

Howard - Delgey Dolly.

Inquiry into tourism in local communities

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Madam Chair, Committee Members:

Good Morning:

~~My name is Colin Stewart-Beardsley. I'm a Councillor for Snowy River Shire LGA. This is my opening statement to the Committee regarding the value of tourism to the Snowy Mountains.~~ ^{region} My qualifications are a PhD from the Lands Management Department of the University of Reading in the UK which is a 5 star rated research school as well as an earlier B.A.(Hons) degree. Before academia I was a member of the Australian Stock Exchange and Senior Partner – Capital Markets in a major stockbroking firm.

In submitting this evidence I am drawing from two independent studies of the economic impact of tourism in the Snowies¹ as well as from the 2011 Australian census data. ^{plus studies on climate change.}

Australia has 84 tourism regions; each tourism region is made up of a number of Statistical Local Areas (SLAs), as defined by the Australian Bureau of Statistics. The Snowy Mountains is one of 14 such regions in NSW.

Tourism output and total regional output can be obtained for each tourism region. The economic importance of tourism is estimated by finding the ratio of tourism output to total output for each tourism region.

$$\text{Economic importance of tourism} = \frac{\text{Tourism output}}{\text{Total output}} \approx \frac{\text{Total tourism expenditure}}{\text{Total output}}$$

With respect to NSW, the Snowy Mountains economy is the most reliant on tourism in the whole state. The economic importance of tourism to the Snowy Mountains is 17.0% of total output which is almost double that of the second place (Mid North Coast) which relies on

¹ The Economic Importance of Tourism in Australia's Regions, (2011) Tourism Research Australia, Canberra; THE ECONOMIC SIGNIFICANCE OF THE AUSTRALIAN ALPINE RESORTS (2012) © The State of Victoria, Alpine Resorts Co-ordinating Council

tourism for 8.7% of its output. However, the Snowy Mountains is by far the smallest economy with total output p.a. of \$2,726 million (Mid North Coast = \$21,960 million).

Total tourism expenditure, sample sizes, total output and economic importance of tourism estimates (in order of magnitude)

Tourism region	Total tourism expenditure		TRA data	Total output	Economic importance of tourism
	Purchaser's prices ² , \$m	Basic prices ³ , \$m	Sample size ⁴	Basic prices, \$m	%
NSW					
Snowy Mountains	495	465	369	2,726	17.1
Mid North Coast	2,041	1,921	1,987	21,960	8.7
Northern Rivers	1,185	1,115	1,262	18,275	6.1
The Murray	409	385	464	7,061	5.5
Outback NSW	186	175	198	3,218	5.4
South Coast	1,924	1,810	2,296	33,814	5.4
Central NSW	934	879	1,124	17,254	5.1
New England North West	622	585	752	12,108	4.8
Blue Mountains	431	406	721	9,236	4.4
Riverina	450	423	498	11,775	3.6
Central Coast	844	794	1,104	24,595	3.2
Hunter	1,368	1,287	1,794	44,799	2.9
Capital Country	417	392	673	15,197	2.6
Sydney	11,751	11,057	17,836	459,679	2.4

Figure 1: Source: *The Economic Importance of Tourism in Australia's Regions*, (2011) Tourism Research Australia, Canberra

It is instructive to note that while regional NSW produces 50% of total tourism expenditure in the State, Destination NSW spends only \$22 million of a total \$130 million budget in regional tourism support (= 17%)

One of the major problems with tourism in the Snowy Mountains is the asymmetric nature of visitor arrivals. Tourism presents the Shire with challenges somewhat different from those of otherwise similar regions. The 2011 Census was taken on Tuesday, 9 August – a weekday in the middle of the ski season. The data show that there were 11,579 visitors in

² Purchaser's prices – See Detailed methodology (Appendix A) and Glossary.

³ Basic prices – See Detailed methodology (Appendix A) and Glossary.

⁴ The estimates for tourism expenditure are derived by TRA using their regional tourism expenditure allocation model. This model relies on data from the National and International Visitor Surveys. The aggregate sample sizes of these surveys for are provided here.

Snowy River Shire on Census night compared with 6,967 residents counted at home – almost double. On a good ski weekend in the season with visitors both from Sydney and from Canberra, this number could easily treble with more than 20,000 visitors in the Shire.

The National Institute of Economic and Industry Research (NIEIR) has calculated that total Government direct tax revenue from Snowy Mountains ski field activity in 2011 was approximately \$237 million, while indirect tax revenue was \$122 million. In addition, the New South Wales Government's taxation revenue, including share of GST, was estimated at \$70 million. Snowy River Shire Council itself derives no income from the ski field activity, nor does it receive any proportion of the tax revenue paid to higher tiers of government.

So, the Snowy Mountains has a very small economy with the greatest reliance on tourism and the need to diversify as much as possible from a three to four months (at most) winter window of snow to grow its spring, summer and autumn tourist activities.

There are some events which should be acknowledged but, alas, all too few e.g. blues festival at Thredbo, Snowy Bike ride weekend in October/November. All such events use existing infrastructure mainly belonging to the ski field operators. As an indicator of the amount of money spent by the ski operators, Perisher spends \$5.5 million advertising during a single snow season – more than Council raises in ordinary rates. There is not enough local funding available through Council resources (ordinary rates only raise \$5.15 million p.a. of which business rates account for \$554,000) to raise the risk capital necessary to provide tourism infrastructure. Business rates are the highest in the Shire at 0.9246 c/\$. Even with a special rate levy on business of, say, an additional 20%, would only raise slightly more than \$100,000.

We have two magnificent lakes (Lake Jindabyne and Lake Eucumbene) but both of these are working lakes for Snowy Hydro with ownership of the water divided between the Commonwealth, NSW and Victorian governments. Lake levels are subject to the vagaries of nature and contracts to provide water to the west. These lakes could provide tourist experiences such as cruises, a marina, and pontoons for recreational fishing plus restaurants

but the capital cost would be in many millions of dollars which the local business community cannot provide even with dollar for dollar funding from Destination NSW. No doubt the engineering and approval obstacles can be overcome but at additional costs.

Many of the walks and scenic beauty spots in the Snowy Mountains are in the Kosciuszko National Park which is operated by the National Parks and Wildlife Service. Council derives no income at all from park entry fees and as the General Manager has testified there is a huge burden on Council to provide infrastructure to a level of population which occurs only in a three month period. *(There are aboriginal heritage items in the Park. I am on the Committee of the Bundra Way which ...)*

As a final comment, climate change presents unprecedented challenges both for NSW and for Victorian ski fields. A recent 2102⁵ report by The Centre for Australian Weather and Climate Research finds that "Across four ski resorts (Falls Creek, Mt Hotham, Mt Buller and Mt Buffalo), by 2020, the average snow season becomes 5-35 days shorter. By 2050, the average snow season becomes 20-55 days shorter for a low scenario and 30-80 days shorter for a high scenario." The CSIRO (2003)⁶ also produced a report on the impact of climate change on snow cover in Australia which came to similar conclusions.

These outcomes – particularly for the high scenarios - could be catastrophic for tourism in the Snow Mountains shire.

I am pleased to answer any questions you may have.

⁵ Jonas Bhend, Janice Bathols and Kevin Hennessy December 2012 "Climate change impacts on snow in Victoria" The Centre for Australian Weather and Climate Research A partnership between CSIRO and the Bureau of Meteorology

⁶ Hennessy, K., Whetton, P., Smith, I., Bathols, J., Hutchinson, M. and Sharples, J. (2003). The impact of climate change on snow conditions in mainland Australia.