



Tourism & Transport Forum (TTF)

Submission to the Productivity Commission

Economic Structure and Performance of the Australian Retail Industry

June 2011



The Tourism & Transport Forum

The Tourism & Transport Forum (TTF) is a national, Member-funded CEO forum, advocating the public policy interests of the 200 most prestigious corporations and institutions in the Australian tourism, transport, aviation & investment sectors.

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1. INTRODUCTION

The Tourism & Transport Forum (TTF) welcomes the opportunity to provide comment to the Productivity Commission's public inquiry into the *Economic Structure and Performance of the Australian Retail Industry*.

The retail experience is a significant component of the tourism offering in Australia. Shopping for pleasure is one of the most popular tourist activities for international visitors. In 2009-10, 4.0 million or 76% of all foreign visitors participated in recreational retail activities, generating \$14.4 billion in tourist expenditure while in Australia¹. Our capacity to encourage greater expenditure in the local economy will largely be determined by our ability to make this sector a more competitive component of the visitor experience.

TTF understands the Productivity Commission is inquiring into the implications of globalisation on the retail industry and the appropriateness of current policy settings in addressing a changing retail environment. TTF's submission specifically focuses on the effects of globalisation on international visitor arrivals to Australia and the particular implications this has for the retail experience and export earnings generated by this sector.

Export retail sales generated by international visitors to Australia are a significant source of incremental revenue to Australia, having nearly three times the value of wool exports in 2009-10². However, this sector is an increasingly competitive international market, requiring reformed policy settings to foster greater growth in export earnings.

TTF's submission highlights a range of current policy settings which impede export retailing at a cost to the Australian economy, and advocates a range of practical reforms to reverse the continuing decline in this sector.

TTF looks forward to responding to any queries from the Productivity Commission regarding this submission and participating in the further stages of the Commission's inquiry.

¹ Tourism Research Australia (2010), *International Visitor Survey*, June Quarter 2010.

² ABS (2010), Cat. No. 5368.0 - *International Trade in Goods and Services, Jun 2010*, "Goods Credit, Original, Current prices" (Data 1).

TTF Recommendations

- 1 More detailed data on export retail should be collected at regular intervals (e.g. every three years) via a supplementary survey to the *International Visitor Survey*.
- 2 All purchases made in Australia with a value of \$50 or more throughout the stay of international visitors should be eligible for GST refund through the Tourist Refund Scheme.
- 3 The current GST-free status for international airfares and business event package travel to Australia should be extended to the accommodation and tour components of leisure travel packages for international visitors.
- 4 Greater emphasis on marketing distinctively Australian and luxury retail experiences to international visitors, including partnerships with industry, website promotion and online guides identifying the range and location of these experiences in Australia.
- 5 Deregulate shopping hours in Queensland, South Australia and Western Australia in designated tourism shopping precincts.
- 6 Encourage state and local governments to incorporate the appropriate mix of retail, restaurant, attraction and accommodation zoning in precinct planning.

2. PROFILING EXPORT RETAIL

2.1 The value of retail exports to Australia

In 2009-10, retail export earnings by international visitors to Australia totalled \$6.5 billion³. Tourism Research Australia estimates that visitors who participate in shopping for pleasure while in Australia spend a total of \$14.4 billion while in the country⁴.

It is important to note these figures do not include internet or mail order shopping that often results after international visitors return home from their trip. Furthermore, as the estimate of shopping expenditure by international visitors relies on visitor recall on their departure, it is expected the value of retail expenditure in Australia is highly underestimated.

TTF Recommendation

More detailed data on export retail should be collected at regular intervals (e.g. every three years) via a supplementary survey to the *International Visitor Survey*.

Table 1 outlines the level of spending by major shopping category in 2009-10 and provides an indication of international visitor spending as a share of total retail sales and service income.

