

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

Re: 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.

Response:

i) 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- 4 increasing 31% from \$2.6 million in 1997 -98.

While this data is readily available for the Australian and State levels, destinations have difficulty accessing accurate regional data to support their marketing planning.

Echuca-Moama Tourism believes Regional tourism research be treated in a manner that allows regional destinations and communities to accurately understand the flow on effects of tourism. Currently many regional businesses have no true understanding that they are even involved in tourism. Accurate and readily available research will allow destinations to highlight the benefit and flow on affects to tourism to direct and indirect beneficiaries.

In order for regional tourism to grow and maintain its sustainability this must be rectified.

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

Response:

i) Bringing the visitor into the Regions

Melbourne and the surrounding districts have been marketed to the highest standard, however to ensure that the flow on effect of this marketing there needs to be a wider dispersal. The Melbourne and surrounds strategies actively promotes destinations within a 90 minute radius.. destinations such as Echuca-Moama are locked out in the marketing activity.

ii) Destination Management Vs Destination Marketing

There is a 10year Strategy Plan for Tourism, which the industry embraced and was quite excited about.. to date there has been very little difference in the way the business is managed from the State. There is a strong need for the State to actively manage and attract strong product development.

To remain competitive many regional destinations require a stronger focus on commercial and economic outcomes for their regions. There must be an emphasis on encouraging infrastructure developing private and local government, and state government partnerships.

iii) Marketing Vs Industry Development

The face of tourism is continually changing.. and visitor expectations have changed significantly in recent years.. there is the need to address the gap that is becoming evident of the expectation by the visitor and the delivery of service by the industry.

Many destinations, have recently seen a decline in their domestic market, due to many relevant factors such as the domestic market being offered cheaper alternatives to travel abroad, the domestic market being 'time poor' to take extended holidays and their propensity to spend their disposable income on discretionary items such as entertainment centres etc..

Tourism is a fickle industry and the regional destinations must be afford the ability to 'woo' their potential client base back to regional destination. The industry needs to work harder and smarter to ensure that the delivery of the experience to the consumer is of the highest possible standard and that expectations are met.

iv) Who are the Industry

The sustainability of any regional tourism destination is totally at the behest of their ability to attract the consumer, in essence it relies on the consumer who will only return if their expectations are met.

The ability to deliver the quality experience is challenged in as much that many industry operators enter without any formal training or understand of the industry.

There is little in the way of formal training programs in place for operators to be given the opportunity to understand the skills they require to operate sustainable businesses that will ensure growth of not only regional destinations, but there own investment. On enquiring why so few training programs are run it has become evident that training agencies are clearly not funded adequately in order to deliver the programs.

This is a vital issue for the sustainability of destinations in the regional and rural market place.

Given that currently there are no barriers to entry to the tourism industry and in many regional Centres, this is clearly evident by the number of 'retirees' who have purchased a business in order to enhance their own lifestyle.. there is no understanding of the way local and regional tourism is run.

This creates issues on many levels, and there local tourism industry is not supported, mainly due to the lack of understanding of what it is trying to achieve.

There is currently a mind set that operators invest in 'dynamic destinations' without any knowledge or interest in how that destination became dynamic in the first instant.

There is a high turn-over of industry operators coming into destinations with a five to seven year plan to make money and go.. and they do this without involving themselves in the many local and regional marketing activities – essentially riding on the coat tails of the local and regional associations and those operators that do understand the industry and actively and financially support it .

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 Marketing :

Some ten years ago, Tourism Victoria developed the Jigsaw campaign.. it was a market leader with this program and it was well received. In many ways it still works, and there is an understanding of the jigsaw pieces. However it did force small villages and destinations which do not have strong product into an industry where they were pitted against the larger players. Prior to this development of the brand 'jigsaw' regional destinations that were in the market place could apply to Tourism Victoria for funding for their various marketing activities, the volume and amounts of funding varied depending on need and ability to match contribution. With the development of the jigsaw brand this changed. We began marketing larger regions, some dynamic destinations were unable to sustain their own marketing requirements in order to 'play with the big boys' . This by and large now seems to be overcome.

The issue now is that there is not a mechanism for the regional Victoria or indeed Melbourne to be more commercially driven and this has been left to the destinations to become commercially driven without key state leadership.

