Submission No 72

INQUIRY INTO TOURISM IN LOCAL COMMUNITIES

Organisation: Snowy River Shire

Date received: 10/07/2013

SNOWY RIVER SHIRE
SPIRIT OF THE SNOWY MOUNTAINS

Submission to NSW Legislative Council Inquiry into Tourism in Local Communities

June 2013

1 Contents

2 Terms of Reference

That General Purpose Standing Committee No 3 inquire into and report on the value and impacts of tourism on local communities, and in particular:

1. the value of tourism to New South Wales communities and the return on investment of Government grants and funds
2. the value of tourism to regional, rural and coastal communities
3. the impacts of tourism on Local Government Areas, including:
   (a) infrastructure services provision and asset management
   (b) social impacts
   (c) unregulated tourism
   (d) employment opportunities
4. the marketing and regulation of tourism
5. the utilisation of special rate variations to support local tourism initiatives
6. any other related matter.

3 Background

The purpose of this submission is to provide a response to the Legislative Council General Purpose Standing Committee No. 3 Terms of Reference Inquiry into Tourism in Local Communities. Snowy River Shire Council is pleased to be able to provide information that supports our views and raise issues that are of most concern for the Council and its communities.

Snowy River is in some respects atypical of NSW's smaller rural shires. Agriculture is an important part of local activity, but the two most significant activities from a local, a state and indeed a national perspective are tourism, with access through our Shire to Australia's two pre-eminent ski fields; and electricity generation.

Tourism in particular presents the Shire with challenges somewhat different from those of otherwise similar councils. The 2011 Census[1] 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 Snowy River Shire on Census night compared with 6,967 residents counted at home – almost double. On a good ski weekend in the season, this number could treble with almost 20,000 visitors in the Shire.

The National Institute of Economic and Industry Research (NIEIR)[2] has calculated that total Government direct tax revenue from ski field activity in 2011 would be approximately $237 million, while indirect tax revenue would be $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. The inequity this creates is addressed later in this submission.

Our population is spread amongst a number of smaller township settlements, and rural areas including rural lifestyle options. The following table shows the distribution of the Shire's population in 2006 and 2011.

Population of urban centres and other rural areas

	2006	2011	% Change
Jindabyne	1891	1734	-8.3%
Berridale	852	907	6.5%
Adaminaby	242	226	-6.6%
East Jindabyne/Tyrolean Village	417	551	32.1%
Kalkite	208	173	-16.8%
South Jindabyne	488	632	29.5%
Thredbo	477	471	-1.3%
Perisher Valley	136	149	9.6%
Other Rural	2475	2665	7.7%
Total population Shire	7186	7508	4.5%

**South Jindabyne includes Lakewood, Leesville, High Country but not Cobbin Estate.*

The following map of the Shire shows our major areas of settlement, and highlights what is one of our more difficult issues; the fact that our two most important areas of economic activity, the Perisher and Thredbo ski fields, are located in a national park, so the Shire is unable to use its rating powers to offset the cost of the services it needs to provide as a result of ski field activity.

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[1] See http://www.abs.gov.au/census

[2] National Institute of Economic and Industry Research (NIEIR) { December 2012} The Economic Significance Of The Australian Alpine Resorts Published by the Alpine Resorts Coordinating Council

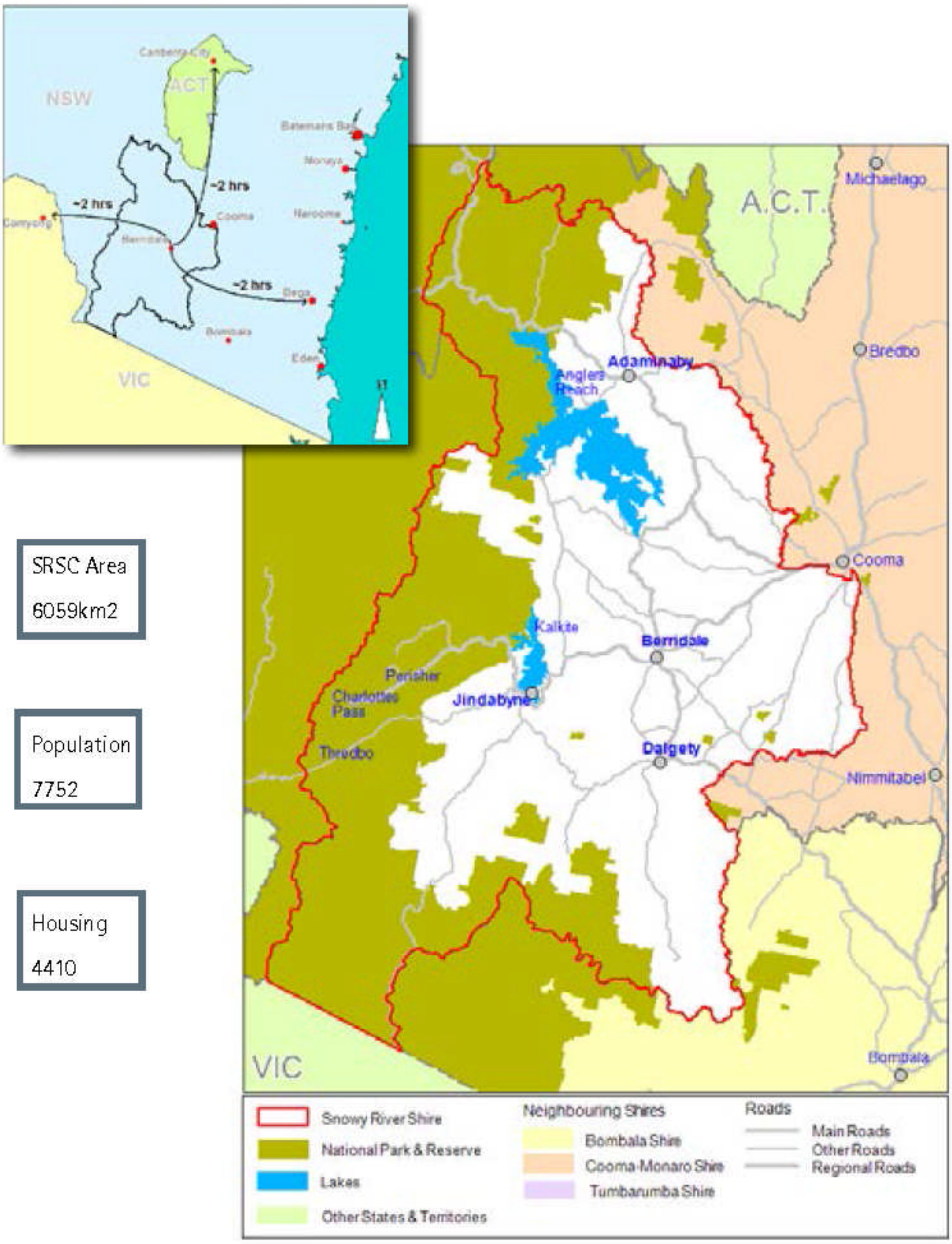

Figure 1

What the map also highlights is that our main centres of population are quite distant one from another. As a result each sees itself and its surrounding area as a distinctive community with its own needs and priorities, adding to the burden of the costs of maintaining utilities and infrastructure etc.

4 SRSC Reliance on Tourism

Tourism plays a significant part in the Australian economy, contributing 2.6% to Australia's GDP and 4.5% to Australia's employment in 2009–10. With 46% of tourism expenditure in Australia spent in regional areas, tourism is also of considerable importance to many of Australia's regional communities – but also comes at a cost.

4.1 The Economic Importance of Tourism in Australians Regions (Tourism Research Australia) [3]

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.

4.1.1 New South Wales (NSW) Tourism regions

- Blue Mountains
- Capital Country
- Central Coast
- Central NSW
- Hunter
- Mid North Coast
- Northern Rivers
- New England North West
- Outback NSW
- Riverina
- Snowy Mountains
- South Coast
- Sydney
- The Murray

Australia's regional tourism industries are not all equal in size, and visitor numbers, tourism output, and tourism expenditure can vary greatly from region to region. To gauge the size of regional tourism industries, Tourism Research Australia (TRA[4]) has used modelled estimates of regional tourism expenditure using data from the National Visitor Survey and International Visitor Survey. Total tourism expenditure is calculated by combining estimates for each tourism region's domestic day, domestic overnight, and international visitor expenditure.