Table 1 – International visitor spending by category and share of total retail sales, 2009-10

Type of retailing	International visitor consumption ⁵	Total sales and service income ⁶	Share of international visitor consumption
Food retailing (including alcoholic and other beverages)	\$2.9 billion	\$99.9 billion	2.9 %
Fuel retailing	\$0.4 billion	\$36.6 billion	1.1 %
Motor vehicle and parts retailing	\$0.4 billion	\$71.1 billion	0.6 %
Other store-based retailing	\$2.8 billion	\$143.9 billion	1.9 %

Compared to other Australian export industries, retail exports in 2009-2010 (\$6.5 billion) has a similar value to better known exports of:

- Cereal grains and cereal preparations (\$5.3 billion);

³ ABS (2010), Cat. No. 5249.0 - *Australian National Accounts: Tourism Satellite Account, 2009-10* (Table 7).

⁴ Tourism Research Australia (2010), *International Visitor Survey*, June Quarter 2010.

⁵ Ibid 3.

⁶ ABS (2011), Cat. No. 8155.0 - *Australian Industry, 2009-10*, "Australian industry by subdivision" (Table 4).

- Meat and meat preparations (\$6.4 billion); and
- Almost triple the export value of wool and sheepskins (\$2.3 billion).⁷

As a proportion of total retail expenditure, domestic and international tourist purchases form a significant component of the retail market. Of total retail expenditure of \$355.3 billion in 2009-10⁸, tourist expenditure accounted for \$33.9 billion⁹ or nearly 10 per cent of total retail expenditure.

2.2 Export retailing has a bias to particular goods

When travelling overseas, people's shopping habits differ from when they are at home. This is most obvious in the purchase of souvenirs and gifts, but also extends to distinctively Australian goods such as indigenous paintings, opal jewellery and clothing brands often not available from retail outlets in their home country.



Case Study: R.M. Williams

R.M. Williams is an iconic Australian retailer that provides a range of footwear, clothing and accessories that evoke the outback heritage and pioneering spirit of stockmen and women. Established in 1932, the company

has expanded into contemporary fashion and accessories, a stable of sub-brands and ten international locations. Domestically, R.M. Williams still operates through its own stores and larger retailers, catering to locals and international visitors. The company highly values direct sales to international tourists, building a brand relationship that often lasts beyond the trip, leading to repeat purchases online and a greater awareness of the R.M. Williams brand overseas. R.M. Williams strongly supports the extension of the Tourist Refund Scheme (TRS) to encourage greater expenditure by international visitors.

⁷ ABS (2010), Cat. No. 5368.0 - *International Trade in Goods and Services, Jun 2010*, "Goods Credit, Original, Current prices" (Data 1).

⁸ ABS (2011), Cat. No. 8155.0 - *Australian Industry, 2009-10*, "Australian industry by subdivision" (Table 4).

⁹ ABS (2010), Cat. No. 5249.0 - *Australian National Accounts: Tourism Satellite Account, 2009-10* (Table 7).

For many international visitors, being on vacation or travelling for business offers a greater opportunity to engage in retail activities. Individuals often have a greater inclination for shopping due to fewer time constraints and there is a certain prestige associated with purchasing products abroad. This has particular relevance for up-market luxury goods, even those readily available in a visitor's home country, as the purchase often seems more plausible and acceptable while travelling. Luxury items also make ideal gifts for those back home and can carry important status value for both the recipient and gift giver.

LOUIS VUITTON

Case Study: Louis Vuitton

Travel is synonymous with this global luxury retailer, famous for its handbags and luggage.

Louis Vuitton also offers a wide range of upmarket fashion, jewellery and personal items for visitors with ten stores concentrated in tourism destinations including Sydney (3), Melbourne (3), Brisbane, Perth, Cairns and Surfers Paradise. Louis Vuitton attributes around one quarter of its sales in Australia to international visitors, with sales predominantly led by the Chinese and Japanese markets. Greater emphasis on high-end travellers from these markets would build Australia's reputation as a shopping destination. Louis Vuitton is an active supporter of the Tourist Refund Scheme (TRS).

