Submission no.43
Received 31/5/07

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TTF AUSTRALIA
Tourism & Transport Forum

31 May 2007 Ref: OC07-0109

The Executive Officer
Rural and Regional Committee
Parliament House
MELBOURNE VIC 3002

Dear Mr. Drum

Re: Inquiry into Rural and Regional Tourism

Thank you for the opportunity to provide input to the Rural and Regional Committee's Inquiry into Rural and Regional Tourism.

TTF Australia Limited (Tourism and Transport Forum) is a national Member-funded organisation representing the top 200 owners, operators and investors in Australia's tourism, transport, investment, infrastructure, and education sectors. It was formed in 1989 to help rebuild the industry following the pilots' dispute which saw the collapse of the Australian tourism industry.

TTF's Membership comprises the most significant players in the tourism and transport industries including all major domestic and international airlines, major airports, major hotels, attractions and major event venues, investment banks, other tourism and hospitality operators, transport operators and service providers to these sectors.

Tourism is an important economic and social contributor to regional and rural Victoria. TTF Australia commends the Rural and Regional Committee for the inquiry and welcomes the opportunity to provide input.

If you wish to contact TTF Australia regarding this submission please call our National Manager, Tourism and Major Events, Ms Caroline Wilkie on (02) 9240 2000.

Yours sincerely

OWEN JOHNSTONE-DONNET
Deputy Managing Director

Submission no.43
Received 31/5/07

TTF Australia Submission to the Rural and Regional Committee Inquiry into Rural and Regional Tourism

1. The economic benefits of tourism in regional areas, including tracking the flow on benefits through other regional businesses and industry.

Tourism is an important economic and social contributor to regional and rural Victoria.

Employment

Tourism is a cohesive force in employment in rural and regional areas. Tourism jobs go beyond the traditional concept of a hotel porter or restaurant waiter. It can be the cashier at the service station, grocery store or bakery that makes a sale to a tourist, the indigenous National Park ranger running interpretive tours, the local artist or sculptor or the taxi or bus driver that helps to get the tourists around the area. Tourism is far reaching and allows regional communities to keep their talented young workers in the area, rather than them having to leave town to find work.

In Victoria, tourism provides more than 121,000 jobs, or 5.1% of total employment in the state. While the majority of these jobs are in city areas, tourisms share of total local employment is higher in regional Victoria (5.6%) than in city areas (4.9%)[1]. 47,272 workers in Victoria are directly employed by the tourism industry. Victorian Government estimates put this number at 61,000 including those both directly and indirectly employed by the sector.

Since TTF published its 2001 National Tourism Employment Atlas[2], tourism jobs have increased by almost 10 per cent. **Regional jobs are clear winners- tourism jobs grew at a faster rate in regional areas (up 11.7 per cent) than in city areas (up nine per cent)[3].**

Over ninety per cent of tourism businesses are regarded as micro (employing less than 4 people) or small (employing 5 to 19 people). Forty three per cent of these businesses are in regional areas[4].

TTF observes that in New South Wales a decrease in investment in tourism marketing funding has occurred simultaneously with a drop in tourism employment numbers in regional areas.

Visitor Expenditure

Importantly, visitors to rural and regional areas contribute significantly to local economies. Visitors can spend money on a variety or things from a pie at the local bakery, to fuel from the local service station, accommodation at the local hotel/motel or paying to visit local National Parks and attractions. There are numerous ways that visitor expenditure contributes to a regions economic health. However historically this contribution is below the national average and can be improved.

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[1] TTF Australia, TTF Australia Victorian Tourism Employment Atlas 2005, January 2005, pg 5.
[2] It should be noted that these figures are based on ABS national ATSA produced prior to 12 May 2007.
[3] TTF Australia, TTF Australia Victorian Tourism Employment Atlas 2005, January 2005, pg 5.
[4] Australian Government, Investing for our future – National Tourism Investment Strategy, March 2006, pg 33.

Submission no.43
Received 31/5/07

These spending trends are:

Day visitors to regional Victoria spend $82 on average and domestic overnight visitors to regional Victoria spend $308 per visit or $104 on average per night. International visitors to regional Victoria spend $791 per visitor or $56 per on average per night.

At an aggregate level, domestic day visitors contribute $1724 Million to the regional economy of Victoria in 2006 (58% of total Victorian domestic day visitor expenditure) while domestic overnight visitors contributed $3499 Million (45% of total Victorian domestic overnight expenditure).

International visitors also contribute to the Victorian regional economy in the order of $233 Million (which was only nine per cent of the total international visitor expenditure in Victoria).

Whilst these numbers are strong, it should be noted that in each criteria, these numbers were below the national average.

Day visitors to regional Victoria spend less ($82 per visitor) than the national average of visitors to Australia's regional areas ($93 per visitor).

