

International Visitor Survey (IVS) results for the year ending December 2010

IVS results for the year ending December 2010 were released at 10am 9th March 2011.

Headline results

International visitor expenditure in Victoria in the year ending December 2010 grew by 4.9% to \$3.9 billion. This is the highest spend on record and outperformed growth by key competitors New South Wales (+3.0%) and Queensland (-2.7%), as well as the national average (+2.9%).

While international overnight expenditure in Melbourne increased (+6.1% to \$3.65 billion), spend in regional Victoria decreased year-on-year (-8.0%) to \$288 million, with growth behind the national regional average (-1.1%), regional NSW (+15.7%) and regional Queensland (-4.3%). However spend in regional Victoria for year ending December 2010 remains above the 2008 spend (\$270 million).

The latest year-on-year decrease in spending in regional Victoria shows a return to spending comparable with 2008. Strong growth from year ending December 2008 to 2009 was experienced in regional Victoria (+15.9%), well above growth in spend in regional NSW (-2.5%), regional Queensland (-5.5%) and regional Australia (-0.6%).

Despite decline in spend, visitor numbers in regional Victoria increased by 1.4% to 323,800, with visitor nights also increasing (+20.8%) - the highest nights on record. Overall visitors are staying longer with the average length of stay at 15.4 nights.

International overnight visitors to Victoria increased by 7.8% to 1.65 million for the year ending December 2010, the highest number for the State on record and outperforming the national average (+5.1%), New South Wales (+4.7%) and Queensland (+4.1%).

International visitor nights for Victoria also increased by 6.0% to 40.7 million nights, outperforming both the national average (+5.7%) and Queensland (+1.9%) however behind NSW (+6.4%). This is below the forecast¹ for Victoria for 2010 of 10.2%.

International visitors, nights, expenditure and year-on-year growth: year ending December 2010

Year ending December 2010	Visitor Estimates		Visitor Night Estimates		Visitor Expenditure Estimates*	
	Total ('000)	% change 09/10	Total ('000)	% change 09/10	Total (\$m)	% change 09/10
Australia	5,441	5.1%	187,192	5.7%	17,607	2.9%
Victoria	1,649	7.8%	40,662	6.0%	3,941	4.9%
Melbourne	1,544	7.5%	35,671	4.2%	3,653	6.1%
Regional Victoria	324	1.4%	4,991	20.8%	288	-8.0%
New South Wales	2,839	4.7%	65,225	6.4%	6,279	3.0%
Queensland	2,048	4.1%	39,800	1.9%	3,780	-2.7%
South Australia	363	0.6%	8,820	22.1%	734	11.4%
Western Australia	690	-0.7%	22,031	3.0%	1,938	10.2%
Tasmania	142	1.8%	2,980	12.9%	279	1.8%
Northern Territory	300	-10.9%	3,962	10.1%	371	-17.7%
ACT	155	-0.3%	3,230	7.5%	284	22.4%

* includes package expenditure

Note: There was an increase in international overnight visitors to Victoria overall (+7.8%), which is greater than the growth for both Melbourne (+7.5%) and regional Victoria (+1.4%). This unusual set of results was influenced by a decline in the number of international overnight visitors who visited both Melbourne AND regional Victoria (-3.1%) however international overnight visitors to Melbourne ONLY (+9.4%) and regional Victoria ONLY (+12.3%) both increased.

Overnight visitors to Victoria increased in all purpose of visit segments except backpackers with Leisure (influenced by Visiting Friend and Relatives (VFR)), Business (influenced by Business Events) and Education all performing above the national average, NSW and Queensland. Business Events (+38.5%) and VFR (+9.9%) segments noted the strongest increases.

¹ Tourism Forecasting Committee Forecast, Issue 2

China has the highest expenditure of all inbound visitors to Victoria at \$685 million in 2010. New Zealand (\$326 million) has overtaken the United Kingdom (\$296 million) to become the second largest market for international visitor spend in Victoria.

