

INQUIRY INTO TOURISM IN LOCAL COMMUNITIES

Organisation: Department of Resources, Energy and Tourism, Australian Government
Date received: 29/07/2013

OFFICE OF THE SECRETARY



Australian Government
Department of Resources,
Energy and Tourism

24 July 2013

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Director

Legislative Council General Purpose Standing Committee No 3
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Dear Ms Foley

The Department of Resources, Energy and Tourism (DRET) welcomes the opportunity to provide a submission to the Inquiry into Tourism in Local Communities.

Tourism is an important sector to both the Australian and New South Wales (NSW) economies. As over 40 per cent of international visitors to Australia arrive in NSW and 32.6 per cent of all international visitor consumption is in NSW, the actions of local NSW communities in supporting the growth of tourism have national implications.

As part of the national long-term tourism strategy, *Tourism 2020*, the Australian and state and territory governments are working with industry to double overnight visitor expenditure to between \$115 billion and \$140 billion by 2020. Many of the activities being undertaken as part of *Tourism 2020* can help to inform the Committee's inquiry and assist to unlock the economic potential of the NSW tourism industry.

DRET's enclosed submission highlights how *Tourism 2020* is assisting to grow the NSW tourism industry. Specifically it outlines how *Tourism 2020* is assisting NSW tourism businesses adapt to the challenges they face and how engagement with the *Tourism 2020* reform agenda can strengthen tourism at the local level in NSW.

If you would like to discuss the matters raised in this submission further, please contact
Tourism Policy Branch on _____ at _____

Yours sincerely

Blair Comley
Secretary

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The Australian Government Department of Resources, Energy and Tourism (DRET) welcomes the opportunity to contribute to the Committee's inquiry into tourism in local communities in New South Wales (NSW).

The tourism industry in NSW makes a significant contribution to the economic and social developments of many communities throughout the state. Tourism provides a source of income and employment for communities and helps to fund the economic infrastructure likes roads, hotels and airports that are necessary to diversify the economic base of many regional communities. International visitors also provide the people to people linkages from which future investment and international trading activity can be leveraged.

This submission outlines how the national long-term tourism strategy, *Tourism 2020* can inform the Committee's inquiry. Specifically it outlines how Tourism 2020 is assisting NSW tourism businesses adapt to the challenges they face and how engagement with the Tourism 2020 reform agenda can strengthen tourism at the local level.

THE TOURISM INDUSTRY IN NSW

NSW has the largest tourism industry of any state or territory in Australia. Data from Tourism Research Australia shows that in 2011-12 almost 81 million visitors visited NSW and spent over \$25 billion¹.

In 2011-12, tourism was worth \$12.634 billion to New South Wales' Gross State Product and employed 152,000 people.² In 2010-11, there were 96,549 tourism businesses in NSW, of which 26,741 businesses had less than 5 employees, 18,233 businesses had less than 20 employees and 7,901 businesses had more than 20 employees.³

NSW also attracted more international visitors than any other state, with 33.7 per cent of international visitor output occurring in NSW.⁴ A large number of international visitors pass through NSW on their way to other Australian tourist destinations. Data from the Bureau of Infrastructure, Transport and Regional Economics showed that in the year to April 2013, 41.7 per cent of all international aviation arrivals to Australia arrived at Sydney Airport.⁵

Around 15 per cent or \$13.3 billion of total visitor expenditure occurred in Sydney in the year ending March 2012. In the same period, six of Australia's top 20 tourism regions by expenditure were in NSW, including Sydney, the North Coast (\$2.2 billion), South Coast (\$1.9 billion), Hunter (\$1.6 billion), Northern River Tropical (\$1.5 billion) and Central NSW (\$1.0 billion).⁶

¹ Tourism Research Australia, *Regional Tourism Profiles for NSW, 2011-12*

² Tourism Research Australia, *State Tourism Satellite Accounts 2011-12*

³ Tourism Research Australia, *Regional Tourism Profiles for NSW, 2011-12*

⁴ Tourism Research Australia, *State Tourism Satellite Accounts 2011-12*

⁵ Bureau of Infrastructure, Transport and Regional Economics, *International Airline Activity*, April 2013

⁶ Tourism Research Australia, *Tourism Industry – Facts and Figures, September 2012*

THE NATIONAL LONG-TERM TOURISM STRATEGY, *TOURISM 2020*

As part of the national long-term tourism strategy, *Tourism 2020*, the Australian and state and territory governments are working with industry to double overnight visitor expenditure to between \$115 billion and \$140 billion by 2020.

