

**Submission
No 11**

INQUIRY INTO TOURISM IN LOCAL COMMUNITIES

Organisation: Albury City

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The Hon Natasha Maclaren-Jones MLC
Committee Chair
Legislative Council
General Purpose Standing Committee No. 3
Parliament House, Macquarie Street
SYDNEY NSW 2000

Dear Ms Maclaren-Jones,

Inquiry into Tourism in Local Communities

Please find enclosed AlburyCity's submission in response to the inquiry being conducted by the General Purpose Standing Committee No 3 to consider the value and impacts of tourism across New South Wales and its return on government investment.

Albury is a vibrant and bustling regional city located on the Hume Highway between Sydney and Melbourne. Situated on the New South Wales / Victorian border it is the 18th largest city in Australia when combined with its neighbouring sister city of Wodonga. With domestic visitors enjoying more than 1.1 million nights in the city each year, tourism plays an important role in the economic vibrancy and social fabric of the city.

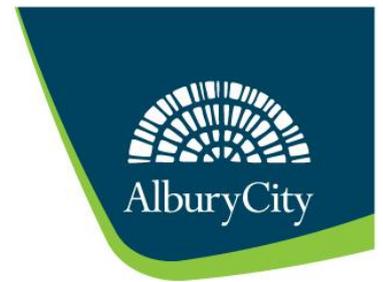
The contribution of State funding to support the continued development of infrastructure, facilities, product development, and to provide opportunities for marketing leverage, is critical to the growth and development of regions with visitor economies.

We encourage the Committee to fully appreciate the direct and indirect impact of the State's investment in tourism and we look forward to New South Wales continuing to working towards operating at "World Class Standard".

If you have any questions in regards to this submission, please do not hesitate to contact me on
or tsquire@alburycity.nsw.gov.au.

Yours faithfully,

Tracey Squire
Director Economic Development & Tourism
encl.



**AlburyCity Submission
to the Inquiry into Tourism
in Local Communities**

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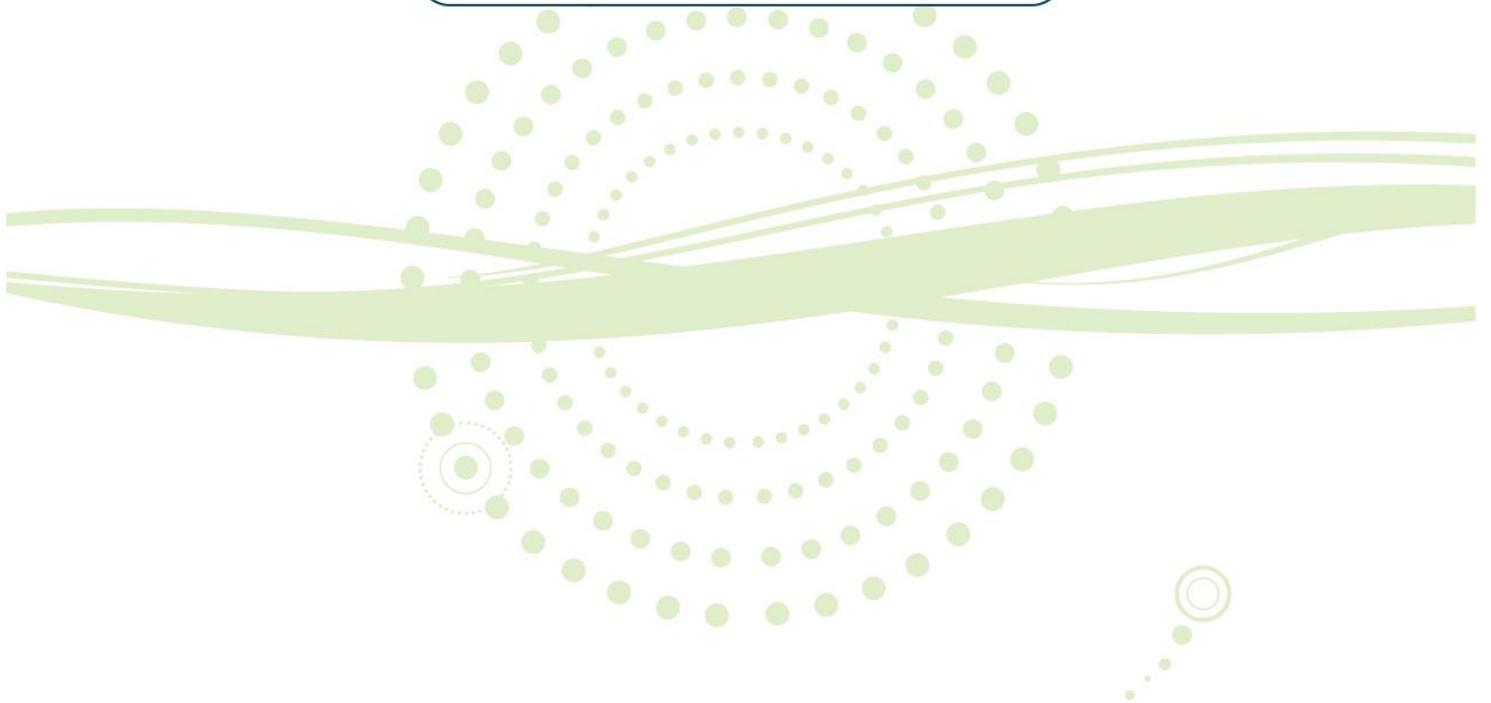


