

Executive summary

The New South Wales tourism strategy has recently undergone significant reform.

These reforms came about after an extensive review of the tourism sector by the Visitor Economy Taskforce during 2011-12, which recommended large scale changes to the delivery of government funding for regional tourism in New South Wales. The reforms were viewed as being necessary to enable the tourism sector to contribute to the goal of doubling overnight visitor expenditure, as set out in the NSW Government's ten year strategic business plan, *NSW 2021, A Plan to Make NSW Number One*.

In response to the Taskforce's report, the NSW Government developed the Visitor Economy Industry Action Plan to implement the majority of the Taskforce's recommendations, including the introduction of destination management plans and the removal of the requirement for all funding to be delivered through regional tourism organisations. The NSW Government also implemented a new funding scheme for regional tourism called the Regional Visitor Economy Fund.

The reforms also include a new focus on the 'visitor economy', which encompasses all businesses and communities that benefit from the direct and indirect economic activity generated through the provision of goods and services to overnight visitors, including leisure, business, events, arts/cultural, nature and student visitors.

The impact of these reforms will be considered in detail throughout this report.

Funding and special rate variations (Chapter 2)

Chapter 2 examines the newly implemented destination management planning system and the Regional Visitor Economy Fund.

The introduction of the destination management planning system in New South Wales was a key recommendation of the Visitor Economy Taskforce. During the course of the Inquiry the Committee heard from local government, regional tourism organisations and other stakeholders that had recently completed or were in the process of developing a destination management plan. Stakeholder responses to this newly implemented process varied. Many had positive feedback regarding the collaboration the process engendered in what many would argue has been a fragmented industry. However, stakeholders also commented on the enormity of the task of developing these plans and the intensive resources required to complete them.

Stakeholders also provided feedback on the newly implemented Regional Visitor Economy Fund, raising a number of issues including the assessment of applications, yearly application requirements and the minimum matched funding threshold.

The Committee appreciates that the reforms were only introduced in 2013, and that implementing a new system is challenging and can reveal issues which may not have been anticipated. The Committee has therefore recommended that the NSW Government commission a review of the destination management planning system and Regional Visitor Economy Fund in five years' time, which would enable a more accurate assessment of the effectiveness of the system.

Chapter 2 also considers the divergent views of stakeholders regarding the utilisation of special rate variations to support local tourism initiatives. While some inquiry participants were in favour of using special rate variations, others felt it was an extra burden which the business and greater community would not view as justified.

The Committee acknowledges the limited sources of revenue available to local governments and believes special rate variations can be a valuable and effective source of additional income to fund projects that can be of mutual benefit to local communities and visitors.

Infrastructure (Chapter 3)

Adequate infrastructure is an essential component of growing the visitor economy and ensuring a positive visitor experience. Chapter 3 examines concerns regarding ageing tourism infrastructure and the impact of visitation on community infrastructure, such as parking, public toilets, water, sewerage, parks and other public spaces.

Stakeholders expressed concern that the burden of maintaining and improving community infrastructure has been left on local communities, and discussed different funding options to support local tourism and visitation infrastructure. We have therefore recommended that the NSW Government consider additional funding for local government projects that are specifically related to visitor economy infrastructure.

The chapter also considers the adequacy of the State's transport infrastructure, including roads, airports, ports, trains and public transport. The Committee notes the transport constraints outlined by inquiry participants and the potential impact to visitors and the wider visitor economy caused by limited transport infrastructure.

The need for a whole-of-government approach to infrastructure to support the visitor economy now and into the future is also discussed. Several inquiry participants felt that there is a lack of coordination of various government agencies in regard to tourism infrastructure and considered this to be a significant impediment to growing the visitor economy.

Tourism and local communities (Chapter 4)

This chapter looks at the impacts of tourism and visitation on local communities. The general view among stakeholders during the Inquiry was that tourism is an avenue of potential advantage and opportunity for local communities. It is a way of diversifying and growing the economy, and can also provide social opportunities that benefit the host community. In many regional areas, tourism is an important factor in the future viability of a community.

Increased visitation through tourism can lead to increased employment, however, numerous stakeholders raised concerns regarding the impact of penalty rates on tourism and hospitality businesses.