Based on total tourism expenditure estimates for 2007/08, the five largest tourism regions in Australia are Sydney, Melbourne, Brisbane, the Gold Coast, and Experience Perth. Together, these regions account for close to half (47%) of Australia's tourism expenditure. Furthermore, the top ten regions account for over three fifths of Australia's total tourism expenditure. The remaining tourism regions in Australia (67) have comparatively small tourism industries.

As expected, the economic importance of tourism in Australia's regions varies across Australia (see Table 1 and Figure 3), but also shows that a large part of eastern Australia and the Northern Territory depend more on tourism than other areas of the country.

For the purposes of the TRA report, a benchmark for Australian tourism regions was derived by dividing the tourism output across all tourism regions by the total output across all tourism regions. All regions in the Top 20 are well above the Australian benchmark of 3.0%, showing that the tourism industry in each of these regions is relatively important to the region's economy.

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[3] See Tourism Research Australia. The Economic Importance of Tourism in Australia. ISBN 978-1-921812-27-9 tourism.research@ret.gov.au

[4] See Tourism Research Australia

Table 1 Top 20 tourism regions by economic importance of tourism [5]

Rank	Tourism region	State	Economic importance of tourism	Total tourism expenditure
			%	Purchaser's prices[6], $m
1	Central	NT	24.8	411
2	Phillip Island	Vic	18.7	391
3	Whitsundays	Qld	17.7	685
4	Snowy Mountains	NSW	17.1	495
5	West Coast	Tas	16.2	102
6	East Coast	Tas	14.6	129
7	Spa Country	Vic	14.3	163
8	Kangaroo Island	SA	14.1	63
9	Tropical North Queensland	Qld	9.7	2,761
10	Lakes	Vic	9.2	296
11	Mid North Coast	NSW	8.7	2,041
12	Upper Yarra	Vic	7.7	92
13	Central Murray	Vic	7.4	373
14	High Country	Vic	7.2	470
15	Australia's Coral Coast	WA	6.9	512
16	Sunshine Coast	Qld	6.7	2,458
17	Outback	Qld	6.5	409
18	Gold Coast	Qld	6.4	4,528
19	Western	Vic	6.2	880
20	Northern Rivers	NSW	6.1	1,185
Australian benchmark (%)			**3.0**	

In terms of ranking, the economic importance of tourism is highest in Central NT, Phillip Island, Whitsundays, **Snowy Mountains** and West Coast − each with estimates of economic importance of over 15%. Central NT ranks highest with an estimate of 24.8%7 and Phillip Island comes in second at 18.7%. The top five regions only accounted for 3% of Australia's total tourism expenditure in 2007/08.

[5] See Tourism Research Australia. The Economic Importance of Tourism in Australia. ISBN 978-1-921812-27-9 tourism.research@ret.gov.au

Figure 2 Comparison between industry size and economic value of tourism [6]

The findings suggest that the economic importance of tourism is highest in Central NT, Phillip Island, Whitsundays, **Snowy Mountains** and West Coast in Tasmania. These regions all have relatively small economies with small tourism industries that rely significantly on tourism.

Tourism regions whose economies are dependent on tourism are more likely to be vulnerable to shocks that affect the tourism industry. Whether their economies are large or small, the importance of these local tourism industries to their regional economies is considerable, as unexpected shocks could impact on the entire local economy. Given the SRSC area, being part of the Snowy Mountains, to be reliant on Agriculture, tourism (with Australia's two pre-eminent ski fields) and electricity generation, any 'shock' or even a gradual decline over years can have a significant impact on the SRSC region's businesses and constituents.

[6] See Tourism Research Australia. The Economic Importance of Tourism in Australia. ISBN 978-1-921812-27-9 tourism.research@ret.gov.au

5 Current Situation

5.1 NSW Visitation YE Dec 2012[7]

NSW Visitor Nights

- Up 2.4%% since March 2012

Regional NSW Visitor Nights

- Up 3.9% since March 2012

5.2 Snowy Mountains YE March 2013

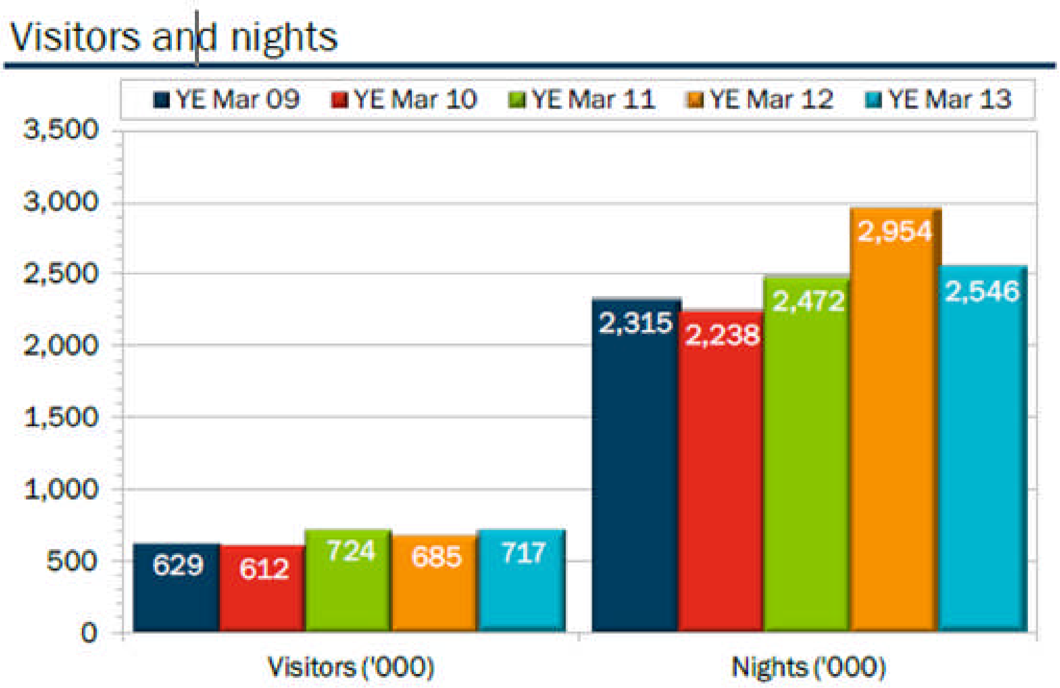

Figure 3 Visitors and Nights[8] - Snowy Mountains

Snowy Mountains received 717,000 domestic overnight visitors - up by 4.7% on YE Mar 12 (Figure 3). Visitors spent over 2.5 million nights in the region - down by 13.8% on YE Mar 12. This has been trending upwards since 2008. Given the alpine resort numbers have been flat lining for the past half decade[9] , this growth has resulted from increasing visitors in the non-winter months. As will be mentioned later, this trend began recently with the introduction of the NSW Regional Partnership program administered by Destination NSW (DNSW). Similar can be said for the domestic day trip visitors (Figure 4). The decline in 2012 will be addressed later in this paper.

[7] http://archive.tourism.nsw.gov.au/Regional_Tourism_Statistics_p625.aspx

[8] http://archive.tourism.nsw.gov.au/Regional_Tourism_Statistics_p625.aspx

[9] National Institute of Economic and Industry Research (NIEIR) { December 2012} The Economic Significance Of The Australian Alpine Resorts Published by the Alpine Resorts Coordinating Council

