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


**Re: Parliamentary Committee for the Inquiry into Regional and Rural Tourism**

Dear Sir/Madam,

Attached you will find a submission from Geelong Otway Tourism, providing this organisation's position on Regional and Rural tourism in the context of the Terms of Reference outlined.

We look forward to discussing these viewpoints with the committee in the appropriate forum.

Regards,

Roger Grant  
Executive Director  
Geelong Otway Tourism
GOT Submission to the Parliamentary Committee
– Inquiry into Rural & regional Tourism 2007 –

Background of GOT

Who we are
Geelong Otway Tourism Inc (GOT) was formed in May 1993, following the amalgamation of six municipalities to create the City of Greater Geelong. The newly created City entered into a partnership with the tourism industry, represented by three local tourism associations, Geelong By the Bay Tourism Association Inc, Bellarine Peninsula Tourism Association Inc and Torquay Tourism Inc.

The City of Greater Geelong provides resources to staff, and accommodates the regional body. The industry, through membership and direct industry contribution, funds the marketing program. This unique tourism partnership has been most effective and the expanded region now includes Surf Coast Shire, Colac Otway Shire, Golden Plains Shire, Borough of Queenscliffe and the relevant local and municipal tourism bodies that fall within these boundaries.

GOT, as one of the first regional tourism bodies in Victoria, has been the ground-breaker in finding solutions to many of Victoria’s regional tourism development problems. We continue to fulfil this leadership role through the establishment of the Memorandum of Understanding, now a model for other Victorian regions, our organisational and operational structures, and niche marketing strategy development are also adopted by other regions in Australia.

Another key to GOT’s success has been the capacity to recognise the value of developing and maintaining industry partnerships at local, state and national levels. Our primary marketing initiatives dovetail into programs operated by Tourism Victoria and Tourism Australia, and incorporate local tourism association activities, this approach provides the most cost-effective and integrated marketing campaign achievable.

As marketing strength also lies with cross-regional promotions, GOT has sought to pool their staffing and financial resources to undertake international marketing activities as part of the Great Southern Touring Route, and domestic activities largely as part of Great Ocean Road Marketing and Melbourne and Surrounds Marketing.

As the engine-room behind Great Southern Touring Route and Great Ocean Road programs, GOT, with Shipwreck Coast Tourism, has been able to dramatically build up the profile of the Great Ocean Road in the international marketplace, and in the domestic retail sector, where it would once have been unviable to venture alone.

Another key priority and challenge for GOT has been to build up visitation and yield in the off-peak months of the year. This improves the cash flow situation for businesses, increases opportunities for full-time employment, and helps to reduce the impact of tourist activity on the environment by spreading the load throughout the year.

Since adopting this strategy, GOT has made significant headway in achieving this objective. There has been a consistent increase in Off-peak visitor numbers (April - September) were up by 4.9% in 2006 (compared to 2005 figures). Many of these visitors were as a result of a
concerted effort to attract events and conferences during the off peak months, with an average annual increase of over 20% in visitation during these months. This approach has seen the value of conferencing and incentive travel grow in the region from $8.4M in 1999 to over $99M in 2006.

From its first efforts in 1993 to establish the secure foundations of an effective regional tourism organisation, GOT has proceeded to build and extend its marketing programs to achieve enormous growth in the region's tourism industry, and in so doing make a substantial economic and social contribution to the Geelong Otway region.

Response to areas outlined in Terms of Reference

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

Geelong Otway Tourism independently undertakes research into the economic value of tourism to the region. We have recently engaged Street Ryan & Associates to report on the impact our industry has on the regional economy, this is the third such report continue this series of economic data, begun in 1999 by the then Bureau of Tourism Research

Total expenditure made by tourists in Geelong Otway in the year ended September 2006 is estimated at $878 million, of which around $424 million is made in the City of Greater Geelong.

This equates to around $3,300 tourist expenditure per resident, compared with $2,600 throughout Victoria and $3,100 throughout Australia, indicating the relatively greater significance of tourism to the region. The significance of tourism within the region is most pronounced for Queenscliff and Surf Coast.

The level of tourist expenditure is the equivalent of the average household expenditure of around 18,738 Victorian households or 20% of the occupied private dwellings in the region in 2001.

Tourist expenditure is estimated to directly support 4,863 (full time and part time) jobs, 3,454 of which are in Greater Geelong.

