

Second Year Report

November 2017



Access 2020

Five-year Sea and Air Access Strategy 2015-2020

[Access Working Group]



wukalina walk

Chairman's Message

In October 2015, the Premier released Access 2020, Tasmania's five-year sea and air access plan. This second year progress report outlines the significant improvements to air and sea access to Tasmania in 2016-17. More frequent air services, new domestic air routes, more sailings by the Spirits of Tasmania and growth in cruise ship visits have all served to make Tasmania more accessible over the past year.

Air capacity to Tasmania increased by 126,789 new seats on key routes from Launceston and Hobart to Melbourne, Sydney and Brisbane. This increase in capacity was a result of additional ad hoc seats being available over a longer peak season, the addition of more peak time services and upgrading to larger aircraft with greater seating capacity.

A record number of passengers accessed our state by sea during 2016-17. TT-Line experienced further increases in passenger and freight, with the ferries also operating more sailings during 2016-17. Cruise ship visitation also continued to grow rapidly, with 2016-17 seeing a record breaking 95 port calls over the season.

The Australian Federal Government's funding of the extension of Hobart Airport's runway to 2,750 metres enables Tasmania's Access 2020 Group to pursue direct air access with international airlines based on key visitor source markets. The Hobart Airport runway extension remains on track for completion by the end of March 2018.

I would like to thank the Access Working Group for their hard work and commitment. The combined commercial and government structure of the group has allowed us to successfully take a whole-of-economy approach to access.

Visitor and residential passengers, inbound and outbound freight, Australasian and international Antarctic programs as well as international student programs, all support the economics of sea and air passenger services. These are provided in a complex and competitive commercial environment where Tasmania competes with other destinations to retain and build capacity. Our combined achievements over the year to June 2017 provide an excellent footing for us to reach our 2020 targets.

Kim Evans
Secretary Department of State Growth



Australian Wooden Boat Festival

Overall Growth in Tasmanian Access Demand

To meet the T2I access goals, the Tasmanian Government's Access 2020 Strategy aims to increase domestic air and sea capacity and frequency, improve seasonal demand, maximise low fare availability and increase international visitation, as well as introduce a small number of direct international flights.

In this second year of the strategy's operation, a total of 4,667,000 airline seats were provided on the seven major flight routes to Tasmania i.e. Hobart to/from Melbourne, Avalon, Sydney and Brisbane, and Launceston to/from Melbourne, Brisbane and Sydney.

This was an increase of 126,789 airline seats. There was also an increase of 125,280 extra passengers on these flight routes in the financial year to June 2017.

Although this increase is below the annual target of 140,000 new seats needed to meet Tasmania's 2020 visitor goals, the additional seats gained in the previous year means that the overall capacity gains of the plan remain on track. The announcements of new services to Adelaide and the Gold Coast in the first quarter of the 2018 financial year have ensured the five year target is firmly attainable.

Over 2017 the domestic market focus was on adding capacity and frequency to existing routes, particularly extra peak day services, and peak season services. The increase in capacity over the year was a result of additional ad-hoc seats being made available over a longer peak season, the addition of more peak time services and upgrades to larger aircraft with greater seating capacity on Sydney and Melbourne services.

Demand remained strong during financial year 2017, as 1.27 million visitors travelled on scheduled air and sea services to Tasmania, up 9 per cent from 1.17 million the previous year. The majority, 88 per cent, of Tasmania's visitors arrived on scheduled air services and 12 per cent of visitors arrived on the Spirit of Tasmania.

Visitor expenditure in Tasmania also increased to \$2.26 billion, up 10 per cent on the result from the previous year.

Cruise ship visitors are counted separately. Over the 2016-17 summer season, 236,794 cruise ship visitors days were spent in Tasmania. This included 166,351 passenger days and 70,443 crew days.

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Spirit of Tasmania I & II

Improvements to Enabling Infrastructure

Tasmania's ports and airports are a complex mix of ownership and responsibility. The Tasmanian Ports Corporation (TasPorts), is a government-owned entity that operates Tasmania's main seaport infrastructure as well as Devonport Airport. Burnie Airport is a partnership of local government and the private sector. Local government owns and operates Flinders and King Island Airports. The Tasmanian Gateway Consortium, a partnership between Macquarie Global Infrastructure Fund and TasPlan, owns and operates Hobart Airport; while Australia Pacific Airports is the majority owner of Launceston Airport in partnership with Launceston City Council. Australia Pacific Airports also owns and operates Melbourne Airport, a key gateway for Tasmania.

