

REPORT OF PROCEEDINGS BEFORE

GENERAL PURPOSE STANDING COMMITTEE No. 3

INQUIRY INTO TOURISM IN LOCAL COMMUNITIES

At Queanbeyan on Friday 8 November 2013

The Committee met at 9.12 a.m.

PRESENT

The Hon. N. Maclaren-Jones (Chair)

The Hon. J. Barham
The Hon. N. Blair
The Hon. P. Green
Mr S. MacDonald
The Hon. L. Voltz
The Hon. S. J. R. Whan

WAYNE HART, Chair, Tourism Snowy Mountains, sworn and examined:

CHAIR: Welcome to the final public hearing of General Purpose Standing Committee No. 3 Inquiry into Tourism in Local Communities. The inquiry will examine the value and impacts of tourism to communities across New South Wales, including the impacts of tourism on local government areas. Before I commence I acknowledge the Ngambri people, who are the traditional custodians of this land. I also pay respects to Elders past and present and extend that respect to other Aboriginal people present. Today we will be hearing from a number of stakeholders from the Snowy River and far South Coast regions, beginning with Tourism Snowy Mountains, Tumut Shire Council and Snowy River Shire Council. This afternoon we will hear from Bombala Council and Bega Valley Shire Council, as well as representatives from several ski resorts.

Before we commence I will briefly explain the procedures for today's hearings. Copies of the Committee's broadcasting guidelines are available from the Committee staff. Under the guidelines, while members of the media may film or record Committee members and witnesses, people in the public gallery should not be the primary focus of any filming or photography. I also remind media representatives that they must take responsibility for what they publish about the Committee proceedings. It is important to remember that parliamentary privilege does not apply to what witnesses may say outside of their evidence at the hearing. So I urge witnesses to be careful about comments they make to the media or to others after completing their evidence, as such comments would not be protected by parliamentary privilege if another person decided to take action for defamation.

Witnesses are advised that any message should be delivered to Committee members through the staff. A full transcript of what is said during today's hearing will be prepared by the Hansard reporters. The transcript will be available on the Committee website in the next few days. I ask everyone to please turn off their mobile phones. I welcome our first witness, Mr Wayne Hart, who is Chair of Tourism Snow Mountains. Before we commence with questions, would you like to make an opening statement?

Mr HART: Yes, thank you. Thank you for the opportunity to present to this inquiry. As the board Chair I am presenting evidence on behalf of Tourism Snowy Mountains. Our chief executive officer wrote the submission earlier this month. I am also relatively new to Tourism Snowy Mountains coming from a general business development background, so it may well be that Committee members have a great deal more knowledge about tourism than I—if you will forgive me if I show that ignorance to some extent. The paper discusses the challenges and imbalances in regional tourism's support. So I have been thinking fundamentally about the role of government with regional tourism organisations. It seems to me that tourism probably is the only true market-driven part of the economy left in that we have for both supply and demand total freedom of entry and exit and very little government regulation about the exchange between those two sides of the economic equation.

An economist would say that this means that the Government should be involved only where there is a market failure and then let the market-driven economy get on with it. So one of the questions I have been asking is, where are those market failures that lead us to some of the problems we are trying to deal with? The obvious one I recognise that neither the State Government nor this Committee probably can do much about is the manner in which mineral exports have driven the Australian exchange rate to the point that it is extremely difficult for domestic tourism to be competitive compared to external tourism opportunities. Secondly, the huge structural shift between overseas airfares versus petrol costs have seen taking an overseas holiday not only competitive but for many people a great deal cheaper than taking a local holiday. Again, not much we can do about it with this Committee, but it seems to me that those are structural changes that have really adversely affected the sort of goal this Committee and the Government are seeking to achieve.

On the other hand, there were a couple of other areas where there are non market-driven imbalances that I think we should talk about and they are reflected in the papers before you. Firstly, local and State Government promotion of Sydney since the Olympic Games has been extraordinary and probably delivered very good benefits to the State. No doubt, Sydney is one of the iconic cities of the world. There is no doubt that the support of government towards that has been quite dramatic. Whether there has been a fair allocation of resources is for others to say, but there is only so much space in which potential visitors can actually absorb information. In that space New South Wales is entirely dominated by Sydney. Secondly, in terms of where I believe the Government has created a market barrier is the barriers to entry to the Kosciuszko National Park—the iconic areas of tourism in the Snowy Mountains region and the park entry fee are something that is controlled entirely by government.

Government can develop policies around that but the view would be that if we are looking for areas where government should get involved to overcome market failures, the extraordinarily high park entry fees for our national parks, there is a very strong barrier that Snowy Mountains has to deal with compared to its overseas competitors. Those are the things I think we should talk about. Finally, I hope that I come away from this presentation with a little more knowledge. I am struggling still to understand the underlying rationale behind the Government's view of doubling the visitor economy by 2020. I have read through as much material as I can find. I do not find any description as to whether that is a real or nominal; 3 per cent growth in real incomes per year compounded gives you 30 per cent of that doubling anyway. I cannot find any reference to that. Secondly, the New South Wales population is growing by about 2 per cent a year.

Our visitor economy in the Snowy Mountains is staying absolutely static, which on simple mathematics means they are going backwards 2 per cent a year; they are not growing at least in line with both inflation and the population rate. Those are issues that I find quite confusing about government policy, which affect the way in which we interact with government in dealing with Destination NSW in its applications towards grants that are supposed to double the visitor economy. In actual fact, we are dealing not with a static base but actually a decreasing base because of these other factors. Thank you for the opportunity to make those comments. I am happy to discuss whatever you would like to talk about.

CHAIR: We will commence with questions from the Hon. Steve Whan.

The Hon. STEVE WHAN: I could pursue quite a few things from your comments. I will start first with actual tourism focus for the Snowy Mountains region and the printed tourism focus. Where do you see Tourism Snowy Mountains and the Snowy Mountains generally in competition with New Zealand, for example, and the ski industry? Are there things government could do to assist in that area?

Mr HART: I probably need to give a slightly personal view around that. I actually am from New Zealand.

The Hon. STEVE WHAN: I am sure I will ask the resort representatives when they attend.

Mr HART: We have had a lot of discussion around the Snowy Mountains area about whether Queenstown is an appropriate model for us to aspire to. Having previously had property within Queenstown Lakes District Council area in one of the resorts there, I would not see that as something we should aspire to. What is really important is that the Snowy Mountains develops its own model of business success rather than trying to emulate one that is successful elsewhere. There are some interesting lessons to be taken out of the New Zealand situation, but I would not say that we should take any one of those resorts and use it as a model for what we should do and where we should go. In terms of the weaker economy, one of the interesting things I have noticed, and this is really just watching my friends as much as anything else, and my own children, is that they want to go skiing every year and they often will make their skiing decision whether it is New Zealand or Snowy Mountains based on whether there is early snow. If they are getting into late June and there has not been much snow, even though it is almost assured there will be snow later in the year, they will start making their bookings for New Zealand.

If there is early snow in the Snowy, then they will probably say, "Okay, it's good. We're going to get some good skiing in at the Snowy." I do not know that any of us can do much about that. Certainly the timing of the good snow sport snow and the arrival early in winter has a huge influence on where people make their plans. If they get through the season and the snow has not turned out to be so good, then they still have the opportunity to make an end-of-season decision. My children and my friends choose simply because of where they can go to get good skiing. Snowy Mountains offers a different skiing experience to New Zealand, but it is not worse and it is not better. It is just quite different in many ways. Particularly if it is a wet season, it is not so good perhaps, but by the same token you can get a very cold season in New Zealand and it can be quite disadvantaged as well. I think there is a different product and different things to be marketed. I think they are probably complementary rather than competitive in the long run. In other words, we should recognise that people will make choices.

The Hon. STEVE WHAN: In regard to inbound tourism to the Snowy Mountains area versus New Zealand, a long-running problem has been getting a reliable winter air service to the region. Do you get any feedback from visitors about the relative costs of driving versus flying as a factor?

Mr HART: That certainly is a significant factor. It means it just levels the playing field for anyone making a decision. There is no longer a barrier to going to New Zealand with cost. As I made the comment before, the cost of petrol becomes quite a significant issue for any form of domestic tourism in the Snowy Mountains area. I do not think from my own personal observations, I do not have statistics that I am sure the resorts have, that people en masse make a decision, but the ad hoc evidence I have is that it just levels the playing field. My observation is that what tends to upset people and worry them a little more is whether there is good solid early snow.

The Hon. STEVE WHAN: The seasonal conditions.

Mr HART: Yes.

The Hon. STEVE WHAN: From your experience as a regional tourism organisation with Destination NSW have you any comments about the new arrangements for grants and allocation of funds and how that all works? Has that been a positive experience for you?

Mr HART: Again, I am just going to make the comment that I am relatively new into the process. I am working closely with Destination NSW on this and quarantined grant applications at the moment. I would say that the staff have been extremely helpful and willing to accommodate my newness into the process, and been available to talk over small issues or strategies at any time. I guess my experience is really of an organisational interaction and it is very positive. I am still adapting to the structure of the grants system. Probably the biggest issue that we as an organisation have had to adapt to is the new high threshold for grants, which effectively excludes small to medium enterprises from the system. That has put a new role into RTOs that we have not quite adapted to yet. I understand that some have, but we have not. We have to work out ways of bringing together small businesses to get over the \$50,000 threshold so they can put in an application. Going back to my earlier comments, the tourism industry is very much a market-driven industry. There is a huge number of independents and they are not used to necessarily working cooperatively, particularly at the small and medium enterprise level. We have not succeeded in putting together such a composite program yet. We have a long way to go actually to find mechanisms and vehicles in which local small operators will come together and work cooperatively when they are so intensely competitive on the field and on the ground.

The Hon. STEVE WHAN: You mentioned that the winter park entry fee is being used to fund quite a lot of tourism infrastructure for the region. What are the alternatives?

Mr HART: The interesting thing is that the tourism infrastructure is very strong in the Kosciuszko National Park, but is the same rationale applied to other national parks around Australia? Do they work on the same form of cost-recovery basis? I suspect not. There is a more commercial criteria to user pays being applied in Kosciuszko National Park, I suspect, than elsewhere in national parks around New South Wales. But that is a suspicion. I do not have hard data on that available to me. My background in recent times is working as an environmental scientist and researcher. One thing I have noticed is that there used to be quite a strong education program run by National Parks for summer visitors based around school education programs. That appears to have been eliminated almost. When I was talking to Parks staff over Christmas about that they simply said they did not have anything planned. I understand how important the winter economy is, but there is also a big focus to grow the summer economy and the unique feature that is really competitive against the New Zealand ski resort areas is the national park and the environmental tourism opportunities it presents. We seem to be seeing the National Parks and Wildlife Service actually retreating from that opportunity.

The Hon. STEVE WHAN: Do you think that is because of lack of resources within the organisation?

Mr HART: I am not sure. The staff are very circumspect, very professional, but I got the impression that they had not adjusted their priorities necessarily to ensure that when it came to the budget restructuring the Government has undergone in recent times. Maybe there is an opportunity to restructure the focus of the National Parks and Wildlife Service to offering more of those sorts of environmental education opportunities during the non-winter season, which we see as the largest unreachd potential of the Snowy Mountains area. It may well be the competitive factors mean that the ski season areas will be relatively stable, but the growth opportunity to us is what is unique about the Snowy Mountains compared to other ski resort areas, and that is the national park and the wildlife education opportunities. My observation, not based on any specific statistic, is that that is diminishing even faster than a lot of other areas where the Government has had to make restructuring cuts.

The Hon. STEVE WHAN: I refer to special rate levies and surcharges for tourism, which you mentioned in your submission. Would you like to give the Committee your opinion on the contribution of those sorts of rates, whether they are appropriate and how they should be collected?

Mr HART: I should probably not talk too much about New Zealand, but I will reflect a little on it. Queenstown Lakes District Council, which covers an area that has the same population as the Snowy Mountains region, supports three independent tourism organisations to the tune of \$4 million a year by special rate. Many people say it is a great system. It rates all commercial property. Any owner or tenant of a commercial property—not residential, industrial or agricultural—automatically becomes a member of the tourism organisation. As a result, the tourism organisation does not have to go around chasing individual membership fees, which is a big resource cost. There is one council covering the same population supporting three independent tourism organisations with grants of more than \$4 million a year. We get \$80,000 a year from four local government organisations, plus some assistance for individual projects. The councils are stuck with implementing statewide policies around rate setting. There may be a special case in that regard.

Having made those comments, I will qualify them. My observation of the New Zealand situation is that those organisations have used a large portion of that grant income to hire more staff. I am not 100 per cent sure that the money is being used efficiently. They do a lot of promotion work, but I wonder about that given the number of employees they have. We have two employees in Tourism Snowy Mountains. The Queenstown Lakes area has a total of 20 employees. There is always a risk that if you bring in more fixed income it will not necessarily be spent as intended. I do not know that special rates at the level of the New Zealand example are warranted. But our limited ability to raise income has a huge impact on what we can potentially do.

The Hon. LYNDIA VOLTZ: Is the entry fee for national parks static or does it change from peak season to off-peak season?

Mr HART: There is a difference between summer and winter. I think the summer fee is \$16 per car per entry and the winter fee is about \$30. I have a three-year pass. I found that much more economical than paying per entry. I am not 100 per cent sure, but it is that order of magnitude.

The Hon. LYNDIA VOLTZ: How much of your tourism comes from the regional area—for example, Canberra and Jervis Bay—and how much comes from outside, specifically the Sydney market?

Mr HART: About 40 per cent is regional, that is, within two to three hours' drive, another 40 per cent is from Sydney and the North Coast and about 20 per cent is from interstate. It is roughly that order of magnitude. That is based on my own observations, but I have asked the resorts and they say that is about right—it is the same for them. I am not sure whether the National Parks and Wildlife Service asks for postcodes when people enter parks. Many people do that to get an estimate. That may be possible, but I am not sure.

The Hon. STEVE WHAN: The National Parks and Wildlife Service gets that information from people who buy an annual pass, but I am not sure about the others.

Mr HART: I think the visitor centre often asks for postcodes. But they might not have time in the busy season.

The Hon. LYNDIA VOLTZ: I understand that the National Parks and Wildlife Service does a rough sample.

Mr HART: It is interesting that in some of the smaller towns in New South Wales if you walk into the visitor centre you are greeted and asked for your postcode. They will then talk about what you want to do. The postcode information is incredibly valuable, but spot sampling provides the same information. As a general observation from talking to accommodation operators, it is about 40:40:20 between local, statewide and interstate. There is very little in the way of international tourism in the winter.