Total employment supported by tourist expenditure (including flow-on or multiplier effects) is estimated at 6,989, 5,181 of which are in Greater Geelong.

Total jobs supported by tourist expenditure represents 6.9% of employed residents in the region at the time of the 2001 Census of Population and Housing.

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

We have identified a number of areas that create possible impediments to the successful and sustained growth of regional tourism, impacting on economic activity and employment, they
are; Infrastructure gaps: Research provided by Tourism Victoria, has indicated that the forecast growth for the Victorian tourism industry will be driven by strong growing visitation from established and emerging international markets. The glaring gap in Victoria is a lack of enough sizeable four and five star hotels to manage this expected influx. Further to this demonstrated need, if we wish to service these international visitors outside of Melbourne there is a great need to strategically develop iconic developments in regional areas, these developments should, of course be sensitively sited and in keeping with their surroundings, and reflective of the regional tourism strength, eg Eco Lodges in the Otways.

Another gap in infrastructure is the lack of safe harbour and associated marine, water (marina) and land based (hotel & tourism precincts) activities throughout Victoria. There are a number of key developments in the Geelong Otway Tourism Region currently undergoing feasibility studies, these projects are at various stages of maturity in gathering relevant support. The additional capacity to provide services to visitors that these projects would deliver are critical to the long term sustainability of some coastal port destinations.

Planning: The current state planning scheme has, we believe some significant flaws and in fact have the potential to legislate mediocrity, by placing unreasonable limitations on land holders. Following is an excerpt from a paper developed by GOT indicating our concerns.

Understanding the new Rural Zones in a Tourism Context.

The new zones for rural Victoria were finalised in 2004. The final combination of zones is a new Farming Zone, a new Rural Activity Zone, the new Rural Conservation Zone and a revised Rural Living Zone. Following is an outline of the zones and the uses permitted with and without a permit.

