

CORRECTED VERSION

RURAL AND REGIONAL COMMITTEE

Inquiry into rural and regional tourism

Melbourne — 4 June 2007

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Witnesses

Mr D. Richter, director, marketing,

Mr G. Hywood, chief executive, and

Mr J. Bannikoff, manager, policy unit, Tourism Victoria.

The CHAIR — I welcome witnesses from Tourism Victoria. All evidence taken at this hearing is protected by parliamentary privilege as provided by the Constitution Act 1975, the Parliamentary Committees Act 2003 and the Defamation Act 2005 and, where applicable, the provisions of reciprocal legislation in other Australian states and territories.

I also wish to advise witnesses that any comments they make outside the hearing will not be afforded such privilege. If you have read the pamphlet about giving evidence at a public hearing, hopefully that will help you with your evidence. I would like you to tell us who you are for Hansard and then we can get started with the evidence.

Mr RICHTER — I am Don Richter, director of marketing at Tourism Victoria, responsible for all the international and domestic marketing.

Mr HYWOOD — My name is Greg Hywood. I am chief executive of Tourism Victoria, and I will be providing the initial presentation today.

Mr BANNIKOFF — My name is Jason Bannikoff. I am manager of the policy unit and deal with policy issues at Tourism Victoria.

The CHAIR — All the evidence you give today will be taken down by Hansard and will be made available. It will become public evidence in due course, but once you have completed your evidence you will be able to look at the transcript.

Mr HYWOOD — Thank you, Chair. Before I start could I clarify the time that you want to allot to this?

The CHAIR — About 40 to 45 minutes in totality.

Mr HYWOOD — Thank you. That is fine. Firstly, I would like to begin by thanking the committee for the invitation to provide evidence. The issue that you are looking at is an important one and one recognised by Tourism Victoria as essential. A healthy regional tourism sector is essential if we are to perform well in the international and domestic tourism marketplace. The government is in the process of finalising its official submission to the committee. It has been drafted and is just awaiting ministerial sign-off, so that will be with you shortly. Prior to that I am happy to provide you with some tables and some information, which I will hand out.

Information package distributed.

Mr HYWOOD — The first is the 10-year tourism and events strategy which the government released in October last year, which frames the government's tourism strategy for the next 10 years. Also included is a series of tables which I will talk to in this presentation. They are in the middle of the pack.

This presentation will essentially cover the current state of regional tourism, the challenges ahead — and they are considerable, if we are to succeed in this area — and the action that Tourism Victoria is taking in regard to that. Just to provide some context for tourism in this state, tourism has perhaps been regarded as just an add-on in terms of economic development for this state, whereas in other states — notably, Queensland — it is regarded as being a central part of that state's economy. But increasingly it is becoming more and more important in Victoria. Access Economics estimates that it is worth \$11 billion to the state economy. That is about 5 per cent of the economy. It provides something like 160 000 jobs. What the 10-year strategy outlines is an approach within 10 years to make that an \$18 billion industry providing 250 000 jobs across the state.

To go back to where we are now and put it in a regional context, it is also an extremely important industry for the regions. It provided, according to Access Economics, in 2003–04 something in the order \$3.4 billion to the regional Victorian economy and something like 61 000 jobs. Tourism

over the last decade in this state has been something of a national success story. The Jigsaw campaign, with which you would all be familiar, has proved very successful over the last decade, and Mr Richter, who is next to me, presided over the creation of that a bit more than a decade ago.

That has essentially been an approach which has focused on Victoria as a diverse, compact state, which can provide a range of experiences — a very strong urban experience from Melbourne, but also a range of different regional experiences. As a result of the strong marketing approach taken, also the strong industry development, product development and investment in the industry, we have won market share as a state. We have increased our market share of Australia's international tourists also of Australia's domestic tourists. So we are actually operating and talking to you today from a position of considerable success.

