

Rural and Regional Tourism Submission

Inquiry into Rural and Regional Tourism

May 2007



Submission from:

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

Response:

i) Improved Regional Research data

Tourism contributed \$33.7 billion in to the Australian economy in 2005- 06 and accounted for 3.5 % of Australia's gross domestic product. Victoria's share in 2003 - 04 approximated to \$10.9 billion making up 5.3% of Victoria's Gross State Product. Tourism was worth \$3.4 billion to the regional Victorian economy in 2003- 04 increasing 31% from \$2.6 million in 1997 -98.

While this data is readily available for the Australian and State levels, it is much more difficult to provide this data on a destination level. Regional and sub regional data does not accurately reflect the destinations and it is therefore difficult to demonstrate the flow on benefits to the local economies.

ii) What Bendigo Tourism is seeking

Regional tourism research be treated seriously and supported if regional destinations are to accurately understand the flow on effects of tourism. As a result of this many regional businesses do not believe they are impacted by tourism or even involved in tourism. While they benefit from the flow on effects, they do not directly contribute to tourism or understand the value of tourism. This needs to be rectified if regional tourism is to grow in a very competitive market place.

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

Response:

i) Regional Visitor Dispersal

It is essential that strategies which market Melbourne as a gateway to regional Victoria ensure visitation is as widely dispersed as possible, particularly beyond 90 minutes from Melbourne. Currently this strategy locks out destinations like Bendigo from benefiting from dispersal from Melbourne and Surrounds marketing.

ii) Destination Management Vs Destination Marketing

Despite the State's new 10 year plan for Tourism, there has been little change to the way tourism does its business. The new plan signaled that Tourism Victoria would undertake more responsibility for Destination Management alongside its traditional role of marketing. To date there seems little change in the way Tourism Victoria carries out its business – regional tourism staff still pursues regional infrastructure programs through separate avenues, while marketing still seems to be the major focus of Tourism Victoria.

This comes at a time when a number of regional destinations require a stronger focus on commercial and economic outcomes for their regions. Greater private investment in infrastructure and product development must be attracted to regional Victoria if the industry is to remain viable in the new world economy.

iii) Marketing Vs Industry Development

Many regional destinations require major infrastructure and product development to build a more sustainable industry. Consumer needs are changing and how tourism is delivered in the regions needs to be reviewed. There is a gap between what is being sold to potential visitors by tourism marketers and the capacity of the industry to deliver. With a decline in domestic travel in Australia and a clear preference by Australians for overseas travel, it is essential to invest in better tourism infrastructure and develop better tourism experiences for Australians if the regions are to remain competitive. A recent article in BRW raised this issue by stating, "What is the point of the best marketing campaign in the world if we don't have the facilities on the ground that tourists are looking for". Tourism is a competitive industry and consumers are extremely fickle when it comes to choosing their experiences. This issue must be addressed.

iv) Skill Shortages and few barriers to entry threaten the quality of regional tourism

Tourism sustainability relies on the success of the individual satisfaction of visitors – at the end of the tourism food chain; it is the consumer (visitor) who is king!

But this is certainly being challenged with the acute skills shortage in regional Victoria. BRW magazine (2007 April issue) stated that a survey of 215 chief executives from tourism, hospitality, infrastructure and transport sectors via the Tourism and Transport Forum (November 2006) revealed that 74% of companies were having trouble filling positions and 49% reported that the situation had deteriorated over the previous year.

One of the key training bodies, TAFE, recently revealed that tourism training was well down the funding list for training programs. Currently TAFE are not placing a high priority on skills training for the tourism industry as they are not adequately funded in this area of training. This must be addressed if the acute tourism skill shortage in regional areas is to decrease.

High staff turnover also exacerbates the skill shortage. Chefs and hospitality staff are constantly turning over, challenging any café or restaurant's ability to deliver consistently good service.