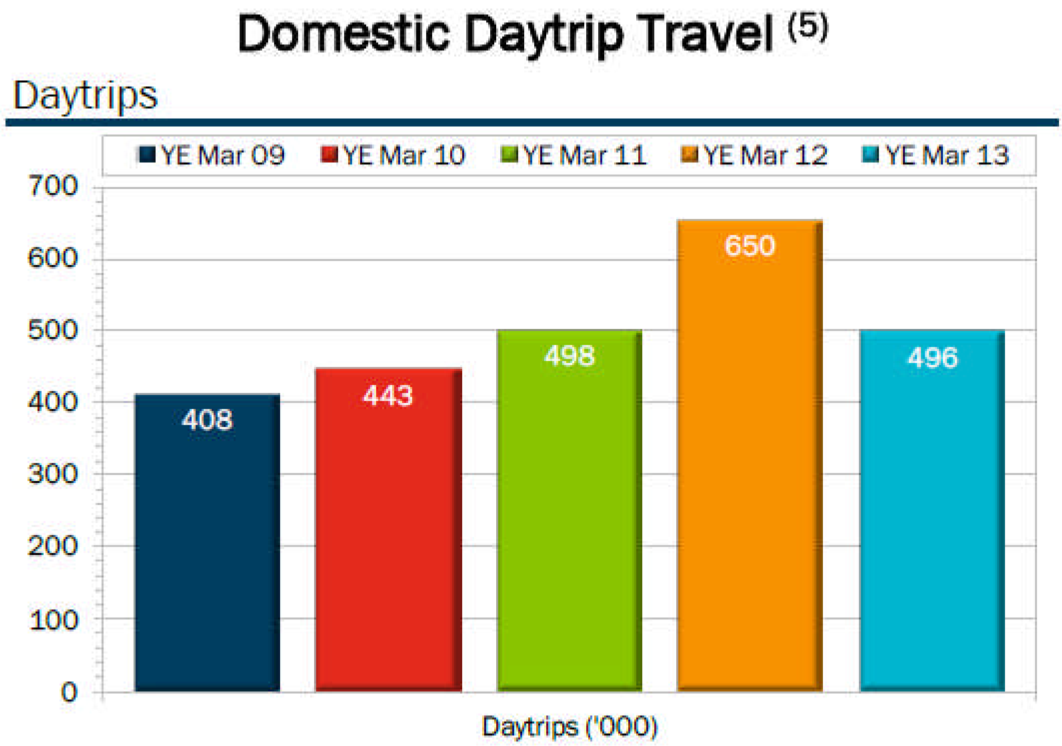

Figure 4 Domestic day trip travel – Snowy Mountains

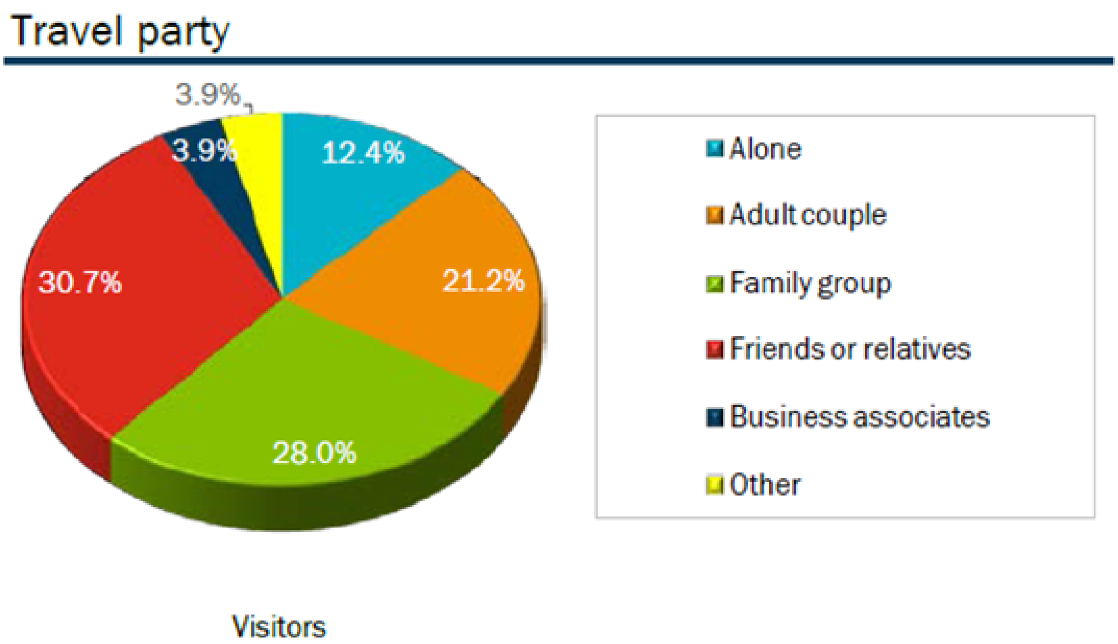

Figure 5 Travel party make-up- Snowy Mountains

Of the growth in visitors, ‘Friends or relatives’ (30.7%) was the most common travel party amongst visitors to the region, followed by ‘family group’ (28.0%) and ‘adult couple’ (21.2%) (Figure 5)

6 Value of Tourism to the Snowy River Economy

The purpose of this submission is to create an awareness of the current state of tourism in the Snowy River Shire (SRSC). It is also intended to highlight the need to maintain (and preferably increase) the winter visitation, and visitation across the non winter season, increasing days spent, return visits, spend per head, uplifts in winter visitation and greater dispersal of visitors throughout the sub regions of the SRSC.

In the background future plans for SRSC, are under the same situational pressures of other LGA's and RTOs to provide value back to its constituents as part of its funding mechanism. In response to these pressures, there needs to be a focus on actionable outcomes that will provide SRSC, and its ratepayers, with insights and execution ready solutions for marketing and product development.

TSM have a vision of positioning The Snowy Mountains as: "the most inspiring alpine experience in Australia", yet the region, and the SRSC are still strongly reliant on the short winter snow season.

Significant foundational work has been completed in the past in the SRSC region and can be used as a resource for any future activities. These include work from Tourism Australia, Tourism NSW (now Destination NSW (DNSW)) and the Centre of Tourism Research at the University of Canberra. The National Landscape, Australian Alps program (hosted by Tourism Australia) has created a brand and set of supporting experiences for the Snowy Mountains and its neighbouring alpine regions and shires.

It is intended that future planning can build upon the groundwork laid out in the Australian Alps Master Plan and at the same time look for the point of difference that creates a unique identity for the SRSC. DNSW has also completed a significant branding study of the region with their "Always in season" campaign. The Centre for Tourism Research at the University of Canberra, has conducted Visitor Surveys on site at Kosciuszko. Doctoral students have undertaken other significant studies on what it is the visitors to the Snowy Mountains region are seeking and how best to determine the appropriate management and marketing policies and actions to achieve a desirable and sustainable outcome

7 The attributes of the Snowy River Shire and the Snowy Mountains

There are many attributes of the Snowy Mountains that are lessor known but collectively form an enriched picture of the destination with the potential to create non winter demand, disperse visitors throughout the region, and increase the number of nights and opportunities to spend. Whilst not part of this submission, it is recommended a full updated picture of the attributes of the SRSC be brought to life through a series of expert insights including: regional and sub regional stakeholders, subject matter experts, trend setters and opinion leader insights, that will allow the capture of the full spectrum of possibilities, attributes and tourism opportunities.

Snowy Mountains and very much Jindabyne, as part of the SRSC, is recognised as winter playground for ski enthusiasts and for those who wish to soak up the beauty of a snow laden landscape. Twisted snow gums, wild flowers, unexpected animals encounters, mountains, streams, glacial lakes, mountain top look outs and trails are some of the signature attributes that are more widely known to those who have become acquainted with the area.

For those who know the area more intimately they may have experienced the many 'moods' of the Snowy Mountains expressed in its dynamic weather, its changing face across the seasons and its unique geological formations. Night time offers yet another contrast in experience for those who take in the vortex of stars against the pitch black expanse of mountains. Some visitors are familiar with the stories of the region: indigenous folklore, high country cattleman, the Man from Snowy River, the history of skiing and the monumental achievements of the Snowy Hydro Scheme.

Adventure opportunities in a stunning alpine setting offer a strong point of differentiation including: bushwalking (guided and unguided), fly fishing, 4 wheel drive trails, white water rafting, world class mountain biking, abseiling, water skiing, sailing, kayaking, canoeing and horse riding trails. In summer adventurers talk of the thrill of water skiing on Lake Jindabyne while looking up into a brilliant blue sky to see snow capped peaks.

For those who take the time to immerse themselves with the locals they can sample the lifestyle of who have made the high country their home. One visitor talked about the rustic “hill billy” and “cow boy” type personalities living alongside the sophistication of Lake Crakenback resort and its discerning chefs. A definite benefit for the growing Chinese and Indian tourism markets.

There is also a burgeoning destination cuisine that is emerging. The Schnapps distillery, local breweries (including the acclaimed Chuck Hahn), Kosciuszko pale ale, trout dishes, artesian mineral waters, Snowy Mountains Vodka and Snowy Mountain Cookies (now served in-flight by Qantas). An inspirational Snowy Mountains meal might include: smoked trout salad with capers followed by schnapps infused panacottas, or a more traditional high country lamb goulash.

