

CORRECTED VERSION

RURAL AND REGIONAL COMMITTEE

Inquiry into rural and regional tourism

Bendigo — 27 June 2007

Members

Ms. K. Darveniza

Mr D. Drum

Mr J. Eren

Ms W. Lovell

Mr R. Northe

Ms G. Tierney

Chair: Mr D. Drum

Deputy Chair: Ms G. Tierney

Staff

Executive Officer: Ms L. Topic

Research Officer: Dr C. Hercus

Witnesses

Ms E. O'Connor, manager, tourism services, and

Cr J. Norris, mayor, Mount Alexander Shire Council.

The CHAIR — Firstly, welcome to our all party parliamentary committee which is inquiring into rural and regional tourism. All evidence taken at this hearing is covered by parliamentary privilege, although if you happen to repeat the information that you give here outside, you will no longer be covered by that parliamentary privilege. That parliamentary privilege is provided by the Constitution Act 1975, the Parliamentary Committees Act 2003 and the Defamation Act 2005. We will effectively give you a copy of the evidence that you give, which is all being taken down by Hansard. You will receive that in a few weeks and you can make any changes that you wish to make at that stage provided it is only typographical errors and so forth.

Before you start, could you give us your full name and address and the organisation which you are representing for the record and then we will leave it to you; just leave some time for some questions from the committee towards the end. Thank you.

Ms O’CONNOR — I am Elissa O’Connor. My title is manager of tourism services with Mount Alexander Shire Council.

Cr NORRIS — I am James Leslie Norris. I am the mayor of Mount Alexander Shire Council.

Ms O’CONNOR — Thank you, first of all, for convening this committee. It is giving us a great opportunity to talk about some of the issues that we have out here in the region. It is a fantastic opportunity, so thank you for that.

As a brief introduction to my background, I have a very strong commercial background so I am quite new to destination marketing. I used to work for AAT-Kings Tours in Los Angeles as the national sales manager and also then in London as the general manager, so some of the issues that I see here are very much about a lack of data. In the commercial environment it is very easy to get started because you are dealing with sales figures, you are dealing with booking information, whereas out in the destination, that lack of data and the lack of research really means you do not have that much information to use for your decision making, so a lot of it stems from that.

On your terms of reference, term 1 is about the economic benefits, and while this is very useful for us to know, there is a significant lack of resources at a local level to collect and analyse the data, and currently no state government support for this type of work. In our instance council’s limited resources are directed to the operation of visitor information centres. We have one in Castlemaine and one in Maldon, and we get approximately 150 000 visitors through the doors per year in those two centres.

We also operate the tourism services division, which is really about destination marketing. While the benefits of tourism to local economies is generally accepted, its specific impact into our local economy would obviously be good to know for a range of social and economic regions, but we do not have that data. The current research such as the national visitors survey that Kathryn mentioned earlier includes Mount Alexander shire region within the Bendigo-Loddon region and, for us, this sample size is way too small for it to be of any relevance that we can use, so that is an issue. This lack of data impacts on our decision-making within local government, decision-making in terms of investment in regional tourism and in all likelihood in other business investment as well.

In terms of point 2, climate change, including water supply and petrol prices, has probably impacted on the economic activity in our area for tourism. For example, the current water policy favouring agriculture over tourism or over recreation has resulted in Lake Cairn Curran no longer being available for recreation use such as fishing and boating. This has had an enormous impact on Maldon which is the closest town to Lake Cairn Curran and, as an example, just to look at some figures that I received from one business in Maldon — and again collation of data at a local level is quite an issue, so it is fantastic that this business owner is actually collecting this

information — he mentioned to me that over Easter 2007, people through the door into his business declined 16 per cent over 2006, was down 24 per cent over 2005 and 32 per cent over 2004. So you can see that aggregate there is quite a concern, with the decline of the business as an example.

Point 2.2: there is currently a strong reliance on local government planning and funding for regional infrastructure development at a fairly huge cost. Tourism Victoria currently favours marketing programs over strategic infrastructure planning in regional areas, and we have a fantastic facility called the Old Castlemaine Gaol, which you may be aware of. Funding is currently being sought through the Australian Tourism Development Program. It is an \$11 million project, but initial funding was sought for this program to start the redevelopment of that facility to enable us to have some meeting facilities and also some four to five star accommodation. We cannot get that at a local level. Council owns the building but we do not have the funds to invest to bring that particular facility up to standard to use for those purposes, so we are going federal because there is nothing at state level, to try and get those funds.