**VICTORIA'S RURAL ZONES AND THEIR PERMITTED USES**

<table>
<thead>
<tr>
<th>RURAL FARMING ZONE (RFZ)</th>
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<tbody>
<tr>
<td><strong>Houses</strong></td>
<td>No permit is required for a house on a lot greater than 40 hectares or the minimum lot size set by the council. A landowner may apply for a permit for a house on a lot smaller than 40 hectares or the minimum lot size set by the council. A landowner may apply for a permit for additional houses on a lot. A permit application for a house must include a written statement that addresses certain decision guidelines in the zone.</td>
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<tr>
<td><strong>Agricultural uses</strong></td>
<td>Most agricultural uses do not need a permit. Intensive animal industries (such as broiler farms and piggeries) require a permit.</td>
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<tr>
<td><strong>Other uses</strong></td>
<td>A landowner may apply for a permit for small-scale tourist uses associated with agriculture (such as host farms, bed and breakfast, restaurant, motel and up to 6 self-contained cabins). Uses that support and service agriculture (such as rural industry, rural store, manufacturing sales, primary produce sales, utility installation and saleyard) may also be permitted. Industry, warehouses, offices and most retail uses are prohibited.</td>
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<tr>
<td><strong>Subdivision</strong></td>
<td>A permit is required to subdivide land. The minimum lot size is 40 hectares or the lot size set by the council.</td>
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<tr>
<td><strong>House lot excisions</strong></td>
<td><strong>House lot excisions</strong> A landowner may apply for a permit to excise a small lot for one existing house, subject to conditions to prevent further house lot excisions.</td>
</tr>
<tr>
<td><strong>Exempt minor buildings</strong></td>
<td>Additional exemptions have been included in the zone so that a permit is not required to alter or extend: • An existing house if the additional floor area is less than 50 square metres or the floor area set by the council.</td>
</tr>
<tr>
<td><strong>RURAL ACTIVITY ZONE (RAZ)</strong></td>
<td>• An existing farm building if the additional floor area is less than 100 square metres or the floor area set by the council.</td>
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<tr>
<td><strong>Houses</strong></td>
<td>No permit is required for a house on a lot greater than the minimum lot size set by the council. A landowner may apply for a permit for a house on a lot smaller than the minimum lot size set by the council. A landowner may also apply for a permit for additional houses on a lot.</td>
</tr>
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<td><strong>Agricultural uses</strong></td>
<td>Most agricultural uses do not need a permit. Intensive animal industries (such as broiler farms and piggeries) require a permit.</td>
</tr>
<tr>
<td><strong>Other uses</strong></td>
<td>A landowner may apply for a permit for a range of tourism, recreation and commercial uses in the zone. This zone gives councils the flexibility to consider a diverse range of proposals that are not necessarily related to agriculture, but which can co-exist with agriculture (such as tourist accommodation, function centres, restaurants, hotels and taverns). Industry, warehouses, offices and transport terminals are prohibited.</td>
</tr>
<tr>
<td><strong>Subdivision</strong></td>
<td>A permit is required to subdivide land. The council needs to set the minimum lot size. <strong>House lot excisions</strong> A landowner may apply for a permit to excise a small lot for one existing house, subject to conditions to prevent further house lot excisions.</td>
</tr>
<tr>
<td><strong>Exempt minor buildings</strong></td>
<td>Additional exemptions have been included in the zone so that a permit is not required to alter or extend: • An existing house if the additional floor area is less than 50 square metres or the floor area set by the council. • An existing farm building if the additional floor area is less than 100 square metres or the floor area set by the council.</td>
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<tr>
<td><strong>RURAL LIVING ZONE (RLZ)</strong></td>
<td>No permit is required for a house on a lot greater than 8 hectares or the minimum lot size set by the council. A landowner may apply for a permit for a house on a lot smaller than 8 hectares or the minimum lot size set by the council. A landowner may apply for a permit for additional houses on a lot.</td>
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<tr>
<td><strong>Houses</strong></td>
<td>All agricultural uses need a permit. Intensive animal industries (such as broiler farms and piggeries) are prohibited.</td>
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<tr>
<td><strong>Agricultural uses</strong></td>
<td>A landowner may apply for a permit for a range of accommodation, tourism, recreation and commercial uses in the zone. Industry, warehouses, offices, transport terminals, take away food places and convenience restaurants are prohibited.</td>
</tr>
<tr>
<td><strong>Subdivision</strong></td>
<td>A permit is required to subdivide land. The minimum lot size is 8 hectares or the lot size set by the council. <strong>House lot excisions</strong> As is the case now, house lot excisions are prohibited.</td>
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<tr>
<td><strong>Exempt minor buildings</strong></td>
<td>Additional exemptions have been included in the zone so that a permit is not required to alter or extend an existing house if the additional floor area is less than 50 square metres or the floor area set by the council.</td>
</tr>
<tr>
<td><strong>RURAL CONSERVATION ZONE (RCZ)</strong></td>
<td>A landowner may apply for a permit for one house on a lot. There is no requirement for the lot to be a certain size.</td>
</tr>
<tr>
<td><strong>Houses</strong></td>
<td>All agricultural uses need a permit. Intensive animal industries (such as broiler farms and piggeries) are prohibited.</td>
</tr>
<tr>
<td><strong>Agricultural uses</strong></td>
<td>A landowner may apply for a permit for a limited range of tourism uses.</td>
</tr>
<tr>
<td>Subdivision</td>
<td>A permit is required to subdivide land. The minimum lot size is 40 hectares or the lot size set by the council. <strong>House lot excisions</strong> As is the case now, house lot excisions are prohibited.</td>
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<tr>
<td>Exempt minor buildings</td>
<td>Additional exemptions have been included in the zone so that a permit is not required to alter or extend an existing house <strong>Exempt minor</strong> or an existing farm building if the additional floor area is less than 50 square metres or the floor area set by the council.</td>
</tr>
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As shown in the above table, there is provision for some potential tourism use in all zone categories, many of these possible uses though, are quite restrictive. The Rural Activity Zone is very flexible and has the capacity to support all manner of activities including developments that are not related to agricultural land use. We would encourage the allocation of this zone in areas around coastal townships and areas of other tourist activity. It should be noted that the City of Greater Geelong has no Rural Activity Zones (RAZ) as part of it’s Rural Land Use Strategy, which is currently in draft stage. This means that for any tourism development of size to be considered, it will require the cumbersome task of having parcels of land rezoned from either RFZ or RCZ. I believe that this also identifies that there is no clear vision for where the City would prefer to direct tourism growth in the future and that the strategy of non declaration of any RAZ’s means that the City will be reactive and not take a leadership role.

It is likely that other LGA’s will adopt a similar approach, given that the overarching rationale for the Rural Zones is to protect the existing rural land for agricultural purposes.

