



TOURISM SECTOR



CHAPTER SIX

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SUMMARY

- By 2035, the number of Indian tourists to Australia is expected to grow four-fold, from 300,000 in 2017 to nearly 1.2 million. This puts India on track to go from being Australia's eighth largest tourism market today to our fourth.
- An estimated 70 million Indians will travel overseas annually by 2035 meaning Indian tourism could be worth over \$9 billion each year to the Australian economy.
- Attracting a greater share of travellers and more high-value travellers from India will be important for sustaining the profile and scale of Australia's tourism sector.
- Australia should continue to grow the number of Indian tourists visiting friends and relatives in the diaspora and student bodies in Australia and we should continue to target luxury holiday-makers and business travel niches as new growth markets.
- Australia can do this by stimulating Indian demand and improving the supply offering through tailored development and marketing, an 'India ready' tourism workforce, visa settings and greater connectivity. While the sector is private-led in both countries, government can play an important enabling role.
- We should use tourism to enhance perceptions of Australia in India as a welcoming, diverse and advanced economy.
- Favourable tourism outcomes can also build bridges in the broader bilateral economic relationship, by improving cultural literacy and facilitating face to face relationships.
- More direct flights between Australia and India are essential to building the tourism and broader economic relationship.

1.0 THE MACRO STORY

KEY JUDGEMENT

Rising household incomes and more accessible connectivity will continue to open up international travel to a larger proportion of India's population. Out to 2035, an estimated 70 million Indians will travel overseas. India's sizable worldwide diaspora and international student base will continue to provide a pull factor for visiting friends and relatives. Alongside this, affluent Indian travellers will seek premium and personalised experiences that exude cachet. Business travel will expand in line with commercial interests with the Meetings, Incentives, Conferences and Exhibitions (MICE) travel segment the most prospective. The next generation of Indian travellers will be younger, more gender-balanced and be less likely to travel in multi-generational family groups. Capturing a greater share of India's outbound travel market will help shore up the long term prospects of our tourism sector. By 2035, there is potential for expenditure from Indian travellers to Australia to increase from \$1.5 billion to \$6.1 billion in a moderate case, or up to \$9.1 billion in an aspirational case. More direct air services are crucial to the development of this market.

1.1 Scale and key structural drivers of the sector

INDIAN DEMAND

India is one of the world's fastest growing outbound travel markets

- in 2017, 23 million⁵⁰ Indians travelled overseas, with this figure expected to approach 70 million by 2035.

Growth in India's outbound tourism market is driven by

- rising personal income levels and changing lifestyles for the burgeoning consumer classes
- affordable airfares and diverse travel packages
- India's 30 million⁵¹ strong diaspora and international student base which serves as a pull factor for those visiting friends and relatives (VFR).

There are two distinct types of Indian holiday-makers:

- The Luxury Traveller: experienced global travellers, accustomed to five star + facilities, wide culinary palate, expects personalised and premium services, shorter but more expensive trips

- the number of high net worth individuals (HNWI) in India is expected to triple, from 400,000 in 2016 to over 1.2 million by 2030⁶

- The Cost-Sensitive Traveller: with past international travel experience typically limited to Asia-Pacific destinations, more likely to be VFR than a pure leisure traveller, expects Indian food options, longer but budgeted trips, with a dispersal radius of two to three metropolitan cities.

On the business side, India's outbound MICE travel segment is projected to grow at an average of 22 per cent annually, generating around 30 million outbound travellers by 2030.⁵² There is an increasing propensity for Indian MICE travellers to be accompanied by spouses and children and combined with short leisure trips.

In India, travel is increasingly perceived as a demonstration of success. The status offered by travel varies by destination. Travel within Asia is the first threshold, out-of-region travel exudes greater clout including to countries in North America, Europe and, to a slightly lesser extent, Australia.

SUPPLY DRIVERS (MAKING IT EASIER TO TRAVEL)

Technology-led travel research and booking platforms are increasingly accessible to the average Indian consumer

- the internet allows people to be their own travel agents
 - depending on familiarity with international travel or the destination, travel agents are engaged at a later stage of the decision cycle (if at all).

Greater aviation connectivity out of India is making travel more convenient

- around the world, airfare costs have decreased in real terms and yield per passenger per kilometre is the lowest on record⁵³
 - international airfares represent around 25–30 per cent of tourism budgets; savings can be used to upgrade experiences on the ground
- the entry of low cost carriers for short haul destinations has opened up international travel to new demographics and income groups in India
- the Government of India is seeking to remove limits on air services capacity – as announced in 2016 through India's National Civil Aviation Policy which proposed reciprocal open skies air services agreements with countries beyond 5,000 km from New Delhi.