The Hon. JAN BARHAM: I want to follow up on the point you made about research and how much you know about what people are looking for, why they come here, and whether they would stay longer if something else were on offer. How much research is being done and how much can that inform how you plan for the future?

Mr HART: The research has been done periodically during individual campaigns in past years. We are certainly not resourced to do any research whatsoever. Our gross income is \$240,000 a year. We have no ability to do any research like that.

The Hon. JAN BARHAM: Is there a strategic plan? If so, what informs it?

Mr HART: We have a destination management plan. The winter snow-bound season, particularly during the school holidays, is very busy, but the accommodation occupancy rate outside that season is appallingly low—it is around 25 per cent. The opportunity to grow the economy without necessarily growing a great deal more in fixed assets is obviously in the non-ski area. That has been the focus of Tourism Snowy Mountains. The resorts have very active, professional and competent campaigns to attract skiers, and we do not attempt to replicate that in any way. They are far better resourced than we are. However, many of the opportunities lie in the non-ski season for small to medium enterprises and for Tourism Snowy Mountains to add value by bringing them together in campaigns.

What we have definitely seen and what we can identify within the Snowy Mountains region are the unique features that differentiate us from other tourism destinations; that is, the national parks, the wildlife and the heritage elements. That includes the Snowy Hydro Scheme through to the old goldfields and everything else like that. Of course, I am talking about the broader Snowy Mountains region, which includes over to Tumbarumba and Khancoban to Tumut. Canberra is on the edge of that and it has a couple of national parks. Even though they are in the Australian Capital Territory, we see them as broadly in the same region from a visitor perspective. Of course, the area includes Cooma and almost down to Bombala. That area is about 150 kilometres by 250 kilometres. There is a huge diversity of outdoor and nature experiences, from fishing and recreation through to the flora and fauna of the area.

The Hon. STEVE WHAN: Do not forget mountain biking.

Mr HART: And motorbikes. That touring group, whether they are in cars or on motorbikes, still likes the opportunity to see what else is there. That nature and heritage tourism, particularly given that they are often touring in the summer season, adds value to their visitor experience in the region. We see that as an opportunity for development.

The Hon. JAN BARHAM: Are you trying to develop that sort of packaging of longer stays for family groups to come together and to do a variety of things?

Mr HART: Family groups, touring individuals and people in my age group—the baby boomers. Some members might be familiar with the Charlottes Pass area. It is particularly picturesque. It is lovely to go to Charlottes Pass and to visit the lookouts and to see what has been put together by the National Parks and Wildlife Service. My wife and I visited the area at Easter this year and we were the youngest people there. There is a huge visitor opportunity in the non-sports season for the semi-retiree or the retiree who has time and a reasonable level of fitness.

The Hon. PAUL GREEN: What do you think we are not doing to capitalise on that? Where are the holes?

Mr HART: The hole is that our promotion is very much focused on the snow sports. The area is called the Snowy Mountains, but I think the opportunity lies in the touring visitor and the three non-winter seasons. There are different experiences at different times. Our website is pretty much the same year in and year out. One of the proposals we are putting together at the moment involves the Regional Visitor Economy Fund and relates to the redevelopment of our website. We will have two completely different websites—a summer promotion website and a winter promotion website. People do not go to our website to research touring the Snowy Mountains in March and April; they do it in the latter part of winter as the sun starts to get warmer and they think about what they will do. We will have two personalities—a winter sports personality and a recreational touring, outdoors, nature and heritage personality.

The Hon. PAUL GREEN: The name in itself disengages the second season—the "Snowy Mountains" comes with a context.

The Hon. STEVE WHAN: Yes, but do not try to change it. We had a bit of a fuss about that.

The Hon. PAUL GREEN: Is that so?

The Hon. STEVE WHAN: Yes.

Mr HART: One of the interesting things about the non-snow season is that the winter season generates a type of fauna that is unique to the area. There is nowhere else in Australia that has so much snow in winter. Being able to visit those areas in spring, summer and even in autumn and to see the impact that the snow has is remarkable. A book entitled *Kosciuszko Alpine Flora* contains all the alpine flowers and it is my six-year-old granddaughter's favourite book. There are many opportunities to do that, but we must start to develop the two personalities. That is a challenge for any tourism area.

The Hon. JAN BARHAM: That is my point. The Taskforce on Tourism and National Parks report identified that nature-based tourism is a high priority. However, there is little indication that that is being recognised, enforced and built on. A New Zealand campaign targeted that non-snow holiday to those having snow-based holidays; that is, encouraging them to come back and see the other personality of the same place. There has been comment in the media about the impact of climate change on the snow season. There is a very strong focus on action by the Canadian and American ski industries. What is the local position?

Mr HART: One of the unique things about mountain climates compared to lowland or coastal climates is this incredible variability, both within a season and year to year. That lack of stability makes it hard for us to see a pattern. This year was not a great snow season, but it was typical of many others. There are some very good snow records going back quite a long way on the Snowy Hydro website. This year's snow season was typical of many others in the past. There is no doubt that there is some climate change occurring, but what impact will it have? Will warmer weather mean that there will be more humid air and therefore more moisture available to be dropped down as snow, providing that you have the altitude? I do not know the answer to that question. Will warmer temperatures mean that between snowstorms you get rain instead of just going from snowstorm to snowstorm with a nice dry cool period in between? The science is very much urban environment-based. That is what people are interested in: What is going to happen in my city; what is going to happen to the tide levels in my town? It is very hard for us to see those variations.

The Hon. JAN BARHAM: Quite a bit of specific ski industry reporting is being done and scientific analysis of the impact in Europe, America and here. Are you taking that into account or defining how you might further investigate or lobby the Government about the potential?

Mr HART: I think it is a watch and see situation for us. The Snowy Mountains are unique in that most of the alpine areas where there are ski fields elsewhere have some retention of summer snow nearby. We have none whatsoever.

The Hon. PAUL GREEN: Everyone is talking about climate change. Are there extreme variations in the evidence that you have or are they consistent with a pattern of 50 years of the snow and ski industry here?

Mr HART: To me, there really is no strong pattern that is evident yet. We have just experienced a fairly poor season, so using the Snowy Hydro records because they have a good record comparison system of the snow fall pattern, I went back to see how that compared. I found very similar years to the year we have just had quite frequently in the past. The sheer climatic extremes that you get in alpine environments make it harder to pick up patterns compared to areas where the weather is inherently more stable.

The Hon. JAN BARHAM: The submission refers to the opportunity or the need to stem the leakage to offshore destinations, but you are not proposing how. Has there been any thought about what can be done? In the past I have heard and read that some people have talked about whether or not the Government can play a role in offering some sort of tax incentive to get people to holiday at home. If they take their family holidays at home then there is some advantage to them doing that. Do you think that government intervention would be worthwhile to provide some encouragement by way of a tax break?

Mr HART: That is not immediately clear to me. I think the commercial operators may have a stronger view for or against that. My observation is, in fact, skiers now have the freedom to make a decision with almost a week's notice. They plan their annual leave and decide where they are going to take it based on how things unfold in the ski season. There has been a reduction in the barriers to access alternatives, and that has made the change so much easier for an individual to make at any one time, and no amount of government intervention will change people's desire for freedom.

The Hon. JAN BARHAM: You do not think incentives will make a difference?

Mr HART: That is a different question. I do not know the answer to that question. From my observation, I think that will be overwhelmed by the loss of barriers to people making short-term quick decisions to change their mind and go somewhere else. There might be a systemic benefit in that, but I do not have the knowledge to assess whether or not there would be a systemic gain.

The Hon. JAN BARHAM: There is a comment about the seasonal nature of the labour force and the viability and maintenance of that labour force. What is being done to address that? Is there some way of trying to retain those staffing levels?

The Hon. PAUL GREEN: In the training and skills-based area.

Mr HART: There is a highly mobile casual workforce that goes around the world and the best thing that we can do is offer certainty to those people when they come to the Snowy Mountains. That is difficult when the snow season is in fact not in our hands. This year was difficult because a lot of people came early in the season ready to start and then it was some weeks later before they actually started earning money, and that can be quite difficult for a casual workforce. I do not have a solution, but I see the problem. One of the opportunities to deal with that is to broaden our season that attracts them into the summer season so that we are less reliant on a casual international workforce, and we can offer more opportunities for year-round stability. That is where growing our other three seasons—spring, autumn and summer—of tourism will provide more short-term opportunities and stabilise things and remove the extremes of the winter people.

The Hon. PAUL GREEN: How does it work when you have so many overseas workers arriving and you are a month behind because the snow is not there?

Mr HART: The ski resort representatives can probably comment in better detail than I can. My observations are just personal, but most of that work is casual.

The Hon. PAUL GREEN: So they have board and lodgings, but no pay?

Mr HART: Many of them get together and form group apartments and they rely on their savings from their last job to get them through. Obviously if the snow is late coming there is less seasonal work, less casual work and so some may abandon the area and say, "This is going to be too short. I am going to find a casual job somewhere else." Others may say, "I am going to stick it out", and hope to make a little more because there will be less people around. When I talk about issues like the market economy, that even applies to the labour economy in the area that is highly market driven. If there is late snow it is quite unsettling for those people because they start to dip into their savings.

The Hon. PAUL GREEN: Are there any areas that have a skill shortage?

Mr HART: Again, those from the resorts can comment on that, but my observation is that because it is a reasonably mobile international workforce, they bring the skills that they have acquired elsewhere, so there is probably more skill shortages in the summer period when these people have moved on to other Northern Hemisphere resorts rather than during the ski season itself.

The Hon. PAUL GREEN: You are talking about transitioning to a double economy and taking advantage of the summer. Do you think that the national parks are under-utilised in that area?

Mr HART: Yes is the short answer. The overwhelming weight of promotional and visitor support information when they arrive is really geared towards the ski season. National parks have some very good brochures, but there are big gaps in them as well. If you arrive in the area and you can identify your level of fitness and you want to think about the walking tracks for you, there is limited information around those. There is great online information. The website is tremendous. If we know we have got visitors coming to stay, we will search the website. I am thinking now if a casual visitor arrives, there is limited information to say, "I have a walking ability of this range. What are my options?" There is a linkage between the overall area and "What can I do today?" The information needs to be more readily available to visitors when they arrive.

The Hon. PAUL GREEN: Our inquiry has heard, for instance, the way national parks are managed in the United States, what you can do in a national park in the United States and the experience achieved. We are so far behind offering that sort of opportunity, yet it sits before us. Would you hold that view?

Mr HART: That has been my experience in many areas—not in all, but in many areas. Some of the local governments on the periphery of the park, Tumut and Tumbarumba, have some very good material about their own area and they provide some very clear routes through to visitor experiences. There is tremendous information available about the iconic Kosciuszko National Park but for people who do not have a mobile phone or an iPad, it is a bit hard to access that information so they tend to go to the information centre. There are very helpful people there, but the information tends to be based on a relatively narrow demographic compared to the broad demographic that visits there.

The Hon. NIALL BLAIR: I want to follow up on national parks. Do national parks have a seat on your regional tourism organisation board?

Mr HART: Not yet, no. I have commenced discussions and we hope to achieve that.

The Hon. NIALL BLAIR: Were they involved in the development of your destination management plan?

Mr HART: The short answer is not the document itself, but in the structural discussions around the shape of the regional tourism organisation and what we call the Gibbs report, which was a structural set of discussions, they were involved at that level.

The Hon. NIALL BLAIR: Surely your ability to increase participation in mountain biking or fishing, or those other adventure-type activities in national parks such as horse riding, and also your ability to have an influence on what you described as the limiting factor such as the fees to enter the park are all subject to national parks and their participation. Surely national parks need to be involved for you to achieve your direction?

Mr HART: I absolutely agree.

The Hon. NIALL BLAIR: You say you have had discussions with them.

Mr HART: I have discussions planned. Discussions were held a couple of years ago before I was involved in the board around the structure of the regional tourism organisation. Because of the way that funding was evolving there was a need to ask the State organisations to front up with some capital. National Parks was not able to do that, so it was outside the organisation. The local government areas, the resorts, and Snowy Hydro all fronted up with some cash to keep the regional tourism organisation operating, so they were involved much more actively. Now, I have taken a different view around that. It is not just a case of measuring the cheques that are written, but what it is the contribution to the area.

The Hon. NIALL BLAIR: Is it your view to have them on the regional tourism organisation?

Mr HART: Absolutely.

The Hon. NIALL BLAIR: Again, when we look at the next review of the management plan, or having input into that, surely that would mean—

Mr HART: My hope is to have a director from the National Parks and Wildlife Service on the board within months, not another year or so. That view is now shared by the board. We have gone a little bit away from the hardline view that to get a seat on the board you needed to make a financial commitment to the organisation. We recognise that is not going to happen. We are disappointed, but we recognise the realities and so we have to say, "How do we build a different type of relationship with an organisation that is a cornerstone stakeholder in the area?"

The Hon. NIALL BLAIR: What is their response to the destination management plan? Do they support it?

Mr HART: I have not discussed it with them. I am not quite sure. They have not given us a formal response.

The Hon. NIALL BLAIR: I do not want to harp on it, but surely to be able to achieve some of these things you would need some response from them, and hopefully some support?

Mr HART: I would like to see active engagement as partners rather than what evolved a couple of years ago when they were unable to make a financial contribution to the regional tourism organisation, so I absolutely agree with you, as the new chair, and the board supports that. We are now actively working towards bringing them into the organisation.

Mr SCOT MacDONALD: Can you tell me what date is proposed for Canberra airport achieving international status?

Mr HART: I do not have the date at hand, but I think it is within the next year or so.

Mr SCOT MacDONALD: Will that change your thinking? You say we are losing ground to some of the cheap holidays overseas. With Scoots coming here or Asia Airlines, is there any thinking that is going into holiday packages?

Mr HART: We do not have a specific plan, but our view is that that will happen. The airport recently announced they are going to build a major hotel at the airport itself, so that enables international visitors to fly in, for tour operators to assemble tours and bring them through tours. My personal view is that it will probably have a bigger impact on the recreational tourism rather than the snow sport tourism. Already there are quite a number of operators who bring bus tours through the area in summer. They base themselves typically in Jindabyne, but sometimes in Cooma, sometimes even in Tumut, and they then go out on day trips to the caves, to Charlotte's Pass, to Thredbo and all the other sites around the area and are normally here for a week.

We are seeing local tour operators bringing domestic visitors through on that model. Canberra airport will enable those operators to become much more professional and even attract international visitors. The other part of that is that we have a large number of international students in Canberra and almost every international student has their parents come to visit them at least once during their degree, and sometimes it is more often. We see a lot of them rent a car and go for a two-day or three-day trip to the Snowy Mountains with their student son or daughter. That is a new aspect to family tourism. It is very similar to Australian domestic tourism but built around the international student community in Canberra and their parents from overseas coming to visit them. So there are lots of opportunities around that.