For the year ending December 2010, among the largest visitor markets the number of international overnight visitors grew from China (+26.4%) and New Zealand (+6.8%), with China recording its highest ever visitors and nights spent in the State. Over this period China has overtaken the United Kingdom to become the second largest market for international overnight visitors to Victoria, behind New Zealand. This shift in ranking was not forecast¹ to occur until 2011.

Other key growth markets for the year ending December 2010 were:

- Hong Kong (+28.5%) and Malaysia (+24.5%) – influenced by the Holiday and VFR segments
 - Malaysia's continued strong growth was in part a result of services by Air Asia X.
 - Visitation from Hong Kong was strongly influenced by the Business segment (+99.4%).
- Singapore (+4.1%) and India (+15.0%), despite an increase in reported violence against India students in recent years.

More detailed results are included on the following pages.

State visitation

- International overnight visitors to Victoria accounted for \$3.9 billion in visitor expenditure for the year ending December 2010, an increase of 4.9% over the previous year. Growth in visitor expenditure for Victoria was stronger than the national average (+2.9%) and key competitors New South Wales (+3.0%) and Queensland (-2.7%). The ACT (+22.4%), South Australia (+11.4%), Western Australia (+10.2%) and Tasmania (+1.8%) also recorded growth in expenditure.
- International overnight visitors to Australia increased by 5.1% for the year ending December 2010, to 5.4 million. Of these visitors, 30.3% visited Victoria, 52.2% visited New South Wales and 37.6% visited Queensland.
- Victoria recorded 1.65 million international overnight visitors for the year ending December 2010, an increase of 118,700 visitors (+7.8%) compared to the same time last year. Victoria performed better than the national average, which increased by 5.1%, as well as New South Wales (+4.7%) and Queensland (+4.1%).
- From 2006 to 2010, international overnight visitors to Victoria have grown at an annual average rate of 3.3%, outperforming the national average (+1.6% p.a.), and key competitors New South Wales (+0.5% p.a.) and Queensland (-1.6% p.a.).
- International visitor nights to Victoria increased by 6.0% to 40.7 million nights for the year ending December 2010, representing market share of 21.7% and has remained ahead of Queensland since the year ending June 2010 to maintain the second highest market share. Victoria's growth in international visitor nights was primarily driven by growth in VFR (+17.6%) and Business (+11.7) segments.
- Other States experiencing strong year-on-year growth in nights were South Australia (+22.1%), Tasmania (+12.9) and NSW (+6.4%).

Melbourne & Regional Dispersal

- For the year ending December 2010 Melbourne had its highest recorded number of visitors and expenditure:
 - 1.54 million international overnight visitors, up 7.5% year-on-year
 - 35.7 million international nights, up 4.2% year-on-year
 - \$3.65 billion, up 6.1% year-on-year
- International visitor expenditure in Melbourne increased by 6.1% to \$3.65 billion for the year ending December 2010 compared to the previous year, to reach its highest on record. Growth outperformed Sydney (+1.5% to \$5.54 billion), Brisbane (+1.6% to \$1.36 billion) and the Gold Coast (-5.6% to \$955 million). Strong growth was also experienced by Canberra (+22.4% to \$284 million), Adelaide (+12.1% to \$638 million) and Perth (+11.3% to \$1.68 billion).
- Total international overnight visitors to Melbourne increased by 7.5% to 1.54 million for the year ending December 2010, making this the highest recorded number of visitors on record. The number of nights spent in Melbourne increased 4.2% for year ending December 2010, to 35.7 million.
- International overnight visitor numbers to regional Victoria increased by 1.4% to 323,800.
- International visitor nights in regional Victoria increased by 20.8% to 5.0 million, with international visitors in 2010 staying longer than previous years. This increase in nights was influenced by year-on-year increases by the Employment (+47.8%) and VFR (+46.2%) segments.
- Three regions experienced increases year-on-year in estimated visitor numbers including: Goldfields (+9.9%), Mornington Peninsula (+8.5%) and Great Ocean Road (+0.7%).
- For the year ending December 2010 compared to the previous year, international visitor expenditure in regional Victoria decreased (-8.0%) to \$288 million. This decline was greater than for regional Queensland (-4.3%) and the national regional average (-1.1%), and was in contrast to strong growth for regional New South Wales (+15.7%).

