Submission no. 91

Friday, June 29, 2007

Submission to the Rural and Regional Services Development Committee
Inquiry into Tourism

Submission from Australian Alpine Enterprises Pty Ltd

MFS Living and Leisure Group is a listed leisure trust that own and operate a range of premier leisure attractions in some of the world’s most spectacular settings. They are a leader in the worldwide leisure industry and are committed to offering naturally inspiring experiences at all of their leading attractions.

In Victoria – Australia MFS Living and Leisure Group own and operate the following tourism assets:

Australian Alpine Enterprises Pty Ltd - the owner and operators of the Ski Lifting and associated businesses conducted at the Mount Hotham and Falls Creek resorts in Victoria. These resorts are situated within Victoria’s High Country tourism area.

Oceanis Aquariums - one of the world’s largest aquarium owners and operators. Oceanis owns and operates the aquarium in Melbourne which is one of Melbourne’s premier tourist attractions.

Otway Fly Treetop Walk - is perched high in the rainforest tree tops of Victoria’s Otway Ranges and provides a unique walk within the canopy of the exquisitely beautiful beech myrtle forest. The Fly is 600 metres long and has an elevation of 25 metres. It is located in the Otway – Geelong Tourism area.

In making this submission we understand that the terms of reference are to be addressed.

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

Tourism is of great importance to the Victorian Economy and is of high social and economic importance to communities in Victoria.

During the 2005 winter season, the Hotham and Falls Creek winter resorts generated an additional $106 million gross regional product for the Alpine Shire. This is 20% of the Alpine Shire’s gross product. Total annual equivalent employment opportunities were 1,375 or 21% of the Shire’s total employment.
Nationally, total net additional taxation revenue generated from the Alpine Resorts in Australia will be approximately $106 million from direct taxes and $54 million from indirect taxes giving a total of $160 million in taxes to government. The New South Wales Government receiving an additional $37 million from its own taxes and its share of GST revenue. The Victorian Government alone will receive an additional $22 million (source: The Economic Significance of Australian Alpine Resorts)

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

Supporting the development of the tourism industry requires a different approach to those of other sectors.

Some of the issues are:

- Disjointed and politically pragmatic marketing activities that are not consumer focused
- Unsustainable development of tourism infrastructure;
- Significant barriers to investment by developers in tourism infrastructure;
- Lack of consideration for the needs and interests of community in the development of the industry;
- Under funding of Regional and State Tourism Bodies.

Industry and product development opportunities when identified often require direct support from government to effect implementation of these opportunities. This support is critical to sustainable growth of the tourism sector in regional and rural areas. Industry itself needs to work collaboratively and collectively to grow these markets.

The Victorian Government in its 10 year Tourism and Events Industry Strategy released in October 2006 identified the need for a whole of government approach to grow the Tourism and Event market. The strategy seeks to:

- Improve understanding across government of the importance of tourism and events to the State’s economy
- Provide greater certainty for the industry, with clearly articulated long-term strategic directions and performance measures;
- Improve strategy development and enhance the provision of policy advice to the Minister for Tourism;
• Improve Government and Industry decision making about tourism infrastructure and investment; and
• Ensure that tourism and events agencies have good reporting mechanisms and operate as part of an effective strategic framework.

The paper states that a Victorian Tourism and Events Advisory Council and a Tourism and Events Strategy and Policy Unit will be established to ensure that the focus is genuinely whole-of-government. We encourage this initiative.

Successful destinations invariably have good industry leadership and supportive local government. It is important that proactive LGAs and Regional Tourism Associations are supported by State Government.

3. **The effectiveness – at a National, State and Local level – of current programs to promote and enhance tourism in regional Victoria;**

Tourism Victoria’s Regional Marketing Program is a good initiative and the increase in funding for this program for 2007-2008 is welcomed. This program which now has a two year cycle will give certainty to the Regional Campaign Committees and allow marketing plans to be created and implemented over a more sustainable time-frame.