Tourism 2020 seeks to address barriers to growth and provide tourism firms with the tools they need to take advantage of the opportunities the Asian century presents.

Specifically, *Tourism 2020* seeks to:

- Grow demand from Asia;
- build competitive digital capability;
- encourage investment and implement the regulatory reform agenda;
- ensure the tourism transport environment support growth;
- increase the supply of labour, skills and Indigenous participation; and
- build industry resilience, productivity and quality.

The activities being pursued under *Tourism 2020* are relevant to this inquiry since they provide a model of how government and industry can work together to address the challenges the NSW tourism industry faces. These activities can also help inform local communities' response to the challenges tourism faces in regional NSW

NSW tourism businesses exist in an intensely competitive global market. They are competing for business against firms in both established and emerging markets. Structural transformations in the global economy are changing tourism demand patterns. Seven out of Australia's top 10 inbound tourism markets are now from Asia. The challenge for the NSW tourism firms is to ensure the products and services they provide are appealing to both new and established markets and provide consumers with value for money.

Meeting these challenges requires NSW tourism firms to invest in quality new product, become more productive, use digital technology effectively and access the skilled labour they need when then need it at a price they can afford.

Grow Demand from Asia

Tourism 2020 will help position NSW tourism businesses to develop new markets through the dedicated \$48.5 million Asia Marketing Fund to grow visitation from Asia. The Asia Marketing Fund will also support new research to help tourism operators better understand and adapt their product to meet the expectations of these markets.

Tourism 2020 is funding product development and cultural training programs through the Welcoming Chinese Visitors Strategic Tourism Investment Grant that will provide practical, step by step assistance to companies to adapt to new markets.

Tourism 2020 is also making it easier for NSW businesses to access new markets by funding the translation of tourism entries in the Australian Tourism Data Warehouse

into simplified Chinese, which will make it easier for Chinese tourists to access the product offering of NSW tourism businesses.

As part of *Tourism 2020*, further work is being undertaken with the China Approved Destination Status scheme to ensure groups of Chinese tourists travelling under the scheme receive a quality Australian tourism experience and maintain Australia's competitiveness in this market.

Build Competitive Digital Capability

The increase in online transactions has shifted the environment in which the tourism industry operates. Developing strong and efficient digital marketing and transactional capabilities is essential to remain competitive. However, at present, only a third of Australia's tourism operators have online booking and payment facilities.⁷ The development and maintenance of a digital presence is often seen as too costly, difficult and time consuming for small tourism businesses, which hampers firms from servicing the market and realising their potential.

In response, *Tourism 2020* has developed a number of tools to assist industry enhance their digital capability. Through its chairing of the *Tourism 2020* Digital Distribution Working Group, Destination NSW has overseen the development of a National Online Strategy for Tourism which provides industry with a roadmap for getting online. As part of this strategy, the Tourism e-Kit is providing tools and online tutorials ranging from website development to search engine optimisation that will assist tourism family businesses build their online capability. Work is also underway on the development of a downloadable online booking 'widget' accessible to industry that will assist NSW businesses take advantage of the trend to online bookings.

Encourage Investment and Implement the Regulatory Reform Agenda

As a result of *Tourism 2020*, tourism is now a national investment priority. Austrade, the Australian Government's investment attraction agency, is now working with Tourism Australia and the NSW Government to promote NSW tourism investment opportunities throughout its global investment network. Currently, five NSW tourism investment opportunities are listed on the Australian Tourism Investment Opportunities Database.

Similarly, the Australian Government has established the Tourism Major Project Facilitation (TMPF) service to reduce the cost and time of investing in major tourism project. The TMPF, which is available to NSW tourism projects worth over \$50 million, will facilitate the project approvals through relevant Australian Government approvals agencies.

