

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

**Organisation:** Australian Regional Tourism Network

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Hon Natasha MacLaren-Jones MLC  
Chair  
General Purpose Standing Committee No 3  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000

Dear Ms MacLaren-Jones

*RE: Submission to the NSW Legislative Council's Inquiry into Tourism in Local Communities*

The following submission has been authorised by the Board of the Australian Regional Tourism Network (ARTN), a national membership based organisation who works with its members and stakeholders to raise the profile of regional tourism, nationally; to provide avenues to up-skill regional practitioners; initiate knowledge transfer between practitioners, government and research; and promote sustainable destination management.

The Chair of the Australian Regional Tourism Network, David Sheldon believes a thorough investigation into regional tourism is necessary and will be beneficial to developing a clear understanding of the benefits and impacts of tourism in local communities and congratulations the Legislative Council for initiating this Inquiry.

ARTN advocates for a collaborative approach to tourism development and sees many regional communities contribute substantial funds to tourism with no clear strategy outcomes or direction.

This submission is a collaborative response from the NSW based ARTN Directors and ARTN members across NSW, which consist of Local Government and/or Visitor Information Centres; regional tourism organisations; industry stakeholders and operators.

Research undertaken and anecdotal evidence collected indicates that tourism is a valuable industry both domestically and as an export industry, yet the industry continues to be splintered and misunderstood by those inside and outside the industry.

A review of the contribution to tourism to the Australian economy from 1997-98 to 2010-11 (Tourism Research Australia 2012) found that:

- Tourism is vital in terms of its contribution to Australia's GDP and employment.
- Tourism's indirect contribution to the economy is higher than that of other industries, including the mining and retail trade. The benefits of the tourism industry are far reaching, and significant for the economic growth of all sectors, especially with regional communities.
- Tourism's contribution to the Australian labour force is larger than that of mining. This indicates that while mining is important for Australia's economic growth, tourism is crucial for Australia's social and economic growth.

The review concluded that despite its significant contribution to the economy, the tourism industry is at a disadvantage in terms of investment and innovation when compared with other industry sectors. For the tourism industry to achieve its potential, it is important that investment increases, particularly in regard to innovation aimed at improving industry productivity, which is important for achieving tourism's potential and thereby in turn smoothing the imbalances in other industries (TRA 2012).

The Australian Regional Tourism Network is an advocate for the sustainable development of destinations and regions and is proactive in raising the importance of Best Practice Destination Management, which when undertaken successfully, is a holistic approach to tourism and infrastructure development in a destination and in regional communities.

Two components of regional tourism that ARTN sees as vital to the future development and success of tourism in regions are regional tourism organisation and the local visitor information centre. Unfortunately both these vital organisations, which have the capacity to increase visitation and overnight expenditure to communities, have no uniformity across the state (and across



Australia); in some areas, no real connection to the industry it represents; no models or benchmarks for sustainability; and no true measurement of the return on investment from both Government and Local Government funding.

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 challenge is extending the 'influencing' relationship between visitor and potential visitor and the 'coal-face expertise' from the built environment of a VIC into the on-line world.

#### *1. Return on investment of Government grants and funds*

As mentioned earlier, tourism is a misunderstood industry and as a majority of the industry in regional areas comprises small owner operator businesses who quite often work individually, there is a lack of partnerships and collaborative initiatives, which limits the effectiveness of investment.

A collaborative approach to tourism, as in a partnership between government (either state or local government) and industry, needs to be progressed. The role of the RTO and the local tourism association or local visitor information centre needs to be strategically aligned; that is, the experience and product offering from industry and/or local government needs to form part of the destination management plan for the region. It is essential that industry is a part of the future planning of the tourism industry and it is not solely a local government approach.

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Many local governments fund tourism initiatives and support the operation of visitor information centres without a real understanding of the visitor economy and role tourism can play in driving the economy and the value back to their local communities through infrastructure development.

## *2. Value of tourism to NSW communities; to regional, rural and coastal communities*

To truly measure the value of tourism in NSW communities there needs to be greater understanding of what is "tourism". The misconception that exists is that tourism is the accommodation and restaurant sector of many communities and other retail and trade sectors 'are not in the tourism business'.