Term 3 is the effectiveness of current programs. Tourism Victoria programs currently focus on marketing with vital product and industry development. It is left to local government or industry groups to manage. Mount Alexander shire does not have an RTO, so really this is left to Mount Alexander Shire Council to try and do product development or industry development. We just cannot do it. There is no way that we have the funds to do that all the time.

Fortunately we have a partner in the City of Greater Bendigo where industry can access those programs. So that is a good thing. We are piggybacking on that, but again that is a vital service for our operators, particularly that product development, and we are talking about commercialisation of product and the packaging that Kathryn was just talking about — the level of product development that we require to elevate products from your mum-and-dad businesses into market-ready product is quite a significant process, and that is something that we cannot deliver in our shire.

It is quite interesting that economic development initiatives by Regional Development Victoria specifically exclude tourism activity, so again there is this big gap in product development. Increasingly, local government, in partnership with local industry groups, have had to develop local or regional projects to distribute products to target markets, due to the lack of state coordinated channels.

Again Kathryn mentioned this in terms of the introduction of online booking systems, so local government has had to invest significant amounts of money to purchase products like BookEasy, and I know that that kind of investment is approximately \$10 000 to \$20 000 to do and also significant staffing time to put that in, and that has had to be the responsibility of various local governments or RTOs across the state. We are currently looking at it. The reason we have not done it thus far, even though we know the market demands it, they want to be able to look and book, we have not done it because of that cost. That is a significant amount out of our marketing dollars to do that.

With regard to term 4, in terms of initiatives to increase international and domestic visitor nights, Tourism Victoria's regional marketing program seeks buy-in from local government as well as industry to support the regional marketing program, yet the majority of Mount Alexander Shire Council's planned marketing activities for 2007–08 fall outside of that very prescriptive regional marketing program criteria. For example, 80 to 90 per cent of what we do in our shire per year is about events and logistics for events. It is about participating in domestic consumer shows where we know that we get business from; web site development, as I just mentioned; operating and overhead expenses; industry development; product development; and local area marketing initiatives. They fall entirely into our lap to do. There is no funding available for those activities.

Due to a lack of relevant data too, Mount Alexander Shire Council is unable to accurately assess whether Tourism Victoria's brand marketing initiatives are actually influencing or have direct influence over the visitor nights that we get in Mount Alexander shire. How do we measure that?

Ms DARVENIZA — Can you do just say that again? I missed it.

Ms O'CONNOR — Because of the lack of data, the national visitor survey does not drill down enough for us to have significant data for our region. Even though we are putting together this great brand strategy for goldfields, there is no way to test the effectiveness of it. We do not have the data for that. There is a lot of money being spent on that activity but no measurement of it.

I can tell you our visitor numbers through the doors of the two visitor information centres in Castlemaine and Maldon. Our 2005 figures compared with the 2004 figures were up 4 per cent. Our 2006 figures over 2005 figures were down 13 per cent. And our 2007 figures for year-to-date over 2006 are currently up 1 per cent. Again, we are really flatlining here.

With regard of term 5, efficacy of existing mechanisms to address the impact of national events in terms of economic recovery, the goldfields region has been in drought for nine years, and this has impacted on local tourism operators. There appears to be more support out there for those areas that have had catastrophic events such as bushfires. I know that sounds harsh, but that seems to be the reality. Small councils like Mount Alexander shire have limited or no capacity to assist in the development of marketing promotional activities to overcome these problems, so there is a role there for other levels of government to step in. Support should extend beyond campaigns and marketing to industry support and development programs that are funded at a state level and delivered locally.

Without adequate research data it is difficult to measure, either directly or indirectly, the impact on businesses related to tourism and to determine an appropriate response to aid recovery. If we do not know what the impact is, how are we going to devise a method to address that problem?

I have to say that term 5 of the Australian Tourism Development Program for exceptional circumstance declared areas provides us an opportunity to fund initiatives to address the effects of drought. I need to tell you too that Mount Alexander Shire Council in conjunction with the City of Greater Bendigo is working on a submission for that grant to address some of these issues, so that is a good initiative available out there for us.

With regard to term 6, opportunities for private investment, commercial activity, Mount Alexander shire is located just over an hour up the Calder from Tullamarine airport. We are also about 1½ hours from Southern Cross station in Melbourne, which means we are very well located to service a 4 to 5-star meeting conference incentive market. We currently do not have the infrastructure to support this kind of market.

We do have some of our assets that will be available to be developed. There is the Castlemaine Diggings National Heritage Park, the Old Castlemaine Gaol that I mentioned before, and the Victoria goldfields railway—the old steam train that goes between Castlemaine and Maldon—which could all benefit significantly from a focus on infrastructure needs and on opportunities for investment as well.