The sub regions of the Snowy Mountains and the heart of the SRSC all have their own unique character and experiences. Of these Jindabyne is a prized stage for many of Australia’s most passionate water skiers (described by some water skiers as the nation’s best venue). Adaminaby possesses the Snowy Heritage museum, a tribute to the pioneering efforts of the Snowy Hydro Scheme, often regarded as the initial driving force behind Australia’s unique multicultural heritage. Dalgety, which was so close to becoming the capital of Australia, hold strongly to its pioneering sheep/wool and high country cattle roots.

The unique personality of each of these sub regions adds strongly to the force that makes the SRSC and the wider Snowy Mountains a special tourism region. As part of this uniqueness is the future opportunity for the SRSC to become Australia’s adventure capital, utilising its strong natural assets to provide the emotional experiences including: the energising experience of being connected to passion, the adrenalin rush of pushing past your comfort zone, connecting with others by sharing peak performance experiences, connecting with self in activities of solitude, and feeling like a kid trail blazing into new adventures in a landscape that is dramatically different to anywhere else in the country.

8 Risk of Reliance on the Winter Season and the Alpine Resorts

Jindabyne and the Snowy Mountains has always been an icon of winter tourism, but have fallen short of potential in non winter periods. Winter visitation has also begun to suffer, and using the Snowsports industries own words, from 'flat lining' in recent years (Figure 6, Figure 7). Utilising the data available from the ERASS research (Figure 8), snowsports participation numbers have actually declined.

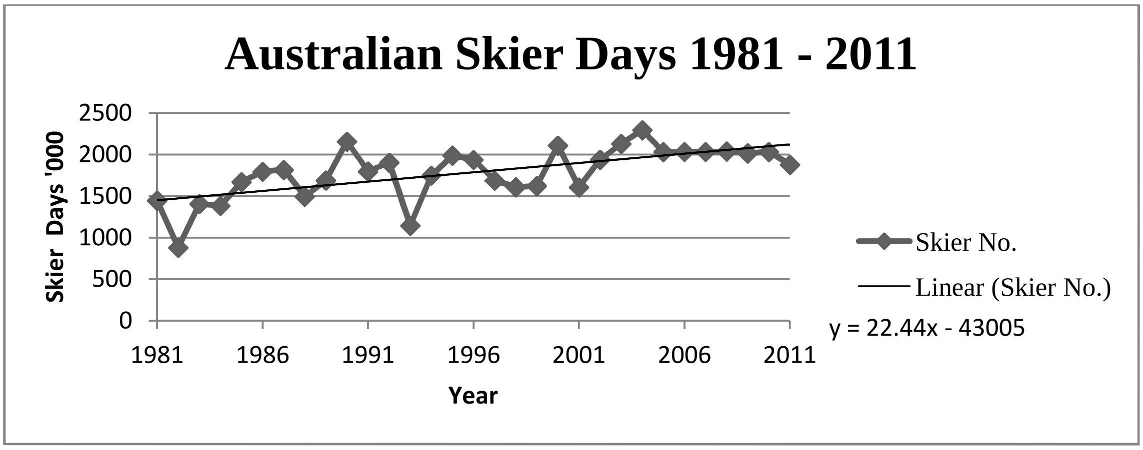

Figure 6: Australian Skier Days 1981-2011.

Source ASAA; http://www.snow-australia.com/asaa/KeyDocumentsAndStatistics 2009;

National Institute of Economic and Industry Research, 2012).

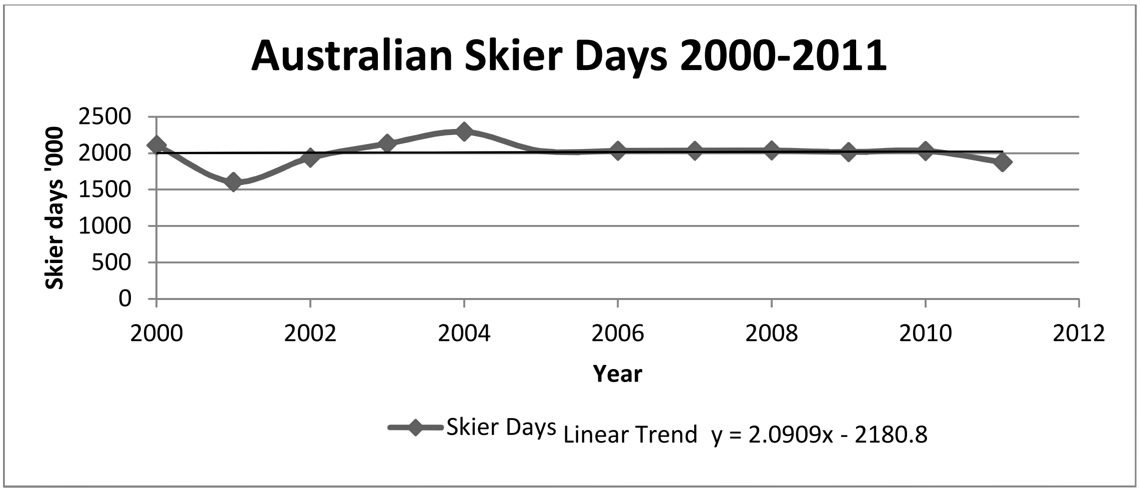

Figure 7: Australian Skier Days 2000-2011 (National Institute of Economic and Industry Research, 2012).

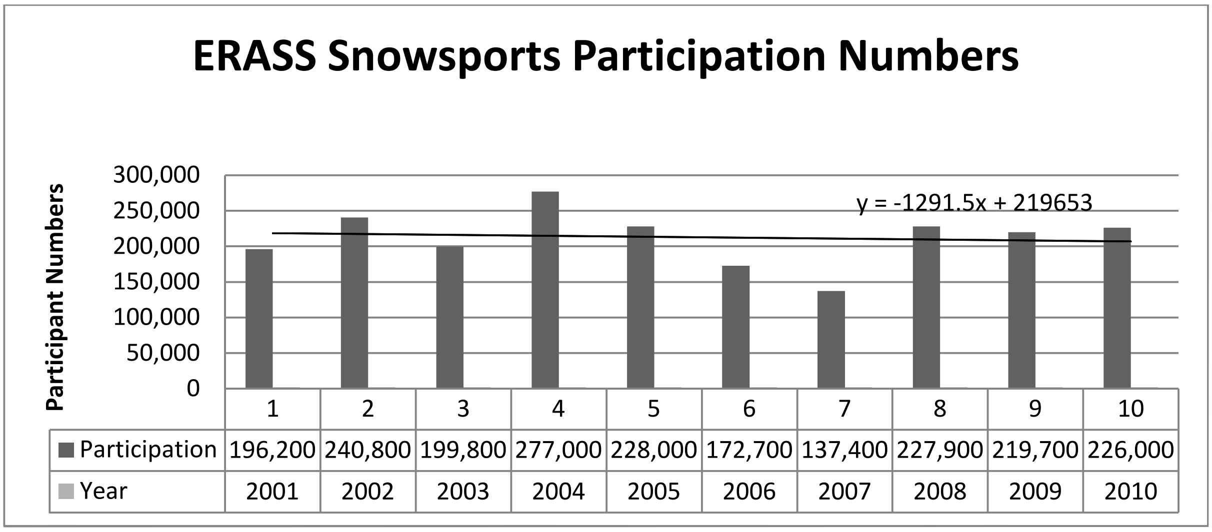

Figure 8: ERASS Snow and Ice Sports Participation 2001-2010 (Australian Sports Commission, 2001-2010)

Another factor highlighting the risk of reliance on a short winter snow season is demonstrated by the percentage of the SRSC LGA employment. 59.8% is said to be engaged by the Alpine Industry (Figure 9). This places a strong reliance on the Alpine Industry to be successful. Recent lean snow years, especially toward the front and end of the snow season has impacted employment numbers in the SRSC, and the economic consequences of the associated flow-on of reduced expenditures on rent, local produce and goods and services etc.