Purpose of Visit²

- Overnight visitors to Victoria increased in all purpose of visit segments except backpackers with Leisure (influenced by Visiting Friend and Relatives (VFR)), Business (influenced by Business Events) and Education all performing above the national average, NSW and Queensland. Business Events (+38.5%) and VFR (+9.9%) segments noted the strongest increases.
- Leisure visitors (Holiday and VFR) to Victoria recorded a year-on-year increase of 4.9%. The growth for the Business segment (which includes a 38.5% growth for Business Events) indicates strong recovery from the global economic crisis. This is also influenced by the opening of the Melbourne Convention and Exhibition Centre (MCEC) in July 2009. This growth can be attributed to most key volume markets showing strong recovery in business visitation China (+55.1%), USA (+30.1%), UK (+23.8%) and New Zealand (+11.0%).
- Victoria experienced increases in overnight visitation from segments from 2009 to 2010:
 - Business visitors (+26.1% to 277,700), influenced by the sub-segment Business Event visitors (+38.5% to 41,700);
 - Education visitors (+5.8% to 152,100);
 - Leisure visitors (consisting of Holiday and VFR visitors) to Victoria recorded a year-on-year increase (+4.9% to 1.15 million), outperforming growth for NSW (+3.3% to 2.03 million), Queensland (+2.2% to 1.65 million) and the national average (+3.3%);
 - Holiday overnight visitors to Victoria recorded a year-on-year increase (+2.4% to 752,100), outperforming growth for Queensland (+1.2% to 1.26 million) but behind NSW (+3.2% to 1.43 million) and the national average (+3.8%)
 - VFR overnight visitors to Victoria recorded a year-on-year increase (+9.9% to 401,000), outperforming growth for Queensland (+5.7% to 386,400), NSW (+3.6% to 606,300) and the national average (+2.5%)
 - Backpackers³ to Victoria decreased (-0.8% to 257,300), outperforming Queensland (-4.5% to 352,900), however behind growth for NSW (+1.4% to 453,000) and the national average (+2.3%);
 - Employment visitors (+3.7% to 32,000) for Victoria.
- From 2009 to 2010 international overnight visitor expenditure in Victoria increased in the Business (17.9%), Education (7.2%) and VFR (+1.3%) segments.
- International overnight visitors in the VFR segment continue to represent approximately a third of Leisure visitors, however the VFR segment represents 46.5% of Leisure segment spend. Visitor nights for the VFR segment also represent 48.3% of the Leisure nights spent in Victoria, indicating international visitors are staying longer and therefore spending more when visiting friends and/or family.

Visitation from Tier One Markets

China

- Chinese overnight visitors had the highest expenditure of all inbound visitors to Victoria. Expenditure by Chinese visitors in Victoria increased by 29.7% to \$685 million for year ending December 2010 compared to 2009, and the highest on record by this market in the State. The growth in Chinese expenditure in Victoria was greater than in Queensland (+17.8%), New South Wales (+10.6%) and the national average (+19.1%).
- China has overtaken the United Kingdom to become the second largest market for international overnight visitors to Victoria, behind New Zealand. This change in ranking was not forecast⁴ to occur until 2011. There were 206,000 Chinese overnight visitors to Victoria for the year ending December 2010 the highest on record, a 26.4% increase over the previous year and representing 47.8% of all Chinese visitors to Australia who visited Victoria⁵. Nationally, Chinese visitation to Australia increased by 23.0%. Chinese visitors spent 7.8 million visitor nights in Victoria for year ending December 2010, an increase of 22.6% compared to the previous year (and compared to a 25.3% increase nationally). The considerable growth in nights was driven by an increase in the Business (+55.1%), VFR (+38.2%) and Education (+32.4%) segments. China is the largest source market of Education visitors to Victoria (34,200), and provides the second highest

² Definition: Main purpose of trip to Australia. This may or may not have been the main reason for visiting Victoria.