Apart from the dollars that tourism puts into regional economies, it also provides those communities with something more. It provides community facilities. If there is tourism development it often accompanies the local community taking a benefit from that as well. It preserves the environment. Increasingly tourism is about selling the environment. We call it 'authenticity' in the industry. No-one wants to go into a region where it is all shops selling tourist items; they want to go into an authentic environment, and they invest in maintaining that authenticity so the local community benefits from that. It also broadens the economic base of regional Victoria. Regional Victoria has clearly been dominated over the years by the agricultural sector and by the manufacturing sector. What tourism provides is a broader method of putting dollars in those communities to provide jobs for children so that people do not go into the cities to further their careers and further their lives.

But it also increasingly connects the regions and provincial towns to what is a rapidly growing global market for travel. Travel is a growth industry; it is not a declining industry. For many years global travel has been one of the growth industries in the international community. It has been growing over the last decade at about 4.5 per cent a year. It is relatively immune to short-term shocks. You hear of SARS, you hear of Asian economic meltdowns, and of September 11 — there is an initial downturn, but what happens is the international travel kicks back and kicks on. Australia and Victoria and regional Victoria have to be part of this marketplace.

How are we performing? If you look at the first table in the pack I have provided, you can see that over the last six years the gross value added in millions of dollars has increased by 29 per cent in regional Victoria, and employment has increased by 13 per cent. The dollars going into regional Victoria from tourism has increased at the rate of about 4 per cent annually. It has come from domestic travellers. The dollars are up about 4 per cent, and slightly higher — 5.3 per cent — from international travel. There is a very important element to this. The number of domestic travellers in Victoria has been quite static for some time — around a decade. Let me say that this is not just a Victorian problem, nor is it just an Australian problem; it is an international problem. It is particularly evident in English-speaking countries, be they the USA, Canada, Britain, New Zealand or the UK, that nationals are not travelling within their own regions, their own countries; they are tending to travel internationally. So the growth sector in tourism is in international travel. To put it bluntly, when people get a quid they go overseas. That is the dominant trend. It is a Western World phenomenon. As I said earlier, global travel is going up at about 4.5 per cent globally. You can see on page 3 the growth in outbound leisure travel by Australians is increasing substantially.

Why is that the case? Clearly it is wealth that people have after 15 years of economic prosperity in this country but also generally around the world. Prosperity drives international travel. You are also seeing an absolute explosion in cheap fares. Australia is not the only country that is seeing an increase in low-cost carriers; that is also increasingly evident around the world and is driving international travel. In Australia the strong Australian dollar is clearly enhancing the affordability of overseas travel. A few years ago we had a 55 cent American dollar; we have now got around 80 cents. That means it is something in excess of 50 per cent more affordable to travel overseas than it once was. Clearly there is going to be an impact on that.

There is also a tendency to take shorter holidays, which means that people have less time to travel, or when they do travel in the regions they spend less time there. As we have increasingly heard, Australians are not taking their leave entitlements to the degree that they once were. There is something like 14 million weeks of leave entitlements in Australia now accumulated. But there is also a broader issue: destinations just do not compete with other destinations; they compete for a share of people's disposable income. So other industries — other entertainment industries, other leisure industries, the home mortgage — all compete for the disposable household dollar. Therefore if people are spending money on television sets, if they are spending money on cars, if they are spending money increasingly on their mortgage, they have less money to travel. So we are working in an enormously competitive environment.

What are the challenges specifically that regional tourism faces within this global context and this domestic context? Clearly low-cost carriers are competition. If you look at page 4, you can see Jetstar. Jetstar is a major asset for this state in terms of its ability to grow travel overall, but clearly in terms of the ability for regions to compete with some of these deals it makes it difficult for them. Clearly just on this thing, we see Phuket, a 10-night stay, from \$1200. Cheap international travel is there and available to people.

On the previous page, the price of petrol relative to airfares, you can see that petrol prices relative to airfares are increasing. Clearly regional travel often means jumping in the car and driving, and with the cost of that relative to getting on a plane and travelling up to the Gold Coast or Sydney or Perth or Tasmania, that clearly has an impact. So there are clear challenges.

