BIGGEST ISSUE FOR REGIONAL TOURISM

LEADERSHIP AND MANAGEMENT

If a political party loses favour with the electorate, this leads to a review of the leadership and management.

If a football team underperforms and comes under the notice of supporters and the media, this leads to a review of the leadership and management.

If a company on the Australian Stock Exchange underperforms causing an adverse reaction from shareholders and the media, this leads to a review of the leadership and management.

In fact, with any organisation that fails to deliver anticipated results, it is standard practice to first review the performance of the leadership and management.

It would seem appropriate for the Parliamentary Inquiry to examine the leadership and management of Victoria’s tourism industry which has been under-performing over recent years.

This is the first of a series of submissions produced by Advance Tourism about the impacts on the commercial performance of Victoria’s tourism industry, particularly in regions.

Why have these submissions been prepared?
These submissions arose from concern for the depressed trading circumstances over recent years for large numbers of tourism businesses in communities across regional Victoria and the many Victorians who rely on these businesses for their livelihood.

A fundamental for any commercial industry or business is that when results slip, steps are taken to launch counter-measures. This can be increased marketing activities, tapping into new markets or other initiatives. But the State Government which provides leadership and management for the industry, has not initiated measures to combat the downturn or the tough competitive environment that Victoria faces interstate.

These submissions examine the issues which have been, and still continue, to limit the commercial performance of the Victorian tourism industry, especially in regions.

Importance of leadership and management
During the Parliamentary Inquiry, many and varied issues will be raised by the industry. It can be expected that most issues will be directly affected by the quality of leadership.
and management of the industry at state and regional levels. In this regard, serious deficiencies exist and it is essential they be addressed.

Without significant changes to leadership and management arrangements, it is hard to see any real improvement for the commercial performance of regional tourism.

**What is the author's background for these submissions**

Each submission has been prepared by Norm White, Advance Tourism, who has had a lifetime career in tourism as well as a successful Army Reserve career.

Norm’s extensive tourism experience across Australia includes

- Senior executive appointments
- Strategic tourism planning
- Strategic tourism business management experience
- Strategic tourism marketing experience
- Operational experience at all levels and involved with many facets of industry operations
- Is very informed about modern trends as they impact on the tourism industry
- Successful consultancy practice specialising in regional tourism throughout all states of Australia
- Association with all state tourism organisations for over 40 years
  - Travelled extensively in Australia
- Visited 23 countries around the world, many on business
- Being honoured by the Tasmanian Government for his contribution to the Tasmanian tourism industry

Norm has also been associated with a range of tourism industry achievements with many still continuing after many years.

In the Victorian tourism industry, it is believed there is no-one better positioned to comment on the factors influencing the commercial performance of Victoria’s tourism industry particularly regional tourism.

Away from the tourism industry Norm has also been successful in other fields.

Enclosed are further details.
REGIONAL TOURISM NOT COMPETITIVE MARKETING

A constraint on regional Victoria’s tourism marketing are the misunderstandings which exist particularly between the public and private sectors and between professional marketers and others.

Enclosed is a paper which describes “marketing” as having four functions. This is a definition extracted from that paper

**MARKETING** The complex, interrelated series of activities involved in creating products and services, promoting their existence and attributes, and making them physically available to identified target buyers. Marketing is comprised of four distinct processes:

1. Developing the product or service
2. Establishing a price for it
3. Communicating information about it through various direct and indirect communications channels; and
4. Coordinating distribution to ensure product accessibility by target buyers.

**Purpose of this Submission**

This submission is being made for these reasons

1. Across Victoria there are different views as to what “Marketing” means, and
2. The submissions being made by Advance Tourism are all based on the definition shown above and explained further in the enclosed Tourism Reference Paper soon to be released around Australia

Victorian Tourism results are suffering from too interpretations.

**What is needed**

A need exists for a common understanding of what marketing entails to overcome difficulties being caused by different industry sectors having different interpretations.

**Current situation**

Around the State there are a variety of interpretations about the meaning of the word “marketing.” Some involved in Victorian tourism perceive that “marketing” is only about promotional activities that are not linked to converting interest of prospective customers into bookings (business for tourism enterprises). Promotional activities in this context means advertising, promotions, publicity and producing brochures.
Some believe that advertising, promotions and brochures is “marketing.” These are only market communication functions.

Some believe “marketing” is a modern word for promotion but, in fact, promotion is one of the functions of marketing as the enclosed diagram shows.

Some believe that “marketing” is just advertising, promotions, publicity and brochures. As a result many “marketing programs” are only promotional programs.

As a general rule if a marketing plan or a marketing strategy is not tied to a mechanism to deliver sales/bookings/business for the marketing funds employed then it is not marketing.

The word “marketing” comes from the word “market” which means:
- A group of potential buyers which could be backpackers, grey nomads, families etc.
- A geographical location where buyers reside, such as Ballarat, South-east Queensland, New Zealand etc.

“Marketing” is about business transactions. Any tourism activity that is not linked to securing patrons for businesses is not marketing.

Awareness campaigns without links to customers actually buying product are only promotional activities, not marketing. “Marketing” is not “marketing until there are products in the market and easy for customers to buy.
REGIONAL TOURISM NOT COMPETITIVE INTERSTATE

Parliamentary Inquiry Members

Lack of marketing interstate

This submission lists some of the major marketing campaigns by Victoria’s competitors in Victoria’s key markets interstate. While the Government gives other reasons for the downturn on regional tourism, it is hard to stimulate demand if there are no major campaigns being mounted by Victoria in those key markets.

Another point to note is that many of these campaigns are regional campaigns – not state campaigns.

The Government policy of “promoting” the state and not ‘marketing’ regions has not been successful for two reasons:
1. There are no significant campaigns for regions, only for Melbourne, and
2. The Campaign Committees structure means regions don’t have the capacity to engage in such sophisticated activities.

REGIONAL TOURISM RESULTS ARE DOWN BECAUSE THE VICTORIAN GOVERNMENT HAS NOT
• MATCHED COMPETITOR CAMPAIGNS IN VICTORIA’S KEY MARKETS
• NOR INITIATED ANY PROGRAMS TO BOOST DEMAND

How can the Government say domestic tourism is flat when there is no Victorian presence in interstate markets?

Why are there no competitive marketing campaigns (not just promotional activities) interstate to counter loss of business from key markets?

How can regional Victoria compete and grow visitors numbers when there is no presence in interstate markets?
REGIONAL TOURISM NOT COMPETITIVE INTERSTATE

In interstate markets, Victorian regional tourism is being out-gunned by the competition. A summary of some of the competition is shown below. It must be emphasised that this is only some of the competition which comes in many forms today.

Most significant is that other states are marketing (not promoting) their regions. Regional Victoria has a nil score in this regard. While other states have initiated major campaigns to boost visits for specific regional destinations, no Victorian region has been so fortunate.

Last year, the Victorian Government spent $12.4 million promoting (not marketing) Melbourne after the Commonwealth Games. It is doubtful that taxpayers got much return on their investment for this campaign. The Victorian Government will be unable to show any results because there was no way of generating measurable business from the campaign. In the modern era, no state can afford to spend $12.4 on tourism promotion unless it is linked to delivering business. Also this campaign had no association with regional Victoria.

COMPETITOR CAMPAIGNS

The Greater Sydney area (Newcastle – Wollongong population: 5,238,590) is the biggest market in Australia for leisure travel. It is also the most competitive market and Victoria’s largest source of interstate visitors.

What should not be overlooked is that a very large percentage of overseas leisure travellers enter Australia through Sydney with only bookings for their first few nights. Upon arrival in Sydney, they then start deciding their travel plans in Australia and begin booking ahead.

Shown below is a list of significant destination campaigns in recent times in the Sydney market. Many also have activities in Melbourne and other capital cities.

Supplied with this submission are a number of enclosures as listed below

| STATE CAMPAIGNS | |
|-----------------|-----------------|-----------------|-----------------|
| Western Australia | £3.5 mill | Tourism WA “Real Thing” campaign Mar-Jun 2005 – focussed on attractions in North. Continued in 2006. In 2007, this campaign has been changed to feature Perth and Margaret River. | Image campaign • No product • No industry partners |
| Queensland | £6.5 mill | Tourism Queensland Jan-Jan 2007. An innovative campaign including consumer competitions and special website. | Brand campaign • No product • No industry partners |
| Tasmania | | Tourism Tasmania Autumn 2007 Major campaign including priced product. Extensive media schedule including special 32 page magazine in Sydney Daily Telegraph. | Cooperative campaign with Industry. See Enclosure 3-1 |

<p>| REGIONAL CAMPAIGNS | |
|-----------------|-----------------|-----------------|-----------------|
| North Queensland | £1.4 mill | Tourism Tropical North Queensland. Major campaign in Australia and overseas March 2007 to lead with new branding “Change your Latitude” | See Enclosure 3-2 |</p>
<table>
<thead>
<tr>
<th>Region</th>
<th>Tourism Industry</th>
<th>Campaign Details</th>
<th>Integrated Campaign Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whitsundays</td>
<td>Tourism Whitsundays</td>
<td>Major campaign 2006 to launch with new &quot;74 Islands&quot; branding.</td>
<td>Integrated campaign with industry partners and product offers.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>See Enclosure 3-3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>See Enclosure 3-12 page 9.</td>
</tr>
<tr>
<td>Mackay</td>
<td>Tourism Mackay</td>
<td>Major campaign in Sydney 2006.</td>
<td>Integrated campaign with industry partners and product offers.</td>
</tr>
<tr>
<td>$500,000</td>
<td></td>
<td>In 2007 major campaign extended to include regional NSW.</td>
<td></td>
</tr>
<tr>
<td>Hervey Bay</td>
<td>Hervey Bay Tourism</td>
<td>Major campaign in Sydney 2006 to launch direct flights to new airport at Hervey Bay</td>
<td>Integrated campaign with industry partners and product offers.</td>
</tr>
<tr>
<td>$500,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fraser Coast</td>
<td>Fraser Coast Tourism</td>
<td>Major campaigns 2005 and 2006 in Sydney.</td>
<td></td>
</tr>
<tr>
<td>Gold Coast</td>
<td>Gold Coast Tourism</td>
<td>Very GC Campaign began May 2006 and is ongoing in 2007.</td>
<td>Integrated campaign with industry partners and product offers.</td>
</tr>
<tr>
<td>$4 mill</td>
<td></td>
<td></td>
<td>See Enclosures 3-4, 3-5, 3-6</td>
</tr>
<tr>
<td>NSW North Coast</td>
<td>Tourism NSW, RTO and Jetstar</td>
<td>Heavy media schedule in Brisbane, Sydney, Melbourne and Adelaide to attract visitors to NSW North Coast. April-June 2007</td>
<td>Integrated campaign with industry partners and product offers.</td>
</tr>
<tr>
<td>$1.5 mill</td>
<td></td>
<td></td>
<td>See Enclosures 3-7, 3-8</td>
</tr>
<tr>
<td>Murray River</td>
<td>Tourism NSW, Tourism Victoria and RTO</td>
<td>Campaign targets Sydney, Melbourne and NZ markets.</td>
<td>Campaign with industry partners and product offers</td>
</tr>
<tr>
<td>$750,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Top End</td>
<td>Tourism NT and RTO</td>
<td>VibraNT campaign Oct-Dec 2006 to boost demand in Sydney and Melbourne market for the Summer (wet season)</td>
<td>Image campaign with product</td>
</tr>
<tr>
<td>$1 million</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kakadu</td>
<td>Tourism NT Campaign</td>
<td>Jan-Mar 2007 to boost demand for Kakadu from southern and overseas markets.</td>
<td>Integrated campaign with industry partners and product offers.</td>
</tr>
<tr>
<td>$1.5 mill</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central Australia</td>
<td>Tourism NT and RTO plus $600,000 in product and pricing support from industry.</td>
<td>Campaign ran from Mar-May 2007</td>
<td></td>
</tr>
<tr>
<td>$1.5 million plus $600,000 industry cooperation.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OFF-SHORE CAMPAIGNS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Caledonia</td>
<td>Tourism New Caledonia launched an Australian based strategy in 2005 with an Australian market website, trade support being given priority, and innovative merchandising used.</td>
<td>Integrated campaign with industry partners and product offers.</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>See Enclosure 3-9</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>See Enclosure 3-12 page 17</td>
</tr>
<tr>
<td>Norfolk Island</td>
<td>Tourism Norfolk Island has had very effective</td>
<td></td>
<td>Integrated campaign</td>
</tr>
</tbody>
</table>

**Advance Tourism**
<table>
<thead>
<tr>
<th>Submission 3 – Regional tourism not competitive - Interstate</th>
</tr>
</thead>
<tbody>
<tr>
<td>$500,000 Campaign soon.</td>
</tr>
<tr>
<td>strategies in East Coast market, particularly Sydney, 2006 and 2007.</td>
</tr>
<tr>
<td>For the launch of newly introduced flights between Newcastle and Norfolk Island, a very successful campaign mounted in markets surrounding Newcastle. As a result they have had a response beyond expectation.</td>
</tr>
<tr>
<td>Norfolk Island is planning a $500,000 campaign starting in June or July to win more Greater Sydney travellers to Norfolk Island.</td>
</tr>
<tr>
<td>with industry partners and product offers.</td>
</tr>
<tr>
<td>New Zealand $6 mill</td>
</tr>
<tr>
<td>Tourism New Zealand launched its $6 million “Whats’ On” Campaign in 2006 succeeding the very successful $3million 100% pure campaign.</td>
</tr>
<tr>
<td>The “Whats’ On” campaign is being supported by New Zealand RTOs.</td>
</tr>
<tr>
<td>Cooperative campaign with industry and product offers</td>
</tr>
<tr>
<td>See Enclosure 3-10</td>
</tr>
<tr>
<td>See Enclosure 3-12</td>
</tr>
<tr>
<td>See Enclosure 13</td>
</tr>
<tr>
<td>CRUISES</td>
</tr>
<tr>
<td>P&amp;O Cruises</td>
</tr>
<tr>
<td>Princess Cruises</td>
</tr>
<tr>
<td>Other cruises</td>
</tr>
<tr>
<td>Cruise ship companies, particularly P&amp;O and Princess Cruises spend large budgets each year constantly advertising their cruises. They are also very effective with the use of merchandising techniques to attract customers and trade support.</td>
</tr>
<tr>
<td>See Enclosures 3-12 pages 4 and 21</td>
</tr>
<tr>
<td>See Enclosure 13</td>
</tr>
<tr>
<td>NEW SOUTH WALES MEDIA</td>
</tr>
<tr>
<td>There is a wide variety of media in Sydney being used for marketing and selling tourism destinations and products.</td>
</tr>
<tr>
<td>Competition is intense. Enclosed with this submission are copies of Sydney newspapers with readerships as follows:</td>
</tr>
<tr>
<td>Sat Sydney Morning Herald 1,176,000</td>
</tr>
<tr>
<td>Sun Herald 1,338,000</td>
</tr>
<tr>
<td>Sun Sunday Telegraph 1,773,000</td>
</tr>
<tr>
<td>Also the Weekend Australian which is circulated nationally has a readership of 814,000. (Source of above figures: Roy Morgan Research, Australian Bureau of Circulations).</td>
</tr>
<tr>
<td>It is very rare to see coverage for Victorian in these and other media. TV commercials promoting Melbourne are een from time to time but no TV coverage for regional Victoria.</td>
</tr>
<tr>
<td>AUSTRALIA’S AIRLINES</td>
</tr>
<tr>
<td>Qantas, Virgin Blue, Jetstar</td>
</tr>
<tr>
<td>These Australian Airlines are now marketing their overseas routes in addition to marketing domestic destinations, often in the same print adverts.</td>
</tr>
<tr>
<td>Some of their price driven campaigns for overseas destinations are making outbound travel appealing to Australians.</td>
</tr>
<tr>
<td>See Enclosure 12 - pages 7, 11 and 26</td>
</tr>
<tr>
<td>SPECIAL PROMOTIONS</td>
</tr>
<tr>
<td>Book Out Australia initiative</td>
</tr>
<tr>
<td>Tourism Australia launched an extensive advertising campaign in advance of the release of “Book Out Australia”, a 48 page booklet through 9 Melbourne and Sydney newspapers and other publications last Australia Day Queensland and other states were well</td>
</tr>
<tr>
<td>See Enclosure 3-17</td>
</tr>
</tbody>
</table>
represented. Victoria had only 3 Melbourne City properties and Mt Buller included.

| Explore magazine March 25 | “20 Places to Touch Your Soul”, a 56 page magazine distributed in The Melbourne Age and Sydney Morning Herald. Destinations and product were displayed from all over Australia. Plenty of Queensland (including three full page adverts), NT, SA, Tasmania and other locations. Victoria’s only mention was The Strezlecki Ranges. | See Enclosure 3-18 |

**VICTORIAN CAMPAIGNS**
It seems the only Victorian campaign of significance has been the $12.4 million spent after the Commonwealth Games to promote Melbourne.

There have been no regional campaigns except $450,000 committed in NSW to attract adventure travellers to Gippsland.

The Murray River campaign was jointly funded by Tourism Victoria, Tourism NSW and the Federal Government.

**Most significant**
Most significant is that there have been no integrated, targeted, co-operative campaigns developed with regions (like Queensland and others) designed to drive customers into tourism businesses.

But Victoria cannot match the competition with integrated, targeted, co-operative marketing because:
- Tourism Victoria and RTOs do not have the skills and expertise to develop such programs, and
- Regional operations are not structured (like Queensland) to be able to secure the kind of support needed from industry stakeholders.

**FUTURE DEVELOPMENTS**
Known competitive pressures that Victoria can expect in interstate markets, particularly the Greater Sydney market are:
- Norfolk Island, $500,000 campaign.
- Hervey Bay is negotiating with Virgin Blue for direct flights from Melbourne. More competition for Victorian regions.
- Rotorua will have its airport extensions ready by October 2008 and will be attracting direct flights from Australia’s east coast.
- Tiger Airlines are soon to start flying in Australia making travel from Sydney and Melbourne to distant destinations more popular.
- The Malaysian based budget airline Air Asia is moving to operate direct flights between Melbourne or Adelaide to Kuala Lumpur

These all represent competitive pressures for Victorian regions.

**WHAT DOES VICTORIA HAVE TO DO?**
The following actions are considered necessary if Victoria is to become competitive

1. Make a commitment for a strong competitive presence in key markets interstate
2. Cease the practice of spending large sums on advertising that is not underpinned with marketing strategies designed to capture business for the private sector
3. A budget for competitive destination campaigns is needed on a continuing basis, not ad hoc activities

4. Acquire the skills and expertise in Tourism Victoria and regions to develop more competitive campaigns

5. Restructure regions to competitive standard

6. Develop stakeholder support with saleable product for competitive campaigns

7. Focus on building regional campaigns in interstate markets and not concentrating only on Melbourne.
REGIONAL TOURISM NOT COMPETITIVE
MARKETING SUPPORT

Parliamentary Inquiry Members

Regional tourism lacks marketing support

Submission 3 identifies that regional results are being penalised by the lack of marketing support in key markets.

This submission lists areas where Victoria is weak with supporting marketing which includes

- Poor coverage in wholesaler programs (largely due to State Government inactivity and a lack of “trade ready” product in regions),
- Lack of support from major retail travel agent chains. There is always far more Queensland product but little, if any, regional Victoria product,
- Unlike other states, no programs have been negotiated with Virgin Blue or Jetstar for regional product to be used to attract travellers onto their services to Melbourne
- No market development programs. These are essential in view of the depressed results and the tough competitive era,
- Merchandising skills need to be improved but there has been no program to address this need, and
- Little or no advice has been given to regions about dynamic pricing and dynamic packaging developments nor briefings about other technology impacting on regions.

REGIONAL TOURISM RESULTS ARE DOWN BECAUSE THE VICTORIAN GOVERNMENT HAS NOT INITIATED ANY OF THE ABOVE ACTIVITIES TO FIND MORE CUSTOMERS FOR REGIONS AND MATCH THE COMPETITION IN VICTORIA’S KEY MARKETS.

As the Victorian Government has assumed the role of managing regional marketing, why has there been no action with these important issues? They all offer business opportunities for regional Victoria?
REGIONAL TOURISM NOT COMPETITIVE
MARKETING SUPPORT

A severe weakness in regional tourism results across Victoria is that regions are at a serious competitive disadvantage with capital cities and regions around Australia.

There is a complete lack of initiatives to build marketing support for regions. The State Government feels it has no role in helping regions in the important areas of marketing support. But surely as the Government has assumed the leadership and management role for the industry including its commercial performance, it is the Government's responsibility to fulfil this function?

This submission covers the following:
• Wholesale programs
• Major retail travel agent chains
• Market development
• Merchandising
• Automated reservations, distribution and websites
• Scheme to assist regions with overseas markets.

WHOLESALE PROGRAMS

There are several wholesaler programs on offer in Australia. The following examples are typical of these programs:

Travelpoint holidays
Travelpoint offers holidays to all states. The Victorian brochure (52 pages) has:
• 4 pages Melbourne sightseeing
• 21 pages Melbourne product
• 5 pages Beyond Melbourne offering 16 products at Warrnambool, Lorne, Geelong, Werribee, Hepburn Springs, Daylesford, Yarra Valley, Walhalla and Mornington Peninsula
• 1 page of self drive touring itineraries
(see Enclosure 4-1)

Infinity Holidays
Infinity Holidays is the global in-house wholesale division for Flight Centre based in Brisbane.

Infinity offers holidays to all states. The Victorian brochure has 46 pages which offers:
• 4 pages Melbourne sightseeing
• 24 pages Melbourne
• 6 pages Beyond Melbourne products. 12 products at Yarra Valley, Mornington Peninsula, Walhalla, Grampians, Hepburn Springs, Lorne, Apollo Bay and Port Fairy
(see Enclosure 4-2)

Creative Holidays
Creative Holidays offers a worldwide program of holidays. Customers can choose from 15 destinations around the world on www.creativeholidays.com.

The Australian destinations on offer include 4 in regional Queensland, all capital cities, Broome and Darwin. No Victorian regional product is offered.

Message is simple
The situation above applies to all wholesale programs. The message is simple. Victorian regions are not included. Why? The most obvious reasons are:
• There is very little “trade ready” products available in regions.
• “Trade Ready” product includes having a modern competitive reservations service
• There seems to be no sales development activity like making approaches to wholesalers to get Victorian regional product into their programs
• There has been and still is no State Government strategy to address this problem.

In the meantime, as a result, regional Victoria is not competitive and losing customers.

MAJOR RETAIL TRAVEL AGENT CHAINS
There are several travel agent groups active in marketing travel programs. The following chains are being reviewed for this submission, although there are others. Even though “the web” is growing in commercial importance daily, these travel agents groups are still writing considerable domestic holiday business.

Flight Centre
This is Australia’s biggest travel service operation and also has offices in NZ and other overseas countries. Infinity Holidays (see above) is a subsidiary as are Escape Travel and Student Flights.

Flight Centre maintains consumer campaigns to drive customers into their sales outlets. They also stage a Travel Expo in February at each mainland capital city every year. In aggregate they write over $30 million alone from the Expos. Most of the $30 million is written in overseas travel but they do include domestic product, mostly Queensland.

Flight Centre is very active with merchandising. Enclosure 4-3 is a “Sale” promotional piece from a national campaign in September 2006. Victoria gets one mention with 6 Melbourne products.

Regional Victoria misses out again even on the Escape Travel “Hot Deals” page.

Escape Travel
This Flight Centre subsidiary specialises in leisure travel through its chain of 86 outlets around Australia.

Escape Travel produce a quarterly brochure “Escapes” (see Enclosure 4-4). It also issues promotional flyers from time to time but Victoria is rarely included, and then only Melbourne.

Harvey World Travel
Harvey World Travel (HWT) is another retail chain with travel offices throughout Australia. HWT is very active with both overseas and domestic travel. HWT is often a partner in integrated, targeted, co-operative programs as illustrated in the March / April 2007 edition of HWT Travel News (see Enclosure 4-5).

Several pages are allocated to the Tropical North Queensland “Latitude” Campaign with saleable product. The only Victorian product is at Hotham, Buller and Falls Creek.

Regional Victoria is missing out.
Regional Victoria product is missing out on these and other programs for the reasons stated above.

DOMESTIC AIRLINES
Unlike other states, there seems to have been no initiatives to enter into joint campaigns with Virgin Blue or Jetstar to offer travel to Melbourne and regions with Virgin Blue and Jetstar.

Both airlines are very interested in such initiatives if it will generate more customers for their services. Both airlines have subsidiaries keen to package product suitable for their airline businesses.
MARKET DEVELOPMENT

In any commercial business or operation, the need exists to constantly monitor markets and market segments because changes with customer interest and demand preferences. Lost business needs to be replaced. Expansion of the business needs more customers. In tourism this means more visitors.

The McDonalds fast food company built its reputation and chain of businesses on Big Macs and hamburgers. But market tastes changed significantly and demand declined. Now McDonalds are seeking to replace lost business with new diet-conscious food offerings.

Apart from the recent adventure tourism activity there has been a great lack of market development in Victoria for many years.

Market development is in two broad categories:
- New geographic markets
- New or emerging market segments.

New markets

Several new markets worthy of consideration at this time are:
- Adventure Tourism
- Newcastle and surrounding areas
- Wollongong
- Riverina and Canberra for Northern and North East regions
- Adelaide for Western Victoria
- WA market which is enjoying boom conditions, budget online services to the east and Mandurah, south of Perth, home to many retirees
- Education Tourism, an important source of overseas visitors with potential for regional Victoria

| Adventure Tourism | This market segment is fast growing in popularity in Australian and overseas markets. It is an important market segment to help give Victoria
|                  | • An exciting image and
|                  | • A tool to help combat outbound tourism.
|                  | What is needed is for the Government to publish a special strategy to
|                  | • Provide a positive direction forward for this important group of businesses
|                  | • Enable RTOs to support the market sector with tangible programs
|                  | • Permit the wider industry to be better informed and to be involved in business opportunities
| Newcastle         | The recent success of Norfolk Island flights from Newcastle confirms that residents in an arc from Central Coast through the Hunter to the North West and the North Coast are interested in flying out of Newcastle.
|                  | This is a large market already served daily from Melbourne by Virgin Blue and Jetstar.
|                  | A special strategy is needed to tap into this potential. It would help considerably if the State Government could publish a strategy containing a market report and plans to launch marketing activities in the region. It will probably be necessary to undertake market demand research to determine consumer tastes, interests and likely regional destinations with appeal.
| Wollongong        | This is another large market connected to Melbourne by daily air service. Again a special strategy is needed to open up this market. |
Riverina and Canberra | This market has long been known to find Victoria appealing particularly the North East and the Murray. A specific strategy is needed by the Government to help tap into the potential from these two markets.

Adelaide | This is a valuable market for Mildura and the western parts of Victoria particularly the Grampians. Again a specific strategy is needed by the Government to help tap into this market.

WA including Mandurah | The economy in WA is booming. Western Australians have long enjoyed coming to Victoria. With three airlines operating daily between the two states, Victoria should be pro-active in attracting more WA residents.

The Mandurah market south of Perth is WA’s fastest growing community, mainly retirees with the time and spend to come east. A special strategy is needed to win more of this business.

Educational Tourism | This market is extremely valuable to the Victorian tourism industry and the Victorian education industry. Enclosure 4-6 is a Tourism Reference Paper prepared by Advance Tourism and will be released nationally soon. It indicates the importance of this market for Melbourne and potential for regional dispersion by both the resident students and visiting friends and relatives from the students’ home country.

