



Australian Government

**Department of Industry
Tourism and Resources**

**Victorian Parliamentary Inquiry into
Rural and Regional Tourism**

Submission by the Department of Industry, Tourism and Resources

June 2007

Wayne Calder
General Manager
Business Development Group
Tourism Division
Department of Industry, Tourism and Resources
Phone: 02 6213 7060
Email: wayne.calder@industry.gov.au

CONTENTS

1. INTRODUCTION	3
1.1 <i>Role of the Department of Industry, Tourism and Resources and Tourism Australia</i>	3
1.2 <i>Policy Settings Relating to Regional and Rural Tourism</i>	3
1.2.1 Tourism White Paper	3
1.2.2 Tourism Collaboration - Intergovernmental Arrangement	4
2.0 COMMENTS ON TERMS OF REFERENCE	4
2.1 <i>The economic benefits of tourism in regional areas, including tracking the flow-on benefits through other regional businesses and industry.</i>	4
2.1.1 Direct economic benefits	4
2.1.2 Indirect economic benefits	5
2.1.3 Economic Valuation of Protected Area Tourism	5
2.2 <i>Potential impediments to the sustained growth of regional tourism, economic activity and jobs</i>	6
2.2.1 Changing consumer trends	6
2.2.2 Dispersal of visitors beyond major metropolitan/urban centres	7
2.2.3 Access to regional destinations	7
2.2.4 Investment in regional tourism infrastructure	8
2.2.5 Labour and skills shortages	8
2.2.6 Tourism product quality	9
2.2.7 Enabling nature-based tourism	9
2.2.8 Collaboration and coordination	10
2.3 <i>The effectiveness, at a National, State and local level, of current programs to promote and enhance tourism in regional Victoria</i>	11
2.3.1 Australian Tourism Development Program (ATDP)	11
2.3.2 Tourism Australia Marketing Activities	12
2.3.3 Nature-based tourism	13
2.3.4 Indigenous tourism	13
2.3.5 Tourism Impact Model for Local Government	14
2.3.6 Supporting Small Business	14
2.4 <i>Initiatives to increase both international and domestic visitor nights in regional Victoria</i>	15
2.4.1 Tourism Australia: International marketing	15
2.4.2 Tourism Australia: Domestic marketing	15
2.4.3 Australian Tourism Development Program	16
2.4.4 The National Landscapes Initiative	17
2.4.5 Visitor Access: Transport infrastructure	17
2.5 <i>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</i>	18
2.5.1 Australian Tourism Development Program:	18
2.5.2 Tourism Action Plan on Climate Change	18
2.5.3 Natural Disaster Relief and Recovery Arrangements:	18
2.6 <i>Opportunities to leverage private investment and commercial activity in regional tourism infrastructure, including ecotourism</i>	19
2.6.1 National Tourism Investment Strategy	19
2.6.2 Australian Tourism Development Program	20
2.6.3 Natural Tourism Partnerships Initiative	20

1. INTRODUCTION

1.1 Role of the Department of Industry, Tourism and Resources and Tourism Australia

The Department of Industry, Tourism and Resources (DITR) administers legislation, manages programs, undertakes analysis, provides services to the business community, and provides advice to the Australian Government. DITR's vision is increased prosperity for all Australians through internationally competitive and sustainable business.

The Department's Tourism Division advises on, and implements, Australian Government tourism policy. Its primary objective is to foster the development of a sustainable, internationally competitive tourism industry by focussing on addressing supply side policy issues that impede the tourism sector capitalising on its potential. Much of this work requires the Division to work in partnership with industry, and other government agencies

The Tourism Division's policy advisory role distinguishes it from Tourism Australia (TA), which has responsibility for international and domestic marketing and the delivery of research and forecasts for the tourism sector. TA is a statutory body¹ subject to the Commonwealth Authorities and Companies Act 1997, and has a primarily commercial focus. Its key goal and objectives regarding domestic tourism are to:

- Build Australia's market share of targeted travellers through consistently increasing demand; and
- Increase the spend and dispersal of targeted travellers.

TA also provides input into Government and industry policies that affect tourism.

1.2 Policy Settings Relating to Regional and Rural Tourism

1.2.1 Tourism White Paper

The Australian Government is supporting the tourism industry through the *Tourism White Paper: A Medium to Long Term Strategy for Tourism*² (TWP). The TWP sets a policy foundation for the medium term and covers a range of policy initiatives worth \$235 million aimed at helping to place the tourism industry on a firmly sustainable footing.

The TWP highlights tourism as an important driver for regional development. Ensuring the sustainability and viability of the regional tourism industry is vital to the economic diversification of regional Australia. With the right mix of elements, enterprising Australian regions stand to gain substantial benefits from tourism including:

- Higher regional economic and employment growth;
- Enhancing opportunities for Indigenous economic development and sharing Indigenous cultural experience; and
- Improvements in infrastructure and standards that benefit visitors and locals alike and enhance the distinctive character of the region and its tourism product.

¹ [Tourism Australia Act 2004](#)

² Australian Government, 2003 *Tourism White Paper: A Medium to Long Term Strategy for Tourism*: <http://www.industry.gov.au/content/itrinternet/cmscontent.cfm?objectID=EAAEB9F4-65BF-4956-BF14EDF84B5B9997>

In the 2007-2008 Budget, the Australian Government announced that it will invest an additional \$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.

1.2.2 Tourism Collaboration - Intergovernmental Arrangement³

The Intergovernmental Arrangement (IGA) provides a framework for cooperation and collaboration between Australian governments. The Australian Government is keen to ensure that all levels of government in Australia work collaboratively to place Australia as the destination of choice, both for international visitors and domestically. The roles and functions of Australian governments regarding regional and rural tourism are outlined in the IGA. Specifically:

- State and Territory governments will be primarily responsible for regional tourism, and will work cooperatively to improve marketing, market development and supply in regional Australia that facilitates industry growth, including promotions and market research where tourist regions and experiences cross State and Territory borders; and
- The Australian Government will continue to support regional development and regional dispersion of tourism through programs such as the Australian Tourism Development Program.