Tourism Victoria has also had some success with the roll out of brand campaigns into Regional and Rural Victorian. Campaigns which have had major funding allocated to them such as The Yarra Valley campaign have been highly successful whereas other brand campaigns with limited funding behind them have had good initial impact but limited long term response. The Yarra campaign has proven that where adequate funding for brand campaigns is allowed, these regions have a long term benefit in increased visitation and recognition.

Industry Development and Destination Management & Development Planning have limited access to funding opportunities through the Victorian Government; and considering the whole of government approach outlined in the 10 year strategy, there needs to be considered investment in these areas throughout regional Victoria.

While State Government has adopted a whole of Government approach to development of tourism – we need to encourage greater integration of programs particularly between Regional Development Victoria, Tourism Victoria, Parks Victoria and Department Sustainability and Environment.

Greater integration is needed between National, State, Regional and Local activities, to reduce duplication of effort, improve role clarity and build on the good work done to date.
4. **Initiatives to increase both international and domestic visitor nights in regional Victoria;**

While it is recognized that research indicates growth in tourism is likely to come from international visitation in the next ten years, it is critical that the domestic market is not ignored during this time.

New Zealand is very active in the Australian marketplace with its 100% Pure campaign – in direct competition with our Nature Based tourism initiatives. It is recognized that International Visitors bring value in terms of additional usage of our international airports and significant benefits to Melbourne and areas within 1.5 – 2 hours drive from Melbourne, however other parts of regional and rural Victoria are limited in infrastructure, product and funding to attract these guests in significant numbers.

Our domestic visitation seems to be suffering from our export of travelers to Australia’s nearest competitive overseas destination. It is imperative that programs are put in place to stop some of the outflow of the tourism dollar to destinations that are doing an excellent job of marketing in our own backyard.

The New Zealand campaigns are heavily subsidized by the New Zealand Government and our domestic visitors are flowing out of Australia and becoming international visitors to NZ. To counteract this out flux, greater investment is required by business and government to reinforce the enjoyment & sense of patriotism of being a tourist in your own backyard.

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.**

The North East has suffered two significant bushfire events in the past four seasons. In 2002-2003 the fires significantly affected some 1100 tourism operators in the both the North East and Gippsland regions. Whilst the Victorian Government provided a package of some $2million to assist in the region’s recovery, the significant decrease in tourist revenue experienced by some of the businesses made recovery impossible.

In the recent bushfires of 2006/2007, the tourism Sector in the North East was again badly affected during the important Christmas/January holiday period. It is recognized that we do not want tourists in danger during these periods; however, the flow-on effect of the Premier and Deputy Premier advising people not to travel to the Alpine areas during this period had a longer term effect than was necessary.
It is difficult to quantify the cost to the tourism industry in the area during these fires without substantial quantitative research; however, research conducted by the ASAA and ARCC into the economic significance of the Alpine Resorts in Australia indicates that almost $144million dollars can be attributed to the Alpine Resorts in a normal summer season.

We need to develop an effective methodology by which we can measure the impact of natural disasters on tourism sector. The losses felt by the sector during the 2006 – 7 Great Divide Fires were difficult to quantify despite numerous surveys.

The inability of Government (at all levels) to provide short term support to assist operators with cash flow was highlighted as a significant issue for businesses who were affected by the fires.

Land managers, emergency services and the tourism sector worked collectively during the most recent natural disaster to produce a significant improvement on previous campaigns. This is in no doubt due to the efforts of all and particularly the Bushfire Taskforce headed by Bruce Esplin. Communication was very much improved during the 2006/07 fires however there is still a need to examine how we can achieve greater structural integration in public relations activities.

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

It is critical that we create an environment that supports increased sustainable investment in Regional and Rural areas of Victoria.

Public Land Managers need more flexibility in offering longer leases on Crown Land.

The process for investment in rural and regional areas must be streamlined. We need to regulate investment, in a way that supports sustainable development – in short make it easier for investors to spend their money in our regions.

At the same time we need to ensure that our key product strengths are not undermined by weak planning processes or unsustainable development.