A special strategy is needed to capture more of the potential available.

For each of the markets nominated above, special strategies are needed. Advertising alone will not bring the visitors. Other marketing elements need to be carefully considered such as destinations, prices, distribution methods, market communication channels, etc. All need to be considered.

**MERCHANDISING SKILLS**

Victoria’s tourism industry is not showing the same merchandising skills of some of the state’s competitors. Tourism Queensland has successfully tried consumer competitions on a special website linked with consumer campaigns. In NZ, several RTOs have a display on their destination website where customers can book online with Air New Zealand, even Australians going to NZ. There are other e-marketing options at regional level such as use of special offers, and the list goes on.

There is no merchandising of this kind available in Victoria regions. There is a need to overhaul the state’s approach to merchandising at all levels including Tourism Victoria, regions and individual tourism businesses.

**Dynamic pricing and dynamic packaging**

These are two new emerging methods of generating business but Victoria does not seem to be informed about these developments. There seems to have been no attempts to inform the industry as to how they can use these developments for their businesses.

**AUTOMATED RESERVATIONS, DISTRIBUTION AND WEBSITES**

Vital tools for marketing success today. These issues are reviewed in later submissions.

**ASSISTANCE FOR REGIONAL BUSINESSES WITH OVERSEAS MARKETING**

Tourism Sunshine Coast has received a special grant of $68,000 from the Queensland Government to develop a great concept, titled the “Developing Export Ready Product” (DERP) Scheme. It is designed to assist local tourism businesses to enter the international market place. The aim of the scheme is to increase product distribution and
achieve measurable outcomes for the Sunshine Coast tourism industry. It is now operating.

In view of the State Government’s priority to build business from abroad and as regional Victoria is only seeing limited dispersal beyond Melbourne, this seems to be a good scheme to help regional Victoria. Perhaps a State Government grant could be provided to Tourism Alliance to develop such a program for all regions.
Lack of marketing for regional Victoria in NZ

Previous submissions show that for regional Victoria there is
- A lack of marketing campaigns interstate
- A lack of marketing support for Australian marketing.

This submission adds to the list
- A lack of marketing support in New Zealand.

With this submission are copies of wholesalers brochures obtained from New Zealand. They show a very low level of regional product. That which is included is most from tourism groups, like Peppers, who would have made approaches to the wholesalers.

TV commercials and other advertising in NZ seems only to promote Melbourne.

It is understood, statistics show that over 90% of NZ visitors are repeat business and they are looking for new destinations. This is consistent with anecdotal reports from other states.

With the falling visitor numbers in regions why is the Victorian Government not doing more to introduce regional products into the NZ market in view of
- The high return visit potential, and
- Winning more overseas visitors is a priority for the Government?
REGIONAL TOURISM NOT COMPETITIVE
- NEW ZEALAND

New Zealand is an important market for Victoria
Regrettably of the 230,000 NZ visitors who come to Victoria each year, few travel into regions.

New Zealand advertising is mainly Melbourne
Reports from NZ indicate that the only advertising, mostly TV commercials, is for Melbourne. It seems there have been no advertisements for regional Victoria, but there have been TV commercials for the Murray River region.

No Regional product in NZ programs
Not helping regional Victoria is that holiday programs promoted in NZ by Flight Centre, House of Travel and wholesalers offer very little product away from Melbourne. The main destinations offered are the Great Ocean Road, Yarra Valley and Daylesford/Hepburn Springs (see attachment for details).

Most of the product offered is part of accommodation chains. This indicates Tourism Victoria is not very active with strategies to build demand for regions. (see Enclosures 5-1 to 5-11 for copies of wholesalers brochures obtained from New Zealand).

Some regions trying
Some regions are trying to break into the NZ market. Houseboats on the Murray at Echuca Moama have long been popular.

The author knows the NZ market well and regions are unlikely to make much progress without a strategy which provides regions with tangible support to gain industry confidence but it must be ongoing.

Any strategy needs defined objectives with support like:
- ‘Trade ready’ product to be available to wholesalers and retailers
- Approaches to wholesalers to include regional product in their programs even if it means Tourism Victoria providing promotional support to wholesalers to gain their support
- Retail travel agents need to be better briefed and sales drives planned with State Government help to target Auckland, Hamilton, Wellington, Christchurch and Dunedin. Other local briefings for regional product could be arranged by Tourism Victoria’s NZ office in Auckland.
- A special brochure be developed by AIM Holidays similar to the Tourism WA initiative for Western Australian holidays (see Enclosure 5-12)

NZ visitors are repeat visitors
It is understood that over 90% of NZ visitors to Australia are repeat visitors. While Melbourne may appeal initially, they are always looking for other reasons to visit such as new destinations or new products. But the Victorian Government only promotes Melbourne to the NZ market and once the “been there, done that” syndrome cuts in, these visitors can be lost.

It is time for a new strategy for the NZ market based on making regional Victoria destinations being more appealing. To do this the NZ residents need to be aware and there must be easily purchased product available. The travel agency network or also needs to be won over.

A new approach to the NZ market by the Victorian Government can only be rewarding...
for both Melbourne (gateway city) and the regions.

**WHAT NEEDS TO BE DONE?**

1. “Trade ready” product identified and, where necessary, “trade ready” product developed

2. A special strategy developed by the State Government which briefs RTOs about how they can expand NZ demand

3. The State Government to produce TV commercials and press advertisements in NZ to support regional destinations with greatest appeal for that market

4. In NZ, special sales drives to be programmed to support the investment in advertising and other marketing costs by Government and regions.
NZ WHOLESALER PROGRAMS TO AUSTRALIA

New Zealand wholesaler programs are summarised below for Queensland and Victoria. Regional Victoria fares poorly.

<table>
<thead>
<tr>
<th>Wholesaler</th>
<th>Brochure name</th>
<th>Queensland</th>
<th>Melbourne</th>
<th>Regional Victoria</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No Pages</td>
<td>No pages</td>
<td>No pages</td>
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<tr>
<td>Flight Centre</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Queensland</td>
<td>72</td>
<td>Gold Coast</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sunshine Coast</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td>Whitsundays</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Qld islands</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Outback Qld</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>(All states except Queensland)</td>
<td>3</td>
<td>Sightseeing</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5</td>
<td>Accommodation</td>
<td></td>
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Flight Centre operates over 100 sales outlets throughout New Zealand and have their own program of Australian holidays in two brochures, one for Queensland alone.
<table>
<thead>
<tr>
<th>Wholesaler</th>
<th>Brochure name</th>
<th>Queensland</th>
<th>Melbourne</th>
<th>Regional Victoria</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>No Pages</td>
<td>No pages</td>
<td>No pages</td>
<td>No pages</td>
</tr>
<tr>
<td><strong>House of Travel</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(See below)</td>
<td>Queensland</td>
<td>112</td>
<td>Gold Coast to Cape</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tribulation incl 6 regions in between</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>112</td>
<td>All states except</td>
<td>2</td>
<td>Intro to Victoria</td>
</tr>
<tr>
<td></td>
<td>Queensland</td>
<td>2</td>
<td>Intro to Melbourne</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>Sightseeing</td>
<td>4</td>
<td>Great Southern Touring Route</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>Accommodation</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>No other regional product</td>
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</tbody>
</table>

House of Travel operates over 80 sales outlets throughout New Zealand and have their own program of Australian holidays in two brochures, one for Queensland alone.

<table>
<thead>
<tr>
<th>Wholesaler</th>
<th>Brochure name</th>
<th>Queensland</th>
<th>Melbourne</th>
<th>Regional Victoria</th>
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</thead>
<tbody>
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<td></td>
<td>No Pages</td>
<td>No pages</td>
<td>No pages</td>
<td>No pages</td>
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<tr>
<td><strong>Air New Zealand Holidays</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>33</td>
<td>All destinations</td>
<td>2</td>
<td>Melb introduction</td>
</tr>
<tr>
<td></td>
<td>from Gold Coast</td>
<td>1</td>
<td>Melb sightseeing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>to Port Douglas</td>
<td>3</td>
<td>Melb accom</td>
<td></td>
</tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>No regional product</td>
</tr>
</tbody>
</table>

Air New Zealand has its own network of sales offices and their program is also sold through travel agents across NZ
<table>
<thead>
<tr>
<th>Wholesaler</th>
<th>Brochure name</th>
<th>Queensland</th>
<th>Melbourne</th>
<th>Regional Victoria</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>No Pages</td>
<td>No Pages</td>
<td>No Pages</td>
</tr>
<tr>
<td>Gullivers</td>
<td>Gold Coast and</td>
<td>62</td>
<td>Sightseeing and accommodation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sunshine Coast</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tropical North Qld</td>
<td>42</td>
<td>Mostly accomm</td>
<td>Some sightseeing</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Melbourne and beyond</td>
<td>1</td>
<td>Welcome to</td>
<td>1 Yarra Valley</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Melbourne</td>
<td>2 Great Southern Touring Route</td>
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<td></td>
<td></td>
<td></td>
<td>2 Melb sightseeing</td>
<td>1 Mornington Peninsula</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>21 Melb accom</td>
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</table>

Gullivers is a wholesaler who sells their products through travel agents. Their Australian range of holidays covers all states, each with its own brochure.

<table>
<thead>
<tr>
<th>Wholesaler</th>
<th>Brochure name</th>
<th>Queensland</th>
<th>Melbourne</th>
<th>Regional Victoria</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>No Pages</td>
<td>No Pages</td>
<td>No Pages</td>
</tr>
<tr>
<td>Go Holidays</td>
<td>Melbourne and Beyond</td>
<td></td>
<td>Melbourne introduction</td>
<td>1 Yarra Valley</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2 Melbourne sightseeing</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>9 Melbourne accom</td>
<td></td>
</tr>
</tbody>
</table>

Go Holidays is a wholesaler only although within NZ does operate an online booking service for domestic and international travel. To view the NZ site go first to [www.google.co.nz](http://www.google.co.nz) and then Google from there.
<table>
<thead>
<tr>
<th>Wholesaler</th>
<th>Brochure name</th>
<th>Queensland</th>
<th>Melbourne</th>
<th>Regional Victoria</th>
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<tbody>
<tr>
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<tr>
<td>DTN Holidays</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td></td>
<td>1 Queensland</td>
<td>2 Great Southern Touring Route</td>
<td></td>
</tr>
<tr>
<td>Sunshine Explorer</td>
<td></td>
<td>2 Capital and Country Touring Route</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This wholesaler</td>
<td></td>
<td>1 Melbourne – Sydney Coastal Drive</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specialises in drive</td>
<td></td>
<td>1 Yarra Valley, Dandenong Ranges, Phillip Island, Mornington Peninsula</td>
<td></td>
<td></td>
</tr>
<tr>
<td>holidays</td>
<td></td>
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</table>

DTN other brochures are Sydney and New South Wales (12 pages) plus Canberra (6 pages)

**AIM Holidays**

AIM Holidays were chosen by Tourism WA to produce a special brochure “Western Australia – A real Australian holiday”. It has 40 pages of product for Perth and across all five regions.
Parliamentary Inquiry Members

No action to counter Outbound Tourism

Previous submissions show that for regional Victoria there is
- A lack of marketing campaigns interstate
- A lack of marketing support for Australian marketing
- A lack of marketing support in New Zealand.

This submission adds to the list
- A lack of any strategies to counter the loss of market share to Outbound Tourism

The State Government recognises that Victoria is losing visitors to the Outbound Market but has made no announcements about how this threat is to be addressed.

This Submission outlines what needs to happen to address the problem which is a serious threat to domestic tourism, particularly regional Victoria.

Victoria has good product to match the competition from overseas but our tourism industry has not developed the merchandising skills to match the competition. If Victoria gets its strategies right to combat Outbound Tourism, it will at the same time be getting its strategies together to make Victoria more appealing to Overseas markets and domestic visitors.

Regional visitor volumes are down but the Ten Year Plan does not seem to regard this issue as important. Why is the State Government taking no action to counter loss of business to Outbound Tourism?
VICTORIAN TOURISM NOT COMPETITIVE

OUTBOUND TOURISM

Regional tourism is suffering from a “double whammy”.

Not only is domestic tourism demand down but regional Victoria results are losing market share to outbound tourism.

Federal government report

The Federal Government’s agency, Tourism Research Australia (TRA), recently released an excellent research report “Changing consumer behaviour – Impact on the Australian domestic tourism market”. It is a 33 page report; chock full of valuable information for tourism businesses and tourism organisations. It can be downloaded free from www.tra.australia.com (Click on “Free Publications” then go to “Consultancy Series” and click on “Changing consumer behaviour 2.94 MB”)

Shown below are relevant extracts from this report

Domestic travel is in decline relative to overseas travel – outbound visitor nights increased by 29 per cent in the two years to the March quarter 2006, while domestic visitor nights declined 8 per cent over the same period

increasingly travel within Australia is seen as not travel at all.’

Travel is either about cultural and intellectual enrichment or bragging rights. Travel within Australia does not fill either of these needs

The habit of travelling is not being created in younger consumers. Families are travelling less and thus the current generation of Adltescents give holidays a lower purchasing priority than previous generations. This is compounded by the sense that marketing and existing product within Australia do not meet their needs. Long term this presents a significant challenge to the industry that is even greater than that posed by the current decline.

At different levels, most consumers feel that current tourism marketing efforts do not address their needs.

lack of targeted information makes them feel disinclined to travel which is critical to creating the new generation of consumers.

Travellers showed a desire for more factual information that would equip them to know what to do. Travel within Australia is seen as rather boring with long gaps between interesting things to do.

The perception is that there is no information available for Australian destinations. Although consumers perceive this to be the case, the fact is that most groups are just not seeing it, perhaps because they do not see themselves in the information that is available. A more targeted approach is required. Unless budgets for promoting domestic tourism can be dramatically increased this may mean a move away from mass marketing such as television campaigns.

The TRA report noted that Empty Nesters were the only consumers who really had the time or inclination to spend much time researching travel. The research showed that most travellers felt they needed quicker access to information and that the most frequently recommended means of delivering this was felt to be packages. These often need to be lead ins, with the option for add ons or customisation. Packages also create a sense of tangibility.

There was no perceived neutral source of information on travel for the whole of Australia that is structured around the way consumers want to process information. Visitor
information centres provide a plethora of information, but do not always recommend the best things to do. With spur of the moment purchasing decisions becoming more common, there is nowhere to go.

The report uncovered a feeling that there is a lack of activities and attractions product in Australia, relative to overseas.

The TRA report established that consumers clearly perceive packages ('bundling') as the best travel product from a financial perspective, and indicated that the most effective type of package would be one which could be ‘tailor made.’

Such bundling:

• Creates a sense of certainty about the experience and thus a form of tangibility. This in turn creates a sense of gratification that is more immediate.

• It also removes the pressure from those who are more financially stressed in that the amount of money to be spent is more certain. Even Empty Nesters who enjoyed doing research would welcome packages because it appeals to their “frugal” nature.

• It saves time again relieving pressure on consumers.

As the TRA report commented ‘it is important to note that such bundling would not make travel fully “tangible” but it would change the balance of advantage and thus encourage more people to select travel more often.’

Australians are searching for holidays that offer a significant contrast to everyday life, especially contrasts in the built environment, people and activities. It is the prospect of a temporary ‘new life’ that motivates them – not just in terms of places to see and things to do, but also in terms of learning, personal development and gaining genuine social and cultural insights.

Experiences that deliver a sense of exhilaration and vitality, whether through active adventure or passively acquiring new skills, are on the top of the wish list.

Relevance. The advertising of competitors both within travel and beyond it seems to speak to consumers needs better than much domestic travel advertising. For one thing, it seems more targeted on them as an individual. They recognise people like them, enjoying experiences that they want or experiencing emotional states they desire. This is especially true for Families and Adultescents who currently feel excluded by existing advertising. In the context of Australia, most current marketing efforts talk about travel, whereas this is not their mindset for activities within Australia.

There was strong evidence in much of the research on domestic travel that the domestic tourism industry is in strong competition with international tourism, with a large substitution effect evident between domestic and international holidays.

Bragging rights
One of the factors which influence Australians to choose overseas destinations is the “bragging rights” after their visit to exciting destinations. Some domestic destinations already have a degree of “bragging rights” like the Great Barrier Reef Islands, Port Douglas, Cape Tribulation, visiting El Questro, Barramundi fishing in the NT or the Kimberley, or touring the Gibb River Road in the Kimberley. These destinations enjoy “bragging rights” because over many years, much has been done to achieve a special status for these and other locations.

But where are the strategies developed for locations in Victoria which could enjoy “bragging rights” for visitors? About the only destination in Victoria that might enjoy this status currently is the Great Ocean Road.

Victoria needs destinations which are seen as competitive in this regard and Government strategies are essential to address the problem. Not only will this boost destination marketing for Melbourne and regional Victoria against outbound tourism but it will be a positive approach to counter falling visitor numbers.
Australian airlines
Adding to this situation are the three Australian airlines which all have international air routes out of Australia have effective marketing support for their foreign destinations including good promotional activities.

Further competition for tourism in regional Victoria.

New budget airlines
Tiger Airlines are expanding into Australia and will be offering new routes within Australia and on some overseas routes. More competition for domestic tourism.

AirAsia has announced plans to be the first budget carrier to operate between Australia and Malaysia starting from either Avalon or Adelaide going to Kuala Lumpur. There will be onward connections to other parts of Asia.

More competition for regional Victoria.

Appeal of regional Victoria
How does regional Victoria appeal to Australians contemplating some leisure travel? It is worth looking at what the competition is doing. Enclosed are the following

- Enclosure 6-1 Fiji brochure
- Enclosures 6-2 and 6-3 P&O brochure and folder
- Enclosure 6-4 Cruise Escapes brochure
- Enclosure 6-5 Jigsaw Gippsland brochure

These brochures illustrate the problem. The Fiji, P&O and Cruise Escapes brochures project a holiday which is vibrant, warm and friendly, lot’s of fun, energetic, romantic and colourful. There are lots of pics of young adults having a great time. Both Fiji and the cruise products are popular with outbound travellers for these reasons. The Cruise Escapes brochure presents an appealing story and uses modern merchandising techniques.

The Gippsland brochure, by comparison, is conservative, nice pics but they don’t excite, do not project any excitement, fun times or memorable experiences. But the Gippsland brochure is like many other regional Victoria brochures.

The Gippsland advertisement is the very kind of advertising which is the opposite to the very kind of advertising that the Federal Government report indicates should be avoided.

If Victoria is to create a new image for regional destinations, it needs to take note of the TRA research and replace the 1992 format still in place. The need of the 21st century is for an exciting format. Destination brochures need a major overhaul aimed at

- “Selling” not just providing information,
- Use better “merchandising” techniques for the destination, and
- Being cognisant of the business outcomes needed.

Market communication
Market communication methods used by Tourism Victoria and regions is little different today than 10-15 years ago. It lacks the excitement and other attributes mentioned in the TRA research report if regional destinations are to have more appeal.

A program is needed to help regions improve the merchandising of their destinations to both the domestic and outbound markets as indicated in the TRA research.

The current matter-of-fact approach needs modernising to a level equal to the competition.

Travel trade magazine insert
Enclosure 6-6 is Travel Weekly magazine supplement featuring an overseas destination. It is designed to make travel consultants get excited about the destination and carry this
enthusiasm through to their clients. It is first class standard. Victoria does not produce material to this high standard.

**Strategic plans needed**

So far there has been no concerted effort by the State Government to address this issue.

What is very concerning is the lack of any policy development being undertaken at present about this issue which is extremely important to the commercial performance of the private sector in regions.

Also the Victorian Government’s Ten Year Plan seems to write-off any possibility that the Bracks Government could be interested in addressing the issue. The Ten Year Plan is very focused on growing visitors from overseas without any plans to protect the base market provide by domestic tourism demand or to combat outbound tourism.

**WHAT NEEDS TO HAPPEN?**

This issue is so important because its threat to the commercial performance of regional tourism is very real. What is needed is an independent “Task Group” of strategic marketers that can operate quickly to

- Determine the issues that Victoria faces,
- Conduct necessary market demand research
- Consider the objectives of any new strategy which should be industry-wide
- Identify the business opportunities available
- Formulate a strategy. The strategy needs to be more than just an advertising program and address all levels of marketing by both the public and private sectors.

The Task Force should be required to examine in depth

- The types of customers being lost, where they are visiting and why they are going there
- Why Victoria is not appealing to these travellers
- What is needed to win back lost business for Victoria, both for Melbourne and for regions

Getting the strategy right is important if loss of market share outbound is to be arrested. It is very important for the future of regional tourism, in fact the whole of Victoria.

Once the strategy is finalised, the detailed strategy should go to all tourism organisations so they can embrace the new approach. An abridged version should be made available to all industry stakeholders throughout the state.

It is to be hoped that this commercial approach will be undertaken in conjunction with the industry and not be limited to bureaucratic processes.

**Marketing approach**

It is clear that using old philosophies to position Victoria as a desirable place to visit against the competition from off-shore locations is not working. The Task Group should be required to develop an entirely new approach for the whole of the industry.

With regard to the quality of market communication, this depends firstly on the quality of the client briefing. If the client is conservative, the agency is likely to produce conservative advertising. For this reason, any market communication briefs should be prepared by the Task Group.
Parliamentary Inquiry Members

No action taken to counter market forces

Previous submissions show that for regional Victoria there is

• A lack of marketing campaigns interstate
• A lack of marketing support for Australian marketing
• A lack of marketing support in New Zealand
• A lack of any strategies to counter the loss of market share to Outbound Tourism

This submission adds to the list

• A lack of any response to significant and important market forces including
  • Loss of market presence interstate
  • Tougher competition than ever before from interstate and off-shore
  • Airline commissions ceasing meaning a loss of travel agent support
  • A revolution in distribution channels which has opened up new sources of business but Victoria has not moved to benefit from them
  • Introduction of budget (low cost) airlines taking Australians further at less cost, a net negative for Victoria
  • Impact of the Internet and the resultant website problems caused by the State Website (see Submission 9)
  • Lack of introduction, after 7 years, of an online booking system for regional Victoria

THESE ARE FUNDAMENTAL COMMERCIAL IMPACTS THAT SHOULD HAVE BEEN ADDRESSED LONG AGO

Why has there been no reaction to these important developments by the Government after so many years? This is costing regional Victoria valuable business as the downturn indicates.
REGIONAL TOURISM NOT COMPETITIVE
MARKET FORCES

Since 1999, market forces have caused huge changes to tourism industry operations. Victoria’s responses have been too little, too slow or not at all and the private sector, especially regional Victoria, has had to unnecessarily forego millions and millions of dollars in lost revenue.

It needs to be kept in mind that Victorian tourism has to compete in other states, not just Victoria, if it is to secure visitors to our state. The Victorian tourism industry, both public and private sectors, pays far too little attention to what is happening interstate where our competitors are very active. These competitors, both from interstate and overseas are being allowed to pinch our customers (visitors) because Victoria is not being competitive.

REGIONAL RESULTS 1999-2006
Since 1999, regional tourism results for Victoria have been as follows

<table>
<thead>
<tr>
<th>Domestic overnight visitors (000’s)</th>
<th>1999</th>
<th>2002</th>
<th>2006</th>
<th>% Var 2006 cf 1999</th>
<th>% Var 2006 cf 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Melbourne</td>
<td>5,550</td>
<td>6,115</td>
<td>6,609</td>
<td>+10.2</td>
<td>+8.0</td>
</tr>
<tr>
<td>Regional Victoria</td>
<td>11,605</td>
<td>12,424</td>
<td>11,343</td>
<td>+7.0</td>
<td>-8.7</td>
</tr>
<tr>
<td>Daylesford/Macedon Ranges</td>
<td>430</td>
<td>473</td>
<td>427</td>
<td>+10.0</td>
<td>-9.7</td>
</tr>
<tr>
<td>Gippsland</td>
<td>1,474</td>
<td>1,686</td>
<td>1,625</td>
<td>+14.4</td>
<td>-3.6</td>
</tr>
<tr>
<td>Goldfields</td>
<td>1,262</td>
<td>1,430</td>
<td>1,315</td>
<td>+13.3</td>
<td>-8.0</td>
</tr>
<tr>
<td>Grampians</td>
<td>910</td>
<td>755</td>
<td>672</td>
<td>-17.0</td>
<td>-11.0</td>
</tr>
<tr>
<td>Great Ocean Road</td>
<td>2,508</td>
<td>2,876</td>
<td>2,503</td>
<td>+14.7</td>
<td>-13.0</td>
</tr>
<tr>
<td>Mornington Peninsula</td>
<td>1,198</td>
<td>988</td>
<td>1,028</td>
<td>-17.5</td>
<td>+4.0</td>
</tr>
<tr>
<td>Murray River</td>
<td>2,182</td>
<td>2,211</td>
<td>2,171</td>
<td>+1.3</td>
<td>-1.8</td>
</tr>
<tr>
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<td>711</td>
<td>772</td>
<td>684</td>
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<td>-11.4</td>
</tr>
<tr>
<td>High Country</td>
<td>976</td>
<td>1,090</td>
<td>1,016</td>
<td>+11.7</td>
<td>-6.8</td>
</tr>
<tr>
<td>Yarra Valley, Dandong Ranges</td>
<td>551</td>
<td>525</td>
<td>572</td>
<td>-4.7</td>
<td>+8.9</td>
</tr>
</tbody>
</table>

Until 2002, there was modest growth in most regions but by 2002, the impact of market forces was starting to be felt.

Between 2002 and 2006, regional tourism visitors were down 8.7%. All regions show a downturn except Mornington Peninsula and Yarra Valley/Dandong Ranges.

Great Ocean Road had the biggest fall of all being down 13.0%. Grampians (-11.0%) and Phillip Island (-11.4%) were both down.
MARKET FORCES
The market forces which have been major causes of the downturn in regional Victoria results were:

- Loss of market presence in major markets (see Submission 3)
- Tougher competition now faced, far more than ever before. (see Submissions 3 & 4).
- Impacts of airline industry operating environment changes
- Outbound tourism causing regional Victoria to lose business
- Huge changes with distribution channels
- Introduction of budget (low cost) airlines
- Domestic airline commissions ceased
- Impact of the internet
- Online booking systems have had an enormous impact
- Assistance for regions has not been forthcoming.

These market forces have been completely unprecedented and tourism businesses across regional Victoria have seen declining visitor numbers because the State Government and Tourism Victoria have missed business opportunity after business opportunity. Further details are shown below.

**Loss of market presence in major markets.** Various market forces now mean that Australian customers cannot obtain locally (where they reside) any information about Victorian destinations (except on the Internet). This is an immense problem.

*What should have happened?* The State Government should have initiated Government/industry discussions to assess the impacts and plan counter-measures.

*What did happen?* Nothing.

**Impacts of airline industry changes.** Subsequent to the collapse of Ansett Airlines and arrival of Virgin Blue Airlines, the whole operating environment for Victorian tourism has changed dramatically.

*What should have happened?* The Government should have initiated Government/industry discussions to assess the impacts and plan counter-measures.

*What did happen?* Nothing

**Tougher competition is now faced, far more than ever before**
Victoria has never before seen such competition from other states, nearby South Pacific and SE Asian destinations plus cruising. This is better resourced, more professional and more extensive. Victoria needs vigorous and constant marketing activities. Other states and NZ are certainly very active.

*What should have happened?* Victoria should have matched this competition which is diverting many visitors away from our state.