Inquiry participants also expressed concern about the limited availability and accessibility of training and education in regional areas and the impact of this on the visitor economy. A related issue is the skills shortage in the hospitality industry. Participants expressed the view that improvements in these areas would benefit both the visitor economy and regional communities by providing more career options for residents.

While tourism and visitation generally benefits local communities, the Committee acknowledges that local residents of areas that experience extreme seasonal peaks in population can be adversely affected through strains on infrastructure, overcrowding, vandalism, higher cost of living and alcohol related violence.

Unregulated holiday letting and recreational vehicles (Chapter 5)

A significant issue raised throughout the Inquiry was the practice of short term holiday letting. While the practice of holiday letting was seen as an accepted practice by some stakeholders as a necessary supplement to other types of tourism accommodation, others were opposed to the practice primarily due to the impact on the amenity of permanent residents arising from the anti-social behaviour of some temporary occupiers. The Committee also heard about tensions felt by regulated accommodation providers toward unregulated providers and concerns about the impact of reduced numbers of permanent residents in communities. The chapter considers options for addressing issues with short term letting including holiday letting precincts, development approval, self-regulation or a statewide policy or regulation.

Chapter 5 also examines unregulated camping, which has emerged as a significant issue in recent years as a result of the growth of the recreational vehicle (RV) tourism market. Representatives of the RV market emphasised greater freedom of choice and identified the need for clearer regulations or policy directives to recognise the unique needs of RV travellers. Representatives from the Caravan and Camping Industry Association, on the other hand, emphasised the impact of unregulated camping in unapproved, non-compliant sites on existing tourism infrastructure such as caravan parks. The Industry Association expressed concern that some local governments are encouraging unregulated camping at the expense of established businesses in their communities.

The increasing incidence of illegal camping in non-self-contained vehicles, often at beaches, on roadsides and on residential streets was also raised by inquiry participants, who were of the view that this type of illegal camping should not be tolerated.

National parks, fossicking and rail trails (Chapter 6)

Chapter 6 examines outdoor recreational tourism opportunities in New South Wales. National parks are a key asset in the visitor economy, which some stakeholders suggested are underutilised. Suggestions were made to develop further tourism opportunities such as accommodation and camping facilities, bike trails and walking trails.

Regulatory impediments to growing the alpine tourism industry were also raised by stakeholders who recommended that ski resorts and snow fields within the Kosciuszko National Park should be re-zoned to recognise the land use as being primarily for tourism rather than conservation purposes. Stakeholders noted that ski resorts and fields only occupy a small percentage of Kosciuszko National Park and are already highly developed.

The chapter considers the views of recreational fossickers who identified restrictions and difficulties in accessing suitable fossicking areas in New South Wales, which they saw as a key limitation in the promotion and growth of fossicking tourism.

The development of rail trails is also discussed. Rail trails reuse disused or abandoned rail corridors to develop multi-use, outdoor recreation tracks for walking, cycling and/or horse riding. Inquiry

participants identified that rail trails can offer a number of opportunities for tourism and visitation for local communities.

The Committee has made several recommendations to address the issues raised in this chapter, including investigating further opportunities for tourism development in national parks, streamlining the operation of planning approvals within the lease areas for New South Wales ski resorts, and allowing disused rail corridors in New South Wales to be developed into rail trails.

Marketing and regional tourism organisations (Chapter 7)

Chapter 7 examines the marketing of tourism and visitation in New South Wales. Evidence shows that effective tourism marketing and promotion drives visitation by increasing consumer awareness of the different experiences and products a destination has to offer. Stakeholders suggested that the effective promotion of regional New South Wales requires consumer-focused destination marketing, a clear State brand, collaborative marketing and digital marketing.

The chapter considers some of the marketing structures and strategies of regional tourism organisations and explores other marketing strategies which have been run by local governments more independently of regional tourism organisations.

Opportunities for Aboriginal tourism in New South Wales are also discussed. The NSW Government released the Aboriginal Tourism Action Plan 2013-2016 which details its commitment to growing Aboriginal tourism in partnership with the Aboriginal community. Stakeholders identified areas of potential growth as well as current impediments to this growth.