Another component is that the mix of international travellers into Australia and into Victoria is changing. One of the findings of the 10-year tourism and events strategy is that 70 per cent of the growth in tourism in this state over the next 10 years will come from international travellers. Half of that will come from the region, and most of that from China. Travellers from the eastern hemisphere tend to be focused around an urban city experience rather than a regional experience. That is just the nature of the marketplace. You can see on the next page I have provided a very interesting chart on expenditure, regional dispersal and visitor volumes. What this chart shows is that the size of the circle is the size of the market. In terms of visitation to Australia you can see that the New Zealand market is very large, the UK market is very large, and the China market is relatively large. The further you are to the right of this shows your dispersal rates into regions, so you can see that the people who travel the most in the regions come from the Netherlands.

Mr VOGELS — A good country!

Mr HYWOOD — A good country! But it is a relatively small market. You can see that the people from the UK travel into the regions and it is a very large market. The same with South Africa, Scandinavia, Canada, Switzerland et cetera.

The further you go left the less regional dispersal there is, but you can see China is a very large market and some of the regional markets — when I say 'regional' I mean within this geographic region within this hemisphere. China is a large market and Japan is a large market, but they do not get out into the regions very much at all. China is a major growth market relative, and that is going to be a major challenge. How do we position regional Victoria to take advantage of this market? How do we market to these people who have a propensity to stay within a city environment and get them out into the regions?

So clearly the issue is how we react to this a number of ways. Clearly we have to market ourselves as a diverse destination. We clearly have to understand that Melbourne is the gateway to Victorian tourism, just the same way as Sydney is the gateway to Australian tourism. It is extremely important not to look at this industry in a silo fashion. It is an integrated, dependent industry. It is all very well for us to have a crack at Sydney in the Sydney-versus-Melbourne ongoing competition, but clearly if Sydney does not operate effectively as a tourism destination, it gets fewer numbers and fewer people are dispersed through the country. So clearly we have to support

tourism in through Sydney. That is a fact of life. Notwithstanding that, we are also actively working to get direct international flights into Melbourne; that is another matter and I will talk to that.

In just the same way regional Victoria is very dependent upon Melbourne being a successful gateway for international tourists, therefore we have to focus on strong Melbourne marketing, strong dispersion marketing. We also have to understand the role of major events both in Melbourne and in the regions — Melbourne to bring people in, but also other major events in the regions to help that. We have to focus increasingly on nature-based tourism. This is a major area of growth in international travel, where people want a more adventurous, active experience. And less about going and ticking the boxes: I have seen this, I have seen this. It is much more about engaging with the environment where they go, and clearly what we have in Victoria is an extraordinary array of nature-based opportunities. The government is soon to release a nature-based strategy. Tourism Victoria, Parks Victoria, DSE have worked actively together to develop a nature-based strategy and that will soon be released and provide a new focus to regional dispersal.

We have to focus on skill development. The thing about tourism is that it is a person-to-person industry; it is enormously dependent upon the interaction between people. If people have a bad experience with the people they visit, the service they get, clearly that reflects not just on them but on the industry as a whole. While you can spend a lot of money on advertising and other marketing forms, the most effective marketing is credible word-of-mouth marketing. If somebody goes home and has had a bad experience, people will not go there. This is increasingly important.

Air services are essential. Tourism Victoria has a range of responsibilities. One is to attract tourists. I have talked about marketing, but another important one is air-access issues. If you do not have the airlines flying in, you do not have the supply of tourists and so we very active in that area. We are also very active in the investment facilitation area. We need product on the ground. It is all very well marketing but you need product on the ground. We also have to work with the industry to make sure that the dispersal techniques we have for marketing funds through industry structures and local campaign committees is healthy and vibrant. I just want to make a couple of points in relation to how we go about attracting and how we spend our money.

