of acceptable broadband services (both speed and stability) across both fixed and mobile infrastructure remains well below standard business expectations and is significantly below metropolitan counterparts.

Tourism Business Submission

"Currently it is absolutely terrible and completely inadequate. We were promised a mobile tower after the fires - that would have fixed our problems. Forget NBN just get us a mobile tower."

Lodge in Brimpaen, Grampians region

The tourism industry across regional Victoria requires telecommunications infrastructure that provides sufficient bandwidth at peak load times. For example, the case studies over-page highlight the problems and lost income experienced by businesses and ultimately the regional economies of these areas when trying to hold significant regional events in their local areas. These are well populated areas within regional Victoria and these events attract large and vital visitation and economic benefits to the community.

Case Studies

Rutherglen

"During key long weekend and peak event periods the area has a significant bandwidth issue. Winery Walkabout weekend attracts 12,500 people. There is little to no mobile connectivity during this weekend. Traders using EFTPOS facilities linked via mobile data are unable to sell wine/merchandise to these attendees."

Beechworth and Bright

"Busy weekends like Easter the town has a total loss of mobile connectivity enabled EFTPOS/credit card facility use due to bandwidth issues. Traders are unable to transact across most of this busy period unless with cash. Cafes can't sell coffee/food etc. The ATMs run out of cash."

King Valley

"During key long weekend and peak event periods the area has a significant bandwidth issue. La Dolce Vita and Weekend Fit for a King event weekends are the key issues. There is little to no mobile connectivity during this weekend. Traders using EFTPOS facilities linked via mobile data are unable to sell wine/merchandise to these attendees."

Tourism North East

As part of Victoria's events strategy, we have identified regional events as having the potential to contribute significantly to regional areas in terms of attracting visitors from other areas, interstate and in some instances overseas and not having the infrastructure to be able to process transactions of local food, wine, products, art and craft presents an enormous magnitude of missed opportunity across the state.

Case Study – Event - Grampians Grape Escape

"The Grampians Grape Escape (GGE) is the Hallmark food and wine festival for the Grampians Tourism Region. The GGE is one of Australia's longest running food and wine festivals. Held annually in May, the festival showcases the Grampians region's rich and complex food and wine product.

More than 40% of festival patrons originate from the Melbourne metro area. Online tourism information and social media is the most important tool for informing their travel decisions.

The festival brings thousands of visitors to Halls Gap and Telstra's existing infrastructure is unable to cope with the extra demand. Temporary ATM and EFT facilities cannot maintain 3G connections resulting in lost sales and unhappy customers. And social media slows to a crawl, making it difficult to get our message out.

45% of Vendors at the event reported a loss of mobile EFTPOS facilities on the weekend. Businesses within Halls Gap also reported a loss of mobile connectivity due to the congestion as well."

Grampians Tourism Board

Q 3. Having regard to the technical solution likely to be used in your area, do you have views on the adequacy of that solution in terms of meeting needs now and into the future?

The international and domestic visitation data for Victoria for the year ending December 2014 and year ending March 2015 respectively, shows growth in overnight visitor numbers and expenditure.[4] However, what is notable in this data is the difference in expenditure in Melbourne compared with regional Victoria, both for international and for domestic visitors.

Although international expenditure in regional Victoria showed strong growth to reach record levels in the year ending December 2014 (+22.3% to $375 million), this figure is only a fraction of the international expenditure recorded in Melbourne for the same period (+3.8% to $4.6 billion).

Domestic overnight expenditure in Melbourne increased 15.4% to $6.5 billion for the year ending March 2015, from 7.5 million domestic overnight visitors. In comparison, regional Victoria experienced a 4.2% increase to $4.9 billion for the same time period from 13.0 million domestic overnight visitors. The difference here is in the number of interstate overnight visitors visiting Melbourne is much higher than the number visiting regional Victoria.

If Regional Victoria is to realise the growth potential of (particularly) interstate and international tourism expenditure it needs to be able to promote and book its experiences, attractions and businesses to potential interstate and international markets with the same speed, capacity and reliability of digital infrastructure (fixed and wireless) that Melbourne businesses have access to.