The ability to use the Aadhaar card (a national biometric identity card) or voter card as proof of identity in India is improving ease of obtaining and renewing passports

- only 5.5 per cent of India's population held a passport in 2017⁵⁴
- this could become important for Australia regarding fraud and visa issuance
 - for example, if voluntary access to individual biodata on the Aadhaar card were negotiated it could improve confidence in Indian documentation and facilitate faster visa processing.

AUSTRALIA'S COMPETITIVE ADVANTAGE

Australia is one of the world's leading tourism destinations, ranked seventh on the Travel and Tourism Competitiveness Index Ranking 2017. In 2017, 8.8 million people visited Australia, and this figure could reach 20 million by 2035.⁵⁵ The sector thrives due to comparative strengths:

- world-class natural beauty and wildlife (such as the Great Barrier Reef, along with 18 other world heritage sites)
 - world-class natural beauty and wildlife are consistently reported as the most important factors for Indian holidaymakers⁵⁶
- perceived safety and low crime rates
 - safety and value are the next most important factors for Indian holidaymakers
- provision of alternative tourism options like cruise shipping, adventure sports
- culinary experiences from different cultures
- mix of sophisticated urban centres and wide-open spaces.

Australia has a substantial and growing Indian diaspora and student cohort to draw VFR travellers

- Australia's Indian diaspora has trebled over the decade to 2017
- in 2017, there were more repeat visitors to Australia from India than first time visitors.⁵⁵

Visitation from India to Australia has grown strongly over the past decade (to 2017) at an average rate of 12.7 per cent per annum, with spending growing by 15.1 per cent per annum

- today, India is Australia's eighth largest international tourism market, attracting around \$1.5 billion in spending⁵⁵
 - in passing the 300,000 visitors milestone in the year ending 2017, the Indian tourism market has already surpassed the 2020 targets set under the Tourism Australia India Strategic Tourism Plan

- visitation from India is forecast to grow four-fold to reach between 1 to 1.2 million by 2035 with leisure travel expected to near the 500,000 mark
 - this would make India our second fastest growing inbound tourism market (behind China), and fourth largest market in aggregate⁵⁷
- by 2035, expenditure by Indian visitors to Australia is expected to reach \$6.1 billion in a moderate case and up to \$9.1 billion in an aspirational case.

1.2 How the sector will likely evolve out to 2035

GLOBAL TRENDS IN THE TOURISM SECTOR WILL AFFECT INDIAN AND AUSTRALIAN MARKETS

The growing global middle class will fuel international travel and tourism

- with good English language skills, Indian middle class travellers can gain independence from guided tour groups, leading to an increase in free and independent travelling⁵⁸
- as the global population becomes more urbanised, natural attractions will become increasingly important for those seeking a unique holiday destination
- visitors will demand more authentic experiences reflecting local culture rather than curated experiences manufactured by tour operators (these preferences are already exhibited by India's small but growing young and independent travel market).

Technology will keep empowering consumers

- tourism will continue to be a buyer's sector with the onus on providers to meet heightened consumer expectations and deliver tailored offerings (for example, communicating in Indian languages).

The shared economy will threaten traditional modes of hospitality

- hotels are not expected to regain market share lost to Airbnb and are being driven to offer services on new and dynamic platforms.

As a labour intensive sector, automation will transform how tourism services are delivered. Automation will disrupt the pre-booking stage and will also be increasingly visible at destination

- jobs most prone to be automated in the short to medium term are tourism operators, customer care at hotels, along with processing at tourist sites and events
 - large scale roll-out of robotic and virtual tourism assistants is expected to materialise within the next decade
 - » for Indian tourists who are accustomed to overservicing in their domestic lives, loyalty could be enhanced for tourism operators able to retain a human touch

- engaging with the community is a quintessential part of the tourist experience and will see enduring value placed on human touch in service delivery (for those prepared to pay).

Big data will enable in-depth analysis of visitor preferences and behavioural patterns, enabling customisation at lower cost.

More hotels will evolve into multi-activity complexes, where accommodation sits alongside a range of leisure, sport, casino, convention, retail, dining and entertainment facilities

- for example, Barangaroo in Sydney, Aquis Resort in Gold Coast, and Queen's Wharf in Brisbane are following leaders in Dubai, Singapore and Hong Kong in hotel diversification.

The rise of virtual reality tours and 3D simulations could become an affordable alternative for those unable to afford to travel physically

- this technology could also be used for marketing destinations and enhancing on-the-ground experiences.