Domestic overnight visitors to regional Victoria spend less ($308 per visitor and $104 per night) than domestic overnight visitors spend nationally on average in Australia's regional areas ($468 per visitor and $122 per night).

International visitors spend less ($791 per visitor and $56 per night) in regional Victoria than international visitors generally spend in Australia's regions ($1464 per visitor and $84 per night).

However, between 1999 and 2006, domestic visitor expenditure in regional Victoria has grown at 4.0 per cent per annum. This has outperformed regional New South Wales, regional Queensland, and the national average. Between 1999 and 2006, international visitor expenditure in regional Victoria has grown at 5.3 per cent per annum. This has outperformed the national average and regional Queensland.

Whilst on one hand regions such as Far North Queensland and the Northern Territory are able to charge more due to the nature of some of its premium tourism product, the above suggests it is important for Victorian rural and regional tourism businesses to consider the issue of yield management. The ability to improve yield management directly relates to the standard of tourism product available. The development of higher yielding tourism product is certainly an issue that needs to be considered in Victoria.

Submission no.43
Received 31/5/07

2. Potential impediments to the sustained growth of regional tourism, economic activity and jobs.

National Domestic Tourism Trends

The National domestic tourism market has been performing poorly over recent years with visitor nights, trips and expenditure in decline 199-2005[5].

"These declines have not been limited to particular states, territories or regions – many regions in every state and territory in Australia have suffered particularly regional New South Wales, regional Northern Territory and regional Western Australia."[6]

Research released by Tourism Australia titled 'An Assessment of the Australian Tourism Market' launched in 2006 suggested three overarching issues are causing a decline in domestic tourism-

- Australians are travelling less;
- A smaller portion of household consumption is being allocated to tourism activity; and
- Domestic travel is in decline relative to overseas travel[7].

Further to this, the research 'Changing Consumer behaviour: Impact on the Australian Domestic Tourism Market' launched by Tourism Australia in February 2007, also paints a concerning picture for the growth of domestic tourism in Australia.

The report cites key issues including travelling less for shorter periods of time, increasing competition for share of wallet and time and the urge to travel overseas and key motivators across various groups[8].

These general domestic tourism issues are most certainly having a negative impact on the growth of tourism in rural and regional Victoria. However, TTF believes that they have been adequately considered and incorporated into the Victorian Governments 10 Year Tourism and Events Industry Strategy.

Skills and Labour Shortages

Labour intensiveness of tourism is beneficial to employment levels in Australia. However, at times of high/full employment, tourism is particularly exposed to increasing costs/wages and to employment/retention of staff. At times when tourism demand is increasing and competition for labour is high, the tourism industry faces enormous risks.

Even with adoption of innovation and new technology, employment trends for this industry will be for a similar (or higher) number of personnel in the next decade(s). The current Tourism Forecasting Committee figures for international visitor arrivals in 2015, is for 8.4 million people – up from 5.4 million in 2005. If Australian tourism is to achieve this – and ensure that the

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[5] Tourism Research Australia, 'Changing Consumer behaviour: Impact on the Australian Domestic Tourism Market', February 2007, pg 2.
[6] Tourism Research Australia, 'Changing Consumer behaviour: Impact on the Australian Domestic Tourism Market', February 2007, pg 2.
[7] Tourism Research Australia, 'An Assessment of the Australian Tourism Market', 2006.
[8] Tourism Research Australia, 'Changing Consumer behaviour: Impact on the Australian Domestic Tourism Market', February 2007, pgs4-6.

Submission no.43
Received 31/5/07

experience of the visitor surpasses expectations – the industry will need significant growth in its "human capital".

Australia has an ageing population. In 2006, the net growth in persons entering the workforce will be 170,000. Access Economics has estimated that over the decade from 2020 to 2030, it is expected that the workforce will grow by just 125,000 people. That averages out to a mere 12,500 per year.[9] Modelling (undertaken by Monash University) commissioned by DEWR shows that population ageing will impact on all major industries and occupations across most Australian regions. The report shows that Australia faces a potential shortfall of 195,000 workers in five years' time as a result of population ageing.

Essentially this will (and has already) lead to competition amongst industries for scarce labour and will drive up costs. It has significant impacts for labour-intensive industries such as tourism.

Given the statistics in regard to ageing population, TTF Australia notes:

- We can make the current labour force more productive, but we need more people entering it;
- The "baby boomers" (older demographic for next 15 years) will be more interested in undertaking tourism than working in tourism;
- That whilst unemployment rates of below 5% are good for the economy this makes competitiveness amongst Australian industries extreme. It will be increasingly difficult for tourism businesses to keep professional staff e.g. accountants, sales and marketing executives from choosing other industries where overall terms and conditions are better;
- "Generation Y" (new demographic entering the labour market) are less interested in careers for life. They are becoming more casual and more mobile in regard to their approach to work.

