

INQUIRY INTO TOURISM IN LOCAL COMMUNITIES

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Aurora Research (Manager of the NSW Accredited Visitor Information Centre Program)

Position Paper for 2013 NSW State Government Legislative Inquiry into Tourism

Stakeholder Background:

Aurora Research and Development is the appointed contractor that manages the NSW Accredited Visitor Information Network and Marketing Management Program on behalf of Destination NSW.

Visitor Information Centres are accredited on a three tier basis – Levels 1, 2 and 3. There are currently 178 AVICs in NSW of which there are 114 Level 1 & 2 AVICs.

Services AVICs deliver:

Level 1 and 2 Visitor Information Centres operate 7 days a week and are open every day of the year with the exception of Christmas Day and Good Friday. Level 3 Visitor Information Centres operate for a minimum of 5 days per week, including weekends.

Across the AVIC Network some or all of the following services are delivered:

- Local and regional information as well as in transit directional information
- Visitor Guides/touring brochures and maps
- Interpretation and local products/produce/merchandise
- Bookings for accommodation, activities and attractions
- Ticketing for events and entertainment
- Event offerings/deals, offers, special destination/regional promotions
- Coffee and food/free tea and coffee
- Clean and quality amenities
- Public toilets
- Coach stations/terminals

- Wi-fi
- Public meeting spaces, conference/convention centres
- Outdoor rest areas/playground equipment, parks

Key Challenges:

NSW Accredited Visitor Information Centres are operating in a significantly changing and challenging environment which essentially can be divided into two main focus areas:

1. **Adapting to a digital economy:** Accredited Visitor Information Centres (AVICs) need to adapt to the changing information needs of the contemporary traveller by providing valuable and reliable information sources in a range of formats and across both digital and traditional sources. AVICs need to provide compelling reasons for travellers to use Visitor Information Centre (VIC) facilities and in doing so provide an opportunity to increase length of stay in the destination thus providing conversion from intention to purchase/stay longer.
2. **Local Government understanding and confidence levels:** The majority of AVICs are funded by the Local Government sector where there appears to be a general lack of awareness or appreciation of the economic value of tourism and the role that Visitor Information Centres play in their local economies coupled with declining confidence levels in their investment. This may be due to:
 - Competing service demands as a result of the increased range of services Local Government needs to deliver on;
 - Increasing infrastructure backlogs;
 - Uncertainty on future LGA boundaries and structure as a result of the current Local Government Review ;

These factors are helping to contribute to reduced investment levels in tourism and AVICs.

Key Considerations:

- AVICs need to adapt to an emerging digital economy using a bricks and clicks strategy. This means, servicing visitor's needs within the location/destination at the physical Visitor Information Centre, at various other points of influence within the region and through appropriately placed broadcast zones (signage, display points) and online for pre-planning and in-transit through a range of digital strategies.
- AVICs are vital shop-fronts for a region's economic development activity and are integral to delivering the Visitor Economy Taskforce's major objective (adopted by Destination NSW) to double overnight visitor expenditure to NSW by 2020.
- AVICs provide significant opportunities for extending length of stay in a destination as evidenced by a number of research studies conducted over a number of States including

South Australia, Western Australia and NSW. In NSW these studies have been conducted by Destination NSW (Brand Health Tracking 2012), University of Wollongong (2012) and Aurora Research (Northern Rivers 2012 Study). The Aurora Research study for the Northern Rivers Tourism Management Group found that 22% of people who use a Visitor Information Centre stay an extra night.

- AVICs managed through their Local Government Areas (LGAs) and Local Tourist Associations (LTAs) provide their towns and regions with a compelling return on investment and this can be demonstrated in tangible ways, as indicated in the example below:

Example: AVICs across the North Coast region generate over \$62 million in additional visitor spending per annum into the NSW regional economy.

- Foot traffic through AVICs across the North Coast region is more than 1.1 million per annum - (Based on 13% of all visitors to the region you would expect foot traffic to be about 1.5 million visitors to North Coast AVICs)
- 22% visitors stayed an extra night - 242,000 x \$142 per night = \$34.36 million
- 21% visitors took an additional activity - 231,000 x \$50 average = \$11.55 million
- 59% visitors visited additional attractions - 649,000 x \$25 average = \$16.23 million

- AVICs are integral to delivering a destination's brand promise as a vital component of the best practice destination management approach.