2.3 The importance of the internet in facilitating repeat purchases

A core focus of the Productivity Commission inquiry is the impact of overseas internet purchases on the Australian retail sector. TTF believes the Productivity Commission should also give consideration to the significant opportunity internet sales provide Australian retailers to grow export revenue through offshore purchasers. Additional retail exports often result following a trip to Australia where the visitor has experienced or purchased a specialised retail product, and subsequently wishes to repurchase the item. Additionally, offshore internet sales result from positive word-of-mouth from friends and relatives who have returned home from Australia. On this basis, increased policy support for export sales to visiting international travellers can result

in additional export earnings through Internet or mail order sales once the traveller returns home.



Case Study: Tyrrell's Wines

Tyrrell's Wines is an iconic Australian wine producer. First established in 1858, the Tyrrell family have been at the forefront of the Australian wine

industry for over 150 years. Tyrrell's Wines has taken pride in the introduction of Chardonnay and Pinot Noir to the Australian market, and vineyard expansions outside the Hunter Valley to McLaren Vale, Limestone Coast and Heathcote. Tyrrell's Wines have made a significant investment in the promotion of their cellar door sales and the associated visitor experience to international tourists. Tyrrell's Wines welcomes more than 200,000 visitors each year to its cellar door sales outlet in Pokolbin and has its products stocked in a large number of retail outlets and restaurants. Tyrrell's Wines estimates 20% per cent of its total cellar door sales go to international visitors, with the UK the largest source market. Cellar door sales often lead to repeat purchases, with an estimated \$100,000 or 3% of sales occurring online. Tyrrell's Wines estimates approximately 5% of these sales are from international visitors. Tyrrell's Wines strongly supports the extension of the Tourist Refund Scheme (TRS) to encourage greater expenditure by international visitors.

2.4 The concentration of export retailing in particular destinations

International visitation to Australia is often concentrated in major gateway destinations and visitor precincts due to the need of visitors to access major attractions and destinations with relative ease. The share of international visitor nights by Australian destinations varies widely as shown in the following table. Gateway destinations such as Sydney, Melbourne and Brisbane have the highest concentration of inbound visitors in resident populations.

Table 2 – International visitors as a share of resident populations by region, 2009-10

Destination	International visitor nights	Estimated resident population	Visitor share of resident nights
New South Wales	63,240,877	7,134,421	2.4%
Sydney	53,245,927	4,504,469	3.2%
Sydney (C) - Inner	24,530,130	350,380	19.2%
Snowy Mountains	126,021	21,092	1.6%
Hunter	1,956,793	644,279	0.8%
Blue Mountains	280,386	77,784	1.0%
Victoria	40,950,401	5,443,228	2.1%
Melbourne	36,127,459	3,995,537	2.5%
Melbourne (C) - Inner	12,072,905	317,627	10.4%
Queensland	39,010,663	4,425,103	2.4%
Gold Coast	8,053,738	515,157	4.3%
Brisbane	15,813,902	2,004,262	2.2%
Brisbane (C) - Inner	7,011,085	94,883	20.2%
Sunshine Coast	2,496,447	323,423	2.1%
Tropical North Queensland	6,090,725	269,650	6.2%
South Australia	8,196,201	1,623,590	1.4%
Adelaide	7,067,687	1,187,466	1.6%
Flinders Ranges	104,127	20,543	1.4%
Kangaroo Island	105,946	4,612	6.3%
Western Australia	21,079,208	2,245,057	2.6%
Perth Region	16,745,379	1,658,992	2.8%
Tasmania	2,669,178	503,292	1.5%
Greater Hobart	1,594,055	212,019	2.1%
Northern Territory	3,940,411	225,938	4.8%
Darwin	1,937,647	75,908	7.0%
Petermann	488,405	1,205	111.0%
Alice Springs	968,282	27,877	9.5%
Australian Capital Territory	3,051,124	352,189	2.4%
AUSTRALIA	182,138,063	21,952,818	2.3%

Sources: TRA International Visitor Survey, ABS Regional Population Growth (Cat. No. 3218.0).

Note: Resident nights have been calculated by multiplying resident population by 365.

The concentration of international visitation in particular destinations has certain implications for the mix of retail experiences on offer. International visitors require ease of access to a range of services including accommodation and major attractions. The concentration of shopping experiences in one place – in retail hubs or around major attractions – promotes greater commercial viability and a higher level of total retail exports.