*What did happen?* Nothing. Victoria’s activities have been too little and the few campaigns developed are mainly generic advertising and do not include saleable priced product. Nor are they integrated, targeted cooperative campaigns with the industry like the competition.

**Domestic airline commissions ceased.** A great blow to Victoria’s market presence in major markets was the decision of all three Australian airlines to no longer pay commissions to travel agents. Virtually, overnight, 4677 travel agents around Australia switched from promoting domestic tourism to focusing more on getting business growth by promoting overseas travel more vigorously to Australians.
What should have happened? The State Government should have initiated Government/industry discussions to assess the impacts and plan counter-measures.

What did happen? Nothing

Outbound tourism. Record numbers of Australians are choosing overseas destinations and cruises. The travel agent commissions issue means Victoria has greater competition.

What should have happened? The State Government should have developed a special competitive strategy to make the state more appealing to Australian outbound travellers. This same strategy could have also been used to attract more overseas visitors to the state. See Submission 6.


Distribution channels. Maximising exposure of Victorian product with distribution channels is commercially a top priority. From about 2002, online distribution channels have been overtaking traditional channels. Demand levels through online channels are growing strongly. (See Submission 8)

What should have happened? The State Government should have treated these developments as top priority and introduced appropriate strategies.

What did happen? Nothing. Five years later no strategies have emerged to secure increased business (visitors) though these channels.

Introduction of budget (low cost) airlines. The impact of low cost airlines, Virgin Blue, Jetstar and Freedom Air, has caused Victoria to lose large volumes of visitors from interstate and NZ.

What should have happened? The State Government should have developed plans to tap into new markets to find replacement business (visitors)

What did happen? Nothing.

Impact of the Internet. Starting in 1999, websites have become the most important marketing tool for the tourism industry. (See Submission 9)

What should have happened? The Government should have helped the industry, particularly regional destinations, to build a statewide network of regional destination websites.

What did happen? The State Government has spent nearly $10 million building and operating the state website which does not make bookings and does not interface with regional websites. It only provides free information and commercially is of very little value.

Online booking system. Domestic airlines and Wotif have educated Australian travellers to use online booking systems – and the public likes them. They are commercially very important to regions. Technology for regional destinations has been available since 1999.

What should have happened? Victoria should have moved swiftly to introduce this technology and get a competitive advantage for regions

What did happen? Nothing. It is now 2007 and 8 years later, the State Government has not introduced this technology. This has cost regions dearly.

Assistance for regions. Regions need to be better resourced to be more competitive particularly in view of the impact of market forces over the last six years.

What should have happened? Victorian Government assistance should have been used to restructure and better resourced regions at least five years ago.

WHY HAS THIS HAPPENED
Three main reasons
1. The State Government perceives “tourism” as an extension of a government department and not a commercial industry.
2. The State Government also constantly states that it “promotes” the state but it appears does not see its role as “marketing” the state (see below)
3. Tourism Victoria Executive Team lacks members with private sector tourism industry strategic planning, management and marketing experience. The team needs the commercial experience necessary to identify the commercial impacts and business opportunities flowing from the changes caused by market forces and to initiate new plans accordingly

As a result, business results of the private sector have been severely affected across Victoria and it is conservatively estimated that millions and millions of dollars in revenue have been lost by tourism businesses across the state especially in regions.

WHAT NEEDS TO BE DONE?
Regional Tourism is suffering because there was a lack of private sector commercial experience available in the Tourism Victoria executive team. As a result:
• Victoria is still without an online booking system for regions after 8 years.
• There is no distribution policy after 5 years.

The State Government’s Ten Year Plan indicates that as domestic tourism is depressed, the Government’s priority will be to build overseas markets. It was the State Government’s inaction (see Submission 3, 4, 5, 6, this submission and others to follow) which has caused the downturn.

The State Government urgently needs to
1. Recognise the importance of the private sector’s commercial performance
2. Install a strong business ethos into State Government deliberations for the tourism industry. Regional Victoria’s competitive position is suffering from the failure of the State Government to “see the commercial signals” and act upon them.
3. Ensure that the necessary talent is recruited into the Tourism Victoria executive team to provide the following private sector expertise
   • Strategic tourism planning experience
   • Strategic tourism business expertise
   • Strategic tourism marketing skills
4. The State Government needs to do more to make regional tourism more competitive and to lift the commercial performance of the private sector which is difficult while the Campaign Committee structures are in place.
5. Take steps to put in place a strategy to build a strong commercial performance by regions which would start with independent private sector managed Regional Tourism Organisations with proven CEOs (on good salary packages) well versed with industry commercial operations. This would usher in a new era of industry/Government relations

If the State Government continues to downgrade domestic tourism activity, regional towns will suffer further (see Submission 12).

THE MOST URGENT NEED IS FOR THE STATE GOVERNMENT TO:
• RECOGNISE THE DOWNTURN IN DOMESTIC TOURISM IS LARGELY DUE TO THE GOVERNMENT’S NOT REACTING TO MARKET DEVELOPMENTS
• TAKE STEPS TO PUT REMEDIAL INITIATIVES IN TRAIN, AND
• REVIEW ITS POLICY OF DOWNGRADING DOMESTIC TOURISM.
Parliamentary Inquiry Members

Immensely important but no action

Previous submissions show that for regional Victoria there is
- A lack of marketing campaigns interstate
- A lack of marketing support for Australian marketing
- A lack of marketing support in New Zealand
- A lack of any strategies to counter the loss of market share to Outbound Tourism
- A lack of any response to significant and important market forces

This submission adds to the list
- A lack of any response, even after 5 years, to the new distribution era particularly online

The new online era is opening up more business opportunities (more visitors/customers) for regional tourism businesses but someone has to brief them.

As the State Government has assumed the responsibility of managing regional tourism, the industry looks to the Government to brief the industry about these exciting new developments.

It is hugely important to the commercial performance of regional tourism.

In view of the significant commercial importance of these supporting activities why has the State Government taken no action to brief the industry about this new era and indicate how to gain from the new potential on offer?
REGIONAL TOURISM NOT COMPETITIVE DISTRIBUTION

2001-2007 a period of great change for tourism
But not in Victoria, particularly Distribution

Distribution is about business opportunities

This means making it easy for customers to buy tourism products.
For tourism businesses it means achieving maximum reach to potential customers

Over the last decade, Australia’s tourism industry has seen dramatic changes in the way that product is distributed.

Regional Victoria has not been informed about the changes and the huge impact on the commercial performance of the private sector.

These changes started occurring 5 years ago and Tourism Victoria has not yet responded. Being competitive for tourism businesses today is a vastly different challenge but there has been no advice alerting regions of this new era.

How does the State Government expect regional tourism to be competitive? The Government insists on managing regional tourism so it is the responsibility of the Government to brief the industry. Why has this not occurred after 6 years?

Because Victoria has not responded to these huge changes, Victoria is not competitive.

REGIONAL VICTORIA IS AT A SERIOUS DISADVANTAGE

Regional Victoria is at a serious disadvantage to industry leaders because there has been no effort made by the State Government to lift the commercial performance of the industry.

Submission 3 refers to integrated, targeted, co-operative marketing widely used by Victoria’s competitors. Victoria is not able to match this activity because there has been little done to educate the industry about “trade ready” product and its importance.

There has been little done to appraise the industry about the various online distribution channels and the business opportunities they offer.

Nearly 600 regional Victorian tourism businesses have signed up with Wotif to provide them with business. The business now being delivered through visitor information centres and RTO marketing activities has been adversely affected by the downturn in visitor volumes caused by the State Government not reacting to market forces and adopting a lower priority for domestic tourism.

DISTRIBUTION IS ABOUT BUSINESS.
IT IS ABOUT MAKING IT EASY FOR CUSTOMERS TO BUY.
IT IS ABOUT GETTING TOURISM PRODUCTS TO MORE CUSTOMERS.
WHY HAS THE GOVERNMENT BEEN SO SLOW TO ACT?
ART OF EFFECTIVE DISTRIBUTION

The art of effective tourism distribution is based on good consumer knowledge, great technology, and most importantly, forming partnerships (carriers are always looking for new routes to market and travel intermediaries need product to sell). What’s more, everyone needs to know how the consumers are changing their buying habits and what marketing strategies work best in getting them to buy.

In Victoria there has been very little, if any, of market demand research to study how consumers are changing their buying habits and what marketing strategies work best in getting them to buy.

The Federal Government released an excellent report “Changing consumer behaviour” & “Impact on the Australian domestic tourism market”. This provides a wonderful overall insight but it is not specific enough for individual states.

MARKETING THROUGH INTERMEDIARIES

Many tourism businesses rely on intermediaries to get their product to customers. Without using these channels, such businesses would have less revenue.

Traditional intermediaries

Traditional intermediaries for tourism have been

- Travel agents
- Airlines
- Motoring clubs
- Holiday package programs
- Wholesalers
- Inbound operators
- Coach companies
- Convention organisers
- Even organisers
- Incentive houses

For regional tourism, local Visitor Information Centres have also been a valuable distribution channel.

Online era

Main distribution channels today are:

- Online booking systems like wotif, lastminute, needitnow, gostay, hotelclub etc
- Travel agent websites like Flight Centre, Escape Travel, Harvey World, Webjet, Travelscene
- Holiday wholesalers like Take-A-Break, Funtastic Holidays

and many more.

DISTRIBUTION TOOLS

A leading method of using distribution channels for best results is “packaging” but there has been no strategy to educate the industry on the importance of packaging.

This is the first step to achieving “trade ready” products for online marketing and marketing to wholesalers in Australia and overseas.

TOURISM REFERENCE PAPER

Advance Tourism has produced a special Tourism Reference Paper “Distribution” This is soon to be circulated to the tourism industry throughout Australia and in New Zealand. An advance copy is provided as Enclosure 8.1.
WHAT NEEDS TO HAPPEN?
The most urgent need is for the State Government to publish an information paper that helps the industry to

- Understand the new era of distribution,
- Outline how tourism businesses can access these new channels, the business they offer, and the policies of the different distribution channels
- Detail strategies to provide support to maximise business (visitors) through these channels, and
- Indicate any initiatives the State Government has to help regional tourism businesses to be involved in these new channels.
REGIONAL TOURISM NOT COMPETITIVE

STATE WEBSITE

It seems the Government regards tourism as being more about spending taxpayer funds on promotions and free information than winning business which ultimately benefits local economies. What is the political gain for the Government in staying with this policy?

This submission adds to the list

• A lack of marketing campaigns interstate
• A lack of marketing support for Australian marketing
• A lack of marketing support in New Zealand
• A lack of any strategies to counter the loss of market share to Outbound Tourism
• A lack of any response to significant and important market forces
• A lack of any response to the new distribution era particularly online

The State Government is totally inflexible. Development of the State Website was based on operating conditions in 1999. Since then there have been substantial changes to the way that the industry operates particularly commercial operations. As illustrated by this series of submission, the State Government has not responded to these important changes. The State Government is immovable and refuses to take into account the modern competitive environment and different marketing conditions. The industry has to put up with an out-of-date format for the State Website which is another example of the lack of business ethos of the Government.

It seems the Government regards tourism as being more about spending taxpayer funds on promotions and free information than winning business which ultimately benefits local economies. What is the political gain for the Government in staying with this policy?

Parliamentary Inquiry Members

Government spends $10 million on a website to provide free information and not make bookings

Previous submissions show that for regional Victoria there is

• A lack of marketing campaigns interstate
• A lack of marketing support for Australian marketing
• A lack of marketing support in New Zealand
• A lack of any strategies to counter the loss of market share to Outbound Tourism
• A lack of any response to significant and important market forces
• A lack of any response to the new distribution era particularly online

This submission adds to the list

• A state website which is hindering the commercial; performance of regions

Why is the Victorian Government is so inflexible?
Why can’t the format be changed so that regional Victoria can enjoy more business opportunities?
It is well known that websites are now an important marketing tool. Travellers and the travel industry are very reliant for fast access to tourism information, and in many instances, making online bookings.

Shortly before leaving office the Kennett Government allocated $7.4 million to Tourism Victoria to put the state in a strong competitive position with the best e-commerce facilities across the state. Tourism Victoria chose to keep all $7.4 million in Melbourne and the regions received not $1.

Tourism Victoria set up the state website with webpages for regional destinations duplicating the regional websites established with local funds and grants from the Federal Government.

Since then Victoria has had a duplicated website system which is impeding better results for regions. The duplicated structure is shown below.

A major shortcoming is when visitors cannot get past the state website. If the webpage on the state website for a particular regional destination does not offer information the customer seeks, the business can be lost. This structure, introduced in 1999, may have seemed appropriate at that time but industry experience since shows enormous change and regions are now being penalised. A re-think is necessary. Regions are losing business but the Government gives the impression it does not care about the business results in regions. Throwing $500,000 at a format which is not working and has not worked for 7 years, does not seem in the best interests of the commercial performance of the private sector results?

**ATDW – Australian Tourism Data Warehouse**

Individual tourism businesses have to list and maintain their listings on two websites.
STATE WEBSITE RANKS HIGHLY FOR HITS
The Victorian Government Ten Year Plan states

“Tourism Victoria’s website attracts more than 3.5 million visits annually and has received a number of industry accolades for its online performance, including Hitwise’s award for the best performing government website in Victoria in 2004 and 2005”

A good result except
• Industry accolades do not deliver customers
• Hitwise does not send customers to Victorian tourism businesses.

Other concerns are
1. Visitor numbers to regional Victoria are declining. If the website was proving successful, why are visitor numbers declining, not growing
2. Conversion rates from all of these “hits” would be negligible as it is not possible to make bookings on an online booking service, or a manual system, on the state website. It only provides free information to visitors
3. Visitors to the website cannot get connected through to regional websites where bookings can be made and far more destination information is available
4. Tourism Victoria’s regional destination webpages are designed to only provide information, not motivate potential customers to decide to visit and “buy”! It is impossible to assess just how many business prospects are being lost every week for regional destinations and regional businesses by this policy.

Here is a situation where the private sector desperately needs to reverse the decline in visitor numbers and more business written but it seems more important that the State Government’s $10 million State Website give greater priority to winning accolades for record numbers of “hits” rather than using the website to secure bookings. Winning business for the private sector does not seem to be a priority.

After 7 years of not delivering business results for taxpayer funds employed, it would seem now is the time to try a new format which marries regional websites into the state website. It is technically possible and only needs goodwill from the Government to make the change.

Major deficiencies
The major deficiencies with the present arrangements are that
• Tourism Victoria, in duplicating regional sites, has flat, conservative, encyclopaedia style text which is designed to provide information. It does not motivate potential visitors to choose a destination. Regional destination websites usually have far more superior presentations designed to get a commitment to visit from consumers
• If a client accesses the Tourism Victoria website and the information for a particular destination is inadequate, THE CLIENT CANNOT CLICK THROUGH TO THE RELEVANT DESTINATION AND THE CLIENT INTEREST ENDS. Under these circumstances, it is highly likely the business (visitors) will be lost to the regional destination
• If a client wishes to make a booking, either online or manually, this cannot be done on the Tourism Victoria website. Some destination websites have the BookEasy online booking system while all destinations have a manual booking system. Getting a booking means a commitment to visit and the visit is protected. Without such a commitment, clients can easily change their mind and not visit.
• On the Tourism Victoria website, clients can click through to individual businesses and a few have online booking capabilities but most don’t. If a client does reach a particular business and cannot secure a booking, the client then does not have an easily accessed alternative like the BookEasy system or being served manually. Again the customer can be lost because the option of moving around the Tourism
Victoria website is not attractive.

IT NEEDS TO BE KEPT IN MIND THAT MANY HITS ON THE TOURISM VICTORIA WEBSITE ARE FROM OVERSEAS. THE INDUSTRY CONSTANTLY CONFIRMS THAT MANY BOOKINGS ARE MADE FROM OVERSEAS BY TRAVELLERS COMING TO AUSTRALIA. IT SEEMS SILLY THAT AS INBOUND MARKETS ARE A PRIORITY FOR VICTORIA THAT THE BUSINESS FROM THESE CUSTOMERS CAN BE PUT IN JEOPARDY BECAUSE THEY CANNOT CLICK PAST THE STATE WEBSITE TO THE REGIONAL DESTINATION OF THEIR INTEREST CHOICE THEY CAN MAKE A BOOKING EITHER ONLINE OR MANUALLY

Why is this business being put at risk?

THIS SITUATION ONCE AGAIN ILLUSTRATES THE LACK OF A BUSINESS ETHOS WITHIN THE STATE GOVERNMENT AND TOURISM VICTORIA

Every day the website operates in its present form, it is losing customers for the tourism industry, especially in regions.

Why is Tourism Victoria so inflexible?

Why is it necessary for $500,000 to be spent on a website format that the industry does not want?

$500,000 and other promotional funding is being used to attract tourism businesses to the state website. Why is this funding not being used to attract business to regional websites where customers can make bookings?

Nothing illustrates the Government’s lack of business ethos than the operation of a website that has cost Victorian taxpayers $10 million to date and all it does is

- Make available FREE information, and
- Does not allow customers to reach regional websites where they can make bookings and contribute to local economies.

LACK OF INDUSTRY SUPPORT

The current format for the state website
- Is not competitive,
- Does not deliver business, and
- Is not good at “selling” the state or any regional destinations to uncommitted potential visitors

For individual businesses, these are disincentives.

Also, two other negative factors apply
- Regional businesses prefer to deal with “local” not “faceless individuals” in a bureaucracy in distant Melbourne
- To list on the Tourism Victoria website means maintaining displays on two websites, the state website and the regional website, when one should suffice.

If Tourism Victoria was a business and treated tourism businesses as “clients”, they
would be asking themselves, what do we have to do to get their business? If they used a business criteria to find a solution it would mean the State Tourism Organisation would need to be more flexible and adopt a new approach.

AUTOMATED RESERVATIONS
As shown in Submission 10, the industry has been waiting for 7 years for the State Government to facilitate a statewide automated booking system like South Australia, Tasmania and Queensland.

In the modern era, this is an essential marketing tool. Today regional tourism is losing business because it does not have a competitive booking system. Also destination marketing budgets are losing revenue because everywhere the system has been installed the RTO or Visitor Centre confirms that booking volumes have increased substantially as have commission earnings.

STATE WEBSITE URL IN COMPETITION WITH REGIONS
Tourism Victoria is spending marketing funds on advertising regional destinations but the state website address is always shown in the “call to action”. This does not allow customers the option of going to the destination website. This means that if respondents to the advertisement can’t be satisfied by the products shown in the advertisement, they have no other option available but to cease their enquiry.

IMPORTANT FACTOR BEING OVERLOOKED
Regional destination websites receive many “hits” from clients who go direct to the destination and not through the state website. It is in the best interests of regional tourism that these websites be at the highest standard possible to capture the business (visitors).

If the State Government was not so single minded about the state website, it would be a great benefit for regions to replace the duplicated website system with a single system and more funds could then be made available to regions for marketing their websites.

POSSIBLE UPGRADING
It seems that Tourism Victoria is about to embark on an upgrading of the state It is hoped that the commercial needs of the industry will be considered and the result will be a greatly enhanced website that not only “promotes” Victoria and does not deliver business to regions.

Perhaps it would be an ideal time to enhance the website by making it appropriate for the 21st century competitive environment and apply some business ethos to the end result.

WHAT NEEDS TO BE DONE?
The following steps are necessary
1. Tourism Victoria needs to cease being a promotional agency using taxpayer funds to compete with regions
2. Tourism Victoria needs to cease maintaining duplicated webpages on the state website for regional destinations, instead interfacing with existing regional destination websites
3. Where regional destination websites fall short on standards required by the State Tourism Organisation, Tourism Victoria staff could be used to assist the regions to improve their standards
4. Tourism Victoria promotional activities for specific destinations carry the website address for that destination and not visitvictoria.com.au
No online booking system has cost regions dearly

Previous submissions show that for regional Victoria there is
- A lack of marketing campaigns interstate
- A lack of marketing support for Australian marketing
- A lack of marketing support in New Zealand
- A lack of any strategies to counter the loss of market share to Outbound Tourism
- A lack of any response to significant and important market forces
- A lack of any response, even after 6 years, to the new distribution era particularly online
- A state website which is hindering the commercial performance of regions

This submission adds to the list
- A lack of response, even after 7 years, with introduction of a vital marketing tool, an online booking system

Introduction of this marketing tool has been crucial to regional marketing efforts but it has not been a priority for the Government. The industry has been waiting for action for 7 years. But because there is no business ethos with Government operations, this matter has not been treated as urgent.

Tourism businesses across Victoria have paid dearly for this inaction while other destinations have broad smiles because of the business they are writing and the additional marketing scope the systems provides.

Online bookings are available to customers 24/7 and are very popular with overseas visitors. As inbound visitors are now a Government priority, why has this important issue been expedited?

Regional results are depressed.

Why is the Victorian Government taking so long to introduce this important system? It operates 24/7 and is proving popular with domestic and overseas visitors. Inbound is a Government priority why has this system been delayed?
REGIONAL TOURISM NOT COMPETITIVE
- ONLINE BOOKING SYSTEMS

ONLINE BOOKING SYSTEMS – LOST BUSINESS OPPORTUNITIES
In the 1990’s, research indicated that regional destinations not served by airlines with their travel agent booking systems were at a severe disadvantage.

Technology for instant online booking systems became available for regional tourism in 1999. The strategic importance of this technology was not embraced by the Victorian Government and has proved a limiting factor for
- generation of business and
- the Victorian tourism industry’s competitive ability.

EIGHT YEARS AND STILL NO ONLINE BOOKING SYSTEM FOR THE STATE
It is now 2007 and 8 years after the technology has became available. South Australia, Queensland and Tasmania have introduced this important marketing tool but not Victoria.

This extraordinary delay again reinforces the problem with the Tourism Victoria executive team. Not having private sector industry experience in tourism business operations has left regional tourism vulnerable competitively. It also means business being lost because interested customers cannot get the standard of service they expect in the modern era.

MARKETING IMPORTANCE
What has been overlooked completely is that once online booking facilities are installed, the system can be accessed 24/7 which is very important for
- Marketing campaigns, ands
- Inbound markets from overseas.

Destinations with the facilities will confirm that
- Having online bookings allows customers to react to marketing campaigns ate any time and make a booking without manual involvement, a great competitive “plus”, and
- Overseas visitors, many booking during the night, are able to access the system and make bookings from their home country.

With inbound being a priority of the Government, why has there been such a delay?

BACKGROUND
A real revolution in Australia's tourism industry
In 2001 www.wotif.com, using this concept was founded as an entirely new small business with limited capital. Its only activity since has been to provide an online booking service and is now Australia's biggest. The company was floated on the Australian Stock Exchange last year, 2006. After only five years, Wotif was valued at $785 million. This illustrates just how much instant online booking services have been accepted by the travelling public in Australia. Wotif reports that for the 6 months ended 31 December 2006. Bookings were up 47% with a net tax profit of $11.9 million for the half year.

During this period Qantas, Virgin Blue and Jetstar all introduced instant online booking systems and together with Wotif educated the Australian travelling public to a new way of booking travel. Today Wotif has at least 10 competitors.

The Australian travelling public and overseas visitors have taken to this technology in droves but Victoria still lags behind.
Not seen as a responsibility of the Victorian Government to introduce

Although assuming the responsibility for managing the regional tourism performance, the Victorian Government embraced introduction of the state website with great vigour, but there was not the same enthusiasm for facilitating introduction of online booking systems which in the modern era is an essential part of destination websites and vital for doing business.

Additionally, facilitating introduction of these Internet based facilities did not call for any State Government funding, just management assistance to introduce the system.

545 Victorian businesses have signed with Wotif

Leadership is one of Tourism Victoria’s goals. Seven years have elapsed since this technology was introduced and still Victoria lacks a coordinated approach. Now it can be seen by visiting the Wotif website that 545 Victorian tourism businesses located outside Melbourne have signed up their properties to obtain business from this system. Others have signed up with needitnow, stayz, ratestogo and others.

Online booking systems were a golden opportunity for Regional Tourism Organisations and Visitor Centres to provide a better service for industry members plus earn increased commissions and lower overheads for their own operations. But Wotif and their competitors have effectively taken this business initiative away from regions because Victoria was too slow to react. It is almost too late to recover this situation.

Fortunately there are 14 locations in Victoria that could not wait for Government action and have signed up with BookEasy but this is certainly not a coordinated state approach.

Far better results

Locations with online booking systems report far better results than manual operations.

Other states

In 2005, South Australia was the first state to introduce “Connect SA”. This statewide system is being managed by the South Australian Tourism Commission. In 2006 “Book Tasmania” and “Book Queensland” have been launched in these states. So far, Victoria has made no announcement.

In Queensland and Tasmania it was the Regional Tourism Organisations that took the initiative to introduce these facilities. In Victoria because the Government’s Campaign Committee structure manages regions, there was not a network of Regional tourism organisations able to show the same initiative as the Queensland and Tasmania RTOs. Another good reason to get rid of the Campaign Committees. Bureaucracy cannot move as swiftly as the private sector.

COMPETITION FROM ONLINE BOOKING SYSTEMS

Enclosure 10-1 contains examples of the many e-newsletters now used as spearhead of sales promotion programs throughout the tourism industry. They are very cost-effective and there are many of them. If Victoria had a network of RTOs, this would be a major sales tool for them.

PENALTY ON REGIONAL TOURISM ORGANISATIONS

This delay in introducing such a modern marketing tool has put regions at a disadvantage. Instead of being able to use online reservations systems to:

- generate new business for the destination, and
- improve support from members.

business results are being penalised for the destination, for tourism businesses and the RTOs financial position. It also means many commissions earned to assist RTO and Visitor Information Centre budgets have also been lost.

Not only is the current situation limiting bookings but competitor online booking systems have made recovering from this lost opportunity almost impossible by getting in first.
WHAT NEEDS TO BE DONE?

As a matter of urgency, the State Government needs to expedite introduction of this technology so that regional tourism can be more competitive and grow demand. In Queensland and Tasmania where RTOs have facilitated introduction, there has been no Government funding required. In Victoria, as the Government is managing regional tourism marketing and there are no RTOs, this may require assistance from taxpayers.
SUBMISSION TO THE INQUIRY INTO REGIONAL TOURISM
PART 11

REGIONAL TOURISM NOT COMPETITIVE
BUSINESS ETHOS LACKING

Parliamentary Inquiry Members

A major contributor to depressed regional results

Previous submissions show that for regional Victoria there is
• A lack of marketing campaigns interstate
• A lack of marketing support for Australian marketing
• A lack of marketing support in New Zealand
• A lack of any strategies to counter the loss of market share to Outbound Tourism
• A lack of any response to significant and important market forces
• A lack of any response, even after 5 years, to the new distribution era
• A state website which is hindering the commercial performance of regions
• A lack of response, even after 7 years, with introduction of a vital marketing tool, an online booking system

This submission adds to the list
• A lack of business ethos. This is a fundamental need for Government tourism operations. This submission shows how successful destinations all have a strong business ethos, even some public sector driven destinations

Tourism is about business. Taxpayers and ratepayers make funds available for destinations to grow and be prosperous. Having a business ethos is essential.

Many of the problems during 2000-2006 which led to the downturn in Victorian visitor numbers can be traced back to a lack of business ethos from the State Government down as this paper shows.

Success in tourism depends on two functions, supply and demand. But in Victoria the main emphasis on supply functions with too little attention for demand functions.

Not helping is the State Government’s practice of not examining business type results at regional levels to see what remedial measures are needed. A review of Great Ocean Road results and operations by the State Government would be beneficial in view of that region’s poor results. A region that was once the “jewell in

Lack of a business ethos across the industry is an attitudinal problem.