CASE STUDY: TOURISM AUSTRALIA: BOLLYWOOD STAR TOURS AUSTRALIA

Bollywood star Parineeti Chopra is young, enthusiastic and a popular household name across India. Tourism Australia has tapped into her networks to connect with the rapidly increasing number of Indians looking to travel overseas.

In-bound tourism from India is a high-growth market for Australia, with this strategy projecting the market to be worth over 9 billion by 2035.

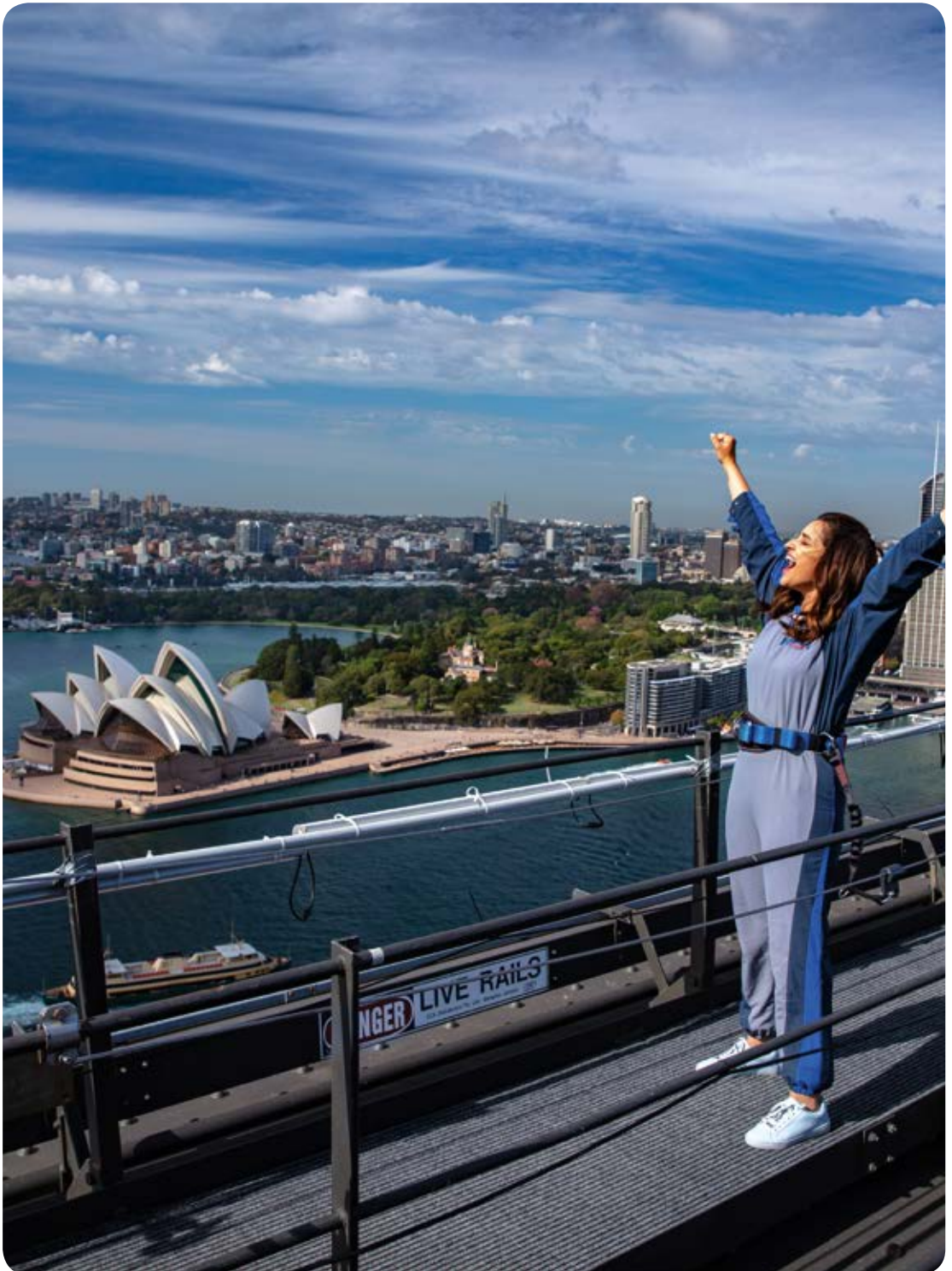
As a signed-up 'Friend of Australia', Parineeti visited Central Australia and the Gold Coast in September 2017, posting photographs and positive descriptions of her experiences.