2.0 COMMENTS ON TERMS OF REFERENCE

The aim of this submission is to provide the Rural and Regional Committee of the Parliament of Victoria with information relating to its inquiry into rural and regional tourism in Victoria. This submission covers the activities, policies, programs and initiatives undertaken by the Tourism Division within DITR, in relation to the stated Terms of Reference.

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

2.1.1 Direct economic benefits

Tourism contributes significantly to the economic development and wellbeing of regional Australia. It provides local communities with a sustainable economic base that is capable of complementing and supplementing the traditional industries of agriculture and mining. As such, there is a growing reliance on tourism for generating business activity and employment opportunities in many regional areas.

Current statistics demonstrate the direct economic contribution of tourism activity to regional Australia:

- Almost 47 cents in every tourism dollar was spent in regional areas during 2006⁵;
- During 2006, 52 per cent of domestic day visitor expenditure and 57 per cent of domestic overnight expenditure was spent in regional areas⁶;
- Domestic visitors spent more than \$29 billion in regional areas during 2006⁶;
- International visitors spent more than \$3 billion in regional areas during 2006⁵; and

³ Australian Government, 2005, 'Achievement by Partnerships: Tourism Collaboration Intergovernmental Arrangement': <http://www.industry.gov.au/content/itrinternet/cmscontent.cfm?objectid=CD36769B-65BF-4956-B5BD537275412B16&searchID=295253>

- 38 per cent of tourism jobs are located outside Australia's capital cities, and tourism employment intensity is higher in regional Australia (6.5 per cent) compared to metropolitan areas (5.3 per cent)⁴.

In regional Victoria, domestic [day and overnight] visitors spent more than \$5 billion, and international visitors spent \$233 million during 2006^{5,6}.

2.1.2 Indirect economic benefits

In 2003-2004, the tourism industry accounted for \$32 billion directly and nearly \$26 billion indirectly of total Gross Domestic Product. This is equivalent to 7.1 per cent of the Australian Gross Domestic Product⁷.

This indirect economic information is important for efficient and effective policy decisions to guide the future development of tourism, as tourism activity also affect those industries that supply commodities and services to enterprises serving visitors directly. Tourism Research Australia (TRA) estimates tourism's indirect economic contribution, based on a model that complements the Australian Bureau of Statistics' *Tourism Satellite Account*⁸ (which estimates the economic activity that is directly attributable to tourist consumption).

2.1.3 Economic Valuation of Protected Area Tourism

Australia is blessed with outstanding natural areas; national parks; indigenous protected areas and spectacular world heritage areas. These natural features are drawing an increasing number of visitors. Tourism Research Australia reports that nature based tourists tend to stay longer and spend more than other tourists. In 2006 there were nearly 28 million nature-based tourism visits in Australia. These tourists spent approximately \$23 billion during their travels in Australia, a significant component of our \$81 billion dollar industry.

Nature-based and Indigenous tourism typically occurs in regional areas, and is dispersed throughout Australia. Victoria's regional and rural tourism activity benefits from significant natural and Indigenous tourism assets, including the snowfields, the surf beaches, the Great Ocean Road, and the Gippsland/lakes entrance region. These natural and Indigenous tourism assets complement the many other attractions of regional and rural Victoria, such as the goldfields, and food and wine tourism.

National Parks and protected areas make a significant contribution to the local economies in which they are located through tourist expenditure. However, there is limited data available to quantify the economic value directly attributable to tourism activity associated with national parks and protected areas.

The Sustainable Tourism Cooperative Research Centre is currently undertaking a study into the economic value of protected area tourism, and will produce an '*Atlas of Australian Protected Area Tourism*' that will provide a baseline for future monitoring of protected area tourism value.

⁴ TTF Australia (2004) *National Tourism Employment Atlas*:
http://www.ttf.org.au/research/pdf/employatlas/Atlas04_Poster.pdf

⁵ Tourism Research Australia (December 2006) *International Visitors in Australia: Quarterly Results of the International Visitors Survey*.

⁶ Tourism Research Australia (December 2006) *Travel by Australians: Quarterly Results of the National Visitors Survey*.

⁷ Tourism Research Australia: <http://www.tra.australia.com/economic.asp?lang=EN&sub=0056>

⁸ Australian Bureau of Statistics '*Tourism Satellite Account*':
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/5249.0Main%20Features22005-06?opendocument&tabname=Summary&prodno=5249.0&issue=2005-06&num=&view=>

The *Atlas* will incorporate a categorisation of all Australian national and marine parks, and the associated direct value of tourism attributable to each. Total value of tourism to national parks will be mapped by region, state/territory and nationally. The final *Atlas* is expected to be provided by March 2008.

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

It is our view that the challenges that confront the tourism industry in regional areas of Australia are complex, and there is no one single impediment, or one single solution.

At its 49th meeting in August 2006, the Tourism Ministers' Council (TMC) considered the findings of the TRA report '*An Assessment of the Australian domestic tourism market*'⁹. Acknowledging the findings of the report, and the importance of domestic tourism to the Australian economy, especially to regional communities, Federal, State and Territory Tourism Ministers agreed to convene a Taskforce to develop a Domestic Tourism Action Plan, outlining concrete, practical actions that industry, and Federal, State and Territory Tourism agencies could implement to directly address issues affecting domestic tourism. The Action Plan is currently being finalised by the Taskforce, prior to being forwarded to the TMC.

2.2.1 Changing consumer trends

According to Tourism Research Australia's (TRA) 2006 report '*An assessment of the Australian domestic tourism market*'⁹, Australians travelling in Australia are the biggest market for most tourism businesses. Domestic visitors generated 76 per cent of tourism industry gross domestic product in 2004-05". The report found that changes in domestic tourism expenditure, length of stay, number of trips, and purpose of visit will continue to affect the nature and level of tourism demand into the future, presenting challenges that will confront the tourism industry in regional (and metropolitan) areas in every state and territory in Australia. The key findings of that report suggested several broad domestic consumer trends affecting domestic tourism:

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

TRA's 2007 report '*Changing consumer behaviour: Impact on the Australian domestic market*'¹⁰ investigated the reasons behind these changes to provide tourism stakeholders with the insights needed to adapt tourism products, services, and marketing to a changing environment. The reports concluded that proliferating choice, and changes in the social environment (particularly work culture), are placing increasing pressures on consumers' discretionary time and income. At the same time, cultural and technological changes have resulted in Australians increasingly spending their discretionary time and income on goods that provide immediate and repeat gratification, and that require frequent updating. This shift has been at the expense of domestic tourism which has longer lead times and a lack of tangibility that place it at a competitive disadvantage.