Case Study: Queen Victoria Building

The Queen Victoria Building in Sydney, widely known as the QVB, is the heart of Sydney's retail precinct and acts as a major tourist attraction for international visitors.

The QVB was built in 1898 and was restored in 1985 to its current retail format. A major refurbishment in 2008-2009 followed, to ensure the QVB remains a world class shopping centre. The QVB provides five floors of distinct retail offerings with a focus on fashion, jewellery and gifts. Of the 36 million visitors to the QVB each year, Ipoh attributes approximately 10 per cent of QVB foot traffic to international visitors. The most highly regarded products for international visitors are unique Australian products including giftware and jewellery, along with international brand names in fashion and accessories. Ipoh supports the extension of the Tourist Refund Scheme (TRS) to encourage greater expenditure by international visitors.



Case Study: Museum of Contemporary Art (MCA)

The Museum of Contemporary Art (MCA) Store is a vital revenue stream for the MCA, with an average turnover of around \$1 million per annum. Whilst sales are not specifically tracked to visitor origin, research shows that

28% of MCA visitors are from overseas. The per head visitor spend in the MCA Store is \$2.20, and with an attendance figure of 580,000 for international visitors, this translates into an estimated spend of \$162,400. MCA research also reveals that in 2010, 13% of all visitors came specifically to visit the MCA Store either to buy a book, a gift or an exhibition catalogue. Furthermore, 85% of store visitors rated the MCA store product range as good or very good. The most requested items were postcards and prints relating to exhibitions and more practical artist products and stationery for souvenir products. The MCA Store does not currently promote the Tourist Refund Scheme.

As the gateways to Australia, our airports also play a major role in export retail. Airport retail outlets offer convenience shopping and provide an opportunity to generate additional expenditure by foreign visitors.



Case Study: AWPL Retail Solutions

AWPL operates a range of branded stores in the international and domestic terminals of Australian and New Zealand airports. AWPL stores provide newsagency, souvenir, luggage, arts/handicrafts and gift shopping for visitors. AWPL also partners with leading Australian retailers including R.M. Williams in these terminals. AWPL strongly supports the extension of the Tourist Refund Scheme (TRS) to encourage greater expenditure by international visitors.



