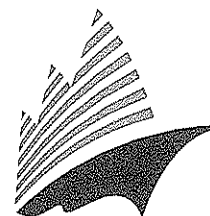


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WARRNAMBOOL  
CITY COUNCIL

Submission no.48

31 May 2007

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

Dear Sir/madam,

Re: INQUIRY INTO RURAL AND REGIONAL TOURISM

Thank you for the opportunity to submit to the parliamentary inquiry into Rural and Regional Tourism.

Warrnambool is located on the coast at the western end of the Great Ocean Road and caters for regional, intrastate, interstate and international visitors. Warrnambool has a strong maritime and built heritage and it is estimated that over 700,000 tourists visit the area each year. However recent visitation trends and analysis are disturbing and challenging for our regional city given that the prosperity of the City of Warrnambool is particularly dependent on a healthy level of visitation by domestic and international tourists.

Comments follow on the individual Terms of Reference of the inquiry.

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

*It has been estimated that 30% of people in Warrnambool derive some or all of their income from tourism or tourism related activity. Tourism employment occurs in the accommodation, food services, recreation & leisure and general retail area. State government research suggests that Tourism is one of Victoria's most important industries, injecting \$10.9 billion into the economy and employing over 159,000 people.*

Local research suggests that visitors to Warrnambool spent an average of \$690 per trip and \$360 per person, while overnight visitors spent \$169 per night and \$91 per person/night. Interestingly visitors from Melbourne spent more than visitors from any other origin. (WVS, 2005-WCC).

Councils key tourist attraction Flagstaff Hill is estimated to generate almost \$15million into the Warrnambool economy. Based on average attendance figures for Flagstaff Hill the following estimates are provided:

**Direct Effects:**

Entry Fees .....	\$1.1 m
Souvenirs/Gifts .....	\$ 0.3 m
Accommodation .....	\$ 2.4 m
Travel Costs .....	\$ 6.0 m
Total Direct Effects .....	\$9.8 m
Indirect Effects .....	\$4.9 m
<b>Total Economic Impact .....</b>	<b>\$14.7 m per annum</b>

This figure compares with previous studies relating to Warrnambool including Gambling Industry \$28.75 m and Deakin University Campus \$15 m. The figure also seems acceptable compared to the estimates for Sovereign Hill of \$50 m per annum

(2) Potential impediments to the sustained growth of regional tourism, economic activity and jobs;

There are a number of impediments to sustained growth of regional tourism. In Melbourne many of the high quality tourism assets have a proportion of their recurrent funding met by government. National Museums and Art Galleries for example have free entry. The new activity on Phillip Island, 'The Nobbies', also has a free entry.

In Warrnambool one of the key tourism attractions is the Flagstaff Hill Maritime Village and night time sound and light show 'Shipwrecked'. It is challenging to charge tourists significant entry fees for regional tourism attractions when they may have experienced high quality metropolitan activity for free. Perhaps Government could subsidise recurrent expenditure for regional attractions based on visitor entries?

Other challenges include the cost to regional cities of maintaining and renewing tourism assets and infrastructure. A good example is Warrnambool's loss of its Warrnambool-Melbourne-Warrnambool air passenger service in 2006. We believe lack of a passenger service has a detrimental impact on regional tourism and economic activity but that significant changes are required before an airline would be again attracted to Warrnambool. These challenges include;

- It would be preferable to fly Warrnambool-Tullamarine –Warrnambool, (as opposed to Warrnambool- Essendon- Warrnambool). Connectivity to national and international flights would be enhanced.
- Flying into Tullamarine requires a turbo prop (eg Conquest) aircraft. The alternative would be a smaller plane into Essendon (eg Chiefton).
- The current runway length at Warrnambool would need to be extended to 5700 feet to allow the turbo prop to land and to exit Warrnambool. This would be a significant cost.
- Any operator would seek at least a 2 year licence and seeking to have the route 'declared'. In essence this would prevent competition on this particular route.
- Initial subsidisation of costs would be of assistance.

