

**Submission
No 30**

INQUIRY INTO TOURISM IN LOCAL COMMUNITIES

Organisation: Sepia Consulting

Date received: 28/06/2013

SEPIA CONSULTING SUBMISSION

June 2013

NSW Legislative Council's Inquiry into Tourism in Local Communities

This document details the SEPIA Consulting submission to the NSW Legislative Council's Inquiry into Tourism in Local Communities. Several of the SEPIA Consulting Partner and Associate Teams contributed to the deliberations of the joint NSW Ministerial Taskforce on Tourism and Local Government during 2010/11. This submission is based in that work and our experiences since that time in working with local communities. For more information please contact our lead consultant Keith Baker on [redacted] or [redacted]

Table of Contents

1. INTRODUCTION.....	2
2. SOME OF THE GENERAL COMMENTS	2
3. THE VALUE OF TOURISM	3
4. INFRASTRUCTURE CONSIDERATIONS AND RETURN ON INVESTMENT TO THE WIDER COMMUNITY	4
5. MARKETING AND REGULATION	5
6. SPECIAL RATE/COUNCIL REVENUES	5
7. ABOUT SEPIA CONSULTING PTY LTD	7
Contact Details	7

SEPIA Consulting submission

INQUIRY INTO TOURISM IN LOCAL COMMUNITIES

1. INTRODUCTION

On 10 March 2011 the NSW Government released the report from the joint Ministerial Taskforce on Tourism and Local Government.

The Taskforce was made up of tourism industry experts, stakeholders and State and Local Government representatives and looked at challenges and opportunities facing councils across NSW. It was chaired by Garry Payne AM.

The Taskforce Recommendations provided a "blueprint" for empowering local government to plan and resource tourism more effectively. It also sought a closer on-going engagement between the State Govt and local govt in recognition of local government's key role in supporting State tourism targets

The work of the taskforce was done relatively recently and it provides essential background to the work of this inquiry as the issues are still at the heart of the matters to be addressed by the Inquiry.

The report of the joint taskforce is still relevant and important today and we commend it to the Committee. The following extracts, comments and suggestions are based on that report and our ongoing experience in working with local tourism operators, local government and industry bodies.

2. SOME OF THE GENERAL COMMENTS

Local government is pivotal to all phases of tourism development. Virtually every aspect of tourism involves councils, either as marketer, development authority or as regulator. Therefore, local government needs to plan for tourism in a more systematic, co-ordinated and focused manner, but it needs the capacity to raise additional revenue if it is to support these plans.

Planning for tourism is much broader than marketing activity to promote demand; it is fundamentally concerned with supply side considerations such as land use, provision and maintenance of infrastructure, local transport and access links and supporting visitor services. Therefore, local tourism planning and investment underpin the achievement of State and Federal Government tourism targets and outcomes; i.e. NSW Visitor Economy targets.

The following extracts from the Taskforce's report, along with suggestions and observations are important to the Terms of Reference of this Committee Inquiry.

3. THE VALUE OF TOURISM

- Some 163,000 people are directly employed in the tourism industry in NSW.
- The tourism industry consists predominately of small and medium sized businesses.
- There are relatively few barriers to entry. This means that local residents are able to establish their own businesses without huge capital outlays.

Comment: This also has a downside in that over supply of certain business types can eventuate as people follow 'trends' or invest one-off redundancy or structural adjustment monies into tourism activity.

- Many businesses involved in tourism are more labour intensive than the average Australian business.
- Tourism is pro-employment, creating jobs across the full employment spectrum.
- Tourism employs part time and casual workers across a range of skills, thus creating employment for those unable to undertake full time employment.
- Tourism employs groups that are vulnerable to unemployment, such as women, youth, unskilled workers and our indigenous peoples. Because of these characteristics tourism has the ability to provide jobs for the people in their local area and offers opportunities for youth employment. This is becoming a critical issue in many rural and regional areas of NSW. If an area has a vibrant tourism industry there is less likelihood that the young people will have to leave home to find employment.
- NSW has nearly 200,000 tourism businesses. The number of tourism related businesses in NSW increased substantially over the past decade, up by more than 80,000 businesses or nearly 70%.
- Half of all tourism businesses in the state are owner-operated.
- Because visitors spend their money on a variety of activities – accommodation, transport, shopping, restaurants, and attractions - the impact of that spending flows deep through local economies. Nearly every business in a local community benefits to some extent from visitor spending.

Visitor spending in rural and remote communities often provides the additional revenue necessary to sustain facilities and services that the local enjoy and/or need.

4. INFRASTRUCTURE CONSIDERATIONS AND RETURN ON INVESTMENT TO THE WIDER COMMUNITY

Many councils in NSW fund and support the operation of visitor information centre (VIC). While more and more travellers are making use of the internet to gain information on an area, Visitor centres still play a critical role in disseminating information about the local area.

The first hand recommendations of visitor centre staff of where to stay, what to see and do and where to eat are invaluable to visitors. In many cases visitors will spend an extra day in an area, based on the advice of visitor information staff.

Tourism NSW undertook a research project on the “Economic Contribution of Visitor Information Centres in New South Wales” in 1997. The study showed that because of the information obtained at the Visitor Centre:

- 13% stayed additional nights
- 21% undertook additional tours
- 56% visited additional attractions

The main reason why people stayed in a place longer than they had planned was because they discovered more things to see and do.