Mr SCOT MacDONALD: A few people have made comments about the relatively high national parks fees coming in. I think I heard you say that you have an environmental science background so I want to ask you about this. Do you have any feeling that the fees are high but they are warranted given the high cost of the alpine country and managing the waste, water and the other externalities that national parks are trying to cover?

Mr HART: Without understanding in detail the national parks budget, my impression is that the infrastructure that is supporting the industry, which is relatively invisible to be visitor, is probably absorbing most of the budget that they are allocating to that area. The visitor experience is built around there being an incredible variety of flora and fauna. They do not appear to take the balance of those fees. So as their budget has been pulled in different directions they have really focused on just maintaining the infrastructure and the actual interaction with the visitor has been greatly diminished. So, and I say this not being fully familiar with their budget structures, it would certainly assist the visitor economy if we were to see a greater range of activities that interface with the actual visitors in the non-ski season.

Mr SCOT MacDONALD: So you are saying that the national parks fee is a barrier to some?

Mr HART: We believe it to be a barrier. It is not a barrier to the people who come, because they have already got here; but it is a disincentive when people are considering options and how often they might come. Certainly the first time I went to the snowy mountains, which was about 10 years ago, I was just astonished by the fee. So when we decided to go into the park we would plan a bit ahead so that we could get the most out of our visit, until I decided to get an annual pass. I think first-time and non-experienced visitors are astonished by the fee. People who are regular visitors have got used to it. That may be a factor in why our visitor levels are so stable and why growth is so hard to achieve—it is a barrier to the growth rather than a barrier to maintaining our current position.

CHAIR: I have only one question. You mentioned that you are not aware of or do not understand fully all of the government policies, but are you aware that Destination NSW runs workshops?

Mr HART: Yes.

CHAIR: Have you participated in any of those?

Mr HART: No, not yet. I have only been in this role for a couple of months. I was booked into one but was unable to attend due to health reasons. Indeed I am very aware of their very active program. Destination NSW staff have offered to come to our board meeting to give us the seminar rather than having to drag all of our board along to one of their seminars. They are very proactive and very helpful, and that is much appreciated.

CHAIR: Unfortunately we are out of time for questions. Thank you very much for appearing here today.

Mr HART: It has been my pleasure. Thank you for listening.

(The witness withdrew)

JOSEPH GEORGE VESCIO, General Manager, Snowy River Shire Council, sworn and examined:

COLIN JOHN STEWART-BEARDSLEY, Councillor, Snowy River Shire Council, and

GLEN EWAN WATERHOUSE, Economic Development Officer, Tumut Shire Council, affirmed and examined:

CHAIR: Thank you very much for appearing before the Committee today. Would any or all of you like to make an opening statement?

Mr VESCIO: Thank you for the opportunity to provide evidence to this inquiry. The Snowy River Shire is located in south-eastern New South Wales and covers an area of over 6,000 square kilometres. Within our boundaries are located Australia's premier ski fields. Councillor Stewart-Beardsley will go into the importance of tourism to the economy of our shire. I will discuss the social value and ever increasing cost to council and therefore the community of maintaining the infrastructure to support tourism along with other issues for the committee to consider in its deliberations.

As council pointed out in our submission, Snowy River Shire is quite different to the vast majority of rural communities in New South Wales as tourism has for some years surpassed agriculture as our largest industry. Energy generation and water is also of greater value to our shire's economy than agriculture. From a social perspective, tourism or services associated with tourism employs over 51 per cent of the shire's working population. Any threat to this industry would have dire consequences for both our economy and the community at large in our shire.

Information available in the recently released annual report from Tourism Snowy Mountains points out that the backbone of our tourism—that is, winter skiing—is flatlining, and has been for a number of years. Within Australia the Snowy Mountains was identified as the region with the fourth highest level of the economic importance of tourism to the local economy and community. Within New South Wales the Snowy Mountains has the highest level. Therefore the future of tourism in the Snowy River and Snowy Mountains area is important for the economy of not only our local community but also the State.

An issue which affects the local economy and the social fabric of our community is the large influx of workers over the winter months. Although the majority of employment take place in the ski fields located within the national park the greater majority of workers reside within the shire's largest township: Jindabyne. This places an extra burden on council's infrastructure services and resources, which are much less utilised in the remaining nine months of the year. With no available public transport within the shire, how to get to and from work becomes an issue for these seasonal workers. There is also a payday party that occurs in Jindabyne on a Wednesday night that affects amenity for the long-term residents.

Our infrastructure has been built for and designed to cope with the winter peak. As mentioned in our submission, council will contribute to the achievement of the overall objective of growing our summer tourism. However, greater year-round usage may have an impact on the life of that infrastructure and our long-term financial planning for that infrastructure, its ongoing maintenance, management and possible future requirements to increase capacity. We have looked at things that can help grow the economy outside of winter. One of things we have looked at is the possibility of educational tourism. We would like to build a centre at some point—what we call the high country learning and information hub. This would provide a facility for universities to use to run intensive one-week and two-week courses in our shire. There are issues with the Australian National University and the University of Canberra running those courses in Canberra when Parliament is sitting so we see that as an opportunity outside of the winter months. We have put that proposal forward a couple of times. Our former State member is aware of the project and has supported us in the past.

A concern we have—and this is relevant not just for the Snowy River Shire Council but for any council where tourism is a major industry and employer—is that where commercial tourism activities happen in a national park there is no contribution to the rates of the local shire made by those operators. We find it incongruous that commercial activities in a national park are rate exempt. We understand and agree that national parks should be rate exempt but we question the value of commercial activities in a national park being rate exempt.

Mr WATERHOUSE: Thank you for the opportunity to present the views of the Tumut Shire Council. Tumut Shire is in the north-west of the Snowy Mountains region. From an economic viewpoint it is the most diverse economy of the shires in the Snowy Mountains region. In fact we have an economy heavily dependent on the timber industry. That said, tourism is a significant industry and an industry that we recognise as one with the potential for growth and to contribute to our future in the region. The key focus of the submission by the Tumut Shire Council is the special rates levy to support tourism initiatives. Our submission questions some of the assumptions and presumptions that sit underneath that decision.

Supporting tourism in any local government area should be justified on an economic development basis—that is, employment creation, population growth and long-term expansion of the region. So if the local government area were to collect a rates levy for economic development then those funds should be allocated to those activities that provide the community with the best return on investment. In a diverse economy such as ours that could be the timber industry, it could be horticulture or it could be educational services—and there are other opportunities to consider if there was additional money available for economic development.

The local government area [LGA] revenue model is based around cost recovery and asset replacement and usually represents less than 100 per cent of the revenues of the LGA. Again, there is no creation of discretionary spending coming out of rates levies. Bringing in a specific tourism levy would be a new direction but there is no absolute proof that tourism is the best return on investment if there were discretionary funds available. In a similar vein, as a generalisation, LGAs are not providing marketing support to any other industry. Most primary industries and professional associations have industry-based membership organisations that impose marketing, and research and development levies and self-fund. The implication there is that perhaps there is more the tourism industry could be doing for self-funding and for development.

Likewise in the background of return on investment, tourism in real terms has not grown since 2000 and 2001. I am citing the report of the Tourism Research Australia [TRA] forecasting committee in making that statement. Plus there is an analysis in our submission at a New South Wales regional local level. Compounding that, tourism growth tasks such as the doubling of the visitor spend when expressed in nominal terms creates an issue where inflation will contribute 30 to 40 per cent of that objective. Also at the moment it is interesting that this committee is termed a tourism inquiry, Destination NSW is promoting the visitor economy and the significant difference is travel to areas for purposes of short-term employment. We have massive travel into our area for short-term employment in the timber industry. That is a huge part of our visitor economy but that is not a justification for spending huge dollars on marketing to get recreational visitors there; that is wealth creation generated by another industry.

An opinion I have is that the tourism industry in terms of marketing seems to have an obsession with advertising spend. I have done a little bit of research. My understanding is the retail industry spends about 2.5 per cent of its turnover on advertising. The tourism industry in Australia is somewhere between 5 and 7 per cent. The idea of attracting ratepayer funds to have it spent on advertising, which will vary in its effect based on the quality of the campaign, the timing and whole lot of other factors may not be the best use of ratepayer funds. Also the bulk of the issues in growing the tourism industry are macroeconomic. Examples include the high Australian dollar and the value of overseas travel versus the cost of petrol. I am not sure of the economic argument that says ratepayer funds working at a local level are actually going to change the size of the industry. It is going to have far more impact on market share rather than on changing the total revenue available.

Moving towards being constructive and looking at solutions, there is a need for LGAs to focus on improving local infrastructure. Especially if that infrastructure is funded by the ratepayers, there is a return on investment to the primary source of funds and a spin-out benefit to the visitor economy at the same time. The businesses and governments that directly receive income from tourism from an economic viewpoint should be the primary funders of tourism rather than having a cross-subsidy coming in from other industries to support the tourism sector. Grant programs should be tailored to try to leverage industry contributions. In some of the recent examples going through where the local governments are contributing to market campaigns you have public funds provided by the State Government grant being leveraged based on public funds being provided by ratepayers. Where are the beneficiaries in that process? Overcoming that \$50,000 threshold is another issue. The Tumut region tourism industry is totally small to medium enterprises [SMEs]. We do not have industry corporate players.

CHAIR: I will interrupt you there, just in view of the time. We can come back to you at the end if you would like to make any additional points. Councillor Stewart-Beardsley, would you like to make an opening statement?

Mr STEWART-BEARDSLEY: My presentation is on the value of tourism to the Snowy Mountains area. My qualifications are a PhD from the land and management department of a five-star rated university in the United Kingdom. Before academia I was a member of the Australian Stock Exchange and a senior partner in capital markets in a stockbroking firm, so I have raised a fair amount of money for government. In submitting this evidence I am drawing on two independent studies of the economic impact of tourism in the Snowy Mountains. These are from Tourism Research Australia and also from the State of Victoria Alpine Resorts Coordinating Council. Australia has 84 tourism regions. Fourteen of them are in New South Wales. The measurement of tourism output is quite simple in the way that these people look at it. It is total tourism expenditure over total output of the region in which the expenditure is held.

CHAIR: Sorry to interrupt. We will table your statement if it is written out because otherwise we will run out of time for questions.

Mr STEWART-BEARDSLEY: I will table it.

Mr VESCIO: I will also table mine because I cut it short.

The Hon. STEVE WHAN: It is useful to have all of your work, which will be included in our records for this inquiry. Mr Vescio, you spoke about public transport, which I know is a long-running issue. Will you talk about the issues with bus services to Jindabyne, Thredbo and the Snowy Mountains?

Mr VESCIO: One of the concerns is that the CountryLink bus service follows the old railway line. It comes from Queanbeyan, through to Cooma, through to Nimmitabel, Bombala and on to Victoria. It does not come through the major tourism destination down there, which is Jindabyne, because it follows the old line. There is a way you can do it where you go to Cooma and instead of going to Nimmitabel you come up to Jindabyne and then you go the back road down to Dalgety and on to Bombala down the Snowy River Way. We have been lobbying for that for years and nothing has ever happened.

The Hon. LYNDIA VOLTZ: Has anyone given you a reason for why they will not change the route?

Mr VESCIO: I can forward you the correspondence, but it just never seems to go anywhere. John Barilaro, our local member, was hopeful of getting a trial up but nothing has come of that trial. It would add to the ability of people to get into Jindabyne and into the national park if CountryLink actually came to Jindabyne. We have then got the issue of the casual workers that come down there. They live in Jindabyne because the resorts do not want them living up in the resort because they could be renting out those rooms. They live in Jindabyne and in some cases Dalgety or Berridale and they have got to get from there to the resort to work. The resorts put on buses for them and they come from Jindabyne but they park in a council car park that we have to maintain. They make no contribution to the maintenance of that car park, but we need it because otherwise they are all hitchhiking up the road and it is not something that we—

The Hon. STEVE WHAN: A lot of them do hitchhike.

Mr VESCIO: I know a lot of them do. They stand at the corner of the Barry Way outside the grammar school and hitchhike.

The Hon. STEVE WHAN: You spoke about levies and I think there is a difference of opinion between two of you. I notice Snowy River Shire Council has grappled for a lot of years about how to rate a special levy for tourism. You mentioned that the resorts would not contribute to that because they are not rated. What is the community thinking about rating?

Mr VESCIO: From a Snowy River Shire Council point of view we do not believe a rate levy is the answer. Our rate base is about 25 per cent of our total income. We raise about \$5.5 million a year from rates. To get a reasonable budget for the Regional Tourism Organisation [RTO] you are looking at a minimum 50 to 60 per cent rate increase in one hit. That is on the total rate base. How are you going to convince a farmer that he should be paying a levy on his rates to support tourism when every time they sell wool or cattle they are getting a levy to support the marketing of that product?

Council's view is that there should be a bed levy. If you look at the annual report from Tourism Snowy Mountains [TSM] last year there was over \$2.8 million visitor nights within the Snowy Mountains. A \$1 levy

would raise \$2.8 million. Say you allow 10 per cent for collection that is about \$2.5 million that the RTO would have available to them for their budgeting, their operations and their marketing. From a council perspective we would argue that you make it \$2 and the other \$2.5 million can come to council to help maintain the infrastructure that we have to maintain to support tourism such as the appearance of our parks and the appearance of our public toilets. It is important for little through-towns like Berridale where people are on their way to Jindabyne. If we have got a clean toilet, a nice park for the kids to play in and a cafe that makes good coffee nearby people are going to stop and spend in the town. Maintaining that infrastructure is a concern for council. If we had, as council would argue, a \$2 levy and not a \$1 levy half could come to local government to maintain that infrastructure.

The Hon. STEVE WHAN: Councillor Stewart-Beardsley, I have seen the Victorian resort studies on the economic impact of the winter resorts. Do you have any details on whether there has been growth in the summer tourism value since that has begun to be pushed?

Mr STEWART-BEARDSLEY: No. That is not answerable.

The Hon. STEVE WHAN: Summer tourism has certainly been a focus for a few years for the Snowy Mountains, has it not?

Mr STEWART-BEARDSLEY: Yes, it has. We have got to get summer revenues.

The Hon. LYNDA VOLTZ: Mr Waterhouse, Snowy River has put the worth of the tourism industry at half a billion dollars. Do you have a dollar figure for the timber industry?