³ Backpackers defined as having stayed at least one night in backpacker accommodation. Backpacker segment is not exclusive of purpose of visit segments.

⁴ Tourism Forecasting Committee Forecast, Issue 2

⁵ Note: International overnight visitors to Australia generally visit more than one State.

number of Education visitors to the country (behind NSW at 52,000). China is the second highest source of holiday visitors with 91,700 visitors, behind the United Kingdom (with 103,700).

New Zealand

- New Zealand has overtaken the United Kingdom to become the second largest market for international visitor spend in Victoria, behind China. Expenditure by NZ overnight visitors increased by 20.3% to \$326 million for year ending December 2010 compared to 2009. The increase was stronger than for New South Wales (+15.2%), Queensland (-0.9%) and the national average (+8.2%).

- There were 246,500 NZ overnight visitors to Victoria for the year ending December 2010, a 6.8% increase over the previous year and representing 23.4% of all New Zealand visitors to Australia who visited Victoria. Nationally, NZ visitation to Australia increased by 4.8%. NZ visitors spent 2.2 million visitor nights in Victoria for year ending December 2010, a 5.9% increase compared to the previous year (and compared to a 5.8% increase nationally). New Zealanders represent the highest number of international VFR (75,500) and Business (63,000) overnight visitors to Victoria.

United Kingdom

- The United Kingdom has fallen behind New Zealand to become the third largest market for international visitor spend in Victoria. Expenditure by UK overnight visitors increased by 2.4% to \$296 million for year ending December 2010 compared 2009. In contrast declines in expenditure by UK visitors were experienced by New South Wales (-8.8%), Queensland (-7.5%), and the national average (-5.4%).

- The United Kingdom has fallen behind China, to become the third largest market for international overnight visitors to Victoria. There were 196,800 UK overnight visitors to Victoria for the year ending December 2010, a 2.3% decrease over 2009, and representing 32.3% of all UK visitors to Australia who visited Victoria. Nationally, UK visitation to Australia decreased by 2.6%. Visitors from the UK spent 3.7 million visitor nights in Victoria for year ending December 2010, a 2.0% increase from the previous year (compared to a 2.9% decrease nationally). The UK is the largest source of Holiday visitors (103,700), as well as backpackers to Victoria (50,600) (followed by Germany with 30,300) and Employment (6,300).

United States of America

- Expenditure by USA overnight visitors decreased by 3.6% to \$212 million for year ending December 2010 compared to 2009. The decline was greater for Queensland (-12.3%), New South Wales (-4.8%) and the national average (-6.5%).

- There were 125,600 USA overnight visitors to Victoria for the year ending December 2010, a decrease of 3.0% compared to 2009, and representing 28.5% of all US visitors to Australia who visited Victoria. Nationally, US visitation to Australia decreased by 2.3%. Visitors from the US spent 1.6 million visitor nights in Victoria for year ending December 2010, a decrease of 12.1% from the previous year (compared to a 3.2% decrease nationally).

- The special episodes of Oprah showcasing Australia aired in December 2010. Given lead time on long-haul travel, we are yet to see the impact of this on visitation from the US.

Visitation from Tier Two Markets

- International overnight visitation increased from four Tier Two markets compared to the previous year:
 - Hong Kong up 28.5% to 49,700 representing 33.3% of all Hong Kong visitors to Australia who visited Victoria
 - Malaysia up 24.5% to 90,900 representing 42.7% of all Malaysian visitors to Australia who visited Victoria
 - India up 15.0% to 58,300 representing 44.7% of all Indian visitors to Australia who visited Victoria
 - Singapore up 4.1% to 78,100 representing 29.0% of all Singaporean visitors to Australia who visited Victoria

- Of these markets, Victoria outperformed the national average growth, as well as key competitors NSW and Queensland, for international overnight visitors from Malaysia and Hong Kong.