The term visitor economy is welcomed by the industry.

Quarterly results of the National Visitor Survey, reissued 21 March 2013 by Tourism Research Australia, for the year ended 30 September 2012, states:

- There were 73 million overnight trips taken in Australia by Australian residents, 2% higher than the equivalent period in 2011.
- NSW received 33% of the visitors – 241 million visitors to NSW
- NSW received the most visitor nights (30%) – 219 million visitor nights
- There were 174.2 million day trips taken in Australia by Australian residents, 11% higher than equivalent period in 2011.
- NSW received the most day visitors (31%) – 54 million day visitors
- Spending by domestic overnight visitors was highest in NSW (\$13.7 billion)
- Over half of expenditure by domestic overnight visitors (51%) was spent in regional areas of Australia (\$25.3 billion)
- NSW was the most reliant on expenditure in regional areas (over 60% of the total)

Research results provide valuable information on visitation, overnight stays and expenditure in regional communities but does this resonate to the local communities, to the decision-makers, or to local government? Is the true value of tourism (visitor



economy) to regional communities understood by the communities and more importantly, utilised for the communities benefit?

An example of the flow on effect from tourism visitation can be identified in the Snowy Mountains with over \$480m pa being contributed to the economy from tourism. This tourism dollar equates to over \$11,000 per annum for every man woman or child residing in the Snowy Mountains (region comprises LGA areas of Cooma, Snowy River, Tumbarumba and Tumut).

This has a significant impact on the social fabric of these communities in employment, additional services that are also enjoyed by locals as well as adding to the liveability of communities. Unfortunately this is not always reflected in many LGA's and communities understanding of the industry.

The value of tourism to regional communities is determined in visitor nights or dollars spent in the community but to understand the true value, as in the actual value to communities in nuts and bolts terms, in the terms of improving the liveability of a community; this is not measured or understood.

### *3. The impacts of tourism on Local Government Areas, including:*

#### *3.1. Infrastructure services provision, and asset management*

As a dynamic and growing sector of the economy, tourism provides opportunities and presents challenges, particularly for Local Government, as the provider and manager of infrastructure and services so often utilised by visitors as well as residents. Visitors require parking, toilets, waste bins and access to water, which are all part of the assets and infrastructure provided by local government. Quite often the use of these services are provided at 'no cost' to the visitor with the cost being bore by the local council; the local community.

The adoption of a sustainability framework from essential services, such as waste management, to higher-level strategic direction, planning policy that supports sustainable tourism development can make a significant difference to the

localised impacts of tourism. Identifying opportunities for costs to be borne by visitors or industry sector (tourism and in-direct tourism businesses) forms a part of this higher-level strategic approach.

A complete understanding of the visitor economy is required to fully understand the impacts on Local Government Areas. It is extremely hard to measure the positive and negative impacts to a community, as some LGA's/communities have little understanding of the overall beneficial impact and the width that the brush stroke of the visitor economy reaches.

### *3.2.Social impacts*

Besides the apparent economic impact, tourism can also be a catalyst for community development, bringing environmental, social and cultural benefits as well. ARTN fully understands that tourism is not all about positive impacts as tourism, not properly managed and developed can have huge negative impacts on communities and the environment.

Again, this draws attention to the need for sustainable destination management, a planning process that is inclusive of government, community and industry.

To many people the word 'tourist' has a negative connotation, where in fact many tourists refer to themselves as a 'visitor'. The visitor concept reinforces the fact that tourists are guests within a community, and that their stay is a privilege and not a right, lessening the potential for impacts on local communities.

Positive impacts of tourism include:

- Support for community events/festivals and local community groups. The Deni Ute Muster is an example of positive social impacts from an event through the annual financial contributions made to local community groups which provide sporting, recreational and community events and services back to the local community.