⁹ Tourism Research Australia (2006) '*An Assessment of the Australian Domestic Tourism Market*
<http://www.tra.australia.com/content/documents/NVS/Assessment%20of%20domestic%20tourism.pdf>

¹⁰ Tourism Research Australia & Travel Research Centre (2007) '*Consumer behaviours, attitudes and motivations: Why are Australians Changing their Spending Habits Away from Domestic Tourism?*':
[http://www.tra.australia.com/content/documents/NVS/Changing%20Consumer%20Behaviour%20Impact%20on%20the%20Domestic%20Tourism%20Market%20\(final\).pdf](http://www.tra.australia.com/content/documents/NVS/Changing%20Consumer%20Behaviour%20Impact%20on%20the%20Domestic%20Tourism%20Market%20(final).pdf)

The changing consumer trends outlined above reflect the changing demographics of the Australian domestic tourism market. The needs and interests of different life-stage segments and personality types vary greatly. The abovementioned TRA 2007 report found that current tourism communications are not addressing the needs and interests of these varying segments, especially families and younger consumers and are not growing the demand pool of travellers. The report concluded that, along with changes among older age groups (Baby Boomers and Grey Nomads etc), "the medium to long term future could be even more bleak".

2.2.2 Dispersal of visitors beyond major metropolitan/urban centres

Regional dispersal is a significant issue for the tourism industry as a whole, and for economic development outside the major cities. The majority of international visitors who come to Australia for holiday or VFR purposes do not extend their itineraries into regional Australia¹¹. Furthermore, domestic overnight leisure activity of residents of the major Australian capital cities declined by between 5 and 22 per cent between 1999 and 2004¹².

A report commissioned by DITR on the regional dispersal of international visitors¹³ found that there is limited tourist dispersal beyond:

- The major gateways;
- Destinations such as Cairns and Gold Coast which have direct international services;
- Regions which have attractions of “special” visitor interest such as Ayers Rock; and/or
- Regions immediately contiguous to (a) or (b), such as the Sunshine Coast.

On the positive side, airlines are working to improve connectivity between international and domestic flights, while at the same time the low cost model that traditionally does not provide inter-connectivity, is becoming better understood by international visitors. Visitors are now more likely to organise their own itineraries through self-booking via the internet.

2.2.3 Access to regional destinations

Regional tourism destinations rely heavily on the capacity of transport infrastructure to provide access for visitors.

Domestic aviation in Australia is deregulated meaning there are generally no regulatory impediments to domestic carriers serving regional destinations. The growth of low cost carriers such as Virgin Blue and Jetstar, and the proliferation of low fares, means that more people are flying domestically than ever before. Much of this growth is to regional destinations such as the Gold Coast and Newcastle.

The growth of low cost carriers has made regional Australia more accessible, although the majority of domestic travel to regional destinations is still undertaken by car. According to Tourism Research Australia, domestic tourism trips undertaken by car accounted for around 75 per cent of all trips in 2006⁶.

¹¹ Bureau of Tourism Research Australia (2004) *Occasional paper No. 35 "The Road More Travelled"*: <http://www.tra.australia.com/content/documents/Occasional%20Papers/Occ%2035%20multi%20destination%20travel%20international.pdf>

¹² Tourism Research Australia (2005) *'Domestic Overnight Leisure Travel: Recent Trends and Challenges'*: [http://www.testtra.australia.com/content/documents/Domestic_Trends_&_Challenges\(low%20res\).pdf](http://www.testtra.australia.com/content/documents/Domestic_Trends_&_Challenges(low%20res).pdf)

¹³ Centre for Asia Pacific Aviation (September 2005) *'Air Travel Impediments to Regional Dispersal of International Visitors'*: <http://www.industry.gov.au/assets/documents/itrinternet/RegionalDispersalFinalReport20051102112016.pdf>

2.2.4 Investment in regional tourism infrastructure

Investment is a critical issue facing the tourism industry. Research undertaken in developing the *National Tourism Investment Strategy* (NTIS)¹⁴ estimated that \$86 billion of investment will be needed in the tourism industry over the next 10 years. Without an increased level of investment, the tourism industry will not be in a position to meet forecast increases in visitor demand, particularly from emerging markets such as China and India. Investment will be needed in a number of key areas including attractions and product development, accommodation, infrastructure, innovation and staff training.

Based on extensive research undertaken during the development of the NTIS, some of the main issues of concern that are driving a lack of investment in the tourism industry include:

- A lack of understanding by investors as to the nature of the tourism industry and little organised information as to the available investment opportunities in tourism;
- A poor understanding within the tourism industry of what investors are looking for and therefore how or when to attract appropriate investment; and
- A lack of strategic investment planning at the destination level, which can lead to significant delays in approval processes, which in turn contribute to the perception of tourism investments as being high on risk and low on returns.

A lack of strategic investment in accommodation, new products and services, and attractions will pose a significant impediment to the sustained growth of regional tourism, affecting both economic activity and jobs.

2.2.5 Labour and skills shortages

Labour and skill shortages are particularly acute in regional Australia, where all states and territories report difficulties in attracting and retaining skilled staff. Operators in regional and remote areas traditionally face difficulties in recruiting trained and experienced staff. Isolation, lack of suitable accommodation for staff and swings in seasonal employment demand, often compound recruitment and retention problems. There is also evidence of recent strengthening of competition for labour resources in the regions.

Factors such as limited opportunities to apply new and innovative technologies (as is common in service industries) and low profitability levels have reduced the capacity to invest in new capital. This has resulted in low labour productivity growth in the tourism industry over the past six years, with an average growth per annum of just 2 per cent, compared to an all industry average of 4.4 per cent per annum. Worker productivity is a major influencing factor in both the profitability of individual tourism operators and the competitiveness of the tourism industry as a whole.