The chapter then considers the role of visitor information centres in New South Wales and the role of Surf Life Saving NSW in improving and promoting beach safety.

Summary of recommendations

- Recommendation 1** **16**
That the NSW Government commission a review of the effectiveness of the New South Wales destination management planning system and Regional Visitor Economy Fund by March 2019.
- Recommendation 2** **17**
That Destination NSW consider offering destination management workshops in more locations throughout regional New South Wales and more actively involve councils as the recognised local infrastructure providers.
- Recommendation 3** **19**
That Destination NSW review the Regional Visitor Economy Fund application process for quarantined funds in order to simplify the application process and consider allowing for longer term operational funding.
- Recommendation 4** **21**
That Destination NSW review the assessment criteria for contestable funding applications to allow for holistic assessment of the merits of a project or initiative.
- Recommendation 5** **23**
That Destination NSW consider providing Regional Visitor Economy Fund grants for periods longer than 12 months.
- Recommendation 6** **26**
That Destination NSW consider reducing the minimum matched funding threshold for Regional Visitor Economy Fund grants.
- Recommendation 7** **29**
That Destination NSW articulate to the tourism industry an update on the strategic vision and actions as outlined in the Visitor Economy Industry Action Plan.
- Recommendation 8** **35**
That the NSW Government provide assistance, where requested by local councils, to examine the possible use of a special rate variation to renew and expand visitor economy infrastructure outside of the standard rate cap.
- Recommendation 9** **39**
That Destination NSW consider allocating Regional Visitor Economy Fund grants to existing tourism assets.
- Recommendation 10** **43**
That the NSW Government consider providing additional funding for local government projects that are specifically related to visitor economy infrastructure.
- Recommendation 11** **45**
That the NSW Government request the Federal Government to investigate a more effective method of measuring populations when determining Financial Assistance Grants, that takes into account peak population figures.

- Recommendation 12** 54
That the NSW Government investigate implementing an appeals process for the National Parks and Wildlife Service to address difficulties with inter agency or stakeholder outcomes.
- Recommendation 13** 74
That the NSW Government develop an information program for backpackers/itinerant workers similar to the Snowy River Shire Council's 'The Little Black Book'.
- Recommendation 14** 76
That the NSW Government promote that other communities experiencing alcohol related violence and anti-social behaviour are able to request the provisions provided by the *Crimes and Other Legislation Amendment (Assault and Intoxication) Act 2014* and the *Liquor Amendment Act 2014* to curb these impacts.
- Recommendation 15** 86
That the NSW Government publish the results of the trial of the Holiday Rental Code of Conduct.
- Recommendation 16** 95
That the NSW Government develop guidelines around camping in self-contained recreational vehicles and non-self-contained vehicles on public land.
- Recommendation 17** 105
That the NSW Government investigate further opportunities for tourism development in national parks including accommodation, camping, mountain bike trails and fossicking.
- Recommendation 18** 105
That the NSW Government seek to streamline the operation of planning approvals within the lease areas for New South Wales ski resorts to ensure that important infrastructure improvements, such as upgrades to lifts and other facilities, are not hampered by unwarranted red tape.
- Recommendation 19** 110
That the NSW Government investigate opportunities for fossicking in national parks, a single access fee for state forests and linking information for fossicking activities on the Destination NSW website.
- Recommendation 20** 112
That the NSW Government allow disused rail corridors in New South Wales, or land immediately adjoining the rails that belong to the Government, to be developed into rail trails.
- Recommendation 21** 112
That the NSW Government report on the potential for disused rail corridors to be restored to provide rail based tourism to regional areas and establish a rail travel tourism sector.
- Recommendation 22** 139
That the NSW Government ensure that the Aboriginal Tourism Action Plan 2013-2016 specifically addresses skills issues which prevent broader take up and marketing of Indigenous tourism products.
- Recommendation 23** 143
That the NSW Government review its lease/rent/licencing fees for land that includes visitor information centres and consider the reduction of fees to acknowledge the important role of these centres in enhancing the visitor economy.

Recommendation 24

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That Destination NSW include a surf safety message on its website.

Recommendation 25

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That the NSW Government review and report on current surf safety messages and their distribution throughout airlines, cruise ships and accommodation providers.