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Background

Albury is a vibrant and bustling regional city located on the Hume Highway between Sydney and Melbourne. Situated on the New South Wales (NSW)/Victorian border it is the 18th largest city in Australia when combined with its neighbouring sister city of Wodonga. With a population in excess of 83,500 the twin cities serve a regional population in excess of 170,000 people.

With an enticing cosmopolitan feel, the city reflects its unique multicultural heritage. The Murray River, Lake Hume, Botanic Gardens and award winning LibraryMuseum are among some of its greatest assets. The city also provides easy access to some of Australia's best skiing, oldest wineries and most historic towns, which paves the way for continued growth in visitation to the city through the development of new, and enhancement of existing tourism products and experiences.

Council recognises the tourism marketplace is highly competitive, and is becoming increasingly so as other States and regional centres strive to capture market share. It also recognises the contribution tourism makes to the City and the opportunity to grow that contribution and the flow on benefits that come from being a recognised tourism destination. Accordingly, AlburyCity commits significant financial and human resources to tourism marketing, industry and product development. Albury's second 3 year Destination Management Plan is currently being finalised to provide a foundation for industry consultation and the development of strategic partnerships, and an action plan for the achievement of identified objectives. Once finalised it will continue to drive the growth and development of tourism in Albury and complement the marketing efforts of our regional neighbours.

In noting the terms of reference AlburyCity considers:

1. Value of Tourism to NSW and Return on Investment of Government Grants and Funds

Council recognises that tourism plays an important role in the social, cultural and economic vibrancy of the City as such it makes a significant direct and indirect investment in supporting its growth and development. It seeks to capitalise on opportunities to enhance and develop public assets that increase the industry's contribution to the economy while also serving the needs of the local community and enhancing the lifestyle offer of the city.

As is being highlighted in the current Local Government review, Local Government has limited financial capacity therefore the support of State and Federal Government to develop significant publicly owned tourism product or assets through grant funding can be crucial in realising a community's tourism and economic development potential.

The Albury Regional Art Gallery Redevelopment is a prime example. With a capital cost of \$10.5M, the completed project is expected to see an additional 50,000 visitors to the city each year, which are forecast to inject in the order of \$3.8M per annum into the local economy. This is in addition to the social and cultural benefits the project will provide to local residents and its enhancement of the city's offer and appeal as a lifestyle and investment destination. The Federal Government has contributed \$3.5M in support of the project, without this support the project would not be possible.

Other Albury tourism related projects that have received State or Federal government support in recent times include:

- Wagirra Trail – A Wiradjuri Murray River Experience (TIRF)
- CBD History and Heritage walking tour app
- Albury railway precinct redevelopment
- Oddies Creek Playspace
- Kremur Street Boat ramp

Current attempts to determine the absolute return on investment from these types of projects is somewhat flawed. In most cases they combine with a range of other products and experiences to improve or maintain the appeal of a destination. They also make a significant contribution to the destinations lifestyle and investment appeal which is not quantified when taking the traditional government approach to determining return on investment i.e. economic impact based on project capital spend and operating cost and forecast increase in visitor numbers and spend. Accordingly methodology should be developed to assist in better understanding the full

return on investment in the context of a projects capacity to contribute to a destinations overall growth and development.