A new approach is needed and should begin with the State Government setting an example by linking, as a priority, Government statements to the commercial performance of the industry. It won’t cost any money to do so.
BUSINESS ETHOS LACKING

Tourism is a commercial industry comprised of thousands of tourism and tourism-reliant businesses across Victoria.

Taxpayers invest in tourism because they want to see economic and social benefits from the industry. This can only be delivered by a prosperous private sector.

The private sector invests in tourism businesses and employs people so that it can get a return on its investment. This means operating profitably.

QUEENSLAND GOVERNMENT

When the Queensland Government launched its Ten Year Plan for Tourism these statements were made by the Government:

On May 24, 2005 Tourism Minister Margaret Keech said

“Industry will take a leading role, as it is tourism businesses that will create the jobs, make the investments, win the markets and deliver product to the customers”.

When launching the Queensland Ten Year Tourism Plan last December, Premier Peter Beattie said

“This plan is the blueprint for industry prosperity and sustainable growth, guided and supported by the Queensland Government”

The Queensland (Ten Year) Tourism Strategy identifies our challenges and opportunities and shows the way forward. It includes goals and targets, is based on a number of themes and contains practical action plans for each theme

As a Government, we are excited about the benefits that will flow from this strategy and look forward to continuing to work with the tourism industry towards a brighter future”

There is a strong business ethos in the Queensland tourism industry

CORE ROLES OF NZ REGIONAL TOURISM ORGANISATIONS

In New Zealand there are 27 Regional Tourism Organisations (RTOs). As there are no State Tourism Organisations in NZ, the RTOs jointly decide industry issues without Government involvement. The following core roles were decided by the RTOs

Core roles

The core roles for RTOs in NZ are to seek to grow domestic and international visitor expenditure in the regions, to provide sustainable economic, environmental, social and cultural wealth opportunities for the local community. This means

- Economic return (more business income, more jobs, more investment, economic growth).
- Social return (increased employment and the impact on crime, community self esteem, sustaining health, education and recreation opportunities, maintaining populations in declining areas)
- Cultural return (engaging with international cultures, maintenance of local culture, custom, language, stories, heritage and ceremonies)
- Environmental return (increased awareness of environmental assets, protection of natural areas, contained impact on the environment, visitor expenditure applied to conservation programs).

It is important to note that although most RTOs in NZ operate under a Council Trust arrangement, they don’t see tourism as only being about advertising, promotion,
product development and visitor servicing like many parts of Victoria. They see it as being about business

There is a universally strong business ethos at all levels across NZ

AUSTRALIAN SITUATION
Around Australia, there are successful destinations driven by a strong business ethos. To name a few, most Queensland destinations, Australia’s Golden Outback, Margaret River, Broome, Kununurra, Top End, Central Australia, Central Coast, Wollongong and in Victoria, Echuca Moama.

VICTORIAN SITUATION
Victoria’s regional results are being adversely affected because there is no business ethos across the industry.

TOURISM FOOD CHAIN
On the next page appears a diagram titled “Tourism Food Chain”.

Because regional Victoria’s tourism industry has been managed by the public sector for so long, supply issues which are of greater importance to the public sector have been given priority attention.

Issues of priority to the private sector, in particular demand issues, have been given less attention.

Between 2000-2006, Victoria has been “caught out”. Because the industry has not changed its approach to tourism, it has continued to give supply issues priority and neglected the revolution occurring with demand issues. As a result visitor levels have fallen.

PROBLEM STARTS WITH THE STATE GOVERNMENT
The industry takes its lead from the State Government but regrettably nowhere can any Government statement be found about the need for a strong private sector and a strong business ethos. This is needed if Victoria’s regional tourism industry is to be competitive and grow.

Examination of the Ten Year Plan, Ministerial statements, Tourism Victoria website or any other Government advices reveal no reference to the importance of the business performance of the private sector or a need for a business ethos.

This lack of business ethos outside the private sector has been a major cause of the following problems

- Lack of market presence interstate
- Lack of reaction to the increased competition that Victoria faces
- Lack of marketing support for major destination strategies in regions
- Lack of marketing support to develop demand in New Zealand for regional destinations
- Lack of profile for Victoria to combat business being lost to outbound tourism
- No online booking system for regional Victoria after 8 years
- No distribution update for the industry after 5 years of change
- No reaction to changes in the airline industry such as commissions being discontinued
- No reaction to loss of visitors caused by the impact of budget (low cost) airlines
- Lack of recognition that more needs to be done to help combat the downturn in visitor volumes to regional Victoria.
TOURISM FOOD CHAIN

Public funding is made available to help tourism industry marketing to attract more visitors and increased visitor expenditure to benefit local communities.

Supply Functions of Tourism

- Public sector funded investment
- Private sector investment
- Airports/airlines
- Waterside facilities
- Roads
- Rail
- Org structure changes
- Development of expertise

Demand Functions of Tourism

- Business ethos (1)
- Markets (3)
- Competitive situation (5)
- Securing the business (7)

Marketing

- Market focus (2)
- Market communication (4)
- Distribution (6)

Industry Development

- Business
- Markets

Product Development

- Ongoing – keep destination fresh
- Provide capacity for growth

Infrastructure

- Infrastructure

Economic Benefits

- Business income
- More jobs
- More investment
- Economic growth

Community

- Social benefits
- More jobs
- Community pride
- Arresting population drift
- Recreation opportunities

Businesses

- Have to compete with other destinations for customers.
- Collect revenues from visitors which brings benefits for local communities.

Advance Tourism
REGIONAL TOURISM BUSINESS PERFORMANCE
Regional tourism results since 1999 have been summarised as follows

<table>
<thead>
<tr>
<th>DOMESTIC VISITATION TO VICTORIA</th>
<th>Year ending December</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic overnight visitors (000's)</td>
<td>1999</td>
</tr>
<tr>
<td>Melbourne</td>
<td>5,550</td>
</tr>
<tr>
<td>Regional Victoria</td>
<td>11,605</td>
</tr>
<tr>
<td>Daylesford/Macedon Ranges</td>
<td>430</td>
</tr>
<tr>
<td>Gippsland</td>
<td>1,474</td>
</tr>
<tr>
<td>Goldfields</td>
<td>1,262</td>
</tr>
<tr>
<td>Grampians</td>
<td>910</td>
</tr>
<tr>
<td>Great Ocean Road</td>
<td>2,508</td>
</tr>
<tr>
<td>Mornington Peninsula</td>
<td>1,198</td>
</tr>
<tr>
<td>Murray River</td>
<td>2,182</td>
</tr>
<tr>
<td>Phillip Island</td>
<td>711</td>
</tr>
<tr>
<td>High Country</td>
<td>976</td>
</tr>
<tr>
<td>Yarra Valley, Dng Ranges</td>
<td>551</td>
</tr>
</tbody>
</table>

Source: Tourism Victoria

Because there is no prevailing business ethos in Victoria’s tourism industry, Advance Tourism is unaware of any action to examine the business performance of regions by the State Government.

The leading region in Victoria and, of great importance to the Victorian regional tourism industry, is the Great Ocean Road. However figures show that it is the worst performing region at present. Shown below is a summary of the region’s performance.

This decline in results is a very serious matter, not only for the region, but for the state’s tourism industry.

To use an analogy, if Victoria’s regions were a chain of Bunnings stores and the stores were showing the depressed results regions are experiencing, it is highly likely the State CEO for Bunnings would have been making urgent enquiries of the store managements about the causes and more importantly what is being done about the situation.

But this is not happening with Victoria’s tourism industry because there is no business ethos from the State Government down.

In Queensland, in these circumstances, Tourism Queensland starts by meeting with RTO executives. If necessary, this is followed up with further meetings involving the RTO Board, Councils and others as appropriate. They work through the issues together and set a new direction. This does not happen in Victoria.

If this review process was to be undertaken, it would undoubtedly throw up valuable information to help other regions.
Great Ocean Road

If a review was to be conducted along similar lines to the above process it would discover the following

- Great Ocean Road marketing is very little different to 15 years ago
- Great Ocean Road marketing is mostly being managed by the same executives and the same marketing agency as was the situation 15 years ago
- The industry structure including relationships with Councils is little different to 15 years ago
- Many stakeholders in the region would like to see new ideas and new marketing approaches introduced but this does not seem to be happening.

Recent results within the region

<table>
<thead>
<tr>
<th>Domestic visitors</th>
<th>Overnight visits % Var</th>
<th>Nights % Var</th>
<th>Day trips % Var</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great Ocean Road</td>
<td>-13</td>
<td>-11.8</td>
<td>-11.3</td>
</tr>
<tr>
<td>Geelong Otway</td>
<td>-11.5</td>
<td>-8.3</td>
<td>-10.0</td>
</tr>
<tr>
<td>Shipwreck Coast</td>
<td>-29.6</td>
<td>-27.4</td>
<td>-22.5</td>
</tr>
<tr>
<td>Discovery Coast</td>
<td>-6.1</td>
<td>-24.0</td>
<td>-34.5</td>
</tr>
</tbody>
</table>

Source: Great Ocean Road Marketing

What bold, innovative concepts and strategies have been introduced for the Great Ocean Road region to overcome the downturn in the best interests of industry stakeholders?

There appears to be a lack of business ethos amongst regional leaders responsible for delivering effective destination marketing in the region. Is this correct?

Soon after Tourism Victoria was formed, the Kennett Government directed that a special strategy be developed by Tourism Victoria in conjunction with regions and Councils to grow the region quickly. This was a huge success. Why is the region experiencing a downturn today?

Is it time for the Bracks Government to come up with a new strategy to build the business performance of the region again?

Perhaps lessons learned from such a review could be used elsewhere?

TASMANIA

While Victoria is more committed to “promotions”, Tasmania is more committed to winning business. The Tasmanian business ethos is clearly shown in the attachment to this submission. There are three positions being advertised by Tourism Tasmania. Two are new management positions in Tasmania.

The other position is for an Area Sales Manager in Adelaide. Tourism Tasmania has sales staff in Adelaide, Melbourne, Sydney and Brisbane. They actively support Tasmanian industry stakeholders and the Tasmanian Temptations program. Their main aim is to maximise business from the travel industry.

Victoria does not match Tasmania with any of these kinds of appointments.

WHAT NEEDS TO HAPPEN?

1. The State Government needs to issue a statement that tourism is a commercial industry, and the commercial performance of the industry is a priority for the Government in view of its economic value to the state’s economy
2. The State Government to impress on all levels of tourism, particularly in regions, the importance of adopting a more commercial approach to their operations.

3. Priorities with resources to be changed to inject a strong business ethos into Government tourism industry operations, large and small

4. Strategic business development projects be given priority to combat lost visitor volumes caused by the inaction during the period 2000-2006

5. A special review be undertaken of the depressed performance of the Great Ocean Road region.

This paper should also be read in conjunction with Submissions 14 and 17 which refer to Regional Tourism Organisations
TOURISM TASMANIA

The two managerial positions below have the same introduction section but the positions are different as shown.

The other position listed is for an Area Sales Manager for SA and NT

GROUP MANAGER – DESTINATION MARKETING (HOBART)
Package circa $120,000 per annum

Tourism Tasmania is seeking individuals to be part of the new management team with the capability to:
• Maximise all elements of the Marketing Mix to stimulate consumer interest and awareness of Tasmania, build brand appeal and drive conversion;
• Build partnerships and develop opportunities that address the barriers to conversion for visitors and increase the market presence of Tasmanian suppliers;
• Lead the management and enhancement of the wholesale and trade support operations of Tourism Tasmania; and
• Provide organisation wide support and direction in developing and extending distribution channels including digital strategy, services and support.

To undertake this role your key accountabilities will include:

Influencing Tourism Tasmania’s target audiences and ensuring effective and efficient presentation and marketing of Tasmanian tourism product and the Tasmanian Brand values are consistently represented to all markets;

Developing, implementing and refining national and international marketing and commercial strategies and campaigns designed to increase awareness of Tasmania as a holiday destination;

Providing leadership and direction to the State Tourism Organisation, Tasmanian tourism industry and partners in all marketing programs, including digital marketing;

Designing, developing and delivering a comprehensive and creative program for partnership development and maintenance that will allow Tasmania to deliver its Brand communications to new markets.

It is desirable that the candidate has: Experience at a senior management level in a marketing role ideally in the holiday/tourism related industry; a consultative leadership style; excellent communications skills and tertiary qualifications in a relevant discipline or an equivalent level of skill; and flexibility to travel.

GROUP MANAGER – DISTRIBUTION SERVICES (LAUNCESTON)
Package circa $120,000 per annum

Based in Launceston, individuals interested in this senior management role will need to illustrate their ability to:
• Maximise all elements of the Marketing Mix to stimulate consumer interest and awareness of Tasmania, build brand appeal and drive conversion;
• Build partnerships and develop opportunities that address the barriers to conversion for visitors and increase the market presence of Tasmanian suppliers;
• Lead the management and enhancement of the wholesale and trade support operations of Tourism Tasmania; and
• Provide organisation wide support and direction in developing and extending distribution channels including digital strategy, services and support.
To undertake this role your key accountabilities will include:

Providing an integrated approach to the management of Tasmanian tourism product distribution and associated support systems to achieve the objectives and performance measures identified in strategic and operational business plans

Developing and implementing strategies to ensure the ongoing and effective distribution of Tasmania’s tourism product to achieve the objectives and performance measures identified in strategic and operational business plans.

Progressively realign the distribution business with the structural changes to the industry and the ongoing development of a dynamic digital strategy.

Promoting an understanding of the travel distribution system within the Tasmanian tourism industry to develop their ability to maximise returns.

It is desirable that the successful candidate has: Experience at a senior management level with emphasis on a travel distribution role; a consultative leadership style; excellent communication skills and tertiary qualifications in a relevant discipline or an equivalent level of skill; and flexibility to travel

AREA SALES MANAGER SA/NT
Applications Close:– Friday, 15 June 2007.
Salary:– $54,406–$57,872 per annum.
Tourism Tasmania Staff Award, Administrative and Clerical, Level 7.
Fixed-Term part-time (0.4FTE).
Location:– Position will be located in Adelaide.
Pro rata salary will be based on the above full time rates.

Duties:– Manage the promotion of Tasmanian tourism product through multiple distribution channels, maximising opportunities available through travel industry network partners and emerging electronic media to facilitate conversion of identified potential customers to achieve the goals and objectives of Tourism Tasmania and Tourism 21.

Desirable Requirements:– To successfully undertake the duties of this position it is desirable that you have the following:

• current motor vehicle driver’s licence
• extensive experience in sales and promotions to the travel agency industry
• sound knowledge of financial procedures
• extensive knowledge of travel agency operations, including reservations systems
• considerable knowledge of tourism distribution infrastructure
• considerable knowledge of Tasmania and its tourism infrastructure

Enquiries to Krista Milich for a copy of the Statement of Duties, phone (03) 6336 3203 or email Krista.Milich@tourism.tas.gov.au. For further information about the position please phone Gail Murray, Department of Tourism, Arts and the Environment, phone (03) 6336 3225, email Gail.Murray@tourism.tas.gov.au.

Applications to address the selection criteria as outlined in the Statement of Duties, quote vacancy number and be addressed to Viki Loring, Human Resources, Department of Tourism, Arts and the Environment, GPO Box 771, Hobart, Tas, 7001, phone (03) 6233 3903, fax (03) 6233 5907, email applications@dtae.tas.gov.au.
### Parliamentary Inquiry Members

**A major factor behind depressed regional results**

Previous submissions show that for regional Victoria there is
- A lack of marketing campaigns interstate
- A lack of marketing support for Australian marketing
- A lack of marketing support in New Zealand
- A lack of any strategies to counter the loss of market share to Outbound Tourism
- A lack of any response to significant and important market forces
- A lack of any response, even after 5 years, to the new distribution era particularly online
- A state website which is hindering the commercial performance of regions
- A lack of response, even after 7 years, with introduction an online booking system
- A lack of business ethos.

This submission adds to the list
- The state’s marketing performance levels are below the competition.

Tourism marketing in Victoria is little different today to the early 1990’s. Regional Victoria’s competitors have embraced technology advances, adopted integrated, targets, cooperative marketing strategies and lifted their merchandising capabilities. However, Victoria has not modernised its marketing. Advance Tourism has included a chart which can be used to assess marketing performance levels. At present, most regional Victoria marketing, including Tourism Victoria would only be Level 3 or 4. By

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**This lack of modernising of regional Victoria’s marketing is a major factor behind declining results.**

When can modern marketing standards be introduced so that regional Victoria can enjoy more visitors as customers?
REGIONAL TOURISM NOT COMPETITIVE
MARKETING PERFORMANCE LEVELS

VICTORIA’S DESTINATION MARKETING HAS NOT ADVANCED IN 20 YEARS

Limiting Victoria’s tourism results is that destination marketing today is little different to 20 years ago. There have been some good advertising campaigns particularly the Jigsaw campaign was a great success but there has been little else.

Today there is little focus on

- Exciting, entrepreneurial, innovative strategies,
- Targeting business, and maximising opportunities from the travel industry
- Very little being done to tap into new markets,
- Very little being done to capitalise on opportunities from the new online era, and
- Very little being done to exploit repeat business.

This is what marketing is about, not just advertising and promotions. Advertising today that is not linked to generating business opportunities is probably proving to be wasted funds.

INTERSTATE COMPARISONS

With this Submission is Enclosure 12-1 which sets out the strategic direction with destination marketing being undertaken by Tourism Tasmania. It was downloaded from the Tourism Tasmania website. Other campaign briefing papers from other states held by Advance Tourism in confidence indicate that Victoria’s approach is certainly behind industry leaders.

VICTORIAN TOURISM IS NOT MATCHING THE COMPETITION

Submission 3 outlines some, and only some, of the competition that Victoria faces in the modern era. They are using modern targeted marketing across all avenues which is designed to deliver customers to tourism business.

But not in Victoria, examination of the Government’s approach is that Tourism Victoria is nothing more than an expensive promotional agency. Tourism Victoria does not get involved in campaigns and other marketing activities that are linked to generating business for the industry. The state website is a very good example.

Tourism Tasmania

Tourism Tasmania’s Business Plan 2006-2009 states

“Simply spending money on traditional paid marketing or advertising activities will not necessarily deliver on our goals – we must redefine our approach to every aspect of our programs and activities.”

This applies just as much to Victoria as it does to Tasmania – it is just modern thinking.

But Tourism Victoria does not seem to be embracing a modern approach which is limiting regional results.

Regions

Because regions take their lead from the State Tourism Organisation, most regions are also limiting their destination marketing to advertising, promotions, product development and visitor servicing. This is no longer a competitive standard.

Modern era

To provide a gauge to measure Victoria’s performance against the competition, Advance Tourism has produced the summary on page 3.
In the modern era, to be competitive, it is essential to concentrate on targeted marketing with measurable outcomes which is the main thrust of Levels 1 and 2.

Levels 1 and 2 are very aware of the importance of e-marketing particularly websites, online bookings, e-newsletters, e-promotions of destinations and e-selling of products with e-marketing and promotions shown above there are categories as follows. Levels 1 and 2 focus heavily on producing business for industry stakeholders and the destination.

The main thrust of Levels 3 and 4 is advertising, promotions and publicity which are no longer rewarding on their own. These levels do not address the need to produce business for industry stakeholders and the destination.

Marketing levels review

E-marketing
- **Basic** – website, e-newsletters
- **Commercial** - website, online bookings, e-newsletters, statistics from online bookings
- **Advanced** - website, online bookings, e-newsletters, e-selling of packages and special offers, using statistics from online bookings, targeting business

Promotions
- **Basic** – Brochures, consumer shows, trade shows, direct mailing
- **Advanced** – Basic activities plus sales promotion initiatives such as shoulder season hot deals packages and special offers, launch of new products, etc. Business generation focus.

**NEW POLICY REQUIRED**

Tourism Victoria's marketing strategies are based on advertising, promotions and publicity.

Of concern is that while Victoria's competitors are offering customers saleable priced products, this is something Victoria is not structured to offer (Packages often shown in Tourism Victoria advertising are not “trade ready”). Victoria is giving the competition a “free kick” every day this modern technique is not being used.

With regional marketing across Victoria being based on Tourism Victoria strategies and practices, Victoria has a statewide problem which is costing the regional tourism industry valuable sales every day. To illustrate the point, one only needs to browse through the Herald Sun Escape supplement on any Sunday, in Age newspapers and weekend magazines plus other newspapers to see how widespread this practice is with Victoria’s competitors, both Australian and overseas. They are mostly business driven, few have generic advertising

There is also a need to lift the merchandising standards of Victoria's destination marketing, they fall short behind leading competitors.

**Skills needed**

The skills needed to lift the performance of the industry are presently not available in the existing structures of Tourism Victoria and regions. (See also Submission 18)

**ACTION NEEDED**

The absence of skills and expertise within the Tourism Victoria executive team needs to be corrected first.

In any restructuring of regions, currently being considered, there needs to be provision to bring in necessary skilled personnel to lift the standard of regional destination marketing.

*This recommendation is based on decades of experience in Australia’s tourism industry and*
the authors first hand knowledge of what Victoria’s competitors are doing.
## TOURISM ORGANISATIONS – MARKETING LEVELS

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</thead>
<tbody>
<tr>
<td>1</td>
<td>ADVANCED TOURISM MARKETING</td>
<td>Strategic marketing with commercial focus</td>
<td>Business focus</td>
<td>Business development programs</td>
<td>Integrated targeted cooperative marketing programs</td>
<td>Industry partnerships developed</td>
<td>Distribution channels</td>
<td>Trade support</td>
<td>Promotions (advanced)</td>
<td>Promotions (business driven)</td>
<td>Publicity</td>
<td>Industry marketing management skills development</td>
<td>Proactive with using packaging as marketing tool</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Strategic planning</td>
<td>Business flaire</td>
<td>Entrepreneurial flair</td>
<td>Market development programs</td>
<td>e-marketing (advanced)</td>
<td>Advertising</td>
<td>Branding programs</td>
<td>Trade support</td>
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<td>Market demand research</td>
<td>Innovation</td>
<td>Market development programs</td>
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<td></td>
<td></td>
<td>Measurable outcomes seen as important</td>
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<tr>
<td>2</td>
<td>COMMERCIAL TOURISM MARKETING</td>
<td>Strategic marketing with commercial focus</td>
<td>Business focus</td>
<td>Business development programs</td>
<td>e-marketing (commercial)</td>
<td>Advertising</td>
<td>Branding programs</td>
<td>Trade support</td>
<td>Promotions (advanced)</td>
<td>Promotions (business driven)</td>
<td>Publicity</td>
<td>Proactive with using packaging as marketing tool</td>
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<tr>
<td></td>
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<td>No measurable business outcomes</td>
<td>Business flaire</td>
<td>Entrepreneurial flaire</td>
<td>Market development programs</td>
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<td>No measurable business outcomes</td>
<td>Innovation</td>
<td>Market development programs</td>
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<tr>
<td>3</td>
<td>BASIC TOURISM MARKETING</td>
<td>Limited strategic marketing</td>
<td>Promotional focus</td>
<td>Research mainly based on past</td>
<td>e-marketing (basic)</td>
<td>Advertising</td>
<td>Branding programs</td>
<td>Promotions (basic)</td>
<td>Promotions (basic)</td>
<td>Publicity</td>
<td>No package programs but packages used in promotions &amp; advertising</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>No measurable business outcomes</td>
<td>Research mainly based on past</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>4</td>
<td>PROMOTIONAL TOURISM MARKETING</td>
<td>Limited strategic marketing</td>
<td>Promotional focus</td>
<td>Research mainly based on past</td>
<td>Advertising</td>
<td>Promotions (basic)</td>
<td>Publicity</td>
<td>No package programs. Little use of packages</td>
<td></td>
<td></td>
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</tbody>
</table>
Shown below are the main differences between each level.

The main thrust of Levels 3 and 4 is advertising, promotions and publicity which are no longer rewarding on their own. Tourism Tasmania's Business Plan 2006-2009 states

"Simply spending money on traditional paid marketing or advertising activities will not necessarily deliver on our goals – we must redefine our approach to every aspect of our programs and activities."

This applies just as much to Victoria as it does to Tasmania – it is just modern thinking.

In the modern era, to be competitive it is essential to concentrate on targeted marketing with measurable outcomes which is the main thrust of Levels 1 and 2.

Levels 1 and 2 are very aware of the importance of e-marketing particularly websites, online bookings, e-newsletters, e-promotions of destinations and e-selling of products with e-marketing and promotions shown above there are categories as follows.

**E-marketing**
- **Basic** – website, e-newsletters
- **Commercial** - website, online bookings, e-newsletters, statistics from online bookings
- **Advanced** - website, online bookings, e-newsletters, e-selling of packages and special offers, using statistics from online bookings

**Promotions**
- **Basic** – Brochures, consumer shows, trade shows, direct mailing
- **Advanced** – Basic activities plus sales promotion initiatives such as shoulder season hot deals packages and special offers, launch of new products, etc

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**NEW POLICY REQUIRED**

Tourism Victoria’s marketing strategies are based on advertising, promotions and publicity. What is worse is that while Victoria’s competitors are offering customers saleable priced products, this is something Victoria is not structured to offer. Victoria is giving the competition a “free kick” every day this modern technique is not being used.

Of concern also is that regional marketing across Victoria is based on Tourism Victoria strategies and practices. As a result Victoria has a statewide problem which is costing the industry valuable sales every day. To prove the point, readers of this report only need to browse through the Herald Sun Escape supplement on any Sunday, in Age newspapers and weekend magazines plus other newspapers to see how widespread this practice is with Victoria’s competitors, both Australian and overseas.
The Government’s Ten Year Plan for Tourism indicates a lower priority for domestic tourism with more emphasis to be given to building inbound markets. The Ten Year Plan indicates the State Government has resolved that domestic tourism is flat and there is little potential. This does not seem to take into account that much of the depressed results across regional Victoria is due to Government policies or lack of action to counter market forces, competitor activity and other factors shown in Submissions 3, 4, 5, 6, 7, 8, 9, 10 and 12.

Tourism is a commercial industry and in the commercial world, it is standard practice to react to downward pressures with initiatives to combat the loss of business.

As this Submission shows, viability of domestic product is very important to the success of inbound marketing because it also means

- Tourism product is viable and reliable for overseas visitors and overseas tour programs
- Domestic tourism businesses can contribute funds for overseas marketing expenses

VICTORIA’S SUCCESS WITH OVERSEAS VISITOR GROWTH AND ATTRACTING INVESTORS ARE BOTH LINKED TO MORE SUCCESSFUL RESULTS FROM DOMESTIC MARKETS.

Maintaining a viable domestic tourism industry is important to inbound tourism growth.
IMPORTANCE OF DOMESTIC TOURISM FOR INBOUND MARKETING

Domestic tourism success is vital for inbound growth

On the surface it can appear that inbound tourism and domestic tourism are quite separate but this is not the case.

Inbound tourism can not achieve its potential, particularly in regions, without a strong domestic sector. There are some exceptions but very few.

“Bread and butter” of the industry

Firstly, domestic tourism is the “bread and butter” for most businesses in Victoria’s tourism industry. In the latest Victorian Government Ten Year Plan it indicates

"that as Victorian tourism is flat, greater emphasis will be directed to inbound tourism where a 70% increase in visitors is forecast over the next 10 years."