During the year, there were significant investments in Tasmania's gateway airports and seaports.

Spirit of Tasmania

The \$31.5 million refurbishment program for both ships that was completed in September 2015 has continued to boost traffic on the Spirits of Tasmania I and II, along with targeted marketing campaigns and reduced average fares.

Demand has continued to grow significantly following the upgrades. TT-Line operated a total of 836 sailings for the year, an increase of 88 since 2014. Annual passenger numbers also increased from 384,501 to 433,925. This was the highest number of passengers carried by the company since 2004.

Demand was high with visitors as well as locals. The total number of interstate visitors travelling by Spirit of Tasmania exceeded 155,084, or 7 per cent more than the previous year.

Freight volumes have also grown, with 103,423 TEUs carried by TT-Line over the past year for the benefit of Tasmania's exporters and primary producers.

Hobart Airport

Hobart Airport continues with its \$100 million redevelopment to improve Tasmania's connection to domestic and international destinations and ensure it delivers quality service to customers.

Hobart Airport has just experienced its busiest year ever with over 2.4 million passengers travelling through the airport over the past 12 months. This great growth continues. In recent months Hobart Airport has been able to announce new routes between Hobart and Adelaide, and Hobart and the Gold Coast. These routes, which commence prior to the end of 2017, provide increased destination options for residents, while opening increased tourist routes for the state.

The \$40 million runway extension project is nearing completion. This project, which will be delivered by March 2018, will enable larger aircraft to travel further afield from Hobart. This will provide the potential for wide-body aircraft to fly direct to Asia and provide more flexible and larger-scale operations to Antarctica.

To allow for this runway extension, Hobart Airport created a new access route for Seven Mile Beach. This road, named Grueber Avenue is effectively an extension of Holyman Avenue and provides a convenient path to and from the hamlet of Seven Mile Beach. This road is now open to the public.

Hobart Airport completed the first phase of a terminal redevelopment in October 2016. This phase delivered a new arrivals hall for all carriers, and improvements to the traffic and pedestrian arrangements landside of the terminal. The new arrivals hall provides a fantastic Tasmanian sense of place through the use of local timbers and art displays, and provides an additional food and beverage offering, all of which improves the comfort and efficiency for operations and passengers.



Launceston Airport

Over the coming months Hobart Airport will complete subsequent stages of the terminal redevelopment to improve comfort and upgrade facilities for passengers in the departure lounge.

Launceston Airport

Launceston Airport was named the Australian Airports Association Major Airport of the Year for the third consecutive year, for improvements made to the Airport.

A new large-scale flight information screen has been installed on the roadway to inform 'meeters-and-greeters' of the status of inbound flights. The digital screen supports the efficient operation of the forecourt set-down bays and encourages visitors to use the affordable short-term parking.

In a co-funded arrangement with government, a further large-scale screen has been installed inside the arrivals hall to display real-time social media posts from visitors travelling around Tasmania, encouraging greater dispersal to iconic regional tourism locations and repeat visitation. As part of the same program a second series of iconic images were installed in the arrivals stairwell, depicting experiential activities which can be enjoyed in the vicinity of the airport.

The introduction of a second X-ray scanner in November 2016 has helped eliminate security queues at peak periods, and dramatically reduced screening-related aircraft delays. The airport has also completed a program of facilities improvements, including showers, drinking-water fountains, courtesy baggage weigh-scales and terminal toilet upgrades.

Under its new Access Facilitation Plan, visually-impaired guests are able to listen to content through an audio-playback facility and assisted screening is provided for people with mobility difficulties. The Airport also worked with a Launceston family to create an Airport Awareness Booklet for autism sufferers.



Launceston welcomed for the first time, a 110-seat Qantas B717 Jet aircraft to manage increased passenger demand during summer. In September 2016, Virgin Australia Cargo established its first on-site operation servicing its weekday Boeing 737 freighter to Melbourne and onwards to Perth. During summer, Virgin Australia extended its Brisbane flying program with a weekly service upgraded to Boeing 737 from the previous Embraer operation.