We have a very heavy focus on regional tourism. In terms of our marketing next year, we are down to spend something like \$10.7 million in regional marketing. That is significantly more than the \$4.7 million we are spending on Melbourne-only marketing. So there is a heavy regional bias in Tourism Victoria's marketing dollars.

The CHAIR — How much is that?

Mr HYWOOD — \$4.7 million specifically for Melbourne.

The CHAIR — That was this year?

Mr HYWOOD — No, that is the year ahead, and \$10.7 million in regional marketing. So we have a very heavy focus on that. Clearly that is a recognition of the issues that we have to deal with. It is important that we understand that in terms of dealing with this international marketplace there is a low recognition outside Australia for some of our icons. Clearly the Great Ocean Road is recognised, the Yarra Valley is recognised, but we have to work with other regions to make sure that they have recognition within our overarching brand context. The essential mechanism for delivering that is our regional marketing program where we spend \$6.5 million in this marketing program over two years. That is specifically for regional branding and practical marketing strategies. We also spend another \$1 million to boost online bookings through regional booking operations.

Just in terms of our approach to investment product development, industry development skills, the way we work with investors is that we provide advice to investors, we host investor delegations

into the state, we help them through the planning arrangements in the state, we make sure that they understand the various coordination and cooperation required across government to get their developments in place. This is a very important area for regional tourism because quite clearly if you are thinking of a regional tourism development and you are talking about a very demanding international audience you are going to be wanting developments in what can be very sensitive areas of the state — environmentally sensitive areas, areas where there may be community interaction, and often community opposition. We work with the local communities and we work with investors to make sure we try to resolve those issues, to make sure that we do get the investment we need.

Having said that, I do not want to make it sound like we are just focusing on international tourists because that is not the case. When I say that 70 per cent of the growth over the next 10 years is likely to come from international tourists, it is important to note that 70 per cent of the industry — 70 per cent of the dollars that go into the Victorian tourism industry — come from domestic visitation.

Ms DARVENIZA — Could you say that again?

Mr HYWOOD — I know it sounds difficult because there are two 70 per cents in there. Seventy per cent of the dollars that go into the tourism industry come from domestic tourists. So even though it is important that we have a healthy domestic tourism industry, most of the growth is going to come from international visitors so it is absolutely essential for us to have a healthy international industry. We cannot ignore getting domestic tourists from other states into Victoria. We market that vigorously and we have been very effective at that. We need to attract Australians to visit Victoria. We also need to attract Victorians to travel in Victoria, because clearly if you are looking at a state of 5 million, 3.5 million of whom live in Melbourne, clearly this is a market for regional tourism and clearly we have to do what we can to drive Victorians into Victoria.

This has become an increasing focus of the organisation given the fact that there have been such flat numbers for some time. And so we are working internally to come up with some approaches to deal with that, and we have expended money recently to make sure that our campaigns are driving people into regional Victoria. So there is an accumulation of marketing mechanisms that we have used to do that. Let me say it is going to be an increasing focus of the organisation.

Just to sum up, clearly we need to get international tourists in the region into the regions because that is where the growth is. Clearly we need to get Australians into the regions because that will maintain a healthy industry, but also we need to drive people from Melbourne into the regions and try and get some growth. But let me just say these are not easy challenges. There are not just Victorian or Australian issues involved here. There are global trends in the way that the tourism market is developing, and we have to make sure that we do not just throw money at something unless we have a focused approach at delivering good outcomes.

The CHAIR — Thanks, Greg. That was very good.

Mr VOGELS — Living near Port Campbell I understand how important tourism is down there, but you said we spend about \$15 million or we were going to spend \$15 million, all up I think it was about \$10.7 million of \$15.4 million, or whatever it was. I think you also said it is an \$11 billion industry employing about 130 000 people. To me \$15 million is a pittance. If you actually look at the importance of it, how many jobs it creates and how much money it brings into Victoria, you would have thought that we would be spending much more than \$15 million.

