



Victorian Tourism Industry Council

VTIC

The united voice of Victorian tourism

The Victoria Tourism Industry Council (VTIC) appreciates the opportunity to provide a submission to the Rural and Regional Committee's Inquiry into Rural and Regional Tourism.

VTIC is the peak umbrella tourism industry organisation in Victoria, representing our constituent industry sector associations and major corporate businesses and organisations.

Success Factors for Regional Tourism

Research by the Australian Regional Tourism Network identified the eight critical success factors of regional tourism. These factors provide the clues for policy and funding requirements for regional Victoria They are:

- Strong private sector driven regional tourism organisations, focused on their core role of destination marketing, working cooperatively with local tourism associations and providing an umbrella marketing and representation role;
- Strong local tourism associations focused on their core role of visitor servicing;
- Support of local government for visitor servicing, destination and infrastructure development and cooperative marketing;
- Strategic planning for integrated and consistent marketing and holistic tourism development that is owned and implemented by all stakeholders;
- Cooperative marketing which maximises the effectiveness of industry, local government and state government contributions;
- Leadership by strong and visionary organisations and individuals;
- Quality visitor services that create satisfied visitors and lead to word of mouth promotion; and
- A breadth and depth of quality tourism product and infrastructure that meets the demands of target markets and reflects tourism trends and best practice development and operation.

Economic Benefits of Tourism

The tourism industry is currently worth \$10.9 billion to Victoria's economy and employs 159,000 people. In regional Victoria, tourism contributes \$3.4 billion, and employs 61,000 people.

In October 2006, the Victorian Government released its 10 Year Tourism and Events Industry strategy, which further identifies that by 2016, Victoria's tourism industry has the potential to become an \$18 billion industry with 66,000 new jobs.

Tourism is a growth industry, has a diverse reach across all industry sectors, supports up to 90,000 predominately small businesses and contributes to the economic and social health of communities across the State. No other industry has this breadth and depth of capacity to contribute to Victoria's future. In regional and rural communities, the tourism industry provides the added benefit of diversifying local economies, reducing the level of risk to economic growth, and assists in creating sustainable communities that can prosper over the long term.

Potential Impediments to the Sustained Growth of Regional Tourism

Tourism operates in a highly competitive domestic and international market, which responds directly to the level of marketing investment by destinations and business. Victoria can continue to lead the way nationally by further extending the productive partnership between Government and industry.

The 2007-08 State Budget contained a number of specific initiatives for regional tourism, including:

- \$6.3 million for nature based tourism and car touring.
- \$5 million Regional Aviation Fund to upgrade and improve regional airport infrastructure.
- \$2 million for regional tourism events.
- \$1.2 million to market regional wineries and food to interstate markets.
- \$1 million for fly-drive holidays to regional centres.
- \$1 million to expand the use of the internet by regional tourist operators.

While these initiatives are welcome, there is a need for long term, strategic support to tourism development in regional Victoria.

Skills

The industry is experiencing severe labour and skill shortages. However, the Government has not identified the industry as a priority for training investment. This must be addressed via an urgent review of Tourism and Hospitality training and education policy, resourcing and programmes.

Regionally, this issue not only relates to staff skill and labour shortages but the need for increased business skills which is best offered through clustering of like businesses.

Infrastructure- Transport Networks

Victoria has earned the enviable reputation as Australia's best state to tour by car, due to its extensive road network, accessibility of Victoria's diverse natural and built attractions and its reputation for a quality, safe and efficient road network. Victoria's tourism road signing has been used as the benchmark nationally.

VTIC has recently reviewed the opportunities and impediments, which need to be addressed if Victoria is to continue to achieve competitive growth. One of these issues identified was the importance of continuing to invest in Victoria's infrastructure which services tourism and this includes developing and maintaining the quality of Victoria's road network.

It is therefore important that Victoria receives its fair share of federal spending on roads. The Council is dismayed to discover that just 16.5% on average of federal spending on roads comes to Victoria.

Many of the planned infrastructure development such as the Western Highway improvements, Geelong Ring Road, Princess Highway East and the Goulburn Valley Highway improvements are of vital importance to Victoria's tourism corridors and touring routes.

