

BUDGET REPORT 2007-08



The South Australian Budget 2007-08 reflects a wide range of strategic investments and initiatives to support our vital tourism industry, and in turn encourage South Australian jobs and regional economic growth.

In partnership with the industry, the South Australian Government will continue to build on South Australia's strengths to increase the State's appeal to key markets, both locally and internationally. Our shared objective is to attract more visitors to enjoy South Australia, stay longer and spend more.

The Budget provides for new investments in domestic and international marketing, as well as strong support for events and festivals.

The Budget also delivers ongoing funding for tourism infrastructure and product development in key areas of food, wine and nature-based tourism. These investments will deliver immediate and long-term benefits for the industry and South Australia's economy.

In recent times, we have witnessed:

- Record numbers of international visitors: The International Visitor Survey for the 12 months ended March 2007 showed that South Australia attracted more international visitors than ever before.
- Increased numbers of domestic visitors experiencing South Australia's 'brilliant blend' of attractions and regions.

- The biggest event ever held in the State: The 2007 World Police & Fire Games attracted more than 11,000 visitors and generated more than \$32 million in economic benefit for South Australia.
- More successful events: The Games, together with other events such as WOMADelaide, the Adelaide Film Festival and Clipsal 500 Adelaide, put South Australia in the international spotlight, giving our State a competitive advantage for future international marketing.

Strong growth in visitation was supported by the government's multi-million dollar investment during 2006-07 in world-class sporting, arts and cultural events, all proven drawcards for international visitors.

Other achievements in 2006-07 included a reinvigorated, state-of-the-art tourism website and successful marketing campaigns both domestically and overseas. We achieved strong growth in international airline passenger numbers in 2006 over the previous year.

While this is a tough, competitive market, the 2007-08 Budget provides for further growth to build on a solid foundation.

This report provides a snapshot of initiatives that will benefit the industry in 2007-08.

In particular, the 2007-08 Budget:

- Provides \$21.175 million to support domestic marketing, including additional ongoing funding of \$750,000 for a new domestic marketing campaign, targeting NSW, Victoria and south-east Queensland. A central aim will be to promote *regional* South Australian destinations and holidays.
- Provides \$7.783 million to support international marketing, including additional ongoing funding of \$750,000 to continue the television marketing campaign in New Zealand and the successful cooperative marketing campaigns undertaken with Singapore Airlines in key international tourism markets.

- Invests an extra \$100,000 to support the 75th anniversary of the Credit Union Christmas Pageant.
- Supports major sporting, cultural and arts events, including WOMADelaide and mass participation events such as the Australasian Masters Games and World Amateur (Golf) Team Championship.
- Delivers \$2 million for tourism infrastructure projects through the on-going major and minor tourism development funds.

The State's new brand *South Australia. A brilliant blend* is now an integral part of the South Australian Tourism Commission's advertising and promotions and is supported by the industry. As part of our strategic approach to marketing South Australia, the brand has been adopted by a range of government agencies to provide a consistent and dynamic State branding identity.

In 2007-08, we will continue to build on the brand's strength to deliver the message that South Australia is a great place to visit, live, work, invest and be educated.

Thank you for your support for the tourism industry and your contribution to building fruitful partnerships between government, business and industry in the best interests of tourism and South Australia's future prosperity.

I look forward to working with you to further develop a South Australian tourism industry that is a catalyst for significant economic and community development.



Jane Lomax-Smith
MINISTER FOR TOURISM

EVENTS

The Year Ahead

This year will be an 'eventful' one in which we celebrate a number of successful anniversaries.

The State Government's Events South Australia will manage the Panasonic World Solar Challenge, Tasting Australia, Credit Union Christmas Pageant, Tour Down Under and the Adelaide Food Summit.

The South Australian Government will also sponsor and/or support through marketing initiatives, nine other major events, including the inaugural Australasian Masters Games, the second International Rugby Sevens Adelaide and the International Police Tattoo.

Tour Down Under celebrates 10 years in January 2008. South Australia is aiming to become the first country to achieve 'Pro Tour' status outside of Europe. Union Cycliste Internationale (UCI) will make a decision in September 2007.

The Panasonic World Solar Challenge celebrates its 20th anniversary in October and the Credit Union Christmas Pageant this year celebrates 75 years of magic.

WOMADelaide

The State Government is providing extra funding of \$415,000 over four years towards its sponsorship of WOMADelaide. This annual music festival attracted a record 78,000 attendances over three days in 2007.