Using Tourism Research Australia official figures, the tables below indicate the importance of domestic tourism to the revenues of the Victorian tourism industry

Year ended 30 Sep 2006

<table>
<thead>
<tr>
<th>Visitors nights</th>
<th>No. nights (000)</th>
<th>Aver spend per visitor</th>
<th>Total visitor spend</th>
<th>% of all Visitor spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Domestic</td>
<td>52,878</td>
<td>$ 127.00</td>
<td>$ 6,715,506 million</td>
<td>72.26%</td>
</tr>
<tr>
<td>• International</td>
<td>30,523</td>
<td>$ 84.43</td>
<td>$ 2,577,056 million</td>
<td>27.74%</td>
</tr>
<tr>
<td>Total vis nights</td>
<td>83,401</td>
<td></td>
<td>$ 9,292,562 million</td>
<td>100%</td>
</tr>
</tbody>
</table>

Year ended 30 Sep 2016 – 10% domestic growth over 10 years

Assuming a modest growth of 10% over 10 years for domestic visitors and the Governments forecast growth of 70% over 10 years for overseas visitors, using today’s figures, the following would result

<table>
<thead>
<tr>
<th>Visitors nights</th>
<th>No. nights (000)</th>
<th>Aver spend per visitor</th>
<th>Total visitor spend (000)</th>
<th>% of all Visitor spend</th>
<th>Variation on 2006 (000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Domestic</td>
<td>58,165</td>
<td>$ 127.00</td>
<td>$ 7,386,955 million</td>
<td>62.77%</td>
<td>$ 671,449 mill</td>
</tr>
<tr>
<td>• International</td>
<td>51,889</td>
<td>$ 84.43</td>
<td>$ 4,380,988 million</td>
<td>37.23%</td>
<td>$ 1,803,932 mill</td>
</tr>
<tr>
<td>Total vis nights</td>
<td>110,054</td>
<td></td>
<td>$ 11,767,943 million</td>
<td>100%</td>
<td>$ 2,475,381 mill</td>
</tr>
</tbody>
</table>

The figures above show that even with modest growth, domestic revenue volumes will still be 62.77% of all visitor spend. If the Victorian Government could put as much emphasis into developing inbound (domestic) business from interstate markets as it puts into developing inbound business from overseas markets, domestic revenues could be even greater still and they would be for the whole of the state, not just those areas that are fortunate to be able to host overseas visitors.

Return visit potential

An important element of the domestic tourism market is the greater potential for return visits. Many Australians travel more than once each year and not necessarily to the same location. Return travel by overseas visitors is not as high except for New Zealand and perhaps Singapore.
Importance of viability of domestic product for inbound marketing
Viability of domestic product is very important to inbound marketing because it also means
• Tourism product is viable and reliable for overseas visitors and overseas tour programs
• Domestic tourism businesses can contribute funds for overseas marketing expenses

VICTORIA’S SUCCESS WITH OVERSEAS VISITOR GROWTH AND ATTRACTING INVESTORS ARE BOTH LINKED TO MORE SUCCESSFUL RESULTS FROM DOMESTIC MARKETS.

It is concerning to the private sector that the Government’s position that, according to the Ten Year Plan, there will be no competitive effort made to aggressively combat the current depressed domestic results.

This is particularly concerning when many of the problems with the downturn flow from the Government’s own policies, practices and limited marketing activities.

This sends a signal to the industry that the Government is more interested in overseas visitors than domestic demand which currently represents over 70% of the industry’s total income.

Also with overseas market being so volatile, can anyone be certain the forecast growth of 70% of overseas visitors is attainable and sustainable?
Parliamentary Inquiry Members

Time to restore Regional Tourism Organisations managed by the private sector

A major issue limiting regional tourism results is the lack of understanding by Governments at the state and local levels as to how to extract maximum results from tourism. Submission 15 outlines how Councils can achieve better results but they operate in an environment where they take their lead from the State Government.

Regrettably the role of the State Government in regions is much criticised by the private sector and others around the state because of the Government’s attitude to regions and its insistence on control of the industry from Melbourne by the bureaucracy.

With changes to regional structures mooted, the question now is whether the State Government will
- Revert to allowing the private sector to take back control so that it can unleash its entrepreneurial talents, innovation and enterprise to grow tourism again in regions,
- Or will the new structures, yet to be announced, still maintain control by the bureaucracy but in a different way.

The section on page 3 titled Campaign Committees is recommended reading.

What is needed most are Regional Tourism Organisations structured and resourced like Queensland, New Zealand and the Yorkshire Tourist Board as shown in this Submission. Given the freedom to show initiative and with the kind of support that Tourism Queensland provides its regions, there is no reason why Victorian regions cannot grow to be strong and successful. But this process has to start somewhere and now is the time.

The Victorian Government’s track record with managing regional tourism is largely seen around the state as lackluster, at best. Many in the industry are very disappointed. The move to return to Regional Tourism Organisation structures is long overdue.

Regions will also have to guard against distraction from the top priority which MUST be to focus first on the commercial performance and reinvigorate regional business results.

Queensland is successful today because of what they have done well for over 25 years. Now that the leading RTOs have reached a level of maturity, Tourism Queensland is in a position to introduce Destination Management Plans to better integrate tourism into the community. This is being done without adversely affecting commercial performance. To ensure this does not happen, Queensland is funding specialist managers to work in the regions to concentrate on these plans but paid for by Tourism Queensland in Brisbane.

Victorian regions have a long way to go to get up to a competitive standard commercially. It is to be hoped that the Governments new structures for regions will carefully consider factors laid out in this submission.
REGIONAL TOURISM ORGANISATIONS

In Victoria, Regional Tourism Organisations have not been highly regarded by the State Government for their commercial importance. They have never been structured and resourced properly. With the initiative flowing from the Regional Summit, it is hoped that this will change.

Successful Regional Tourism Organisations all have in common that
• They are operated as business units, not promotional agencies
• Have a membership based of industry stakeholders
• Are well structured to produce business results for the members through effective destination marketing strategies
• Well resourced, and
• Focus on effective destination marketing programs that deliver customers (visitors) for businesses reliant on the tourism industry.

Bureaucracy and successful Regional Tourism Organisations are not good bedmates.

Private sector managed Regional Tourism Organisations have
• The ability to move swiftly to capture business opportunities, and
• Apply peer pressure to the private sector to obtain support for marketing initiatives.
This is something the public sector is unable to do.

CONSTRAINTS ON THEIR OPERATIONS

The main constraint on Regional Tourism Organisations can be the public sector not understanding their role and operations and wanting to have some control over some or all of their functions.

Without a private sector tourism background, it can be very difficult for public sector officials to understand that the constraints they are imposing is actually causing damage to the commercial performance of the industry.

REGIONAL TOURISM OPERATIONS

Across Victoria, there is a prevailing view that supply driven or product driven strategies are the correct approach. However the competition is now being successful with market driven strategies. Shown below are details of the approach being used by successful Regional Tourism Organisations in other states, New Zealand and England.

It is vitally important that regions across Victoria modernise their approach.

COMPARISONS WITH OTHER REGIONAL TOURISM ORGANISATIONS

The following comparison is most interesting

NZ Regional Tourism Organisations

As there are no State Tourism Organisations in NZ, the RTOs collectively agree industry issues. Of their own accord they agreed the following statement.

The core roles for RTOs in NZ are to seek to grow domestic and international visitor expenditure in the region, to provide sustainable economic, environmental, social and cultural wealth opportunities for the local community. This means

• Economic return (more business income, more jobs, more investment, economic growth).
• Social return (increased employment and the impact on crime, community self esteem, sustaining health, education and recreation opportunities, maintaining populations in declining areas)
• Cultural return (engaging with international cultures, maintenance of local culture, custom, language, stories, heritage and ceremonies)
• Environmental return (increased awareness of environmental assets, protection of natural areas, contained impact on the environment, visitor expenditure applied to conservation programs).

**RTO common activities**

Common activities of NZ RTOs are as follows

**Primary**
- Generic branding and promotion of the region to attract international and domestic visitors.

**Secondary**
- Advocating for and facilitating Destination Management planning
- Facilitating or providing business development support for industry and product development

**Tourism Dunedin, a South Island RTO**

Extracted from the Tourism Dunedin website is the following statement

The role of Tourism Dunedin is to market the Dunedin region as a 'must see' visitor destination amongst key domestic and international markets and, in doing so, increase the number of leisure visitors to the city resulting in a strong and sustainable tourism economy, creating wealth and jobs for residents.

Tourism is a significant income earner for the city and is Dunedin's second largest industry

**Tourism Tropical North Queensland**

Attachment A is an extract from the Tourism Tropical North Queensland website.

It shows the business approach of one of Australia’s top Regional Tourism Organisations

**Christchurch NZ RTO**

Attachment B sets out the organisational structure and other information about Christchurch and Canterbury Tourism, the RTO for Christchurch. An extract from this Attachment reads

Our purpose is to enhance the prosperity of Christchurch and Canterbury by increasing visitor numbers, their length of stay and spend, from markets which are sustainable and impact positively on the Canterbury region.

We will do this by marketing the diversity and uniqueness of Christchurch and Canterbury to New Zealand and selected world markets, and supporting the principles of environmental consciousness and sustainability.

We will support our tourism business partners' efforts to exceed visitor expectations.

The marketing of the Canterbury region internationally is based on a platform of joint venture promotional activity, offshore tourism trade education, participation in Tourism New Zealand promotional activity, relationship building with offshore wholesalers/retailers/inbound tour operators, an international media program targeted at developing and increasing offshore media coverage of the region as a desirable tourist destination, and the distribution of promotional collateral throughout selected offshore trade.

**Australian regional structures**

Shown as Attachment C is a comparison of various structures for RTOs within Australia.
Yorkshire Tourist Board, England
Attachment D sets out the role of this Regional Tourism Organisation. In the first paragraph appears this statement

YTB’s mission statement reflects the very essence of the organisation, "To represent and help generate sustainable business for the region’s tourism industry".

Common message
The common message of these statements from various parts of the worlds is that tourism is about business and local economies.

This is the modern approach and any new regional tourism structure announced by the State Government needs to embrace this approach. The State Government should adopt this approach for the operations of Tourism Victoria. This is very important because all regions and all Councils take their lead from Tourism Victoria.

VICTORIAN REGIONAL TOURISM SUFFERING
Regional tourism operations have been suffering from

- Destination marketing strategies not being modernised
- Regional structures far too inadequate for the modern, competitive era, and
- The Campaign Committee concept being an absolute negative for the commercial performance of regions.

CAMPAIGN COMMITTEES
It is interesting to note that no other state has copied this concept since it was introduced 15 years ago.

There is no criticism of the people in the regions who have been expected to make a success of a concept that has never been popular with the private sector, only the public sector.

The Campaign Committee concept, being managed from Melbourne, has prevented regions from developing a pool of experienced talent with destination marketing expertise. The private sector around the state believes the Campaign Committee concept stifles development of entrepreneurial, innovative and competitive standard marketing. This observation is based on the many comments made to Advance Tourism over a long period from around the state.

The views of Tourism Victoria, backed by the machinery of Government, always prevail. Because of the bureaucratic control, it has been much easier for the private sector to just walk away and leave them to it.

Another shortcoming has been that regional strategies have been kept at a tactical level and have not been modernised to cope with market forces nor has the need for more strategic initiatives being introduced. This means “real” strategic initiatives.

In brief, the Government has been trying to manage a commercial industry performance using bureaucratic procedures and all this has achieved is a contribution to depressed industry results. The Campaign Committee concept sucks valuable marketing dollars out of regions to meet state marketing objectives and prevents the private sector from taking their own initiatives to benefit regions. Hopefully this concept is soon to be consigned to the history books.

Private sector support to regional destination marketing will not return until the private sector sees private sector management of RTOs.

It is of no electoral advantage for the Bracks Government to continue the existing concept.

If the new regional structures to be announced by the State Government do not restore RTOs independent of public sector control from Melbourne and do not provide additional support (manpower and funds) to enable the RTOs to become effective destination marketing organisations, it will send a clear message to regions about the attitude of the Bracks Government to regional tourism.
REGIONAL TOURISM STRUCTURES

For over 25 years, Queensland RTOs have matured and become very effective business units. Throughout this period, they have been very focussed on market driven strategies to deliver visitors as customers to regions.

Tourism Queensland has now moved to progress regions by introducing Destination Management Plans (See Enclosure 14-1). They are designed to better integrate tourism with the community.

So as not to disrupt the commercial operations of Regional Tourism Organisations, Tourism Queensland is funding specialist appointments in regions. The Victorian Government should follow this example because of the need to rejuvenate commercial results in the regions.

Restoring growth of visitors in all regions should take precedence over any other initiatives for regions. The private sector has suffered long enough from the poor performance of State Government management of regions over recent years.

REGIONAL TOURISM ORGANISATIONS

It is very important to recognise the role of Regional Tourism Organisations which basically is to be a business unit to deliver effective destination marketing which delivers visitors as customers for regional businesses.

The basic structure for any Regional Tourism Organisations is as follows

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[Diagram showing structure: Board -> Management (Including strategic planning) -> Marketing, Operations, Admin & Finance]
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Details of organisational structures at various destinations can be seen as follows
- Tourism Tropical North Queensland – Attachment A
- Christchurch and Canterbury Tourism – Attachment B
- Other Australian regional destinations – Attachment C.

While organisational structures are always tailored to suit local circumstances, they all follow a basic structure as shown above.

Victoria’s new regional structures need to consider
- Local operational needs, and
- The commercial objectives of that region.
Need for strategies
When the State Government announces the new structure, there should be strategies for future development of regional commercial performance.

Such strategies should anticipate extra appointments as their businesses grow, their roles and how they will be funded.

It is essential that the goal should be for regions to eventually mirror the structures of successful Regional Tourism Organisations.

The current regional structures in Victoria have no hope of growing the industry.

An absurd situation exists in Gippsland where the Regional Tourism Organisation is a “one man band” with just a motor car, mobile phone and laptop as his operating base. His only office support is an office provided by the Shire of Wellington which is mainly for collecting mail. How can the CEO produce business results with such poor support and an area from Berwick to Mallacoota and down to Wilsons Promontory? This ridiculous situation reflects adversely on the bureaucrats who conceived such an impractical arrangement.

The North East Regional Tourism Organisation is in a similar situation.

NEEDS OF NEW REGIONAL TOURISM ORGANISATIONS
If the new regional structures are to be successful, these factors need to be considered

• MUST be regarded as a business unit
• MUST be private sector managed
• Strategic plans for the ongoing commercial performance of each Regional Tourism Organisation need to be prepared
• Structure should be suitable to the commercial and operational needs of the region
• The right staff need to be recruited – see below
• Resources appropriate to the tasks of the organisation need to be provided
• State and local governments need to be supportive of the new organisations – see below
• Functions to be undertaken – see below.

STAFFING OF REGIONAL TOURISM ORGANISATIONS
If the new structure for regions is being planned only by the public sector, there will be a danger that the commercial needs will not be adequately considered.

If the Regional Tourism Organisations are to be successful it will be necessary to consider selecting staff with the right skills and expertise. They will not be attracted by public service pay scales. Realistic commercial salary packages will be necessary for senior staff.

Private sector staff with a commercial background think and act differently to the public sector which tends to be conservative.

RESOURCES
If the Regional Tourism Organisations are to be effective they will need appropriate resources such as

• Premises at a location which is convenient for clients and members. They also need to be appropriate for efficient operations
• Office equipment should support the organisation’s tasks
• Modern communication facilities for market inter-reaction are essential,
• Laptops and other presentation aids will be required, and
• Adequate operating and marketing budgets need to be provided if the organisation is to fulfil its role.

These factors need to be considered in any planning.

The days of “Making do” have passed, tourism is now too competitive as shown in earlier submissions and as declining visitor volumes attest.

FUNCTIONS
Functions to be undertaken by the Regional Tourism Organisations are broadly described as demand development activities which involve delivering strategies in distant markets to secure business from consumers and trade sources for tourism and other businesses in the region.

To support this function it is also necessary to ensure that appropriate resources are available to service new business. e.g. modern booking systems, support staff, visitor centres, etc, plus use of merchandising like packages, special offers, etc.

Also development of industry support for integrated, targeted co-operative marketing is a high priority.

PRIVATE SECTOR MANAGEMENT
It is essential that if Regional Tourism Organisations are to be successful, they must be managed by the private sector with senior appointments filled by people who are proven managers with the capacity to provide entrepreneurial leadership as well as manage business and marketing programs and plan for the future.

The competitive nature of the industry no longer allows tourism appointments to be used to solve local problems or selection of people without the right background.

CATEGORIES OF REGIONAL TOURISM ORGANISATIONS
Queensland’s Regional Tourism Organisations are divided into two categories
• Advanced, and
• Emerging.

Assistance provided differs between the levels as appropriate.

It could be of advantage for Victoria to do the same as follows.

1. For advanced regions, plans are needed to sophisticate their operations to improve their business performance. It is essential that progressively they be less reliant on government and show more initiative, entrepreneurial flair and innovation as their expertise grows. In the early stages, funding support from Tourism Victoria will be essential.

2. For the emerging regions, it will be essential to create structures where Tourism Victoria funds can be used to recruit staff from the private sector to help build private sector confidence and support for key appointments. This will be needed if the RTOs are to develop programs that can produce results for these regions.

3. A reversal of state marketing policies will be necessary. Like other states Tourism Victoria would need to work with regions to augment their resources for regional strategies interstate that are targeting growth of existing markets.

4. An essential aim for all RTOs will be that they become business units as soon as possible. This is important for these reasons:
   * So their our business performance improves
   * The RTO becomes more focussed on producing business for industry stakeholders
   * Industry support for RTO operations grows.

NEW ZEALAND REGIONAL TOURISM ORGANISATIONS
With this Submission is Enclosure 14-1, Tourism Reference Paper soon to be released by
Advance Tourism throughout Australia. This provides further details about arrangements at the regional level in New Zealand.
TOURISM TROPICAL NORTH QUEENSLAND

Welcome to TTNQ from Rob Giason, Chief Executive Officer

Tourism Tropical North Queensland (TTNQ) is the official Regional Tourism Organisation for Tropical North Queensland region of Australia, which includes: Cairns, Cairns Beaches and Palm Cove, Port Douglas, Daintree & Cape Tribulation, Cooktown, Cape York Peninsula, the Gulf Savannah, Kuranda and Cairns Highlands and Mission Beach.

TTNQ is an industry funded incorporated private company limited by Guarantee. All activities are overseen by the TTNQ Board of Directors.

Our Mission
To grow sustainable tourism in Tropical North Queensland

Our Vision
To be the world's best tropical holiday destination

Key Objective
TTNQ's key objective is to build destination awareness in Australia and selected international holiday and business tourism markets through a targeted program of marketing activities to achieve maximum visitation, length of stay, expenditure and regional dispersal within Tropical North Queensland.

TTNQ works with industry and key stakeholders to achieve this objective. We particularly thank our principle corporate partners: Cairns Port Authority, Tourism Queensland and Cairns City Council.

We achieve our goals by:

- Knowing the customer through research and in-market activity
- Developing and implementing a universal brand strategy
- Promoting the region's experience rich product
- Connecting with the customer through destination promotion
- Converting the customer through an effective distribution strategy
- Providing industry leadership
- Meeting all organisational requirements
This organisation chart does not include any personnel associated with the Visitor Centres.

* CRCB – Cairns Region Convention Bureau
**Director Destination Development - This is a Tourism Queensland funded Officer assigned to TTNQ to assist with implementation of the Ten Year Plan as it applies to infrastructure and the community.
CHRISTCHURCH AND CANTERBURY REGIONAL TOURISM ORGANISATION

This information was downloaded from the website of Christchurch And Canterbury Regional Tourism Organisation
www.christchurchnz.net/canterbury/CCMStruct/

Christchurch and Canterbury Marketing

Destination Christchurch Trust is the 100% shareholder of Christchurch & Canterbury Marketing Ltd., an incorporated company. The two trustees are responsible for appointing the Board of Directors for the company, which currently consists of eight board members, with representation from the Christchurch City Council and various commercial enterprises both internal and external to the tourism industry. Board members are typically appointed for a three year term, as is the chairman of the board.

The CEO of Christchurch & Canterbury Marketing Ltd is not a board member, and reports directly to the board.

The internal structure of Christchurch & Canterbury Marketing Ltd is outlined below.
Christchurch and Canterbury Marketing Ltd is the regional tourism organization (RTO), responsible for the destination marketing of the Canterbury region of New Zealand’s South Island - a region which stretches from Kaikoura in the North to Waimate in the South, and from the East Coast to the Southern Alps. The region comprises nine separate districts - (North to South) Kaikoura, Hurunui, Waimakariri, Banks Peninsula, Selwyn, Ashburton, Central South Island, Mackenzie and Waimate. Each district has an autonomous tourism marketing body, responsible for individual marketing programmes.
In turn, Christchurch and Canterbury Marketing Ltd is one of 28 regional tourism organisations throughout New Zealand, and we operate in conjunction with the national tourism body - Tourism New Zealand.

Our purpose is to enhance the prosperity of Christchurch and Canterbury by increasing visitor numbers, their length of stay and spend, from markets which are sustainable and impact positively on the Canterbury region.

We will do this by marketing the diversity and uniqueness of Christchurch and Canterbury to New Zealand and selected world markets, and supporting the principles of environmental consciousness and sustainability.

We will support our tourism business partners’ efforts to exceed visitor expectations.

The marketing of the Canterbury region internationally is based on a platform of joint venture promotional activity, offshore tourism trade education, participation in Tourism New Zealand promotional activity, relationship building with offshore wholesalers/retailers/inbound tour operators, an international media programme targeted at developing and increasing offshore media coverage of the region as a desirable tourist destination, and the distribution of promotional collateral throughout selected offshore trade.

Domestically the marketing of Canterbury is specifically targeted at major New Zealand city markets with emphasis on Auckland and Wellington.

Christchurch and Canterbury Marketing Ltd is also responsible for the operation of the Christchurch i-SITE Visitor Centre and the Christchurch and Canterbury Convention Bureau

**Christchurch & Canterbury Tourism**
Old Chief Post Office, Cathedral Square, PO Box 2600
Christchurch
New Zealand
Phone: +64 3 379 9629
Fax: +64 3 365 0787
Email: info@christchurchnz.net
### Regional Structures

**Queensland** has 14 RTOs in two categories – *developed* and *emerging*. Each RTO has good management and marketing structures and all are private sector managed and have a membership base.

TQ provides support as follows:
- An annual grant of $200,000 towards administration
- Additional specialist support staff as shown below
- Additional funding and other assistance with RTO integrated, targeted, cooperative campaigns.

This enables RTOs to focus on generation of business for the private sector.

Shown below are examples of manpower resources in RTOs:

**Tourism Tropical North Queensland (TTNQ)**
Prior to Queensland’s reorganisation in 1978, the peak body for this region was Cairns Tourism Association. It was no different to any other state. After the 1978 changes, TTNQ was formed and has grown ever since. Today TTNQ has 24 staff as shown in the organisation chart at Attachment E.

The CEO at TTNQ has always been recruited from the senior level of industry executives. The current CEO is former CEO Tourism Tasmania and was Marketing Director, Tourism New South Wales previously.

His predecessor was previously the DCEO of the Australian Tourist Commission. After leaving TTNQ, he went on to a senior tourism post in Hong Kong.

**Victoria** has no equivalent RTO to TTNQ.

**Tourism Mackay**
Staffing of Tourism Mackay today is:
- General Manager
- Destination Marketing Manager

**Tourism Mackay** has 3 RTOs (Bendigo Geelong Otway and Yarra Valley) that have resources that can be compared as anywhere near the Queensland standard.

**Some other Victorian RTOs (Visitor Centre staff not incl)**
- CEO

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**The difference in regional operations in Queensland and in Victoria could not have a greater contrast. It highlights that Queensland is committed to strong regions and Victoria has only has a token commitment to regions.**

In Queensland, most RTOs enjoy strong private sector support as well as strong local government support because RTOs produce measurable outcomes beyond Tourism Research Australia (TRA) figures.

Victoria’s marketing at all levels usually has no measurable outcomes other than TRA figures or “hits” on the state website. However there are no figures available to show conversions from these hits.

Some locations have online booking systems which produce performance statistics.
Submission 14 – Regional Tourism Organisations

- Business Tourism Manager
- Industry Development Manager
- Marketing Support Officer, and
- Manager Admin/Company Secretary

The General Manager, very experienced in the industry, came to the post from being Manager Europe for Tourism Tasmania based in Frankfurt. Previously he was an inbound tour wholesaler and British Airways Tasmanian Manager.

Bendigo Tourism

- Executive Manager Tourism
- Marketing Manager Destination Marketing
- Events Manager
- Business Events Officer
- Industry Events Officer

Tourism Whitsundays

Staffing of Tourism Whitsundays, apart from Visitor Centre staff, is

- CEO
- Marketing Director
- Sales & Marketing Manager
- Sales & Marketing Executive
- Commercial and e-marketing Executive
- Business Tourism Executive
- Project Officer
- Finance and Operations Director
- Partnerships Manager
- Account/Admin Assistant

The outgoing CEO has had an industry career. Before this appointment, his career included Capricorn Tourism (Rockhampton) General Manager, Esperance Region Tourism WA, Executive Director and other industry appointments.

Geelong Otway Tourism

Staffing of this RTO, apart from Visitor Centre personnel is as follows

- Executive Director
- Deputy Executive Director
- Destination Bellarine Marketing Officer
- Destination Geelong Marketing Officer
- Conferences and Incentive Travel Coordinator
- Tourism Marketing and Development Officer
- Tourism Administration Officer
- Tourism Business Administration Coordinator
- Tourism Administration

The Executive Director came to this appointment from being Tourism Manager, Parks Victoria

Echuca Moama Tourism

- Tourism Manager

Mildura Tourism

- CEO
- Marketing Manager
- Industry Development Manager
- Finance and HR Manager
- School based apprentice

Shipwreck Coast Tourism

- CEO
- Tourism Officer
- Admin Assist (part time)

Mornington Peninsula

- Tourism Executive Officer
- Senior Tourism Officer
- Tourism Officer

Gippsland

- General Manager

North East

- CEO, based at Wangaratta
- Administrator, based elsewhere

Central Australia Tourism

Positions at Central Australia Tourism, Alice Springs, less Visitor Centre staff are

- General Manager
- Marketing Services Manager
- Retail and Membership Manager
- Finance and IT Manager
- Administration Manager
- Publications Coordinator (part time)

**Tourism Queensland support staff**
Tourism Queensland has a Brisbane based team of specialists who work with the RTOs to provide them with extra support for their programs. As an example, both Tourism Mackay and Tourism Whitsundays share one of the TQ teams which comprise
- Regional Director
- Destination Marketing Coordinator
- Marketing Coordinator, Brand and Marketing Services
- Destination Advertising Manager (contracted)
- Synergy Marketing and Public Relations (contracted)

Similar teams service other groups of destinations.

**Tourism Victoria support staff**
Tourism Victoria has only a regional marketing staff of 6 and their duties are largely to support the Campaign Committees.

<table>
<thead>
<tr>
<th>Attitude of regions</th>
<th>Attitude of regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focussed on commercial operations designed to deliver business to the private sector.</td>
<td>Victorian regions mostly do not go much beyond advertising, promotions and publicity.</td>
</tr>
<tr>
<td>In Victoria there is little focus on business generation, quite the reverse of Queensland.</td>
<td></td>
</tr>
</tbody>
</table>
 YORKSHIRE TOURIST BOARD

Role

Yorkshire Tourist Board (YTB) is the region's official tourism agency responsible for representing and helping to generate sustainable tourism for the region's tourism economy. YTB's mission statement reflects the very essence of the organisation, "To represent and help generate sustainable business for the region's tourism industry".