Mr WATERHOUSE: In Tumut Shire alone the timber industry value of production at mill gate is about \$470 million. Tumbarumba is about \$150 million and Bombala is part of the tourism region as far as Tourism Research Australia. It has also got significant timber activity as well. Across the same footprint the timber industry would have a greater dollar value.

The Hon. PAUL GREEN: How sustainable is that?

The Hon. STEVE WHAN: It is all softwood plantation.

Mr WATERHOUSE: We are 100 per cent softwood. The best demonstration of sustainability is that Visy have invested a billion—

The Hon. PAUL GREEN: It is indefinite?

Mr WATERHOUSE: At least 40 to 50 years and sustainable.

The Hon. LYNDA VOLTZ: I am interested in the marketing arguments. Tourism is not as linear as the timber industry and marketing becomes crucially important. The New Zealand 100 per cent pure campaign is a good example of a big spend that changed the market. Recently my daughter went to the Snowy Mountains with her school. That has not happened in the past. Tourism is built around the concept of getting tourists to a site and if they have a good experience you tend to get repeat visits. I am not familiar with schools visiting the area in the past. I am wondering if there is a shift towards getting schools to come into the regions, given that 80 per cent of your market is within the New South Wales.

Mr VESCIO: I am originally from Sydney: all my kids did the same thing. They have all been down to the snow with school.

The Hon. LYNDA VOLTZ: I never went.

Mr VESCIO: I never went, either, but apparently kids do now. The sport and recreation facility at Jindabyne is used as a good example. I would say you could check with Sport and Recreation in Jindabyne. A lot of their occupation during winter is with school groups. Berridale has actually built its winter tourism motel accommodation around the school groups. I have forgotten the name of the motel but it is in the street behind the council. You drive down there in winter, and there are just school kids running around everywhere at night.

The Hon. LYNDA VOLTZ: That is reassuring.

The Hon. JAN BARHAM: I wish to ask a question about the issue of holiday lets, which has been raised. What else can you tell us about the problems you have associated with that and what action, if any, that council has taken to rectify the situation?

Mr VESCIO: The issue with holiday let is that it is a normal residential apartment. One of our councillors does it. They only rent the apartments out during winter. They get somewhere around \$500 a night, so \$3,500 for the week. They compete with motels and hotels yet, under the rating system—because it is a residential apartment—it is rated under the residential category, not under the business category whereas a motel and a hotel are rated under the business category. We believe that is unfair. They have to be approved under our local environmental plan [LEP] and we have issues with the Department of Planning now around that and we are arguing with them.

The Hon. JAN BARHAM: Are you saying the ones that do it now get an approval?

Mr VESCIO: Get an approval.

The Hon. JAN BARHAM: They do?

Mr VESCIO: They do get an approval.

The Hon. JAN BARHAM: They do a development application [DA]?

Mr VESCIO: They do a development application [DA] and they get an approval.

The Hon. PAUL GREEN: Residential?

Mr VESCIO: It is residential, but we believe under our local environmental plan that if you rent it out for holiday accommodation, you need an approval. The department wants to change that and we are having arguments with them over that. Now, the concern we have is twofold: we have to police them because some people cram beds in some incredible places to get those extra dollars.

The Hon. JAN BARHAM: Yes.

Mr VESCIO: In response to the question you asked about what we have done, we have had a motion carried at the then Shires Association to support a change. We wrote to the then Minister and the Shires Association wrote to the then Minister for Local Government but the then Minister would not countenance the change to the legislation.

The Hon. JAN BARHAM: The change was to allow it to be rated?

Mr VESCIO: The change was to allow holiday letting apartments to be rated as business not as residential.

The Hon. JAN BARHAM: Because it is actually costing you.

Mr VESCIO: It is a higher rate because a residential apartment we do not have to monitor, whereas we do monitor the holiday lettings. As I say they try to cram beds in the most interesting places.

The Hon. JAN BARHAM: So when you give an approval do you not extract a contribution at that point or take advantage of putting some sort of condition or bond on them about meeting the requirements or anything?

Mr VESCIO: We do put conditions on them. We cannot levy a contribution because it has got to be part of a section 94 plan, and section 94 plans can only be for additional infrastructure. It cannot be for a service. We do condition them as to the number of beds they can have and our inspection is to make sure—

The Hon. JAN BARHAM: That is what you are monitoring.

Mr VESCIO: —that they only retain that number of beds.

The Hon. JAN BARHAM: And the experience has been that they do not comply?

Mr VESCIO: The vast majority do but you get the odd person that does not.

The Hon. PAUL GREEN: How many inspections would you do? Is it regular because normally manpower—

Mr VESCIO: Manpower is the issue.

The Hon. PAUL GREEN: Yes.

Mr VESCIO: The best time to inspect is at night because then you see how many people actually are living there or staying there. Manpower does become an issue. We have one environmental compliance officer. During winter they clock up some incredible time-in-lieu hours because we try not to pay overtime. She is off on two months leave shortly.

The Hon. PAUL GREEN: Out of your \$5.5 million that I think you said you raise by rates—

Mr VESCIO: Yes.

The Hon. PAUL GREEN: —how much of that goes out in your payroll?

Mr VESCIO: Into payroll?

The Hon. PAUL GREEN: Yes.

Mr VESCIO: Our payroll is not shored up by our rates. Rates only raise about 26 per cent of our income.

The Hon. PAUL GREEN: Right.

Mr VESCIO: Our wages bill is around \$9 million.

The Hon. PAUL GREEN: The next question comes back to your comment about commercial businesses being exempted in national parks. How do you see that we could address that?

Mr VESCIO: I think either through the licensing arrangements in the national park or a change to the Local Government Act that says commercial activities in national parks are not rate exempt.

The Hon. STEVE WHAN: What portion of it would you collect, though, because you do not do their rubbish and roads and things like that?

Mr VESCIO: No. This is the issue.

The Hon. STEVE WHAN: You would have to take out a portion.

Mr VESCIO: You could not collect the same as you would, but getting that proportion is going to be the issue. I would obviously be arguing for as high as I can get.

The Hon. LYNDA VOLTZ: I am sorry, I do not want to jump in, but when you were talking about a bed tax you are obviously talking about those ones within the national park were you?

Mr VESCIO: As well, yes.

The Hon. PAUL GREEN: As well.

The Hon. STEVE WHAN: In relation to holiday letting, is there a threshold you look at in terms of it being mainly used for holiday letting, or is it any holiday letting, such as the family house when they go away for a couple of weeks? Where is the threshold? Where is the line drawn?

Mr VESCIO: The threshold is: Is it truly being used as a holiday letting? If someone that lives there 11 months of the year goes away for a month during winter and does a house swap or lets it out, to me that is just an irregular thing.

The Hon. STEVE WHAN: Yes.

Mr VESCIO: But if all you do is make it available during those four months—

The Hon. STEVE WHAN: So it is basically when it is being run as a business and as a holiday rental, not just as someone's weekender that they occasionally let out.

Mr VESCIO: No.

The Hon. STEVE WHAN: There some way you need to be able to work out a line.

Mr VESCIO: Yes.

The Hon. JAN BARHAM: If I can just define the position: If it is ancillary—and there are big enough court cases that define it—and that short of threshold of use as a domicile; it is someone's permanent place of residence, rather than for a particular use or tourism purposes and commercial gain.

Mr VESCIO: Yes. I think the way around it personally would be that the planning Act define it as special or something that needs an approval. Once you have got the approval, you have got your database of who it should be.

The Hon. JAN BARHAM: Do you know what percentage of properties or the number?

Mr VESCIO: I do. I know the number.

The Hon. JAN BARHAM: Yes.

Mr VESCIO: I cannot remember it, but I can email it through.

The Hon. JAN BARHAM: Terrific, if that can be provided on notice.

Mr VESCIO: That would be the number. Our councillor has just reminded me: It is about 900 properties.

The Hon. JAN BARHAM: Out of how many rateable properties in the shire?

Mr VESCIO: It is about 5,500 ratepayers or rateable properties.

The Hon. PAUL GREEN: Can we just come back to a comment that you made earlier? I think the heart of this tourism inquiry is to deal with these high tourism areas with high pedestrian traffic or tourist traffic having an impact on local infrastructure. You do not have the rate base to look after it.

Mr VESCIO: Yes.

The Hon. PAUL GREEN: You mentioned the bed tax. Trying to put on a bed tax is pretty hard, if anyone has ever tried that. Are there other ways the Government could look at it to try to help fund it, or carry some of that burden? What percentage would you think would be entertained to deal with these issues?

Mr VESCIO: Generally, most of the things for infrastructure are usually fifty-fifty with the State Government. In our submission I think we put a copy of our water usage table and our sewerage usage table, and it shows the spikes. While we have 5,500 ratepayers, our water and sewer system only has about 3,500 people who get charged for water and sewer because the other 2,000 are on properties and have septic tanks and water tanks. We are looking at Jindabyne in the not-too-distant future at having to replace the Jindabyne sewerage treatment plant and the sewerage system. We are talking \$50 million. Now, for a council our size—

The Hon. PAUL GREEN: Is that on the Country Towns Water Supply and Sewerage Program?

Mr VESCIO: Not yet because we are in the early stages.

The Hon. STEVE WHAN: But it also would not be backlogged, would it? It would not qualify at the moment.

Mr VESCIO: It would not qualify at the moment.

The Hon. PAUL GREEN: So it is not on the radar even.

Mr VESCIO: It is not on the radar even.

The Hon. PAUL GREEN: What are you doing to at least prepare from the council's point of view? Are you taking some funds aside?

Mr VESCIO: We have dramatically increased our charges.

The Hon. PAUL GREEN: Subsidisation? The community subsidises tourism.

Mr VESCIO: We are putting that away and we ultimately believe we will have to borrow. We will be going to the Government and seeking support.

The Hon. PAUL GREEN: A percentage, yes.

Mr VESCIO: It not just the major infrastructure. It is the little thing like the public toilet at Berridale, which is coming to the end of its useful life. It is only a quarter-of-a-million-dollar project but we still have to go and find that.

The Hon. PAUL GREEN: Toilets are not cheap.

Mr VESCIO: No.

The Hon. JAN BARHAM: No.

The Hon. PAUL GREEN: Especially if you are building them for tourists.

Mr VESCIO: That is right.

The Hon. PAUL GREEN: They can be up to about \$80,000 to \$240,000.

Mr VESCIO: Yes.

The Hon. PAUL GREEN: People just think it is a little dunny outhouse in the back of Berridale. It is not.

Mr VESCIO: It is not, and it is the first public toilet you see when you come into our shire.

The Hon. PAUL GREEN: Yes. It needs to look good.

Mr VESCIO: It is not the impression we want to give you.

The Hon. JAN BARHAM: It is so important.

The Hon. STEVE WHAN: It is always clean, though, that public toilet. It is reliable.

Mr VESCIO: It is always clean.

The Hon. JAN BARHAM: But that comes at a cost. If you are planning for the new sewerage treatment plant [STP] of \$50 million, what percentage of that will be an additional load that is catered for to meet your visitor demand? What size? How many megalitres will you get for \$50 million—seven, eight?

Mr VESCIO: Can I get that information from our people and send it to you?

The Hon. JAN BARHAM: Yes. I am just keen to know. I spent years doing one and we had to spend an additional, on the 32 megalitre \$30million plant, \$7 million that was just for daytrippers. It is big bucks. The point you are making here is that you are referring to all of this as a community subsidisation.

Mr VESCIO: Correct.

The Hon. JAN BARHAM: Is that how—

Mr VESCIO: That is how we would describe it. We would describe it as the general community subsidising a particular industry. As Glen said in his presentation, we do not do that for the cattle industry or the lamb and wool industries in our shire.

The Hon. LYNDA VOLTZ: But you do not have a motor industry then, too.

The Hon. JAN BARHAM: But Glen also identified about whether or not the money—quite a large amount of money between State and Federal—that is spent, even locally, on marketing and whether that is good value or whether you would be better off putting that into the sewerage treatment plant or building a new toilet block.

Mr VESCIO: Yes.

The Hon. JAN BARHAM: How can we get around that? Is that a big issue for local communities to consider—the value of that expenditure by other levels of government?

Mr VESCIO: I think the community would expect other levels of government to be contributing to that marketing expense. I am not sure they expect their local council to be contributing because I think people see the rates they pay as being to get the garbage collected or the roads fixed or the footpaths or the parks maintained and the public toilets maintained. But in communities like ours, the councils do take on other roles that in a major town would not be provided by council. We are the biggest community services provider in our shire because the non-government organisations [NGOs] just are not there. They do expect us to provide other services. But when you get down to it basically, your ratepayer wants those basic services that councils would traditionally provide.

Mr STEWART-BEARDSLEY: Roads, rates and rubbish: that is what they really want. We have a rate base of \$5 million. To put that into perspective, Perisher pays \$5.5 million every season for advertising. It advertises more than we collect in rates

Mr VESCIO: There are big bucks thrown up the hill.

The Hon. JAN BARHAM: But does it deliver?

Mr WATERHOUSE: Not to Mr Perisher.

Mr STEWART-BEARDSLEY: It must do for Perisher because they are business. I am just trying to put it into a perspective that we do not have the bucks.

Mr VESCIO: And we are not likely to.

Mr WATERHOUSE: I make the comment that when academically you use the term "marketing" you go out to your seven Ps, which includes product development and people development. What I am saying is that there is an obsession with this promotion and advertising spend. In terms of genuine marketing, developing the toilets at Berridale is product development. That is part of the package.

The Hon. JAN BARHAM: Have you done an analysis of your spend for non-resident services and infrastructure? Can you put an annual dollar value on it?

Mr VESCIO: It would be a difficult exercise. We have tried to, but it is a difficult exercise. We have not come up with the solution of how you do it. We have thought the best way would be a tollgate at the boundary so you can actually say where are you from?

The Hon. JAN BARHAM: Sorry, you have misunderstood me. I have used your information before about your water and sewerage use in understanding peaks and lows and what your resident base is. Have you done an analysis of that expense your council incurs for the amount above your resident impact?

Mr VESCIO: We have not done that exercise.

The Hon. JAN BARHAM: I refer you to the national Sea Change Taskforce and its non-resident impact studies. It is valuable as a council to know. I think your comment about the special rate levy was that a farmer is not going to come at paying to put money into tourism marketing. Is it not the case that that special rate levy would be able to be defined to go only on businesses?

Mr VESCIO: In a discussion with TSM recently, that is what they argued. I pointed out that our total rate income is about \$5.5 million. Of that, 18 per cent comes from businesses.

The Hon. JAN BARHAM: So you would have to make it so great—

Mr VESCIO: You would have to make it so great on those businesses that you may tip some businesses over the line because whilst we are getting more year round, there are still business that are there only in winter. Obviously, the ski hire shop.