Again, I think that comes back to the data available. If you are trying to encourage businesses to invest in the local area, you need to be able to model what the effect of that investment might be, the effect on the local community and the return on the investment as well. We need assistance in that as well. That basically concludes the submission.

The CHAIR — Well done, Elissa, that is all very clear. Just on that last point, if I might just jump the gun — and I also direct this question at Jim — has there been in the past any substantial propositions put forward to Mount Alexander to have that significant conference centre

to maybe capitalise on the fact that you are only a short distance from all of those Melbourne businesses that need to get away and enjoy a quiet setting? Has that opportunity been put to the council previously?

Cr NORRIS — I might take that question, if I can. The old jail facility has been used as a regional conference centre on occasion. It is not so much as something to draw the market from Melbourne, which is something we need to do. I think things are coming together right now. For instance, you will know that the other day the heritage ministers put the Castlemaine Diggings National Heritage Park on the shortlist to go forward for world heritage listing. If that comes up, it will be a key player. Perhaps we can get some investment up at the jail. There is a proposal to extend the Victorian heritage railway out to Maryborough. If that comes together, there is another piece in the jigsaw.

One of the areas where we actually have difficulty was addressed a bit earlier in Elissa's response. That was around how, as we have said, there is currently a strong reliance on local government planning and funding for regional infrastructure development. We are suffering a skills shortage in our planning area. We are suffering a shortage of funds to do the appropriate planning. We need that work as well at that level, as well as in the tourism area, to pull the whole thing together to be able to attract those players into the area. That is a key item.

The CHAIR — Just on that, Jim, we have previously heard evidence that suggested to us that there is a lack of strategic planning in relation to the area that is around each of our municipalities. For instance, possibly opposite the jail might be a parcel of land that effectively could be land banked, because the council or alternative bodies can see that that is the ideal positioning for a conference centre or that is the ideal positioning in for an amusement park or that is the ideal positioning for an ecotourism venue. Do you have the resources, do you have the time and do you have the manpower to effectively put that type of forward strategic thinking into place?

Cr NORRIS — I think one of the downsides of not having the funding to put into strategic planning and not having the skills available — getting people into the country to sit at a desk and not losing them within 12 months — means that the disadvantage is that you are reactive rather than proactive. I think you are right on the money, frankly. If we can get out there and we can do some more long-term strategic work, we can actually make it show benefits for the community.

I know we are here to talk about tourism, but the spin-offs are much broader than tourism. I might anecdotally say to you, for instance, in the last couple of years we employed Greg Burgess, one of Australia's leading architects, to do extensions to the library and Phee Broadway Theatre in Castlemaine. What brought him there? It was the Castlemaine state festival — that is, tourism. He wanted them to leave his mark on the area. We now find that there is a bit of an attractor to other people. It has economic benefits that are far beyond day-to-day tourism benefits. The long-term strategic stuff is quite important.

Ms LOVELL — Elissa, you mentioned the fact that local government really do not have the resources to put into the development of tourism. If not local government, which has a significant interest in the economic benefit of the region and I guess an opportunity to benefit from that economic development, who should be running tourism?

Ms O'CONNOR — I think it does come back to local government, but that is where the lack of data is a hindrance. If you are sitting around a council table looking at investment and divvying up the budget, and you have these road requirements or bridge or building maintenance and then you have a tourism budget, where you actually cannot measure what is the direct benefit back to local business, what kind of decisions are councillors going to be making? They are obviously going to be going with the infrastructure that ratepayers are requesting versus something that is so intangible that they cannot see and touch.

If we were actually able to access data which really shows without a doubt the economic, social and in some cases environmental benefit of tourism to local areas, we might actually find that there is a change of allocation of resources perhaps or an attraction of further investment into the area which would assist us at a local level to provide these kinds of services. That is a roundabout kind of way of putting it. But I think Tourism Victoria has done an excellent job in marketing the regions in the past. The Jigsaw campaign has been very successful for a number of years, so I think that has been a fantastic strategy, but there must be this commitment to development of the product. I will pick up the point that Kathryn mentioned about the commercialisation of our visitor information centres and the need to have on those kinds of websites bookable product — not only accommodation, but packages as well.

We have 175 members within our tourism services unit, with a breakdown of accommodation, retail and very few tour operators, and of those, the number of products that would be market-ready for the international market I would say would probably be zero, because they do not understand commission structures for international markets. Most of them do not understand commission structures for just the domestic retail environment.

We operate an accommodation booking service, and a lot of the operators are up in arms at having to pay 10 per cent commission on that. There is this education process as well that must be implemented to try to 'up' the standard and the understanding of our tourism industry in order to bring the operators in to package the product to sell it.