YTB represents the whole of the Yorkshire and northern Lincolnshire tourism industry, with the backing of over 2,700 private sector tourism businesses in membership and the continued support of all of the local authorities in the region.

YTB increasingly operates in a commercial environment but has an overall non-profit making policy. YTB co-ordinates and assists the industry in the development of a quality sustainable tourism product, enabling effective marketing of Yorkshire and Northern Lincolnshire.

As the region's official tourism agency, YTB services the needs of the industry through a range of functions such as:

- Marketing - delivering innovative marketing campaigns targeting specific market segments. Providing destinations with an effective example of best practice to guide and inform marketing activity on a local level. Campaigns prove successful year on year in attracting leisure visitors, travel trade and business tourism to the region.
- Promotion - supports all YTB's consumer and business marketing activity by raising awareness of Yorkshire and YTB. An integrated PR campaign is implemented, which includes a series of PR events to stimulate interest in the region and drive forward the region's strategic agenda.
- Market Intelligence - collecting and disseminating information and data to ensure the development of the right product to meet the customers' needs via a mixture of commercial research for the industry and non-commercial research generating trend data.
- Strategic Planning - ensuring the coherent delivery of both national and regional strategies to maximise opportunities and partnerships.
- Policy - being the industry voice and representative on all relevant policy issues. YTB strives to both steer policy through constant feedback and liaison with the industry and execute via the strategic agenda.
- Funding Opportunities - to identify and capture funding to realise opportunities and drive up the quality of the regional tourism product.
- Branding & Image - YTB is the official keeper of the Yorkshire brand, ensuring that the brand is used effectively and consistently across the region, which work to raise awareness of the brand values of Yorkshire to the consumer.
- Tourist Information Centres - YTB has a role to oversee the region's Tourist Information Centres (TICs) network criteria to ensure that minimum standards are maintained.
- Advice/Guidance & Training - to improve businesses' quality, efficiency and profitability.
- Membership Services - to provide an effective two-way communication channel between YTB and the private sector. The scheme provides members with additional benefits, which result in both cost savings and increased business.
- Commercial Operations - to generate income to support YTB's work and integrated activity schedule, which aim to represent and help generate sustainable business for the region's tourism industry.
BACKBONE OF REGIONAL TOURISM DESERVES BETTER

Regional Councils provide more resources for regional tourism than any other source but our industry does relate to Councils in the right way in many instances.

Councils take their lead from Tourism Victoria and because Tourism Victoria is using out-of-date philosophies, this is flowing through to Councils. Also Tourism Victoria has failed to appraise Councils of the new competitive operating circumstances that exist today. As a result many Councils are still taking decisions based on the 1990s which means that Councils are not getting the best results from their “Tourism Vote” each year.

Councils also spend ratepayer funds on Tourism Development Plans based on a model provided by Tourism Victoria. These models are incomplete and product focussed. There is no recognition of the important role of the private sector or the need to produce a good commercial performance so that local economies can benefit.

Because there is no network of private sector managed Regional Tourism Organisations, Councils are unable to get local advice form the industry because a suitable organisations is not available.

These arrangements mean

- The commercial performance in regions is suffering,
- Councils are not getting a good return on ratepayer funds employed, and
- Local economies are being penalised.

Better results will be difficult to achieve until properly structures and resourced Regional tourism organisations are restored.

In view of the important role of Local Government, it is essential that substantial changes be made to help Councils.

The first step should be to restore private sector managed Regional Tourism Organisations that can work closely with Councils to deliver a better commercial performance for the community.

Also Tourism Alliance should be funded for two years to recruit a specialist to work with Councils to help them understand the modern tourism industry and show Councils how they can get better results.
LOCAL GOVERNMENT – BACKBONE OF REGIONAL TOURISM

Local government across regional Victoria is the backbone of the regional tourism industry. It provides over $25 million each year in funding and other support. Most Councils are also committed to helping the industry to succeed.

Warrnambool Council alone contributes almost $1 million per annum for staging events to attract visitors. This is in addition to its financial support of Shipwreck Coast Tourism and the Council operated Visitor Information Centre.

However many Councils are frustrated that they can’t see what is being achieved from the ratepayer funds invested in tourism.

There are several reasons

- **Tourism is perceived by Councils as being about promotional activities.** This may have been true 20 years ago but not any longer. Tourism is in a tough competitive environment and only succeeds with effective destination marketing that targets business.

- **Out-of-date philosophies.** Most Victorian regions are following 1980s philosophies such as focusing on advertising, brochures, promotions, product development and visitor servicing. Successful destinations today have a more modern approach.

  Tourism Dunedin is a Council managed destination organisation. Extracted from the Tourism Dunedin website comes the following statement

  *The role of Tourism Dunedin is to market the Dunedin region as a ‘must see’ visitor destination amongst key domestic and international markets and, in doing so, increase the number of leisure visitors to the city resulting in a strong and sustainable tourism economy, creating wealth and jobs for residents.*

  *Tourism is a significant income earner for the city and is Dunedin’s second largest industry*

  This is the kind of thinking that Victorian regions need to adopt.

- **Council provides a Tourism Manager.** In many communities the tourism industry is not large enough to sustain an effective local tourism organisation so a staff member is appointed as Tourism Manager, usually some-one who has no first hand knowledge of the industry.

  This appointment then sets out to comply with Council’s directives about tourism which often are completely different to what the industry wants. The Tourism Manager takes advice from other Council Tourism Managers and Tourism Victoria. There may be consultation with the local industry but often the aspirations of the industry and the plans the Tourism Manager are preparing do not align. The plans are announced and the industry does not support them. Then a gulf occurs because Council’s approach and the aspiration of the industry are far apart.

  Council then becomes frustrated because there is no progress being made.

- **Councils make decisions for the industry.** Another problem observed in regions is when Council officials become involved in tourism operations. Because Council has the machinery of government and is the main funding source, Council officials strives to produce the best result not realising that the stakeholders in the industry need different solutions to what the officials believe is best for tourism. Leading industry stakeholders are too busy to spend their time with Council officials who they feel will not listen. As a result they choose to walk away. The Council officials later report the
plan to Council and when it does not succeed, the industry gets the blame.

Often having Council officials managing the process means that local politics can take precedence over good commercial decisions and again the industry can be upset.

REGIONAL TOURISM HAS BEEN SUBJECTED TO SOME HUGE CHANGES

Since 2000, Australia’s tourism industry has seen a quantum shift away from past practices. The old product driven strategies have been replaced with market driven strategies and the level of competition has increased dramatically. The impact of the Internet and online booking systems has changed forever, the way that the industry operates.

Regrettably, Councils have not been appraised of these changes and continue to operate with superseded philosophies.

Tourism today is vastly different in regions

- Customers choose where they will visit based on information from websites and other sources
- What happens locally is now of less importance, it is what happens in distant markets which dictates success
- The industry is far more competitive at all levels
- The days of every regional centre marketing their destination unilaterally are over because firstly they don’t have the resources to mount campaigns that have an impact in major markets. Secondly most “drive” visitors want to stay in one location and drive out to other nearby centres

There has been a trend in other parts of Australia to move to closer cooperation with larger centres which delivers more effective regional activities.

It is nice to protect parochial views and local pride but if Councils want visitor dollars being deposited in local businesses, they may need to assess whether a new approach will be more rewarding. Usually, today small centres cannot undertake destination marketing on their own because, with the small budgets available, they can achieve little in distant markets.

LOCAL GOVERNMENT NEEDS A NEW APPROACH TO TOURISM

For Councils to get a better return from their tourism vote, there are some options available.

These options may or may not have merit for every Council but are worthy of consideration

- **UK approach.** In the UK there are many locations that recognise they cannot undertake destination marketing effectively so they contract their tourism operations to the Regional Tourism Organisation, usually on three year contracts. Many also include their Visitor Information Centre services in the contract, but not always.

  There are certain synergies to benefit the tourism industry in this arrangement. However, until the State Government introduces a new private sector managed Regional Tourism Organisation structure, it will not be possible to consider this concept.

- **New Zealand approach.** There are 27 Regional Tourism Organisations across NZ. They usually embrace all locations within their regions. There are also some Councils with their own tourism operation. However, there is a universal practice with most RTOs and independent Councils to use the “Trust” approach. Supplied with this submission is Enclosure 16-1 which is a reference paper that Advance Tourism will be released around Australia soon. This details how the “Trust” system works.

  In brief, Councils establish a “charitable Trust” (a NZ legal term) which permits the
Council to appoint Trustees. These Trustees appoint the management of the tourism organisation which then operates as a business with the main aim to attract visitors as customers of tourism and other businesses at the destination. It is a WIN/WIN arrangement. A WIN for Council that their administrators do not get caught up in tourism operational matters. It means the tourism management is responsible to the Trustees to deliver results. It is a WIN for the tourism industry because usually the management is appointed from tourism industry ranks or at least allied commercial industries, not from the public sector. NZ can do this because it has a pool of industry talent available due to regional tourism being a mature industry in that country.

Councils that might be considering adopting the NZ Trust model, could be reassured that any restructuring along these lines should not incur job losses for staff or large payouts for separations because the staff would continue as Council employees.

Understanding of tourism by Councils
There are many Councils that have an understanding of the tourism industry based on many years of activities within their municipality. This does not guarantee that they understand the wider operation of the industry outside the municipality, particularly its commercial operations.

Action is needed to provide briefings to Councils by representatives from the private sector, not people with a public sector background. Until now Councils have not been briefed by the private sector as to the “big picture” of the industry and it is time this happened.

IMPACTS ON COUNCILS
Councils might like to consider that when Council officials administer the commercial operations of tourism, the following often occurs

- Council executive time is tied up on tourism operations at the expense of other management duties
- Where a commercial decision is needed which runs the risk of a local political reaction, Council officials will always opt for the safer, less controversial decision even if it adversely affects the commercial decision for the tourism industry. Private sector managed tourism organisations are free of local politics and can make better commercial decisions
- Where a Council produces a Tourism Development Plan for that destination, Councils are obligated to have the plans thrown open for public comment thereby making available to the public any competitive information that the tourism industry does not want to reveal. A private sector managed tourism organisation does not have this problem.

REGIONAL TOURISM DEVELOPMENT PLANS
An assessment of Tourism Development Plans in Victoria indicates they have little application for the commercial performance of the private sector particularly within the regions. They are product-driven, focused heavily on local issues and do not address the need to be pro-active with marketing the destination in distant markets or to be competitive in pursuing business.

The difference between the commercial drive of Queensland and the public sector focus of Victoria is illustrated by comparing the statements below. The Whitsundays Regional Development Plan (can be found at www.tq.com.au) reads as follows

“Over the next three years, TQ will focus its efforts on the key issues identified in this plan. Specifically these issues are to:

- Position and promote the Whitsundays as a unique and desirable holiday experience in domestic and international markets
- Develop and implement marketing strategies to convert consumer interest and desire into holiday travel
• Ensure more effective distribution of tourism information, products and services to the trade and consumers
• Develop products and packages to enhance length of stay, address seasonality and attract emerging niche markets
• Identify and facilitate investment in infrastructure and services appropriate to the needs of visitors and resident
• Promote the value and importance of sustainable tourism development practices
• Undertake appropriate research to monitor destination performance, visitor profiles and general tourism trends
• Forge and facilitate effective partnerships and alliances with all stakeholders who have an interest in the sustainable development of the Whitsundays.

By comparison, the Statewide Regional Tourism Objectives defined by Tourism Victoria are

1. Increase the awareness of regional Victoria destinations leading to the maximisation of the economic and social benefits of tourism for the whole of Victoria
2. Increase visitation, length of stay, visitor expenditure (yield), regional dispersal (geographical and seasonal) and market share from both domestic and international markets to build sustainable tourism.
3. Build tourism business profitability
4. Encourage strategic business and community alliances
5. Maintain and develop vibrant, livable, authentic and sustainable destinations
6. Integrate tourism into community life
7. Ensure that there is a balance between regional tourism and regional community lifestyle
8. Develop product and infrastructure that meets the needs and expectations of visitors and local communities
9. Encourage visitor satisfaction through exceptional product and service delivery
10. Establish structures that facilitate cooperation, support and appropriate resources for regional tourism development
11. Encourage a focus on regional tourism issues by statewide bodies.

The Tourism Whitsundays plan has these important sections which are not in Victorian plans –
• Competitor analysis (both domestic and international),
• Destination Performance,
• Destination Market Analysis (both domestic and international),
• Destination Marketing Review and
• Tourism Services Analysis.

They are benchmark standard and far superior to similar plans produced in Victoria. Future Victorian plans should include this information and be lifted to the Queensland standard.

The shortcomings of the Victorian objectives are as follows
• They are largely product driven
• Local issues are given priority over winning business that is critical to private sector success which is how the tourism industry prospers and the local economy benefits from tourism
• There is no recognition of the private sector and its important role in the industry
- There is no market focus or a recognition about being active in the market place to find customers and develop new markets
- Item 3 (above) is not addressed in Victorian regional plans as to how this will be achieved

STATE GOVERNMENT POLICIES HAVE LED TO COUNCILS WASTING MONEY

What these statewide Regional Tourism Objectives reflect is the basic State Government approach that tourism is about advertising, promotions, publicity and product development, not targeting business.

Many Councils have commissioned strategic plans which are modeled on the State Tourism Objectives as advised by Tourism Victoria. From these objectives and other Tourism Victoria activities, Councils take their lead. Councils then believe that tourism is about advertising, promotions, publicity and product development.

Plans produced by local Councils for their tourism activities reflect this thinking and then Councils wonder why their tourism results are so disappointing. This in turn reflects adversely on the tourism industry at the local level because such activities do not target business.

For Councils there is a “double whammy”. First they fund strategic plans which are not successful. Secondly, the Council does not get the economic return that the plan was designed to produce.

With a statewide problem of this magnitude, is it any wonder that current destination marketing activities are delivering declining results across the regions.

WHAT SHOULD BE DONE?

Two actions are proposed
- Councils to be assisted to better understand the modern tourism industry, and
- Tourism Victoria to overhaul and modernise their Tourism Development Plan models for regional Victoria by structuring them with a commercial focus

Assisting Councils

There is a need to appraise Councils of the new operating circumstances of the industry and to assist them to reposition their tourism operations so that they are more effective. To do this it is recommended that Tourism Alliance be funded for two years so that a specialist with managerial experience can be recruited to move around the regions assisting Councils to obtain better results from tourism.

Tourism Development Plans

There is a need for Tourism Victoria to completely update their Tourism Development Plan objectives to the Tourism Queensland standard. This way, regions across the state will be better guided in their endeavours to grow a more prosperous private sector.
REGIONAL TOURISM NOT COMPETITIVE
SKILLS, EXPERTISE AND INDUSTRY KNOWLEDGE

Parliamentary Inquiry Members

Constraints on skills, expertise and industry knowledge are limiting results

The level of knowledge of “best practice” and what is happening in key markets (market trends and competitive activities) outside Victoria is falling short. In fact some in regional Victoria even have a limited knowledge of their base market Melbourne.

What makes it hard, is that many who have limited industry background do not know what they don’t know. And there is no program to better inform the industry about the harsh facts of the modern competitive era.

Making it hard is that many in regions are unaware that doing business in tourism today is very different to doing business locally, in the home town. So many are falling into the trap of basing their business decisions on local circumstances rather than basing them on what is happening in distant markets.

As an example producing destination brochures to be distributed to metropolitan markets is now largely a waste of time, because there are no longer distribution points except the capital city Visitor Information Centre (Federation Square). And customers will not drive in from the suburbs just to collect brochures. With this example, there is another problem. Most destinations produce, say, a print run of 60,000 copies. Melbourne has a population of nearly 4 million people plus visitors to the city from interstate and overseas. How can a print run of 60,000 satisfy a market this size?

Until the issue of skills, expertise and industry knowledge is addressed, constraints on regional results will continue. A suitable program is outlined on page 5.

These shortcomings in skills, expertise and industry knowledge apply from Tourism Victoria down.

REGIONAL TOURISM’S COMPETITIVE POSITION AND ABILITY TO IMPROVE RESULTS ARE BEING SERIOUSLY CONSTRAINED BY THESE PROBLEMS
REGIONAL TOURISM
SKILLS, EXPERTISE AND INDUSTRY KNOWLEDGE

ARE REGIONS EQUIPPED TO MATCH THE COMPETITION?
A serious limitation exists with the competitive performance and the ability of regions to
grow demand levels and build the prosperity of their local industry.

Tourism at successful destinations is driven by
• A strong business ethos,
• A strong drive to compete successfully,
• A strong market focus,
• Good knowledge about how the wider tourism industry operates inside and outside the state,
• Knowledge of the strength of the competition and what competitors are doing, and
• Entrepreneurial and innovative expertise with marketing activities.

How do Victorian regions compare against this criteria?

<table>
<thead>
<tr>
<th>Strong business ethos</th>
<th>Not very pronounced. Many regions perceive that destination marketing is about promotional activities. Linking these activities to business results is not a high priority.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong drive to compete successfully</td>
<td>Competition from other destinations is often considered.</td>
</tr>
<tr>
<td>Strong market focus</td>
<td>Most destinations have a product focus and give more attention to local issues. Knowledge of market trends and markets being targeted is usually limited.</td>
</tr>
<tr>
<td>Good knowledge of the wider tourism industry</td>
<td>Far too often, this important function receives little or no attention.</td>
</tr>
<tr>
<td>Knowledge of competitors</td>
<td>Usually, very little is known about the competition which makes regional destinations vulnerable.</td>
</tr>
<tr>
<td>Entrepreneurial and innovative expertise</td>
<td>Most destination marketing across Victoria regions is no further advanced than it was 15 years ago.</td>
</tr>
</tbody>
</table>

LEVELS OF TOURISM MANAGEMENT
There are three levels of management associated with regional tourism in Victoria
• Tourism Victoria
• Tourism groups in regions, and
• Individual tourism businesses.

If all three levels of management were to conduct self-assessments, using the above criteria, how would they rate against each of the criteria?

How would most in the tourism industry rate their own situation?

WHAT IS THE PROBLEM?
Using a football analogy, Victoria is very informed about Aussie Rules. People in NSW are very informed about Rugby League. Both codes are football but that is as far as similarity applies. Most Victorians are not familiar with how Rugby League is played and
people in NSW mostly are not familiar with how Aussie Rules is played. This is the very situation Victoria faces with tourism operations. We tend to know about local conditions but what do we know about interstate circumstances?

**HOW HAS THIS HAPPENED?**

Generally, knowledge of industry and competitor activities interstate (and sometimes in Victoria) can be very limited. How has this happened? There have been several contributing factors

- Victoria’s tourism industry has largely developed under the auspices of the public sector with operations based on public sector ethos and operating conditions in contrast to a private sector environment.
- Victoria for a long time has had senior people in the industry who are largely self-taught “on-the-job”
- Many people associated with regional tourism have no first hand knowledge as to how other areas of Australia operate. This includes innovative marketing and merchandising techniques. Advance Tourism tries to convey this knowledge in our regular newsletters and Tourism Reference Papers.
- Victoria also has a high percentage of senior appointments that have been in their unchanged for many years. This usually means little change to their industry operates.

As a result this all means that the same pool of knowledge is constantly being recycled.

While Tourism Alliance and others have conducted seminars to help individual tourism businesses improve their operating performances, Advance Tourism is unaware of any initiatives to inform the industry about

- What competitors are doing, and
- How to combat competitive activities with exciting, innovative, new marketing techniques.

There is far more to being competitively successful than many realise in Victoria. It requires specific business skills which are not often practiced in regional Victoria.

Whether it is Tourism Victoria, regional tourism groups or Council managed operations, there has been no importation of senior, experienced people from areas outside the state where the tourism industry operates quite differently, particularly amongst Victoria’s competitors. In fact, Advance Tourism can only identify two senior people associated with Victoria’s regional tourism industry who have gained experience in another state at senior levels.

Without new people coming into the Victorian industry, it can be very difficult to learn of new ideas and knowledge of operations in competitor areas.

**Being mindful of the professional standards of Victoria’s competitors, Advance Tourism believes that regional tourism across Victoria is very vulnerable at present. As there is very little interactivity of regions with marketing operations outside Victoria, it is hard to see how regional destinations can be fully aware of the business presently being lost to the competition.**

**WHAT SHOULD HAPPEN?**

In summary, in many instances it can be said “we don’t know what we don’t know”.

To overcome this problem, the following action is recommended

**Firstly, matching Queensland should be the long term goal**

Queensland with its strong business ethos and free from bureaucratic controls, is able to be more pro-active and more exciting with its marketing. There is plenty of evidence to show that Queensland regions are industry leaders who have produced some very innovative marketing strategies over the years and certainly during the last 18 months.
Next, Victoria needs to lift its marketing capabilities to a higher level
Victoria’s destination marketing is largely operational and tactical. Queensland is far more strategic. Because they are operating at a higher level, they are able to use integrated, targeted, cooperative marketing strategies. For their marketing campaigns, they are also able to enlist industry partners more readily than Victoria.

Queensland regions have close links with the travel industry
Queensland regions have very close links with the travel industry and online marketing channels. The same cannot be said for Victorian regions.

Victoria needs to recruit from outside the state
If Victorian regions are to lift their ability to compete and grow, it will be essential to recruit some experienced industry people from outside the state who can be a catalyst for helping others in Victoria to improve their performance. This needs to happen both at Tourism Victoria and with the new structures to be announced by the State Government.

Present marketing methods out-of-date
If Victoria’s depressed results are to be improved, recognising that present marketing methods may be out of date would be the first step.

Attitudinal changes
Adopting a market focus and a strong business ethos, at no extra cost, will cause attitudinal changes which will lead to far better destination marketing.

New RTO structures need private sector management and experienced CEOs
If the new organisations, which are yet to be announced by the State Government, are free of bureaucratic control from Melbourne, the private sector will be able to lift its performance. In many instances, if new RTOs are formed using the Queensland model, they should have CEOs who bring with them broad tourism business experience, possibly from outside the state.

This will be a WIN/WIN/WIN for the organisations, for the staff involved and for the RTO members of the Regional Tourism Organisations.

BENCHMARKING
In Victoria, there is a tendency for some to benchmark their marketing performance against their own activities, usually last year. In the modern era this is not adequate. Victorian regions need to be able to
• Benchmark against the competition
• Gain greater awareness of the wider industry, and
• Build the skills and expertise necessary to be more competitive.

Otherwise, how do the regions know of business that they may be losing?

RECRUITMENT
It has been far too easy in the past for “locals” to be recruited for key tourism posts. Too often these recruits do not have a tourism industry background and the industry’s commercial performance suffers while these people “learn on the job” which can take a long time.

On the surface this sounds fine but no thought is usually given to the commercial damage being done to private sector business results by these appointments.

The industry is long overdue to avoid recruiting any “Tom, Dick or Harry” without giving thought to the commercial ramifications. It is time to recruit experienced people for tourism jobs.

Let’s start by giving young graduates an opportunity to use their tertiary qualifications, particularly young people from regions who want to return to regional life. They can contribute much which will help lift the business
SOME FEEL THREATENED

There are some in senior positions who can feel threatened by “change” and “new thinking”. This is a natural human reaction and needs to be considered carefully. The problem arises when matters are raised above the level of experience or expertise of any person. This is a real problem. Constant change is now with the industry and as industry operations change, as technology plays a bigger role and as the competition intensifies (which it will) regional circumstances must move with the times, the commercial circumstances dictate that it must.

Many people who can be apprehensive about change have long been good servants of the industry and have a wealth of experience. It behoves the industry to give this issue careful consideration.

WHAT NEEDS TO BE DONE?

The issues above need consideration as follows

• The most urgent need is to attract some new people with a proven track record to senior appointments in Victoria so that existing senior people can learn how Victoria’s competitors operate and bring in new ideas. By having such people in the industry, others will learn from them and be able to improve their own operations

• There is a need for realistic salary packages. Victorian packages are tied to state and local government levels which mean valued specialists won’t be attracted. There is too much public sector influence on salary packages and as a result, the appropriate people with the calibre and background needed are not attracted because they can earn commercial level salaries elsewhere. This means industry results are then penalised. Look at the problems experienced by Albury Wodonga for the last decade because of the salary packages offered.

It is false economy to say that a higher package cannot be afforded. If the wrong person is appointed, the risk exists that much of the marketing budget will be wasted on activities that are not rewarding and overheads can be mis-spent. In other words, while a pittance is saved on the salary arrangements, large sums are wasted on other expenses. Under these circumstances, results for the private sector are penalised. Unfortunately this happens far too often in regions and then Councils and others wonder why tourism results are down.

• Initiatives are needed to acquaint regional tourism leaders about the techniques used by competitors

• A program of fact finding missions or study tours should be undertaken to successful destinations to study their activities

• Recruitment policies need to be overhauled as a priority, particularly in regions

• The needs of senior staff who may feel threatened by change should be discreetly considered and solutions found.

If tourism in regional Victoria is to grow and prosper by capturing new business (more visitors), there is no option but to be competitive by shedding the yolk of 20th century methods and replacing them with modern practices.
Parliamentary Inquiry Members

Important policy issue needs to be addressed

A significant policy issue needs to be addressed if rejuvenating of growth for regional tourism is to be successful.

Currently, the State Government’s position is that Tourism Victoria’s role is to use taxpayer funds to “promote” the state, not “market” the state. There is no obligation on Tourism Victoria to actually produce results (visitors as customers for businesses), just spend taxpayer funds on promotions whether or not the industry agrees.

The Campaign Committee system exists to suck up regional funds for state promotional programs that are not linked to producing business for regions. The flow-on affect is that it gives the Government control over all regional tourism activities irrespective of their merit. The bureaucracy could dispute this statement but the private sector sees it this way and is not forthcoming with support.

The private sector would prefer to have its independence restored with support from Government because the private sector believes it can produce better results than the Government has delivered in recent years.

What are the Government’s intentions for the future of regional tourism? Is it more of the same continued management and control of the industry from Melbourne? Or will the Government follow the Queensland model and form independent private sector managed Regional Tourism Organisations with their programs which is the reverse of the current situation. It is not hard to guess which of the two proposals has the greater electoral appeal.

Such a move would allow the private sector to be innovative, entrepreneurial, show initiative and call on peer pressure to obtain greater support from the private sector.

Regional visitor volumes are down.

Present leadership and management structures are doing little for regional tourism and marketing activities do not enjoy much private sector support. There are no long term strategies in place to build a strong commercial performance. When will this be changed?
LEADERSHIP AND MANAGEMENT
REGIONAL TOURISM

Submission 14 addresses in some detail, the challenges faced by Victorian regions. It also provides details of the organisational structures of some leading competitors.

Any new structure for regions announced by the State Government needs to:
- Be single minded about rapidly building growth and a prosperous private sector
- Be strategically focused and rise above the present level of tactical promotional activities
- Repair the damage caused to regional marketing by the operation of the Campaign Committees. This to be done mobilizing private sector support and resources for more effective destination marketing.
- Maximise resources from the public sector and the private sector to get the commercial performance rejuvenated as quickly as possible.
- Restore autonomy to regions so that private sector initiative innovation and entrepreneurial flair can flourish and build strong, successful Regional Tourism Organisations like Queensland.
- All strategies need to be market focused and replace present product driven strategies.