The Challenge: How to extend this ‘influencing’ relationship between visitor and potential visitor and the ‘local expert’ from the built environment of a VIC into the on-line world.

In addition to supporting the operation of their visitor information centre, many councils also fund local marketing and promotional activities. They recognise that tourism benefits everybody in the community and the more the local area and region is marketed and promoted the more the community will benefit from its tourism industry.

At a wider community level, the provision and maintenance of public and community infrastructure is critical for visitor access to and enjoyment of local assets and experiences. In this regard the Taskforce recommended that an Interdepartmental Committee of Ministers representing key portfolio areas including transport, roads, land use planning and environment meet regularly over a 2 year period to identify and overcome impediments.

Comment: There may be a case for an on-going structure to assess issues and opportunities.

5. MARKETING AND REGULATION

There is a role for local councils to support activities that promote what their region has to offer as a whole and what there is to see and do in that region. Individually councils cannot influence the market.

Councils should give consideration to providing both financial and in-kind support to regional initiatives to enable their local organisations to assist in building the tourism product in the region and to marketing the region's tourism products for the benefit of all the local government areas in the region.

Comment: Collectively, marketing can have a much stronger impact at the regional level.

Challenge: To overcome the parochialism and establish mechanisms to pool marketing and communications resources (both people and financial). Apply approached to resource sharing as already happens in many areas of local government activity.

Another key finding of the Taskforce was that the then "Tourism NSW" and the Division of Local Government examine the most efficient and effective means of gathering comprehensive and consistent data on local government spend on tourism and related infrastructure and services (a need for a common framework).

Comment: This is still a real need today to enhance the effectiveness of destination management planning.

6. SPECIAL RATE/COUNCIL REVENUES

The Taskforce Report identified the factors which can assist the growth of tourism and remove barriers to progress. Funding is identified as a key issue. Local government needs to plan for tourism in a more systematic, coordinated and focussed manner, but it also needs the capacity to raise additional revenue if it is to support these plans.

A major factor in empowering local government is its ability to fund tourism related works, activities and programs at a local and regional level. Access to adequate funding is central to local government's capacity to cope with and promote the tourism sector.

The Taskforce recommendation that IPART be required to take into account tourism development as one of the assessment criteria when determining council special rate variations is still critical to the overall achievement of a vibrant and growing tourism sector.

A recommendation: The NSW Government should establish guidelines for preparing the business case for infrastructure and development projects that require approval for special rate variation.

The Taskforce further believed that to ensure local tourism plans do not remain static or are not framed in such a way as to be meaningless, local government funding for the plan's implementation must be guided by a delivery plan also prepared in accordance with the requirements of the Local Government Integrated Planning and Reporting Framework. Key findings in this area were:

- Where local tourism plans are prepared according to the above, then councils should be able to apply to IPART for a special variation to exceed the rate peg (under Section 508 of the Local Government Act, 1993), to fund the implementation of those plans.
- To enable councils to apply for a special variation, the Taskforce is of the opinion that "tourism" should be included in IPART's guidelines for special variations.
- In addition, councils should be given the opportunity to differentiate between categories of ratepayers to fund tourism initiatives.

There is an ongoing need to both equip and resource local communities to plan and evaluate their tourism activity. Resources to assist in this were developed by the Taskforce:

- "The importance of Tourism to Local Communities" A Business Case for Local Government
- "Maximising the Benefits of Tourism for Local Government" A Tourism Manual
- "Roles and Functions in Tourism Destination Management".

These resources have helped Councils to explain the benefits of tourism at the local level and they will continue to assist local government to understand and argue for tourism investment and development. The Taskforce recommended that Councils prepare 4 year Local Tourism Plans in the context of the Integrated Planning and Reporting Framework.

Comment: This is now being implemented through the Destination Management Planning process being rolled out across NSW in response to the Taskforces recommendations and the National Tourism Plan.

However, the time frames for implementation are set within each planning process and many Councils can and have decided to join together in the preparation of Destination Management Plans that are based on visitor needs and expectations and not local government boundaries.

7. ABOUT SEPIA CONSULTING PTY LTD

SEPIA stands for **S**ervice **E**nterprise **P**roductivity in **A**ction.

SEPIA Consulting Pty Ltd is made up of a multi-disciplinary team with experience in destination and visitor experience management, travel and tourism, service operations management, information technology and education. Our unique offering enables us to work with our clients to deliver superior solutions.

SEPIA Consulting was established in 2012 to provide management consulting services to Australian firms, communities and destinations to assist them to achieve their defined vision and goals. Our specific focus is on service productivity and quality improvement and value creation.

SEPIA Consulting has seven management consulting areas:

- Destination and Visitor Experience Management Services
- Travel and Tourism Management Services
- Sustainable Supply Chain (Food and Beverage speciality)
- Education and Student Management Services
- Financial Services (Payment processing and shared services speciality)
- Data Analysis and Decision Modelling Services
- Productivity, Quality and Value Creation Analysis.

The company has the ability to not only work with clients to help develop their strategies and plans but also to assist them with the analysis and implementation of recommendations and solutions.

Contact Details

SEPIA Consulting Pty Ltd
ACN: 160 143 439
ABN: 48 160 143 439

Registered Office:
6/61-63 Parkview Rd
Russell Lea NSW 2047
Australia

www.sepiaconsulting.com.au

Key Contacts:

Keith Baker, Partner and Destination Specialist

Alan McGuigan, Associate