

**Submission
No 74**

INQUIRY INTO TOURISM IN LOCAL COMMUNITIES

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TTF Submission

General Purpose Standing Committee No 3
Inquiry into tourism in local communities

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Tourism & Transport Forum

Tourism & Transport Forum (TTF) is the peak national advocacy body for the tourism, transport and aviation sectors. It is a CEO forum representing the interests of 200 leading Australian institutions and corporations in the private and public sectors.

TTF uses its experience and networks to influence public policy outcomes and business practices, and to assist the delivery of major tourism, aviation and transport-related infrastructure projects. Our members' interests include tourism, accommodation, major events, aviation, land and maritime transport, investment, property development, finance, retail, hospitality and education.

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Executive Summary

Tourism & Transport Forum (TTF) welcomes the opportunity to make a submission to the NSW Legislative Council's General Purpose Standing Committee No.3 current inquiry into tourism in local communities.

The visitor economy, encompassing the tourism industry, has many positive impacts on the NSW economy and local communities across NSW. It forms the backbone of many regional communities, providing economic prosperity and jobs across the state. Tourism accounts for 159,400 direct¹ and 120,000 indirect jobs in NSW². The state is home to 96,546 tourism businesses³ and the industry contributes a total of \$24.3 billion in gross state product. TTF's *National Tourism Business Count & Employment Atlas* highlights the electoral significance of tourism, with at least 2,400 residents employed in tourism in every electorate in NSW.

TTF fully supports the considerable inroads the NSW government has already made to improving the productivity and competitiveness of the state's tourism industry, namely through the Visitor Economy Taskforce (VET) Report into tourism which was developed in partnership with the sector. In addition, TTF acknowledges *NSW 2021: A plan to make NSW number one* which sets ambitious targets for economic development and reform in the state, including doubling overnight visitor expenditure from \$18.3 billion to \$36.7 billion by 2020. TTF supports these plans, as well as the NSW government's *Visitor Economy Industry Action Plan* in response to the VET Report to support tourism growth in the state.

In addressing the terms of reference of this inquiry, TTF has focussed on the impact of tourism in local communities in regional NSW. In particular, TTF has highlighted the economic and social impacts of the sector including employment generation, visitor expenditure and business opportunities in tourism-dependent destinations. TTF has also highlighted the importance of investment in tourism infrastructure to grow the value of the sector and outlined the impact of unregulated tourism practices, in particular unregulated camping activities that affect multiple regions across NSW.

Finally, TTF outlines the importance of tourism marketing to local communities in NSW, with Destination NSW playing a critical role in generating visitation to tourism-dependent destinations. TTF supports new Destination NSW initiatives currently underway to enhance regional brand development and additional visitation to these regions.

¹ Australian Bureau of Statistics, *Tourism Satellite Account 2010-11*

² Tourism Research Australia, *State Tourism Satellite Account 2010-11*

³ Tourism Research Australia, *Tourism businesses in Australia June 2009 to June 2011*