The Council is concerned that any failure by the Federal Government to provide Victoria with its fair share of Auslink funding would have adverse impacts on the future development of Victoria's tourism industry

The Council supports the Victorian Governments efforts to gain a fairshare of Federal Government road funding.

Restrictive Transport Practices

In terms of specific impediments to growth, restrictive transport practices are reportedly inhibiting visitor access to parts of regional Victoria. This has specifically been raised by operators in the Gippsland region.

Presently, interstate coach operators are forbidden from picking up and dropping off intrastate passengers in Victoria on current interstate bus routes. For example, interstate operators cannot pickup a backpacker in Shepparton and let them off at Kilmore. This is due to Part 3 of the Public Transport Competition Act, which covers the provision of service contracts, and the implementation of this part of the Act by the Department of Infrastructure (DOI).

While we understand that V/Line services play an important role in regional transport and require support, the issue of restrictions on bus travel is reportedly having an adverse impact on visitation to rural areas. It is of particular concern that the main market being affected is backpackers, who typically travel by road.

The backpacker market is vital to rural and regional tourism for a number of reasons, including:

- Longer length of stay – 41% of international backpackers stay in Australia for more than 40 days, compared with 15% of all visitors.
- Backpackers assist local industries by providing seasonal labour.

On this last point, the industry has been assisted by the development of the 'Harvest Trail', which assists in providing information to backpackers (among others), on seasonal work availability, including information on towns, crops, transport and accommodation around Australia. Together with changes to extend working holiday visas for travellers that work for 3 months in regional Australia, these initiatives should encourage backpacker travel to regional areas, therefore it is vital that transport links within the State are strong.

We understand that Greyhound Australia is providing a detailed submission to the Inquiry on this issue, which will focus on the removal of the legislative restrictions on intrastate pick ups/put downs for their interstate routes through Victoria, which we believe will help stimulate regional tourism. As such, we support these moves to improve access to public road transport for visitors.

Regional Dispersal- Air Access

Regional dispersal of travellers within Victoria, particularly to the outer regions of the state, also requires efficient and convenient air travel services. The 2007-08 State Budget provided \$5 million for a Regional Aviation Fund to upgrade and improve regional airport infrastructure, however, an assessment of priorities for upgrades is yet to be developed, and a strong commitment will be required to ensure projects are delivered on time and on budget, as well as ensuring longer term needs are met.

The Effectiveness of Current Programs to Promote and Enhance Tourism in Regional Victoria

Government Resourcing

Tourism Victoria's budget appropriation needs to be increased to at least \$80 million per annum to enable competitive international and domestic marketing and investment in industry development. This is necessary to arrest the slow growth of domestic tourism markets, capitalise on international market growth and continue to build Victoria's competitive brand nationally and internationally. This investment will not only improve Victoria's competitiveness, but will also stimulate private sector cooperative marketing and capital investment. The Tourism Victoria budget has provided inadequate core marketing funding which has

resulted in limiting the capacity to facilitate industry development to underpin visitor experience delivery.

This under-resourcing has also failed to capitalise on growth sectors such as caravanning, nature based and cultural tourism, which will be further driven by the burgeoning baby boomer market.

The capacity and willingness of the industry to respond to 'dollar for dollar' investments in marketing and industry development will follow if the Government commits serious funding to gain high return on investment.

Regional destinations affected by externalities such as low cost carriers, fuel prices, bushfire and drought has resulted in disproportionately high impacts resulting in the need for disproportionately higher levels of support to these areas compared to metropolitan regions.

Tourism Excellence

The joint industry and Tourism Victoria, Tourism Excellence programme to achieve competitive advantage through visitor satisfaction is an outstanding initiative. While the 2007/08 State Budget allocated an addition \$1 million to the program, it will benefit from long-term commitment for ongoing support.

Initiatives to Increase Visitor Nights in Regional Victoria

Yield

While visitor nights are an important measure, tourism industry development, particularly in regional Victoria, should also focus on total visitor spend rather than purely the volume of visitors. There is considerable potential for industry growth through improving visitor yield, with regional Victoria the second lowest of all Australian regions in terms of both domestic and international overnight visitor expenditure per night. For the year ending December 2005, the average spend per domestic overnight visitor was \$101 per night in regional Victoria, (compared with the national average of \$142), while the figure for overseas visitors was \$57 per night in regional Victoria (compared with \$94 nationally). While this may be influenced by Victoria being a much more compact State than others, it shows that there is considerable potential for growth.

