

Presentation to Legislative Council Committee No 3
Inquiry into Tourism in Local Communities
8 November 2013
GM's Speech/Notes

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Madam Chair thank you for the opportunity to provide evidence to this Inquiry. I am the General Manager of Snowy River Shire Council, Joe Vescio and together with Clr Colin Stewart-Beardsley we will be Council's representatives at this Inquiry.

Snowy River Shire is located in the South East of NSW and covers an area of over 6,000 square kilometres. Within our boundaries are located Australia's premier ski fields.

Councillor Stewart-Beardsley will go over the importance of tourism to our Shires economy. While I discuss the social value and ever increasing cost to Council, and therefore the community, to maintain infrastructure to support tourism, along with other issues for the Committee to consider in its deliberations.

As Council pointed out in our submission, our Shire is quite different to the vast majority of remote rural communities in NSW, as tourism has for some surpassed agriculture as our largest industry. Energy generation/water is also of greater value to our Shire than agriculture. From a social perspective tourism or services associated with tourism employs over 51% of the Shire's working population. Any threat to this industry would have dire consequences for both our economy and the community at large.

Information available in the recently released Annual Report by Tourism Snowy Mountains points out that the backbone of our tourism (winter skiing) is flat lining and has been for a number of years. Within Australia the Snowy Mountains was identified as the 4th highest region for the economic importance of tourism to the local economy and community. Yet within NSW we are the highest. Therefore the future of tourism in Snowy River is not only important for the local economy, but also the state's economy.

An issue which affects the local economy and also the social fabric of our community is the large seasonal influx of workers over the winter months. Although the majority of employment takes place in the ski fields located within the National Park, the greater majority reside within our Shire's largest township of Jindabyne. This places an additional burden on Council's

infrastructure, services and resources, which remain utilised much less in the remaining 9 months of the year. With no available public transport within the Shire. How to get to and from work becomes an issue for these seasonal residents. Where as the weekly 'pay day party's' impacts on our permanent residents, who are accustomed to the enjoyment of a quiet township.

While our infrastructure when built was designed to cope with the winter peak however as mentioned in our submission, Council will contribute to the achievement of an overall objective of growing summer tourism. Greater usage year round will impact on the life of this infrastructure, affecting our long term financial plans for those assets. This comes at a cost to our small ratepayer base that funds the provision of these infrastructures, which include ongoing costs of maintenance, management and possible future requirements to increase the capacity.

Another issue which Council and NSW's economy faces is the lost capacity outside of winter. Council has looked at how to utilise this capacity and is currently pursuing a learning and information hub (static Library) which would enable universities to undertake intensive one week or two week courses in Jindabyne.

This very project highlights one of the real problems facing not only the Snowy River but every Council which has tourism as its major industry/employer which are only increased if that tourism destination or other commercial activities occur within a national park. The benefits of having this driver for the local economy becomes a burden through the necessity to provide regional amenities etc. in order to maintain infrastructure, facilities and services at a level to meet peak population demands, rather than a rate funded permanent population.

Council supports the Independent Local Government Review Panel's proposal that *"the extent of non-rateable land and concessions for government business enterprises as well as the properties of benevolent institutions that serve a much wider area than that of the Council concerned should be reviewed"*. Council's position is in favour of removing exemptions and concessions. They are a random and ad hoc subsidy from the ratepayers of individual councils to in some cases major commercial operations.

For Snowy River, it's especially important that what amounts to the exemption for businesses operating on crown land is reviewed. Council is required to provide a number of services as a result of activities within the Kosciuszko National Park – primarily, but not exclusively, carried out by Perisher and

Thredbo ski resorts. It is simply incongruous that major commercial operations should not be required to make any contribution to the local government services which help underpin their activity.

Council suggests that this can be addressed through amending the conditions of the licences under which businesses operate on crown land so that they are required to make an agreed contribution to the cost of council services or by amending the Local Government Act so that commercial enterprises within non-rateable land are to be rated.

Another concern stemming from the tourism industry that impacts on Council is the fact that "holiday lettings" i.e. residential apartments used for letting during tourism season are classified as residential rather than business. These "holiday letting" apartments compete with hotels and motels which are classified as business and as such should be similarly classified. At the moment the general ratepayer is subsidising a non-residential activity. It would be questionable whether holiday lettings being classified as residential and not business would meet competition policy requirements for a level playing field.

There is no doubt that the Alpine resorts provide significant benefits to the regional areas adjoining them. Many of the Alpine shires have high levels of structural unemployment so the Alpine industry is very important in improving employment outcomes for residents of these regions. Specifically, the regional flow on impacts for the Snowy River Shire where it was found that 57% of gross regional product (\$290 million) were generated by the winter alpine resorts and 3,264 annual equivalent employment opportunities or 51% of the Shires total annual equivalent employment.

However this also comes at a cost to both Council and our community as it limits our ability to provide adequate resources to marketing activities, facilitation and support of economic development initiatives and tourism product development. Let alone maintain infrastructure to meet the needs of the permanent population rather than meet the potential maximum residents and visitors on one or two weekends each winter.

I am sure that TSM will propose the introduction of a tourism levy by the Council. Whilst it sounds simple the administrative cost of introducing and maintaining such a levy as proposed has not been factored in nor has the relatively high initial levy that would be required to achieve the sort of income TSM believe it requires. Instead, Council proposes the introduction of a commercial bed tax/levy, not rate variations, as it would assist in transferring

the burden to those who are most likely to gain the benefit from any additional SRSC expenditure on tourism which leads to an increase in visitation.

Based on visitation nights it has been estimated the imposition of a \$1/bed/night tax/levy on all commercial beds would generate sufficient income to fund tourism marketing and provide additional facilities to support the tourism activities of the shire. These additional funds may be utilised by the Council itself, or be made available to bodies such as TSM to assist in cooperative marketing and product development activities. Where as a \$2/bed/night tax would provide in addition to this, a source of revenue to maintain and improve infrastructure assets and services associated with supporting the tourism industry.

The TSM annual report indicates that in 2013 there were 2.8M visitor nights in the Snowy Mountains region. Based on this and allowing say 10% collection costs a bed tax/levy of \$1 would raise \$2.5M for promotion and operational costs of an RTO. If you made the bed tax \$2 then in addition local government could receive the additional \$2.5M for tourism infrastructure and services.

Whilst this concept requires further investigation and analysis, the point being made is quite clear, Snowy River Shire is a highly tourism dependent region which contributes significantly to the NSW and Australian Economy. Being so dependent upon tourism makes our region very susceptible to any 'shock' which may affect visitation. This is even more so given the very strong financial effect of the short winter snow season. As such funds need to be found to assist in the promotion of tourism, across the year and in the development of supporting tourism infrastructure. It will be difficult to argue with ratepayers associated with agriculture as to why their rates should support tourism operators when they are required to pay levies on their product for promotion and maintenance of infrastructure.

Council supports this government inquiry and looks forward to seeing its final report which I am sure will recognise the value and benefits to be gained from not only maintaining tourism in this region but also through facilitating ways to ensure its ongoing sustainability and growth.

Thank you any questions