TTF Australia notes the Australian Financial Review article of 23rd August 2006, where using OECD data Australia lags behind other industrialised nations in regard to education levels. The Productivity Commission has previously noted that if secondary education attainment levels were improved, the rate of productivity once young people join the workforce would grow significantly. The Commission has also noted that vocational education and training (VET) requires significant reform. TTF Australia agrees with the general points raised by the Commission, but also reflects that tourism businesses must ascertain an approach to make VET achievers "want" to work in our industry.

Australia currently has a low birth rate; it will be necessary to ensure all young people achieve a satisfactory level of secondary and/or tertiary education to assist business in its quest for sufficient and appropriately skilled employees.

Regional tourism suffers more than metropolitan areas when attempting to access an appropriately skilled labour force. TTF Australia's research report *Labour Turnover & Costs in the Australian Accommodation Industry* published in November 2006, detailed that regional/remote hotels experienced a rate of labour turnover more than twice the level of CBD/inner city hotels. Currently, many regional hotels, together with regional tourist attractions rely on Working Holiday Maker Visa holders to fill vacant positions.

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[9] Extract from speech given by the Hon. Kevin Andrews MP, Minister for Employment and Workplace Relations, Menzies Research Centre, May 2005.

Submission no.43
Received 31/5/07

TTF commends current government policies at both federal and state level including policies that encourage (through financial incentive) unemployed persons to move to locations where permanent work is available, RTOs working through local secondary schools to deliver tourism and hospitality VET courses and pilot schemes to encourage welfare to work recipients to retrain through industry association courses.

Investment

Investment in tourism product and infrastructure at both a state and national level is a challenge to sustained growth in the tourism industry.

As part of the Commonwealth Government 'National Tourism Investment Strategy', the AEC Groups estimated that approximately $86 Billion (2003-04 dollars) in total tourism investment will be required over the next 10 years for the accommodation and attractions sectors of the industry[10].

Of the expected 63,000 additional rooms required nationally to meet tourism demand over the next 10 years, 36,600 of these are forecast to be outside capital cities[11].

There are many potential impediments to sustaining or growing regional tourism including: unpredictability of demand: increased competition from alternative attractions; effectiveness of destination marketing; willingness to invest; ability or ease of obtaining approvals and accessibility.

In essence, these impediments all revolve around "risk". Risk in this context primarily relates to the ability to attract and maintain demand for the relevant product. Risk is regarded as greater in regional areas than metropolitan areas as the demand base is smaller and potentially more fickle.

Regional tourism is enormously diverse. This diversity will have a bearing on investment decisions in regional tourism, particularly as finance is more readily obtained where there is greater knowledge and certainty of the development e.g. the difference between expanding facilities in an already established and popular location and bringing new product to a 'new' area such as a national park. In essence, diversity and uniqueness is not conducive to attracting finance.

The critical issue for tourism investment is patronage; this naturally runs in parallel with return on investment.

If government is wishing to promote tourism investment it must look to means by which patronage/visitation may be promoted, if not guaranteed. This may be through destination marketing, business or special events or access provision. Governments may seek to take some business risk in a start-up business or could promote a development through the provision of land or services.

Impediments to growth in regional tourism particularly include: lack of experience in the investment sector inbeing able to quantify risks and returns in 'new' or remote areas; volume

[10] Australian Government, Investing for our future – National Tourism Investment Strategy, March 2006, pg 22.
[11] Australian Government, Investing for our future – National Tourism Investment Strategy, March 2006, pg 3.

Submission no.43
Received 31/5/07

for business cannot be guaranteed; access to regional or remote areas is more difficult, inconvenient or expensive; labour can be problematic to attract and retain; construction costs/risks are higher; and a history of regional tourism failures also serves as an impediment to investment.

Transport

It is important that the Victorian Government recognise the role of the rental car industry in contributing to the regional dispersal of tourists. For example, International Visitor Surveys show that up to 75% of all international tourists to rural and regional Victoria in 2005 got there with a rental car, and drive holidays to these areas need constant encouragement and support from Government as their contribution to the regional economy is strong.

TTF notes the role that regional rail operator V/Line has played in contributing to regional tourism. While this is significant, V/Line could contribute more if greater resources and funding were allocated to marketing rail tourism. Greater cooperation between Government, V/Line and the tourism industry is needed to maximise the potential of rail tourism to regional communities.

Great Southern Rail's (GSR) Long Distance Passenger Rail (LDPR) services makes a significant contribution to Australian tourism, particularly regional tourism and facilitating regional dispersal.

GSR's contribution to regional Australia is estimated at $1 billion.

In Victoria GSR operates The Overlander from Melbourne to Adelaide, with stops at North Shore Geelong, Ararat, Horsham, Dimboola and Nhil.