Visitor Economy Industry Action Plan

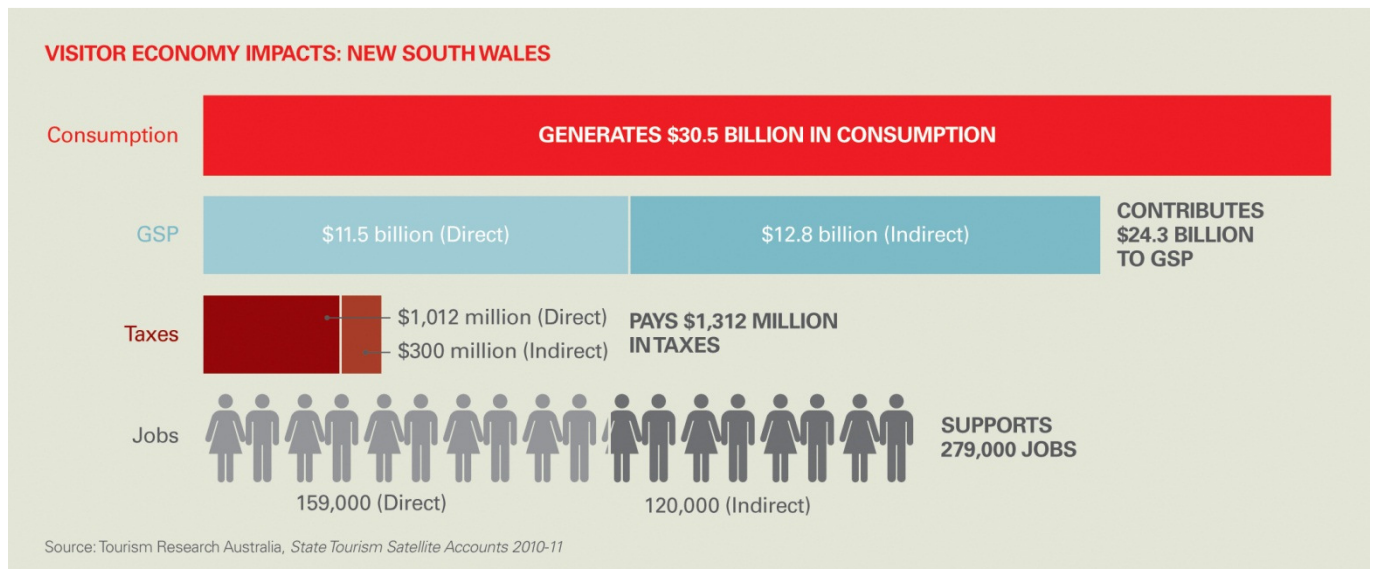
TTF highlights the NSW government has already taken considerable steps to reinvigorate the NSW visitor economy through the *Visitor Economy Industry Action Plan*. In June 2011, the NSW government established the *Visitor Economy Taskforce*, charged with developing a strategy to double overnight visitor expenditure from \$18.3 billion to \$36.7 billion in NSW by 2020. The NSW government responded to the *Final Report of the Visitor Economy Taskforce* in December 2012 with the release of the *Visitor Economy Industry Action Plan*. The industry supports this plan and its recommendations as the blueprint to grow this important part of the NSW economy. TTF urges the committee to consider the recommendations of the *Visitor Economy Industry Action Plan* in its deliberations when preparing its report.

Attached to this submission is our original submission to the Visitor Economy Taskforce. However, TTF would like to highlight specific recommendations of the *Visitor Economy Industry Action Plan* that pertain particularly to regional NSW which should be considered by the committee. These recommendations are predominantly associated with marketing and promotional activities for destinations across NSW communities:

- **Action 3c** – Promote NSW destinations that have the highest demonstrated consumer appeal and potential to grow visitor expenditure to target markets and incorporate events and festivals that are proven visitation drivers, for example the Tamworth Country Music Festival, into the domestic target market strategy;
- **Recommendation 2** – Finalise a long-term, compelling and consistently delivered brand strategy for the key identified NSW destinations and ensure joint marketing with industry support;
- **Recommendation 18** – Implement a Destination Management Planning approach for NSW’s key destinations and develop uniform Destination Management Plans in identified visitor economy destinations across the state. The plans need to be developed in partnership with industry, the community and all three levels of government;
- **Recommendation 47** – Reform the operational structure and funding framework of regional tourism to enable funding to be allocated directly to destinations which have developed a Destination Management Plan and remove the requirement that all funding must be provided through the RTO network; and
- **Recommendation 48** – Maintain, at least, the current \$5.1 million regional funding allocation for regional visitor economy initiatives.

Impacts of tourism on NSW local government areas

Tourism is one of the most effective ways of creating economic prosperity among local communities by encouraging expenditure in regions from other parts of the country and from overseas. The infographic below highlights the impact of tourism on the NSW economy. Visitors spent a total of \$30.5 billion in NSW in 2010-11. Overall, spending by Australian and international visitors in NSW averages \$64 million each day⁴. Domestic and international visitors generated 72.9 million accommodation nights in regional areas outside Sydney and \$12.8 billion in tourist expenditure in 2012⁵.



1. Economic benefits

The economic benefits of tourism to NSW communities take a number of different forms including employment opportunities, increased visitor expenditure, and economic diversification.

a. Employment opportunities

Tourism is one of the most labour intensive industries in Australia. As a result, it forms the backbone of many regional economies in NSW. Employment directly in the tourism industry includes roles such as wait staff at local restaurants, front office hotel staff, tour guides, and pilots. Direct tourism employment in NSW provides 159,000 jobs. Tourism also supports employment in industries including construction and food production, equating to 120,000 jobs in NSW.

⁴ Tourism Research Australia, *International and National Visitor Surveys*, June 2012; and Australian Bureau of Statistics, *Household and family projections*, 2006 to 2031

⁵ Tourism Research Australia, *National and International Visitor Surveys*, YE December 2012

TTF also highlights that there are a large number of people employed in tourism-related industries in regional NSW. TTF's *National Tourism Business Count & Employment Atlas* highlights the electoral significance of tourism in federal electorates, with at least 2,400 residents employed in tourism in every electorate in NSW.