- Fostering a sense of community pride. Well-presented towns and well-maintained facilities are beneficial to the local community and help visitors to feel welcome and contribute to community.
- Provides an interface for cultural exchange, facilitating the interaction between communities and visitors (domestic and international). Economic benefits aside, outside contact draws attention to the host community.
- Tourism is largely an experience driven industry, and local culture is a unique experience – more so local personality, hospitality and food than “built attractions.” The more one knows and learns about a destination, the more fulfilling the experience will be.
- The development of additional experiences in a destination, for example, restaurants and cafes, increases the liveability of a community.
- Used as a tool for raising awareness. Branding of local product and achievements creates regional identity both nationally and internationally.
- Tourism allows for local crafts, foods and personalities to be kept alive while raising funds for the community.
- Can boost the preservation of cultural and historical traditions and contributing to the conservation and sustainable management of natural resources.

Many of the negative impacts surrounding tourism are closely associated with uncontrolled, unsustainable, unplanned and massed tourism growth.

Development of experiences purely for commercial purposes has a tendency to forget environmental, social and cultural impacts. Like all industries, impacts do occur, but the extent to which impacts are negative can be minimized through sustainable, consultative planning.



Negative social impacts can include:

- Overcrowding and community lose of sense of place and connection. For example in the Shoalhaven area (population 95,000) there are 350,000 visitors during the summer holidays and a total of 2.4 million visitors per annum. The economic story expressed does not feel credible to the community as they cannot 'see' nor 'feel' the economic benefits.
- Intrusion on daily life, loss of privacy, and a sense of crowding contribute to ill feelings towards tourism development.
- Development that reduces the amenity of the local communities or damaged environments.
- Development that infringe upon or exclude the public from public areas, for example development that alienate local communities from local assets.

### *3.3. Unregulated tourism*

Unregulated tourism in NSW is increasingly becoming an issue and challenge for many local governments and communities. Some LGA's turn a blind eye to unregulated tourism/camping due to threats of boycotts of town services by some industry associations; a misunderstanding of the industry; and 'too hard basket'.

Unregulated tourism not only impacts on the local businesses that have 'ticked all the regulatory boxes' both financially and in maintaining the communities reputation, it greatly impacts on the ability of a local community to give a true reflection on the industry's overall economic and social benefit to not only the state but also to the local community.

Camping and holiday homes that are unregulated, impact on the overall visitor experience and should be a priority for all levels of Government. ARTN understands that some regions require additional or alternate forms of housing and camping, but it is ARTN's view that these currently unregulated forms of

tourism need to be regulated and be required to address the same regulatory requirements as other tourism camping and accommodation providers.

Unregulated holiday homes:

- Reduces availability of housing for community (Currarong 70% non-permanent dwellings, 30% in Kangaroo Valley)
- Reduced school numbers and lose of local services
- Reduced consumer numbers for local shops, particularly in off peak shoulder periods (it is noted that many visitors bring their own supplies in peak season)
- Reduced opportunities for community interaction, community life and voluntary social activities e.g. membership to local community organisations.

Unregulated camping

- Reduces the ability for local businesses to be sustainable and viable. Businesses that contribute to the growth of the local community through rates, facilities payments, maintenance and supplies
- There are no controls over crowd capacity, environment damage or regulatory requirements
- Burden on local community services and facilities at a huge cost to the local community

*3.4. Employment opportunities*

Tourism provides opportunities for regional development particularly for regional areas undergoing structural change. Being a labour intensive industry, with the right planning tourism can deliver employment and training opportunities for local communities.

Tourism is a significant industry and major economic driver for many regional communities. Some 163,000 people are directly employed in the tourism industry in NSW, which is made up of small to medium sized businesses. Over the past decade, tourism related businesses in NSW increased by nearly 70% with the majority of these being owner-operated businesses.

Tourism employment provides part-time, casual and full time work, across a range of skills and for sectors of the community that are vulnerable to unemployment, such as women, indigenous, youth and unskilled workers. Because of these characteristics tourism has the ability to provide employment for people in their local area including opportunities for youth.

The more vibrant the tourism industry, the more opportunity for youth employment and job creation as well new initiatives relating to up-skilling the labour force.