A \$750,000 remediation program was completed on Taxiway Delta (including the installation of improved drainage) in an investment guaranteeing the ongoing integrity of the pavement surface for this taxiway. This is vital in facilitating an expedited runway exit for aircraft, contributing to faster turnarounds and improved punctuality.

Launceston Airport has made a \$2.2 million investment to further improve the customer experience in the terminal by reorienting the security screening facility. This allows travellers more time to rest and relax within the recently transformed retail and dining precinct. The work will include enhanced flight information displays and signage, new passenger amenities, additional seating with power charging points and a new automated CCTV-controlled security exit. Construction commenced in March 2017.



Burnie Port

Devonport Airport

A major project to resurface Devonport Airport's runway was completed in 2016. The 1,838 metre long runway carries 145,000 passengers to and from Devonport each year.

This \$5 million project extended the lifespan of the runway by 15 years. The project involved the installation of an asphalt overlay to the runway surface to maintain the runway's structural integrity, safety and performance. In addition to the runway works, the lighting navigation system has also been upgraded. The new PAPI (Precision Approach Path Indicator) assists with pilot navigation on the approach path to land.

Since acquiring Devonport Airport in 2006, TasPorts has invested over \$10 million in updating the infrastructure and facilities at the Airport.

Burnie Port

Burnie will experience a 68 per cent increase this cruise season compared to last season with 32 cruise ships and 67,500 passengers and crew scheduled to visit.

A highlight for this cruise season is the visit by the biggest cruise ship in Burnie's history, enabled by an infrastructure investment by TasPorts. A recently installed \$1.5 million mooring dolphin allows for cruise ships up to 315 metres in length to berth at Burnie, a significant increase on the previous limit of 285 metres. As a result of this investment by TasPorts, Burnie will welcome the largest cruise ship to ever call at the port, *Norwegian Jewel*, which is 294 metres in length.

In addition to mooring infrastructure upgrades, TasPorts has developed architecturally designed, portable cruise shelters. The shelters will deliver comfort and weather protection for passengers while they wait for buses into Burnie or to board their ship. The four, high-quality cruise shelters are built from recycled shipping containers to fit with the working port environment.

Hobart Port

Cruise is now the fastest growing tourism sector in Tasmania. In Hobart, 59 cruise ship visits are booked for the 2017-18 cruise season, a 20 per cent increase from the previous season.

The growth is being driven by 9 more port calls and larger cruise ships. TasPorts responded by upgrading infrastructure and services, investing over \$10 million in cruise terminal and associated infrastructure in Hobart since 2013.

During 2016-17 TasPorts completed an upgrade to the capacity of the Macquarie No. 2 and 3 wharves. The \$2.9 million project included seabed maintenance (to increase berth depth) plus the installation of new fenders and bollards. A new gangway was fabricated to improve safety and efficiency for passengers transiting between the ship and the cruise terminal.

These upgrades enabled vessels over 300 metres to be berthed alongside TasPorts Macquarie Wharf No.2 Cruise Terminal for the first time, including the 349 metre *Ovation of the Seas*. Tasmania also welcomed its first ever cruise visit in the middle of winter with a visit by *Pacific Jewel* to Hobart during the 2017 Dark Mofu festival.



Hobart Port



Blue Hills Honey

Access Working Group

The across government Access 2020 project is based within Tourism Tasmania, which has the following two goals as outlined in the T2I Visitor Economy strategies:

1. Generate more demand for travel to Tasmania.
2. Grow air and sea capacity.

The Access Working Group, led by the Secretary, Department of State Growth, contains a comprehensive mix of skills that provide direction in effectively implementing the plan's goals. The group takes a coordinated 'whole of government and industry' approach to overseeing the implementation of the Access 2020 plan and is responsible for monitoring the effectiveness of the plan and progressing outcomes through commercial and government channels.

The group's main focus is passenger access, airfreight issues and those aspects of freight that impact on the economics and development of passenger services. The working group considers access in the context of direct and connected services that link Tasmania with interstate and overseas destinations, including air and sea services and the key infrastructure that supports them, mainly ports and airports.