Parineeti's 13.1 million followers on Instagram watched her helicopter flight over Uluru and her gleeful response to seeing dolphins and whales on the Gold Coast.

Tourism Australia has found a trusted local voice and a celebrity who creates headlines. A 10 day visit to Australia by Ms Chopra generated media coverage reaching an audience of more than half a billion, the equivalent of spending more than \$4 million in advertising.

Tourism Australia built on this success, when Parineeti returned in April 2018, visiting Sydney, Melbourne and the Whitsundays in Queensland, popular destinations for Indian tourists.

For a relatively modest investment, Tourism Australia has significantly increased awareness of Australia in India, and maintained a healthy growth in visitor numbers from this market.



Changes in workplace communications and digital connectivity are changing the need to travel internationally for business, particularly at lower and mid-management levels

- growth is expected from MICE events rather than from individual business travellers over the long term.

INDIA'S DOMESTIC TOURISM AMBITIONS

Tourism forms part of the Indian Government's mainstream agenda – in recognition of its importance for employment (particularly for young adults and women), promoting social cohesion domestically and projecting images of India's modernisation to the world

- annual inbound tourists to India are forecast to increase from 10.2 million in 2017 to 15.3 million by 2025–26 (excluding returning diaspora).⁵⁰

To spur visitation and attract private sector investment, the Indian Government has launched schemes such as Swadesh Darshan⁵⁹, National Mission for Pilgrimage Rejuvenation and Spiritual Augmentation, expanded e-tourist visa facilities and relaxed coastal land and air regulation.

Indian Government policies persuading the country's cash-based economy to embrace digital payments will have a positive long term effect on tourism, lifting confidence to move across tourism supply chains, and book and pre-pay holidays online and on mobile platforms.

CHANGES IN AUSTRALIA'S TOURISM SECTOR

Australia will need to make supply-side investments to support the expected increase in global visitors, including in:

- the tourism workforce, which is expected to become more stretched as Australia's population ages and pay and conditions in the tourism sector fail to attract sufficient local employees⁶⁰
- high-end experiences, retail, gambling and entertainment offerings
- regional transport infrastructure upgrades and expansions.

Australia will keep transitioning to the new market of travellers from Asia over historically important sources in the United Kingdom, United States and Europe.⁶¹ This will drive:

- culturally appropriate training for tourism workforce, noting tastes and language differ across Asia
- the expansion of more popular Asian retail and food chains into Australia.

There will be heightened attention on preservation. Climate change, extreme weather events and pressures of increased tourist traffic could limit access to Australia's iconic natural attractions.

There is a perception Australian tourist visas are difficult to secure. Looking ahead, Australia's visa system will be transformed to make it more responsive to our economic, social and security interests and to enhance the client experience. This includes:

- investing in innovative visa processing and facial recognition technologies
- improved service delivery, including a shift towards a digital visa processing platform
- simplification of existing, highly complex visa arrangements.

2.0 OPPORTUNITIES FOR PARTNERSHIP

KEY JUDGEMENT

The Indian diaspora and student cohort will support the dominance of VFR travellers, repeat trips, and Australia literacy. Growth potential exists in luxury travel niches. In a status-driven market, effective brand ambassador choices can bring immediate uplifts. As a relatively high-cost destination, Australia must compete on a value basis. In the medium to longer term, opportunities will emerge in business and MICE travel and in two-way investment in tourism infrastructure.

2.1 Export opportunities

ATTRACTING HOLIDAY VISITORS

The range of measures to attract holiday visitors include:

- continuing to use our shared passion for cricket to promote the broader tourism relationship, particularly in the short to medium term
- increasing the number of Indian honeymooners, capitalising on the alignment between Indian wedding season and peak travel period for Australia⁶²
- attracting Indian destination weddings to Australia
 - destination weddings are rising in popularity within the high net worth individual market
 - Indian weddings typically involve multiple events over a number of days and large wedding parties
- backpacker holidays from India could increase in the medium to long term, as younger middle-class Indians look to explore destinations on their own or with a group of friends
 - the proportion of visitors from Asia travelling as backpackers has increased from 1 per cent to 6 per cent in the past decade¹²
 - however, there are constraints to growing this market – Indian youth are not currently eligible for working holiday maker visas and it can be more challenging for single young people to get a visa.