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

The Victorian campaigns (Jigsaw) are regarded as very successful in highlighting the experiences available in regional Victoria. However research suggests that leisure travel continues to decline. In the period March 2002 to March 2006 the Shipwreck Coast experienced a 3.6% decline in International visitors and 12.9% decline in international visitor nights. (datainsights, July 2006). Regional data follows.

TABLE 2  
Domestic Overnight Visitation ('000) to the Shipwreck Coast

LGA	1999	2000	2001	2002	2003	2004	2005	Year ending December Average Growth (1999-2005)
Corangamite S)	166	111	161	170	134	145	103	-7.6%
Moyne (S)	167	198	154	165	196	131	176	0.9%
Warrnambool C)	324	386	338	377	336	361	256	-3.9%
Shipwreck Coast Total	631	679	644	680	638	624	514	-3.4%

Source: National Visitor Survey, year ending December 1999 - 2005, Tourism Research Australia

The region has experienced a general decline (7.1% pa) in the total number of domestic visitor nights since 1999 (refer Table 3). Warrnambool has also reflected this regional trend, with domestic visitors spending 616,000 nights in 2005, compared to 997,000 in 1999 (a decline of 7.7%pa). This decline in visitor nights also reflects the shorter average lengths of stay in the region..

**TABLE 3**  
**Domestic Visitor Nights ('000) - Shipwreck Coast LGA**

LGA	1999	2000	2001	2002	2003	2004	2005	Year ending December Average Growth (1999-2005)
Corangamite (S)	612	234	376	337	259	286	220	-15.7%
Moyne (S)	447	530	549	478	534	413	485	1.4%
Warrnambool (C)	997	938	855	862	824	890	616	-7.7%
<b>Shipwreck Coast</b>	<b>2,057</b>	<b>1,702</b>	<b>1,781</b>	<b>1,676</b>	<b>1,617</b>	<b>1,589</b>	<b>1,322</b>	<b>-7.1%</b>
<b>Total</b>								

Source: National Visitor Survey, year ending December 1999 - 2005, Tourism Research Australia  
 Note: Figures in red are subject to high levels of sampling variability and should be interpreted with caution.

*Two factors noted locally as impacting on visitor numbers are high petrol prices and cheap airfares. State, Regional and Local Marketing programs need to be at a level that can alert potential visitors to the regions. The recent Yarra Valley marketing efforts highlight the success of such campaigns.*

(4) Initiatives to increase both international and domestic visitor nights in regional Victoria;

*Note comments on Warrnambool's Airport above and also cost of attraction entry in regional areas.*

(5) the efficacy of existing mechanisms at a National, State and local level to address the impact on regional tourism of natural events such as bushfires, floods and drought, and effective measures to drive long term economic recovery; and

*During the past summer Warrnambool was a beneficiary of some of the difficulties faced by other parts of Victoria particularly the drought ravaged and bushfire damaged areas. Anecdotally, many tourists have indicated that they changed their booking preferences to the south west because of a perception of safe and green destination.*

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

*One of the recommendations from a recent study of Flagstaff Hill at Warrnambool related to leveraging private investment to develop tourist accommodation onsite, taking advantage of both the setting, (overlooking the southern ocean) and gaps in the local accommodation market.*

*A key issue is the limited term of leases on Crown Land. Private developers note that Crown Lease terms currently are not long enough to achieve a suitable return on capital. It continues to restrict similar type of tourism developments state-wide. Ideally the lease term (subject to the normal scrutiny relating to any development) should be extended beyond 50 years.*

*The comments above relating to the Warrnambool Airport are also relevant.*

*This submission was prepared by Bill Millard, Director Economic Development,  
Warrnambool City Council.*

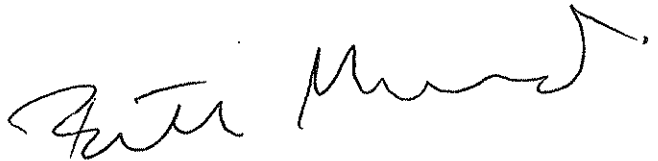
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*31 May 2007*