With no barriers to enter the tourism industry, the industry remains the poor cousin of other industry sectors. With little understanding of the industry, new operators in service areas such as restaurants, cafes and accommodation properties (particularly in regional areas) deliver tourism services which are inconsistent in quality and standard. This further adds to the difficulty of regional tourism organizations' ability to harness the support of the tourism sector to grow the business of tourism. Operators often do not support their local tourism industry because they really do not understand how the industry works. High turnover due to the ease of entry continues to play havoc with regional tourism.

v) **Strategic Approach to Infrastructure Development**

Currently Tourism Victoria drives a strong marketing program across the State. There needs to be a similar level of support for the development of regional destinations. Quality infrastructure projects are required to develop quality destinations to meet the needs of a growing and mature visitor. With global world travel, Victoria must continue to develop quality regional experiences if we are to benefit from the growth in tourism.

vi) **Quality Experiences on Regional Public Transport**

With the growth in international tourism and the projected growth of Chinese travel to Australia, it is important that we begin planning for this. The Chinese market will have a preference for public transport and we must make sure that the regional networks can cope with this growth. One key challenge from a regional perspective is the public transport networks at the local destinations. With such a reliance on car travel these public networks are often patchy and only known to the locals. Regional centers must work with State government to develop seamless public transport networks to ensure that the travel experience is a rewarding one.

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

Response:

i) **Regional Victoria needs to be commercially marketed**

Tourism Victoria has developed a tremendous brand for Victoria – the Jigsaw brand and this has certainly worked well for this State. Tourism Victoria has worked over the last 6 years developing a brand for each of the regional campaign areas. However there is a huge gap in marketing the Victorian experience, as we do not have a company or sector which commercially markets the regions or even Melbourne for that matter. Queensland has Sun Lover Holidays as a commercial arm and they market Queensland experiences interstate and are commercially driven. Victoria has left marketing the State to the private sector. This has left Victoria without an effective commercial arm driving the State's tourism. In a time where decision making is instant this has left a gap in driving the market. Even on the www.visitvictoria.com site it is informational rather than a commercially driven site. Consumers are demanding real time booking and this "non commercial" approach is certainly a real gap in the Victorian market place


Currently Victoria is not consistently marketed interstate and relies on very expensive campaigns or just the internet (which is, as I've mentioned not commercially driven). This situation requires urgent attention. Victoria is certainly losing out in the domestic market share.


ii) **Victoria cannot exist on BRAND alone**

Brand Campaigns do not work effectively unless they have huge budgets – Regional Tourism nor Tourism Victoria have the budgets to really make the regional brand campaigns (currently being undertaken) work extremely hard in the market place. As Tourism Victoria through their funding guidelines make it mandatory for funds to be placed into brand campaigns, it leaves regions with little commercial edge and virtually no conversion to visitation from these brand campaigns.

Regional businesses do not see the value in placing their hard earned dollars into these regional campaigns as they do not see a return on their investment. Brand marketing does not lead to conversion and this has been evidenced in the Goldfields region of Victoria by the decline in regional visitation. This situation must be addressed if Victoria is to increase its market share.

iii) The Visitor Information Centre Network needs to work more effectively

Over the past 10 years Victoria has developed a network of Visitor Information Centre's, which are among the best in Australia and some are even of international standing. The network of  across the state have really improved the visitor experience across the state. (research documents this).

However, Victoria has fallen behind other states and countries in the past few years. Countries like New Zealand that have set up a system of  networks that are marketed to visitors at airports, bus terminals and on the internet. New Zealand has enabled a commercial edge to visitor centres and visitors see them as valuable in the distribution chain.

Other States such as WA and SA have established State wide booking services at Visitor Information Centre's. In Victoria, Visitor Information Centre's who entered into online booking services have been left to make their own way in the market place. With significant set up fees and much market failure in many of the internet companies, Victorian Visitor Information Centre's have been left to their own devices. This has meant they have been at the mercy of internet company failure or takeover, losing on the investment of significant local government and operator dollars. The net result is that Victoria does not have a state network of commercially driven Visitor Centre's that could be driving a greater market share into the regions.

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

Response:

i) Tourism Brand has not delivered increased market share

As mentioned in 3ii) the development of regional brands has not delivered an increase in visitor nights to the Goldfields Region. Neither Tourism Victoria nor the regions have had huge dollars to invest to make these brands (with the exception of the Great Ocean Road) effective in the market place.

As mentioned previously there is a “disconnection” between the State sponsored marketing programs and the commercial outcomes for regional business.

ii) Regional Marketing Programs are not keeping pace

The current Regional Marketing Program provides \$3.25 million per annum for the implementation of 10 distinct regional brands. This is certainly an ambitious program for the investment of \$3.25 million. Local Government does support this with co-operative marketing funds but this is still minimal in the context of the high costs associated for effective brand marketing.

