

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

**Organisation:** Bega Valley Shire Council

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## **SUBMISSION**

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

#### **NSW LEGISLATIVE COUNCIL'S GENERAL PURPOSE STANDING COMMITTEE NO 3**

#### **Submitted by BEGA VALLEY SHIRE COUNCIL**

##### **BACKGROUND**

Bega Valley Shire is the largest coastal local government area in NSW, covering 6,277 km<sup>2</sup>. The Shire extends from Bermagui in the north to the Victorian border, with over 200km of coastline. Its main urban centres are Bega, Merimbula and Eden. The region is approximately halfway between Sydney and Melbourne (six hours by car), with Canberra three hours away and is serviced by daily one hour flights to Sydney and Melbourne.

There are two significant features of the Bega Valley that are important considerations for this Inquiry:

- three quarters of the Shire is unrated Crown land.
- the Shire has a comparatively small population, an estimated 33,925 persons and only 19,000 ratepayers.

Most of the Crown land in the Shire is in national parks and other reserves, which is a significant asset for tourism. The small rate base, and consequent funding for tourism, places the Shire at a disadvantage in terms of access to dollar-for-dollar federal and state tourism grants. The infrastructure pressure is significant particularly the necessity to provide for peak holiday loads (water, sewer, waste), traffic (congestion and parking) and recreation assets (fishing platforms, jetties, reserves, beaches) and program areas such as ocean lifeguards funded by the small rate base. The annual visitations exceed 900,000, peaking at three times the resident population in the Christmas school holidays - and will grow by 100,000 visitations as the cruiseship calls to Eden Port grows.

The population of the region is predicted to increase to 45,300 by 2036, a growth rate of around 1.5% per annum. The dominant land uses in the Shire are conservation (42%), timber production (24%), agriculture (19%) and bushland (13%). A large proportion of the coastline and the entire escarpment that forms a backdrop to the region are reserved in national parks and other reserves.

Primary access to the region is via the Princes Highway between Sydney and Melbourne, and the Snowy Mountains Highway that connects the Shire to the ACT and Canberra. The Princes Highway is being selectively upgraded in the region including major works immediately north of the Shire boundary and current works to construct a by-pass around Bega. This upgrading enhances visitor amenity and safety and hence is beneficial to tourism in the region.

Other points of access to the region are by air, coach and three local bus services. Regional Express Airline (Rex) flies daily to and from Sydney and Melbourne out of Merimbula airport. Three coach services link the Shire to Sydney and Melbourne and the Countrylink service operates daily coach services to and from Canberra.

The Port of Eden is the southernmost port in the State. Its primary trade has been woodchip exports and the port is also home to a fishing fleet and whale watching services. There are proposals to upgrade the port to a standard that would accommodate cruise ships. The proposals include construction of wave attenuation, breakwater, wharf extension and a marina. A significant RDA grant is expected to be announced in July 2013.

Submissions to the National and NSW Transport and Port strategies have highlighted the strategic tourist and freight advantage of Eden Port, capable of 'T-boning' the Hume corridor between Sydney and Melbourne. Dedicating a freight corridor along Imlay Road for example, allows aggregation of bulk freight (eg timber, wine, renewable energy, mine) and removal of the impediment of that freight for touring routes such as Snowy Mountains highway and Australia's Coastal Wilderness Drive.

The Shire has a "natural advantage" over other coastal destinations and reinforces the "Australia's Coastal Wilderness" under the Tourism Australia's National Landscape program. Our "natural advantage" can provide further economic opportunity for the attraction of new enterprise and industry, who wish to capitalise on the shire's natural values as part of their branding and promotion. Council will continue to ensure that its land use planning and strategic policy development positions the shire take advantage of emerging industries, market trends and technological advancement.

In the 2012 Community Survey, Bega Valley Shire residents placed high importance on Council's promotion of tourism and recognition of the Bega brand. Attracting commercial and industrial development was among the top ten priorities for Bega Valley Shire in the next five to ten years.

Charting a sustainable but growing future for the sector is critical to the well being of the local community

## **RESPONSE TO INQUIRY KEY ITEMS**

### **1. Value of tourism to NSW communities and the return on investment of Government grants and funds**

Tourism is a key contributor to the local community and economy. Council is the major financial contributor in terms of direct funding to the local tourism body and through the provision of key tourism and recreation infrastructure. Minor grants have been applied to research, strategic planning and positioning and funding has been applied through the areas inclusion in the National Landscapes program.

There is however no significant or strategic source of funding to enable this area to invest in priority developments identified by federal, state, and local government and the industry. This leads to some frustration as excellent work is done to develop product, with little if any opportunity to fund implementation. The finalisation of the areas Sapphire Coast Destination Management Plan and

Australia's Coast Wilderness Experiences Development Strategy clearly articulate the priority projects.