Tourism Business Submission

"We miss out on bookings due to a time lapse because people want answers in real time not an hour/half day later. People want to know if they can do a quad bike tour in half an hour, sometimes we don't get the message until it is too late."

Lodge in Brimpaen, Grampians region

A combination of fixed and wireless infrastructure will be important to support both business websites, email, social media and skype for teleconferencing, as well as visitor access to these tools while on their travels. Visitors having access to mobile reception is important, to encourage them to stay longer and spend more, contributing to the economic growth of the regional area.

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[4] International Visitor Survey and National Visitor Survey data for the year ending December 2014, provided by Tourism Victoria and Tourism Research Australia. http://www.tourism.vic.gov.au/research/international-research/international-visitation.html

Q 4. Irrespective of the adequacy of your local access, are there issues with backhaul or long distance carriage that impacts on your use of telecommunications services?

Many tourist attractions and accommodation establishments in Victoria are situated in more remote or mountainous areas due to the picturesque qualities of these areas. International, interstate and intrastate tourists alike are driven to visit destinations because of these features. This means that even if a connection is accessed there are many, many business owners who report lack of bandwidth and poor strength of signal due to long distance carriage that completely disrupts business operations. This results in poor customer satisfaction and lost business.

> **Tourism Business Submission**
>
> *"Delegates can only get broadband access from one room. This limits the satisfaction of existing customers as well as missing out on potential business. Every enquiry coming in asks whether we have reliable broadband. With 20 delegates the bandwidth cuts out.*
>
> *Therefore we would miss around 50% of the conference enquiries who are very keen to come, including Government contracts. We can't purchase more data as it's a bandwidth issue – there isn't enough flow to the property. The solution is to upgrade towers to increase mobile access and bandwidth."*
>
> Conference Venue, Strath Creek

Q 5. For users living in areas without mobile coverage, what priorities, other than specific locations, do you consider should be recognised in future efforts to improve coverage?

The industries that offer the potential for growth in regional areas and the business requirements within these industries. **From a regional tourism perspective, overnight tourism expenditure (including both domestic and international) has the potential to contribute \$7.0 billion by 2020.[5]**

Tourism being one of the primary growth areas for regional areas if attractions, accommodation establishments, and other businesses focused on growing the visitor economy in regional areas (i.e. Regional Tourism Boards and Local Tourism Associations), have sufficient telecommunications technologies for them to be able to service the sector to a high standard.

Areas with high visitation at peak times in summer and during regional events that are delivering high economic impact for their regional economies.

Also the areas of high fire risk should be recognised, such as mountainous areas, including the Grampians, the High Country and Alpine regions. These areas are also highlighted as priority areas in Tourism Victoria's Nature Based Tourism Strategy 2008-2012 as they are key natural attraction drawcards for visitors to the state.

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[5] Source: Modelling undertaken for Tourism Victoria by Deloitte Access Economics, 2012

Q 7. Do you have any views on co-investment approaches that might help to improve the broadband technology outcome in your area?

Many operators express an interest in co-investing in technology but want to be assured that this investment will result in a high quality service that allows them to be responsive and deliver professional service to customers to be able to reach their potential as a business.

Tourism Business Submission

"We currently have a wireless internet connection over a mobile network (with Bigpond) with an antenna on the roof to help with the signal. We were encouraged to choose this as we were told it would be better than the satellite connection we had previously. It definitely does not meet expectations as on rainy/cloudy/stormy days I can't even log on to do internet banking.

If I knew that we could get something better I would upgrade, however so far we have just wasted money on something that most urban people would think is not much better than the old dial up."

Lodge in Brimpaen, Grampians region

Chapter 3: How are services being used in regional, rural and remote Australia?

Tourism Businesses

Accommodation providers, attractions and tour operators are just some of the individual types of tourism businesses that use telecommunications for online bookings, mobile phone bookings, website updates, social media and internet banking to attract visitors to their product and to manage their business on an ongoing basis.

Destination Marketing Organisations

Regional Tourism Boards, Local Tourism Associations and Local Councils are trying to get information out about their destination and be leaders of tourism promotion for their regions but often poor telecommunication services impede the level and quality of work undertaken in many locations not currently serviced well.