ATTRACTING BUSINESS VISITORS

As India's commercial presence in Australia grows there will be opportunities to broaden business travel and events, including through coordination with convention bureaus

- MICE travel opportunities could take a sectoral approach, particularly those with a large sales focus (IT, pharmaceuticals, financial services and insurance).⁶³

Australian convention bureaus have the potential to set up a presence in India, similar to bases in China, Hong Kong, Japan, United States and United Kingdom. This could then connect with Australian retail outlets already present in India that focus on servicing corporate clients.

2.2 Collaboration

AIRLINES

Australian airports, with State Governments, could consider:

- partnering with airlines of regional hub countries to target Indian travellers
- incentivising Indian airlines as two-way visitation grows
 - international competitors in Europe already offer temporary waivers or discounts on hangars, landing fees and check-in leasing arrangements to entice pilot routes.

FILM

Incentivising Bollywood film production in Australia could help promote Australia to both the mass market and HNWI

- for example, Switzerland's tourism marketing strategy targets film; it is consistently ranked as the number one destination for natural beauty by Indian visitors and sees a better conversion rate between aspirational and actual trips than Australia, despite higher in-country travel costs
 - Spain, Israel, Czech Republic and Singapore have successfully offered filming package incentives to lure Bollywood production
- at least 10 Bollywood films have been totally or partially shot in Australia since *Salaam Namaste* in 2005, and a number of Indian soaps have featured Australian themes and episodes.

VOCATIONAL EDUCATION AND TRAINING

Training can provide a pathway for Indian hospitality workers to crossover from the informal to formal economy domestically. There is an opportunity for Australian VET providers to develop and deliver industry-led curriculum in India

- this could focus training on the mid-tier segment in which Australia has significant experience [see *Chapter 3: Education Sector*].

OTHER COLLABORATIONS

Other collaborations could include further leveraging existing points of market recognition, including:

- MasterChef Australia: is one of the highest rated English-language programs in India; the MasterChef India franchise visited Australia in 2016
 - this can play a powerful role in marketing the quality of Australian produce and wines to India; with scope to pair with food destinations.

- Cricket Australia: using former and current players to showcase products and Australian cities that will host the Indian cricket team
 - there is an opportunity to add female cricketers to Tourism Australia's 'Friends of Australia' ambassador program, or leverage the presence of Australian cricketers across Indian cities during the Indian Premier League in April-May each year and Indian cricketer presence in Australia during Big Bash League in December-February to promote Australian tourism.

2.3 Investment

INVESTMENT IN AUSTRALIA

There is an opportunity for Indian international food chains to expand their presence into Australia

- Indian tourists value the availability of their local cuisines while travelling internationally, particularly those with vegetarian or Jain dietary requirements⁶²
 - Indian food chain outlets are already appearing in Western destinations.

There is an opportunity for upmarket Indian international hotel chains to follow outbound visitors to Australia, as has been the case for the Taj Group and Oberoi Group with Indian visitors in Southeast Asia¹²

- the demand for upmarket hotels is expected to increase
- while the value proposition model employed by upmarket Indian hotel chains is labour intensive and difficult to sustain in Australia's relatively high labour cost environment, automation of customer care, reception and concierge services at hotels could see this model shift in the medium to long term
- franchise agreements, to lease affiliation with an Indian brand and fitted to an existing hotel can reduce the risks of greenfield investment.

INVESTMENT IN INDIA

India is seeking investment in its tourism sector and has lifted the FDI cap to 100 per cent. Notwithstanding the constraints and challenges, opportunities include:

- expanding hotel accommodation: India has an unmet demand of 200,000 hotel rooms, largely in India's mid-tier and backpacker accommodation sector
 - investment is also being sought for theme parks, convention centres and the cruise market¹²
- Australian investors looking to gain indirect exposure to India's growing tourism sector could use Real Estate Investment Trusts (REITs)
 - the success of REITs in India has driven property sales by hotel chains, whereby the hotel building is sold and leased back under management contracts, with investors immune from short term fluctuations in occupancy rates and profits.

CASE STUDY: ACCOR HOTELS: MAKING INDIAN TOURISTS FEEL WELCOME

As India grows wealthier, international travel is growing too. Passenger arrivals in Australia have been increasing rapidly, with over 300,000 Indian arrivals in 2017. Spending was also up by 15 per cent to \$1.5 billion.

Australia's biggest hotel operator AccorHotels is positioning itself to meet this increasing demand, and has created a market leading Optimum Service Standards program for Indian visitation. These standards are to make Indian tourists to Australia feel welcome and comfortable.

The Optimum Service Standards program has been designed to better address the specific lifestyle and cultural needs of Indian travellers, to ensure premium comfort when holidaying in Australia.