Investment channelled toward projects that have a high level of local community ownership as well as having broad tourism market appeal would ensure such investment not only enhances the destination's appeal to visitors but also as a place to live and invest. To this end projects being considered for grant funding should be included in or seek to support the achievement of outcomes identified in regional Destination Management Plans and the Community Strategic Plans the State Government now requires Local Government to prepare under the Integrated Planning and Reporting framework.

2. Value of Tourism to Regional, Rural and Coastal Communities

Attracting 1,142,000 domestic and 189,701 international visitor nights, and more than 670,000 day visitors per annum, tourism makes a significant contribution to Albury's economy as well as enhancing the diversity and vibrancy of the city as a place to live and invest.

AlburyCity prepares an annual tourism monitor to determine the value of tourism to the local economy. The tourism monitor draws on REMPLAN Regional Economic Modelling Software, and ABS and Tourism Research Australia (TRA) data. Annual editions of the publication are provided on AlburyCity's website for use by business, industry and other key stakeholders.

The 2013 Tourism Monitor is soon to be released. It determines the economic contribution of tourism in 2012 as follows:

Direct	- \$281.07 M
Indirect	- \$243.93 M
Total	- \$525.00 M

Albury and Wodonga's GRP was estimated at \$4.76 billion in 2012, therefore tourism constitutes almost 6% (excluding indirect economic impact) of GRP.

AlburyCity has a dedicated events team to attract, deliver, host and/or facilitate a wide range of year round events and festivals. Research collected during events that were hosted, sponsored or facilitated by AlburyCity over the past nine months has shown participation by over 90,000 people of which 30% were visitors to the city either as day or overnight visitors. The estimated overnight visitation figures equated to over 17,000 people and the overall direct economic impact of events for the period July 2012 to March 2013 is conservatively estimated at \$21.44 million, based on average overnight and day visitor spend.

Events such as the Albury Gold Cup are as much an opportunity for community celebration as they are a mechanism for attracting additional visitors to the City and driving economic activity. This event sees in the order of 19,000 visitors, residents and industry stakeholders from all parts of the country come together in one of Australia's most significant country race meetings. The support provided by Destination NSW for this event has enabled its refinement and development in recent years to ensure it maintains and grows its appeal and visitation, and that the city continues to benefit from the estimated \$8.1M it contributes to the local economy each year.

3. Impacts of Tourism on Local Government Areas

a) Infrastructure Services Provision and Asset Management

In order to remain appealing in what is an increasingly competitive marketplace, the level of infrastructure development, services and asset management investment required by Local Government to actively support the growth and development of tourism is arguably more than might traditionally be required to satisfy local community needs.

For example visitation to Albury is primarily visiting friends and relatives (40.2%), business (22.5%) and holiday and leisure (30.4%). Much of the holiday and leisure market is attracted to the city to participate in or attend the variety of regional, state, national and in some cases international championship and other major sporting events held in the city. The City's capacity to host these events is underpinned by the depth, breadth and quality of its public sports and recreation facilities and the hard work of many committed local volunteers and a variety of staff working across AlburyCity.

Council invests significant capital and operational funds into its facilities and services to ensure that the city remains competitive in its attempts to continue to attract these events but also to ensure local and regional residents have everyday access to fantastic facilities and participation/spectator opportunities. Council's ability to directly recover this investment from users is limited due to the financial capacity of local sports and recreation clubs and the competitive nature of today's event bidding market.

Unfortunately the historical level of State Government funding available to support the development of these important facilities has also been limited, despite the fact that many of them service users from outside the local government boundaries and contribute to the achievement of State 'Visitor Economy' objectives.

While the private sector can develop accommodation, provide dining, retail, adventure and entertainment experiences, and other things to see and do, these products and experiences are all generally connected by public infrastructure. To demonstrate this,

we've provided a range of examples below of AlburyCity funded infrastructure or facilities that underpin the tourism sector:

- Albury Airport
- Railway Precinct and Visitor Information Centre
- Murray River Experience and Wagirra Trail
- Botanic Gardens
- City entrances and CBD streetscapes
- A multitude of sports and recreation fields and facilities
- Public parks and recreation areas
- Network of walking and cycle paths
- Nail Can Hill reserve
- Lavington Sports Ground
- Lauren Jackson Sports Centre
- Cultural Precinct, including:
 - Albury Entertainment Centre (performing arts and function/convention venue)
 - LibraryMuseum
 - Albury Regional Art Gallery
 - QEII Square

Any failure of this public infrastructure to meet the needs and expectations of visitors will have a direct impact on the quality of their experience and their willingness to promote or return to a destination, regardless of the quality of the private sector offer.