Key Issues:

Local Government funding models: Local Councils are facing significant cost pressures due to growing infrastructure backlogs, cost shifting adding to the range of services they need to deliver, reduced State and Federal funding levels and greater community expectations. As a result they are reviewing their non-legislative service requirements and exploring other ways services could be delivered and funded, including Visitor Information Centres.

Ageing infrastructure: Many AVICs are ageing and are in need of re-modernisation, exteriors and interiors need updating. Consideration of relocating some AVICs, or co-locating into more strategic locations, particularly those impacted and to be impacted by highway bypasses.

- Physical VIC buildings and surrounding area amenities and associated visitor attraction facilities
- Signage/kiosks/touchscreens
- Associated coach stations/bus terminals
- State and Federal Government Funding Programs do not permit funding for Visitor Information Centres as they are regarded as facilities Local Government should manage and maintain.
- Modernisation of Visitor Information Centres and adding visitor attractions (museums, displays, galleries etc) to their facilities would add to their value proposition and enhance

foot traffic, then providing greater opportunity to engage with visitors and increase length of stay (conversion uptake).

Mobile information sourcing in a digital economy

Mobile technology – phoneapps, touchscreens, kiosks, incorporated into libraries or other existing community facilities, public-private partnerships and outsourcing entirely are all options being viewed as possible efficient and less costly solutions for Local Government but in most cases these “solutions” will not meet the criteria set down for visitor centre accreditation, nor does it meet the visitors expectation. AVICS are also facing contemporary image problems and those that do not embrace technological change may be at risk of under-performance.

Resourcing, capacity and cost constraints

Costs of staffing and operating AVICS is viewed as a cost pressure for Local Councils, particularly on weekends and public holiday where there are increases to wage payscales. Busy surge periods also place cost pressures on AVICS for the provision of additional staff. These wage cost pressures put greater reliance on volunteers which then brings other challenges around training and support.

In addition to staffing costs, operational costs also have to be met including building maintenance, provision of public toilets, coach/bus stations (in some instances), cleaning, carpark maintenance, electricity, office equipment, IT equipment, displays, merchandise and presentation.

The question is that if LGAs didn't meet these costs then who would? Is it realistic to expect that this valuable service of reliable information and facility provision could be met by private enterprise?

Use of volunteers in AVICS

- Many LGAs and LTAs see volunteers as a “cost effective” option to assist in off-setting their staff resourcing levels, however, tend to under-invest in training and support programs. Volunteer management and meeting legislative obligations are key challenges for resourcing models.
- Volunteer skill-set: The ageing demographic of the AVIC volunteer workforce is not compatible with the emerging use of new technologies VICs will have to harness in order to better engage with their visitors. There either needs to be a significant investment in volunteer training to better deliver these technologies or new ways of thinking around staff resourcing levels at AVICS.

Visitation patterns and levels

Changing patterns of information sourcing by visitors provides AVICS with new challenges in which to adapt to. This is leading to an emerging trend of a plateauing foot traffic at AVICS but there has been significant increase in electronic engagement through the AVIC (as indicated from recent research conducted across South Australia, NSW and Tasmania) and the collection of data by Aurora Research on behalf of the NSW AVIC Network.

Under-valuing the importance of AVICs in destination management

Because of the time-pressured nature and customer demands placed on AVICs, the importance and value of AVICs has not been told as well as it could and should. The facts and figures of how AVICs make a significant difference to their local economies and communities needs to be better communicated. AVIC management and staff play a considerable role in the development of destination information via brochures, web and visual marketing as well as being the key promotional interface for the local region, without this valuable resource the destination story cannot disseminate.

The value of tourism to NSW local communities and the return of investment of government grants and funds

NSW has a target to double overnight stays by 2020, which is a huge ask from regional centres. Even with Government offers of matched funding in some circumstances, this is challenging for smaller communities to act on.

Without Tourism local businesses can only rely on local customers who have a limited spend available. Without Tourism local businesses may not be in a position to pay rates to local councils, leading to local business closures and loss of local customers to neighbouring larger communities. The cycle continues.

Local tourism requires funding

Local Government has limited funds to spend on tourism marketing and AVIC operations. There are benefits to be gained for LGAs that can attract intra-state and intra-regional visitation. Even neighbouring residents that visit 100kms from their own backyard represent significant gains to the visitor economy.