Credit Union Christmas Pageant

The Government is providing an extra \$100,000 to upgrade float infrastructure for the Credit Union Christmas Pageant, which attracts thousands of families to the city of Adelaide and celebrates a 75th anniversary this year.

New Events

The Government has invested strategically in major events throughout 2006-07 by providing extra funding to bid for, and stage new events that have a proven capacity to attract more visitors and generate significant economic and social benefit.

In 2006-07, we successfully bid to host new events, including:

- International Rugby Sevens Adelaide from 2007
- Australia versus New Zealand International Netball Test
- UCI BMX SuperCross in 2008 and the World BMX Championships in 2009
- 2010 Special Olympic National Games
- 2008 and 2010 School Aerobics National Championships
- 2008, 2010 and 2012 Australian Inline Hockey Championships
- 2012 World Lawn Bowls Championships.

Food and Wine Event

Extra funding of \$900,000 over four years was provided in the 2006-07 budget for food and wine events. This year, funds from this allocation will go towards staging the inaugural World Food Exchange in June 2008. The Exchange will showcase South Australia's ecologically sustainable, world-class agricultural and aquacultural practices. The event will bring together importers, journalists, chefs and others involved in the food industry from around the world, putting the spotlight on South Australia's wine and food industries.

Meanwhile, the Commission will this year consult with the wine tourism industry and other key stakeholders to gather their contributions toward an updated Wine and Food Tourism Strategy.

Regional Events and Festivals

Strong support continues for regional events and festivals, which attract visitors to South Australia's regions. In 2007-08, South Australia's Regional Events and Festivals Program and Community Events Development Fund will provide more than \$600,000 to promote and market events and festivals across the State.

DOMESTIC MARKETING

State Consumer Brand

Domestic marketing will continue to build awareness of the *South Australia. A brilliant blend* brand across a broad range of advertising areas, especially digital media. More event organisations and government agencies that market South Australia will also be encouraged to use the brand.

Interstate Marketing

Additional ongoing funding of \$750,000 will support a new marketing campaign in the key tourism markets of NSW, Victoria and south-east Queensland. The campaign aims to deliver economic benefits right across the State, with a strategic focus on attracting visitors to regional South Australia.

Event Marketing

In 2006-07, additional ongoing funding, matched with contributions from key event and industry stakeholders, was allocated to marketing the stellar line-up of major events taking place between January and April 2007. The *Brilliant Adelaide* campaign will continue for 2008.

Intrastate Marketing

The successful *Brilliant Bargains* campaign will be launched again in April 2008. A brochure will feature incentives and bonuses to encourage South Australians to take a holiday in their State. The budget for the *Brilliant Bargains* campaign is \$425,000 over 2006-07 and 2007-08.

In 2007-08, a loyalty program to reward repeat visitation will be developed for both the intrastate and regional Victorian markets in order to increase this lucrative market.

DIGITAL MARKETING

southaustralia.com

The redeveloped www.southaustralia.com website includes new interactive technology, rich multimedia, imagery and content. The state-of-the-art website, launched in March 2007, showcases the best that South Australia offers travellers through features that include 'virtual guides'.

The website will undergo continuous improvement and updating to ensure it remains at the forefront of online marketing. Additions to the site will include video content and podcasts that can be downloaded.

In 2007-08, funding of \$250,000 will be provided to develop 11 new international versions of www.southaustralia.com to deliver online messages about South Australia's 'brilliant blend' of attractions. These market-specific websites will be created to target audiences in countries including the US, UK, New Zealand, Singapore, Germany, France, Italy, Korea, China and Japan.

Digital campaign activity is also planned to capitalise on the increasing popularity of the Internet, with tourism advertising and promotion to take place within significant tourism-related websites, such as Lonely Planet.

ConnectSA

Continued funding for ConnectSA will allow more South Australian operators to trade in the online environment via multiple distribution channels. More than 290 tourism businesses have joined ConnectSA since this Australian-first initiative was launched in 2005.

The 2007-08 year will see the development of an Open Booking Exchange. This will enable larger tourism businesses to take advantage of ConnectSA's online distribution channels by integrating their existing reservation systems with ConnectSA software. This will encourage large national distribution chains to become involved with ConnectSA, providing many more sales opportunities.

By the end of 2007-08, the aim is to have 500 accommodation, tour and attractions businesses using ConnectSA to take bookings in the online environment.

REGIONAL TOURISM

Regional Marketing

The State's regional tourism marketing bodies will again be provided with more than \$2.4 million to help increase visitor numbers to regional South Australia. Funding is provided on a co-operative basis, with contributions provided by local government and industry operators resulting in total funding of \$5.5 million. This will be harnessed to implement marketing initiatives that underpin the development of sustainable regional tourism experiences and the generation of new commercial opportunities.