GSR accesses rail infrastructure in New South Wales, Victoria, South and Western Australia as well as the Northern Territory and it remains the only national LDPR service in the country. GSR's services provide both scheduled and on demand stops at over 44 remote, rural and regional centres across Australia. In 2005 GSR carried approximately 52,000 passengers on The Overland, 74,000 on The Ghan and 79,000 on the Indian Pacific.

TTF Australia is alarmed by the magnitude access fees paid by GSR to the Australian Rail Track Corporation (ARTC), particularly the fixed flag-fall component, which threatens GSR's long-term viability.

The Overland Service has been modernized and the fleet refurbished. The service now offers:

- A new timetable with daylight services in both directions, arriving early evenings in accordance with consumer preference (in place of the present day-night service).
- A core timetable of three services weekly ADL-MEL and three days weekly MEL-ADL, with a fourth planned day-over/night-return service during seasonal peaks.
- Refurbished carriage interiors offering two (2) levels of a sit-up style service (economy and premium) with new seats, more leg room and upgraded on-board facilities and a separate Café Carriage.

Market research undertaken by GSR shows there is also untapped regional tourism potential. The development of holiday packages based around travel on the Overland will facilitate growth in tourism markets. In Victoria, the focus is Melbourne and regional tours departing

Submission no.43
Received 31/5/07

from intermediate stops. In South Australia, research shows high potential for holiday offers throughout regions surrounding Adelaide. The new service plan therefore also contributes to regional economic growth.

The new timetable and service improvements lay the foundation for sustained growth in patronage levels. To maximise the patronage, Great Southern Railway is in the process of:

- Improving connections for onward travel from stations en-route in Regional Victoria, so that it plays a greater role in regional transport.
- Integrating timetables and ticketing with V/Line, inter- and intra-state coach operators to improve the overall service offering.
- Marketing a suite of new holiday packages based on travel on the Overland to allow the train to play a greater role in regional tourism.

These initiatives will result in the Overland playing an enhanced role in the community and in regional economic activity whilst delivering an essential service.

The absence of rail infrastructure operators differentiating between freight and passenger services in their pricing structures is a significant impediment to GSR delivering an adequate return on investment and delivering benefits to regional Australia.

Recently the Productivity Commission released its released its Inquiry Report into Road and Rail Freight Infrastructure Pricing. In summary, the PC noted that:

LDPR services such as those operated by GSR are price sensitive. Rail infrastructure providers should price discriminate based on demand elasticity's but have been reluctant to do so.

TTF believes that the objects clause, declaration thresholds and pricing principles now embodied in Part IIIA of the Trade Practices Act (which, among other things, allow for multi-part pricing and price discrimination when they aid efficiency) should be incorporated into all State and Territory rail access regimes.

TTF Australia therefore encourages the Committee to consider the PC's recommendations and recommend to the relevant government authorities to take measures to have Track Access charges reset for LDPR, ensuring the significant contribution made by GSR to regional Australia is sustained into the future.

Climate Change

Regional and rural tourism in Victoria, like all parts of Australia and the world have the potential to be negatively impacted by climate change.

Recent studies suggest there is a 64 to 99 per cent chance of exceeding warming of two degrees. Such an increase in the world's temperature could see 15-40 per cent of species facing extinction, 10 million people affected by coastal flooding and a rise in sea levels of 7 metres.

In Australia a two degree rise in temperature could see up to 81 per cent of the Great Barrier Reef bleached every year. A significant tourism icon the reef alone generates over $5bn in economic activity including 33,000 jobs, 800 tour operators and 1500 vessels.

Submission no.43
Received 31/5/07

TTF is hosting a Climate Change Summit in July to examine ways in which the tourism industry can adapt given potential environmental changes.

3. The effectiveness, at a National, State, and local level, of current programs to promote and enhance tourism in regional Victoria.

At a Victorian State Government Level

The Regional Marketing Program (RMP) (formerly the Regional Partnership program) focuses on regional brands and tactical campaigns for regional tourism.

Funding for the RMP has doubled to $6.5 million for 2007-2009.

Tourism Victoria's events program allocates half of its budget to regional events. There is also significant funding allocated to product development in niche markets such as food and wine tourism.

Tourism Victoria also has a strong presence at trade shows including the annual Australian Tourism Exchange, where it promotes regional Victorian tourism to large numbers of international buyers.

Regional Victoria also significantly benefits from promotion done for the state as a whole and Melbourne specifically, as it draws people to the state, which in turn can encourage visitation further afield.

Anecdotal evidence from TTF Members suggests that this program is effective. The increase in funding was welcomed by TTF when the 2007-08 State budget was handed down.

At a Commonwealth Government Level

The Australian Government announced at the Federal Budget on May 8 that it will invest $193.3 million in tourism over the next four years. Funding for Tourism Australia is to be maintained at the increased level originally announced as a four year commitment in the Tourism White Paper. The $193.3 million will be used to encourage more international tourists to visit Australia and strengthen domestic tourism. This will benefit regional tourism in Victoria.