Accredited AccorHotels' have adopted services to meet the needs of the Indian travel market which includes the translation

of hotel welcome kits, menus and business cards in Indian languages, Indian meals in the restaurant, Indian adaptor plugs, TV channels and newspapers to make guests feel at home.

AccorHotels is seeing an increase in the Indian inbound market from both the leisure travel and conferencing and incentives markets. Their areas to focus on over the coming years will be Indian travel dispersal to other regions in Australia.

Since launching these standards in 2016, the number of Indian guests staying at AccorHotels has grown. This includes guests travelling for leisure, conferences and as part of customer incentive programs.

AccorHotels partnered with the Australia India Travel and Tourism Council to endorse the standards, which it now plans to extend to more hotels in regional Australia.

3.0 CONSTRAINTS AND CHALLENGES

KEY JUDGEMENT

Australia is seen as a difficult long haul destination given limited direct flights and perceptions of lengthy and variable visa processing. The challenge will be developing an India literate workforce and viably delivering on expectations of over-servicing from Indian tourists.

3.1 Ease of connectivity

Air India is the only direct flight provider, with eight flights (three Melbourne and five Sydney) to New Delhi per week. Qantas, Virgin Australia and Jet Airways serve the Indian market through code-sharing arrangements via a hub outside India

- Sydney Airport identifies India as its most under-served market, with five of its 16 under-served cities worldwide located in India (Mumbai, Bengaluru, Hyderabad, Chennai and Ahmedabad)
 - air service agreements (ASAs) are not a short term deterrent to growth for direct flight routes (only 45 per cent of the 6,500 seats per week are being utilised)
 - but factors that are typically required to expand direct flight routes are still low
 - business travel is low on both sides, with business class typically providing a large portion of airline profits
 - there is insufficient critical mass of leisure and VFR travellers from Australia to India outside of seasonal surge periods (December–February and May)
 - nevertheless, Tourism Australia estimates that an additional 345,000 seats will be required by 2020 to meet expected demand for India
 - » to absorb demand fully, an increase in both direct and indirect flights is needed – through hubs like Bangkok and Colombo (Singapore and Malaysia have reached capacity under current ASAs for New Delhi and Mumbai)
 - one enabler for more direct flights is if operators can more easily offer flights through Australia to other destinations, including New Zealand.
- Visa arrangements and processing times inhibit spontaneous leisure and business travel where shorter lead times apply (for example, less than three months)
- in general, visa processing times are a point of frustration for Indian visitors, affecting Australia's attractiveness in a market where word of mouth counts
 - since 2012, processing times for Indian tourist visa applicants have increased, in part due to higher lodgement rates
 - significant reforms in Australia's visa systems are underway and will help address this
 - the introduction in 2016 of online visa processing and faster fee-for-service options for Indian nationals is already helping
 - reduced documentation, faster processing and multiple entry for low-risk cohorts are earmarked, but will take time to take effect in a market as large and diverse as India
 - Australia should ensure India is a priority country when streamlined processes are phased in and that processing timelines are reduced.

3.2 Skills, infrastructure and other constraints

Low expenditure by those visiting friends and relatives

- VFR represented 41 per cent of arrivals to Australia from India in 2016–17, yet contributed only 14.8 per cent of total trip expenditure. Indian VFR travellers stay 50 per cent longer than the average non-Indian VFR to Australia, but spend almost 70 per cent less during their stay. Indian VFR have low rates of dispersal (one to two cities per trip), and around 95 per cent stay in private accommodation.
- no major international film production has occurred in Australia since 2010 without top-up grants.

Skills shortages in the Australian tourism sector could affect the visitor experience. An estimated 123,000 Australian tourism jobs are projected to be unfilled by 2020 and will challenge the ability of Australia's tourism sector to give visitors a world-class experience. Within the workforce, literacy of Indian culture, preferences and tastes is limited⁶³

- SMEs lack the capacity to offer training on a market-by-market basis
 - country-specific training in larger tourism operators has generally concentrated on China and Japan.

Australia lags key international competitors in the heavily contested leisure segment

- for Indian holiday-makers, Australia resonates with affluent and experienced out-of-region travellers but is perceived to be less prestigious than the United States, France, Italy, Switzerland and the United Kingdom⁶²

- Sri Lanka, Thailand, Singapore and United Arab Emirates are the top destinations for Indian MICE travellers, supported by direct flight routes, geographic proximity and facilities to cater for 1,000+ size delegations.

Business travel to Australia is nascent (at only 13 per cent of total visitation) and not yet supported by strong and broad Indian commercial presence. Marketing to this group has been reactive, rather than through a deliberate strategy.