ROLES
For regions to grow:
- The role of the State Tourism Organisation should be to develop long term strategies and grow the industry.
- The role of Regional Tourism Organisations should be to develop effective destination marketing strategies that deliver business to deliver economic and social benefits for local communities.

As part of these roles, the marketing of Victoria should copy the successful Queensland approach of placing regions in the vanguard with state branding promotion playing a supporting role.

NEW REGIONAL STRUCTURES
Any new structures in regions need to consider:
- Boards selected from business people who can help to rejuvenate business results quickly. They should not be based a representative structure
- Management with a business background that can develop strategic plans which deliver business as well as catering to other needs such as community issues.
- Strategic plans that are market driven, not product driven.
- Build business and competitive marketing skills within the Regional Tourism Organisation to undertake integrated, targeted, co-operative marketing which will first mean developing plans for working with regional stakeholders within the region and industry partners outside the region.
- Focusing on quickly reducing the gap with competitors.

MARKETING STRATEGIES
Marketing strategies need to combat the competition by:
- Focusing on generating business, and
- Be market driven not product driven.

The Bracks Government is widely seen in regional Victoria as being Melbourne-centric. The Government needs to combat this perception.
Consideration should be given to Victorian regions having marketing strategies not blanket state-wide strategies.

In Queensland, strategies vary as the following indicates:

- North Queensland, Whitsundays, Sunshine Coast and Gold Coast market extensively in southern states and overseas.
- Mackay, Rockhampton, Gladstone and Bundaberg focus on Brisbane, Sydney and Mackay is active in NSW regions.
- Toowoomba and Golden West RTO and Southern Downs RTO are active only in the Brisbane, South East Queensland and Northern NSW markets.

REGIONAL OPERATIONS

Uppermost with all operations there is a need to be mindful of:

- Competitor activities
- Need to generate business
- Expanding strategies to use more distribution
- Channels to tap into increased business potential
- Need for more travel product choices for consumers
- Need to raise competitive business skills of the Regional Tourism Organisations and RTO members.

More Victorian regions are presently operating at Level 3 or Level 4. To be competitive they need to strive for Level 2 or even Level 1 (see Attachment).

Travel product choices

To expand consumer and trade interest in regions, there is a need to introduce saleable travel product. Research confirms again and again that customers are interested in buying packages. To get more trade support, packages are a primary need. Some thought starters:

- Packages for visitors flying into Tullamarine, then renting a car to drive to a region staying for 2 or 3 nights or more
- Packages with V-Line travel
- Packages on the new train service to Mildura when introduced by the State Government
- Grampians packages from Adelaide on The Overland service and locally used rental cars in Stawell.

RTOs management group

In Queensland, the Chief Executives of the Regional Tourism Organisations meet quarterly to discuss issues concerning the operation of their organisation. Introduction of the V3 online reservations system across the regions was arranged by this group. Tourism Queensland was not involved.

In NZ, the Chief Executives and Managers of the 27 Regional Tourism Organisations do the same. They meet to jointly agree relevant matters which affect them all.

When the new structure is introduced in Victoria, if granted their independence, the Chief Executives of each RTO should do likewise and work together in this way.

It is interesting that in Tasmania, the RTOs also instigated introduction of their online reservations system. Tourism Tasmania was not involved.

In Victoria under the Campaign Committee system, there have been no Regional Tourism Organisation structures to follow the Queensland and Tasmanian initiatives.
DESTINATION MANAGEMENT PLANS
These have been introduced in Queensland. It is the only state which is in a position to do so because:

- Regional Tourism Organisations have, over 25 years, become effective, successful business units, and
- Tourism Queensland funds a position to assist each region with its introduction and development.

The Destination Management Plan concept is a meritorious objective for Victoria but should not be introduced for five years. To be successful it needs successful RTOs, not Campaign Committees. RTOs need to be adequately resourced. The commercial performance of regions has to reach a point where regions are not operating at a level to complement introduction of Regional Managers.

If any Regional management Plans are introduced before RTOs are restructured, the bureaucratic system will say they are successful but the private sector is not likely to see it that way.

Introduction of Regional Management Plans should not overlap efforts to rejuvenate commercial performance of regions because it can only divert essential resources from the primary need of boosting visitor numbers.

Regions cannot afford to become involved in projects important to the public sector while visitor numbers are so depressed.

A copy of a summary of highlights of the Tourism Queensland Destination Management Plan for South Eastern Queensland is provided as Enclosure 17-1. The full plan is available at www.tq.com.au

TOURISM VICTORIA OPERATIONS
If regional tourism is to grow and prosper, Tourism Victoria will need to withdraw from competing with regions. Instead Tourism Victoria should be responsive to requests from the new RTOs, but not operate in isolation by undertaking tactical activities that could cause conflict.

LOCAL GOVERNMENT
When Tourism Victoria withdrawing from competing with regions and establishes independent RTOs, this should lead to Councils and RTOs entering into a new era of Council/Industry relations.

WHAT NEEDS TO BE DONE?
It is important that the new structures for regional tourism be the most suitable to rejuvenate the commercial performance of regions. Once adopted, it will be very hard to change. For this reason, it is important the whole issue of leadership and management for regions be carefully considered.
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<td>Proactive with using packaging as marketing tool</td>
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Leaderhip and management of Victoria’s tourism industry is the biggest issue that needs to be addressed by your Inquiry. Currently, regional results are suffering from the lack of performance by the State Government since market forces started to change the industry from 2000.

Submissions 3, 4, 5, 6, 7, 8, 9, 10, 11 and 12 all list areas where the State Government has not responded to market developments. As a result, thousands of tourism businesses and their employees around regional Victoria have been affected.

The base cause of this problem, as demonstrated in the submissions, is that Tourism Victoria lacks the skills and expertise in its executive team to:

- Recognise commercial trends and other developments, and
- To put counter-measures in place.

Tourism Victoria operations need restructuring

Tourism Victoria’s control of regional marketing is a major reason why results are down.

Tourism Victoria’s role of “promoting” the state gives them control of the industry by sucking up funds from regions to support centrally controlled “promotion of the state” activities at the expense of regions. This “state promotion” policy should be scrapped and the highly successful Queensland approach adopted. Victoria needs strong regions and that won’t happen while existing policies continue.

What is needed is for Tourism Victoria to give taxpayers a better return on funds employed by concentrating on facilitating development of the industry and letting the private sector manage its own regional destination marketing with support from Tourism Victoria on the same basis as Queensland regions.

OTHER IMPORTANT ISSUES

On the following pages are Important Issues 3-10 for consideration by the Parliamentary Inquiry.
IMPORTANT ISSUE 3

What is State Government policy regarding the importance of the private sector and its commercial performance?

Advance Tourism has been unable to find any announcements by the State Government about its policy towards the private sector and its commercial performance including the Governments Ten Year Plan, Ministerial statements, Tourism Victoria website or any other Government source.

The Queensland Government’s position is very clear. They strongly favour development of the private sector and commercial results to deliver a growing and prosperous tourism industry for the people of Queensland. But the Victorian Government seems to think tourism is about advertising, promotions, product development and overseas visitors.

What is the State Government’s policy position on this issue?

IMPORTANT ISSUE 4

Is the State Government missing the point?

Whenever it is suggested that Victoria’s tourism results are down, the State Government compares Victoria with other states and overseas destinations, even on the other side of the world.

Does this mean that the State Government is missing the point? It is a simple, universal, commercial practice that when sales are down, new business has to be found from elsewhere to replace lost revenue.

Businesses must maintain a revenue stream so that they can pay their bills, salaries and taxes. They don’t have access to taxpayer funds to cover these expenses and provide offices, etc.

As the Government insists on managing regional tourism, it is the responsibility of the Government to boost visitor numbers and attract new revenues by

- Ensuring maximum marketing support is in place, and
- There is aggressive marketing in target markets with potential to deliver new customers.

As several Advance Tourism submissions show, the downturn in visitors is very much due to Government inaction and lack of competitive activity. There are many locations in Australia that have been enjoying growth because they have good destination marketing. Victoria needs a positive approach to winning business.

IMPORTANT ISSUE 5

Is lack of commercial activity Government policy?

Tourism is a commercial industry. Regional tourism is comprised of thousands of tourism businesses and regional Victorians who rely on those businesses for their livelihood.

Generating customers (visitors) is every destination’s responsibility, it is an ongoing process. If the State Government and Tourism Victoria used a business ethos to drive their tourism decisions, it would be an automatic response to downturns. Instead the response is to provide explanations but no indication of initiatives to counter problems and boost revenues.

What is the Bracks Government’s policy position on this issue?
**IMPORTANT ISSUE 6**

**Why is there no development planning?**

The Government insists on managing regional tourism marketing. This responsibility involves developing new markets, conducting market demand research and launching strategic plans to help the private sector tap into new business.

Why are there no strategies coming from the State Government to help the industry?

Why are there no initiatives with Virgin Blue and Jetstar to attract new business (visitors) to regions? Enclosure 4-12 is a Virgin Blue advertisement for the NSW North Coast campaign with Tourism NSW. Enclosure 4-13 is a Virgin Blue advertisement which appeared in four capital cities promoting packages to Kangaroo Island. Enclosure 4-14 is a Virgin Blue advertisement for the Whitsundays in conjunction with Tourism Whitsundays. These are not the regional destinations marketing with the low cost carriers.

As Victoria does not have independent Regional Tourism Organisations with the right skills to develop these kinds of initiatives, and Tourism Victoria is managing regional destination marketing, why is Tourism Victoria not exploring market development initiatives like these?

**IMPORTANT ISSUE 7**

**Why is Victoria unable to enter into integrated, targeted, cooperative marketing campaigns like Queensland and other competitors?**

These campaigns used by Victoria’s competitors rely on independent strong Regional Tourism Organisations capable of forging links with industry stakeholders and other industry partners to put together promotional resources, packages and distribution channels to deliver a hard hitting campaign which delivers actual and measurable business for the destination.

Victoria cannot match such competitive activities because Tourism Victoria does not have the skills and expertise to develop such campaigns and while the State Tourism Organisation continues to manage regional tourism, regions cannot do so either. In the meantime regional tourism results suffer.

When will the Bracks Government address this important issue so that demand and better business results for regions can grow?

**IMPORTANT ISSUE 8**

**Tourism Victoria executive team lacks necessary private sector skills and experience to be competitive.**

Throughout the submission submitted by Advance Tourism, there is a constant theme of a lack of private sector commercial skills needed today to be competitive in a very tough environment. This has caused much lost business for regional tourism.

The enclosed table on page 9 shows how serious the situation is currently.

Regional tourism in Victoria is a multi-billion dollar commercial industry managed by a bureaucratic system with no private sector strategic tourism planning, strategic tourism business or strategic tourism marketing experience. This is hindering better commercial results for regional tourism.

What action is the State Government planning to do to address this important issue?
IMPORTANT ISSUE 9

Victoria has two regional tourism industries
Time for an independent survey

A concerning situation exists with State Government – Industry relationships. From the Minister and Tourism Victoria come public comments influenced by the political processes that they feel all is going well for tourism. Such statements are supported by statistics from somewhere.

Feedback that Advance Tourism receives from around the state is that the industry is not performing well at all. It is expected the Parliamentary Inquiry will report that an unsatisfactory situation prevails as far as the private sector is concerned.

Industry performance is seen quite differently by the public and private sectors.

Faced with a similar situation, Tourism WA has commissioned independent research to survey industry stakeholders as to

- The suitability of Government programs for the industry,
- How private sector stakeholders rate the performance of the State Tourism Organisation.

It is recommended that a similar survey be conducted in this state but not by the State Tourism Organisation but by the Minister for Tourism independent of Tourism Victoria to ascertain information on the two issues shown above. The findings do not necessarily have to be made public but the Minister could use the information with his future planning for the industry.

IMPORTANT ISSUE 10

Politicians and commercial performance have different needs

An issue that the industry is unable to resolve is the gap between political needs and the private sector’s need for a strong commercial performance.

The nature of the political environment dictates that Governments always talk in positive terms about the performance of the industry. This means avoiding references about issues which are inhibiting better commercial results, and there will always be such issues. It is the nature of doing business.

The nature of the private sector is that it wants to talk about factors inhibiting better results because this is how businesses solve their problems and get better “bottom line” results.

In brief the difference between the political/bureaucratic system and the private sector is this. The political/bureaucratic system prefers to ignore that there are problems. The private sector likes to say “that’s the problem, let’s fix it so we can move on”.

Presently regional tourism results are suffering because the political/bureaucratic system insists on managing regional tourism and it is “taboo” to acknowledge there are problems to be addressed. Anyone doing so is likely to be very unpopular in certain circles.

This problem does not occur in Queensland because the State Tourism Organisation is outside the public service and operates independently. This allows for some very free and fruitful discussions between Tourism Queensland and the regions, something which is not possible in Victoria at present. What can be done by the State Government to overcome this problem?
Victorian regions not in Australia’s top 20

According to the latest National Visitor Survey (Y/e March 2007), regional Victoria does not have a region that ranks in Australia's top 20 for visitor expenditure.

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<th>Visitors '000</th>
<th>Visitor nites '000</th>
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Top 20 regions: 30,669, 47,163, 181,892
Total Australia: 42,420, 73,294, 288,059

In summary, capital cities excepted, top regions by state are Queensland 6, NSW 5, WA 2.
Regional Victoria had no regions in the top 20.
LEADERSHIP AND MANAGEMENT
TOURISM VICTORIA

If regional tourism is to grow and prosper, in fact if there is to be a better result for the State’s tourism industry, some important policy issues need to be considered by the State Government. They are as follows:

- Tourism Victoria needs to change from managing the day-to-day operations of the industry and focus on facilitating development of the industry.
- Queensland is the benchmark state for tourism in Australia. It is far in advance of Victoria’s performance and still continues to lead as shown later in this submission.
- A policy statement from the State Government is needed to clarify its attitude to the role of the private sector and the commercial performance of the industry. At present, the State Government seems to be giving the private sector a low priority behind Government programs.
- A need exists for a greater business ethos from the State Government and its agency, Tourism Victoria. It needs to state that tourism is more than advertising publicity, product and overseas visitors. It is about driving customers into tourism businesses with effective destination marketing which uses all the marketing techniques available including the variety of distribution channels. Also the belief that tourism is driven by product has been superseded with leading destinations who are now market driven.
- Submissions 3, 4, 5, 6, 7, 8, 10, 11 and 12 have a common factor, the lack of skills and expertise in the Tourism Victoria executive team to manage commercial developments. A review of the background decision makers and advisers who advise the State Government on regional tourism is included on page 11. This indicates that there must be serious deficiencies in the advice now provided to Government about private sector operations and marketing.
- The private sector in regional Victoria is in a weak position and will stay this way until the State Government changes the operating environment.
- Regional tourism needs to revert to strong membership based Regional Tourism Organisations free from bureaucratic control like Queensland. At present there is a serious imbalance in public sector/private sector relationships. Instead of Government and the private sector being partners, the present situation is more like a manager/subordinate relationship. Also in regions, Councils and tourism organisations are taking their lead from Tourism Victoria in Melbourne, when Regional Tourism Organisations should be the peak body in each region providing leadership for the Councils and the private sector at the regional level.
- Other states are stepping up their competition with domestic marketing campaigns while Victoria has very little interstate market presence for regional destinations outside Melbourne. The next 12 months will see more aggressive marketing from Tasmania, South Australia and New South Wales. They will not be limiting their activities to advertising and promotion like Victoria. Details are shown on page 15 this submission.
- Tourism Victoria needs to perform a monitoring role and be responsible for a better commercial performance. Submission 11 addresses the downturn in regional results. The submission advocates that Tourism Victoria should take the lead with an investigation as to why Great Ocean Road results are down to such a serious level. This should become a standard practice after Tourism Victoria recruits the appropriate talent into the executive team. Only by conducting such reviews can problems be addressed and special assistance be provided by the State Tourism Organisation.

Each of these issues are examined further on following pages.
TOURISM VICTORIA OPERATIONS NEED TO CHANGE

Over the years, Tourism Victoria has become a manager of industry operations and a provider of tactical promotional activities.

It has been more inclined to micro-managing the industry than developing improved results.

Tourism Victoria has been very product driven and shows little interest in building a strong private sector or a lift in commercial performance in regions.

There has been no action to build strong regions, preferring instead to control the industry through the Campaign Committee concept which has continued on long after its “Use by date”.

Tourism Victoria has also chosen to be a competitor to the private sector in regions with its state website operations and promotional activities. The industry does not have surplus resources to undertake such unnecessary duplicated activities.

There have been no market development initiatives at any time. The recent move to assist the adventure tourism sector is to be applauded. In the 1990’s, under the Kennett Government, there were excellent destination development programs for the Great Ocean Road and Yarra Valley which were highly successful. Since the Bracks Government came to office, there have been no further destination development initiatives. Furthermore, visitor volumes have fallen for reasons shown in these submissions from Advance Tourism.

Melbourne Airport

Looking back on Tourism Victoria’s management of regional tourism is reminiscent of the management of Melbourne Airport. Years ago, Melbourne’s major airport was managed by the public service. It was efficient and provided good service to the airlines, their passengers and their friends. But it was functional, nothing too commercial.

Then the private sector took over the management. Even allowing for the increased passenger volumes, no-one would dispute that the airport today is a vibrant commercial operation with far more services, offers more shopping and other facilities than in the government managed era. It is a pleasant place to visit. The whole operation has a vibrant atmosphere that was not there in the old days.

This is the kind of revolution needed for Victoria’s regional tourism industry.

QUEENSLAND – THE BENCHMARK TOURISM STATE

Government attitude to tourism

Queensland Government statements

May 24, 2005 Tourism Minister Margaret Keech said,

“Industry will take a leading role, as it is tourism businesses that will create the jobs, make the investments, win the markets and deliver product to the customers”.

When launching the Queensland Ten Year Tourism Plan last December, Premier Peter Beattie said,

“This plan is the blueprint for industry prosperity and sustainable growth, guided and supported by the Queensland Government”

The Queensland (Ten Year) Tourism Strategy identifies our challenges and opportunities and shows the way forward. It includes goals and
targets, are based on a number of themes and contains practical actions plans for each theme”

As a Government, we are excited about the benefits that will flow from this strategy and look forward to continuing to work with the tourism industry towards a brighter future”

Tourism Queensland

To illustrate the business approach of Queensland, shown as Attachment A is an extract from the Tourism Queensland corporate website which outlines the organisation’s mission, values, leadership charter role and other information.

A similar statement about Victoria’s policies could not be located.

Queensland operations

The Queensland Government took its State Tourism Organisation out of the public sector in 1979 and placed it under private sector management. Within a few years, Queensland became the industry leader and has been ever since. Tourism Queensland has long been progressively business focussed, market focussed, innovative, entrepreneurial and excellent at long term strategies that deliver growth of visitors and private sector investment. Queensland enjoys an outstanding tourism reputation in Australia and around the world. It is reflected in Queensland dominating most wholesale programs in Australia, NZ and around the world and national promotional initiatives. Simply being free of bureaucratic controls is what has made the difference.

Queensland for over 25 years has had two important policies in place
- Regions are in the vanguard of Queensland’s destination marketing with strong regional marketing strategies and well resourced Regional Tourism Organisations, and
- Queensland state branding is used to support regions.

Both of the policies are the reverse of Victorian policies which is why our state does not perform as well as Queensland.

With the development of a network of RTO’s, some being very sophisticated, Tourism Queensland has moved ahead with the development of Destination Management Plans. Other states have attempted to copy Queensland, but have not been successful because the fundamentals are not in place, the first being well structured and effective Regional Tourism Organisations.

Last month, 28th May, Premier Beattie released three new strategic actions plans designed to boost tourism and expenditure from Asian markets (China, India and Korea) to the Gold Coast, Cairns and the Great Barrier Reef.

These complement the programs already announced by the Regional Tourism Organisations.

Regional Tourism Investment and Infrastructure Plans

Queensland’s latest initiative has been to introduce 10 Regional Tourism Investment and Infrastructure Plans. The Whitsundays was the first plan unveiled and it focuses on the sustainable development of the region over the next decade. (Tourism WA has a handbook scheme which is an innovative approach to help investors wanting to establish tourism enterprises.)
**Complementary RTO marketing strategies**

The above initiatives complement regional activities such as the Whitsundays 74 Islands Campaign, the recent Tourism Tropical North Queensland $1.4 million campaign, the Very GC campaign, and others.

What has Victoria done along these lines in recent times. Very little, it is far too pre-occupies with managing the industry to facilitate important initiatives like those above.

**Case Study – Whitsundays Region**

Visitor numbers (+14.0%) to the Whitsundays region for year ending June 2006 and visitor nights for the same period, both increased. These results outstripped Tropical North Queensland (+6.5%).

Domestic travellers are heading to the Whitsundays region in great numbers, their interest sparked by great packages, a wealth of new product and affordable air fares. The destination enjoys direct flights from Melbourne, Sydney, Brisbane and Cairns.

The travel industry is an important source of business with packages being offered by wholesalers, travel agent chains and other travel agents.

The 74 Islands campaign was launched in March 2006 and proved very successful. This campaign was a joint initiative of Tourism Whitsundays with Tourism Queensland.

It is interesting to note that there is considerable private sector investment under way on the islands, at Shute Harbour and Airlie Beach.

This Whitsundays case study is a good example of a Regional Tourism Organisation and a State Tourism Organisation working as partners as Victoria should do.

The present Victorian situation in regions places the regions in a subordinate role to Tourism Victoria and this is not delivering a growing and prosperous private sector.

**AN IMPORTANT COMMERCIAL FACT**

Customers are not interested in differences between State Tourism Organisations or Governments, saying one has more or less resources than the other does not interest customers. If customers find Queensland or SA or WA or Tasmania more appealing than Victoria, the Jigsaw state will not get their business.

**Parliamentary Inquiry Committee**

If the Parliamentary Inquiry Committee is able to visit Queensland to compare their operations at state and regional levels, a vast difference will be seen between the way Queensland and Victoria operate.

**TOURISM TASMANIA**

The new CEO, Tourism Tasmania, wasted no time in publishing “New Directions for Our Island”, a Three year Business Strategy 2006-2009. Enclosure 18-1 has been downloaded from the Tourism Tasmania corporate website. Close study of this document to guide the State Tourism Organisation and the industry, is that it is a Business Strategy. Its primary focus is to build business results from more visitors using all the business avenues available and genuine partnerships with industry stakeholders. It is not using in any way the philosophies and practices of the Victorian Government or Tourism Victoria.
TOURISM VICTORIA BUSINESS SKILLS AND EXPERTISE LACKING

Tourism Victoria is the primary source of advice to Government about tourism policies and operations. Government relies heavily on this advice. Also Tourism Victoria is the voice of Victorians tourism to the Federal Government and other agencies in the tourism industry.

It is vital that the advice given to Government at all levels be the best possible. But is it? In view of the industry’s commercial performance from 2000-2006, closer examination reveals that with the executive team and external advisers there is no
- Private sector strategic experience with tourism planning, business and marketing, or
- First hand experience in domestic tourism operations in other states.

PRESENT LEADERSHIP OF REGIONAL TOURISM AT STATE LEVEL

The following are directly involved in policy development for regional tourism in Victoria.

<table>
<thead>
<tr>
<th>Title</th>
<th>Private sector strategic experience with planning, business, marketing (See note A)</th>
<th>First hand experience in domestic tourism operations in other states (See Note B)</th>
<th>Public sector experience</th>
<th>Other business experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minister for Tourism</td>
<td>No</td>
<td>No</td>
<td>Professional Member of Parliament</td>
<td>Not known</td>
</tr>
<tr>
<td>Chairman, Tourism Victoria Board</td>
<td>No</td>
<td>No</td>
<td>Former Managing Director Australian Tourist Commission. Held in high regard for his role in inbound tourism.</td>
<td>Not known</td>
</tr>
<tr>
<td>Tourism Board members</td>
<td>Some</td>
<td>No</td>
<td>Some members have public service experience</td>
<td>Some have been in business appointments</td>
</tr>
<tr>
<td>CEO, Tourism Victoria</td>
<td>No</td>
<td>No</td>
<td>Was with the Premiers Department</td>
<td>Previously had an editorial career with Fairfax newspapers</td>
</tr>
<tr>
<td>Tourism Victoria team</td>
<td>No</td>
<td>No</td>
<td>Mostly career in the public service</td>
<td>Very limited experience</td>
</tr>
<tr>
<td>EXTERNAL ADVISERS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CEO, Victorian Tourism Industry Council</td>
<td>No</td>
<td>No</td>
<td>Experienced at both state and local government levels</td>
<td>Managed a country motel and was Chairman of a country Caravan Park Committee</td>
</tr>
<tr>
<td>Chairman, Tourism Alliance</td>
<td>No</td>
<td>No</td>
<td>Career public service with Parks Victoria prior to present appointment as CEO Geelong Otway Tourism and Great Ocean Road Marketing</td>
<td>Not known</td>
</tr>
</tbody>
</table>

Note A: Strategic management, strategic business and strategic marketing at senior levels
Note B: Actual business operations, not industry policy type activities.

Submissions 3-12 highlight the absence from the Tourism Victoria executive team of private sector strategic tourism management, strategic tourism business and strategic tourism marketing skills need for the modern competitive era. Until these skills and expertise are provided, Government decisions for the industry and the commercial performance of the industry will be affected.
VICTORIAN GOVERNMENT OPERATIONAL POLICIES

Since the Bracks Government came to office, there has been very little change in Tourism Victorian operations, a great tribute by the Bracks Government to the Kennett Government. The table below shows how little has changed but has this lack of change benefited the industry?

<table>
<thead>
<tr>
<th>Policy</th>
<th>Introduced by the Kennett Government</th>
<th>No change by the Bracks Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present structure and operations of Tourism Victoria</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Present policy of supporting major events</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central control of regional tourism from Melbourne</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional tourism structures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional boundaries</td>
<td></td>
<td>Minor changes by the Bracks Government</td>
</tr>
<tr>
<td>Campaign Committees</td>
<td></td>
<td>No real change by the Bracks Government</td>
</tr>
<tr>
<td>Regional funding policies</td>
<td></td>
<td>No real change by the Bracks Government</td>
</tr>
<tr>
<td>Creation of state website</td>
<td></td>
<td>No change by the Bracks Government even though the market environment is vastly different to the Kennett days</td>
</tr>
<tr>
<td>Major development programs for regions such as the Great Ocean Road and Yarra Valley projects</td>
<td></td>
<td>No programs undertaken</td>
</tr>
<tr>
<td>Policy to promote the state with regions being given a lower priority behind Melbourne and major events</td>
<td></td>
<td>No change by the Bracks Government even though circumstances are quite different today to 1992</td>
</tr>
</tbody>
</table>

In brief, there have been no new policies initiated by the Bracks Government to benefit regional Victoria. There have been

- No bold innovative programs to help regions
- No extra funds to help regional tourism groups become stronger and more effective
- Minimal extra funds for destination marketing for regions
- No move to restore independent private sector managed membership based Regional Tourism Organisations most being dismantled by the Kennett Government when the Campaign Committees concept was introduced
- No move to replace the policy of promoting Victoria ahead of regions by comparison with the Queensland policy of building strong regions as a means of strengthening the state’s appeal to Australian and overseas visitors This policy has handsomely rewarded Queensland for many years.