The seasonal fluctuations in the tourism industry influence decisions by employers to invest in training and skills development. Employers in remote and regional Australia often depend on working holidaymakers travelling in Australia to alleviate staff shortages across a range of sectors. This, coupled with the tourism industry's high turnover rates of casual and part-time labour, contribute to the low investment in staff development, and difficulties attracting and retaining skilled labour, in comparison to other industries.

Additionally, at the regional level there is insufficient labour force supply and demand data, and visitor forecasting, to support informed decision-making by industry, local governments, and training providers.

¹⁴ Australian Government (March 2006) *National Tourism Investment Strategy: Investing for our future*
http://www.industry.gov.au/assets/documents/itrinternet/NTIS_March0620060313161058.pdf

2.2.6 Tourism product quality

Service and product quality are vital to Australia's reputation as a tourist destination. Tourists are becoming more discerning about the tourism experiences they are seeking and standards in other countries are rising. Australia must strive for continuous improvement and best practice if it is to be considered an internationally competitive, high quality tourist destination.

Recent TRA research into changing consumer behaviour¹⁵ found that travel within Australia is also constrained by product and value for money issues. A lack of mid-range accommodation, a lack of packages and a lack of attractions (things to do) have led to a "quiet, but significant, resentment at the idea of travelling within Australia". Increasing numbers of Australians are travelling overseas for their tourism experiences, which are often seen to be better value for money, and providing the "cultural contrasts" that Australian travellers are seeking in a "real travel" experience.

These changes broadly indicate a need for constant monitoring of, and adaptation to, gaps between changing consumer demand, marketing communications, and product supply.

The report also identified ease of access, and the ability of consumers to peruse the range of available product as being just as important for the domestic tourism industry as it is for any other market sector. Research shows that there is scope for improving the performance of domestic tourism in this area.

Most tourism businesses in Australia operate to high professional and ethical standards and provide excellent experiences to visitors to Australia. However, a small number of unethical operators can damage the reputation of Australia and the Australian tourism industry. The Australian Government is implementing measures to enhance the tourism industry's reputation for delivering high quality and enriching experiences. Key strategies include assisting industry access to tourism accreditation, with the launch of the business and accreditation portal www.qualitytourism.com.au, and encouraging compliance with all relevant Australian and State legislation.

2.2.7 Enabling nature-based tourism

Australia's national parks, world heritage areas and marine parks are prime attractions for international and domestic visitors. With over 7,500 Australian protected areas, the Australian tourism industry is well placed to exploit the growing nature-based tourism market and gain a greater share of this high-yielding segment.

To compete in this market, and to grow market share, Australia needs to offer new and unique experiences to attract and meet the needs of this segment. In order to develop these experiences, existing high use areas will require refurbishment in respect of tourism infrastructure, services and products. In addition, the capacity of under utilised and/or underdeveloped areas with a propensity to attract and cater for this market will need to be developed through investment in new infrastructure and services.

A number of stakeholder forums have indicated the current regulatory environment and protected area management practices are not conducive to encouraging private sector investment in nature-based tourism. Consistent and transparent regulation, planning and approval processes for nature-based tourism investment is required. There is a clear need for

¹⁵ Tourism Research Australia & Travel Research Centre, 2007, 'Consumer behaviours, attitudes and motivations: Why are Australians Changing their Spending Habits Away from Domestic Tourism?' [http://www.tra.australia.com/content/documents/NVS/Changing%20Consumer%20Behaviour%20Impact%20on%20the%20Domestic%20Tourism%20Market%20\(final\).pdf](http://www.tra.australia.com/content/documents/NVS/Changing%20Consumer%20Behaviour%20Impact%20on%20the%20Domestic%20Tourism%20Market%20(final).pdf)

an enabling environment that will support the growth and development of sustainable tourism around Australia's natural areas.

The Australian Government's *National Tourism Investment Strategy*¹⁴ (NTIS) stated that 'although the need for environmentally responsible development is understood, the existing complexities of the environmental regulatory requirements, and multiple layers of regulation from different layers of government, were highlighted as a concern by many sectors of the industry'. The NTIS highlighted several impediments to protected area tourism investment, including:

- the time taken to gain development approval;
- the absence of broad based infrastructure development;
- the lack of reasonable tenure;
- park management structures are unable to facilitate private sector investment;

These impediments were reiterated in the Tourism Transport Forum (TTF) Australia's *Natural Tourism Partnership Initiative* (NTPI) 2006 Forums. High set up costs, extended planning and approval processes, a need for streamlined administrative processes for development; and the implications of climate change, were identified as issues affecting protected area tourism investment.

TTF Australia has consulted widely with the tourism industry, parks management agencies and private sector in the compilation of the NTPI Action Plan. Some initial findings in respect of impediments to the development of nature tourism include:

- Park agencies lack sufficient funding for increasing conservation, climate change and visitor management costs; and lack resources for tourism branding, planning, development or marketing;
- Natural tourism experiences and infrastructure in parks needs to be improved to meet future visitation needs;
- Natural tourism consumers are seeking unique experiences rather than tourism products. The park visitor experience depends on the overall experience of both the park and surrounding destination; and
- Tourism and recreational use of parks through Natural Tourism Partnerships can make a direct contribution to conservation and climate change adaptation in those park systems that provide for full hypothecation of revenue.

2.2.8 Collaboration and coordination

Effective collaboration and cooperation within the tourism industry itself, between the various government agencies responsible for supporting and enhancing the industry, and across regional boundaries, can

- add value to the strategic objectives, programs and projects of these organisations and agencies by aligning the strategies and resources to achieving common goals; and
- bring together networks of people and organisations to find solutions to common problems, and initiate and implement innovative solutions. Apart from finding innovative solutions to marketing, product and industry development issues, collaboration can assist in conflict resolution, overcoming parochialism, fostering community ownership and support for tourism, and generating enthusiasm and momentum among local operators.

Regional communities are often disadvantaged in their attempts to harness the opportunities that effective collaboration and cooperation offer. Distance, lack of resources, and lack of understanding of the benefits of collaboration mean that tourism operators, tourism organisations and economic development agencies are often operating in isolation.