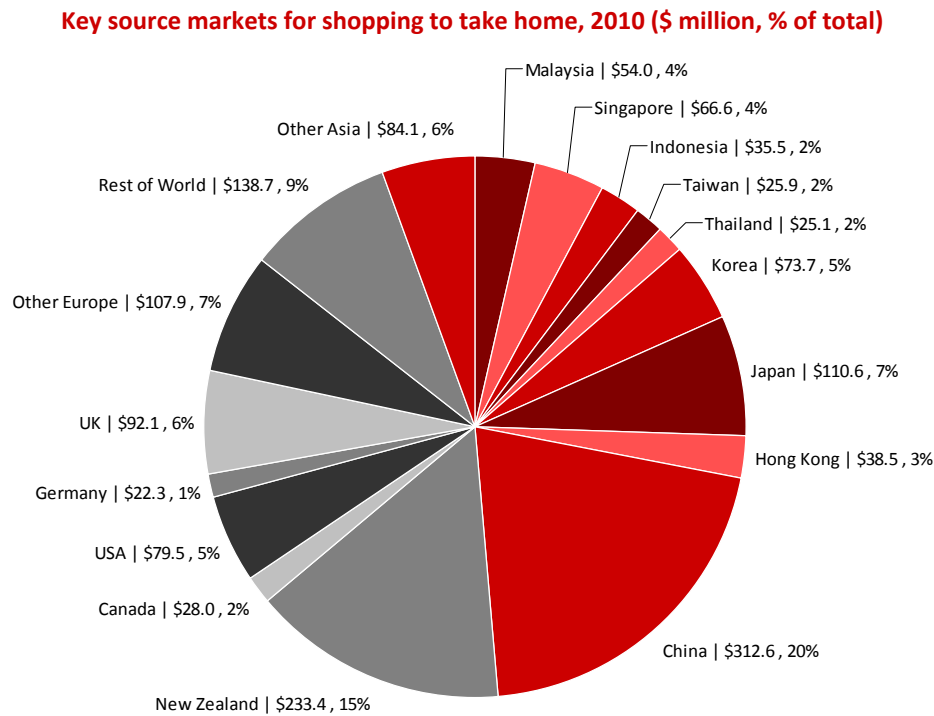
Case Study: Cairns Airport

Cairns Airport provides a broad range of shopping opportunities to travellers, with 22 stores operating on-site and 11 of these located within the international terminal. In 2010, 3.9 million travellers passed through the airport, including nearly half a million international visitors. To cater for the diverse passenger demographic, the retail outlets at Cairns Airport offer a wide range of products to complement the traditional duty-free shopping, including Australian souvenirs and gifts; Australian opals and gems; fashion and accessories; local produce and confectionery; as well as news and books. Cairns Airport strongly supports the extension of the Tourist Refund Scheme (TRS) to encourage greater expenditure by international visitors.

2.5 Export retailing has a bias to particular source markets

Certain source markets to Australia have a greater propensity to contribute to retail exports than others. The diversification of source markets, particularly from Asia, has sustained retail exports despite reductions in travel to Australia from its traditional source markets.

Figure 1 – Composition of Australia’s retail export source markets



Source: TRA International Visitor Survey

In the last decade, the mix of source markets contributing to retail exports has shifted from Japan, USA and UK to a range of other markets. In 2001, Japanese and Chinese visitors were responsible for 20 per cent and 5 per cent of retail exports respectively. By the end of 2010, these shares had shifted to 7 per cent and 20 per cent respectively¹⁰.

The increasing affluence of mainland China will continue to drive growth in Australian retail exports. Since 2005, the Chinese market has recorded a 58 per cent increase in arrivals to Australia, totalling 431,000 in 2010. Research suggests this market is highly motivated by quality, exclusivity, and ostentation, as certain products are not available or are only introduced to the Chinese market much later. Heavy taxation in mainland China can also play a role for less-

¹⁰ Tourism Research Australia (2010), *International Visitor Survey*, December Quarter 2010.

affluent travellers¹¹. This has implications for export retailers in terms of the presentation and engagement with Chinese visitors including the need for Chinese speaking staff.

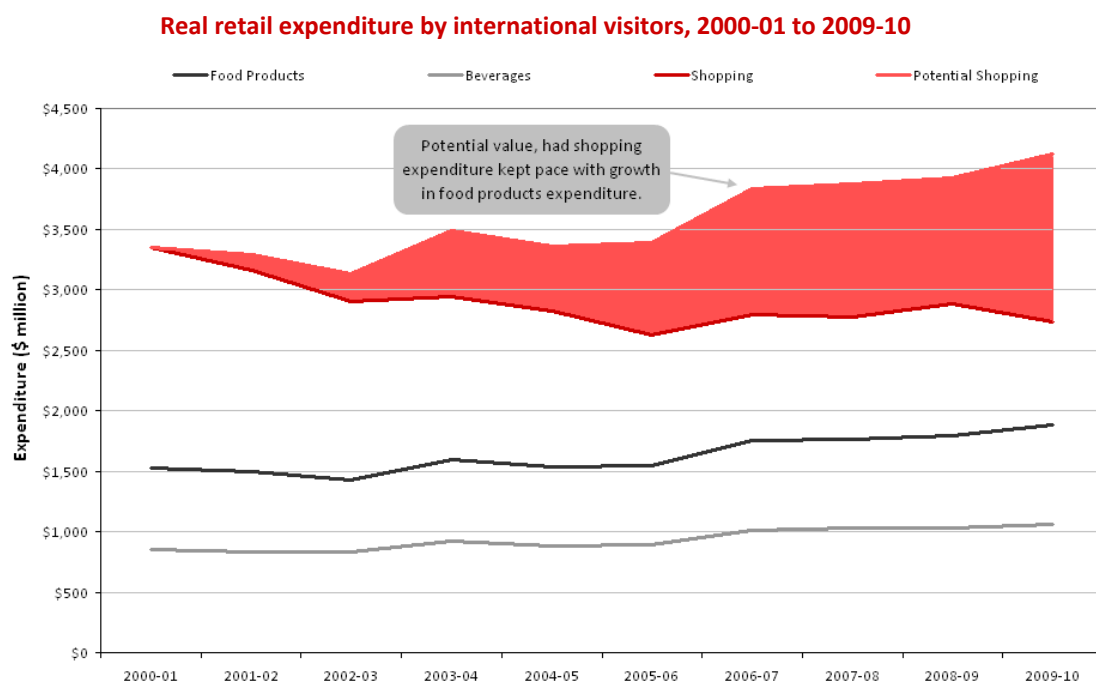
2.6 The effect of the GST on export retailing