Mr STEWART-BEARDSLEY: Business is at the highest rated part of the rating population.

The Hon. JAN BARHAM: Do you have a differential?

Mr STEWART-BEARDSLEY: Yes.

Mr VESCIO: Business is at a higher rate in the dollar than anybody else.

The Hon. JAN BARHAM: What is your differential for residential and commercial?

Mr STEWART-BEARDSLEY: About 0.50 to 90 cents. Fifty cents in the dollar to 90 cents.

The Hon. JAN BARHAM: It would be an impost?

Mr STEWART-BEARDSLEY: It would drive a lot into the wall.

The Hon. JAN BARHAM: That is why you are proposing this sort of bed tax? Can you not see that cafés, restaurants and other businesses would come into that?

Mr STEWART-BEARDSLEY: They have to be there year round. That is the whole asymmetric problem of it; they make a lot of money in the winter and nine months of the year they are in trouble.

Mr VESCIO: The problem we have with the tourism industry and who benefits from it is getting that ability to get everybody who benefits from it. There is the plumber who benefits from having to go unblock a toilet in a motel, there are the carpenters, even the hardware shops and bed shops all benefit from that industry, but how do you then levy everybody who benefits from that industry appropriately to help fund the marketing and development of that industry?

The Hon. JAN BARHAM: That was my point in asking that question. Are you not saying that 18 per cent of your overall rateable properties are commercial?

Mr VESCIO: Yes.

The Hon. JAN BARHAM: So it does include the plumber and the—

Mr VESCIO: Does it include the plumber? Generally a plumber works from home—self-employed.

The Hon. JAN BARHAM: So you are not capturing them?

Mr VESCIO: We do not capture the plumber, electrician, carpenter who works from home because they are living at home and they have the stuff in their garage. We capture the bigger operator that is in our industrial estate.

Mr SCOT MacDONALD: Mr Waterhouse, I am interested in your comments on page 4. I guess you are saying the expectation of the tourism industry is high but it is not matched by its contribution, if you like, and its organisation. You must be pretty unpopular when you start putting those sorts of comments back to the tourism industry?

Mr WATERHOUSE: With the tourism industry, yes, I have certainly upset some people. The other side of that coin is in attending representative associations of timber and agriculture I am actually getting people who are scoffing at tourism because of the promotion that it is everybody's business. They are actually turning their backs and walking away, which is detrimental to the purpose. There is a way to integrate timber and tourism. We talked about educational tourism. We have some of the greenest industry in Australia that we would like to be showing, but the players are walking away because this argument is out there of absolute dependence on tourism where the economic reality is that it is an interdependent economy.

Mr SCOT MacDONALD: So when you put that to them, I think I am translating that to many other areas—not the Byron Bay areas, so to speak—of regional New South Wales where those SMEs you are talking about have this pretty high expectation of the local government stepping in and providing a lot of marketing and other services and they get over that economic rationalist shock, do they come back to you with some ideas?

Mr WATERHOUSE: I think the short answer is no. I will come back to the comment I made a little while ago about skills development. One of the ironies we have is the RTO has access to the grant funds from the State, yet as economic development officer my door continues to get knocked down by the local SMEs wanting local government to be the provider of the subsidy. I am actually working conjointly with the CEO of TSM going around knocking on doors to explain how the funding model works. There is a skills development and an understanding issue within our SMEs, particularly with regard to accessing collaborative marketing funds.

Mr SCOT MacDONALD: I do not have any more questions except to say I think it is a really good submission; it is a good reality check. I will leave it at that.

The Hon. JAN BARHAM: I have one more question about the social impact. During the peak season particularly do you have any problems with alcohol-related violence, crime and antisocial behaviour? Does council or your police have any issues around that with crashes, crime or anything that comes with it?

Mr VESCIO: Earlier you asked Wayne Hart about when the casual workers come down what do they do till they start. Generally, one of the local churches runs a soup kitchen. They are not working; a lot of them bunk together. As I said in my submission, pay day is party night. Wednesday nights in Jindabyne be somewhere else—generally.

The Hon. JAN BARHAM: Do your rangers get call-outs?

Mr VESCIO: Basically, if someone bends a street sign in winter, we make it safe. We do not replace it until summer.

Mr STEWART-BEARDSLEY: We produce a little black book for visitors—a little black book survival kit for the itinerants that come in, but they find it very useful. It is on the website now too.

The Hon. JAN BARHAM: What do you produce?

Mr STEWART-BEARDSLEY: We call it the little black book. You will find it on our website. We can email it to you.

The Hon. JAN BARHAM: Yes, I would like that.

Mr VESCIO: As the councillor said, it is a survival kit for the itinerant workers. It gives them all contacts in the local area. The issue with alcohol is that following most nights our street cleaners are picking up beer bottles and residents pick them up out of their front yards. There is a path of where they generally live and if you walk that path the next morning you just pick up beer bottles. There are regular residents who will ring in and tell me how "It was a bad night last night. Can you get your guys out before someone steps on broken glass?"

The Hon. JAN BARHAM: This is another cost to council?

Mr STEWART-BEARDSLEY: This is another cost to council. It is a huge part of our economy; there is a cost to council and the community both in economic and social terms.

Mr VESCIO: We are not entirely lawless though. We draft in 11 police officers.

Mr STEWART-BEARDSLEY: They draft in.

Mr VESCIO: Police from Sydney, basically, during the season.

The Hon. NIALL BLAIR: You may have heard me ask Mr Hart about the relationship with the RTO and National Parks.

Mr VESCIO: Yes.

The Hon. NIALL BLAIR: What is the relationship like with National Parks and your two councils? Obviously, the issue around the business activities not being able to be rateable by the council is one issue, but I want to know about the cooperation and coexistence between National Parks and council.

Mr VESCIO: We have a good relationship with National Parks. The regional office is in Jindabyne. Again, they are an important part of our economy and if the State Government ever thinks of decentralising National Parks, it would be a great headquarters for you. We have a good relationship with them. There is the issue of their relationship with the RTO. To be honest, most people who come to Jindabyne in winter, Jindabyne is just a stopover even though they are sleeping and eating there, they are heading up the mountain. Most of our residents head up the mountain into the national park. Our relationship with National Parks is good.

Mr STEWART-BEARDSLEY: We are on a joint tourism committee. I am on the committee for the Bundian Way, which is an Aboriginal heritage committee. The Bundian Way comes from Eden to the top of Mount Kosciuszko. So we both sit on the same committee and we are both into same planning. They are a joint initiative.

The Hon. NIALL BLAIR: You do not see any of those park fees coming back to council?

Mr STEWART-BEARDSLEY: Yes please.

Mr VESCIO: We would like to see those fees come back to council. We understand they are being used to develop further product within the national park and that can only be to the good of our industry, but we believe National Parks is a player and should be involved. From a council perspective, we think it should contribute.

The Hon. STEVE WHAN: They run the visitors' centre. Do you contribute to that centre?

Mr VESCIO: No, because the building is on council land.

The Hon. STEVE WHAN: So in a way they are running a service there for which many other councils actually pay?

Mr VESCIO: That is correct. When National Parks negotiated to build on what was then council land, our negotiators at the time negotiated a deal that is quite good for us.

The Hon. STEVE WHAN: It is a great facility.

Mr VESCIO: We are not going to let them out of it.

The Hon. NIALL BLAIR: Mr Waterhouse?

Mr WATERHOUSE: In Tumut our visitor centre is actually a fifty-fifty partnership between ourselves and National Parks. So the level of cooperation and collaboration with Parks is superb—council with Parks. Joe and I were part of the regional working party for the restructure of TSM and the issue of National Parks membership came about when the working party got massive in-principle support and agreement from every stakeholder in the region. The tricky bit was putting the heads of agreement document on the table. I was the co-author of that and went through six versions trying to mould the various detailed positions together. We did that with everybody around the table at the end of that process.

CHAIR: Do you have any comments about the Destination Management Planning process? You mentioned the challenges with the \$50,000.

Mr WATERHOUSE: The \$50,000 is with the Regional Visitor Economy Fund. Our industry is totally SMEs. So on this side of the mountain the resorts can come in, and have come in, with quarter of a million-half million dollar contributions to some of the campaigns and leap over the threshold. At the Tumut and Tumbarumba end someone has to go doorknocking trying to explain the value to each and every SME who then wants for \$300 or \$500 their name at the front of the advertising campaign, and moulding all that together is a challenge due to our resources.

Mr VESCIO: The destination management plan—the consultants they engaged and the regional tourism organisation met with me. I understand they met with national parks as well. They met with member councils and various operators. I think the process they undertook was there. On the point that Glen made, I believe the Destination NSW threshold of \$50,000 is too high. I believe it should be halved. It may sound strange, but it is a lot easier for the four councils to come up with \$5,000 for a campaign than the four councils coming up with \$10,000. Getting \$5,000 from the small to medium enterprises meets the threshold, whereas getting that \$50,000 is just a little bit too far.

CHAIR: Thank you very much. Unfortunately, time has run out. You have taken a couple of questions on notice. There will be 21 days to respond to those questions on notice and the secretariat will send you a copy of those questions.

Mr VESCIO: I will get them to you as quickly as I can.

(The witnesses withdrew)

(Short adjournment)

GERALD LYNCH, committee member, Ski Lodges Organisation of Perisher, Smiggins and Guthega, and

JOHN PINKERTON, Treasurer, Ski Lodges Organisation of Perisher, Smiggins and Guthega, sworn and examined:

CHAIR: Before we commence with questions, would either of you or both of you like to make an opening statement?

Mr LYNCH: Only a couple of things. You have a submission and the only thing I would like to add to it is obviously we are focused on ski lodges as non-profit organisations, and skiing is our focus in the region. As it has evolved as a sporting activity, it is an activity that takes people into a fairly hostile environment and so it requires fairly expensive facilities, and the people partaking in the activities require fairly technical equipment to undertake it, so it is not a cheap activity for the participants involved in it. The lodges go back about 50 years. What people expect today is significantly different from what they expected when most of the non-commercial lodges were set up 50 years ago, and people do have expectations nowadays of considerably greater degrees of comfort than when we started and the maintenance of the lodges is expensive because of their age, and the improvements that have to be made to them to accommodate people's expectations. So the cost impost on what are seen undoubtedly as privately held lodges in the area are quite high, and growing.

The other thing I would like to say is that when Independent Pricing and Regulatory Tribunal made their inquiry into the cost recovery of expenses in the area, it was a bit overoptimistic—one might say unrealistic—in some of its growth projections for skiing and tourism activities in the Kosciuszko National Park region. That is not their fault. It is the base they chose and the projections that they worked on. It has meant an under-recovery, of which we are fearful, of facing costs in the future when they look at this again because of the practice of trying to recover all the costs of what goes on in the park area. Our experience in looking at tourism and the activities in the park generally is that usage is not a continuous growth, it fluctuates year by year in the winter season and that is really all that we are focused on. In the winter season, it fluctuates according to the snow precipitation, and you can chart this. I have not got copies because they are publicly available. The Kosciuszko National Park has put out a monthly entry over the winter season.

Over the past four years, you can correlate the vehicle entries over the winter season with the snow precipitation. You can see a very close correlation between the number of people going skiing and the level of snow. This may not be surprising, but what it does underline is that there is no continuous growth in tourism as a result of skiing. People are highly dependent on the snowfall as it is perceived at the time. The concomitant to this is that as people become better skiers—and this is a bit anecdotal; there is no strict information on this that I am aware of—the attraction of skiing overseas is becoming greater and so combating the attraction of skiing in the Snowy Mountains area. This phenomenon has become much more apparent in the past 10 years. Japan and Canada can provide a package holiday to a family from Sydney at almost the same cost as skiing in the Snowy Mountains for the same period of time. That includes air fares as well.

Basically what I am saying is that, from a skiing point of view, the Snowy Mountains has no captive market. At the same time, our increasing costs make it difficult. One of the problems, which is a bit odd, is that in recovering costs and money which should be available for tourism development in the park area itself, a lot of it should come from park entry fees. We do not get the full amount that people entering Kosciuszko are paying, again because of a change in trends of people doing business. In the past, people bought an annual pass. They may have bought it from the park who gave it to them. The first time they may buy an annual pass then, at the park gate, a very high percentage of that is returned for the use of the Kosciuszko National Park to develop and sustain its facilities. After buying their first annual pass, which includes a very high premium for the use of the Kosciuszko National Park, if it is then bought and renewed online, which is a growing tendency these days, very, very little of that is returned to Kosciuszko National Park. It is grabbed by the State organisation of national parks. So the money that is expended for Kosciuszko National Park is not returned to Kosciuszko National Park. That is really the only additional comment I wanted to make, unless John has anything he wants to add to that.

Mr PINKERTON: Can I make a couple of comments to emphasise the fact that the clubs directly and indirectly promote a place for people to stay and use and enjoy the outdoors, many of which could not otherwise come because the clubs that were basically built—not all of them, but most of them—in the 1960s, 1970s and the early 1980s are all non-profit-making clubs. I would not say on average that the members were wealthy or not. As Gerald has mentioned, skiing is an expensive sport and we have no doubt that most of our direct and

indirect members would not be able to afford to come to the mountains in wintertime and sometimes in summertime—we wish they would come more in summertime than they do, but that is a separate issue—without the low-cost facilities that the clubs provide.

While it is not particularly relevant, I went to school in Cooma—quite some time ago now—and I have seen the growth of visitors and tourists in the Snowy Mountains move from the epicentre that once used to be Cooma towards the Snowy Mountains. The Snowy Mountains were responsible for opening up the area and the infrastructure and moving Jindabyne and all that sort of stuff. That is something that we all have inherited and the clubs continue to be part of that process of being able to bring people to the mountains who would not otherwise have come. The fact that we have, in our own way, contributed to the growth of Jindabyne, the fact that it now has schools and you can now matriculate at Jindabyne—some time ago kids had to be bussed to Cooma—the fact that the construction industry in Jindabyne has had such good growth over the years has certainly enabled the clubs to be able to source most of their maintenance and new work where it is required from Jindabyne from a population that is much larger now in that area than it used to be before.

My point is that the clubs provide major structure for people who may not otherwise be able to come to the mountains across the Perisher range—mostly in Perisher but to a lesser extent in Guthega and Smiggins. It is very important for those clubs in an era, for various reasons, that we have a very short snow season—it is not really much longer than July and August. August has been the key month for a long time. It used to be longer than that, but it is not only the snow that contributes towards the shorter seasons. As spring comes, people look elsewhere than the Snowy Mountains. The fact is that we and other interests and business interests in the Snowy Mountains have only got a very short period to recover the cost of capital and the cost of operation in the mountains. For that reason, it is terribly important—if we want to continue to attract people to the Snowy Mountains in our own way—that those costs be minimised. That is what I would like to say.