The challenge for local communities is to maximize the employment opportunities from tourism. Currently a majority of the tourism employment is seasonal. In a recent survey undertaken by the International Centre for Responsible Tourism – Australia it was found that only 10% of tourism employment in some rural areas was permanent. With seasonal jobs (60%), and part time (30%) providing the majority of employment options with a majority poorly paid (findings from Enterprise Survey/CNSWT/ICRT (2013)).

Careers in tourism are limited by tourism's low productivity rate (Australian Tourism Research). This compounded by the fact that in regional NSW most tourism enterprises are SME. Consequently there are few full time employment opportunities with limited opportunities for skills development

Visitors seek high quality experiences delivered through high quality service. If employment opportunities are not permanent then there is less incentive for tourism businesses to provide a high level focus on hospitality service training. Subsequently this impacts on the visitor experience and the local community. Tourism must be able to command a price for its services and products, which permit businesses to employ staff.

This brings us back to local community understanding the tourism industry and the expectation of visitors especially in relation to the delivery of experiences.



There is very little understanding of the value of tourism in communities by councils.

This can be demonstrated by the lack of integrated economic planning in local economic development plans/ tourism plans (examples Orange, Blayney, Bathurst, Parkes, Weddin, Mid Western, Shoalhaven and Riverina). These plans should encourage strong links between tourism and in-direct tourism services/products and therefore list specific local economic development actions. Through this lack of linkage the employment opportunity is not being maximized for local communities.

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

In addition to supporting the operation of their visitor information centre, many LGA's also fund local marketing and promotional activities. Unfortunately this is quite often based on limited knowledge and understanding of their market (the visitor expectations) and how the experiences on offer match to the market.

Marketing is often undertaken from a limited understanding that "tourism benefits the community and the more the local area and region is marketed and promoted the more the community will benefit from its tourism industry".

There is a role for local councils to support activities that promote what their region has to offer as a whole but this needs to be from a destination approach, collaborative and in partnership with industry and other stakeholders.

Councils and Government should give consideration to working in partnership with industry to provide financial and in-kind support to regional initiatives to assist in building the tourism experience and product in the region and to marketing the region's tourism products for the benefit of all the local government areas in the region.

The challenge faced by the majority of regional communities is to overcome the parochialism and establish mechanisms to pool marketing and communications resources (both people and financial); to initiate a coordinated and applied approach to resource sharing in relation to tourism development, marketing and promotion.

NSW is starting to progress down this path through the new regional funding program and the requirement that funding for tourism initiatives need to be via a destination management process.

ARTN is further investigating the opportunity to further this by developing training modules aimed at up-skilling the currently practitioners but also future practitioners in destination management practices and to provide opportunities for knowledge transfer of best practice examples of destination management, not only in NSW but nationally.

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

The discussion on a special rate variation to support local tourism initiatives received the majority of feedback from ARTN members, especially from LGA's.

ARTN understands that some LGA's already have a special rate to raise funds for the local tourism initiatives e.g. Shoalhaven, Cooma, Gosford and Coffs Harbour. However, this is not the norm and is not on the radar for many LGA's.

Some of the issues surrounding a SRV for tourism relates to the misunderstanding of what is tourism and what assets and infrastructure in the local communities are associated with the tourism industry. Unfortunately, many regional LGA's don't have tourism on the agenda as a priority, especially in relation to a SRV.

A greater understanding of tourism (visitor economy) is required by local government decision-makers to ensure that tourism is integrated into future planning for a destination and that local tourism plans are living documents and framed in such a way that they provide opportunities for growth.

Any revenue raised from a SRV must be use for planned tourism initiatives not solely promotion or marketing. Planned initiatives that benefit the whole community i.e. both direct and in-direct tourism (food suppliers, tradesmen, retail, mechanics,



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artists, potters, florists, celebrants, photographers etc.) all the business that contribute to the levy.

The VET report identifies 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.

As per the recommendation from the VET report, IPART should be required to take into account tourism development, as one of the assessment criteria when determining council special rate variations. This is critical to the overall achievement to a vibrant and growing tourism sector.

I thank you for the opportunity to provide this submission to the Inquiry and look forward to hearing more on the outcomes of the Inquiry and working with Government to progress initiatives and development of tourism in the regions.

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