In this regard, it is our view that effective collaboration and cooperation can be achieved through Destination Management Planning (DMP), and that good DMPs are important factors in the more successful tourism regions across Australia. At a minimum, DMPs should include activities that encourage development of domestic tourism as an integral part of regional economic development strategies. Some of the elements of DMP that could assist State, Territory, and Regional Tourism Organisations in achieving effective strategic planning at a destination level include:

- Establishment of effective consultation mechanisms with all levels of the tourism industry and government;
- Collaboration with other economic development frameworks, agencies, and activities, including the development of industry networks that facilitate exchange of information where commercial and investment opportunities exist; and
- Building on the unique assets and aspects of each tourism region.

The Australian Government encourages cross-regional activities that involve collaboration in the development and/or implementation of effective strategies for tourism market development through its Australian Tourism Development Program. Applicants for Category 2 funding must demonstrate that their project will, amongst other things, facilitate collaboration and partnerships between tourism organisations and/or operators to more effectively capture market opportunities, and have spill-over benefits to other tourism and non-tourism businesses.

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

2.3.1 Australian Tourism Development Program (ATDP)

The *Australian Tourism Development Program* is a commitment by the Australian Government to increase the diversity of tourism products and services across Australia by supporting initiatives that:

- Promote tourism 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.

To date, more than \$22 million in ATDP funding has been allocated to 133 projects across Australia. A key initiative of the Australian Government's May 2007 budget is the commitment of an additional \$34.9 million to continue, expand, and enhance the ATDP over the four years to 2010-11. AusIndustry, the business program arm of the Department of Industry, Tourism and Resources, administers the ATDP.

In July 2006, the Australian Government commissioned an evaluation of the ATDP and its predecessor, the Regional Tourism Program (RTP)¹⁶, the objectives of which were to determine the effectiveness of the programs in achieving regional and rural tourism outcomes and assess their relevance and appropriateness as vehicles for delivering assistance to regional tourism. Overall, the evaluation found that the ATDP's scope and availability is resulting in a critical mass of tourism development activity throughout regional Australia, and is leveraging significant additional investment in tourism facilities. Other key findings of the evaluation include:

- The ATDP represents a good transition from the previous RTP, and the future impact of the ATDP appears likely to exceed that of the RTP;
- The RTP and ATDP meet a real need in tourism development funding and have allowed many projects to proceed that would otherwise not have gone ahead (of those surveyed, 51 per cent indicated that their projects would not have proceeded without program funding, and another 36 per cent thought that the project would have gone ahead, but on a smaller scale, or over a longer period of time, or both);
- The ATDP is leveraging additional investment in tourism facilities (\$7.50 of extra investment for every \$1.00 of program funding);
- Almost all respondents reported increased revenues as a result of the completion of their project, in spite of the general downturn in tourism; and
- RTP/ATDP is generating benefits to regional communities: increased revenue and visitation, increased employment and improved economic sustainability, social and cultural benefits, and the generation of increased economic activity.

2.3.2 Tourism Australia Marketing Activities

The success of Tourism Australia's marketing activities can be measured by examining the level of destination awareness among the target audience and the amount of action taken following the particular campaign or initiative.

Examples of successful Tourism Australia initiatives include:

- The international marketing campaign *'So Where the Bloody Hell Are You?'* This campaign is proving a real success with an increased intention to travel to Australia among target group, the 'Experience Seekers'. In the top three markets, 46 per cent *Domestic tourism scenarios: planning for the future* of consumers who had seen the ad took positive action including visiting a travel agent or australia.com;
- The *'Getaway Wonders Down Under'* domestic marketing program resulted in the highest rating episode of Getaway in 2006 with 75 per cent of viewers saying it is likely to influence the decision for their next holiday destination. Additionally, 88 per cent said it told them something new about Australian holidays; and
- The *'Travel Australia'* website on Ninemsn reaches over 100,000 unique visitors per month and recognised as one of the top 50 'destination & accommodation travel' sites in Australia.

¹⁶ Allen Consulting Group, July 2006, *'Evaluation of the Regional Tourism and Australian Tourism Development Programs'*.

2.3.3 Nature-based tourism

The Australian Government has long been active in promoting sustainable tourism planning and development – this is highlighted in: the National Ecotourism Strategy; the ‘Pursuing Common Goals’ publication¹⁷; the Tourism White Paper² - Tourism and Conservation initiative¹⁸ - tourism master planning and Kakadu National Park master plan¹⁹; the Great Barrier Reef Marine Park Representative Area Process; and the National Landscapes initiative²⁴.

2.3.4 Indigenous tourism

One of Australia's unique attractions is its Indigenous culture. There is established interest in Indigenous tourism products and experiences from international and domestic markets. Indigenous tourism can also provide much needed opportunities for employment, social stability and the preservation of culture within Indigenous communities, particularly in regional and rural areas. Government resources that assist Indigenous tourism need to be targeted in appropriate areas that have potential for Indigenous tourism business development.

Recognising the importance of the Indigenous tourism sector, Indigenous Tourism Australia (ITA) has been established as a unit within Tourism Australia. ITA has broad responsibilities including identifying skills training needs, micro financing aboriginal tourism businesses, and provision of marketing and policy advice. Former Senator Aden Ridgeway has been appointed the Executive Chair of ITA.

The Indigenous Experience Tourism Roadshow was developed by Tourism Australia to showcase Indigenous tourism product from across Australia to key European markets. The Roadshow was developed in response to research that has shown there is considerable unmet demand for Indigenous tourism experiences, particularly for key European markets, and to assist in building this important sector of the Australian tourism industry.

The Roadshow provided an opportunity for fifteen operators, led by the Executive Chair of ITA, Aden Ridgeway to take their product directly to both the trade and the media in London, Milan, Paris, Utrecht and Berlin in February and March 2007.

Significant resources are currently available to foster Indigenous enterprise development through a range of Australian Government programs. An Indigenous Tourism web portal has been established to provide information to potential Indigenous tourism operators²⁰. Established Indigenous tourism businesses ready for the international tourism market have been included in Tourism Australia's *Indigenous Tourism Product Manual*²¹. Victoria has five Indigenous tourism businesses currently listed in the manual, with more businesses expected to be included in an updated manual later this year, which will also include businesses catering for the domestic market.