Regional Tourism is seeking real leadership in a changed technological and highly competitive marketing environment. Currently we do not believe that Tourism Victoria is providing this leadership. New thinking and smart marketing is required if budgets remain at the same levels. Regional Victoria is currently not competitive within the current technology driven environment with its current marketing programs.

iii) **International Visitation for the Regions**

With a flat domestic market and a growth in the international markets, Tourism Victoria needs to work harder with the regions to develop their international product. Once again there is marketing support available, but little assistance in the way of product development or infrastructure support. If Regional Victoria is to be a player in the international markets, it requires some assistance to deliver this. International markets are requesting regional experiences but this is hampered by public transport networks, operators not internationally ready and a lack of internationally ready tourism product. The regions require much more than marketing support from Tourism Victoria!

iv) **Marketing must deliver a return on investment**

Brand marketing campaigns are coordinated through the regional campaign committee structure. Under the 2007-09 Regional Marketing Program, access to funding via an application process appears to have little relationship to the strategic outcomes that may be sought for a particular brand or region. There also seems little correlation between the amounts of funding allocated to the capacity of the destination to deliver. Very large and expensive marketing campaigns have been put into regions with little accommodation capacity. The capacity to deliver does not seem to be an important consideration in the allocation of marketing dollars.

v) **Funding Guidelines need to maximize destination marketing**

There are very rigorous funding guidelines associated with the Regional Tourism Marketing Program that take little account of the regional environments. The rigorous eligibility criteria of matching funding and how the funding is applied allows for little recognition that in the Bendigo and Ballarat regions (Goldfields) local government invests almost twice as much on an annual basis in tourism (approximately \$6.1 million) as the state government allocates to regional marketing program for the entire state (\$6.5m over two years).

vi) **Events – Greater support for Major Regional Events**

Currently, there is no formal mechanism to apply for funding for major events in Regional Victoria. An organization similar to Melbourne Major Events could assist regional areas to develop a more strategic and sustainable program of events for Victoria.

vii) **Greater support for Business Events**

Currently MCVB (Melbourne Convention and Visitor Bureau) works to attract major business events for Melbourne. MCVB does very little to source events for Regional Victoria. What is required is an organization which works directly with regional destinations to attract key business events. Currently RVCG (Regional Victorian Conference Group) develops a Regional Business Events product manual, but it does not have the “teeth” to deliver real business for the regions.

A complete review of the Business Events area is essential in order to drive greater business into regional areas. Business events deliver 6 times the yield of a leisure visitor. Business events are very important in delivering high yield visitors to the region and should be given greater prominence in the regional tourism landscape.

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.

Response:

i) More effective funding for SME's during drought

It would seem that certain natural events such as major flood/bushfires which have high media exposure appear to generate more government assistance for tourism than prolonged factors such as the drought. We spend a lot of time emphasizing that "every body benefits from tourism" and selling the tourism message to small operators. However during prolonged drought conditions there is very little assistance to small businesses especially in the service sector which are so vital to tourism.

While Tourism Crisis Plans have been developed it is important to look at the impact of crises such as drought and have more effective funding support or programs so that destinations do not lose their small businesses and services which are essential to the vibrancy of the destination and the tourism potential of a region.

The Bendigo Jockey Club was forced to transfer five meetings during March and April 2007 due to the lack of suitable water for irrigation purposes to prepare the racetrack.

Whilst there is a loss of revenue for the Club due to these transferred race meetings, many ancillary businesses such as veterinary practices, feed merchants and farriers also suffer a loss of revenue.

Local businesses are also impacted by the loss of potential visitors relating to these race meetings. An example of the effect this has related to the Elmore Cup race day scheduled for Saturday 31st March 2007, which was transferred to Echuca.

Generally, this meeting attracts a large number of sporting groups enjoying their end of season trips, as well as social groups, who stay the weekend in Bendigo eating at local restaurants and staying at local hotels. These groups would also be expected to visit some tourism attractions on the Sunday before going home.

With the race meeting transferred away from Bendigo, the opportunity to generate visitor business on that weekend was severely impacted.

This is just one example of the real impact of the drought and the flow on effects to other industries. A much earlier and more strategic approach to crises such as drought should be implemented.

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

Response:

i) Leadership and pro-activity

The industry is seeking greater government leadership to encourage private investment in regional infrastructure and generate opportunities for commercial activities. Currently Tourism Victoria does support initiatives but there is little direct connection with the regions or initiatives undertaken to pro-actively make this happen. This is a very niche area which requires specific expertise to ensure that major infrastructure projects are realized.

A more pro-active approach to supporting regional development as outlined in the 10 Year Plan would seem appropriate. However to date, regions are still working their way through the myriad of government agencies and red tape to make sure projects and programs are realized.