Does this mean that the Bracks Government is not prepared to take Victoria’s regional tourism industry in a new direction particularly when results have been so poor for some years. Surely it is time to try new ideas to counter a new era of competition in the tourism industry.
STATE GOVERNMENT POLICY STATEMENT NEEDED
Confusion exists as to what policies the State Government is following with its approach to the private sector and the commercial performance of regions. There are not clear statements and various opinions exist in the industry, not all favourable to the Government.

It seems the Victorian Government thinks that tourism is only about advertising, promotions, product development and overseas visitors and does not see the commercial performance or the private sector as a high priority.

What is the Bracks Government’s policy position on this issue?

NEED FOR GREATER BUSINESS ETHOS FROM GOVERNMENT
This issue is very important.

Nowhere in State Government references, Ministerial Statements or the Tourism Victoria website is there any recognition that tourism is about business, a commercial industry which has a primary purpose to deliver a contribution to local and state economies.

In various submissions from Advance Tourism it can be seen that statements from interstate, NZ and Yorkshire all focus on a business generation theme.

In Victoria there are no public statements that the Government regards generating business for the private sector as important. It is not reflected in any government statements and yet it is the very essence of the industry.

This is an important policy statement which needs to be made by the Government because of the flow-on affect with other government agencies and local government.

TOURISM VICTORIA OPERATIONS NEED TO CHANGE
Presently Tourism Victoria is delivering low level operational and tactical marketing programs which seem little different to 1992 practices.

Private sector tourism enterprises have been largely disenfranchised by Government policies and now tend to do what is necessary for the success of their business without feeling any commitment towards supporting destination marketing. This also means the industry has lost the leadership and drive of some very capably people.

After 15 years, it is time for change. First action should be to change the functions of Tourism Victoria. Its new direction needs to focus on development of the industry’s business performance which will assist to attract private sector investment. Some suggestions:

Future developments

Development projects

Future demand trends
Using IBIS or a similar consultancy, ascertain what the future market trends will be 5-10 years ahead to identify emerging new business and market opportunities. As an example what impact will Generation X and Generation Y have on regional destinations? With this information product development and market development could go hand-in-hand. This is also a good lead time to interest private sector investors.

Hume Highway
This is Victoria’s busiest highway but the region from Broadford to Chiltern is largely overlooked by Tourism Victoria as the “poor relation” of the High Country region.
There are many towns and villages each side of the Highway which would welcome increased visitation, but most leisure travellers on the

Advance Tourism 12
Hume Highway would be unaware of the delights they are missing. It is proposed that the Hume Highway become a touring route as far as the NSW border and marketed as such. All towns and villages including Nagambie, Benalla, Milawa, Beechworth, Rutherglen and others would be part of this initiative.

The next step with the coming re-organisation would be to declare this route as a self-sustaining region similar to the Heritage Highway, Tasmania which has been a great success. (See Enclosures 18-2 and 18-3).

By forming a region and polling resources, it should then enable this forgotten region along the Hume to establish a Regional Tourism Organisation which can introduce effective marketing strategies, not just promotional activities.

Towns like Bright and Mansfield would continue to be part of the High County under this proposal.

From an electoral perspective, there are more votes along the Hume Highway than there are in the High Country.

**Touring routes around Victoria**

There has been no consolidated approach to developing Victoria’s touring routes. After discussions with Advance Tourism, Tourism Queensland developed a strategy to build a very competitive touring route structure for their state complete with sophisticated website (www.driveqld.com.au). A good model for Victoria to consider.

Enclosure 18-4 is an advertisement promoting Queensland’s drive routes and its special website.

**Family market**

Although the recent Federal Government research indicates family market demand is slowing, there have been sections of the industry pursuing the market including Qantas Holidays (to Australian and overseas destinations and Sunlover Holidays to Queensland) long standing product range. See Enclosure 18-5.

This can be a valuable market for cash flow for some businesses. A study of the future of this market could be rewarding for many parts of the states. Publication of a strategy to tap this market would be very welcome at many destinations.

**Luxury market**

There is growing anecdotal evidence of the demand for luxury resorts and luxury accommodation. Already some product has been developed around regional; Australia and it is such an important market for inbound visitors.

Emirates Airlines has Government approval to build an opulent 6-star resort in the Blue Mountains NSW. It will be on a 4000 acre site. Guests will pay $1700 per night for a one-bedroom villa for two that includes all meals, on-site nature activities such as walks and 4WD trips.

Fifty percent of guests will be travelling with Euros. Emirates expects most of their guests at Wolgan Valley will be from England, Germany and Switzerland. Guests will also come from other countries in Europe and USA.

Conducting some market demand research, identifying investment opportunities and publishing a strategy for the industry and investors should be a priority.
Enclosure 18-6 outlines some upmarket product which is mostly 5 star but there is a growing demand for luxury standard. Enclosure 18-7 is a Qantas advert for Luxury Holidays

**Poor record**
Victoria has a poor record in terms of initiatives to develop new markets. This is extremely important particularly when visitor levels decline. As the State Government has assumed the responsibility of managing regional tourism, it is important that new markets be developed to replace lost business. Regional tourism needs the revenue.

**Markets**
Submission 4 indicates market potential exists to be developed in
- Newcastle region
- Wollongong region
- Adelaide for Western Victoria
- Riverina and Canberra for the North East
- Perth and Mandurah

But there is more. With the drop in demand for Victorian regions, criticism of the State Government for not developing new markets for lost business could have been avoided with an ongoing program to seek out and capture new business (visitors) from geographic markets and market segments.

Development of adventure tourism is a first step

**Market demand research**
Much effort is put into historical statistics and advertising research by Tourism Victoria, but how much is devoted to market demand so that new visitor potential can be captured.

In other States, market demand research is shared with RTOs, so they can take advantage – but what happens in Victoria?

Both Virgin Blue and Tiger have shown interest into extending their route network into regional ports.

**Sydney-Mildura route**
Virgin Blue will soon take delivery of new aircraft (smaller than Boeing 737’s) that would be suitable to open up the Sydney-Mildura route. Achieving this would open up a new market for Mildura with its excellent tourism infrastructure.

Mildura has just announced a $122 million riverside revamp which will transform the appeal of this Murray city. The Bracks Government is to spend $8 million relocating the riverside rail freight terminal away to Merbein.

Already there is a volume of traffic between Sydney and Mildura but it has to route through Melbourne which would be a deterrent to some markets. Opening up the Sydney-Mildura route would also attract additional patronage for travellers to the SA Riverland.

**Sydney-Albury route**
Also the Sydney-Albury route may offer opportunities for the North East, High Country and Murray regions.

**Sydney-Sale**
What potential is there to attract a Sydney-Sale service?
These possibilities may have mid-long term potential but will need lead time to bring to fruition. However, it won’t happen unless Tourism Victoria assesses the situation now.

**Investor Support**

Queensland has introduced their Regional Tourism Investment and Infrastructure Plans.

WA has introduced their Landbank scheme.

Both are very commendable initiatives. What is Victoria planning?

**Monitoring of results**

At present while Tourism Victoria may monitor statistics to see how Victoria and the regions are performing, this process goes no further. What is needed is for Tourism Victoria to monitor results as they apply to state and regional economies.

Where they show a regional under performing, Tourism Victoria should be required to ascertain the reasons and identify remedial measures required. However this will need someone with the right business background.

**Bracks Government**

There are other min-long term issues which need to be addressed if Victorian tourism is to grow. If the Bracks Government wants to put its stamp on Victoria tourism, it has these options:

1. Restore independent private sector managed Regional Tourism Organisations and scrap the Campaign Committees.
2. Change the primary functions of Tourism Victoria from being operational managers to facilitators of development.
3. Significantly increase funding for regional tourism so as to lift regional tourism marketing to higher levels.

**REGIONAL TOURISM OPERATIONS**

If regional tourism businesses are to grow and prosper, a properly structured and well resourced Regional Tourism Organisations would fulfill these functions:

- Be the peak body for the industry in the region
- Operate the RTO and Visitor Information Centres on a business basis, respected for its professionalism
- Provide advice to the industry, local government, Tourism Victoria, other industry bodies and media
- Responsible for developing and implementing effective destination marketing strategies that deliver business with programs that are innovative, entrepreneurial and at a competitive level
- Raise the standard of destination marketing to at least Level 3 and perhaps Level 1
- Develop business opportunities to meet industry needs like seasonal campaigns, merchandising initiatives, etc.
- Work with industry partners and the State Tourism Organisation to deliver integrated targeted, co-operative marketing campaigns in Australia and suitable programs for overseas visitors
- Strive to make the regional so appealing that it competes effectively with the outbound tourism market which will have the flow-on affect of lifting appeal to the domestic market
- Deliver the latest technology facilities to assist members to win business
- Introduce member businesses to distribution channels particularly online systems.

1 Submission 12 – Marketing performance
Creation of RTOs operating at this level at all times will enable regions to better relate to the State Tourism Organisation on operational, marketing and development issues. This will be a vast improvement on current circumstances.

Resourcing regions
The minimalist approach to resourcing regions until now has not helped to capture business and grow a prosperous private sector in regions.

The 1992 approach simply has not worked. Victoria is now in the 21st century and a very tough competitive era. If regions are to lift marketing to a Level 2 or Level 1 operations, it is essential they have the resources.

The former Tourism Minister Mr. Pandazopoulos said in Melbourne recently that if regions wanted more resources, they should approach Councils. They are already contributing far more than the State Government. In the best interests of growing regions, it seems only fair that more of the taxes paid by regions to the State Government should come back to assist regional tourism.

Submission 14 indicates the structures required. If the State Government is sincere about helping regional tourism, it is time for a quantum leap from the present “Mickey Mouse” levels to proper structures which allow meaningful destination marketing strategies.

CAMPAIGN COMMITTEES CONCEPT
Throughout these submissions there is a constant call for the Campaign Committee concept to be abandoned. It is very hard to see any benefits they are achieving for regional Victoria. The benefits only seem to have been enjoyed by the Government.

VICTORIA SEEMS TO HAVE TWO REGIONAL TOURISM INDUSTRIES
Listening to people in Melbourne associated with regional tourism, the impression they give is that regional tourism is performing well, that visitor figures are up, business is good and the Government has done a superb job for regional tourism.

Talking with people in regional Victoria, they see the performance of regional tourism not reflecting that description in any way. They also ask where the people in Melbourne get such information.

In the best interests of the regional tourism industry (and the electoral standing of the Bracks Government), the Minister may wish to consider a recent initiative of Tourism Western Australia. They commissioned a survey of tourism businesses across the state to check on the suitability of the Tourism WA programs to industry needs and also to check the standing of Tourism WA amongst industry stakeholders.

Any such research in Victoria by the Tourism Minister could conduct the survey without making the project public. Findings could then be used by the Minister when making future plans for the industry.

DOMESTIC COMPETITION FROM OTHER STATES
Over the coming year, State Tourism Organisations in other states are likely to be more competitive and Victoria needs to consider these developments.

<table>
<thead>
<tr>
<th>Region</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism Queensland</td>
<td>Both of these states are using “best practice” methods of integrated, targeted, co-operative marketing campaigns. They have strong marketing budgets and good industry support because they are targeting business.</td>
</tr>
<tr>
<td>Tourism NT</td>
<td>Tourism NT was formed in 1996 and there had been no changes to the original executive team until the new CEO was appointed in late 2006. Soon after, a new organisational structure was announced that reduced the executive team from</td>
</tr>
</tbody>
</table>
7 to 5 and spilled all positions. Nearly all executives resigned. This process has now been completed and the same system is happening with all managerial positions. Some managers have resigned rather than apply for their positions.

Knowing of Ms. Mariani’s achievements over the years, plus the initiatives taken since her arrival in Tasmania, it is certain that Tasmania will be a stronger competitor.

South Australia

South Australian Tourism Commission has a new CEO from 1st July, Andrew McEvoy. Andrew was previously with SATC as General Marketing Manager before joining Tourism Australia as Director for Australia and NZ.

Andrew was a very successful marketer with SATC and while at Tourism Australia has learned of many new ideas. This knowledge he plans to use in his new role and based on his track record, South Australia’s marketing will move up to a higher level.

Tourism NSW

The NSW Government has commissioned Mr. John O’Neill (top sporting executive) to conduct a review of the NSW tourism industry and to recommend a new structure. This followed wide criticism of Tourism NSW operations across the state.

Mr. O’Neill’s report is expected about October so it could be anticipated any new structure will be in place by early 2008 when NSW will become a far more formidable competitor than in the past.

Tourism WA

An industry controversy in Perth makes it difficult to forecast WA’s future activities.

What this all means is that Victoria can expect more competition in its major markets. If regional Victoria is to be competitive it needs new industry operational policies from the Bracks Government.
TOURISM QUEENSLAND

OUR MISSION
To enhance the development and marketing of Queensland tourism destinations in partnership with Industry, Government and the Community.

OUR VALUES
Queensland’s Brand Values:
Queensland’s brand values are Premium holiday experience, Quality product/service, Welcoming, Genuine and True along with a brand personality of Vibrant, Warm and Friendly, Fun and Energetic, Colorful. These values and personality traits are reflected in the environment of Tourism Queensland.

TQ’s Organisation Values:
Our values of integrity, trust, respect, goal orientation and motivation guide our day-to-day decision-making and assist in ensuring the brand values remain a key element of TQ’s culture. TQ’s Leadership Charter in integral to the behaviors that are evident in the workplace: Lead by example, Embrace Change, Be Approachable, Inspire a Share Direction, Empower Others to act, Respect the values and beliefs of others.

Our Leadership Charter
At Tourism Queensland, leadership is encouraged at every level of our organisation.

The leadership charter is an expression of leadership qualities that are valued and encouraged at Tourism Queensland. It provides an ethos to describe the work values that we support and encourage.

Lead by example
Embrace change
Be Approachable
Inspire a shared Direction
Empower others to act
Respect the values and beliefs of others

Our Role
Tourism is one of Queensland’s key sectors, directly employing more that 136,000 people or 7.3 per cent of all persons employed. The sector contributes $8.4 billion to the Queensland economy and accounts for 5.8 per cent of Queensland’s Gross State Product.

Tourism is the state’s second largest export earner, generating around $3.2 billion annually. As one of the key drivers of Queensland’s economy, the relative importance of the industry will continue to grow into the foreseeable future.

The benefits of tourism are enjoyed across the state. The industry is made up of thousands of small businesses and is an important contributor in regional areas. A range of government agencies support the industry’s needs.

Established in 1979, Tourism Queensland is a statutory authority under the jurisdiction of the Minister for Tourism.

We are the most progressive destination management organisations in Australia. Our staff are experts in their fields.

We work closely with the state’s 14 membership-based regional tourism organisations (RTOs) which together represent around 5,700 Queensland operators. The RTO network
is widely regarded as one of the most influential in Australia and has played a major role in Queensland’s tourism success.

All of our strategies and activities are developed in close consultation with the RTOs and aim to meet the changing needs of the industry we serve. Participating in Tourism Queensland programs and activities gives our industry access to Tourism Queensland’s resources, experience and expertise to maximise their results.

We maintain a network of 13 international offices to target established and emerging international markets.
QUEENSLAND RACING FOR SECOND SPOT

Funding for Victorian Regional Tourism - A Plus for Queensland

FUNDING OF REGIONAL TOURISM

Parliamentary Inquiry Members

State Government not using tourism to benefit other Government activities

The migration of Australians to Queensland to live has been continuing for years. A major factor which has contributed to this is tourism. It has occurred in these ways

- Leisure travellers attracted by tourism messages, enjoy their visit and decide to return as residents
- The appeal of Queensland is reinforced by constant tourism promotions and marketing.

Queensland dominates tourism marketing across Australia and this serves as a constant reminder for Australians of the lifestyle to be enjoyed in that state. By comparison, very little of Victoria is seen, nowhere near the coverage that Queensland enjoys.

Additionally, what is seen conveys an image that Victoria is conservative and, if anything, dull.

This difference between the two Governments reflects on the levels of private sector investment. While Victoria may have more visitors in total, Queensland attracts more investment in tourism. It all links back to market perceptions of the two states.

Government and private sector funding

Government funding for regional tourism is far below what is needed to restore growth to regional results. Government is blaming the downturn on a variety of reasons which are disputed. Instead, the downturn is largely due to Government policies.

Private sector funding support is below where it could be but there will be no change until control of the industry from Melbourne ceases and regions return to private sector managed Regional Tourism Organisations.

Presently Councils are not showing interest in lifting funding for tourism. While present circumstances continue, this is not likely to change.
QUEENSLAND RACING FOR SECOND SPOT
Funding For Victorian Tourism
- A Plus For Queensland

Attached is an article from the Australian Financial Review dated Fri 20 April last. It states in part

“Queensland, which has dominated the nation’s population growth over the last decade, is quickly closing in on Victoria to become the second biggest state in Australia.

Once regarded as a parochial backwater by southern states, the Sunshine State is set to overtake Victoria’s total population by 2031, according to projections by the Australian Bureau of Statistics.”

For over 25 years, the Queensland tourism industry success has helped to position that state, not only as a great place to visit but as a great place to live. Many visitors from Melbourne have visited Queensland and have returned as residents particularly on the Sunshine coast and the Gold Coast.

When the Kennett Government came to office, the Premier saw tourism as an important tool to reposition the state in the eyes of Victorian residents and interstate. Along with the Jigsaw campaign and major events won for Melbourne, this strategy succeeded.

In the 1990s, the highly successful Great Ocean Road campaign had a great lift in visitor numbers which led to a huge impact on attracting increased investment and an expansion of resident numbers.

Many locations around Australia have used the appeal of their tourism industry to attract private sector investment which in turn brings more residents.

Today, in Victoria the Bracks Government does not seem to have recognised the valuable resources that a successful tourism industry can be to the wider community by attracting investors and new residents to Victoria. Now Premier Beattie recognises an advantage and is out to gain from it.

For the last 25 years, while Queensland’s approach to tourism has been visionary and entrepreneurial, Victoria has had a “pedestrian” approach peppered with occasional highlights. It is not hard to see which state is market leader and has dominated major markets important to Victoria. The sad part is that Victoria for so long has acted like the poor relation and let Queensland take the lead. Today Victoria is facing Brisbane and the South East being the main driving force to leave Melbourne and Victoria the third ranking state in Australia, not the second.

FUNDING OF REGIONAL TOURISM

Presently regional tourism has a need for:
- More funding by the State Government, and
- More support from the private sector
State Government Funding
Victoria’s regions are in bad shape competitively as Submissions 3 -12 demonstrate.

These factors are contributing to this problem:
1. Competition outside Victoria in markets important to Victoria is at an all time high. The loss of market share to outbound tourism is a good example.
2. It seems it may not be fully understood by the State Government that for “marketing” (not promotion) of regions to be successful, there is a need to fund suitable structures in regions to insure that taxpayer and industry marketing dollars achieve the best results. Marketing is a multiple faceted activity of which promotions are only a part. The present approach of “Mickey Mouse” operations with “shoestring” budgets can never be successful.
3. Present funding allocations for regional campaigns are far too inadequate. The Government’s recent announcement sounded generous, but regions soon learned that spread over all of regional Victoria, little funding improvement is available for regional budgets.

Private Sector Support
Private sector support for regional marketing will be limited until there is restructuring. The problem is the Campaign Committee system. While it exists, regions only receive minimal private sector support because the private sector perceives Campaign Committee programs are largely promotional and not targeting business.

As shown in previous submissions, Campaign Committee activities are seen as being controlled by the bureaucracy which has no private sector tourism business experience and they, as industry stakeholders and business practitioners, don’t like being over-ruled by public sector people with far less experience.

Private sector support is always stronger when:
- The RTO is independent and managed by the private sector
- The RTO develops programs that meet the needs of the industry. The primary need being more business not more promotion
- The RTO has the opportunity to use “peer pressure” for support from the industry.

Peer Pressure
The State Government should not under-estimate the value of “peer pressure”, it is something that the Government can’t use when seeking industry support. Time and time again, independent well managed RTOs are able to secure additional support through various means of ‘peer pressure”. Some Queensland regions have developed this into a fine art which is one reason why they enjoy such strong industry support.

While the Campaign Committee system continues, the State Government will see limited industry support for their activities.

Targeted Marketing
The use of integrated, targeted, co-operative marketing strategies that are well merchandised in advance to industry stakeholders, also generates far more private sector support than the Campaign Committees will ever achieve.
QUEENSLAND RACING FOR SECOND SPOT

An article which appeared in the Australian Financial Review on Friday 20 April read as follows

Queensland, which has dominated the nation’s population growth over the last decade, is quickly closing in on Victoria to become the second biggest state in Australia.

Once regarded as a parochial backwater by southern states, the Sunshine State is set to overtake Victoria’s total population by 2031, according to projections by the Australian Bureau of Statistics. But NSW, which has 6.8 million people will not be challenged for the title of largest state over the next few decades. It is forecast to grow to 8.7 million residents by 2031 and 10 million by 2051.

Queensland Premier Peter Beattie admitted Victoria would be a “bit sensitive” about being surpassed, but said Australia’s economic future lay in the north.

“We will have more clout. Queensland’s total population is estimated to double from 4.06 million this year to 8.5 million in 2051, according to the ABS, based on high levels of overseas and interstate migration.

A spokeswoman for Premier Bracks denied Victoria was losing its allure as residents packed their bags and headed north, a phenomenon that occurred in the early 1990’s during the Kennett Liberal government.

“Victoria’s annual population growth is outstripping the national average”, she said.

Queensland is going to become more important in Australia’s future than it has in the past,” he said.

We are going to be very much the hub of Australia. That’s what’s going on. Some of it may be a long time away but a lot of it is happening now”.

Victoria 5.07 million people, followed by Queensland on 4.06 million.

Western Australia may have overtaken Queensland as the fastest growing state for the first time in 2005-06 – it grew by 2 per cent, compared with Queensland’s 1.9 per cent – but its total population is still 2.05 million.

South Australia (1.5 million), Tasmania (490,000), the ACT (330,000) and NT (207,000) made up the remainder of Australia’s 20 million population in 2006. The government is confident people will continue to move to the state.”

Melbourne’s population is forecast to grow from 3.68 million to 5.9 million by 2051, while the population of Brisbane – once considered a big country town – will double from 1.8 million to 3.6 million in 2041, rising to 4.2 million in 2051.

Sydney will remain the largest city, growing from 4.3 million to 6.3 million in 2051

Victoria championed recent ABS figures which showed it had stemmed an exodus of residents and that Melbourne experienced the biggest capital-city growth in 2005-06, gaining 49,000 people.

But the size of growth of Queensland – which had an increase of 76,400 people last year including net migration of 25,800, net overseas migration of 21,400 and a natural increase of 29,200 – easily outstripped other states and is set to continue.

The ABS predicts Queensland will eclipse Victoria in just over 20 years by 6.55 million versus 6.43 million, mostly courtesy of former NSW residents who make up half of the state’s interstate migrants each year.
Responses to bushfires

Nearly every year there are devastating bushfires somewhere in Victoria. It is not a new phenomenon. But it seems that the crisis that follows with visitor numbers falling can be eased by some pro-active activities.

This paper proposes the introduction of preliminary planning with all funding, etc agreed in advance but only activated if a bushfire crisis does arise.

Also shown is a case study from Western Australia which was very successful. Unexpected torrential rains knocked out a key bridge causing considerable disruption to the tourism industry in Esperance. The RTO for the region (not Tourism WA) put remedial measures in place quickly and the unexpected bonus was that the destination got a boost in visitor numbers not only after the crisis but for some time afterwards.

There is also a recommendation for a new approach to enthuse travellers to visit. Instead of using Victoria’s patriotic approach, the Esperance campaign had more success using a commercial approach.
**BUSHFIRES PLANNING**

Bushfires are usually an annual event somewhere in Victoria. The consequences for the tourism industry and other businesses are always serious. State Government from both sides of politics create special funds after the event which takes time for regions to access. This delay often exacerbates the problem before improved circumstances begin.

**NEED FOR STANDING ARRANGEMENTS**

For tourism the most important need is to stimulate demand as quickly as possible after the crisis is over, not some weeks later.

What is needed is contingency planning by Regional Tourism Organisations which should be ready by end November. Each year the plan from the previous year can be reviewed and

- Fine tuned by considering current circumstances
- Product partnerships negotiated, and
- Promotional plans prepared based on a start date to be decided later.

Any post-bushfire campaign should have these elements

- Overall plan is ready for release to the local tourism industry during the bushfire crisis
- A PR plan is ready to go to selected media announcing visitors can return and bargains are available
- An advertising plan with media selected, schedules planned and costed
- “Flyers” in hard copy ready for printing for release at Federation Square, Visitor Information Centres and other sales locations in Victoria, NSW and SA
- Sales messages ready to be loaded onto local tourism websites offering saleable priced product
- Accommodation providers, who are likely to have empty beds anyway, to be approached to offer bargain rates for a short period of, say 4 weeks, to be featured in the campaign as price leaders
- Agreement in principle in advance with the State Government as to funds that will be available to subsidise the campaign (if needed should an emergency occur).

**GOVERNMENT FUNDING**

The agreed funding from Government for tourism should be released during the bushfires so the campaign can proceed.

These funds should only be used for 2-3 months after the bushfires and no longer. They should only be used for campaigns to re-invigorate demand in the short term and not for any other purpose.

Funds needed for repairing road signs and other needs should be funded from a separate fund.

Funds for non-tourism businesses should also be provided from a separate fund.

Again with pre-planning these funds could be released by Government without delay.

**CASE STUDY**

Shown on the next page is a Case Study about a natural disaster at Esperance and how the Regional Tourism Organisation revitalised demand quickly. In fact the campaign was so successful Esperance had a lift in visitor results for an extended period.
CASE STUDY
Esperance WA natural disaster

On 4th January this year, 2006, a key road key bridge for access to Esperance from Perth was washed away by unusual floods between Ravensthorpe and Esperance on the South Coast Highway. This left visitors to Esperance with a longer circuitous route through Kalgoorlie to get in and out of the town.

Far more serious was the extensive media coverage which was negative and blown out of proportion. Some media coverage created an image which was worse than reality. Almost immediately, Esperance tourism businesses were getting cancellations, not only for holidays in the short term but also for periods as far ahead as Easter. An urgent appeal was made to the RTO, Australia’s Golden Outback for help.

First action was for Jac Eerbeek, CEO of the RTO, to approach Perth media to lobby for a different approach and to make the media outlets aware of the economic damage they were causing. The media responded with better coverage but much damage had been done. Tourism Western Australia and AGO each contributed $25,000 for a press campaign which started in the Sunday Times on January 21 with the advert which appears on the front cover of this paper. The focus of this advert was to assure travellers that Esperance was back to normal.

The main thrust of the advert was to assure customers that the storm had passed, all was back to normal and that exciting experiences awaited. It took a positive approach by offering a perfect break which has greater appeal than resorting to a patriotic approach which experienced people in the industry know does not work.

To reinforce the message over the next five Sundays, a series of different adverts appeared with the following subjects

Week 1 Alternative routes to Esperance were promoted
Week 2 Road reopened with temporary bridge which had been constructed around the fallen bridge
Week 3 Theme was that Esperance accommodation could not have been cheaper with the low rates that were being offered
Week 4 Esperance is close to several National Parks and they were featured
Week 5 Packages were sold using Skywest air services and TransWA coach services from Perth.

Each advert had a positive “sell” approach to negate the unfavourable image caused initially.

These activities were reinforced with ongoing PR activities particularly in Perth.

Shown above is one of the adverts designed to increase visitor numbers to Esperance quickly. Note this is designed to enthuse potential visitors to actually visit and become customers. The practice in Victoria of patriotic appeals should be discontinued in favour of this approach.