Australian infrastructure needs investment

- for example, cruise ship terminals at Sydney and Brisbane are approaching capacity, while facilities at Cairns, Augusta, Hobart, Broome, and Port Hedland are in need of upgrades or expansions to the wharf to sustain visitor economy.⁶¹

The online presence and digital capabilities of the Australian tourism sector (particularly SMEs) is improving but remains low. This affects the capacity for businesses to link into centralised booking sites and engage with the tech-savvy younger Indian audience through mobile platforms.

Australian investors have shown limited interest in investing in India

- the business environment, difficulty navigating state and federal approvals processes, and land acquisition regulations remain a concern
- while other Asian markets, such as Singapore, Hong Kong and Malaysia are seen as more lucrative for comparable return, at lower risk.

4.0 WHERE TO FOCUS

Engagement with the Central Government is important for any issues pertaining to aviation access, visa policies and biometric data. To bring travellers from India to Australia it makes sense to target cities with high numbers of outbound travellers and good connectivity. Tier one cities offer established markets, tier two cities offer growth potential.

Tourism strategies for India typically focus on cities because Indian international travellers tend to be from urban centres, with a tertiary qualification and a relatively good command of English.

Around 85 per cent of all visitors to Australia in 2017 originated from India's 10 wealthiest states: Maharashtra, New Delhi, Karnataka, Tamil

Nadu, Andhra Pradesh, Punjab, Kerala, Gujarat, Telangana and West Bengal, with visitation patterns correlated strongly to tier one cities with gateway airports

- the typical Indian traveller to Australia is an affluent member of a tier one city, all with major international airports: New Delhi, Mumbai, Bengaluru, Chennai, Hyderabad and Kolkata
- but tier two cities like Jaipur, Ahmedabad, Cochin and Amritsar are emerging as important source markets for outbound travel from India and should be targeted in the medium to long term.

RECOMMENDATIONS

Australia should seek to stimulate demand in the Indian market while also seeking to improve the supply offering to the Indian market. Recommendations on visas appear in *Chapter 16: Trade Policy Settings*.

37. Promote increased direct air services between Australia and India

Though ASAs are not inhibiting aviation capacity in the short term, no Australian carrier currently flies directly to India.

The Australian Government should encourage Australian and Indian carriers to increase direct air services between the two countries.

Australian airports should explore options to increase incentives for Indian airlines to use Australian airports, or for third country airlines if they are connecting directly from India.

The Australian Government should consider increasing aviation access to additional regional Indian tier two cities under air service negotiations, with a mind to opportunities evolving out to 2035.

38. Maintain an up-to-date understanding of India's outbound tourism market

India's economic outlook, the maturity of its out-of-region travellers, and ensuing opportunities for Australia, have changed since the development of Tourism Australia's India Strategic Tourism Plan in 2012. Within government and across industry, there are gaps in the understanding of trends unique to India. In Australia, tourists from India are perceived as a low-spending and a demanding market for which to cater. Better understanding of the different preferences of HNWI and VFR holiday-makers and the influence of the diaspora could support more effective targeting of segments.

38.1 Renew the Tourism Australia India Strategic Tourism Plan out to 2035, highlighting tourism export potential through five-year targets, including tracking and reporting. The Plan should be accompanied by supporting material, such as a calendar of major events and planning marketing campaigns that industry can leverage

- this would complement the Tourism 2020 review currently underway and the Beyond 2020 Strategy under development.

38.2 In addition to Tourism Research Australia, Tourism Forecasts and Tourism Australia Market Profiles, research projects should be commissioned:

- on regional dispersal initiatives for Indian travellers to Australia
- on leveraging off the international student cohort

- on the contribution of the Indian VFR segment, capturing spending of hosts and cumulative spending of returning VFRs over time
- on why conversion between aspirational demand to actual visits for MICE travel is not higher (for example, impact of visa processing, direct flight availability versus facility and venue constraints).

38.3 Develop research partnerships between Tourism Research Australia, the Department of Infrastructure, Regional Development and Cities, International Aviation and Transport Association and India's Ministry of Tourism

- with a focus on pairing analysis between combinations of Indian and Australian capital cities, and onward connection to third market destinations (such as New Zealand and the United Kingdom).