The members of the Access Working Group are:

Kim Evans (Chair)	Secretary, Department of State Growth
John Fitzgerald	CEO, Tourism Tasmania
Sarah Renner	CEO, Hobart Airport
Paul Hodgen	General Manager, Launceston Airport
Paul Weedon	CEO, Tasports (from Oct 2017)
Bernard Dwyer	CEO, TT-Line
Hans van Pelt	Director, Access and Aviation



Hobart International Airport

Goals and Strategies

Domestic air access development

Goals

- Grow capacity across the key routes of Melbourne, Sydney and Brisbane to Hobart and Launceston by 700,000 seats by 2020
- Improve connectivity, frequency and low fare availability on existing domestic routes to support and drive visitor growth
- Develop and support new direct domestic routes
- Flatten seasonality through increased demand in new and existing markets to retain capacity viably year round

Progress

The total number of interstate visitors to Tasmania for the year ending June 2017 was 1.06 million, up 6 per cent from 997,800 the previous year. Travel to Tasmania increased across the visitor categories of; holiday, leisure travel (up 13 per cent), visiting friends or relatives (up 11 per cent) and business travel (up 5 per cent).

The key domestic visitor markets with direct access all produced increases in visitation to Tasmania. A state of origin breakdown for financial year 2017 is as follows:

- Victoria up 2 per cent
- New South Wales up 13 per cent
- Queensland up 12 per cent

Direct access and price of air tickets are generally the largest inhibitor to interstate travel. This is factored into each of the business cases presented to airlines for new services or increased capacity on existing flight schedules in and out of Tasmania.

No new domestic routes were commenced into Tasmania during financial year 2017. However, in the first quarter of the 2018 financial year, two new routes and additional services were announced;

- Jetstar has commenced a direct, three day per week year-round service between Hobart and Adelaide from 14 November 2017.

- On 7 December 2017 Tigerair will commence a new, direct route between Hobart and the Gold Coast. This service will operate three times per week. Except for December, January and April when a fourth weekly service will be added. This new service by Tigerair will also see an additional Hobart-Melbourne return service on each day that Tigerair operates the new Gold Coast flights.
- Virgin Australia has added additional services between Hobart and Sydney for the 2017-18 financial year as well as extra peak season flights across 2017-18 summer period.
- Jetstar is optimising its Tasmania schedule and Qantas has added year-round larger aircraft and additional peak season capacity from Melbourne, Sydney and Brisbane to enable increased visitor numbers and passenger movements over Tasmania's longer peak season travel period.

International air access development

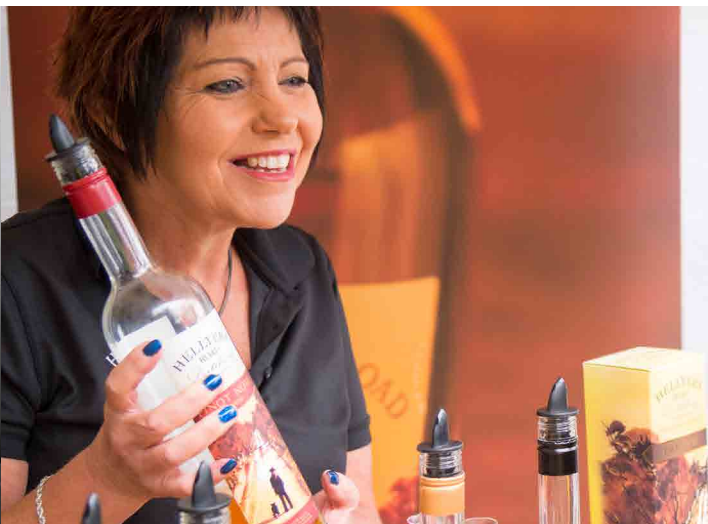
Goals

- Grow international visitation by improving connections to Tasmania through Melbourne, Sydney and Brisbane hubs to Launceston and Hobart
- Secure the introduction of a direct, triangulated or tagged international service from Asia-Pacific hubs to Hobart