Industry Development

Investment in industry development is required to facilitate the ability of the industry to capitalise on the growth potential of the industry, and improve visitor yield. These strategic initiatives should be undertaken in partnership between Government and the industry and include: - Investment attraction facilitation - Infrastructure development - Destination development - Regional dispersal support (eg rail travel, tourist road signing, visitor information services) - Labour and skill development - Product development - Product and service standards.

Nature Based Tourism

Nature based tourism is a growth market, but Victoria lags competitively, and there is a low level of market awareness of our natural assets.

Infrastructure investment, investment attraction and product development, plus advertising and promotion investment will increase Victoria's positioning and competitiveness.

A whole of Government Nature Based Tourism strategy to facilitate public/private sector investment is required as a priority. Natural attractions are a key motivator for international visitors to travel to Australia, with 56% being influenced to come to Australia based on their intent to visit a natural attraction. Victoria's national parks attract the highest park visitor numbers in Australia (28.6 million to protected area parks in 2004-05) but we are not capturing the appropriate level of tourism yield. Linking and integrating NBT with Victoria's tourism product strengths of food and wine, history and heritage, events and touring are a way to value add to NBT experiences and further extend Victoria's competitive positioning and regional visitation.

While the 2007-08 State Budget provided \$6.3 million for nature based tourism and car touring, the development of nature based tourism in Victoria will require a strategic and long-term investment.

The tourism industry is dominated by small business with limited access to capital for product development. A product development funding programme to provide seed funding for cooperative ('dollar for dollar') product development investment would stimulate initiative and capital investment. A \$10 million fund over four years for small business and community projects would make a significant contribution.

The Efficacy of Existing Mechanisms to Address the Impact on Tourism of Natural Events

The impact on regional economies and communities from loss of tourism has been demonstrated to be stark and highlights how tourism really supports communities.

Natural Disaster Tourism Relief Fund

VTIC has been generally supportive of the State Government's response following the 2006-07 bushfires. The initial \$4.5 million tourism recovery package provided immediate assistance to fund events, marketing and public relations initiatives to restore visitor growth and rebuild iconic infrastructure assets such as Craig's Hut. In addition to this, the more comprehensive \$138 million bushfire recovery package provided funding support to encourage visitors to return to recovering affected areas and restore vital assets.

The 2007-08 Federal Budget also provided additional funding for tourism in drought-affected regions, with \$5 million committed in each of 2007-08 and 2008-09 through the Australian Tourism Development Program to specifically support drought-affected communities.

Despite these initiatives, the ability of Governments to provide immediate support is critical. Consideration should therefore be given to the

establishment of a natural disaster tourism relief fund to ensure that funds are readily available to support tourism industry recovery from natural disasters.

Opportunities to Leverage Private Investment in Regional Tourism Infrastructure

Investment and Public Land Licensing

Public land and waterways are major tourism assets, requiring resource investment by Government and also policies to stimulate private sector investment. The availability of 50-100 year leases on carefully selected public land and waterways would stimulate private sector investment, particularly in regional Victoria. In terms of attracting investment to public land and waterways, appropriate sites must be identified and projects facilitated to remove barriers to investment. Long term planning would benefit from the Government's planning scheme including the identification and setting aside of 'investment ready' wedges for future industry development.

Investment attraction, in addition to the above mentioned need to grow investment in natural attractions, is also needed to stimulate investment in accommodation attractions and services.

As a base for industry development, it is vital that urban and regional planning policies do not inadvertently discourage investment. Planning policies need to be closely aligned to regional development and tourism industry growth objectives in order to ensure optimal investment occurs. The focus is not just about securing government funding for major infrastructure projects, but also ensuring the right policy environment to support private sector investment or partnerships, through providing certainty, transparency and clarity in regulation.

There are considerable opportunities to grow the size and reach of the tourism industry in rural and regional Victoria, which can be achieved with the right policy settings and a commitment to strategic development from Government and industry.