There have been a number of occasions where developments have encountered difficulty gaining permits where they have been proposed within an existing RFZ. Some of these proposals have been supported by the relevant planning authority but have been rejected at the State level because the land hasn’t yet been reclassified under the new Zoning Scheme.

**Policy:**  *Events policy:* While we fully support the government events driven approach to growing profile, gaining coverage and driving tourism interest to Victoria. There seems to be no vision from the state government to establish any significant events outside of Melbourne. If there was some surety in key regional centres of ongoing major national and international events, it would prove a catalyst in generating investment interest from the private sector, to guarantee a wider spread of state prosperity. Of course this investment would if well directed go to plug some of the infrastructure gaps in the regions.

*Aviation policy:* We need to continually build seat capacity, directly into Melbourne (at both Tullamarine and Avalon). The aviation policy is to be applauded in some areas, especially with the state government battling against a sometimes unsympathetic Federal Government. But we see the advent of discount domestic and international airlines creating a net drain on visitation to the regional areas of the state. We would like to see some long term strategies implemented to develop strong partnerships between the government, the airlines and the tourism industry, in which we create packaging and conversion of tourism experiences with either the airlines or their wholesalers. These partnerships are crucial if we are to deliver on the promise of regional visitor dispersal, and provide an opportunity for the airlines to backfill their flights into our airports.
Whole of Government Approach: This has been the catch cry for more than a year, at the launch of the 10 Year Tourism and Events strategy, we were told that there would be a new way of managing issues. I can’t comment on other areas, but tourism seems to consistently fall between the cracks. One such example where this policy seemed to fail was when GOT made application for funding to RDV to develop an investment prospectus designed to encourage investment from the private sector to build key tourist accommodation where it was needed (based on research funded solely by GOT). The submission, we were told was not Regional Development, and would need to be funded by TV as it was a tourism initiative, this discussion was bandied back and forth at the highest level within the departments. With no satisfactory resolution reached (and no investment prospectus developed).

Social Impediments: Tourism is big business and vital to the future well being of this state’s economy, however the public perception of tourism as an industry does not match this level of importance. The media only comment on tourism when there is a downturn or some significant event, portraying the negative (Comm. Games = “empty hotels”, Grand Prix = “community discontent”), thus influencing popular opinion. The community view of tourism is one of a ‘cottage industry’, with lots of disconnected small players, there is no perception of how these businesses both small and large when aggregated become a major contributor to the state wellbeing, as an equal of manufacturing and agriculture.

Tourism Victoria: The structure of Tourism Victoria is by its very nature inhibiting sound regional decision making. TV’s entire Victorian based resources are housed in the one building; this creates an ivory tower mentality, and a perceived lack of connection of how things actually work in the regions. The human resources applied by TV to manage regional areas, though hard working and well intentioned, are generally junior staff with little applied knowledge of hands on tourism. The application of financial resources are very prescriptive and do not allow scope for dynamic decision making in the regions, many of the best ideas whither on the vine, because they fall outside the formula approved by TV.

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

We believe there needs to be a fundamental shift in marketing focus from brand marketing and establishment to tactical conversion at the highest levels. Tourism marketing within Australia and specifically within Victoria has been focused on building consumer awareness through brand campaigns. These campaigns have been highly successful, winning many awards for creative excellence, and creating positive sentiment and recognition of the destinations (eg: Melbourne, Yarra Valley etc). To date there have been no broad tactical or fulfilment campaigns to “cash in” on the great exposure created by these sensational ads. All tactical initiatives are undertaken at RTO or Campaign Committee level. Though well intentioned and often based on brilliant concepts most of these campaigns struggle to gain any real traction in the marketplace because of the limited funding resources available to these organisations. The industry is crying out for conversion, to begin the process of turning around a consistent trend of falling numbers, specifically intrastate and interstate visitors.

Emergency funding initiatives, especially those in response to the recent bushfires in various parts of the state, and the broad impact of the current drought are essential to the short and long term viability of many rural and regional businesses. It is our position that these funding programmes, whether they be one off or ongoing, must come from ‘new’ money, not from
funds that are already promised to industry. We shouldn’t divert much needed resources earmarked to deliver core outcomes for the industry.