Ms LOVELL — What about direct links from 'visitvictoria' to your booking service, because 'visitvictoria' has a page that goes to the Goldfields site but nothing that links it then to your bookings.

Ms O'CONNOR — No. Kathryn mentioned before that they have purchased the BookEasy product. We have been looking at that as well, but I think we have just found out that over the next few weeks Tourism Victoria is going to be announcing the fact that it will be using a product called Book Victoria, which means on their product listings they will have a little 'Book me' button next to every listing which will then go straight to the operator, and that system does not talk to the BookEasy. So again you will have all these little regional BookEasys operating that will not talk back to the central 'visitvictoria' site. Again that is hundreds of thousands of dollars of investment regionally in this system that does not talk back to 'visitvictoria'. I consider our shire to be extremely lucky that it has not made that investment yet, because that would have been an absolute nightmare.

Ms LOVELL — Yes, absolutely.

Mr NORTHE — Elissa, obviously there are significant obligations on local government in terms of the tourism sector, and I know you have obviously mentioned financial services as certainly being one of those hindrances, but in terms of support, is it too outlandish to suggest that each council have an RTO? Is that too outlandish? Is that overboard, in terms of support required?

Ms O'CONNOR — I would love it. The last two days we have been facilitating a workshop called Crafting Regional Growth, assessing the value of cultural tourism. We were approached by the Australian Regional Tourism Research Centre based at Southern Cross University in Lismore. It is conducting this as a pilot study in two locations — Castlemaine and Maldon. Mount Alexander Shire was chosen as the first one, and we just did this in the last couple of days, and it will also be doing it up in the Richmond Valley in New South Wales.

Sitting around the table we had local government reps, we had local industry, we had state government reps from Heritage Victoria, for example, and we were looking at cultural tourism and planning, looking at what our cultural tourism assets were, looking at how we marketed those assets, looking at the data that we had to test the market, and looking at how to compile more

information about our visitors and how to survey how our businesses operate as well. We realised at the end of this two-day session that we actually had the starting of an RTO and that is fantastic.

In my role, essentially my task is about a 1.3 or 1.4 full-time equivalent in what I am doing, and I find that is extremely ineffective. To have an RTO on board whom we could then use to drive tourism, rather than it being driven by local government, would be hugely advantageous. It is one of our priorities to set up an RTO, yes.

The CHAIR — We will probably have just one more question. The lack of data: do you have any propositions you could put forward to this committee that may give us a start?

Ms O'CONNOR — Yes, I could produce those.

The CHAIR — Everywhere we have gone we have heard that the lack of data is hounding the industry. Do you have any propositions you could put forward to us?

Ms O'CONNOR — Yes, there are a few, and I think Mildura Tourism has just started doing this. It made a recent announcement that it is investing heavily into three research methods. One is the implementation of TIM — the tourism impact model — which you may have heard of. It is a web-based model that really is useful for local governments to assess the impacts on their budgets — for example, if they were to invest a further \$20 000 into tourism, what would be the end result in terms of job creation and population gain as well. That is a really useful tool, and that actually does not take that much to set up. We are looking at hiring a consultant to set that up, and that would be a two-day to three-day labour fee for a consultant to do that. That is the first thing.

The second thing is the drilling down of the national visitor survey. I know that Macedon Ranges Shire undertook this a few months ago, and I think it cost it about \$15 000 to do that. It takes the regional data and drills down into local data, which is available.

The third one is a project that is available through Tourism Research Australia, which is called the Visitor Profile and Satisfaction survey. That can be accessed through Tourism Victoria in partnership with Tourism Research Australia, and that is basically doing a visitor survey when visitors come to the region. It is a face-to-face survey, and the data is then collated and reported on. The starting point for that is about \$22 000, so you are looking at approximately \$40 000 in total there to really give us a very good picture of what we are doing. I guess the other activity that we would need to do on an ongoing basis is regular visitor surveys in the shire — small one-page quick snippets — asking 'Where are you from? How did you hear about us? How did you get here? What are you spending?', which would give us the kind of data we could collate right throughout the year, year in, year out, and which would give us a much clearer picture as to whether or not our activities are working.

The CHAIR — Unfortunately we are a bit behind time, so we have to move on. Thank you very much, Elissa, and thank you, Jim, for your evidence.

Ms O'CONNOR — Thank you.

The CHAIR — In a couple of weeks you will get a copy of the transcript of your evidence, and you will be able to make any typographical corrections or changes if you wish, provided you do not change the substance. That will be made available to you.

Witnesses withdrew.