CHAIR: I will ask one question. Can you explain how the lodge system works? Are the buildings owned by the department? Do people lease them or buy into them?

Mr LYNCH: There are many different models but essentially a club has secured a lease. We have just gone through the process of renewing leases. Under the new leases, which will extend for 25 years plus 25—so, effectively, it is a 50-year lease—clearly, and this has been a salami technique over a number of revisions of leases, the National Parks and Wildlife Service owns the buildings. We have to maintain them. We have to pay for them. When their use has finished and the lease has run out we have to pay for their removal, apparently. We own nothing, and this is the point made in the submission about the required upgrades.

Over the next 50 years this is going to be costly. Clubs have to raise the finances somehow. You cannot raise it against something you do not own, which has taken that aspect out of the equation. So it means that members have to be levied basically to pay for whatever costs are incurred. Usually there is an entry fee of some kind but again there are different models, because the lodges have different models for operations. Some are cooperatives, some are incorporated companies by guarantee and some are limited companies. Some are big. They may be an offshoot of a registered club. I think the majority would be smallish and run on the cooperative or company by guarantee model.

I do not know if we have looked at the average number of members per lodge. If you take my lodge as an example, there are 110 members—not all of whom are active. You have to buy into the lodge. You get no money back when you leave. We are very cheap at \$3,500 to buy in per member—that is not for a family; that is per individual. So if you have a husband, wife and two kids skiing then it is going to cost \$14,000 to become members. The majority of lodges are much more expensive than that; an entry fee of \$10,000 is not uncommon. Having paid that, you will be faced with an annual fee, which may not be very much. Again, there are different models but some have free nights as a compensation; others do not.

I would say that normally you would pay an accommodation fee at a members' rate, which may be half a non-members' rate but it is still not cheap. It costs the average motel rate to stay there. The cost depends on whether it is catered or non-catered; or managed or non-managed. There are umpteen variations. Over the next 50 years we are obviously facing levies on members as probably the only way to raise funds for major maintenance and major improvements to be made. To take just one instance, over the past five years we have been obliged, and rightly, to install a lot of new building code requirements to comply with fire safety regulations. These have not been cheap. In the case of our lodge it cost over \$200,000, and that had to be funded. That came out of the pockets of individual members. It was the only way to do it. That is common. This

is not cheap. So if you have 100 members and the cost of works is \$200,000 then that cost is \$2,000 apiece for members.

The Hon. STEVE WHAN: There are two things I want to ask you about. Firstly, in the overall picture of tourism promotion for the Snowy Mountains and for regional tourism the lodges are obviously a core component of accommodation for the tourists in the region, and they are generally the more regular visitors to the region. Do you play any broader role in contributing to tourism strategies or do you pretty much stay out of all of that?

Mr LYNCH: We tend to stay out of it, I guess, simply because it has been difficult overall. Our name sort of gives it away—we are about the ski lodges. General tourism is problematic for us because of our location. Our organisation is located in Perisher, Smiggins and Guthega—right up the top and at least 30 kilometres from Jindabyne. We have tried individually as lodges and as the Ski Lodges Organisation of Perisher Smiggins and Guthega [SLOPES] to promote summer usage. I have to say, quite bluntly, that it has not been successful. There is nothing in Perisher in the summertime to attract anybody.

The Hon. STEVE WHAN: What you think the prospects are for developing the town centre of Perisher and developing its summer market? Is that something you have been involved in encouraging as well?

Mr PINKERTON: It really depends on whether the funds are available and whether the private sector is prepared to take up the cudgels. I think Perisher is fairly confident it will go ahead. But it has been that way for quite a long time now.

The Hon. STEVE WHAN: I have been a player most of the way through that process.

Mr PINKERTON: Perisher has to compete with Thredbo. Thredbo is pretty mature when it comes to summer activities compared with Perisher, which is just an empty shell. You drive past it on your way to Charlotte Pass and that is it.

Mr LYNCH: As you know, there are two things open in Perisher in the summertime: one is Ginger's Milk Bar, if you can find it in the Perisher centre, and the other is the hamburger stand at the chairlift.

The Hon. STEVE WHAN: They are really good hamburgers though.

Mr LYNCH: They are good hamburgers, I grant you that; but it is a long way to go for a hamburger. Everything else over a period of years has shut down. The post office now shuts down in summertime, as of last year I think. It is just not financially sustainable. We have talked to the park just generally, not specifically about the facilities in summertime. But things have been pared back. There is an obligation, if we look into the legalities of it, on Perisher Blue and the Skitube to operate all summer to take people up to Blue Cow.

I think about five years ago, just by a gentleman's agreement, they were allowed to stop operating in summer. You used to have people who would go for the experience of walking down and taking the alpine railway up. They would have a milkshake in Perisher or something and then take the train back to Bullocks Flat. You cannot do that now. There is no facility in the summertime. The train does not operate. It was not viable economically and Perisher hated operating it for that reason. I can understand that.

The Hon. STEVE WHAN: In terms of the future viability and finances of your lodges, are you content to stay with your winter market or do you want to see more done to promote the summer destination status of the area?

Mr LYNCH: We would love to see something that would encourage greater usage in the summertime. From our point of view, it makes the situation of the lodges more comfortable and gives us income to improve them. At the moment, passive recreation is lovely. I enjoy going down there in the summertime—you can put your feet up and relax. But not everybody has the same point of view. The younger kids want to get on mountain bikes and go up Kosciuszko—

The Hon. LYNDIA VOLTZ: And some older kids too!

The Hon. STEVE WHAN: I actually have ridden from there up to the top.

Mr LYNCH: Why not? Kosciuszko has trails. I will not say the park has shown no interest; but it is apparently not very high up on their priority list to develop anything of that nature within the Perisher-Guthega-Smiggins area.

The Hon. STEVE WHAN: Do you mean within the lease area?

Mr LYNCH: Yes, within the lease area.

The Hon. STEVE WHAN: I hesitate to ask my next question because I know the process of obtaining the new leases was pretty tortuous over a long period of time. You talked about being worried about more charges needing to be recouped through the lodges. Have you had any indication that that is likely to be the case? What sort of additional charges do you fear?

Mr LYNCH: We do not know, quite frankly. We understand that the Independent Pricing and Regulatory Tribunal [IPART] is in the throes of doing a review of its initial inquiry. The inquiries I have made have not suggest that there is any public input at this stage, because it is a review.

The Hon. STEVE WHAN: I have not seen anything about it.

Mr LYNCH: No, I have not seen anything about it and they are very cagey about what is going on. It is a fear rather than something we know. But the fact is that their projections of income to be generated have simply not been realised, and the infrastructure costs in the area are very high. So what they will come up with we do not know. We have no idea. It is a worry rather than a situation of having real knowledge.

Mr PINKERTON: I think there has been some talk about the fact that in recent years there has not been a full recovery of the capital costs, and we might get a bill for that as well. But we cannot quantify it at this stage.

The Hon. STEVE WHAN: That is an interesting point, and it goes back to your point earlier about funds from online passes not actually being linked back to Kosciuszko National Park. If that is the case then that will have a significant impact on the Kosciuszko National Park Towards Centenary Project levy money going back in, you would have thought.

Mr LYNCH: It is a curious way of allocating funding. We know that if you drive through Sawpit Creek and buy your ticket there then all of that money goes back to Perisher. If you buy it at Jindabyne then some of it does. If you buy it on Thredbo Road then none of it goes back because that is allocated elsewhere. In the overall scheme of things, ultimately with renewals online, which is an increasing process, we do not know where the money goes. It does not come back to Perisher as far as we are aware and as far as the park is able to indicate. It just goes into some sort of consolidated fund for park management.

The Hon. LYNDIA VOLTZ: I would like to ask one quick question. You are saying you are unable to get a loan because you do not own any assets. But obviously you only the asset of the 50-year lease. It is not uncommon for loans to be given against leases.

Mr PINKERTON: In the Kosciuszko National Park the difficulty is that while we have a lease, as Gerald has pointed out there are certain clauses in the lease which mean that we really do not have any equity in reality in the longer term. The fact is that we own the right to occupy the area. I think for the moment most clubs have leases until 2025, with the right to extend beyond that. But the problem is that when you go to a bank or a financial institution that is just not good enough. They like to see freehold and they like to see a much longer tenure before they are prepared to issue a loan. Some clubs have been able to get loans by getting their members to personally guarantee the loan or getting their board to personally guarantee a loan. These days it is quite difficult to get people to put their name on a loan in case something happens and they have to cough up for a failed security.

The Hon. LYNDIA VOLTZ: What would be the average turnover of a lodge per year?

Mr PINKERTON: Most lodges just break even.

The Hon. LYNDIA VOLTZ: But what would be the monetary figure?

Mr PINKERTON: I can only give you a few examples; we are not privy to all of them. It would certainly be less than \$100,000. There is no doubt about that. For most lodges it would be between \$50,000 and \$100,000.

Mr LYNCH: That would be about right.

Mr PINKERTON: Bear in mind that our income is going to be very similar to that. We run at a very low margin because unless we run at a low margin it is more difficult to attract people to come and stay.

The Hon. PAUL GREEN: What role does the Independent Pricing and Regulatory Tribunal [IPART] play in this?

Mr LYNCH: IPART undertook an inquiry into infrastructure and capital costs in the region. It is all over such a long period now and it has not been active. We are coming up to a five-year review.

The Hon. JAN BARHAM: Is this for fees over and above your lease fee?

The Hon. STEVE WHAN: It was actually about telling the government how to recoup enough to do the infrastructure investment required in the park. That was its original basis.

Mr LYNCH: There was some very expensive infrastructure.

The Hon. JAN BARHAM: Does that include the lodges?

Mr LYNCH: It includes everything. It includes Perisher Blue, it includes—

The Hon. JAN BARHAM: I am interested in the lodges. I do not understand from reading your submission. Were the lodges once owned privately?

Mr LYNCH: That was the understanding.

The Hon. JAN BARHAM: That is all I wanted to know. It is a little bit confusing. They were then taken to be owned by the Crown through national parks?

Mr PINKERTON: The nature of the lease has changed. The funds came from the clubs initially and that is how the lodges were built, but over a period of time with renewal of leases the practice has been for the government, the National Parks and Wildlife Service and other advisers involved to move closer towards ensuring that if the government, looking at the umbrella, wants to resume it can do so. That is why we have less tenure now than we used to have.

The Hon. JAN BARHAM: I am not totally familiar with it so I was trying to understand why you were paying for the upkeep even though you do not own it. Is it inappropriate or rude to ask what the annual lease fee is?

Mr LYNCH: It varies.

Mr PINKERTON: There is a rental. I could be wrong but I have got an idea that the average rental might be in the order of \$7,000 to \$10,000 per annum. But the bigger lodges would be more because it is calculated on a per bed basis. We can provide those figures on notice, if you like.

The Hon. JAN BARHAM: Thank you.

Mr LYNCH: The IPART issue comes in as far as the charges over and above that. For example, we pay for water. We pay in and out—water in and sewage out. If you have a look at the costs of the national park you will find that one of the most expensive bits of infrastructure is the sewerage works down the end at Perisher. It is unique and it has particular problems, but it is a very expensive thing to run. The idea was that it should be paid for by the users—the user-pays principle. That was where the question of continuous growth came in, which has not happened. It was a difficult issue.

The Hon. JAN BARHAM: I think I recall some time ago when this was discussed there was a headline about a poo tax.

Mr LYNCH: Probably. It sounds good. It sounds like a newspaper sort of thing.

The Hon. JAN BARHAM: It was. It has been brought up in a number of tourism areas because of that cost. In your submission you also mentioned climate change. This year there has been quite of bit from the ski industry overseas about its future viability in relation to climate change. Does your organisation have a position or input into any thinking around that?

Mr LYNCH: I do not think we have got a position on it. It is something we recognise. There are two aspects to skiing, possibly. There is cross-country skiing and there is the highly technical downhill skiing. Downhill skiing requires very expensive facilities and the people who undertake it expect to have snow to ski on. I am sure that if Perisher has not given information yet it will. Downhill skiing requires installation of snow guns and snow-making equipment, all of which is very expensive.

In the past natural cover has been the basis of most skiing activities in the area. But, with the contraction of natural coverage to the central period, in order to cover what used to be the June long weekend to October long weekend the only way they can do the outlying sections beyond July and August is to have functioning snow-making apparatus. In Perisher it only covers a very small area at the moment. I cannot recall how many guns they have. But if you look at some resorts overseas, 200 or 300 or 400 guns is not unusual. In Australia I think Perisher has something like about 30 and they incrementally add one or two.

Mr PINKERTON: We certainly support the Perisher resort's initiative in snow-making because it is really about the only thing physically that can be done. Okay, if there is no snow let us make snow. The temperature has to be below a certain level, usually zero, and the water has to come from somewhere and there is a cost of pumping the water. We believe that Perisher's biggest investment in more recent years is certainly in snow-making and they emphasise that.

The Hon. JAN BARHAM: The report I have says that it has doubled in the past 10 years. Whether you believe in climate change or not, if it is perceived that it is having some effect then surely the industry has an interest in trying to get support for some adaptation to secure viability for the future. American and European ski associations have formed a lobby group to government to seek support for that. I just wonder if that is happening here.

Mr LYNCH: It has not happened so far. I do not know that we have seen ourselves as a lobbying group for snow-making. Perisher Blue has it very high on its agenda. As Mr Pinkerton says, they have put a lot of resources into this. They have to make a case to their board. They are a privately owned organisation. Their board has to be convinced of the return from additional snow-making. So far they have been fairly agreeable to it but I think Peter Brulisauer will tell you it is a hard row to hoe in trying to get funding out of any organisation for capital works of that nature, unless they can show that it has an economic benefit.

Mr PINKERTON: There is no doubt that if the snow continues to disappear over a long period the place will become a ghost town. If there is no snow people will not go, or if we cannot make snow people are not going to come.

Mr LYNCH: I think what I mentioned earlier with the park entry statistics is that car entry through the stations indicates that people are very aware of the snowfall and in fact will amend their behaviour accordingly. They will not go if there is no snow. That is what it boils down to.

The Hon. PAUL GREEN: Your submission talks about increasing costs but we have received information that commercial businesses in the national parks are basically rates exempt and the local government then takes a hit for that loss of rates. What is your comment on that?

Mr LYNCH: We do not pay rates per se. We pay an equivalent fee to the national park. The national park is our local authority: that is where it goes.