Local Government Area	2011 $m	% of State total increase	% of LGA's GRP	Total season employment – industry (number)	employment – annual equivalent – Resident (number)	% of State total employ-ment	% of LGA's employ-ment
Snowy River (A)	561.6	56.9%	57.1%	12966.7	3697.8	37.5%	59.8%

Figure 9 Employment Generation as a result of Tourism in Snowy River[10] – Changes in headline GRP and employment by LGA created by winter season economic activity

Compounding this problem is the large seasonal influx of workers. The greater majority reside in the SRSC town of Jindabyne. This places an additional burden on the SRSC infrastructure and resources, which remain utilised much less in the remaining 9 months of the year. Additionally, significant expenditure by the workers, and also guests, is directed to the Alpine resorts (Figure 10) with negligible flow on to the SRSC, given the resorts location within the National Park.

[10] National Institute of Economic and Industry Research (NIEIR) { December 2012} The Economic Significance Of The Australian Alpine Resorts Published by the Alpine Resorts Co-ordinating Council

Local Government Area	Visitors to snowfields	Expend-iture on snowfield visit ($2011 m)	Average visitor spend on snowfield visit (2011)	Financing of snowfields visit			
				Holidays elsewhere ($2011 m)	Reduction in savings ($2011m)	Reduction in local expend-itures ($2011 m)	Direct expend-iture in snowfields
Snowy River	985	0.6	553	0.1	0.2	0.3	718

Figure 10 Winter snow sports[11] – Estimate of the impact on individual LGAs of the winter Alpine industry

8.1 Strengths and Weaknesses, Opportunities and Threats

Figure 11 Perceptions of the Snowy Mountains[12]

An ongoing weakness is demonstrated in Figure 11. This diagram results from a Snowy Mountains perceptions study completed for the Department of Resources Energy and Tourism by TRA consultants. The relative size differences of the font, indicates the strength of the awareness of what can be undertaken in the SRSC region. As can be seen, winter snow based activities predominate. Other activities, as well as other features are less well known and need to be highlighted to strengthen their potential to guests. To do so requires marketing funds.

[11] National Institute of Economic and Industry Research (NIEIR) { December 2012} The Economic Significance Of The Australian Alpine Resorts Published by the Alpine Resorts Co-ordinating Council
[12] Understanding perception of the Snowy Mountains. TNS Consultants

These weaknesses, along with some opportunity/threats and strengths are illustrated in Figure 12

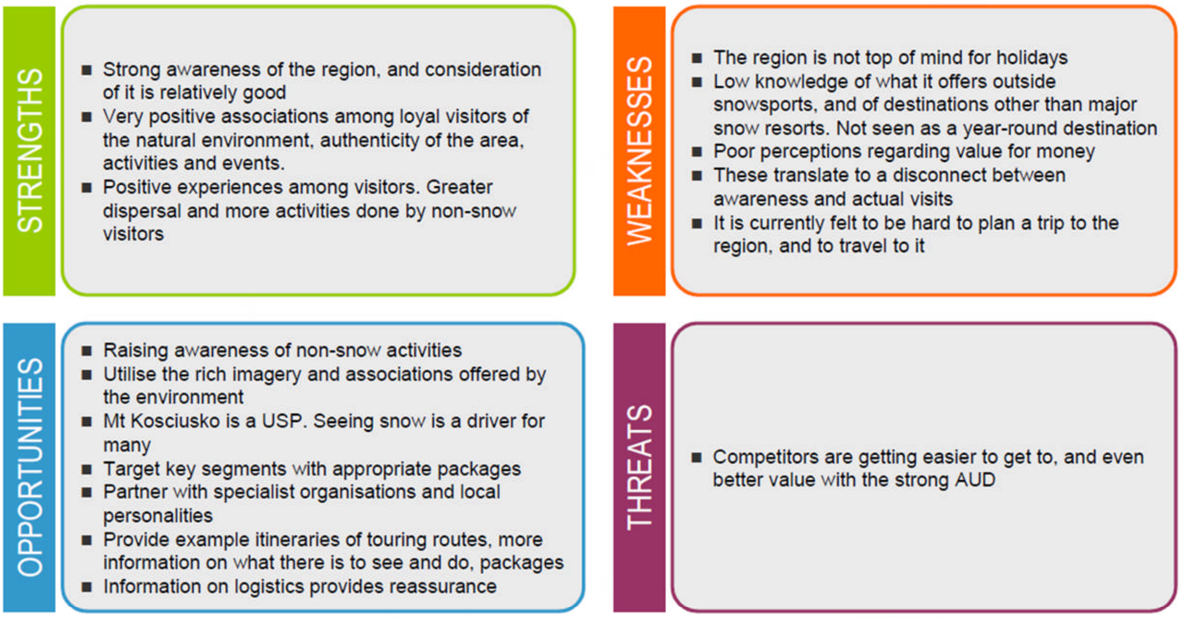

Figure 12 SWOT – Snowy Mountains[13]

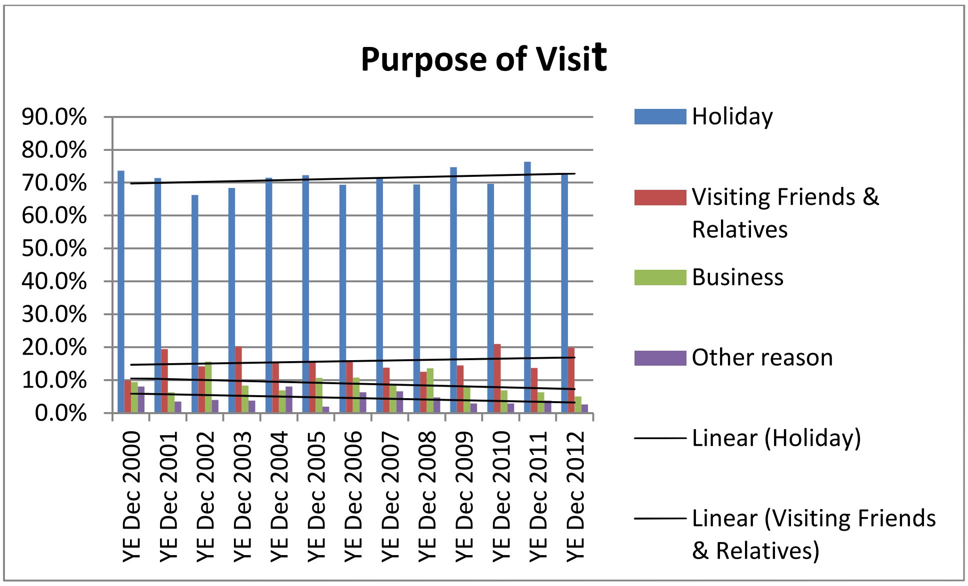

Figure 13

Another threat of recent times is the changing face of the visitor, especially during the non-winter months. Figure13 reflects the changes in the makeup of reasons for travel. It is showing an increasing trend in holiday makers, and VFR but declining business travel and ‘other’ reasons. The decline in business visitors has been strongly felt in the MICE category, with a lower use of regional facilities that can cater for these activities.

[13] Understanding perception of the Snowy Mountains. TNS Consultants

Whilst MICE activities declined across the state, it was felt quite strongly in the SRSC, given its strong dependence upon tourism activities of this type in the non-winter period.

According to recent studies, the SRSC (Snowy Mountains) is a mature/niche destination, high in the consumer consideration set, but not yet meeting their expectations (Figure 14). As mentioned earlier; limited appreciation of what can be offered is one of the current problems. This current perception of the region and the SRSC need to be refocussed.