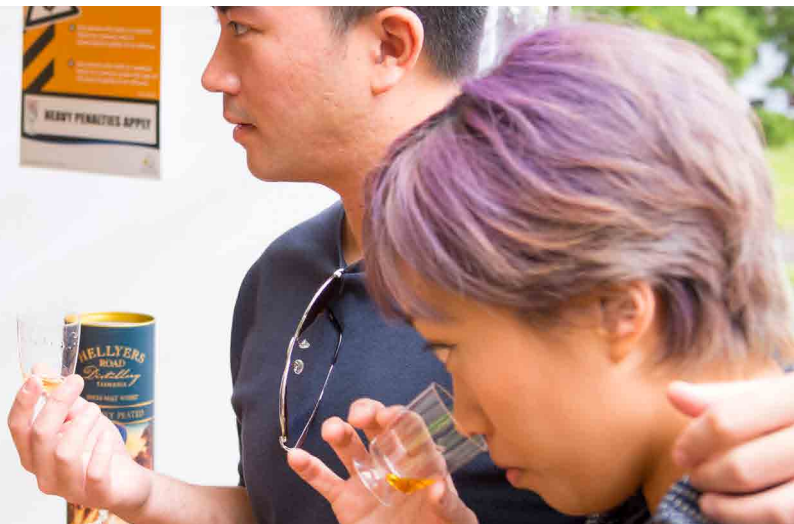
Progress

During the 2016-17 financial year, focus was placed on growing passenger numbers on code share connected air services to Tasmania. Code share agreements improve connectivity to Tasmania from international ports by allowing passengers to book one ticket and transfer luggage directly to their Tasmanian airport destination.

During the year Tourism Tasmania partnered with Chinese east coast travel trade participants to promote the Qantas-China Eastern Airlines codeshare service to Tasmania. This initiative, which was funded through the Aviation Development Fund, has helped to increase overall China visitor numbers to Tasmania.



Hellyers Whisky, Festival



Hobart International Airport



Curringa Farm

International visitation to Tasmania continues to increase. This is helped by continued growth from key domestic and international airline codeshare agreements that make accessing Tasmania considerably easier from anywhere with partner airline networks. For example; American Airlines and Qantas from the United States, which is now Tasmania's largest international visitor source market.

As well as improving connectivity to Tasmania, the strategy also aims to introduce direct flights from key international source markets. A Federal Government grant deed to extend Hobart's runway to 2,750 metres now enables the Tasmanian Government and Hobart Airport to pursue direct air access with international airlines based in key visitor markets. The Hobart Airport runway extension project remains on track for completion in March 2018.

Tasmania is presenting direct flight business cases to a number of international airlines. This is a significant step, and an indication of firm interest in delivering direct international services to Hobart upon completion of the runway extension and the terminal redevelopments that include the ability to process inbound and outbound international passengers, through customs and quarantine in Tasmania.

Details of any service proposal are treated on a commercial in confidence basis.

Tasmania's growing international visitor numbers add to the strength of any business case presented to an airline to commence international air services in and out of Hobart.

A strong factor for consideration is that international visitors arriving in Tasmania are most likely to travel to other parts of Australia before returning home. As such, the biggest challenge with international services is consistent base loads for international aircraft departing from Hobart.

The Aviation Development Fund was initiated to drive greater visitor numbers from selected international source markets over particular routes, and strengthen future business case development with airlines for the commencement of direct flights from Hobart Airport.



Ovation of the Seas at Hobart Port

Sea access and cruise development

Goals

- Grow visitor numbers arriving in Tasmania via TT-Line
- Grow yield from the cruise ship sector through overnight stays, ship provisioning and increased air lift requirements

Progress

TT-Line

Spirit of Tasmania I & II operated a total of 836 sailings for the year, an increase of 88 since 2014. Passenger numbers (Tasmanians and visitors) increased from 384,501 to 433,925 as fares dropped on average 15 per cent.

Of all interstate and international visitors to Tasmania, 12 per cent or 155,084 arrived on the Spirit of Tasmania, an increase of 7 per cent on the previous year. These passengers, on average, stay longer in Tasmania and disperse more widely to the regions.