No doubt we do not throw it away but spend it wisely, but do we promote ourself to China and Japan to come to Victoria? Do we promote ourselves in Sydney and Queensland? I do not know. You guys could probably tell me that. But obviously we need to get a very important market. There must be a market out there. Maybe we should just be letting Tiger Airways fly into Melbourne and then taking people out. If they have nowhere else to fly, let them go to Victoria. I

do not know, but I do not think it is a lot of money to be honest. We can spend \$60 million or something building engines, which facilities employ 300 people or something?

Mr HYWOOD — Quite clearly Tourism Victoria would like to have as much money as possible to market the state and market it as a tourist destination.

Mr VOGELS — Could you spend it wisely? That is what I am really asking.

Mr HYWOOD — Yes, and clearly the strategy that the government announced last year is focused around the industry as a growth industry. One of the important areas that we did focus on was to get more of a whole-of-government approach to it, recognition across government that this is an important growth industry, not just something on the side but something that can deliver real jobs and real dollars into the economy. Tourism Victoria exists and I suppose Tourism Australia exists because we have an industry which is very dependent upon marketing, but individual organisations, individual operators, companies within the industry do not market and cannot market the destination. They cannot market Victoria. They cannot market Melbourne. They have to market themselves within that context. That is the role of government in tourism, which is somewhat unusual in the sense that we market the destination. So there is the government money that does go into this, but there is also the specific operator marketing money that goes in.

What we do with our money is that we leverage money. So, for instance, in the regional program we go to local government. We put money in, and we want money from local government. We want money from the industry. What we try and do is provide an overarching brand context within the Jigsaw strategy so that we get some concise marketing approach which allows, however, the individual attributes of the areas to come to the fore. So it is a cooperative arrangement where there is leadership provided by Tourism Victoria in marketing the state, but there is flexibility for the 11 elements of the Jigsaw to have their own regional focus as well. That is what we want to do. We want to leverage money, not just throw money at the industry.

Mr NORTHE — Greg, you alluded earlier to major events and what impact they may have on regional areas. I refer to page 10, table A3.2, the interstate overnight visitor nights. In regional Victoria in 2000 there was quite a lull in overnight visitors. I assume that that might have had something to do with the Sydney Olympics. Can I make that assumption? Have you got any commentary or are there any statistics on the ebbs and flows of tourism in regional Victoria whilst major events are being held, say, in Melbourne? We understand obviously it would be great for Victoria and so forth, but is there any definitive proof or statistics that indicate it really does affect regional Victoria in terms of tourism?

Mr HYWOOD — We see major events as an essential part of the dispersion component. Once you get people in, once they are captured, your ability to disperse them is enhanced. I think the minister has said that major events for Melbourne is our opera house. It is an essential part of our tourism focus and that works both for Melbourne, as I said — we operate in an integrated manner — and it is as important for regions as well. Don was nodding his head. Do we have any specific numbers?

Mr RICHTER — Yes, there are results that have come out some of the economic impact studies done for individual events. So there are results for particular events to show how much tourism before and after and during the event goes out to regional Victoria. I do not have those figures with me, but there has been a variety of studies that have ascertained that. The general outcome is yes, they are beneficial for regional Victoria. They do cause a flow-on, but that flow-on varies from event to event obviously. Obviously in Phillip Island motorbike crowds are much bigger.

Ms DARVENIZA — You talked about investment in some sensitive areas that might be a potential tourist attraction, or tourist destinations in regional areas in the future. You talked about having to work with investors and with communities in order to make this happen because there

may in fact be concerns and opposition to these tourist destinations being set up. Can you give me any examples of where that has actually happened and how successful it has been?

Mr HYWOOD — This is going back some years. It took some four years, but there was a Great Ocean Road tourism strategy developed with Tourism Victoria, other departments and local government which mapped out the issues along the Great Ocean Road in terms of potential development, potential traffic flows, potential infrastructure needs et cetera. That is the sort of example — perhaps you do not want it to take as long as that — or the approach we certainly need to take. Clearly we want an industry that is healthy, but clearly we want local communities that are healthy and happy to have tourism within their bailiwick.

