

17 July 2017

The Hon Greg Pearce MLC  
Chair  
Standing Committee on State Development  
Parliament House  
6 Macquarie Street  
SYDNEY NSW 2000

*Via email*

### **Questions on Notice – Inquiry into Regional Development and a Global Sydney**

Dear Mr Pearce,

Thank you for inviting the NSW Business Chamber to appear before the above inquiry. As you are aware, there were a number of questions on notice taken during that appearance that we now submit for the Committee's consideration. Our responses to these questions on notice are set out below.

**The CHAIR:** *Just looking at Chinese tourism as another case study that might be useful to us, off the top of your head can you tell us what percentage of Chinese tourists to Australia are coming in through Sydney? If you cannot, just take it on notice and you can let us know?*

From ABS data (Catalogue 3401.0, Table 5, Series ID: A83808407V), for the year ended December 2016 there were 1,199,100 (1.2 million) short-term visitors from China<sup>i</sup>.

According to Destination NSW (utilising data from the International Visitor Survey (IVS), Year Ending Dec 16, Tourism Research Australia) for the year ended December 2016 there 666,000 visitors from Mainland China arriving in Sydney<sup>ii</sup>.

This equates to 55.5% of Chinese tourists to Australia coming in to the country via Sydney.

**The Hon. JOHN GRAHAM:** *Just to follow on from a couple of those views, and I think it is quite an interesting example, I just wanted to ask about the other sector you are highlighting as part of the visiting friends and relatives, particularly in the education area. Presumably they have got quite different attributes to some of what you have just described. Can you talk us through those and tell us how big a proportion of the market it is at the moment?*

According to Tourism Australia<sup>iii</sup> for the year ending December 2016, the purpose of Chinese tourists visiting Australia were as follows:

- 55% for 'holiday'
- 19% are visiting friends and relatives
- 7% are here on business and
- 13% are here for education.

China Market Segments	Description/Attributes
Group Tours	<ul style="list-style-type: none"> <li>▪ New or less experienced travellers.</li> <li>▪ Little or no English.</li> <li>▪ Travel in groups of up to 20 people.</li> </ul>
Free Independent Travellers	<ul style="list-style-type: none"> <li>▪ Affluent, university educated couples aged 30 – 49 years.</li> <li>▪ Seek to explore and experience local culture.</li> <li>▪ Interest in golf, self-drive, food &amp; wine experiences and Resort stays.</li> </ul>
Visiting Friends/Relatives	<ul style="list-style-type: none"> <li>▪ Chinese VFR travellers are older with 60% over 45 years.</li> <li>▪ Almost two-thirds are female.</li> <li>▪ Over three quarters prefer to travel in a private car or company car.</li> <li>▪ Average stay is much longer, around 42 nights.</li> <li>▪ Trip planning is very much based on the recommendations of friends and relatives as well as some internet research.</li> </ul>
Students	<ul style="list-style-type: none"> <li>▪ More than two thirds of students expected their friends and relatives to visit them in NSW.</li> <li>▪ Over 90% intended to travel with their families beyond Sydney.</li> <li>▪ Adventure experiences and drinking alcohol do not appeal to this market. They are more interested in nature experiences and visiting famous attractions.</li> </ul>

More information regarding Chinese Travellers and their attributes is contained in Destination NSW's China Tourism Strategy 2012-2020 and China Market Toolkit<sup>iv</sup>.

**Mr SPELLICY:** Yes. They are much more attractive because, as you say, they stay longer and tend to spend more. They can be influenced more as to what it is they are going to do and it is easy to influence them once they have landed. The issue about people on a group tour is that very often out of China their visa is dependent upon them being able to submit a complete itinerary before they leave the country; otherwise, they do not get their ticket. By the way, VFR is the largest single sector of leisure travel

ABN 63 000 000 000



into Australia, and not just for the Chinese market. They tend to be, as I said, very independent. They will book some content ahead of arrival, but really they are here to explore. They will take the advice of the people they are visiting as to what it is there is to do.

**The Hon. JOHN GRAHAM:** On that question of how big a proportion of the market it is, could you give us some steer?

According to Destination NSW<sup>v</sup> for International Overnight Travel the purpose of visit to Sydney;

- 58% was for 'Holiday'
- 23.6% was for visiting friends and relatives
- 10.3% for business.