Competitive overseas market and changing holiday patterns

With the current cost of overseas travel being so appealing it is becoming harder for regional centres to attract visitors to holiday in NSW for an extended period of time, Even the short break market needs to be very appealing to get into the mind-set of Australian's. This is also impacted by the growing annual leave balances of Australians and changing patterns of holidays and short-breaks.

The value of tourism to regional, rural and coastal communities

Return on Investment is an important consideration for any business and tourism is no different in that regard. The difference though, is that Tourism to local communities has a hidden benefit, as operators from the local service station to the bakery and accommodation providers, attractions and retailers all benefit from the tourism spend within their communities. The Local Government sector sometimes considers this return on investment and benefit hard to measure and gauge the "what's in it for us" factor to their budget bottom line.

The impact of tourism on Local Government Areas, including:

Infrastructure services provision and asset management

The Local Government sector funds and manages the lion's share of infrastructure within NSW destinations and regions and there are varying impacts on this infrastructure dependent on the visitation levels and patterns.

Local communities can benefit from tourism and the investment in infrastructure to meet visitor requirements that comes with destination management. Roads are just one example: if critical roads into a destination are inferior, visitors will opt to travel along another path, thereby cutting potential income to the local community. LGAs are forced to upgrade a range of visitor facilities such as waste dump points for caravans and motorhomes, and if they don't then this sector will choose to visit elsewhere, impacting on the overnight visitor spend at local shops, accommodation, food and fuel outlets.

Events are another example of an opportunity that can provide significant yield to regional towns but also have major infrastructure impacts that have to be managed and a cost that is largely met by the Local Government sector. Many towns and regions struggle with the necessary infrastructure and services to cope with the needs of event attendees at major events and festivals.

National Parks

The growing trend in back to nature/ecotourism and the cost to meet this growing demand and further develop within NSW offers opportunities for partnerships with Regional Tourism Organisations and LGAs. There is a large volume of people who use National Parks but there is limited measurement on the return on investment. Having access and funds to reach the right channels to meet this potential visitor market is an important factor.

Social impacts

Visitation assists LGAs to remain vibrant, and this can be achieved through targeted promotion of the demographic that most suits the location (and the available \$ they have to spend). While LGAs are mindful of attracting the wrong demographic or market segment, which may increase expenditure on infrastructure repairs and restoring sensitive nature areas, the alternative is significantly reduced visitation and expenditure.

Iconic locations, history and other opportunities around a destination's unique selling proposition also bring with them development costs, regulatory obligations, interpretation and managing the volume of visitors.

Employment opportunities

Multiplier effect: New businesses that are established represent job creation for local communities in towns and regions throughout NSW and the value of tourism has been found to have significant multiplier effects to local economies.

Seasonality and the level of tourism: Every business can benefit from the tourism spend within a region, but the source of visitors needs to remain constant to allow businesses to sustain costs. Staff costs, for example, have a huge impact on any business, so the right level of tourism is important.

Skills and training: Other considerations include the cost of training staff and volunteers (used substantially within AVICs), the skill levels of staff available within regional areas and the ability to attract skilled staff to smaller towns and communities within regional NSW.

The marketing and regulation of tourism

Many Local Councils find it challenging to meet the costs of tourism marketing and promotion, relying substantially on funding opportunities through Regional Tourism Organisations, Destination NSW and Federal Government programs (TIRF and T-Qual grant programs more recently).

Again, matching dollar funding requirements are cost prohibitive for many LGAs or constrained by the staff resourcing levels required to meet funding application and reporting processes.

The utilisation of special rate variations to support local tourism initiatives

Whilst some local councils have special rate variations (SRVs) in place through business rates (mostly acquired some years ago) many utilise SRVs to support the provision of critical infrastructure such as roads and bridges rather than direct support to tourism initiatives around destination marketing, events/festivals and AVICs. That said, SRVs are often gained as a result of local councils being able to demonstrate the need to maintain critical infrastructure for not only local residents but to also meet the needs of visitors, a key example are critical roads and bridges on major tourist drives and routes.

Recommendations:

1. Greater recognition by State and Local Governments of the role and importance of AVICs in delivering increased tourism expenditure and the critical link they provide to help deliver Destination NSW's goal of doubling overnight visitor expenditure by 2020.
2. Review of State and Federal funding guidelines so that AVIC upgrades, integrating new technologies/digital strategies and professional development of staff and volunteers are eligible funding activities.
3. Greater opportunities for funding streams to flow to Local Government to support the operation of AVICs and destination marketing initiatives.

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