It is extremely important for everyone to understand that our approach as a tourism organisation is basically what we call the high-yield strategy in terms of visitation. We do not go for vast numbers of people going into sensitive areas. We prefer to have containable numbers of people being able to go and spend their money — with international tourists, quite frankly, significant amounts of money — in having a high-quality experience. But we want containable numbers rather than having vast numbers of people. The Great Ocean Road is an excellent example of that. Clearly there are sensitivities in the area about traffic flows. Our approach is to keep traffic flows to a minimum by providing a high-quality experience. That involves the potential for eco-lodges, high-end accommodation and high-end facilities down there.

Ms LOVELL — Greg, my apologies for having to pop out then. You were just about to get onto the marketing budget, which interests me, and I apologise if you have already gone over this. Can you give me an idea of what the total promotional budget is for Tourism Victoria, and if there is a dedicated percentage of that that goes to country Victoria and what percentage that is?

Mr HYWOOD — The number that I quoted was that over 2007–08 we expect to spend \$10.7 million in regional tourism marketing. That compares to something like \$4.7 million in Melbourne-specific marketing. That includes money for special-purpose payments. That would clearly include bushfire funding. It would also include some regional touring-route money that came through the most recent budget. But we have a clear weighting at the moment in terms of regional tourism expenditure.

Ms LOVELL — What about major events budgets?

Mr HYWOOD — The major events budget does not come within our budget; it is under the major events cap. We have a small amount of events money — about \$1.5 million a year — which is disbursed around the state in the smaller type of events, but the major events cap is separate to our budget.

Ms LOVELL — Do you know what the major events cap is?

Mr HYWOOD — I do not want to quote an incorrect number. I think it was increased in the most recent budget. It is in the budget papers.

Ms LOVELL — Can you provide that for the committee?

Mr HYWOOD — Yes, absolutely.

The CHAIR — Thanks, Greg. I would like to touch on a couple of issues. How do we rate against some of the other states in being able to encourage international visitors at the minute? Are we doing well? Obviously, when you go to the theme parks in Queensland, they are obviously doing well with the Asian market. Do we do well? While we have got some increases historically, how are we going at the minute against the other states?

Mr HYWOOD — We are doing well. As I said, we have increased our market share over the last decade 2 per cent; I think we have moved from 26 per cent of international visitation

to 28 per cent of international visitation. In 2006 our international visitation grew 7.9 per cent, so we are rising at a faster rate than other states, albeit off a lower base. What we have found is that we started from a relatively lower base, but we were catching up. We are doing that because of a focused perspective under the jigsaw strategy of a compact, diverse state with the centrepiece being Melbourne, which is a dynamic urban experience. This comes through in our brand value tracking. As a city experience Melbourne is dominant within Australia, and that provides a very effective gateway to then start using dispersal marketing techniques to get people into the regions.

It is important, if we look at this China strategy going forward, to understand that market. Australia has been branded very much as a landscape. It has been about a rock, a reef and a harbour. Within that context Melbourne and Victoria are very different. It is what we call a constructed landscape. It is what people have done. It is not what was here when European settlement began, therefore we tended to construct the city and construct the state.

We focused very much around making sure, in that China market, that that is understood because the China market is less a beach-and-outback market. It is much more at this stage of its development, as a tourism source with a safe, urban, western experience, and I think that is a competitive advantage we have. What we then need to do is build a nature-based tourism strategy around that, which enables a safe, nature-based experience for that visitation; so that is way we will be headed.

The CHAIR — You mentioned that the Yarra Valley and the Great Ocean Road have been reasonably successful. We have been able to sort of transplant what we have here into those overseas markets. Who makes that decision, and what boxes need to be ticked in order for those particular regions to have the resources thrown at them to have their regions marketed overseas where there might be other regions that have not been able to tick the necessary boxes? What are those decisions made on? Is it the potential return?