- Year-on-year declines in overnight visitors to Victoria were experienced from Canada (-5.6%), Korea (-5.1%), and Japan (-5.0%). Germany (-0.1%) also experienced a decline, however performed stronger than declines for NSW, Queensland and the national average.

Visitation from Tier Three Markets

- Visitation increased in five of the eight Tier Three markets compared to the previous year:
 - Thailand up 31.6% to 29,200 representing 37.3% of all Thai visitors to Australia who visited Victoria
 - France up 9.1% to 31,900 representing 34.7% of all French visitors to Australia who visited Victoria
 - Italy up 5.1% to 25,200 representing 46.2% of all Italian visitors to Australia who visited Victoria
 - Indonesia up 4.3% to 38,100 representing 34.0% of all Indonesian visitors to Australia who visited Victoria
 - Scandinavia up 2.3% to 29,600 representing 35.8% of all Scandinavian visitors to Australia who visited Victoria
- Victoria outperformed the national average growth, as well as key competitors NSW and Queensland, for international overnight visitors from Thailand, France and Italy.
- Year-on-year declines in overnight visitors to Victoria were experienced from Switzerland (-4.5%), the Netherlands (-2.6%) and Taiwan (-1.0%).

International visitors to Victoria, nights, expenditure and year-on-year growth by origin: year ending December 2010

Year ending December 2010	Visitor Estimates to Victoria		Visitor Night Estimates		Visitor Expenditure Estimates*	
	Total ('000)	% change 09/10	Total ('000)	% change 09/10	Total (\$m)	% change 09/10
Tier 1						
China	206.0	26.4%	7,754	22.6%	685	29.7%
New Zealand	246.5	6.8%	2,220	5.9%	326	20.3%
UK	196.8	-2.3%	3,738	2.0%	296	2.4%
USA	125.6	-3.0%	1,630	-12.1%	212	-3.6%
Tier 2						
Japan	37.9	-5.0%	931	-9.3%	72	-7.7%
Singapore	78.1	4.1%	1,798	-10.0%	311	0.3%
Malaysia	90.9	24.5%	2,661	6.5%	315	-5.4%
Germany	58.9	-0.1%	962	-0.4%	71	-11.3%
Korea	31.4	-5.1%	1,245	1.1%	84	-23.6%
India	58.3	15.0%	3,277	-0.9%	268	4.3%
Hong Kong	49.7	28.5%	928	-15.0%	138	8.7%
Canada	35.7	-5.6%	740	-0.1%	56	-6.7%
Tier 3						
France	31.9	9.1%	797	4.8%	56	1.8%
Italy	25.2	5.1%	555	-12.0%	41	-6.8%
Netherlands	20.9	-2.6%	-	-	26	-10.3%
Switzerland	15.6	-4.5%	-	-	22	4.8%
Scandinavia	29.6	2.3%	591	-2.6%	65	20.4%
Indonesia	38.1	4.3%	1,476	17.3%	164	-1.2%
Taiwan	25.7	-1.0%	531	10.1%	38	5.6%
Thailand	29.2	31.6%	1,238	16.2%	125	16.8%
TOTAL	1,649.3	7.8%	40,662	6.0%	3,941	4.9%

* includes package expenditure

December Quarter 2009 and 2010 comparisons

- International overnight visitors to Victoria increased by 11.8% to 492,600 for the December quarter 2010 compared to the December quarter 2009. This result is stronger than the national average (+4.0%), New South Wales (+0.4%) and Queensland (6.4%).
- Increases in overnight visitation from December quarter 2009 to 2010 came from three of the Tier One markets: China (+53.3%), New Zealand (+9.4%) and UK (+3.5%); as well as most Tier Two markets: India (+58.7%), Malaysia (+24.1%), Hong Kong (+18.6%), Singapore (+7.8%) and Canada (+7.4%).
- Victoria also recorded increases in overnight visitors in most segments as well as outperforming the national average and NSW in Leisure (+10.2%) (made up of VFR (+24.1%) and Holiday (+3.4%)), Business (+32.0%) and Education (+9.6%) segments.