The Hon. PAUL GREEN: You do not pay the council?

Mr LYNCH: We do not pay anything to council.

Mr PINKERTON: They are not called rates. They are called community services charges, I think.

Mr LYNCH: It is the equivalent thereof.

Mr PINKERTON: But they are based on the same sort of thing. I mean, what is the cost of running a council divided amongst the ratepayers and what is the cost of running a park divided amongst the users.

CHAIR: Thank you for appearing today. The secretary will provide you with a copy of the question you took on notice about rental charges and you will have 21 days to respond.

Mr PINKERTON: We might add the community service charges to the rental charges because that is just as big. Both of those together are fairly big portions of the money that clubs pay out.

The Hon. JAN BARHAM: Thank you.

(The witnesses withdrew)

GRANTLEY INGRAM, Director of Regulatory Services, Bombala Council, and

KAREN CASH, Economic Development Manager, Bombala Council, and

SHARON TAPSCOTT, Councillor, Bega Valley Shire Council and Delegate, Sapphire Coast Tourism Board, sworn and examined:

LEANNE BARNES, Acting General Manager, Bega Valley Shire Council and Chair, Australia's Coastal Wilderness and Australia's National Landscapes, affirmed and examined:

CHAIR: Before we commence, would any of you like to make an opening statement?

Ms CASH: Yes, I would. I would just like to inform the Committee that over the past 10 years tourism in the Bombala region has been slowing growing, which has had both economic and community development benefits flow to our area. The most noticeable economic development benefits come from the motorcycle market. We have just had the Snowy Ride in the area and we had hundreds of bikes coming into Bombala from the Thursday through until the Monday. I was in town on the Sunday for 15 minutes and there were 27 bikes in the main street. They would have contributed at least \$40 each to our local economy. As those bikes were leaving, there was another whole 27-odd coming into the local area. That is very encouraging for our region.

Unfortunately, the local community and the businesses are still coming to terms with the concept that tourism is everyone's business and council has a lot of work still to do in that regard. From Bombala Council's point of view, the most exciting opportunity for sustained and significant growth within our tourism sector comes from a project of the Eden Local Aboriginal Land Council, which is called the Bundian Way. It is the ancient walking track that links the coast to the mountains. It is older than the Silk Road. I think you can probably imagine that it is a very exciting project for the council to be involved in. It offers huge potential not only for the Indigenous community but also for towns such as Eden, Bombala and Delegate. These towns have suffered a lot of hardships and are doing it pretty tough at the moment, but this project really does offer significant opportunities for economic and community growth.

Unfortunately, though, for it to be rolled out in a really timely fashion, it is going to need significant assistance from both State and Federal governments in the way of seed funding, but I think that it has the potential to be one of maybe four or five iconic Australian attractions. It is particularly appealing to overseas markets. With Leanne, I sit on the steering committee for the National Landscapes project and this is one of our main Indigenous projects in that regard. I would just like to make you aware of the significance of that project.

CHAIR: Thank you very much.

Ms BARNES: I also have just a brief statement. Like Bombala, the Bega Valley as a community has been affected by structural readjustment in fishing, forestry and farming. Obviously tourism provides alternatives in all those areas. As a local government body, we are involved in a number of regional partnerships—the National Landscapes program born of Parks Australia and Tourism Australia. Through some visionary thinking, it has given an opportunity for communities to work together to sell 15 prime locations in Australia and we are lucky enough to be one of those. It covers the Bombala, East Gippsland, Bega Valley area up into the Eurobodalla. We are really focusing on the experience seeker but they are iconic areas to visit. Obviously the Bundian Way is the key part of that. We have been very lucky to be part of that.

It is, I suppose, a demonstration of where we think this very important industry in Australia needs to be going and that is about partnerships between community and product developers, local government, State Government and the Federal Government. I think that has been demonstrated through the National Landscapes program. We are able to sit cross-border: we have got East Gippsland, we have State Government agencies down there, we have got State Government agencies in New South Wales. We are a volunteer organisation in terms of the time we commit to that, but we are getting some fantastic runs on the board and fantastic investment, particularly from the strategic tourism infrastructure grants.

The whole National Landscapes program applied for a Strategic Tourism Investment Grant [STIG] and we got significant local workshops, development opportunities, web design and promotion work being funded by the Federal Government and run out and giving a portal through Australia.com to our local areas. In terms of the local government body fitting into that, we have looked strategically as an organisation, as we have outlined

in our submission, in terms of how we set up Sapphire Coast Tourism. Council saw its core responsibilities in providing tourism infrastructure and the marketing promotion as being something that is industry-driven but funded by councils. We now have a councillor representative, who is Councillor Tapscott, on an independent board but it is funded through significant special variation that council was able to secure. We now are in the situation where we provide funding through that special variation to an independent body for the marketing and promotion, but they work very closely with council.

It allows council to focus on tourism infrastructure—the fishing platforms, jetties, and those sorts of things and the other forms of tourism infrastructure. We have also been successful in gaining a number of special variations targeted at that. We have one specifically for tourism infrastructure. We have one to cover our lifeguard. Very significantly in the last little while we have been able to gain some input into the development and works at the Merimbula Airport. We have been trying to place and look at what is the best way of putting the energies of individual players within that overview of, say, something like Australia's Coastal Wilderness, and those levels of government and community and providers working together to think about that. That is a model that I really think the New South Wales Government needs to be looking more strategically at—getting involved in and engendering and fostering into the future people working together and looking at which parts of various levels of government and the community are involved and in directing. I think there is some great opportunity there to really take advantage of some of the special things that we have got going for it.

CHAIR: Thank you very much.

The Hon. STEVE WHAN: Thank you for coming along today. There are a number of things that you have highlighted there. I will start with first of all the comments about having the council looking after the infrastructure and the independent tourism bodies doing promotion. How does that fit into the regional tourism organisation [RTO] structure? How is council working with regional tourism?

Ms BARNES: Through Sapphire Coast Tourism we are working to be a member of the South Coast Regional Tourism Organisation. We are still working through the processes of how that works. We provide the funding and we have membership. They recognise Sapphire Coast Tourism as a representative through that. It has been strained and a bit difficult in the early days, I would have to say, because we are operating in a different model, but I think we are starting to get more into a way of working together.

The Hon. STEVE WHAN: Who represents your area on the regional tourism organisation? Does the membership come through Sapphire Coast Tourism?

Ms BARNES: No, through Sapphire Coast Tourism.

The Hon. STEVE WHAN: What sort of input did you have into their destination planning process?

Ms BARNES: We have done a lot of work. We have been very lucky, both with Australia's Coastal Wilderness, our local area and Sapphire Coast Tourism, to be able to leverage or encourage Bruce Lever, who many would know was the head of Parks Australia but was one of the driving forces federally in getting the National Landscapes program up, into being the Chair of the Sapphire Coast Tourism. He also sits with Karen and I on Australia's Coastal Wilderness. He was able to do the work for Sapphire Coast Tourism in their destination management plan and feed that up into the South Coast Regional Tourism Organisation plan. It was participatory. We work very closely, the Sapphire Coast Tourism and council, and then had input into that plan.

The Hon. STEVE WHAN: Do you want to tell us about the cruise ship strategy for Eden?

Ms BARNES: We are so excited about that cruise ship.

The Hon. STEVE WHAN: What else needs to happen? I know there is some facilities development.

Ms BARNES: I have a list of those things here. It was State infrastructure, but council saw the opportunity to be the advocate and proponent for a significant Rural Development Australia Fund [RDAF] grant application which looked at Eden port. Eden is one of the jewels in our crown. It is the start and, linked in with the Bundian Way and fabulous Twofold Bay, it is a stunning and wonderful place. The opportunity to grow some tourism opportunities there in a number of areas, both in cruise liners and in the smaller craft—in marine-type craft—was pulled together as one project. We were the proponent for the Rural Development Australia Fund application as a local government body.

It is State infrastructure but it involved a number of other players as lessees and whatever around the port. It was approved through the Rural Development Australia Fund program and we were able to get \$10 million of what is a \$34 million project so far from the Federal Government that was committed to before the election. We did not have the contracts but it is now an election promise so we are working with Truss's office to get the dollars over the line. We are hoping to have a contract at the end of this year and money by the end of the financial year.

That will see a wharf extension, which will allow Carnival Cruises. They are the big first group that we are working with. We have a meeting with them on Monday in Eden to start the processes of the design of the on-shore facilities for them to be berthing what will be in the future potentially up to 50 ships in a 52-week cycle. They bring with them 2,000 shore visitors and 1,000 crew. They will be then reprovisioning in Eden, so it offers a whole range of industry to build around, and a cluster around the port. The first stage of the project then goes on to looking at an attenuator and marina development that will bring some much-needed development and some economic development opportunities for Eden, which are sorely needed.

The Hon. STEVE WHAN: What assessment have you done of the need for workforce and skills development and development of the actual product for people to get off the ship and look at and whether they are going to go up the Bundian Way or up the mountains?

Ms BARNES: We have started the work with that. We have a community group that have worked with the cruise ships since they first started before this major sort of increase. We have got to have product now, but those ships are coming in 2016. We are working on a number of product links. We have met with Canberra Airport and we are looking at that triangulation so that we can look at people being able to get off the ships and back on in Melbourne and fly between Merimbula and Canberra. We are looking at product that takes them from Merimbula up through the Bundian Way-type of opportunity down to Green Cape and national parks. We have got great buy-in from the local parks associations.

The Carnival people we are meeting with on Monday are giving us a bit more input into that product design stuff so that we will have shelf-ready product. I am going to the States in February and tacking on a visit to Seattle to take all the digital imaging with me when we go. We will be ready. They start selling next year for their 2016 cruises. And the people on the ground—it has been fantastic having TAFE. TAFE has just got to have that support to be able to do that local vocational education and it has just got to be able to grow in those areas. We have a TAFE college and we have a marine discovery centre in Eden, but we just cannot afford to lose any more capacity out of that TAFE system to support growing that local community opportunity for people from the Eden marine high school to stay and work locally.

The Hon. STEVE WHAN: Did you want to add something, Karen?

Ms CASH: No. I just wanted to speak about Bombala's situation with the RTO and regional development plans. Our situation is a little different. We are represented by Tourism Snowy Mountains and for a variety of reasons that has never been very successful for us. We have not been a member of it now for a few years. One of the main reasons is that for us to be a member costs us \$20,000. We have only got a very small tourism budget and if we pay \$20,000 to them—

The Hon. STEVE WHAN: There are only 3,500 ratepayers in the shire, is that right?

Ms CASH: Yes. We have paid staff in the visitor information centre and do promotion and link with partners like Bega Valley shire and we link a lot with East Gippsland shire. Council feels it is a much better use of our resources to do it that way. But that poses some problems for us because we had absolutely no input into the destination management plan. Although we are still listed on TSM's website as being part of TSM, the reality is very different. We would like to see that changed, obviously. That is a little difficult for us.

The Hon. STEVE WHAN: Will that impact on your capacity to get grants?

Ms CASH: Quite possibly, yes. That is why council has also directed a lot of its resources to assisting with the roll-out of Australia's Coastal Wilderness and why we have been involved with the Bundian Way project since the beginning really. We actually have done a lot with the roll-out of the Bundian Way. We have also developed our own small destination management plan, which we hope is going to be acceptable when we

combine it with the plan that has been done already for Australia's Coastal Wilderness. But it has been an issue that we have not been able to get any support at all from Tourism Snowy Mountains.

The Hon. STEVE WHAN: Bombala has been working with Motorcycle Tourism for probably over a decade or perhaps longer.

Ms CASH: Yes.

The Hon. STEVE WHAN: As you said, the Snowy rides are very successful, apart from the tragedies of the last one. How has that developed over the years? What planning have you done to try to continue the focus on that sector to attract people? How important was the investment in sealing the Snowy River Way?

Ms CASH: The sealing of the Snowy River Way has been really crucial to the success of our endeavours to expand the motorcycle market. It has given us a direct link to the mountains, Jindabyne and Cooma. It also is a spectacular ride for motorbike people to enjoy. Bombala is really fortunate in that we have some fabulous roads; riders can travel on three different mountains in one day and that is very appealing to those riders. We have targeted the higher end of the motorcycle market for obvious reasons. I think we have been quite successful with our targeted marketing approach. We also put out a really well-received brochure. There was a little bit of support from the State Government for that but it mainly came from East Gippsland shire and Bombala council. I think that brochure called "The Ultimate Rides" is now out of print and, unfortunately, I do not have a budget to reprint it at the minute. But that really put the whole of the south-east region on the map for motorcycle tourism, I believe.

The Hon. STEVE WHAN: Do you think this lesson has developed for small councils how you can focus on a particular market and try to develop that particular market?

Ms CASH: I think so. I think with Bombala council we have a lot of heritage product, but a lot of that is run by community groups. So that has some issues that councils have to manage. We really needed to get the local community and businesses on board with tourism because Bombala is a fairly isolated area. I do not know how many of you have visited: we have no public transport down to the coast, which is just horrendous when we are trying to look at developing tourism markets because people have to drive to us. They cannot hop on a bus or that sort of thing. That is a real handicap and will be a handicap as the Bundian Way and Australia's Coastal Wilderness also rolls out. We have looked at what is our best potential and it was motorcycle tourism because the riders have to stop every hour or so, they need petrol and they need food. If you have the roads and the natural attractions, they definitely come and support local communities. It has helped with the community and businesses coming to terms with tourism and not being quite as perhaps threatened by it. They definitely see the benefits, particularly on days like the Snowy Rider when the grand prix is down in East Gippsland—there are just hundreds and hundreds of bikes through the area.

Mr INGRAM: Another couple of elements: there is the local Bombala bike show. The council committed to support that with some funding for an administrative staff member because it sees that as one part of the puzzle, I guess, as far as the promotion of that motorcycle brand. Of course it is a natural fit, the environment, so that is another area we have developed up. And a new website bombalabikeshow.com, if you would like to look at that, is a new team with support from council. It is another strategy we have taken on. Another comment I would make is that Bombala council's approach to tourist development is quite similar to the State Government's approach: we have picked out one or two brands or products, most often it has been one, because we do not have the resources. We would like to pick up heritage, culture and all that, but we said no. We have not got a lot of money, let us focus on a couple of key issues and just drive those forward. It has been very successful.

The Hon. JAN BARHAM: Following up on the issue of the National Landscapes Program, did money or support accompany that?