Tourism Victoria's website is possibly the most unexciting website mainly informational and not at any point commercially driven. I understand that the State Governments role is not to be a commercial agent, however there has been no introduction or a commercial partner into the State. New South Wales and Queensland have led the way in this for many years.

Therefore Victoria loses its market share.. regionally this has been managed well as many destinations through their own websites have become commercially driven as we are away in this day and age that time poor potential visitors make most of their traveling decisions in the evening with their credit card at the ready.

ii) Branding.

Over the years there has been a number of brand campaigns rolled out for regional marketing campaigns.. however they are difficult to sustain due to lack of budget. The regions are now seen by the industry (once again due to turn over there is little understanding of the marketing regions of Tourism Victoria) and there is a distinct lack of financial support into the buy in offered by regional campaigns because destinations choose not to lose their own market share and do not have the funds to support both.

Conversion to sales is vital in any industry and tourism is no different in that regard, therefore operators do not see buying into campaigns as being a good return on their investment. The Murray is a very long river.. the destination Echuca – Moama clearly tells the consumer where they are choosing to holiday.

iii) The importance of the Visitor Information Centre Network

Victoria has some of the best Visitor Information Centres within the country, and there was a time when they were seen by the State as a very important arm of the business of tourism. This seems to have disappeared, there was initially an accreditation program run by the State and managed by Tourism Alliance. There was the 'roll-out' of the new 'i' sign which has been successful (despite lack of the promised marketing campaign) and the network is strong when it comes to the dispersal of regional Victoria brochures.

However, Victoria has fallen behind other states and countries in the past few years. They are not regarded as the essential element of information that they give, they are not funded in anyway by the State, but more importantly they are not offered any State wide leadership. Most now have purchased their own on line reservation systems in order to remain viable and offer up the needs of the consumer.

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 fees. The net result is that Victoria does not have a state network of commercially driven Visitor Centres that could be driving a greater market share into the regions.

The State needs to address this issue, they clearly lack the ability to understand the worth of Visitor Centres as a key dispersal point to the consumer and the VIC staffs abilities to move the consumer through regional Victoria.

Should this matter be addressed the State will need to fund the activities as local tourism associations and operators have invested and will possibly not be willing to do so again.

<p><i>4. Initiatives to increase both international and domestic visitor nights in regional Victoria.</i></p>

Response:

i) Brand

Lack of funds of both the State agency and the regional destinations do not have the funds to invest in to sustainable brand. Brand is seen regionally as 'overarching' and as previously mentioned brand "Murray- Wind-down" means little to the eyes of the operators of Echuca-Moama. Echuca-Moama will always be looking for a commercial or conversion outcome and brand Murray will not deliver this.

ii) Regional Marketing Programs

iii)

\$3.25 million per annum to implement brand across 10 regional jigsaw campaigns is ambitious to say the least. Regional Tourism associations and some local governments do support campaigns through cooperative marketing opportunities, but it is minimal in terms of the high price of branding. Strong leadership is required.

iv) International Visitation for the Regions

The domestic market has not grown in many regions within the past 12 months, yet there is an increase in the International growth. Some regional destinations are internationally ready whilst others are not. Leadership and training is required to ensure that those destinations are delivering the experience that international travelers expect. Tourism Victoria has the opportunity to lead the way with training programs for internationally ready product.. the opportunity to support new and emerging product both in terms of financial support and in terms of offering their international teams marketing expertise.

v) Destinations need support and understanding.

The Regional Tourism Marketing Program that take little account of destination environments. The guidelines need to take into account not only the matching dollars placed on the table of the campaigns but also the dollars spent by each destination into the market place promoting the destinations that sit under the brand.

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 bush fires, floods, and drought and effective measures to drive long term economic recovery.

Response:

i) Addressing the drought

The state recently supported the destinations affected by bushfire as you would expect. However there has been very little support to the industry to counteract the effect of the drought. There has been a lack of policy regarding the management of drought issues, a lack of understanding by the State Agency of what is actually going on at a regional level and the lack of any marketing to overcome the negative publicity.

There are continually negative stories about the drought, without any consideration as to how this will affect the short and long term viability of operators whose livelihoods depend on the river. Recently there has been a spate of images and negative stories, when in fact it is very much a 'business as usual' situation on the river. The regional destinations are therefore forced to spend their marketing dollars promoting this 'business as usual' byline, and forcing them to deviate from their annual marketing plan.

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

Note: Also see no. 4

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.

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