The Commonwealth Government has also established the Australian Tourism Development Program (ATDP).

The ATDP aims to assist in the development of a continuous tourism experience across Australia.

It does this by supporting initiatives to promote tourism development in regional and rural Australia, contribute to long term economic growth, increase visitation and yield throughout Australia, enhance visitor dispersal and tourism expenditure throughout Australia and increase Australia's competitiveness as a tourism destination.

Submission no.43
Received 31/5/07

In the most recent round of funding for this program announced in December 2006, four Victorian projects received funding to the total of $400,000.

In the Federal Budget this year the ATDP was extended for an additional three years with $24.9 million.

Tourism Australia promotes regional destinations through its marketing activities and has expanded its support to regional marketing through the roll-out for the Tourism White Paper.

Other Commonwealth initiatives to specifically assist regional tourism include the Business Ready Program to assist indigenous business activity while tourism and conservation initiatives are under way. Tourism Research Australia has also established a Regional Advisory Service.

TTF believes that this level of support is adequate given the split in tourism responsibility between the State and Commonwealth Government tourism agencies.

4. Initiatives to increase international and domestic visitor nights in regional Victoria.

The Victorian Government recognised the need to improve regional destination development in its "10 Year Tourism and Events Industry Statement" released in October 2006. Regional Tourism is acknowledged as a long term growth opportunity as part of this plan.

Further to this, the Victorian Government announced the following initiatives when its State Budget was launched on 1 May, 2007.

- $66 Million towards attracting greater numbers to Victoria's tourism regions;
- $6.3 Million over 4 years for nature based tourism;
- $2 Million for regional community tourism events;
- $5 Million for a regional aviation fund;
- $5 Million for the Ballarat Eureka Centre Stage 2 redevelopment;
- $1.5 Million for the Wonthaggi historic coal mine;
- $2.2 Million for Tourism Victoria and Brand Victoria brand integration in key markets;
- $5.5 Million over four years for addition international tourism marketing;
- $2.2 Million for the promotion of food and wine and fly-drive holidays;
- $1 Million over four years for the development of skills and service standards; and
- $34.2 Million over four years for Major Events in Victoria.

The above list is by no means exhaustive but gives an indication of the strong commitment that the Victorian Government has shown to investing in the tourism industry in Victoria.

These commitments have been welcomed by TTF Australia.

Submission no.43
Received 31/5/07

5. The efficacy of existing mechanisms at a National, State and local level to address the impact of natural events such as bushfires, floods and drought, and effective measures to drive long term economic recovery.

Due to the attraction of bush and rural regions to visitors, natural disasters such as bushfires and droughts have a significant and sometimes long-term detrimental impact on tourism regions.

The Victorian Government has given significant additional funding to address tourism specific needs in the wake of the last major bushfire season in Victoria which caused considerable damage to many regional tourism communities. This work is ongoing.

Both the Victorian Government and the Federal Government have tourism 'Action Plans' and processes to communicate with industry in the case of major incidents such as bushfires or other possible major incidents that could impact detrimentally on the tourism industry.

The Victorian Government has a Government response co-ordinated by the Emergency Services which deals with both the immediate response to the danger as well as recovery for the tourism specific businesses.

The Victorian Government allocated a $138 Million recovery and response package announced on 29 March 2007 to assist local regions recover from the bushfires.

This funding was as a result of recommendations made by the Ministerial Bushfire Recovery Taskforce in its final report.

Specific package announcements that benefit the tourism industry include:

- $24.4 million for essential infrastructure redevelopment;
- $10.8 million to support businesses and communities as they get back on track;
- $2.5 million to rebuild and replace visitor assets in parks that were lost or damaged;
- a $4 million tourism recovery package for bushfire-affected areas of North East Victoria and Gippsland;
- $1 million to open walking tracks by Easter;
- $195,000 to re-open and rebuild the Walhalla Railway;
- a $700,000 contribution to the joint Commonwealth/State Community Recovery Fund providing small business grants; and
- $200,000 under Regional Development Victoria's Business Continuity Program to provide one-on-one counselling to develop recovery strategies.

The Federal Governments 'National Tourism Incident Response Plan' has been in effect since April 2005 and is aimed at minimising the impact of incidents on the Australian tourism industry.

"It sets out a response framework and actions for the Australian, and State and Territory Government to pursue in cooperation with industry to ensure detailed and targeted responses can be put in place quickly."[12]

[12] Australian Government, National Tourism Incident Response Plan – An Action Plan for Governments Across Australia, April 2005, pg. 3.

Submission no.43
Received 31/5/07

The Australian Tourism Development Program (ATDP) – mentioned in point three - received additional funding in the Federal Budget to assist drought affected communities, with $5.0 million in 2007-08 and $5.0 million in 2008-09.

6. Opportunities to leverage private investment and commercial activity in regional tourism infrastructure, particularly ecotourism.