¹⁷ DITR (2003) *Pursuing Common Goals*:

http://www.industry.gov.au/assets/documents/itrinternet/Pursuing_Common_Goals20050407143007.pdf

¹⁸ DITR - Tourism and Conservation Partnership Initiative:

<http://www.industry.gov.au/content/itrinternet/cmscontent.cfm?objectID=86473DF7-65BF-4956-B6D70E9AC47F782D>

¹⁹ Department of Environment and Water Resources (2006) *Draft Kakadu National Park Masterplan*:

<http://www.environment.gov.au/parks/publications/kakadu/brand-draft.html>

²⁰ Indigenous Tourism Australia: <http://www.indigenoustourism.australia.com>

²¹ Tourism Australia (2007) *Indigenous Tourism Product Manual*:

http://www.tourism.australia.com/content/aussie_experiences/2007/indigenous_product_manual_march_07.pdf

2.3.5 Tourism Impact Model for Local Government

The *Tourism Impact Model for Local Government*²² (TIM) provides valuable information for local councils highlighting the, often not recognised, significance of tourism to local economies. By measuring the economic impact of tourism, councils can be better placed to understand the structure, composition and value of their tourism industry. It is a tool that enables local councils to calculate the impact of tourism on council budgets, and assists in a range of planning issues.

TIM was developed by DITR and released to local councils in 2004. It provides internet based access and functionality, increasing security and accessibility and allows councils to identify the financial impacts of tourism on their budgets, assess multiple projects and compare the financial impact of several proposals.

The Hon Fran Bailey MP, Minister for Small Business and Tourism, launched a revised Tourism Impact Model (TIM) in January 2007.

2.3.6 Supporting Small Business

The majority of tourism businesses employ less than 20 people, and are therefore classified as being "small to medium sized enterprises". The Australian Government recognises that small business is pivotal to the growth of the Australian economy, and supports a culture of enterprise in small business. The Australian Government report, *"Encouraging Enterprise: A Report on Small Business 2005-06"*²³ highlights many of the ways in which the Australian Government is working to improve the operating environment for small business, including:

- exempting small business from unfair dismissal laws, removing a major impediment to employing more people and restoring certainty and flexibility to small business owners, allowing them to grow and invest;
- achieving a balance between effective and necessary regulation and simplification of the regulatory environment, with the \$50 million Regulation Reduction Incentive Fund having already delivered tangible benefits to the business community;
- assisting businesses to improve efficiency and reduce the cost of doing business through information technology measures like the Business Cost Calculator and the VANguard project;
- assisting aspiring entrepreneurs in the critical stage of starting a new business, by providing a web-based checklist, *'New to Business'*, that combines information from all three levels of government. *'New to Business'* is delivered through www.business.gov.au
 - the one-stop-shop for essential business information needs which is increasingly being used by business with 1.2 million hits in the past 12 months; and
- promoting continuity of business experience and encouraging enterprise by delivering programs to develop entrepreneurial business skills, succession planning and mentoring

²² Tourism Impact Model for Local Government:

<http://www.industry.gov.au/content/itrinternet/cmscontent.cfm?objectid=F0B373AC-65BF-4956-BB66137AD0054EC9&searchID=264661>

²³ Australian Government, (July 2006): *"Encouraging Enterprise: A Report on Small Business 2005-06"*

http://www.industry.gov.au/assets/documents/itrinternet/EncouragingEnterprise_A_Report_on_Small_Business_2005_0620060721151521.pdf

Of particular note, is the *Building Enterprise in Small Business Program* (BESB). This is a competitive grants program that funds organisations to provide projects for mentoring, skills development, incubators and succession planning for small businesses. The program also funds Small Business Field Officers to provide advisory and support services to small business operators.

On 1 May 2007 the Prime Minister John Howard, Industry Minister Ian Macfarlane and Small Business and Tourism Minister Fran Bailey announced new funding for the *Building Entrepreneurship in Small Business (BESB)* program as part of the Australian Government's 10 year, \$1.4 billion Industry Statement - *Global Integration*. The Government will continue to support Australian entrepreneurship by increasing funding for the successful *Building Entrepreneurship in Small Business (BESB)* program in 2007-08 by \$2.6 million and a further \$11.7 million in 2008-09 to extend the availability of grants.

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

2.4.1 Tourism Australia: International marketing

Tourism Australia, and its predecessor the Australian Tourist Commission, have been vigorously marketing Australia internationally as a tourist destination for almost 40 years. During this time, Australia has established a reputation as an innovator in tourism marketing and has built one of the worlds most successful and desirable destination brands.

The evolution of Tourism Australia's global destination marketing campaign in 2006 is designed to further enhance Australia's reputation and address the new challenges such as greater competition from other destinations, increased sameness between destinations, and reaching a more sophisticated global traveller who is becoming increasingly difficult to target. The new destination campaign '*So Where the Bloody Hell Are You?*' is the next stage in the evolution of Brand Australia.

The new campaign has been developed in recognition of the fact that it is no longer enough for our customers to have a positive awareness of Australia as a great place for a holiday. Whilst Australia is highly desired by tourists worldwide, we need to convert this positive yet passive predisposition towards Australia into an actual intention to travel to the country.

2.4.2 Tourism Australia: Domestic marketing

Tourism Australia is committed to playing a leadership role in this area, harnessing and facilitating where appropriate the work of the state and territory organisations that have primary carriage for the promotion of Australia to Australians. Tourism Australia aims to ensure the stimulation of domestic tourism growth and the dispersal of spend far and wide, delivering real economic benefits for regional Australia and our major cities.

Tourism Australia is continuing to assist the Australian tourism industry to lift the strength of the Australian holiday brand against competitors and to leverage industry and government tourism marketing efforts to provide compelling communications about Australia as a destination.

Tourism Australia is concentrating on building platforms and relationships with major national players, including national media to deliver a consistent message surrounding Australia as a domestic tourism destination.

TA's strategy is to engage their key audience more directly through:

- Product – development of compelling branded Australian experiences;

- Communications – via an integrated marketing and communications campaign utilising public relations, sponsorships, events and credible editorial; and
- Distribution – utilising existing channels that reach the Australian target audience.

The domestic strategy includes partnerships with Publishing Broadcasting Limited (PBL), Fairfax, News Limited, the Australia Broadcasting Corporation (ABC), Channel Seven, and the Federal Publishing Company (FPC) to feature Australian holiday content. Examples of recent domestic initiatives undertaken with key partners include:

- Getaway Wonders Down Under;
- Ninemsn Travel Australia;
- My Australia;
- Caravan Safari Trail;
- National Road Tourism Strategy; and
- Lonely Planet Bluelist Australia.