Cruise Ships

Tasmania welcomed 95 cruise ships and 236,794 cruise ship visitors between October 2016 and June 2017, signalling growth of approximately 45 per cent on the previous year. Hobart received 49 port calls, while 17 ships visited Burnie and 22 visited Port Arthur. Six ships called at Wineglass Bay and one ship, The World, called at Flinders Island.

Several cruise ships visited Tasmania for the first time in 2016-17 including Ovation of the seas, Artania, MS Sirena, Europa 2 and the Azamara Journey. Queen Mary 2 made maiden calls at both Hobart and Port Arthur.

In June, Hobart welcomed its first winter event cruise. P&O's Pacific Jewel completed a hugely successful six night cruise to the popular Dark Mofo Winter Festival.

The Macquarie Wharf No.2 Cruise Terminal continues to provide a streamlined disembarkation and a sense of arrival into Hobart. Plans are underway to provide baggage screening and customs processing for up to 700 passengers to join or

depart a cruise ship in Hobart. This will allow for passengers to begin or end their cruise in Tasmania, and combine it with other holiday nights in the state.

Tourism Tasmania and the Australian Cruise Association hosted a Tassie Cruise Exchange and Famil Program in August. With great enthusiasm, 32 Tasmanian tour and activity operators showcased their experiences to eight cruise line executives and shore excursion operators at a business to business session held on the Hobart waterfront.

Tourism Tasmania, the Australian Cruise Association, Hobart City Council, Burnie City Council and Port Arthur Historic Site Management Authority commissioned a Cruise Ship Passenger Survey over the 2016-17 cruise season. The researchers interviewed 1,000 cruise passengers about their origin, expenditure, tours and activities undertaken while onshore, their social media habits, overall experiences and propensity to visit Tasmania again. Survey results were published in July and are available from www.tourismtasmania.com.au

Cruise visitors to Tasmania are expected to increase to over 300,000 visitors from 128 port calls during the 2017-18 summer period, up from 95 port calls during the 2016-17 summer period and 58 the year before. The 2017-18 cruise season includes an increased number of overnight stops and dedicated Tasmanian itineraries. We also have inaugural visits to Burnie and Hobart by the Norwegian Jewel, part of the Norwegian cruise network that is the third largest cruise operator globally.

Since 2015 and the release of the Access 2020 plan, Tourism Tasmania's access team have been working to agreed growth strategies for cruise ships to Tasmania. Since then cruise shipping has more than doubled to Tasmania prompting the Access Working Group to undertake an analysis of costs, benefits, opportunity, and risk of cruise shipping in Tasmania. It has been acknowledged this may differ from place to place and therefore a detailed destination analysis of each port and anchorage has been completed for consideration by the Premiers Visitor Economy Advisory Council in early 2018.



Hobart International Airport

Regional air access development

Goals

- Grow visitors and yield to regional areas of Tasmania – dispersal via access points
- Improve sustainability of regional access infrastructure

Progress

Additional charter and scheduled air capacity has been added to King Island following the growth in visitor numbers driven from two new golf courses and a greater awareness of the destination.

Regional Express (Rex) maintains its regular service between Melbourne Tullamarine Airport and Burnie-Wynyard. This is an important service for the local community and there is work underway with Rex and Burnie Council to develop a longer term destination partnership to drive growth in traffic numbers on this route.

Following operator changes in the wider market, regional operator Jetgo is now operating a number of peak season holiday charter programs around Tasmania.

The Access 2020 Project continues to monitor and develop regional access and capacity growth opportunities as overall visitation grows and regional dispersal improves.



Par Avion

Air freight access development

Goals

- Introduce effective airfreight solutions, particularly for new and growing export and domestic markets beyond New South Wales and Victoria
- Increase air freight uptake to add air service viability and provide greater opportunity to increase domestic and international air capacity