As the below table demonstrates, there are 35,180 tourism businesses in Regional NSW. The Northern Rivers Tropical NSW tourism region is home to the state's most tourism-dependent electorate by employment, with the federal seat of Richmond (Byron Bay, Tweed Heads) owing 3,822 or 7.0% of all direct jobs to tourism. Further down the coast, Cowper (Coffs Harbour, Nambucca Heads) holds 3,262 direct tourism jobs (6.5% of employment), Lyne (Port Macquarie, Barrington Tops) holds 2,822 direct tourism jobs (6.0% of employment) and Paterson (Forster-Tuncurry, Port Stephens) holds 3,065 direct tourism jobs (6.0% of employment).

TOURISM BUSINESS COUNT BY TOURISM REGION

| Tourism regions | Tourism businesses |
|------------------------------|--------------------|
| SYDNEY | 61,380 |
| REGIONAL NSW | 35,180 |
| Snowy Mountains | 590 |
| North Coast NSW | 4,330 |
| Northern Rivers Tropical NSW | 3,990 |
| The Murray | 1,390 |
| Outback NSW | 580 |
| South Coast | 5,240 |
| Central NSW | 3,150 |
| New England North West | 2,210 |
| Blue Mountains | 1,210 |
| Riverina | 1,750 |
| Central Coast | 2,970 |
| Hunter | 5,550 |
| Capital Country | 2,220 |
| TOTAL NSW | 96,550 |

SOURCE: TRA (2012) – *Tourism Businesses in Australia, June 2009 to June 2011*, Appendix D: Tourism Regions

In the state's south, Eden-Monaro (Snowy Mountains, Batemans Bay) holds 3,975 direct tourism jobs (6.5% of employment) and Gilmore (Jervis Bay, Nowra, Ulladulla) holds 3,147 direct tourism jobs (6.1% of employment).

Other key electorates by direct tourism employment include:

- Page (Ballina, Lismore) - 2,896 (5.6%)
- Farrer (Albury, Broken Hill) - 3,148 (5.3%)
- New England (Armidale, Tamworth) - 3,115 (5.0%)
- Hunter (Cessnock, Hunter Valley wine region) - 3,117 (5.0%)

As these figures demonstrate, tourism's relevance to regions across NSW is extensive and therefore warrants considerable attention by all levels of government.

b. Increased visitor expenditure

Increased spending in local communities by visitors can directly and indirectly promote the viability of local businesses.

VISITOR ECONOMY IMPACTS BY TOURISM REGION, 2011-12

| Tourism regions | International visitor expenditure (\$m) | Domestic overnight visitor expenditure (\$m) | Domestic day visitor expenditure (\$m) | Total visitor expenditure (\$m) | Tourism contribution to economic output |
|------------------------------|-----------------------------------------|----------------------------------------------|----------------------------------------|---------------------------------|-----------------------------------------|
| SYDNEY | 5,443 | 5,617 | 2,172 | 13,232 | 2.4% |
| REGIONAL NSW | 658 | 8,450 | 3,417 | 12,525 | 4.8% |
| Snowy Mountains | N/A | 382 | 78 | 460+ | 17.1% |
| North Coast NSW | 50 | 1,706 | 441 | 2,197 | 8.8% |
| Northern Rivers Tropical NSW | 101 | 1,073 | 323 | 1,497 | 6.1% |
| The Murray | N/A | 327 | 125 | 452+ | 5.5% |
| Outback NSW | N/A | 155 | N/A | 155+ | 5.4% |
| South Coast | 136 | 1,331 | 504 | 1,971 | 5.4% |
| Central NSW | 39 | 815 | 271 | 1,125 | 5.1% |
| New England North West | 31 | 441 | 276 | 748 | 4.8% |
| Blue Mountains | N/A | 253 | 215 | 468+ | 4.4% |
| Riverina | 21 | 361 | 180 | 562 | 3.6% |
| Central Coast | 28 | 374 | 229 | 631 | 3.2% |
| Hunter | 161 | 850 | 521 | 1,532 | 2.9% |
| Capital Country | N/A | 343 | 238 | 581+ | 2.6% |
| TOTAL NSW | 6,101 | 14,067 | 5,589 | 25,757 | 3.2% |

SOURCES: Tourism Research Australia (TRA, 2013) – *Regional Tourism Profiles 2011-12*;