Event Management

Event planners in the tourism space are requiring more creative and global perspectives connecting thought leaders both within tourism but also in other complementary industries such as IT, social media marketing, international education, food and wine, for example.

Audience response apps and web-based platforms are being expected in the delivery of regional events.

Emergency Services

The safety of local and international tourists to regional areas not adequately covered by telecommunications services is also compromised. Essential safety information cannot be reliably communicated and in the event of an emergency situation, visitors and locals alike are not able to reliably access public safety messaging such as CFA and emergency services warnings and information.

Case Study – Grampians Fires

"The Minister of Emergency Services was at the Australian Open Tennis managing the 2014 Grampians Fire whilst Wartook Valley was facing disaster. We received no warnings, displaced families were separated at road blocks, there were slow responses and inefficient emergency services.

A temporary tower was put up to assist the volunteers to help rebuild our area because it was inadequate for them to work and contact each other. However, we live like that all year round and they were quick to take the tower away when the volunteers left.

$29 million investment in the Grampians Peaks Trail to lure a sustainable tourism industry is pointless and disastrous without sound communications."

Lodge in Brimpaen, Grampians region

Q 8. How might new applications and services that utilise mobile networks for voice and data transform the way you live and work?

The article below, about developments in mobile booking capacities give some insight into the technologies around the corner, that the tourism industry will have to adopt and adapt to, to remain competitive. If regional destinations don't keep up, they will get left far behind.

Excerpt from an article written by Dennis Schaal called 'The Rise of the Ubiquitous Booking'

"The most successful travel companies have always focused on the transaction, and the ability to book is becoming even more ubiquitous, central, flexible and mobile. Driven by mobile's omnipresence, the proliferation of devices from laptops to wearables, and the desire to add elegance to the user experience, new companies such as metasearch players are scurrying to get involved in the booking process. As a result, it is becoming ever more streamlined, efficient and quick……………….companies such as Expedia and Hipmunk are investing in and developing more seamless search and booking from mobile device to PC and back again to handle consumers' propensity to start their searches on one device and pick it up again on another. Transactions thus are getting more nimble and social too, as the booking revolution gathers momentum in 2015. Uber, like HotelTonight, stores customers' credit card information making reservations and transactions even easier than the hotel booking app. Customers can find wait times and costs in the Google Maps app and navigate to Uber to provide pickup location via GPS…..Payment, including tip, is directly charged to customers' credit cards, no taps necessary.

> *New players you wouldn't have thought of being in the travel booking game too, are also getting into it. Yelp, for example, entered into a partnership with Hipmunk so that Yelp customers scouring restaurant and other business reviews can access hotel booking options through Hipmunk.*
>
> *With the proliferation of Wi-Fi on airlines and increases in their broadband capacity, booking a tour on the plane for your time at the destination or changing a flight will become increasingly more commonplace as well."*
>
> Source: Skift's Yearbook: Megatrends Defining Travel in 2015

The above-mentioned trends are only a small selection of examples that are likely to continue redefining the way travel is booked and consumed. Regional Victorian tourism businesses and destinations need to be able to be included in this advancement.

Q 9. What communication barriers have you experienced in expanding or operating your business or providing services? Have you been able to overcome these barriers and if so, how?

Tourism businesses operating in black/grey/shadow digital service areas are often unable to carry out basic business practices such as taking bookings, mobile telephone calls, loading content onto sales distribution websites or participating in virtual meetings, or simply reaching their own source markets with a professional website. This ensures a lack of economic equity and an inability to compete with metropolitan businesses and other tourism businesses and destinations.

> **Tourism Business Submission**
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> *"We could upload videos of quad biking or other activities onto our websites, facebook, instagram, real time online/mobile bookings, instant messaging, other social media that I haven't looked into yet because at the moment I won't waste my time trying."*
>
> Lodge in Brimpaen, Grampians region

Other Comments / Conclusion

As an industry leader and advocate of the tourism and events sector, VTIC recognises that digital telecommunications infrastructure is key to attracting tourism investment in regional Victorian areas and realising the sector's potential for economic growth. Un-committed mobile blackspot sites across the regional areas need to be recognised as a priority so that the tourism industry can access effective digital bandwidth (both fixed, wireless and mobile) to ensure future sector, economy and jobs growth as well as long term sustainability.