Investment in 'tourism' is not a simple concept. Tourism is multifaceted and often involves a series of disparate, dispersed and inter-dependent investment decisions in different activities in order to deliver a tourism 'product'. Investment in tourism involves areas of risk, particularly patronage risk (see Sustainability of Growth), exposure to external, uncontrollable factors (e.g. war, exchange rates, oil prices, SARS, Avian flu etc.) and failures in the 'supply chain'.

Many opportunities which arise in tourism (with the possible exception of the accommodation market in major cities) are speculative. Many opportunities are built upon a notion of "uniqueness", for which, by definition, there is no market information. The absence of market information increases the level of risk relative to an opportunity.

Tourism is essentially a self reliant industry largely built with private capital. Australian Government assistance is primarily directed toward tourism promotion and driving demand; attracting tourists to Australia or to particular locations. The Productivity Commission notes that this form of assistance is different to most other industries, where support is via tax concessions, subsidies or tariff protection.

TTF has identified that the elements making up a tourism investment opportunity are infrastructure, attraction and access.

Infrastructure includes elements such as accommodation, retail or hospitality; attraction relates to the particular natural or man made feature or event which is at the core of drawing tourists to the particular destination while access relates to the ability to travel to the particular destination.

However these elements only represent the minimum requirements to create an opportunity. The translation of an 'opportunity' to a 'reality' requires careful stewardship by sponsoring agencies.

For opportunities to be converted it is critical to enhance and expedite approval processes which neither delay nor add unnecessary costs to the proposal. As noted earlier, regional tourism investment is inherently risky; investors will only be disincentivised where their risks are compounded by delays and increased costs.

With the exception of roads, public transport and airfields, the majority of investment in tourism comes from the private sector. State and local Government should be developing strategies which commit to support activities in particular locations and provide a framework by which this support may be translated to investment opportunities e.g. approval processes, destination marketing, access arrangements etc.

Predicted growth will be achieved only if all parts of the function are maintained:

Submission no.43
Received 31/5/07

- governments must continue to market destinations effectively
- private industry must market its products
- new development must be approved in a timely manner
- transport access must be capable
- costs must remain competitive
- capital must remain available
- staff must be available and trained

Failure in any of these areas will constitute a fundamental impediment to the ability to achieve growth and accordingly to be an attractive location for private investment.

Nature-based tourism (including eco-tourism) is a critical driver for domestic and international tourism in Australia and a key opportunity to disperse visitors and expenditure to regional Victoria. However changing consumer preferences and a lack of investment in nature-based tourism product are limiting the economic benefits of tourism to regional areas and our natural estate.

TTF Australia has identified a critical need for new investment in natural tourism infrastructure, product development, marketing and innovation in visitor experiences. In 2006 TTF Australia launched the **Natural Tourism Partnerships Initiative (NTPI)** to drive public-private partnerships for developing natural tourism which makes an economic contribution to our natural estate and regional communities. Our NTPI project has examined the opportunities and barriers to natural tourism investment across Australia, with a particular focus on Victoria.

Victoria's natural attractions and nature-based tourism opportunities are primarily located in regional areas on parks and protected areas, forests and other crown land reserves. Much of this estate is managed by Parks Victoria. TTF Australia has identified Parks Victoria as the single largest (non-multinational) tourism provider in Australia.

Park visitor consumer expectations are changing. Consumers do not want to spend considerable time accessing natural areas for "passive" observation. Consumers are demanding unique value-added visitor experiences - for which they are also prepared to pay. Research shows park visitors spend more than average tourists and particularly spend more on retail and hospitality. This is a significant economic opportunity for regional towns which are gateways to parks. Attracting these high yield visitors requires significant investment in tourism product such as park visitor infrastructure, low-impact 'experiential' accommodation and innovative visitor experiences.

TTF Australia's NTPI review of park management agencies identified Parks Victoria and the Great Barrier Reef Marine Park Authority as national leaders in managing nature-based tourism. However, in common with park agencies across the nation, Parks Victoria lacks the funding to effectively manage both conservation and tourism development. Developing natural tourism opportunities in regional areas requires both government and private sector investment tourism product.

Private Sector Investment

TTF Australia's NTPI review demonstrated that private sector investors believe there is an untapped market for nature-based tourism in parks and are prepared to invest in new tourism product. However there are currently significant barriers to investment that need to be

Submission no.43
Received 31/5/07

addressed by the Victoria Government in order to leverage private sector investment. TTF recommends that:

- Maximum lease lengths under the *National Parks Act 1975, Forests Act 1958* and *Crown Land (Reserves)* Act 1978 be removed and private sector tenure be granted on the basis of the amount of capital invested and risk (these limits are currently the most restrictive in Australia – see attached table on Legislative Licence and Term Limits).
- Maximum licence limits be extended to 10 years, with an additional 5 years granted to private sector operators with eco-accreditation.
- Allow for private sector investment in parks and protected areas on a case by case basis where this investment is environmentally sustainable and provides direct economic returns to park conservation and regional areas.
- Victoria continues to identify and fast track private sector investment opportunities using the Tourism Task Group and progress these opportunities under the Landbank initiative to be presented to the market as 'pre-approved' for competitive tender by the private sector.
- Victoria develops a single government "one-stop-shop" for each major tourism development project with commercial, environmental and tourism expertise. The 'one-stop-shop" should have all legal authorisation to negotiate and approve partnerships with the private sector rather than separate approvals by multiple government departments, agencies and branches.
- Parks Victoria and the Department of sustainability and Environment use public-private Natural Tourism Partnerships to build and operate natural tourism developments and share risk and returns, rather than using traditional landlord-tenant legal relationships.
- Victoria participates in the Commonwealths National Landscape initiative to brand, plan and internationally market regional natural tourism destinations.

Government Investment

TTF recognises and supports the recent additional funding by the Victoria Government of $180 Million over the past 3 years on parks. The addition $67 million in the 2007/08 Victoria budget for Parks Victoria has been well targeted on park visitor infrastructure such as walking tracks, jetties and facilities.

Parks Victoria still lags behind other Commonwealth and State park agencies on the amount of government funding per hectare of estate under management. Additional government funding is required if new tourism product is to be developed. This funding should be:

- Dedicated to upgrading basic park visitor infrastructure such as trails, look outs, car parking, and interpretive signage and hospitality facilities.
- Targeted to regional natural tourism destinations under well developed branding, destination development, planning and marketing strategies such as the National landscapes Initiative.
- Used to trigger private sector investment in valued added visitor infrastructure such as experiential accommodation and innovative look outs, viewing platforms, canopy walks, etc. This government investment should be made with private sector investment in Natural Tourism partnerships which provide direct shared returns to Parks Victoria for conservation purposes.

Submission no.43
Received 31/5/07

TTF Australia supports the Victoria's 10 Year Tourism and Events Industry Plan which correctly identifies nature-based tourism as a product strength for Victoria. TTF Australia supports the direction of the Victorian Nature-based Tourism Strategy and looks forward to further contributing to the strategy upon its release.

TTF Australia will also launch our Natural Tourism Partnerships Action Plan on 9 July 2007 and will make subsequent recommendations to the Victorian Government on leveraging private-sector investment to develop new natural tourism product in regional Victoria.

Submission no.43
Received 31/5/07

Legislative Lease & Licence Term Limits

Legislation	Section	Right	Maximum Term Limit	Areas
New South Wales				
National Parks and Wildlife Act 1974	S151 S47U S47GC	Leases to build and / or operate	No limit specified for leases but needs a strong nexus to the objectives of the Act.	National Park, Historic Site, State Conservation Area, Regional Park, Karst Conservation Areas, Nature Reserves but not Wilderness Areas.
National Parks and Wildlife Act 1974	S151B(2)	Leases for adaptive reuse	No limit specified on leases for adaptive reuse of buildings only but does not need a strong nexus to the Act.	
National Parks and Wildlife Act 1974	S151	Licence	No limit specified on licence but activity needs a strong nexus to the Act.	
National Parks and Wildlife Act 1974	S151B	Licence	3 day limit on licence but for a broader scope of activities.	
National Parks and Wildlife Act 1974	S152	Licence	No limit specified on licences to carry on business and trade.	
National Parks and Wildlife Act 1974	S153A	All	No leases or licences permitted	Wilderness Areas
Forestry Act 1916	S33	Lease	20 years (50 in special circumstances)	State Forests & Timber Reserves
Crown Land Act 1989	S41	Lease	100 years	Other crown land
Victoria				
National Parks Act 1975	S19(2)	Lease	20 years for Kiosk Café, Store, Ski Tow for not more than 1 hectare	National Parks, State Parks, Marine National Parks, Marine Sanctuaries and Other Parks but not
National Parks Act 1975	S19(2)	Lease	7 years for a camping ground or	

			building	Wilderness Parks
National Parks Act 1975	Various	Lease	Up to 21 years have been provided for in amendments allowing special provisions relating to particular Parks.	E.g. Ski fields at Mt Buffalo National park and Lighthouse at Great Otway National Park
National Parks Act 1975	S21(1)	Permit	3 years for trade or business permit	All Parks but with specific limits in Wilderness Parks
Forests Act 1958	S51	Lease	21 years	Reserved Forests
Forests Act 1958	S52(1)	Licence	3 or 20 years	Forests
Crown Land (Reserves) Act 1978	S17	Licence & Tenancy	3 years	Crown land reserved for certain purposes
Crown Land (Reserves) Act 1978	S17D	Lease	21 years	Crown land reserved for purposes <u>except</u> conservation but including tourism.
Crown Land (Reserves) Act 1978	S14D	Lease	21 years	Crown land reserved for certain purposes <u>and</u> managed by an incorporated committee.
Tasmania				
National Parks and Reserves Management Act 2002	S43	Licence	No limit specified for a business licence	National park, State reserve, Nature reserve, Game reserve, Conservation area, Nature recreation area, Regional reserve, Historic site
National Parks and Reserves Management Act 2002	S43	Lease	99 years	
South Australia				