A review undertaken for Tourism Ministers on tourism investment barriers as part of *Tourism 2020* suggested the tourism industry faced a disproportionate regulatory burden. This review found that compared to other sectors, tourism development

⁷ NWC Opinion Research, Tourism Operators Online Capabilities Benchmark Survey, 2010

proposals are 40 per cent more likely to be considered complex, take 28 per cent longer to be assessed and planning costs are 42 per cent higher.⁸

These aspects of the regulatory environment can divert finite human resources from servicing customers and developing new product to less productive regulatory compliance activities.

This review made 22 recommendations to address these barriers, including streamlining and simplifying the development and approvals process and reducing the barriers to the development of tourism product in high natural amenity areas. While many of these objectives have been picked up in the NSW Planning White Paper, anecdotal feedback suggests that gaps remain.

To help overcome these gaps *Tourism 2020* has funded the development of the National Tourism Planning Guide (the Guide).⁹ The Guide seeks to assist planners to better understand tourism related issues affecting development proposals and provide practical advice to assist planners in the consideration of tourism related development proposals.

The Guide's key features are:

- guidance for jurisdictions on how to use the planning framework hierarchy to proactively plan for the supply side of tourism. This includes an approach to the plan-making process; and the formulation of state, regional and local planning responses;
- mechanisms for planners to better engage with the tourism industry;
- guidance on land use zoning approaches and tourism land use definitions to assist planners to determine the appropriateness of tourism development;
- guidance for jurisdictions to consider the use of call-in powers (ie allow the state government to assess proposals under a streamlined assessment process); and
- measures that local authorities can use to incentivise tourism development (eg increasing maximum allowable floor space for tourism developments to increase their financial viability, exempting tourism developments from developer levies and implementing tourism only land zones).

Taken together, these measures will assist the operating environment for NSW tourism businesses by reducing the time and cost of undertaking new investment and developing new product.

Ensure Tourism Transport Environment Supports Growth

As part of *Tourism 2020*, the Australian Government continues to negotiate air service agreements ahead of demand requirements. This will assist in growing visitor numbers to create more commercial opportunities for NSW tourism businesses. As a result of this strategy, inbound aviation capacity is at record levels.

⁸ L.E.K. Consulting, *Tourism Investment and Regulation Review, 2011*

⁹ Urbis and The Tourism & Transport Forum, *National Tourism Planning Guide: A best practice approach, 2011*

Increase Supply of Labour, Skills and Indigenous Participation

The availability of labour is a major challenge facing NSW tourism businesses. Research undertaken through *Tourism 2020* shows there are an estimated 35,800 tourism vacancies and this is forecast to increase to 56,000 in 2015.¹⁰ Recruitment difficulties, skills deficiencies and retention difficulties are the most prominent labour force pressures facing the industry.

Operating under *Tourism 2020*, the Labour and Skills Working Group (LSWG) has been established to assist industry address these pressures. The current priorities for the LSWG include:

- enhancing recruitment and retention for the industry;
- establishing a regional profiling capability to target employment 'hot spots';
- identifying education and training gaps and mechanisms to address them; and
- facilitating workforce mobility and expanding the traditional workforce

The LSWG is delivering a number of programs against these priorities that will assist NSW tourism businesses source the labour they need with the skills they need at the time they need them.

Tourism Employment Plans (TEPs)

TEPs link tourism businesses with existing and prospective geared towards improving education, training and employment outcomes in order to deliver practical measures to address labour and skills shortages. TEPs are being rolled out in regional labour and skills 'hot spots' as identified through the Australian Tourism Labour Force Report. In NSW the TEP is currently being rolled out in Sydney by the Stafford Group through a steering Committee chaired by Mr John Hart.

Careers Promotional Campaign

The Careers Promotional Campaign provides tourism and hospitality organisations with a sustainable package to enhance their ability to attract employees and market career pathways. The Campaign leverages existing tools and products to promote tourism and hospitality pathways for careers in high demand tourism occupations and regions.

These measures are in addition to the \$8.2 million Tourism and Hospitality Skills and Workforce Development Project (Workforce Futures) to provide industry with the funds to undertake training and workforce development activities. As of 17 June 2013, over 1290 businesses have registered to participate in the program, including over 430 in eight hot spot locations (which includes Sydney).

Build Industry Resilience, Productivity and Quality

As part of *Tourism 2020*, a number of tools and programs have been made accessible to NSW tourism businesses that will help them become more productive and develop quality tourism product.

