Mr Damian Drum MLA
Parliament House
Spring Street,
Melbourne, 3002

Dear Sir,

Re: Rural & Regional Tourism Enquiry.

Please accept this late submission to your enquiry. You will appreciate that your request for a submission came at the busiest part of our year, the lead up to the snow tourism season. It is difficult to co-ordinate the response for the members of our Association.

The Australian Ski Areas Association is keen to participate in the Parliamentary review into rural and regional tourism in Victoria.

We are well placed to assist you having done some important research into the economic contribution of our sector to the State and Regional economies, and represented the interests of alpine tourism in some recent Federal inquires as is more fully described in our attached submission.

We look forward to hearing from you when the oral hearings are conducted.

Yours faithfully,

Andrew Ramsey,
Executive Director.

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Introduction
The Australian Ski Areas Association exists to foster cooperation between, and represent the collective interest of, the Australia alpine resort lift companies. (For further information see www.asaa.org.au). The Association was formed in the late 1970’s and therefore has long experience in the issues confronting tourism in the more remote areas of the State. This submission will look at each of the individual issues raised in the Chairman’s request for responses.

1. What are the economic benefits of tourism in regional areas, including flow-on benefits to other regional businesses and industry?

In 2005 the Australian alpine resorts represented by the ASAA, in conjunction with the government land managers of those resorts, commissioned the National Institute of Economic and Industrial Research (NIEIR) to conduct a rigorous assessment of the true economic value contributed to the by their activity. The resulting report shows that alpine tourism is of considerable importance of the Victorian economy. From the wealth generated by alpine tourism positive social outcomes are conferred on not only the resorts, but also the surrounding regions and with an inevitable flow on to the State economy at large.

The contribution of the resorts from the 2005 season was $505 million additional gross state product and 6,571 annual equivalent full time jobs. Nationally, total net additional taxation revenue generated from the alpine resorts in Australia is estimated at $106 million from direct taxes and $54 million from indirect taxes giving a total of $160 million in taxes to government. The Victorian Government alone will receive an additional $22 million. The New South Wales Government received an additional $37 million from its own taxes and its share of GST revenue. A copy of the summary of report, The Economic Significance of Australian Alpine Resorts, is attached. (The complete report is available at www.asaa.org.au.)

These findings are replicated on a regional level showing the importance of alpine resort tourism to the Shire of Mansfield, Murrindindi, East Gippsland and the Alpine Shire. For example 1 in 10 jobs in the “Victorian High Country region” is dependant on tourism. Tourism accounts for approx 2840 tourism related jobs in the region (Tourism Transport Forum 2005) which equates to 9.9% of total regional employment. Every day of the year there are more than 8000 visitors to Victoria’s High Country, each person spending an average of $122 per day.
Future sustainable growth of tourism helps to underpinning the social and economic welfare of rural and regional communities through improved employment opportunities, increased business activity, improved facilities and services. It is not only the private sector that benefits from income and employment. Regional towns and the government benefit through increased collection rates and taxes.

The bushfires of 2003 and 2007 and the poor snow season of 2006 have demonstrated how great an impact, economically and socially, the reduction in tourists can have upon the regions.

2. **What potential impediments to the sustained growth of regional tourism, economic activity and jobs?**

There are four principal impediments:

(a) The remoteness of the alpine resorts (access),
(b) the cost of living,
(c) better integration of public and private marketing strategies,
(d) Compliance with multiple and uncoordinated regulatory schemes.


In summary:

- The biggest problem is finding and retaining employees, particularly specialists in snow tourism related jobs. Other skilled jobs such as mechanics, electricians, restaurant staff and chefs are difficult to recruit and retain.
- It is difficult to compete with remote region employers, such as mining companies, where year round employment is provided, often at higher rates of pay and with cheaper living costs.
- Lack of “normal” facilities of living, particularly out of winter, eg newspapers, hairdressers, and broadband internet access.

The sustainability of the regional tourism sector requires clever strategic marketing and promotion. This is sometimes sacrificed for political imperatives which are seen as more important by the public sector and their masters. The resources that are provided to public sector agencies would often be better spent by grants to progressive regional tourism organisations and local government authorities with memberships of regional public and private sector tourism businesses or responsibilities. Regional leadership is vital for success of programs.
Government can assist by supporting, with appropriate funding, industry product development initiatives. Such support is critical to sustainable growth of regional and rural tourism. This will also bring the industry together and help private sector operators to work collaboratively and collectively grow their markets.

The regulatory framework within which the resorts operate is very difficult to navigate. Private sector investors are chased away before involvement, or if involved only do one project, because of the need to comply with so many and varied public sector regulators.

The ASAA supports the 10 year Tourism and Events Industry Strategy released by the Government in October 2006. It recognises the need for a whole of government approach to grow the “tourism and event market”. In addition to the key elements of the strategy it proposes a Victorian Tourism and Events Advisory Council and a Tourism and Events Strategy and Policy Unit be established. This appears to potentially achieve a desirable focus that is genuinely whole-of-government.

Access is also an issue related to remoteness. Transport to and from the snowfields remains difficult. This is partly due to poor connectivity between air, road, and rail. In the case of the NE of the State, Albury Airport is developing, and should be encouraged to become a major inland hub. Marketing to international visitors must include transport options. Self-drive holidays are not always thought of as an option.

