

## **INQUIRY INTO TOURISM IN LOCAL COMMUNITIES**

**Organisation:** Lithgow City Council

**Date received:** 28/06/2013

---



## Submission to the General Purpose Standing Committee No3

### Inquiry into Tourism in Local Communities

Lithgow City Council is pleased to have the opportunity to present the importance of tourism in our local community to the committee.

The Lithgow Local Government Area (LGA) attracts a diverse range of visitors, with the market mix varying in the different localities throughout the LGA. According to Tourism Research Australia (TRA), Lithgow LGA attracted 133,000 domestic overnight visitors in 2011. Over the past 4 years, the Blue Mountains, Lithgow and Oberon LGAs have experienced growth in both domestic overnight visitors and nights spent in the area. Lithgow LGA's primary markets are:

- Highway and passing traffic – concentrated along the Great Western Highway
- Business and work-related travellers – primarily from the mining and power generation sectors and rail and infrastructure providers.
- Regional residents coming into Lithgow for a range of activities, with sport appearing to be a significant generator of visitors.
- People visiting friends and relatives (VFR) and attending social functions in the area.
- Competitors, spectators and officials coming into the LGA to participate in sporting and other events and activities.

The Lithgow Local Government Area (LGA) has a very narrow economic base, with the city historically highly dependent on the mining and power generation sectors. In recent years, improved technology and re-structuring of these sectors has resulted in a decrease in demand for traditional occupations (such as machinery operators and drivers, technicians and trades workers)

(02) 6354 9999  
(02) 6351 4259

[www.lithgow.nsw.gov.au](http://www.lithgow.nsw.gov.au)  
[council@lithgow.nsw.gov.au](mailto:council@lithgow.nsw.gov.au)

ADDRESS CORRESPONDENCE  
TO GENERAL MANAGER  
PO BOX 19, LITHGOW NSW 2790

that have been the mainstay of the Lithgow community. The flow-on effect has resulted in a decline in the number of families, young adults and children living in the Lithgow LGA.

Recent planning studies undertaken by Lithgow City Council as part of its integrated planning approach have recognised the potential of the tourism sector to:

- Diversify and strengthen the economic base of the LGA, reducing the LGA's dependence on the mining and power-generating sectors.
- Provide training and employment opportunities, particularly for young people and people looking to return to the workforce.
- Bring 'new' dollars into the community, with investment in the tourism sector yielding a higher value add spend than investment in other sectors.
- Improve the image and positioning of the area, and build and strengthen community pride and confidence.
- Enhance the lifestyle of the local community, through increased access to activities, facilities and services that would not be viable without the additional revenue received from visitors, as well as through contact with new people and ideas.
- Be a key driver in the 'tree-change' process for both people and businesses looking to relocate.

Tourism is significant contributor to the economy of Lithgow (LGA). Destination NSW estimated direct expenditure by visitors was estimated to be in the order of \$72 million in 2012. In addition there are thousands of travellers each day that move through the LGA, with a high proportion of these travellers having a short transit stop within the LGA.

The hospitality sector of the tourism industry contributes 2% to the gross regional product and employs 9.5% of local residents. In addition, tourism extends into and supports the retail, arts

and recreation, transport, agriculture-forestry-fisheries and property rental sectors. Research undertaken by Tourism Research Australia in conjunction with the Australian Bureau of Statistics has found that the value created by tourism expenditure exceeds that of other major economic activities. Every dollar spent by the tourism sector generates an additional \$1.91. In contrast the value-add spend for the mining sector is \$1.67, with retail being \$1.80 and education and health being \$1.38.

One of the key objectives in encouraging the growth of the tourism sector identified within the Lithgow Destination Management Plan is to generate economic benefits for the local community, (ie. employment and tourist dollars coming into the area). The more 'contact' that visitors have with local businesses, the greater the opportunity there is for expenditure. To maximise benefits, the focus needs to be on:

- Concentrating tourist accommodation and facilities in areas (eg existing towns and villages) where there is likely to be a direct economic benefit for local businesses.
- Permitting appropriate tourism development in areas where there are already significant concentrations of visitors (eg Newnes Plateau and Lake Lyell) to tap into potential expenditure.

Driving the growth of the tourism sector in Lithgow LGA will require strong leadership, coordination and communication. This is necessitated by the structure and dispersed nature of the industry. The key challenges faced are:

- Dominance of small players – 94% of tourism businesses in Lithgow LGA are non-employing (46%), micro (30%) or small (18%) businesses.

- The dispersed nature of the tourism industry within the LGA. Each town and village, as well as the different valleys, plateaus and tableland areas, have different market and product mixes.
- Capacity constraints, particularly in the accommodation sector, but also with some of the key attractions and facilities (e.g. Lake Lyell).
- Only one 'branded' accommodation property in the LGA (Emirates Wolgan Valley Resort and Spa), that is marketing the area both nationally and internationally. Most other tourism businesses have very limited marketing budgets and many rely on the marketing and promotion undertaken by Tourism Lithgow and the Blue Mountains Regional Tourism Organisation for generating business.
- Most of the outdoor assets and attractions in the City (national parks, state forests, crown reserves, water bodies) are controlled by Government Agencies. Tourism is not core business for these organisations, in fact, it is a cost. While it is Government policy to use these assets to build visitation to and within regional NSW, the managing agencies are not being adequately funded or resourced to effectively manage their assets nor deliver the facilities and services needed to grow visitation
- Most of the attractions within the LGA are under-developed, under-capitalised and under-resourced. In addition there is a strong dependence on volunteers and local communities to 'make things happen'. Volunteers and local communities are often focused on other outcomes (e.g. preserving a heritage item) rather than the business of tourism, and do not necessarily have the desire, skills, funds and/or resources needed to deliver a quality product or experience.

- Rapidly changing technology. The market has embraced the internet and digital technology in sourcing information, trip planning and the 'purchase' of products and services.

Lithgow City Council recognises the economic and social benefits of tourism to the local communities and looks forward to the outcomes of the enquiry and report.

Yours sincerely

**Ally Shelton**  
Acting Group Manager Community & Strategy

**Kellie Barrow**  
Tourism Manager