TRA (2011) – *Economic Importance of Tourism in Australia's Regions*;

From the above table it is evident that the tourism regions of Snowy Mountains, North Coast NSW and Northern Rivers Tropical NSW benefit significantly from tourism expenditure in their local economies. The Snowy Mountains region, which includes the ski areas of Thredbo and Perisher, for example, is highly reliant on the tourism industry with over 17% of economic output in the region generated by the tourism industry. The Northern Rivers Tropical NSW region includes the local areas of Grafton, Ballina, Byron Bay, Lismore and Tweed Heads. More than 6.1% of the economic output for the region comes directly from the tourism industry, highlighting the importance of this sector to the local community.

c. Economic diversification

By offering an additional means of income, tourism can support local communities when other sectors are under financial pressure. This is particularly true for those parts of the state which have predominantly relied on agriculture, mining or manufacturing as their main source of economic activity. Local communities that strategically diversify their economic base to incorporate tourism as a complementary, rather than mutually exclusive, industry are able to provide additional employment opportunities in their region.

The Hunter Valley is a perfect example, with many vineyards including tourism and hospitality activities to complement their viticulture and cellar door activities, encouraging people to spend more and stay longer in the region. Indeed, the flow-on effects from additional tourism activity to other areas of the economy are significant. For every dollar of economic activity generated by the tourism industry, a total of \$1.91 of value added is created elsewhere in the economy, placing tourism ahead of major industries such as mining (\$1.67), retail trade (\$1.80) and education and training (\$1.38)⁶.

2. Social benefits

Extensive analysis has been conducted on the social benefits attributed to the tourism industry⁷. TTF highlights that social benefits of tourism to local communities include, but are not limited to, the following:

- Tourism attracts visitors to a destination resulting in additional expenditure in local communities;
- Tourism, including the state's major events calendar, provides local communities with activities and things to do;
- Tourism promotes the maintenance of public facilities such as roads, parks and transport;
- Tourism showcases regions in a positive light and increases the profile of a region;
- Tourism can increase local pride; and
- Tourism can ensure the continual investment in new infrastructure including better recreational facilities such as retail and dining precincts.

The following section of this submission will outline how the economic and social benefits of tourism can be realised by local communities.

⁶ Tourism Research Australia, *State of the Industry Report 2011*

⁷ Tourism Queensland, *Tourism Social Indicators*

http://www.tq.com.au/fms/tq_corporate/industrydevelopment/Tourism%20Social%20Indicators%20Fact%20Sheet.PDF

The marketing and regulation of tourism

Local communities across regional and metropolitan NSW have the potential to contribute to, and benefit from, increased visitor expenditure that will result as the state strives to meet its 2020 target. However, appropriate investment in visitor infrastructure as well as compelling and consistent destination brands is essential if NSW is to substantially increase the number and length of stay of travellers visiting the state in order to achieve this target.

1. Investment in visitor infrastructure

As the above sections demonstrate, tourism makes a valuable contribution to the economic activity and prosperity of many regional communities. However, this contribution is largely contingent upon an appropriate level of investment in visitor infrastructure and tourism marketing and promotion to deliver experiences that encourage people to travel.

Recognising that all levels of government face fiscal constraint, TTF prioritised visitor infrastructure needs based on those destinations that deliver the greatest economic contribution to the country. TTF's *Tourism Infrastructure Policy & Priorities* highlights the twenty top performing tourism regions in Australia, and the visitor infrastructure projects identified by the sector as necessary to improve the sector's contribution to local and regional communities. NSW has six destinations in the top twenty tourism regions across the country; higher than any other state. A copy of TTF's *Tourism Infrastructure Policy & Priorities* document is attached to this submission.

TTF continues to encourage all levels of government to prioritise tourism infrastructure investment in those tourism regions that make the greatest economic contribution to the state, to deliver the greatest return on investment for available funds. TTF would also encourage the committee to further consider this infrastructure priority list in its deliberations.

2. Unregulated tourism

As with most sectors, tourism and the reputation of the sector can be affected by unregulated practices if they remain unchallenged. TTF has outlined one specific area below which continues to cause considerable concern among the sector.

a. Non-compliant camping

Caravan parks play an important role in regional communities, both as accommodation providers and as employers. Indeed, analysis conducted by the Caravan, RV & Accommodation (CRVA) Industry of Australia

indicates caravan parks deliver a local economic benefit of \$1.38 for every \$1 of park income - a figure which does not include the discretionary spend of these visitors at local businesses while in the region⁸.