39. Sharpen Australia's marketing voice in India

39.1 Increase Tourism Australia funding for additional marketing activity in India

- either increase allocation of funding to Tourism Australia for additional marketing activity in India, potentially through the establishment of a country-specific India Tourism Fund
- or consider options for a review of Tourism Australia's existing budget to increase Australia's marketing impact in India
- supported activities could include:
 - continuing to harness the influence of celebrity endorsements on this market by recruiting high profile Australia brand ambassadors
 - supporting further partnership arrangements with Tourism Australia between two or more Australian states to promote tailored tourism packages for the luxury leisure segment.

39.2 As marketing to the Indian market increases, ensure there is strong coordination between Australian states to minimise message dilution and build a common brand

- continue to seek to coordinate marketing between Tourism Australia and State Governments with the marketing budgets of Australian airports.

39.3 Ensure new scalable marketing ploys (for example, virtual reality tours and 3D simulations) are provided in the appropriate Indian languages.

40. Target Bollywood to promote Australia to Indian travellers

Repeated Bollywood and Indian vernacular film production in Australia has the benefits of generating short term uplifts in tourism; setting up early association of romanticism and adventure with Australia for India's next generation of travellers; and stimulating collaborations with our domestic film industries. Australia's natural landscapes and urban centres have appealed to Indian production houses, but the lack of incentives in a relatively high production cost market is a deterrent. There are several avenues the Australian Government can explore to address this.

40.1 Conclude an Australia-India Audio Visual Coproduction Agreement (AVCA)

- Australia offers three, mutually exclusive, tax offset incentives for films
 - the location offset (a 16.5 per cent tax refund)
 - the production, digital and visual effects (PDV) offset (a 30 per cent tax refund)
 - the Producer Offset (a 40 per cent tax refund for feature films)
- concluding the bilateral AVCA means India would qualify for the Producer Offset for official joint productions
- alternatively, to increase either the location or PDV offsets for India current Australian budget rules require budgetary offsets to be identified.

40.2 Provide concessional filming packages for Bollywood films on a case-by-case basis

- for example, 'one-off' benefits and top-ups that have been offered to foreign film productions in the past and should be considered where there is strong alignment between proposed film and niche leisure markets (destination wedding, honeymoon, cruise, sports and adventure).

40.3 Austrade should support film and production house familiarisation exchanges, as well as tours of prospective shooting sites and facilities.

41. Develop an 'India ready' tourism work force

There are currently no Australian tourism training programs tailored for the inbound Indian market, but there are precedents for such programs for other markets. For example, in 2017 Austrade provided support to the Australian Tourism Export Council and TAFE NSW to deliver training to Chinese-speaking tour guides, within the confines of the Approved Destination Status scheme.

- 41.1 Develop 'India ready' training programs and digital toolkits aimed at raising awareness of cultural tastes, preferences and expectations of Indian leisure and business tourists
- this could be undertaken through a tender process allowing for a consortium of commercial stakeholders (VET providers and Indian partners) to put forward innovative proposals
 - the Australia India Tourism & Travel Council has industry-wide links and should act as an advisory body.
- 41.2 Ensure coordination between convention bureaus and government to accommodate business travel and events for the inbound Indian business community
- establish an online request-for-proposal portal through Business Events Australia for Indian business event planners to submit their requirements
 - including a database of event planners, unique experiences and event cities for planners and links for spin-off leisure activities for delegates.

42. Partner with the Indian Government on our collective tourism priorities

A constant flow of people is required for a stable and enduring economic partnership, including through people to people links, cultural exchange and knowledge transfers. We therefore have an interest in encouraging more Australians to visit India for leisure and business purposes. India is keen to learn from Australia's experience to develop its domestic inbound tourism market. We should use this opportunity to counter perceptions Australia is commoditising Indian tourists without due reciprocity.

- 42.1 Continue to develop a fuller work program under the Australia-India Tourism MoU and progress intersessional outcomes under the existing Joint Working Group
- seek to broaden industry representation at the Joint Working Group, beyond aviation, to reflect wide touch points of the tourism sector (for example education and training; sports and agriculture).

42.2 Government to government engagement should include:

- continuing to share experience from Tourism 2020 design, implementation, tracking and industry engagement to support India's development of its own tourism strategy
- engagement between Australian tourism researchers and Indian Government agencies, researchers and policy groups to share research and data, highlighting the contribution of tourism, trade, investment and international education to their respective economies
- share experiences on regulatory mechanisms that provide access to, yet conserve, world heritage assets – this should involve collaboration with states
- engaging with India on the parameters for accessing Aadhaar biometrics to support more efficient visa processing.

42.3 Prioritise tourism in future Australia Business Week in India (ABWI) delegations and better align ABWI with Tourism Australia's annual India Travel Mission.