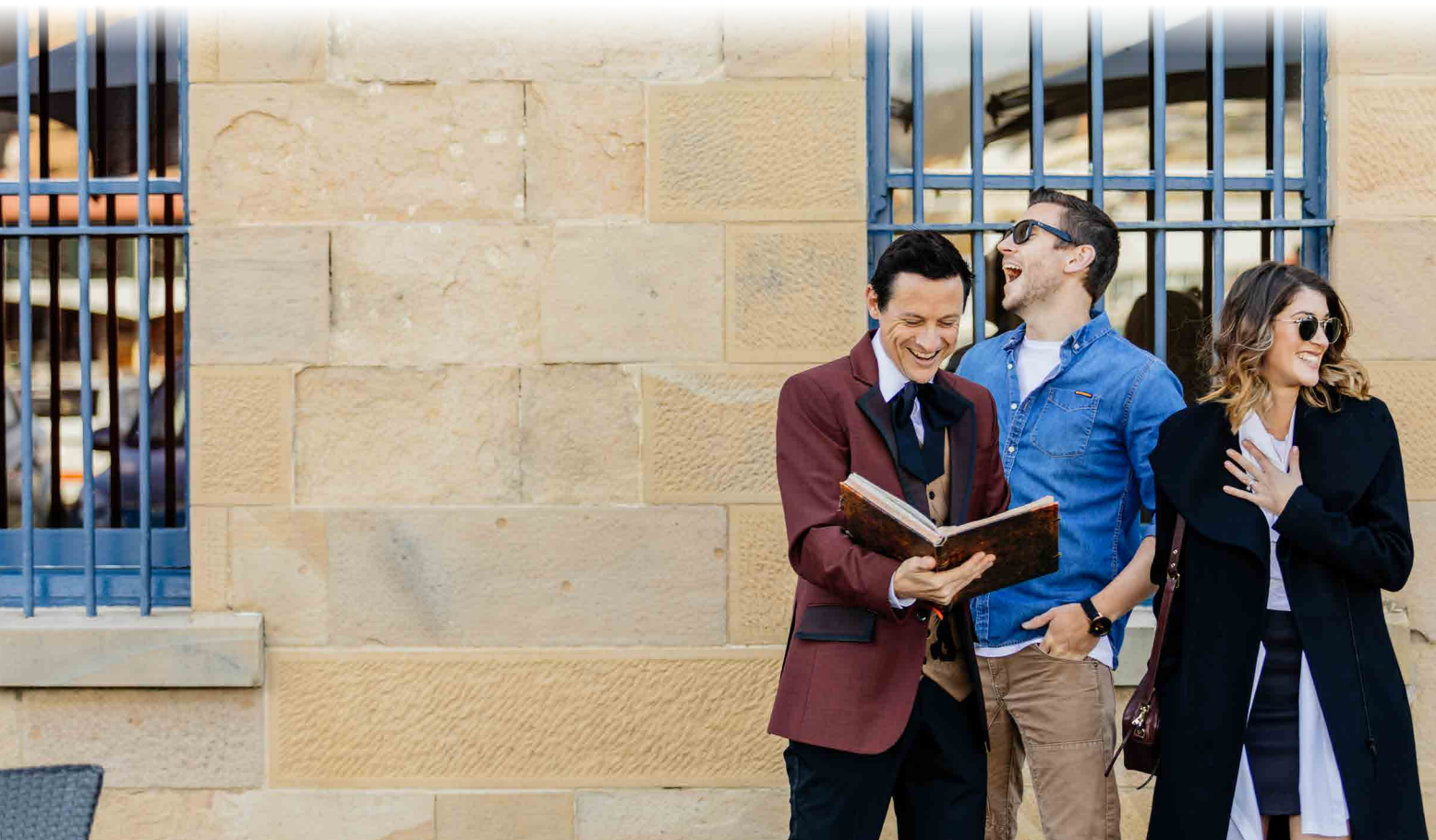
Progress

During financial year 2017 Tasmania's fresh freight traffic expanded with Virgin Australia Cargo increasing their freighter capacity into Tasmania. Virgin commenced a four times a week Boeing 737 Freighter service on the Launceston - Melbourne – Perth route that especially benefits northern Tasmanian fresh food exporters.

Increasing volumes of high-value perishable exports will also strengthen any business case for international services to selected Asian airports.

During financial year 2017, Van Milk with Qantas announced the commencement of a weekly freighter service between Hobart and Ningbo, in China's Zhejiang province. This service announcement was enabled through a commercial agreement between Qantas and Van Diemens Land owners Moon Lake Investments.

This service is yet to commence.



MACq 01 Hobart's new storytelling hotel

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