State and Federal Governments must start to recognise the critical contribution Local Government makes to the achievement of regional, state and national tourism objectives, and to find mechanisms to increase their contribution to the creation or enhancement of this infrastructure to ensure it remains market competitive. It may also be necessary to recognise that not every destination has a major role to play in the tourism marketplace which would assist in prioritising projects and maximising return on investment.

b) Social Impacts

Through its Community Strategic Plan the community of Albury identified *increasing visitors to Albury and the surrounding area and improving visitor and residents' experiences* as key outcomes as it moves toward 2030.

The social benefits of tourism flow strong through all aspects of community life. The diverse range of events on offer; the quality and variety of sports, recreation and leisure facilities available; the retail, dining, entertainment experiences options available; and the

public and private capital investment that contributes to improving the city's aesthetic appeal and liveability would not be achieved to the same level were it not for tourism.

In bringing new people to the city, tourism affords an opportunity to expose visitors to its lifestyle and investment offer. Recent new resident surveys show that the majority of new residents visited or had some other connection to the city prior to making the decision to relocate.

c) Unregulated Tourism

As with any other business activity regulation is, on occasion, required to protect public safety and assets. Adventure tourism operators potentially present the highest risk given the nature of the experiences and activities they offer. Any regulation of industry should carefully consider the impact on the operator, in terms of business viability and practical application, and the experience being sought by visitors.

d) Employment Opportunities

The 2013 Albury Tourism Monitor estimates that 1,851^{*} direct jobs were supported by the tourism industry. A further 925^{*} people were indirectly employed as a result of industry activity, bringing the overall number of business owners and employees to 2,776^{*}. When taking into account the population multiplier (partners and children) of 2.7 persons per business owner or employee, a total of 7,495 people were supported by tourism across Albury Wodonga.

4. Marketing & Regulation of Tourism

The cost of achieving reach into market segments to attract new visitors and raise brand awareness is becoming increasingly challenging. Albury is member of Murray Region Tourism, an organisation funded by Local Government Areas along both sides of the Murray River and the NSW and Victorian Governments. This partnership is critical in providing a co-operative platform for marketing and product and industry development along the Murray River. Given the competitiveness of the market place and limited funding available these types of collaborations are critical to strengthening a regions offer and the level of awareness it maintains in target markets.

Destination NSW should continue to provide a platform for the promotion of New South Wales regions including providing financial support to Regional Tourism Organisations (RTO's). RTO's, supported by local tourism organisations can then encourage operator buy in and participation.

^{*} These positions are not full time equivalent (FTE).

The provision of this platform is critical to industry leveraging its collective marketing spend and achieving best value for money on its marketing investment.

Local Government is currently the regulatory authority for a number of regulations affecting the operation of tourism and tourism related businesses e.g. Human Health including food handling, food preparation etc. Given this model provides opportunity for these regulatory functions to be delivered at a local level this should continue.

5. Utilisation of Special Rate Variations to Support Local Tourism Initiatives

AlburyCity funds tourism through ordinary rates and direct industry contribution generated by its annual Tourism Partner Program. Applying a special rate would require significant support from the business community and the associated consultation and administrative process required to secure State Government approval is considered onerous. The raising of a Special Rate may afford a pool of funds to market and promote a destination but it is not considered feasible to expect such a rate to fund the associated infrastructure and asset management costs funded by ordinary rates. The entire community benefits from tourism's contribution to the local economy, both directly and indirectly, accordingly AlburyCity considers it reasonable to continue to support the development of this sector through ordinary rate revenue. The Community Strategic

AlburyCity current invests in the order of \$750,000 per annum in direct provision of visitor information services, tourism marketing, promotion and industry development. In addition, it has established an Events team of three staff to host, facilitate and deliver a range of events, some of which are targeted community events, others are designed to attract visitation. It also operates the Albury Entertainment Centre, the city's major performing arts and convention centre, which stimulates entertainment, conference and business event visitation to the city. These activities are also funded through ordinary rates and via income generated by AEC operations. Other tourism related investment by the city is highlighted elsewhere in this submission.

We note the Integrated Planning and Reporting Framework supports the effective alignment of local Community Strategic Plans with Regional and State Plans. This provides a sound basis for determining tourism priorities and the level of local investment, including how investment funds are generated, in tourism and tourism related initiatives that contribute to the achievement of local, regional and State objectives.

6. Other Related Matters

All matters of interest to AlburyCity have been considered and covered above.