Partnerships

The South Australian Tourism Commission aims to strengthen the partnership with local government to help build the tourism industry. Multi-year funding agreements and cooperative marketing campaigns reflect the benefits of a strong partnership between government, industry and regional communities.

Multi-year funding agreements with councils in ten of the State's tourism regions provide regional tourism bodies with funding consistency, allowing for long-term planning of marketing initiatives.

In 2007-08, \$225,000 will be allocated to campaigns and other initiatives. Campaigns to benefit from funding in 2007-08 include:

- **Limestone Coast Cheap Fuel campaign**
- **Murray River Recharge campaign**
- **Kangaroo Island Brilliant Break campaign**
- **Melbourne to Adelaide Touring Route**

Visitor Information Centres

Visitor Information Centres provide vital information and services to visitors, encouraging them to stay longer and also to experience more regional areas. The Government supported the State's Accredited Visitor Information Centres with funding of \$301,000 in 2006-07 and will continue this level of funding support in 2007-08.

BUSINESS TOURISM

In 2007-08, the push to attract conferences to South Australia during the winter months will continue. As part of this push, funding for the Adelaide Convention and Tourism Authority (ACTA) will be increased to \$1 million in 2007-08.

AIR SERVICES

The State Government works hard to increase international air access and will continue to do so. Efforts have been rewarded with strong growth in passenger numbers to Adelaide Airport in 2006, building on the increase in international air services achieved in 2005-06. International passenger numbers grew 17% in 2006 over the previous year, interstate passengers grew 5.6% and passengers on regional flights grew 12%.

Air New Zealand will increase flights between Adelaide and Auckland so that by February 2008 daily flights will be operating between the two cities.

INTERNATIONAL TOURISM

In the 12 months ended March 2007, South Australia attracted a record 367,400 international visitors, up 8% on the previous 12 months to March 2006, compared to a 3% rise nationally.

International Marketing Activities

Additional ongoing funding of \$750,000 will be used to continue the television brand awareness campaign in New Zealand and support cooperative marketing campaigns with Singapore Airlines. The aim will be to ensure the long-term viability of direct international flights into Adelaide and increase the number of international visitors to South Australia.

The additional funds will support the following activities:

New Zealand

New Zealand continues to be an important market, with potential for growth. Australian Bureau of Statistics figures show that New Zealand holiday arrivals to South Australia for the year ending December 2006 increased by 81% compared to the year ending December 2004.

In 2007-08, \$500,000 will be invested to support Air New Zealand's direct flights to Adelaide and further increase New Zealand holiday visitors to South Australia. In addition to the TV campaign, other marketing activities will include a targeted trade and media familiarisation program, co-operative advertising campaigns with key wholesalers, trade and consumer promotion, and training for wholesaler and retail staff. Marketing activities will also be undertaken in the USA with key wholesale companies to promote Air New Zealand air and land holiday packages to South Australia.

Singapore Airlines

A further \$250,000 is allocated to extend the Memorandum of Understanding with Singapore Airlines to support daily international flights to Adelaide. Cooperative marketing campaigns are planned to be undertaken with Singapore Airlines, especially in the UK, Europe, and Asia. Most international markets that benefited from joint airline marketing funds in 2006-07 recorded an increase in visitor arrivals to South Australia.

Other Marketing

The South Australian Tourism Commission will work with cooperative partners, such as other state tourism organisations, travel wholesale partners and retail agencies, to develop marketing campaigns in targeted countries around the world.

TOURISM INFRASTRUCTURE

Investment of \$2 million is provided for tourism infrastructure projects through the ongoing Major and Minor Tourism Development Funds. This will be invested in strategic tourism infrastructure, particularly in regional South Australia. This year, priority will also be given to tourism projects that focus on water sustainability.

Projects to benefit from infrastructure support will include the Southern Ocean Lodge project on Kangaroo Island, the new International Hotel at Port Lincoln and Coorong Wilderness Lodge. Environmental initiatives will also be a funding priority, with investment in projects such as houseboat pump-out facilities at Walkers Flat on the Murray River and extensions to Clare Valley's Riesling Trail.

TOURISM PRODUCT AND DEVELOPMENT

South Australia's wine and food, nature-based, and Aboriginal tourism experiences attract a growing number of visitors. These attractions will continue to be supported through product development and marketing initiatives. Government support will also be provided in 2007-08 for special-interest tourism products with strong potential for growth, such as trails, cycling, diving, fossil tourism and geological heritage.