A major issue facing regional caravan parks, however, is non-compliant camping aided by the provision of free camping grounds at ovals by local councils seeking to attract visitors to their region. While this practice was initially trialled during periods of peak demand to provide over-flow camping space, the failure to levy charges to recover the cost of providing dump points or other amenities such as water and electricity runs the risk of breaching regulations of competitive neutrality governing the behaviour of local governments.

Recognising the significant and ongoing contribution which caravan parks make to regional economies, as well as the issues of competitive neutrality raised by provision of free or heavily discounted camping grounds by local governments, TTF encourages the committee as part of this inquiry to remind local councils of the need to work with existing caravan park operators to resolve issues of camping supply in periods of peak demand and to levy a fee that is commensurate with the market going-rate for caravan parks in that area.

3. Tourism marketing and promotion

NSW currently has 10 regional tourism destinations, one of the highest concentrations of regional tourism destinations of all states and territories. This can create issues in the allocation of finite resources for tourism marketing and promotion.

As highlighted in the *Final Report of the Visitor Economy Taskforce*, many regional destinations in NSW currently have sub-optimal and diminishing appeal. However, the report acknowledges there are significant Destination NSW initiatives underway to address this issue, particularly in the area of regional destination brand development and marketing. Destination NSW plays a critical role in generating visitation to the state through tourism marketing and major event promotion. As stated in Action 3c of the *Visitor Economy Taskforce Report*, it is critical that Destination NSW promotes destinations that have the highest demonstrated consumer appeal and potential to grow the state's share of visitor expenditure, particularly from emerging source markets in Asia. Destination NSW must be provided with the flexibility to market and promote, as well as develop a calendar of events in, regional destinations that appeal directly to these source markets.

In regards to Regional Tourism Organisations (RTOs), TTF refers to Recommendation 47 of the *Visitor Economy Taskforce Report*. This recommendation highlights the need to reform the operational structure and funding

⁸ Caravan, RV & Accommodation Industry of Australia (CRVA), *Economic Benefit Report- Commercial Caravan Holiday Park to a Local Community*, 2012

framework of regional tourism to enable funding to be allocated directly to destinations which have developed a Destination Management Plan and remove the requirement that all funding must be provided through the RTO network.

TTF also supports recommendations made within the *Visitor Economy Taskforce Report* in relation to the marketing of regional locations as follows:

- **Connecting with Sydney's branding:** there is a need to better utilise NSW's key travel drawcard, Sydney, and ensure that branding for regional destinations leverages the capital city's role as Australia's premier visitor gateway and commercial hub. If Sydney is appealing as a major gateway destination, there is a greater opportunity to encourage regional dispersal if Sydney's branding and transportation links are effectively utilised;
- **Destination management planning:** regional destination branding must form part of a cohesive Destination Management Plan linked to government support to ensure marketing and infrastructure funding is targeted on activities that deliver the greatest return on investment;
- **Industry and community support:** an effective brand messaging strategy requires the strong support and buy-in of local industry and the community to enhance brand authenticity and drive awareness among visitors;
- **Appeal factors within target markets:** regional destination branding must further build on appeal factors for visitors within key target markets and market segments; and
- **Focussing branding on destinations and unique experiences and events:** branding in Regional NSW requires a focus on destinations and activities, not an approach of branding 'NSW' as simply a travel destination.

a. Special rate variations to support local tourism initiatives

TTF acknowledges finite resources exist for destination promotion and marketing, particularly in NSW where multiple regional tourism destinations exist with distinct product offerings. However, TTF would caution against special levies being imposed on tourism businesses without considerable attention being given to the economic viability of businesses in the region, or specific details of how the funds are to be expended.

TTF recognises that multiple models exist to support destination marketing through rate variations and levies. However, TTF would strongly recommend the effectiveness of all models be investigated prior to levying tourism businesses for tourism promotion. Funds must be hypothecated directly to tourism marketing activities, as opposed to activities or infrastructure upgrades that predominantly benefit local residents (i.e. recreational park upgrades). TTF also believes that any campaigns developed through local rate variations must be developed in

conjunction with Destination NSW in order to ensure messaging is consistent with the state's overall branding strategy and does not create conflicting messages in interstate and international markets.

The concern is that tourism businesses, particularly accommodation hotel chains or franchisers, are over-taxed to contribute to marketing campaigns which will have very little cut-through in a highly saturated and competitive market. The development of these campaigns may also fall to agencies that do not have the correct expertise to undertake this work.



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