**The Hon. RICK COLLESS:** You state in your submission that Chinese tourists spent an average of \$8,000 per visit in 2015-16 and \$2,500 on retail. How do they do their retail shopping? Virtually, does the bus pull up outside Chinese retailers in Sydney and they get shuffled in and shuffled out? Does that sort of thing occur?

**Mr SPELLICY:** Pretty much, yes. It is something that Tourism Research Australia has been working on. It is getting better, by the way. Tourism Research Australia worked very hard in the mid-2000s when the Chinese boom was taking off and with the Chinese Government, I have to say, to work around these completely controlled tour experiences because there was some restriction. Those shops would be owned by the same people who ran the tour and were tour operators. There was that type of locking-up of the economic benefit, which was an issue, but also there was an issue of people being charged for the whole package holiday, which included a number of things that were in fact free experiences. For example, driving down and walking on Bondi Beach and doing those kinds of things, they were being charged for that. That happens much less now. What would be interesting—and I do not know if Mr Aitken might be able to talk about this with those numbers—is whether or not that is just for those short leisure tourists or whether or not it includes longer stay visitors.

**Mr AITKEN:** I am not sure. I believe it is Tourism Research Australia data that we took it from. I am aware. I had a presentation from UnionPay, which is one of the Chinese credit card companies, and some of the data they have is absolutely incredible. For example, a quarter of a million dollars was spent by one person in one restaurant. I do not know how they actually did it. Maybe from one of those merchants there might be some data that you might be able to break down and see what they are actually spending the money on. But absolutely these are individuals who want to come over and spend money in the economy and a lot of it within the retail market. I am happy to take that on notice and see if there is any further breakdown that we can provide.

**The Hon. RICK COLLESS:** Thank you. That would be great.

According to the Cross Border Management<sup>vi</sup>, Shopping is 1 of the 3 top reasons Chinese tourists travel abroad.

Research from Cross Border Management also suggests that:

- 12.1% of all Chinese visitors come during the Chinese New Year Holiday.
- 18.1% visit during the school holidays in July and August.
- 9.4% visit during the Christmas period.

That Chinese tourists in Australia tend to shop in:

- Department stores 66.0%
- Duty-Free Stores 70.8%
- Discount outlets 36.5%
- Brand Franchises 42.8%

and that Chinese tourists in Australia tend to purchase:

- 59.5% Souvenirs
- 51.3% Cosmetics
- 43.1% Daily Necessities
- 40.4% Luxury goods
- 34.4% Clothes.<sup>vii</sup>

Thank you once again for the opportunity to contribute to this important inquiry.

Please feel free to contact

or via email at  
if you would like to discuss any aspect of  
this submission further.

Yours sincerely

**Luke Aitken**  
**Senior Manager Policy**  
**NSW Business Chamber**



## References

- i <http://www.abs.gov.au/ausstats/abs@.nsf/mf/3401.0>
- ii <http://www.destinationnsw.com.au/wp-content/uploads/2014/04/Sydney-YE-Dec-16.pdf>
- iii <http://www.tourism.australia.com/content/dam/assets/document/1/6/x/g/p/2002921.pdf>
- iv <http://www.destinationnsw.com.au/wp-content/uploads/2015/06/China-Market-Toolkit.pdf>
- v <http://www.destinationnsw.com.au/wp-content/uploads/2014/04/Sydney-YE-Dec-16.pdf>
- vi <https://static1.squarespace.com/static/55fcb7ce4b049077ee915ec/t/5760f0171d07c0ae9835c158/1465970738641/Seasonality+Chinese+Shoppers+Small.pdf>
- vii For more in-depth information regarding Chinese retail spending please refer to the report by Cross Border Management, Chinese Tourist Spending Habits, A Strategy for Year Round Sales<sup>vii</sup> and for more clarity regarding the \$8000 per visit and \$2499 retail spend please refer to these two articles: <https://www.bastionsgo.com.au/news/2017/2/6/pushing-the-red-envelope-the-business-of-chinese-new-year> and <http://www.abc.net.au/news/2016-07-15/chinese-tourists-spend-more-money-in-australia/7633736>

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