In the last decade, international retail shopping exports have declined compared to other retail categories such as food and beverage, most of which are consumed during the visitors' stay in Australia. At the same time, the real value of holiday spend by international visitors has declined by almost 20% on the previous two years¹². This has significant implications for the retail sector given the propensity of these visitors to purchase retail exports while in the country.

The GST has had a major impact on the price competitiveness of retail exports, due to the highly incomplete coverage of the Tourist Refund Scheme (TRS) in providing GST rebates for these products.

Adjusting international visitor spend on shopping for CPI reveals the real value of international retail expenditure has fallen significantly in the last decade.

Figure 2 – Declining real spend on retail exports since GST



Source: ABS Tourism Satellite Accounts (Cat. No. 5249.0).

Note: Historical values have been adjusted by the ABS Consumer Price Index (Cat. No. 6401.0).

¹¹ HVS Global Hospitality Services (2011), *The 21st century game-changer up close: China Outbound Tourism*.

¹² Tourism Research Australia, *International Visitor Survey*, Year Ending March 2011.

If the growth in shopping by international tourists had kept pace with the growth in shopping for food products, an additional \$1.4 billion (or a 50 per cent increase) would have been achieved in export earnings in 2009-10.

3. KEY POLICY MEASURES NECESSARY TO REVITALISE EXPORT RETAILING

Visitor expenditure is extremely price sensitive with a price elasticity of -0.8¹³. Taxes, charges and fees on international tourists increase the price of tourism and reduce the propensity for discretionary spending while in Australia.

The key taxes affecting tourism price competitiveness are the Passenger Movement Charge (PMC), visa fees and the Goods and Services Tax (GST). For the purpose of this inquiry, TTF has focused specifically on the impact of GST on our retail exports.

There are five policy areas the Productivity Commission should review in considering policy led impediments to the growth of retail exports:

1. Overdue reform of the TRS for reclaiming GST on export retail;
2. Further reform of the TRS;
3. Marketing support to highlight shopping opportunities with key international markets;
4. Shopping hour reform in key visitor precincts in QLD, WA and SA; and
5. Better integration of retail experiences in visitor precincts through planning reform.

3.1 Overdue reform of the Tourist Refund Scheme

The Productivity Commission's Issues Paper inquires as to the sustainability and appropriateness of current indirect tax arrangements on a globalising retail environment. TTF believes the current policy approach to retail exports is contrary to the standard GST-free treatment of other export sectors.

¹³ Geoff Carmody & Associates (2009), *Australian Tourism: How Deep the Recession*, pp 58-59.

The introduction of the GST posed a major challenge for retail exporters, as it reduced Australia's price competitiveness relative to other overseas destinations. International visitors to Australia often pass through transit points such as Dubai, Singapore and Hong Kong, which provide extensive shopping experiences and greater access to duty and tax-free shopping.

The Tourist Refund Scheme (TRS) aims to mitigate the impact of the GST on take-home shopping by international visitors. Since its introduction in 2000-01, uptake of the TRS has increased from 17 per cent of total retail exports to 49 per cent in 2009-10 (as indicated in Figure 3). In addition, 96-98 per cent of TRS claims made over this period were approved, while the number of retailers participating in the scheme has also increased 186% to nearly 20,000.