¹⁰ Deloitte Access Economics, *Australian Tourism Labour Force Report 2011*

The \$40 million T-QUAL Grants program and the \$48.5 million Tourism Industry Regional Development Fund provide tourism firms with matching funds to develop new tourism products, services and experiences.

Under the T-QUAL Grants program, NSW tourism firms received 43 grants worth over \$3.1 million to develop quality new tourism product, services and experiences. Eighteen tourism businesses from NSW were also offered over \$4.1 million in funding to develop new tourism product under the Tourism Industry Regional Development Fund (a list of these projects can be provided to the Committee on request).

Similarly, the TQUAL accreditation program is providing NSW tourism firms with marketing incentive to meet improved quality standards. Almost 2500 NSW tourism firms are benefiting from the increasing quality recognition that the TQUAL accreditation program delivers.

Four New South Wales (NSW) National Landscapes share in \$1 million (plus matching cash) funding support to 13 of the 16 National Landscapes through a T-QUAL Strategic Tourism Investment Grant (STIG). The fifth NSW Landscape, Australian Alps has a STIG project being delivered in the Victorian section of the Landscape. Details of how these regions and local communities of which they are comprised, will benefit are at **Attachment A**.

These measures are being supplemented through the extension of the Enterprise Connect program to NSW tourism firms as part of *Tourism 2020*. Enterprise Connect offers comprehensive advice and support to eligible Australian small and medium-sized enterprises to help them transform and reach their full potential. Eligible businesses are able to request a comprehensive, confidential and independent business review at no charge. This program has the potential to provide NSW tourism businesses with the assistance required to implement the organisational changes needed to drive future growth opportunities.

Tourism 2020 is also assisting local tourism communities respond to external market shocks. An Industry Resilience Toolkit has been developed to assist industry prepare for, respond to and recover from a crisis. Toolkits have been prepared for both tourism businesses and regional tourism organisations to use. Both tourism businesses and regional tourism organisations used these toolkits to respond to the January 2013 bushfires in Tasmania and Queensland.

Tourism 2020 has also developed a Guide to Best Practice Destination Management Planning. This tool provides practical, step-by-step assistance to regions seeking to develop destination management plans to grow tourism at the regional level. It complements many of the other tools that have been developed to assist communities develop their tourism industry at a local level.

Further information on these tools is at www.tourism2020.gov.au.

The tools that have been developed under *Tourism 2020* can help to inform the Committee's consideration of tourism in local communities and how the better use and adaptation of these tools can support the efforts being undertaken at a state and local level to facilitate the growth of the local tourism industry.

The Department of Resources, Energy and Tourism would be happy to provide the Committee with any further information it requires to better understand how *Tourism 2020* can assist with its inquiry.

How NSW Regions will Benefit from National Landscapes STIG

- Sydney Harbour: Experience Development Strategy - **\$30,000**. This EDS will consider existing plans and priorities across all levels of government and private stakeholders and build a collaborative, strategic framework to set Sydney Harbour National Landscape apart from any other major urban centre in Australia.
- Greater Blue Mountains: Experience Development Strategy Workshops - **\$10,000**. In 2011 the Greater Blue Mountains National Landscapes Steering Committee prepared a draft master plan which identified destination branding and positioning for the Landscape and initial experience development opportunities. This funding will be used to undertake stakeholder workshops to turn the draft master plan into an Experience Development Strategy.
- Australia's Coastal Wilderness: Developing a Journey through ACW - **\$35,000**. This project aims to develop appropriate journeys suited to the target market and develop collateral to facilitate seamless travel and experiences in the region. The project includes (1) developing the journey product including expanding experiences assessment commenced through the Sapphire Coast Heritage Strategy across the border; and (2) engaging with operators to support them in recognising how they can deliver the ACW brand through the Journeys product.
- Australia's Green Cauldron: Wild Journeys Experience Development - **\$50,000**. Development of Wild Journeys nature-based experience - a fully hosted guided tour, featuring all-inclusive packaging of products, experiences and recreational activities. To sustain the ongoing delivery of Wild Journeys and to sustain Indigenous employment, the initiative also includes a business development support program, encompassing work experience, training, mentoring, business incubation and transition for Indigenous enterprise to take over the operation of the tour guiding business once tours are developed and established.