In partnership with the Australian Human Resources Institute, Tourism Australia has also developed a No Leave, No Life employee pilot program to encourage Australians to unlock the identified 70 million days in stockpiled leave Australian workers have accrued.

Additionally, seven key tourism experiences, most of which are of direct relevance to regional and rural destinations, are targeted by the Tourism Australia *Australian Experiences Unit*. The Unit was established in 2005 after the Australian Government's Tourism White Paper² identified the need to focus on niche markets to grow high-yield sectors and assist in dispersal of consumers throughout Australia. These seven key Australian Experiences are:

- Aboriginal Australia;
- Aussie Coastal Lifestyle;
- Australian Major Cities;
- Australian Journeys;
- Food and Wine;
- Nature in Australia; and
- Outback Australia.

2.4.3 Australian Tourism Development Program

The Australian Tourism Development Program aims to assist in the development of a continuous tourism experience throughout Australia. Two key objectives of the program are to increase visitation and yield throughout Australia, and enhance visitor dispersal and tourism expenditure throughout Australia. Irrespective of the type of project, applicants are required to estimate the number of visitors expected to be generated for the business and the region after completion of the project.

There are two separate categories of grant under the Australian Tourism Development Program:

- *Category 1* (\$50,000 to (\$100,000): Tourism Projects. Projects funded under this category focus on providing or enhancing tourism products and/or services.

- *Category 2* (\$100,000 to \$500,000): Integrated Tourism Development Projects. Projects funded under this category are large-scale, multi-faceted, cross-regional activities that involve collaboration in the development or implementation of effective strategies for tourism market development.

Having already allocated more than \$22 million to 133 projects across Australia, the Australian Government, in its May 2007 budget, committed an additional \$34.9 million to continue, expand, and enhance the program over the four years to 2010-11. AusIndustry, the business program arm of the Department of Industry, Tourism and Resources, administers the ATDP.

2.4.4 The National Landscapes Initiative

The National Landscapes Initiative²⁴, launched by Minister Bailey in December 2006 in collaboration with Parks Australia and Tourism Australia, aims to capture and promote Australia's outstanding natural and cultural experiences that are most sought after by the global Experience Seeker market.

The National Landscapes concept goes beyond National Park and state boundaries, and unites regions with shared topographic, environmental or cultural significance. The program seeks to encourage regional branding and destination management planning as a vehicle to identify tourism investment opportunities, including accommodation, transport, outlets and services.

The National Landscapes Initiative is progressively identifying regions for inclusion in the program, with two potential regions currently being considered within Victoria – the Great Ocean Road and the Australian Alps (incorporating the NSW and Victorian snowfields and surrounding alpine/high country).

2.4.5 Visitor Access: Transport infrastructure

The Australian Government undertook an extensive review of its International Aviation Policy during 2005. One of the major outcomes of the review was to continue to attract more services to the regions and smaller states by offering unlimited access for international airlines to all airports other than the four major gateways of Sydney, Melbourne, Brisbane and Perth.

The Australian Government also makes a substantial contribution to the development of land transport infrastructure through its land transport plan, AusLink, which was launched in 2004. The AusLink Network is based on national and inter-regional transport corridors including connections through urban areas, links to key ports and airports, and is administered by the Department of Transport and Regional Services. By supporting quality land transport infrastructure projects, including road, rail, inter-modal facilities and the application of technology solutions to transport problems, Auslink supports industry, tourism and economic development in regional and rural Australia.

In the 2007-08 Budget, the Australian Government announced a commitment of \$15.4 million over four years to assist the introduction of checked baggage screening at 26 regional airports that are serviced by regular transport jet aircraft.

²⁴ National Landscapes Initiative:

http://www.tourism.australia.com/content/Niche/National_Landscapes_Abridged_Brochure.pdf

2.5 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

2.5.1 Australian Tourism Development Program:

Tourism can be a major contributor to local economies. The current drought is biting hard into many areas of Australia traditionally reliant on primary production. Many regional economies and small businesses need assistance to diversify their economic base and to become more resilient as, without such assistance, they will struggle to remain viable in a harsh environment.

In recognition of this, the Australian Government, in its May 2007 Budget, announced \$34.9 million over four years to extend and enhance the existing Australian Tourism Development Program. The extended program includes \$5.0 million in each of 2007-08 and 2008-09 to support tourism projects in Exceptional Circumstance declared areas by funding tourism projects that stimulate, diversify or enhance the region's economic base.

Notwithstanding these new enhancements to the ATDP, much of the expenditure that has already occurred through previous rounds of ATDP funding will directly benefit regional areas, particularly those in drought-affected areas. In Round 3 of the program, 37 per cent of projects funded were in drought declared regions (17 from 45).

2.5.2 Tourism Action Plan on Climate Change

The impacts of climate change could present future challenges for regional tourism, given IPCC forecasts of increased frequency and severity of natural events like bushfires, floods and drought in Australia.

On 13 April 2007, the Council of Australian Governments endorsed a National Climate Change Adaptation Framework. The Framework identified the tourism industry as one of many sectors that needed to act on this issue.

On 18 April 2007, the Australian Government Minister for Tourism and Small Business, the Hon Fran Bailey MP, announced the development of a Tourism Action Plan on Climate Change to assess the impact of climate change on tourism and develop adaptation strategies.

The Action Plan will be developed in consultation with the tourism industry and state and territory tourism ministers and agencies. Minister Bailey has written to state and territory tourism ministers and key tourism industry organisations seeking their partnership and ideas in developing the Action Plan and adaptation strategies.

2.5.3 Natural Disaster Relief and Recovery Arrangements:

The Natural Disaster Relief and Recovery Arrangements (NDRRA) aims to help alleviate the financial burden on states and territories and support early assistance to disaster affected communities. The NDRRA reimburses between 50 and 75 per cent of state or territory expenditure above certain thresholds on disaster recovery measures, such as personal hardship and distress payments to individuals, and the restoration of essential public infrastructure. The Department of Transport and Regional Services manages the NDRRA.