Figure 3 – TRS refunds yet to cover a majority of GST paid on retail exports



Sources: Australian Customs & Border Protection Service Annual Reports, TRA International Visitor Surveys.

However, while the share of eligible retail exports utilising the TRS scheme has risen over time, it is still less than half, indicating a significant opportunity to further mitigate the impact of the GST on the visitor experience in Australia. This was recognised in the 2007-08 Budget, with the announcement private providers would be able to provide GST refunds and would also allow:

- international passengers to present their duty-free shopping and purchases under the TRS within 60 days (rather than the previous 30) of their departure; and
- travellers to aggregate multiple invoices from single retailers to meet the \$300 TRS threshold.

While a year later the 2008-09 Budget discontinued moves to allow private providers to provide GST refunds, the budget reiterated the decision to extend the reclaim period to 60 days and allow the aggregation of invoices to meet the \$300 threshold. Four years later the changes are still yet to be implemented. The delayed implementation of much needed and agreed upon changes to the TRS has negatively impacted retail exports as a result.

3.2 Further reform of the Tourist Refund Scheme

TTF welcomes changes to the *Sealed Bag and Tourist Refund Scheme* announced in 2011, extending the time available for international visitors to present their receipts, and allowing the collation of receipts to meet the \$300 threshold. However, these belated reforms are still inadequate in mitigating the full impact of the GST on retail exports.

Australia represents a long-haul destination to a majority of our inbound source markets. As a result, length of stay in Australia is generally higher than most international destinations. In 2010, international visits of less than 30 days accounted for only 21 per cent of international visitor nights spent in Australia, and only a further 10 per cent resulted from trips of between 30 and 60 days¹⁴. The restriction of the TRS refund to within the last 30 days of departure will mean a considerable share of retail purchases will not be eligible for the GST refund, particularly if the visitor plans on visiting other destinations as part of their trip.

Furthermore, visitors should be able to claim GST refunds for purchases over the entirety of their trip to Australia. This would simplify the marketing of the scheme by retailers to cover purchases by all international visitors, rather than requiring visitors to confirm their departure in order to determine their eligibility to the scheme.

¹⁴ Tourism Research Australia (2011), *International Visitor Survey*, December Quarter 2010.

In addition, the threshold for which GST can be claimed through the TRS needs to be reduced. The current \$300 threshold reduces the propensity for a majority of visitors accessing the scheme. The proposal to allow invoices from the same store to be aggregated to reach the \$300 threshold, while welcome, will only have a marginal impact on total refund claims.

TTF Recommendation

All purchases made in Australia with a value of \$50 or more throughout the stay of international visitors should be eligible for GST refund through the Tourism Refund Scheme.

3.3 GST reclaim for leisure travel packages

While outside the scope of the Commission's inquiry, TTF believes consideration should be given to the GST component of packaged leisure travel and the implications this has on our price competitiveness and discretionary visitor spending. Policy measures to address this issue will have an effect on the retail and promotion of packaged leisure travel to Australia.

International visitors to the country are subject to a range of taxes and charges including the PMC, airline charges, visa fees and the GST. When aggregated, these charges form a significant component of the total cost of their trip to Australia. These charges have the propensity to disincentivise travel to Australia or for those visitors who still choose to visit the country, reduce the discretionary spend on additional products such as retail exports as part of their trip.

Currently, business-related travel expenses are subject to GST reclaim, meaning most expenses do not incur the GST. This is critical to Australia's international competitiveness to win business event bids. TTF believes this exemption should be extended to the accommodation and tour components of leisure travel packages for international visitors to Australia.

TTF Recommendation

The current GST-free status for international airfares and business event package travel to Australia should be extended to the accommodation and tour components of leisure travel packages for international visitors.

3.4 International marketing support for Australian retail experiences

International marketing plays an important role in influencing inbound visitor decisions to visit a destination and the type of activities they engage in while in the country. In particular, digital and social media channels are proving effective avenues of engaging increasingly savvy consumers who research and plan their trip activities online. Above and beyond essential accommodation, transport and food expenditure, marketing has great potential to influence visitor expenditure on discretionary leisure purchases, especially for distinctively Australian products and luxury goods not readily available in a visitor's home market.