8.1.1 Opportunities

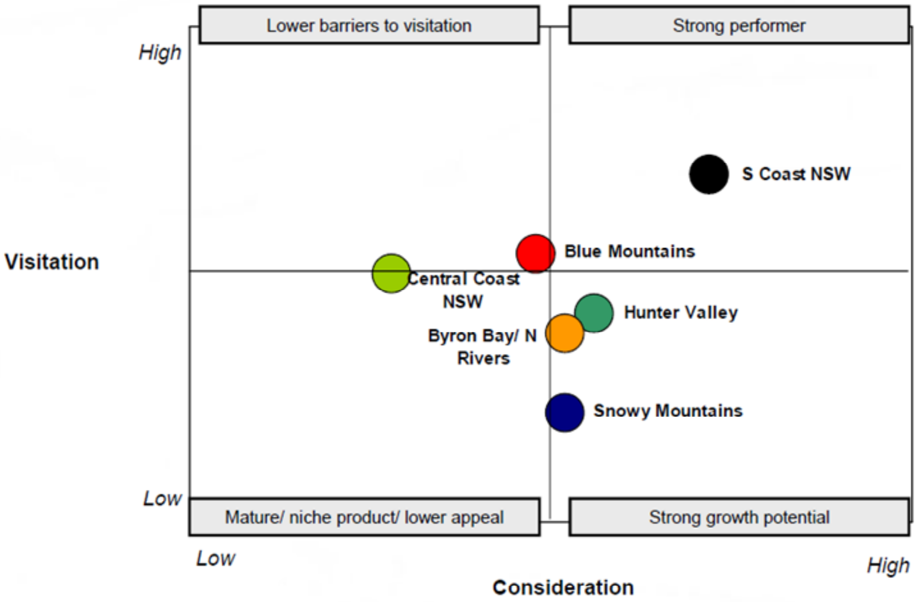

Figure 14 SRSC potential customers regional perception

9 Future potential of Tourism in the SRSC and Snowy Region

The potential for future growth exists. There are many who are loyalists (Figure 17) and will continue to support the region. However, most at this time will only do so in the winter snow season. There exists, however, the potential to market to those who have never visited, and to encourage lapsed previous visitors to return. There is also the potential to sell the opportunities in the non winter months to the snow season only visitors (Figure 15). These potential visitors are Australia wide (Figure16) and are made up of singles, families and empty nesters. There is a need to target these with effective marketing messages that resonate well with each target group. To do so appropriately requires funding. At this time the SRSC has limited capability to do this.

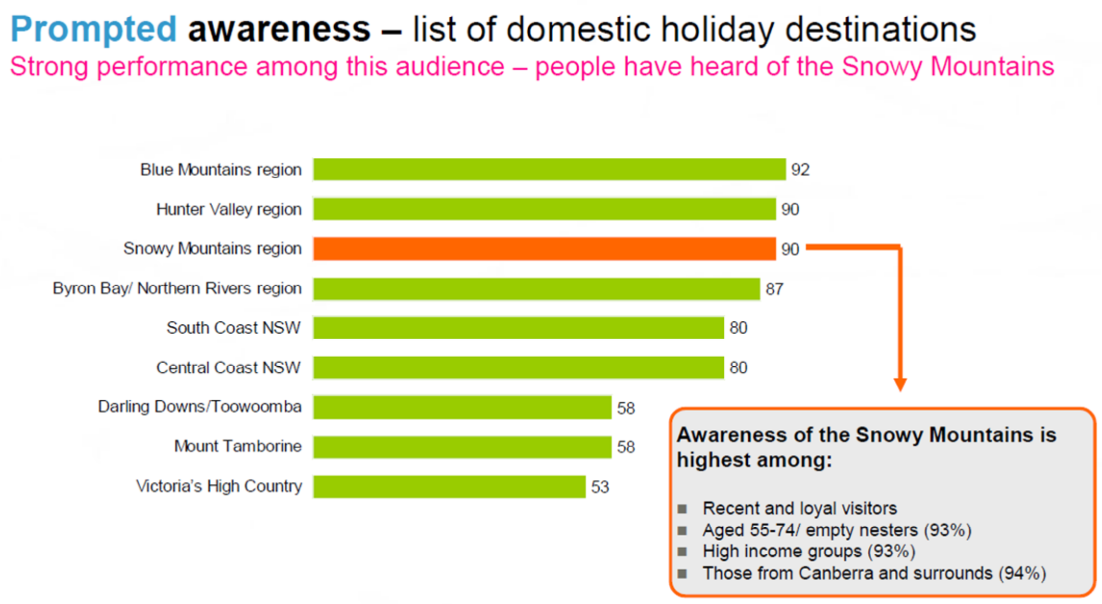

Figure 15 Promoted Awareness of domestic Holiday Destinations

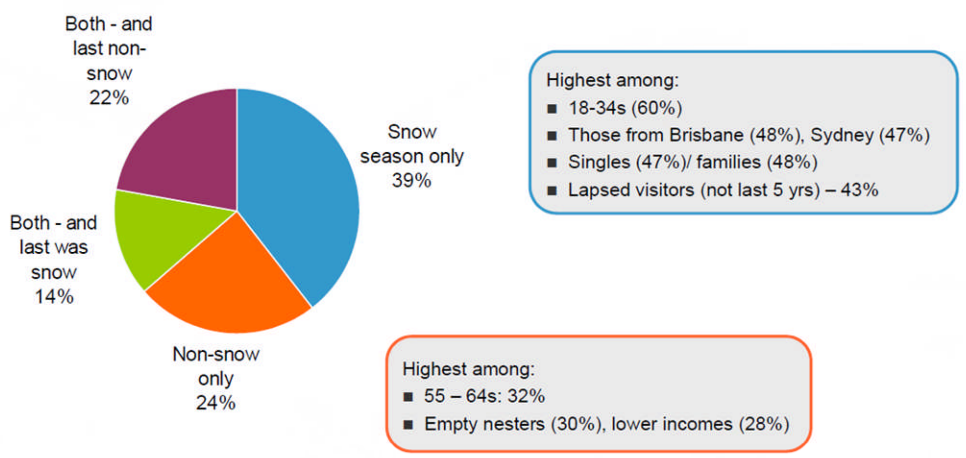

Figure 16 Preferred time to visit - SRSC

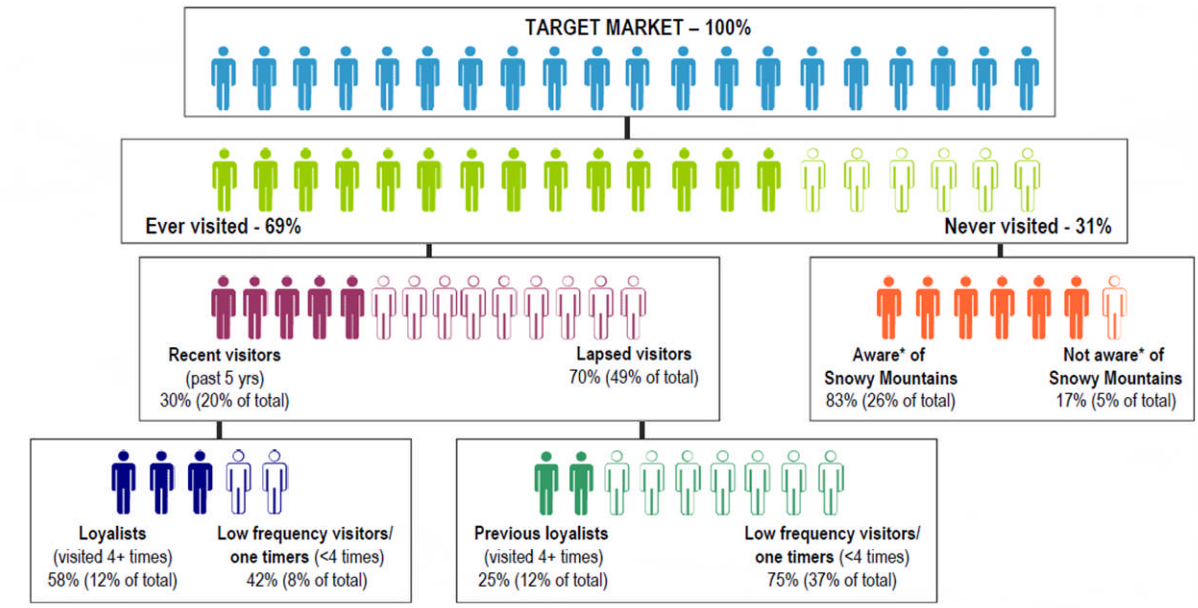

Figure 17 Future Target Markets - SRSC

10 The burden to the SRSC LGA of the future potential of tourism

The value of the resorts to both state and regional economies clearly demonstrate that the resorts should not be allowed to become under-resourced in terms of their public infrastructure and general investment. This ongoing requirement includes investment in infrastructure, technology, accommodation and services. Importantly the report demonstrates that investment in the Alpine resorts will boost economic activity in regions where unemployment would become significantly more of an issue if the Alpine industry and resorts were to decline through a lack of ongoing investment in the industry. Because of the significant and highly regionalised economic benefit delivered by the Alpine resorts to their states, it would be extremely difficult to replace this economic benefit from other industry sector activity were the Alpine resorts to decline through lack of appropriate levels of investment.