4) **Initiatives to increase both international and domestic visitor nights in regional Victoria**

Technology will play a large role in the future sustainability and growth of the Victorian tourism industry. There is a distinct lack of cohesion on a state level when it comes to providing the consumer a single platform to convert interest into bookings. The official Tourism Victoria websites visitvictoria.com and visitmelbourne.com offer no capacity to book product. This is certainly a concern, as almost all branding and state endorsed tactical campaigns use the web site as the call to action. Another technology driven initiative would be to use the internet to connect all accredited Visitor Information Centres across the state, this will allow a greater ability to share information. It would also provide a very strong network of potential booking agencies, both within the respective tourism regions and across the whole state.

It is pleasing to note the term used in this section is to ‘increase visitor nights’, this is a shift from the industry preoccupation with visitor numbers. However we need to change the thinking even more to the following mindset, nights are more important than visitors, and dollars are more important than nights. The most effective approach to guaranteeing a sustainable industry future is to concentrate on growing yield.

The state government need to begin the process of addressing market failure, with most indices showing a steady downturn over the years post 2000. This downturn is far more wide reaching and is prevalent throughout Australia and many Western tourism destinations. Key initiatives for the future sustainability of tourism in Victoria will need to focus on both the demand and supply side of tourism provision. We need to aggressively promote the state as a destination of choice, in national and international markets, concentrating on conversion and yield. This demand process must not be done in isolation, as the state reputation will be judged on our ability to deliver exceptional tourism experiences, in the context of each region. To make good on these promises we need to encourage intelligent, sensitive development of key infrastructure.

5) **The efficacy of existing mechanisms at a National, State and local level to address the impact on regional tourism of bushfires, floods, drought, and effective measures to drive long term economic recovery**

The government is to be acknowledged for the timeliness and scale of the response to shore up struggling communities affected by these serious natural events and disasters. This region has, thankfully been largely untouched by such events. We will leave it to those more closely affected to provide hands on feedback.

One area that should remain in focus is those businesses and industry sectors that, though not directly affected by the disaster, still suffer long term sustainable issues because of the impact on those around them. The dredging of Port Phillip Bay is an example of a government policy having a profound impact on the long term livelihood of many operators in the diving
and fishing industries. This policy of dredging (we won’t argue the relative economic benefits here), is likely to decimate the businesses of many charter operators, for a period of twelve to eighteen months, many of these operators will be driven from the industry. The timing of the dredging is unfortunate as there is very likely going to be an increased need for servicing this tourism market once the HMAS Canberra is in place off Barwon Heads, this will prove problematic as the very infrastructure and those providing it may have left the industry.

6) **Opportunities to leverage private investment and commercial activity in regional tourism infrastructure, including ecotourism**

There are significant issues which limit the opportunities to leverage private investment that are acting as a barrier to the successful engagement of private sector equity, particularly on the public estate. The first of which is the length of tenure, we must move to sixty year plus, leases this will then create a greater level of surety and provide a more attractive timeframe to ensure return on the level of investment. Similarly those businesses which operate out of state and national parks, such as tour operators etc, also require longer levels of surety to allow them to engage with the inbound and wholesale travel trade. Licences of 10 plus years should be considered and implemented as standard practice for businesses operating in these areas. With this increased tenure would come the opportunity to insist on best practice models to guarantee the most appropriate environmental outcomes for the land.

The land management agencies themselves are now becoming a competitor to private investors. This, of course is driven by a need to generate revenue in a bid to sustain their own organisations. Opportunities exist to create greater partnerships with educational institutions, private investors and land management agencies.

The State planning scheme, specifically the new rural zones remain a barrier to attracting private investment. This could be overcome if a true whole of government approach was initiated, through changes to the planning scheme combined with active investment facilitation, involving

**Conclusion**

In closing, we welcome this Parliamentary Committee’s interest in looking at the regional and rural implications of tourism. Tourism is not a peripheral industry and should not be treated so, it is equal to other major industries such as manufacturing and agriculture. In fact it has stronger prospects to grow than many traditional industry sectors; this potential needs to be recognised and appropriate resources applied to foster tourism in the face of increasing national and global competition.

In the Great Ocean Road we have recorded tourism expenditure figures in excess of $1 Billion, this amount signifies the importance of the industry to local and regional economies. Tourism is also the only industry sector to pay GST on export dollars generated.

I look forward to discussing the merits of our submission in either an open forum or with direct one to one sessions, as the committee see appropriate.
Regards,

Roger Grant
Executive Director
Geelong Otway Tourism