In addition to this program, the Australian Government has in the past implemented initiatives to help businesses, including tourism businesses, affected by natural disasters. For example, in

response to the devastation caused by Cyclone Larry on 20 March 2006, the Australian Government immediately announced a package of support measures to assist cyclone victims rebuild their lives and their businesses.

The measures included the Cyclone Larry Business Assistance Fund that provided one-off tax-free grants of \$10,000 or \$25,000, depending on the extent of losses to businesses and farmers adversely affected by the cyclone. By the end of April 2006, just under \$56 million had been provided under the Business Assistance Fund to assist about 4300 farmers and businesses affected by the cyclone.

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

2.6.1 National Tourism Investment Strategy

For Australia to benefit from the forecast significant increases in tourism demand, it must address supply-side issues affecting the industry. This includes the need for investment in tourism products and infrastructure to ensure the industry is prepared for and well positioned to satisfy demand with culturally and economically diverse preferences.

In its response to the NTIS, the Australian Government advocated the use of destination management planning (DMP) to help overcome some of the historical barriers to investment in the tourism industry. DMP provides a comprehensive framework for destination communities to consider the tourism experience in demand at present and likely in the future against the context of the collective tourism products and services currently offered at a destination level. The destination community can then use this information to identify any gaps in their tourism product and/or infrastructure that may be inhibiting further development and growth in visitation. Once these gaps have been identified they can be articulated as investment opportunities and actively promoted to the investment community. This strategic approach to investment opportunity identification and attraction better positions the destination as a whole to attract and satisfy existing and emerging demand as well as increasing the likely success of the investment projects themselves, which in turn improves the economic outcomes for the region as a whole.

An additional benefit of using this DMP approach to strategic investment identification and promotion is that the planning process itself helps to streamline support for the specific investment opportunities. That is, by involving the entire destination community impacted by the investment – the general community, industry participants, associated businesses, local council and tourism associations – the DMP process produces investment opportunities with a baseline of support which can help to shorten the lead time to project development and realisation. This in turn helps to address perceptions of the tourism industry as high on risk and low on return and improves the potential for tourism projects to attract investment.

Figure 1 illustrates the integral nature of adequate planning processes for identifying and promoting investment opportunities to investors, as part of the overall destination management and visitor experience.

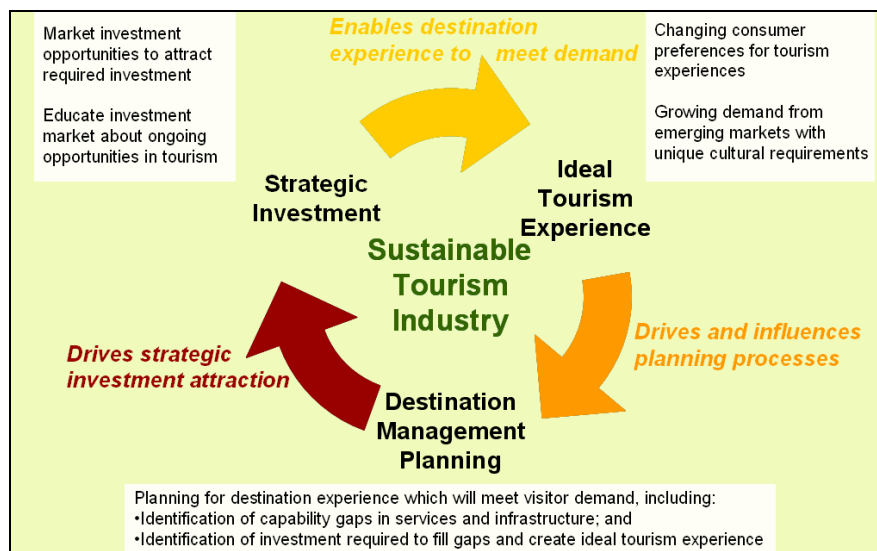


Figure 1: The role of Destination Management Planning, Strategic Investment, and a sustainable Tourism Industry
(Source: DITR internal document)

2.6.2 Australian Tourism Development Program

In July 2006, the Australian Government commissioned an evaluation of the ATDP and its predecessor, the Regional Tourism Program (RTP), the objectives of which were to determine the effectiveness of the programs in achieving regional and rural tourism outcomes and assess their relevance and appropriateness as vehicles for delivering assistance to regional tourism. A key finding of the evaluation was that The ATDP and RTP are leveraging significant additional investment in tourism facilities around Australia. Those projects included in the Evaluation reported raising an additional \$12 million in capital investment between them. Compared to the \$1.6 million in grant funding that they received, this indicates a leveraging ratio of around \$7.50 for every \$1.00 of program funding.

In its May 2007 Budget, the Australian Government announced \$34.9 million over four years to extend and enhance the Australian Tourism Development Program. The enhanced program includes funding aimed at encouraging investment in the tourism industry in regional and rural Australia, by "assisting existing or potential tourism products and/or services to become investment ready". Projects funded under this category will generally be focussed on developing investment proposals for significant tourism projects for consideration by potential private sector investors. The addition of such projects to the ATDP will work to assist the industry to overcome several of its impediments to investment including encouraging better investment planning at the destination level and producing better quality investment proposals for promotion to the investment community.

2.6.3 Natural Tourism Partnerships Initiative

Australia is blessed with outstanding natural and Indigenous tourism assets. In order to realise the full potential of this market, the Australian Government is working closely with Tourism & Transport Forum (TTF) Australia on the development of the Natural Tourism Partnership Initiative.

The main objective of the Natural Tourism Partnerships Initiative (NTPI) is to develop and market sustainable and innovative park tourism experiences through public-private Natural Tourism Partnerships, which in-turn fund park conservation, visitor management and infrastructure.

A key output of the NTPI will be an Action Plan to drive investment in protected area tourism. TTF Australia has consulted widely with the tourism industry, parks management agencies and private sector in the compilation of the NTPI Action Plan. TTF Australia has found that private sector investors are interested in investing in and operating park infrastructure, visitor experiences and conservation services through Natural Tourism Partnerships. The Action Plan will recommend actions for industry and government stakeholders to address impediments to further investment in protected area tourism.

The NTPI Action Plan is expected to be released in July 2007.