National Parks and Wildlife Act 1972	S35(3)	Lease	No limit specified	National parks, Conservation parks, Game reserves, Recreation parks, Regional reserves
National Parks and Wildlife Act 1972	S35(4)	Licence	No limit specified	
Forestry Act 1950	S10	Lease	No limit specified	Forest reserves
Forestry Act 1950	S11	Licence	No limit specified	Forest reserves
Western Australia				
Conservation and Land Management Act 1984	S100	Lease	21 years + option for another 21 years	National parks, Conservation parks, Marine Parks, Nature reserves, Marine nature reserves;
Conservation and Land Management Act 1984	S97	Lease	21 years + option for another 21 years	State Forest, Timber Reserve
Northern Territory				
Territory Parks and Wildlife Conservation Act	S16	Lease	No limit specified	
Territory Parks and Wildlife Conservation By-Laws	S13	Permit	No limit specified for commercial permits. Current policy is 3 years.	
Queensland				
Nature Conservation Act 1992	S34	Leases	No limit specified	National Park, Conservation Park, Resources Reserve.
Nature Conservation (Admin) Regulation 2006	Reg 19	Permit	Commercial activity permit--3 years	
Nature Conservation (Admin) Regulation 2006	Reg 88	Agreement	Commercial activity agreement--10 years	
Land Act 1994	S32	Lease	Lease over a reserve - 30 years	State land reserved for community purposes
Land Act 1994	S155	Lease	50 years or 100 years	State land

Commonwealth				
Environment Protection and Biodiversity Act 1999	S358	Lease & Licence	No limit specified	Commonwealth Reserves
Great Barrier Reef Marine Park Act 1975 Great Barrier Reef Marine Park Regs 1983 + Queensland's Marine Parks Acts	Various	Permit for tourism operations e.g. pontoons	No limit specified. Policy is 6 years and 15 years for eco-certified operators.	Great Barrier Reef Marine Park

Nature Based Tourism

Victoria's 10 Year Tourism and Events Industry Plan identifies nature-based tourism as a product strength for Victoria. Australia's natural areas influence 56% of international visitors to visit Australia. In Victoria, there were 44 million visitor nights attributable to Nature Based Tourism in 2005. There are over 70 million visits to the parks estate a year and Victoria has the largest parks visitation, compared with other states.

'Parks Victoria is the biggest, non multinational tourism provider in the country.' *Christopher Brown, Tourism and Transport Forum, Australia.*

The value of the parks estate has been recognised and supported by Government in policy and budget outcomes over many years (additional initiative funding of in excess of $180m over the past 3 years). The challenge for the future is to maintain and improve the estate to ensure our parks, from a tourism perspective, are competitive domestically and internationally.

The most significant impediments to sustained growth of regional tourism include any poor or insufficient infrastructure, inconsistent or inferior service levels, narrow product offer (lack of product development) and limited development of distribution channels and marketing.

These are not stand alone impediments. Growth of regional tourism is subject to each of these impediments being addressed, albeit possibly to different levels.

Infrastructure

In regional Victoria, a product gap is the lack of iconic nature based accommodation, compared with competitor destinations (for example, Tasmania, Western Australia, New Zealand), as well as ageing public land infrastructure that fails to meet the needs of targeted (high-yield) markets.

New and improved infrastructure is required to at least retain current levels of visitation and tourism, and to assist in developing world class attractions.

Service Levels and Product Development

Service levels and products need to mirror the promise of the attraction. Currently service levels at a number of iconic and major parks and attractions are at a level that does not reflect their stature or tourism potential. The 'stepping stones', our icon parks, require service levels to be at a level that visitors would expect and that enable them to compete and be considered as international standard.

By benchmarking with international agencies Parks Victoria can share and learn from existing and successful approaches. In recognition of the value of benchmarking the Parks Forum was established in May 2004. It is the peak body for the Australian and New Zealand parks industries and works to enhance and increase the significant range of environmental, social and economic benefits to the community that parks provide. Some elements that may need consideration in key parks are suitable interpretation and education services, better signage and access, and enhanced ranger presence.

The lack of a fully integrated policy and planning framework around nature-based tourism could be considered an impediment to regional tourism growth. In response, the 10 Year Tourism and Events Industry Strategy draws attention to the need for greater coordination and partnerships across government, communities and the industry to enable and attract tourism investment and maintain the integrity of the natural environment. Investors are seeking longer tenure on public land for tourism investment.