A major challenge for regional and remote areas is that operators, and even professionals in the tourism marketing area and other peak bodies are faced with "the tyranny of distance". A recent Strategic Tourism Infrastructure Grant funded workshop for Australia's Coastal Wilderness held locally attracted over 70 local operators while recent Destination NSW workshop held in Batemans Bay (2&1/2 to 3 hours away) attracted only a handful from our area.

Resourcing SCT locally or Destination NSW appropriately to deliver locally would provide far more buy in and contribute to improved outcomes.

## 2. The value of tourism to regional, rural and coastal communities

Key industries in the region are agriculture, fishing, forestry, tourism, retail and manufacturing. The economy has transformed over the last few decades, from one dominated by agriculture to one in which tourism plays the major role. In 2008, the region generated \$3.1b output, with tourism (all facets) accounting for over 60% of this and manufacturing for around 25%. Manufactured goods include timbers and metal products, but the most widely recognised product, Bega Cheese, is exported around the world. In 2006 the region's agricultural production was valued at \$58.7m with milk accounting for \$37.9m, and cattle and calf slaughter at \$14.7m.

Destination NSW (2011) research provides a comprehensive profile of visitors to the Bega Valley Shire: where they come from, how they travel, how long they stay, their age group and other details. The total number of visitors to Bega Valley - four-year annual average to 2011 – was 727,000 visitors with a total spend of \$284 million.

The total number of domestic visitors was 435,000 who spent a total of \$253 million over the research period. Over 80% of the domestic visitors came from either Victoria or NSW, with around 8% from the ACT. A very high proportion travelled by private vehicle and just over 40% were over the age of 55. Most of these visitors were adult couples travelling without children, although families with children were the second most numerous.

During the research period, 23,000 international visitors came to the Bega Valley and spent around \$7 million. The greatest numbers came from the United Kingdom to holiday or visit family and friends and were over 55 years of age, although interestingly, just over 20% were in the 25-35 age group. The major means of travel was by rental vehicle.

The growth of international (and domestic) visitations is expected to rapidly increase with the advent of the large cruiseships calling into Eden port.

### Tourism research – statistics and outlook for the Shire

The research reveals interesting characteristics of visitors to the Bega Valley and to NSW. The key message is that the Sapphire Coast region is a very popular domestic tourism destination. The fact that almost all visitors to the region travel by private vehicle, the majority from Victoria, and only one-third travel with children, highlights specific opportunities for increasing length of stay and off-peak return visits. This will be achieved through the development of new experiences that reflect the profile of the visitor most likely to enjoy them. Part 2 of this DMP describes a number of actions

directed towards enhancing visitor experiences, extending length of stay and encouraging repeat and off-peak visits, which will strengthen the tourism economy of the Shire.

*Tourism Research Australia- Sapphire Coast domestic market research*

The Sapphire Coast Visitor Profile and Satisfaction Survey was completed as part of the national Destination Visitor Survey Program run by Tourism Research Australia. The data were collected over January to March 1011.

The research found that, despite a high overall satisfaction score, there is clearly scope to improve offerings and quality, such as food and wine, accommodation (particularly hotel/motel), tours, attractions, roads, signage, information services etc. This was considered particularly important if the focus is to attract more first time visitors to the region and/or increase visitation in non-peak.

However appoint of frustration remains the limited research and reliable information available through federal or state agencies. For example, there is no consistent form of collating information on mode of travel, profile of traveller, purpose of travel, length of stay, and from/to destinations. As international travellers arrive in Sydney, no survey of where in regional NSW they intend to visit is undertaken.

**3. Impacts of tourism on local government areas, including**

As is outlined above there are significant opportunities, and challenges for a remote, regional area.

- a. Infrastructure services provision and asset management – due to peak load demands water, sewer, waste are under additional pressure and these services and other infrastructure services such as roads, car parks need to be designed, built and provided to a higher standard.

Recreation facilities such as parks, playgrounds, beach reserves, fishing platforms and jetties are also required by visitors and additional loads are placed on these facilities and increased cleaning and maintenance is required. This is funded by ratepayers. The work undertaken by Council staff in terms of cleaning and addressing vandalism increases in holiday periods, again funded by ratepayers.