Mr HYWOOD — Tourism Australia, as you will understand, is the national equivalent of Tourism Victoria. We work with Tourism Australia to profile our attributes to it, and clearly we have to understand our international market: what works for wholesalers in terms of the distribution network and in attracting people to Australia. Therefore there is no doubt that the Great Ocean Road with the Twelve Apostles and the Lockhart Gorge et cetera is an extraordinarily beautiful part of the world and fits within that landscape strategy of Australia. That is an area of Victoria that does that very well, so we are happy to work in that context. But we also — and Don has worked very vigorously to start profiling other areas — have to do it with the ability to appeal to that market, and not every region can do that right now.

What we do is we move from one to the other over time, and clearly the Yarra Valley, given its proximity to Melbourne, has some attributes in terms of food and wine that work and can be sold into that international market. Clearly, others will come online. There is no doubt that the Murray has got enormous potential. The government announced the redevelopment of the riverfront there; it is close to Lake Mungo, it has the river; it has the food and wine experience, so that is an area of increased focus.

There is also the alpine area, and Gippsland is doing good things. There is Bendigo and Ballarat with their goldfields. We are not ignoring regions — far from it. We are working very vigorously with them. But there are clearly some regions which at this point of time can be profiled internationally more successfully than others.

Ms DARVENIZA — Would some of those attractions — the destinations on the Great Ocean Road and around the Yarra Valley — also be involved in promoting themselves at an international level?

Mr HYWOOD — Don can pick this up a bit.

Mr RICHTER — Absolutely. Many of Victoria's tourism operators are active overseas and travel overseas to market themselves, with the support of Tourism Victoria, and in fact many have been doing for a very long period of time, so the individual tourist attractions themselves will be quite active, and they will be supported by Tourism Victoria. It comes back to your previous question, Chair, about the sequence of all of this.

A lot of it is driven not only by the product strengths of the region but by the maturity of the tourism operators in the region and the fact that some of them are at a more developed stage in their understanding of tourism and maturity and therefore are more active in international or interstate markets.

Ms DARVENIZA — My observation has been that some of them are able to work together quite cooperatively to promote that region or that area and therefore their particular destination.

Ms LOVELL — Greg, as we travel around the regions everyone talks about the need for investment in infrastructure for tourism, and that was certainly identified as one of the key points in the 2002–06 strategy. What kind of infrastructure is needed in regional Victoria, and how does Tourism Victoria determine the infrastructure needs?

Mr HYWOOD — We tend to work with departments across government. Clearly, issues like transport access are important. We specifically focus on aviation access and the ability to move travellers around efficiently, so, clearly, you need good roads. Say, for instance, if you want to focus on the international market, you need local airports that can take planes — potentially narrow-bodied jets — say, into Mildura over time to get the numbers into those areas to take advantage of the potential demand.

Certainly aviation infrastructure is an important focus in the future. The \$8 million redevelopment of the Mildura waterfront announced last week is absolutely essential in terms of making sure there is a connection between the city and the river. It is remarkable how many times our forebears managed to build a railway or a freeway between the water and the town; clearly there has been good money expended in later years removing that. But these sorts of infrastructure developments to allow strong development in industry are really important.

The CHAIR — Thanks very much. We will wind it up there.

Ms DARVENIZA — Can I quickly ask one last question? I refer to the bubbles and which bubbles make it into regional Victoria. You talked about focusing on the kind of bubble because that is quite large. Looking at the yellow and orange bubbles up the top that are clearly Asian bubbles, are you looking at developing campaigns and marketing strategies into Asia as well as just to China?

Mr HYWOOD — I was saying that the growth is in the region, particularly China, so therefore Hong Kong, Taiwan, Malaysia et cetera are very much part and parcel of our focus.

The CHAIR — Thanks very much. You will receive a copy of the evidence that you have given in about a fortnight. You will be able to make any typographical changes to that, although you cannot change the substance of the evidence. Thank you very much for your time.

Witnesses withdrew.