The Alpine resorts are of particular significance in terms of their economic benefit to the regions closest to where the resorts are located. Whilst this benefit is realised by the LGA's, the added burden of providing the required infrastructure to meet the current and potential future growth places a strain on the available resources and available budgets.

The Alpine resorts are an asset which will increase in value over time relative to the rest of the economy. This is because the Internet and the growing web based economy, increasingly results in declines in local economic activity in sectors such as retailing and wholesaling as these sectors continue to be opened up to international competition. The web based economy also has the potential to create cost savings (and job losses) in other industry sectors. This means that, the only way Australian states can offset these employment losses is to develop local product, both winter and non-winter tourism, to capture the real household income gains that results from lower household expenditure on, for example, retail margins. The Alpine resorts and non winter tourism ventures will therefore become an increasingly important asset by capturing, at least some of the gains, in household income for the local economy. This has important repercussions for the LGA in that a large source of its income comes from the many alpine related businesses providing retail services (clothing, hire, equipment etc) located in the surrounding towns, should these cease to exist (at least in the present form) will deny the LGA of a source of its income. The value of increasing winter visitation alone is shown in the value gained by the State. Total gross state product in New South Wales in 2011 was increased by $987 million, compared to what would have been the case without the economic contribution of the Alpine resorts in the winter season. If non-winter tourism and visitation can also grow, the expectation is that this contribution grows with it.

Estimates for the 2012 winter season shows an increase in total gross state product for New South Wales of $1,175 million. Total winter season employment generated (in full-time equivalent terms) in 2011 was 9,203 in New South Wales. Importantly, job opportunities generated were almost 16,264 in New South Wales providing for over 3000 equivalent full time jobs in the Snowy Mountains (Figure 9).

These figures are impressive in terms of state (and national) benefits, both GDP and employment. The return on these benefits however, are returned in the form of taxes directed to state and national coffers. In 2011 total Government direct tax revenue would be approximately $237 million, while indirect tax revenue would be $122 million. The New South Wales Government's taxation revenue, including share of GST, is estimated at $70 million, (while the Victorian Government's share is estimated at $38 million). For the SRSC LGA, the benefits become a burden through the necessity to provide regional amenities etc. in order to maintain facilities and services demanded by full and part time residents and guests. Without meeting this demand, the numbers attracted to the resorts would decline, given the (relatively) smaller bed base existing within the resorts, all of which reside in a National Park.

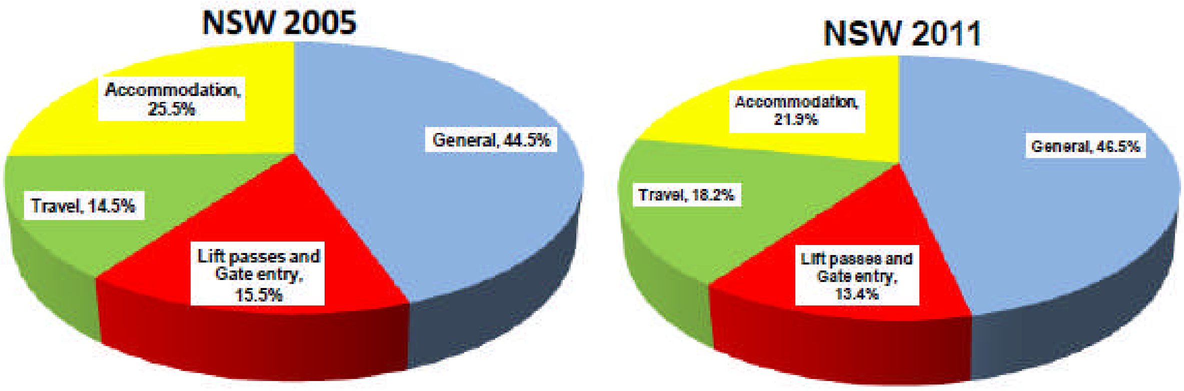

Figure 18 Proportion of Snowy Mountain winter visitors' expenditure in 2005 and 2011

11 Impacts on Council's Finances by Tourism

Council in its submission to the Independent Local Government Review Panels (the Panel) latest discussion paper on the future of NSW Local Government supports the 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" and invited the Panel to give a strong steer in favour of removing exemptions and concessions. They are a random and ad hoc subsidy from the ratepayers of individual councils to the general population (councils would still retain the power to provide grants to individual organisations which might be caught by a change in the current rules, and whose service was seen to be of real value to the local community).

For Snowy River, it's especially important that what amounts to the exemption for businesses operating on crown land is reviewed. SRSC is required to provide a number of services as a result of activities within the Kosciuszko National Park – primarily, but not exclusively, the Perisher and Thredbo ski fields. It is simply anomalous that major commercial operations should not be required to make any contribution to the local government services which help underpin their activity. We invited the Panel to signal dealing with this as a high priority. The best way of addressing it might be 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 amend the Local Government Act so that commercial enterprises within non-rateable land are to be rated.

An issue of concern stemming from the tourism industry 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.

There is no doubt the existence of the Alpine resorts provides very significant benefits to regional areas adjoining these resorts. 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 per cent of the Shires total annual equivalent employment.

However this also comes at a cost to the SRSC, limiting their ability to provide added effort into marketing activities, facilitation and support of economic development initiatives and tourism product development.

11.1 Examples of Impacts on Council's Finances by Tourism

Figure 19 demonstrates the water usage spikes mainly in our winter months, however it also interesting to note that the information indicates that during the summer months there is also a spike. This could be as a result of not only increased local usage but an increase in summer tourism and visitation based on outdoor activities available in our Shire such as bush walking, fishing and cycling.

Our infrastructure when designed was to cope with the winter peak but as mentioned earlier in the submission, will contribute to the achievement of an overall objective of the region; to grow summer tourism. However greater usage year round will impact on the life of this infrastructure and it may contract, affecting our long term financial plans for those assets that support the Tourism industry. This comes at a cost to the small ratepayer base that funds the provision of this infrastructure.

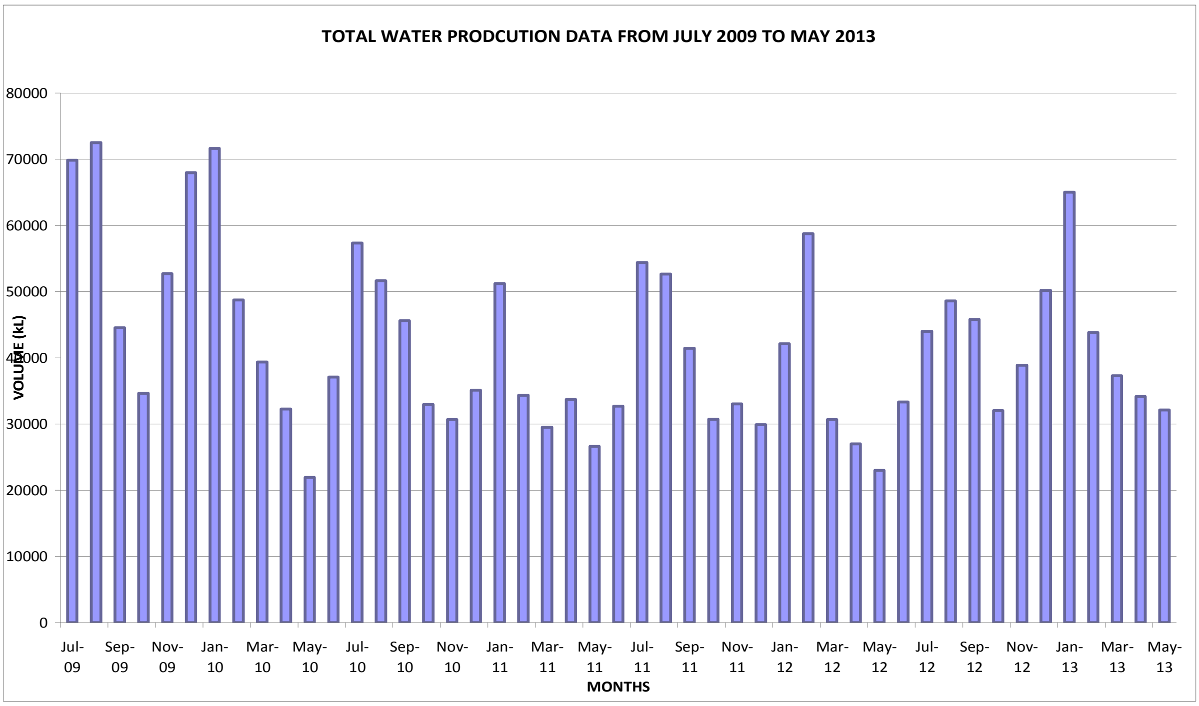

Figure 19 Total water production

Whilst water consumption gives some idea of the spike we get in winter the sewerage inflow into the Jindabyne Sewerage treatment plant provides a starker example of the impact of tourism on the shire (Figure 20). It also provides further support to the assertion that the shire is experiencing growth during the summer periods, especially January.