- b. Social impacts – tourism in this coastal area through many of its services and projects provides access for local communities to activities that would not be sustainable for a local population only. It does however have some negative aspects including the forcing up of rental process which impacts low socio economic families. Also a number of "rental" properties are offered at very high rates over holiday periods and this limits access to these for permanent rental.
- c. Unregulated tourism – a key issue has been holiday rental properties charging a significant holiday premium and located in otherwise residential areas. There has on occasion been some concerns from permanent residents about the change in community amenity during holiday periods. These property owners are not subject to the special variation for tourism marketing and promotion which is applied to business ratepayers

Whilst a minor "schoolies" venue at this time there has been some end of school tourism impacts with graffiti and damage and this is also experienced over the New Year period.

- d. Employment opportunities - The seasonality of the tourism sector in Bega Valley Shire presents both opportunities and challenges; employment for significant numbers of residents is positive, particularly for students but contributes to casualisation of the workforce and significant numbers of seasonal visitors impact on Bega Valley Shire infrastructure.

#### 4. The marketing and regulation of tourism

A range of individuals, representative bodies, agencies and businesses manage tourism in the region. The sector is dominated by small businesses that operate independently or combine with various representative bodies, often having cross-membership with other entities.

Bega Valley Shire Council established **Sapphire Coast Tourism Ltd (SCT)** as the peak tourism management body is Sapphire Coast Tourism Ltd, a not-for-profit incorporated company in 2006. The Council provides funding to SCT to undertake tourism specific activities specifically tourism marketing. Council however, still continues to play a key role in broader business development, support and Shire wide marketing.

SCT has prepared a Sapphire Coast Tourism Destination Management Plan that reviews the state of tourism, current research data and development. The Plan guides the activities of SCT including promotion of partnerships, preparation of a Heritage Tourism Strategy, the management of visitor information centres, the relationship with the Commonwealth National Landscapes Program, and its relationship with the Bega Valley Shire Council 2030 Community Strategic Plan.

The Board has been successful in gaining two Commonwealth grants for the preparation of the Heritage Tourism Strategy and is the beneficiary of monies and contributions from the Commonwealth's National Landscapes Program and from the NSW Government for tourism promotion. The coastal part of the Shire (plus Narooma and Montague Island in Eurobodalla Shire and the coast in East Gippsland Shire) is designated a National Landscape – Australia's Coastal Wilderness.

SCT and Bega Valley Shire Council are members of the South Coast Regional Tourism Organisation (SCRTO) and contribute funding (at a level that can be afforded) to SCRTO marketing campaigns.

SCT and BVSC are also key members of the Australia's Coastal Wilderness National Landscape steering committee. This project has contributed significant marketing and promotion opportunity for tourism in the area.

While supported by SCT and ACW, the establishment of the Australia's Coastal Wilderness Drive and assistance with signage and funding for installation by TASAC and RMS remains frustrating.

#### 5. The utilisation of special variations to support local tourism initiatives

Until 2006 Bega Valley Shire Council operated Sapphire Coast Tourism as a function of the Council with an advisory Board and Council employed staff. Over the period 2006-07 Council resolved to

devolve tourism marketing to an independent body. There are limited sustainable sources of funding to enable this area to deal with the challenges of infrastructure for tourism and growing "sea changer" populations or to assist develop tourism product of strategically market the area. The most significant recent initiative has been the National Landscapes project.

Currently, the guidelines used by the Government's Independent Pricing and Regulatory Tribunal (IPART) in considering special rate variation applications do not recognise the visitor economy as an eligible purpose. If these guidelines were amended to include expenditure on visitor economy initiatives referred to in the Taskforce report, local Councils could seek approval to raise additional revenue to invest in critical infrastructure, visitor experience development and promotional initiatives.

Over the past five years following considerable research and planning Council has developed asset management plans and a long term financial plan to guide future investment. Since 2007 three special variations which are in whole or partly directly linked to tourism have been approved:

- approved 2007 by the Minister for Local Government as part of a larger special variation covering libraries, regional gallery and weeds and applied to all rate assessments and is directed to tourism infrastructure assets such as parks, jetties, beaches etc value in first year \$150,000 for the tourism component
- approved 2008 by the Minister for Local Government also part of a larger special variation a component is applied to offset ocean lifeguards levied on all ratepayers, value in year one was \$150,000
- approved 2010 by the Minister for Local Government for one year and then in 2011 as a 20 year approval approved by IPART \$250,000 was identified for tourism development and promotion with additional funds identified to fund the Merimbula airport runway renewal. The proportion identified for tourism promotion and marketing was applied to business ratepayers only.

This issue constrained the scope of the business rate levy implemented by the Bega Valley Shire Council in 2011-12 to provide funds for tourism management, promotion and infrastructure. The levy did not include many of the businesses in the tourism sector such as those outlined above.

Obviously funding is a challenge at all levels of government. It is critical that the limited funds from Federal, State and local government compliment and build on each other