In 2009-10, \$5.7 billion or 25 per cent of international visitor expenditure was spent on leisure retail, including shopping, food products and alcoholic and other beverages¹⁵. A further \$0.9 billion or 4 per cent of international visitor expenditure was spent on other leisure purchases, including recreational, cultural and sporting services; tour operator services; and gambling. While significant, both leisure retail spending and total leisure spending have declined over the last decade as a share of total visitor expenditure, signifying a need for greater promotion to realise the full revenue potential from discretionary spending.

In addition to active visitor promotion, there is a need to provide more targeted information to high-yield visitors on the availability and diversity of retail shopping experiences in Australia. Partnerships with retail providers and precincts will be critical in accurately promoting our major capital cities as 'shop-till-you-drop destinations'.

¹⁵ ABS (2010), Cat. No. 5249.0 - *Australian National Accounts: Tourism Satellite Account, 2009-10* (Table 7).

TTF Recommendation

Greater emphasis should be placed on marketing distinctively Australian and luxury retail experiences to international visitors, including partnerships with industry, website promotion and online guides identifying the range and location of these experiences in Australia.

3.5 Retail opening hour reform in QLD, WA and SA

Australia is known as a global destination. Yet a core characteristic of global destinations is the ability to access visitor experiences 24/7. Dubai, Singapore and Hong Kong are notable global 24-hour destinations. For this reason, reform of retail opening hours should occur in major tourism precincts with a higher concentration of international visitors including Queensland, Western Australia and South Australia.

TTF does not propose opening hour reform should be generalised across all retail outlets but should recognise the unique aspects of international tourist demand, and allow unrestricted hours in designated international shopping precincts. For example, Waikiki in Hawaii offers shopping for tourists until 11pm, which significantly contributes to precinct activation and a more lively nightlife experience for visitors.

TTF also recognises retail opening hour reform will not automatically result in retailers extending their trading hours specifically to serve international visitors. Penalty rates and enterprise agreements as well as the seasonality of foot traffic often curtail the commercial viability of extended opening hours. However, there is opportunity to leverage increases in demand for shopping during specific times of the year. This is particularly true for the holiday season as well as with the hosting of major international events. Major events and large business conventions (such as Amway China) often warrant the extension of opening hours to provide visitors with greater access to retail experiences. As a result, retailers are able to capture a greater proportion of visitor expenditure when these opportunities present themselves.

TTF Recommendation

Deregulate shopping hours in Queensland, South Australia and Western Australia in designated tourism shopping precincts.

3.6 Integrated retail precincts

Retail precincts form a significant component of our social infrastructure. They attract visitors to a destination and often result in additional expenditure in ancillary services such as food, accommodation or patronage at complementary attractions such as museums or galleries.

Yet it is important to emphasise that these elements of the visitor experiences are interdependent. That is, in order to achieve the greatest dispersal of visitor expenditure, they generally need to be located in close proximity to one another.

Integrating elements of social infrastructure into major tourist areas should be part of precinct planning, along with the extension of opening hours, a diverse mix of specialty stores and food experiences as well as hotel accommodation. The facilitation of major events and large conventions are also important in drawing people to these destinations, and activating these precincts after hours.

Case Study: Planning and Development ACT 2005

State Planning Policy 4.2 Activity Centres for Perth and Peel

In 2010, the Western Australian Government introduced changes to the Planning and Development Act 2005. The changes recognised the importance of diversified activity centres, including retail in precinct planning. Section 5.2.1. *Diversity and intensity of activity* recommends retail, entertainment, cultural, and recreational facilities be concentrated in centres in a compact urban form; that the diversity of land uses promotes a more equitable distribution of services, facilities and employment and an overall reduction in travel demand. The policy provision also supports land uses that generate activity outside normal business hours (e.g. hospitality and entertainment) in generating additional evening and weekend activity.

TTF Recommendation

Encourage state and local government to incorporate the appropriate mix of retail, restaurant, attraction and accommodation zoning in precinct planning

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