The costs of maintenance, management and possible future requirements to increase the capacity of this infrastructure is again borne by a very small amount of our community members (ratepayers); and when considered as a percentage of users could be considered inequitable for many of the reasons previously discussed in this report.

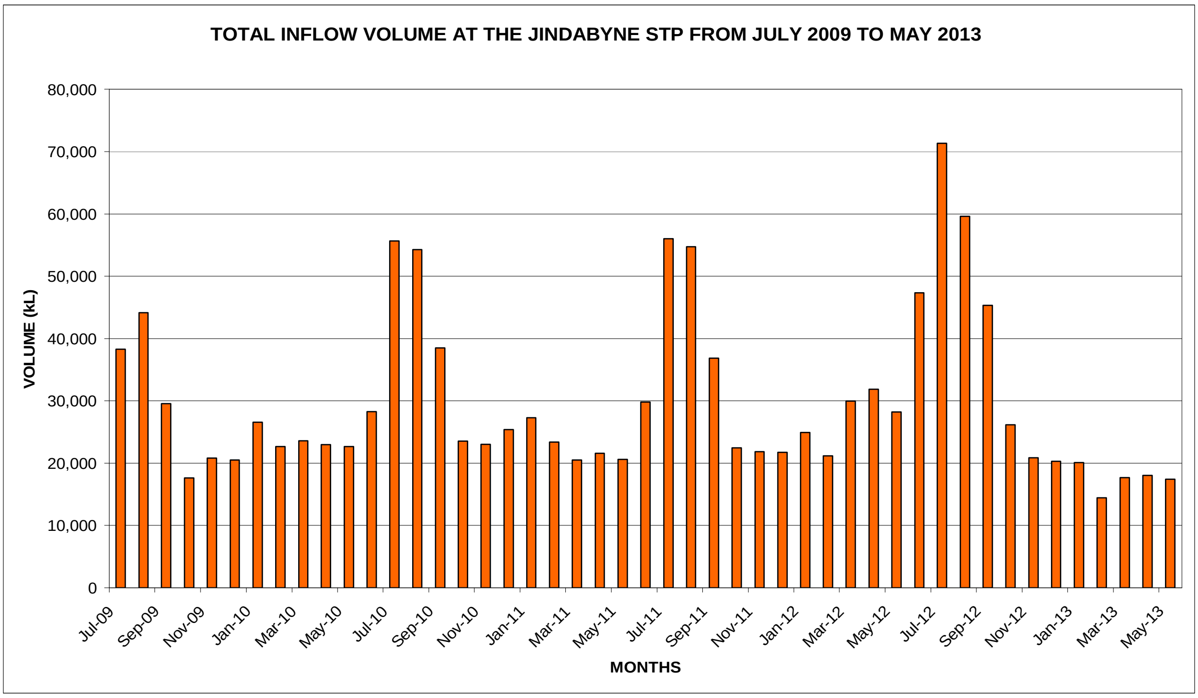

Figure 20 Total inflow volume at the Jindabyne STP

12 Positive demonstrated effect of Regional Funding Program

Figure 21 shows the total visitors (overnight and day trips) over the period 2000 – 2012. There was a downward trend in visitation, reflecting to some degree the same trend shown in the ERASS figures for the snowsports activity participants.

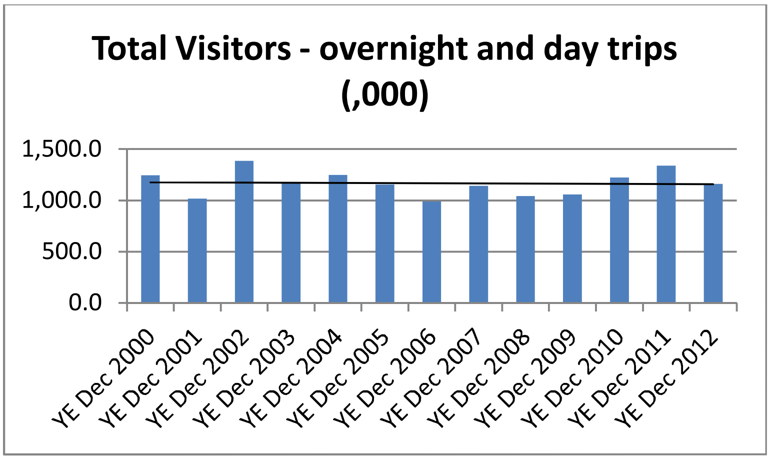

Figure 21 Total Visitors -overnight and day trips (,000) – Snowy Mountains

Importantly, one needs to observe the reverse of the longer term trend with the introduction of the, then Tourism NSW, Regional Partnership Program introduced in 2008. In Figure 22, the effect of the addition to the Snowy Region of its allocation of partnership funding has demonstrated a significant change in the linear trend of total visitation. This is on the back of declining (or flat line) skier visits over the winter period. Interestingly the pause in the allocation of funding and the uncertainty brought about by changes in Destination NSW, post the state election may be reflected in the drop in the 2012 year. This was also a year of change within the Snowy Mountains RTO, with a new board and a new CEO resulting in a decline in cooperative marketing activities. Regardless the reversing of the trend with the increased allocation of funding, on a partnership basis, is certainly visible.

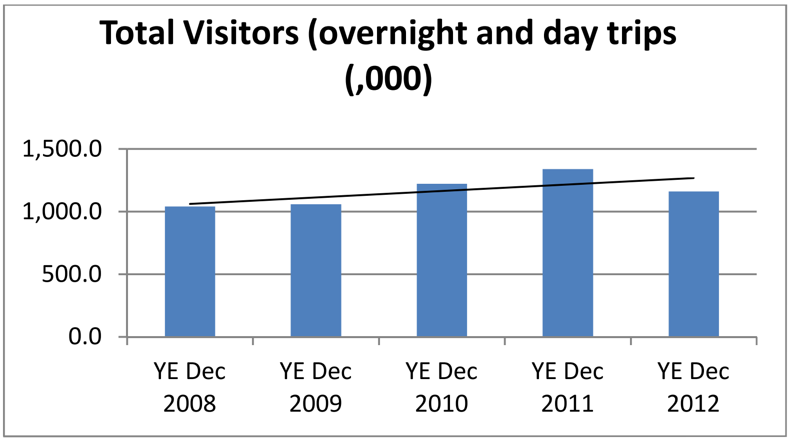

Figure 22 Introduction of the Regional Partnership Funding Program in 2008

This highlights a number of points.

1. The value gained from the Regional Partnership Program (RTPP) through co-operative activities managed locally.
2. The potential value that could be gained if additional funds were made available through both Federal and State sources to the LGA.

13 Conclusion

The SRSC resources are severely limited, especially given the flow of revenue benefits from the more lucrative winter Alpine Resorts to the Federal and State governments in tax revenues. This leakage from the region, combined with the added financial burden to the SRSC in providing services, amenities and infrastructure to cater for the influx of visitors necessitates a need to identify a new revenue source for the SRSC to support the Tourism industry.

In addition to that proposed in the section on *Impacts on Council's Finances by Tourism*, it has been proposed the addition of a commercial bed tax, not rate variations, 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. It has been estimated the imposition of a $1/bed/night tax 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 SRSC itself, or be made available to bodies such as TSM to assist in cooperative marketing and product development activities.

Whilst this concept requires further investigation and analysis, the point being made is quite clear. The SRSC LGA is a highly tourism dependent region which contributes significantly to the NSW and Australian Governments. Being so dependent upon tourism makes the SRSC 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 is the belief and hope of the SRSC that this government inquiry will see the value and benefits to be gained not only from maintaining the tourism in this region but also through facilitating ways to ensure ongoing sustainability and growth.