Communications, similarly to transport, are poor in many regional areas. Television radio and broadband internet access are fundamental requirements in a modern tourism environment. Mt Buffalo is an example of difficulties encountered when an area is left behind, without adequate power or communications. The out of snow season market cannot be developed without attracting business conferences. There are many businesses that would not contemplate a conference in an area that did not have adequate phone and broadband access.

3. What is the effectiveness of current programs to promote and enhance tourism in regional Victoria?

Tourism Victoria has an appropriate Regional Marketing Program. The 2007-2008 funding has been increased and this was vital following the fires of the summer of 2006-7.

The adoption of two year cycle gives some certainty to the Regional Campaign Committees and allows marketing plans to be created and implemented over a more sustainable time-frame. This longer term strategic planning is essential, but it can only be effective by creating an integrated approach from tourism organisations
which often have legitimately different objectives. While the State Government seeks to create a whole of Government approach to development of tourism it is also necessary to encourage greater integration of programs particularly between Regional Development Victoria, Tourism Victoria, Parks Victoria and Department Sustainability and Environment.

Regional “brand campaigns” by Tourism Victoria have been an appropriate initiative. The success of these campaigns relies in part to the major funding allocated to them. Campaigns with limited long term funding tend to have a good initial impact but limited long term results. To make a region “a sought after brand” takes some persistence. It also relies on cooperation, which can not be achieved without adequate longer term funding.

There is an important role for TV to play in research and measurement of the success of programs. This work is financially beyond the capability of many RTAs. The ASAA would also support funding for the implementation of industry and destination development plans, preferably through a whole-of-government approach involving key Federal and State agencies such as Industry & Regional Development, Tourism Australia, Regional Development Victoria, Parks Victoria, Tourism Victoria, DSE and key stakeholder groups such as the Campaign Committees, Shires, RTA, LTAs, and Tourism Alliance. The funding will go much further with reduced duplication, and a more targeted delivery.

4. What initiatives are necessary to increase international and domestic visitors to regional Victoria?

From the perspective of the alpine resorts domestic tourism is by far its biggest market. As little as 1% visitation is attributable to international winter visitation. That being the case, the potential for increase in international visitation is great coming off such a low base. Research supports the potential for growth from international visitation in the next ten years. This creates a potential conflict in maintaining a strong domestic market, while at the same time endeavouring to growth the market with increased international visitation.

Alpine tourism in Victoria faces very strong competition from the government supported New Zealand adventure tourism campaigns. The New Zealand campaigns are heavily subsidized by the New Zealand Government and our domestic visitors are flowing out of Australia and becoming international visitors to NZ. Australian alpine resorts have competitive advantages over NZ snow fields and it is highly desirable that public and privately funded campaigns reverse the trend for Australians to holiday in New Zealand.

5. What is the effectiveness of measures to address the short and long term effects of natural events such as bushfires, floods and drought on regional tourism?
The alpine tourism industry struggles to throw off an undeserved tag of elitism. The relevance of this view of the industry is that businesses relying on strong winter weather are not seen as deserving recipients of relief after poor seasons. The bushfires had the effect of destroying burgeoning efforts to promote summer use of the alpine resorts. The funds for recovery after both the 2002-3 and 2006-7 bushfires have done little to help recover when compared to the loss of revenue. This was not helped by Government ministers advising potential visitors to stay away. The NIEIR study has estimated that the value of 2004-5 summer visitation at $144 million, which sum puts the relief package of $2 million into perspective.

The future requires a plan to address the short term effects on business when bushfires cut or stop income earning activity for periods longer than 2 weeks. In the longer term, climate science suggests bushfires will be more frequent events. For the areas where bushfires occur in order to be able to sustain prolonged or frequent interruptions to trading new ways need to be found to give relief to tourism business so they can bridge these periods.

The events of 2002-3 and 2005-6 highlight the need for first class communications plans and the need to manage public relations to ensure the return of visitors at the earliest possible time.

6. What are the opportunities to increase private and commercial investment in regional tourism infrastructure and ecotourism?

The regime of planning and control of alpine resort development sites is so tied up in red and “green” tape that may potential investors in alpine tourism are scared away. Developers who are prepared to tackle the problems of development often only do it once. The find the experience so perplexing they do not want to entertain the idea of doing it again.

Associated with the regulatory regime are the problems associated with the lack of freehold in alpine resorts. The reasons why freehold is not offered or even considered are not convincing, and they are another example of why administration and governance of alpine resorts should be “normalised”. That is to say, why should the alpine resorts be more difficult to develop by reason of government policy than Rosebud or Port Arlington? It is critical that we create an environment that supports increased sustainable investment in Regional and Rural areas of Victoria.

In the immediate future some relief would be achieved if the managers for the Crown of this land provided more flexibility in offering longer leases on Crown Land. Mt Buffalo Chalet stands as an example of the difficulties faced by some investors when dealing with the complexities of leases on crown land. Land managers need the flexibility to encourage appropriate investment, to make the process simpler, but without permitting inappropriate or unsustainable developments.
Private sector investment and development is the primary driver for wealth generation from tourism in the regions surrounding the Victorian Alpine Resorts.

Andrew Ramsey,
Executive Director,
Australian Ski Areas Association
18th July, 2007