Ms BARNES: The National Landscapes Program was set up through a range of criteria. The areas had to self-nominate, so put themselves forward. They are areas like the Great Ocean Road. The steering committee does not actually get the funding but we all participate to the level of our capacity to be able to put some money into a kitty to run that in terms of funding. We have been very lucky with Australia's Coastal Wilderness because we have been able to be a part of it for a number of projects. We have had funding to have consultants to do our planning, our website, to develop assistance with some of the things where there are gaps at the

moment, which is helping operators really getting their product on message—that sort of stuff. The STIG funding, which was quite significant for us, funded consultants and workshops and training locally.

The Hon. JAN BARHAM: What sorts of dollars were attached to being part of that program? That is all Federal money.

Ms BARNES: It is all Federal money and I would say in the order of just under \$200,000.

The Hon. JAN BARHAM: Is the Kosciuszko to coast corridor landscape program still operating?

Ms CASH: It still is operating. Bombala council has had little buy-in into the particular program, again, because we have been more focussed on the Bundian Way project and Australia's Coastal Wilderness. The Bundian Way project sort of ties into that and it also ties into our cultural heritage as well.

The Hon. JAN BARHAM: What about the State Government's Aboriginal Tourism Strategic Plan? Are you getting support from the State for developing this new product?

Ms BARNES: My understanding is that we thought Jigamy and the first part of the Bundian Way would open it because we sought funds from Jigamy, which is a keeping place just out of Eden along the foreshore. We are in the process of getting funding through that program at the moment.

Ms CASH: They have not received the funding.

Ms BARNES: No, they have not received the funding.

Ms BARNES: They are hopeful that they will receive the funding for it, but it is not guaranteed. They have recently received some funding from the ICC, which is the Indigenous Coordination Council, to employ a project officer for two years, but there needs to be additional support roles there because the project is just too big for one person and would be impossible for one person.

The Hon. JAN BARHAM: The work you have done is great. That is why I am trying to see whether all these things from local, State and Federal are coming together and is everyone buying in and offering that support. You have all the elements and the idea about the products, have you got the support that is needed?

Ms CASH: We certainly have the support that is needed from the local councils and the land managers, but the State and Federal governments are yet to buy in fully to that.

The Hon. JAN BARHAM: Are you saying that Destination NSW is not on board?

Ms BARNES: We rarely see them.

Ms CASH: No.

The Hon. JAN BARHAM: What about the current program? Are you not taking advantage of what is available through that?

Ms BARNES: To a certain extent, from our perspective, Destination NSW may help with product workshops. They came to finish at Batemans Bay. We will run something for Australia's Coastal Wilderness. We had funding through STIG and we will have a hundred local participants one week and then something will be run through Destination NSW up in Batemans Bay, which is quite a drive, and they will say there was only two local operators that attended and we will say well the tyranny of distance is something that challenges us.

The Hon. JAN BARHAM: I know. I am from the North Coast and they put things on in Coffs Harbour and do not realise it takes four hours to get there.

Ms BARNES: Some of their festival funding program has supported some local festivals and things like that in really buying into Australia's Coastal Wilderness and understanding the national focus of that. Local government and some of the agencies, such as National Parks in New South Wales, are right on board with the Bundian Way and Australia's Coastal Wilderness, but trying to get the tourism body over the line has been difficult.

Ms TAPSCOTT: The marketing of it. I think Sapphire Coast Tourism has identified that if you want it done you do it yourself.

Ms CASH: That is the same with Bombala council.

Mr INGRAM: It would be fair to say in the scheme of things that the State Government level has brought in the most absence.

Ms CASH: Absolutely.

The Hon. JAN BARHAM: That is what we want to hear. What can be done? It is fair to say, obviously, on the ground you are doing a lot of good work and you have a long-term plan. What can be done to support that?

Ms TAPSCOTT: We have a very small rate base, compared to the area. Three-quarters of it is unrated Crown land.

The Hon. JAN BARHAM: I was going to ask about that.

Ms TAPSCOTT: Not only that, but the escarpment at the back is total national park. We need to get people past that to us. Our ratepayers, most of whom are retired so they get a considerable reduction in their rates anyway, are now paying for peak load infrastructure. We have to provide infrastructure. Whilst we are doing all this great work and inviting people to come and it is working, they are coming, we have to provide the infrastructure, we have to provide peak load sewerage, water and all those things that our ratepayers would ordinarily provide for themselves are now providing for other people. Then there are your jetties, parks and gardens—the reason people come. If we do not have those things, they are not going to come back.

The Hon. JAN BARHAM: Is it fair to say that that is where support is needed?

Ms TAPSCOTT: Absolutely.

The Hon. JAN BARHAM: You can support the local community, but the add-on needs additional support?

Ms TAPSCOTT: Again, we do not have the money to apply for the dollar for dollar. The dollars we can come up with are so minimal that what you can give us is another lot of minimal.

Ms BARNES: It is not enough.

Ms TAPSCOTT: We need to have the ability to apply for money as per the project and the value of the project, not the value of what we can put up.

The Hon. JAN BARHAM: That is a good point. Thank you.

Ms CASH: That is probably even more so in Bombala's case where we only have 2,500 people and probably about 1,500 ratepayers. There are no rates from State forests or national parks and there is huge damage to our road infrastructure, which eats up money that perhaps could be put to developing infrastructure.

The Hon. JAN BARHAM: Have you quantified the dollars that are attributable?

Ms CASH: Just a lot.

The Hon. JAN BARHAM: I am serious. I am asking everyone. Having spent 13 years in local government and having done the exercise, do you know the expense of your non-rateable impacts?

Ms BARNES: We will take that as a question on notice. I do not have the figures with me, but we did some work, because Local Government NSW has had it on its agenda, as you would be aware, Jan, for a long time. They are trying to get business operators in national parks and State forests to at least pay some form of

rates, so we have those figures. Our Greens councillor has requested that a number of times to be reported to council, and we continue to use that, so I can provide that information.

The Hon. JAN BARHAM: It is a good indication to have.

Mr INGRAM: In regard to the road issues with the State forests, council applied regionally for some funding under the Planning Reform Fund, which is a regional contribution plan for transport infrastructure. Unfortunately, we were unsuccessful. The Bombala council will now develop a contributions plan for just the Bombala council area. Councils are recognising those issues and are trying to move forward as to how we balance that up. As Karen said, providing infrastructure for the State forests and private plantations consumes an enormous amount of the general rate revenue stream.

The Hon. JAN BARHAM: Yes.

The Hon. PAUL GREEN: To date, do you know what your backlog costs are for your asset maintenance programs? Will you put that on record as well because obviously has a flow-on effect. I note that you are passionate about the TAFE situation. Will you give us a bit of output from the ground level, because there seemed to be a bit of vulnerability there, such as, please do not take that. Will you share what that is?

Ms BARNES: Absolutely. I am sure that Sharon and Karen will also have comments. There is tourism and support for a range of chef apprenticeships and whatever, so we have those programs that have been operating in the past locally. Some of those are under threat or have been removed so that there are now greater distances for a number of our young people who make the decision to stay locally and want to stay and contribute and work locally. As we grow, you then have a gap. There is a need for people to support personnel for the cruise liners coming in. We had a fantastic program working with the Illawarra TAFE campus in Eden, and we are lucky that we have some great local people, but they are constantly working under the threat of reduced funding. We struggle in respect of being a local community under pressure, even in the Eden/Bega areas, and that the TAFE education centre is critical to us growing those service sections into the future. We are not as constrained transport-wise as Bombala, but for young people having to go to Maruya, come up here, or whatever, it is a huge impost on them in respect of having to travel for those qualifications and support.

Ms CASH: In Bombala's case, we still have an outreach service to Bombala, but it is very much driven by the number of people that sign up for the course. We ran a variety of tourism courses a few years ago, quite successfully, but it was a real struggle to get the numbers that were required, because they put the same requirements for numbers on Bombala as they would in Wollongong, for instance. It is totally ridiculous. Bombala's population is nothing compared with that, but they would not run courses unless we had a minimum number of enrollees. I understand that they have got to make some money, that there needs to be some consideration for the population. There also needs to be consideration for the fact that it is impossible for students to attend TAFE if they are relying on public transport. We do have a bus service that goes up to Cooma three days a week. They can get up there, but they cannot get back again, and what do they do for the other two days? They cannot attend the TAFEs in Bega Valley because there is no transport. Their options are that they move away. That then has flow-on effects to the rest of the community and the businesses.

Mr INGRAM: We are fortunate though that to run the infrastructure on the ground, we just need staff.

Ms BARNES: Yes, absolutely.

Mr INGRAM: We have two sides of Bombala that is quite suitable for delivering that training.

The Hon. STEVE WHAN: The high school in Bombala does hospitality, does it not?

Ms CASH: The high school in Bombala does hospitality, and it has also got the trade training centre, which we are trying to utilise a little more, but there was a lot of reluctance from the Cooma TAFE to engage with the high school in program delivery. Unfortunately, that has been turned around, but very slowly.

Ms TAPSCOTT: We had a situation where our trades boys were sent away to do their block of four days and they had to travel a considerable distance. The block would be Thursday, Friday, and then Monday, Tuesday, so it is an impost on the families. It is putting the children on the road twice as many times as they need to be.

The Hon. JAN BARHAM: You wonder who works this stuff out, do you not?

Ms TAPSCOTT: Yes, and then the kids just do not do it—they do not want to do it, and their parents do not want them on the road that often. They cannot catch planes because it is too expensive. They do not want to be on the bus, so they drive. It is making our children more vulnerable to all sorts of situations. Also, the TAFE support for Eden Wharf, Cruise Eden, they come down and do the hospitality on the wharf. They greet the passengers, give them show bags, get on the buses with them and take them around. They are only young kids. They are 18. It gives the children a lot of interaction, and it is great for the customers to see that our local children are interested. That sort of thing would be disappear. There would be old people who are retired doing it.

Mr SCOT MacDONALD: What I did not quite understand was the last dot point on page 7 which reads:

- approved 2010 by the Minister for Local Government for one year and then in 2011 there is a 20 year approval approved by IPART \$250,000 was identified for tourism development and promotion...

Will you clarify that for me? You have a one-off in 2010 and then you got the okay for an annual increase for 20 years. Is that right?

Ms BARNES: Yes. What happened was that there was some confusion with a number of the special variations. The one that was approved for one year was to cover some work that was to be done in the Merimbula Airport, and that was to service a loan.

Mr SCOT MacDONALD: A one-off?

Ms BARNES: A one-off to service a loan over a period of time, and the tourism was to be ongoing, but it was for our business ratepayers only, not the general community. There was a lot of confusion and misunderstanding led by a group that disagreed with the works that were to be done in the Merimbula Airport. The Minister understood the issue, but it was also at the time that the State Government knew that the determination of special variations would be moving to the Independent Pricing and Regulatory Tribunal [IPART], anyhow, so it was approved for one year and then we had to apply for subsequent years. So the one-year approval for the airport was used on a jetty with the Minister's approval as a tourism outcome, and the special variation helped to establish Sapphire Coast Tourism as an independent board. When we went back and we now have the 20-year approval that is to service the loan for the airport, and that is on all ratepayers, and the 20-year special variation on our business ratepayers for our Sapphire Coast Tourism. The idea was that it was going to be ongoing, but it is seen as giving the organisation the time to build the capacity within them as an industry to be able to be self-funded in the future, so it is has received funding but over an extended period.

Mr SCOT MacDONALD: Did the Minister regard the Merimbula Airport upgrade as a tourism or infrastructure—

Ms BARNES: As infrastructure, but one of the critical things for a whole range of the tourism things that we have for Merimbula is that it is extremely expensive. We only have Rex flying. It is regulated between Sydney and Merimbula, unregulated between Merimbula and Melbourne, but you can get to Ballina for \$49 sometimes, or \$59. You cannot get to Merimbula for that.

The Hon. STEVE WHAN: Because there are three airlines.

Ms BARNES: Yes, because there are three airlines going in there. We really needed the capacity to do some work on it to ensure that we could start talking about potentially opening up Canberra-Merimbula and bringing some competition into the Merimbula-Melbourne route.

Mr SCOT MacDONALD: Is it likely that you will get other services?

Ms BARNES: We are in discussions at the moment with another operator out of Melbourne. Sydney-Merimbula is regulated and it is tied up now for five years. We are having discussions at the moment about Melbourne-Merimbula and Merimbula-Canberra, which would be a new route. We have met with Canberra airport, and they were very supportive, because Brindabella Airlines fly in there. There have been some amalgamations with them and Aeropelican, and they are taking delivery of a new plane, so we are trying

to look at potentially operating something that would tie in with the cruise liner opportunities but give us a triangulation in the south.

Mr SCOT MacDONALD: You said you had a bit of resistance by a group of people about the special rate variation, or the upgrade of the airport. What was their rationale or what was their objection?

The Hon. STEVE WHAN: They did not want to pay more rates.

Ms BARNES: But there was also confusion in the message and the local newspaper got it wrong. It was for just resurfacing the existing road, but there were plans and discussions about potential extension, and that was taken to see jets flying in. Our airport is right in the middle of town. The planes take off and land over my house.

Mr SCOT MacDONALD: What is the message? If you go for a special rate variation, you have got to be very clear—

Ms BARNES: Absolutely clear, and do the consultation prior. We have been very successful in gaining special variation. Since our long-term financial plan in 2002, we have had 10 or 12. We have one of the 508As in place at the moment. We have been very successful, but it has been targeted, and that is the success. Being able to freeze some of the criteria, both with Federal Assistance Grant disadvantage criteria for tourism areas, but also in the Independent Pricing and Regulatory Tribunal's discussions, we went up and met with them and presented the special circumstances that we operate under, and they have been supportive and helpful. It has to be targeted.

The Hon. JAN BARHAM: The one for the lifeguards, does everyone pay?

Ms BARNES: Yes, everyone pays. The one that we had on business ratepayers is a special variation for Sapphire Coast Tourism. We have some issues with that, because a number of our businesses would say they are not directly related to tourism, and we would say tourism is everybody's business. However, we also do not capture some of those people who are direct beneficiaries of Sapphire Coast Tourism—program and marketing, whatever—because they are not business-rated properties. We have done some research in terms of how do we catch those people who move out of their houses and holiday rent for Christmastime and get \$2,000, \$3,000, \$4,000 a week for those holiday rentals, and those properties that operate bed and breakfasts or farm stays, things like that. At the moment, they do not contribute towards that special variation, but they are the beneficiaries of the work that Sapphire Coast Tourism does.

The Hon. NIALL BLAIR: I will follow in from that. We have just had the Snowy River Shire earlier saying that they regulate those bed and breakfasts and holiday letting businesses. Do you regulate yours?

Ms BARNES: In respect of regulating special renting—

The Hon. NIALL BLAIR: They get an approval through a development authority [DA]?

Ms BARNES: Yes, we do. We provide regulation through a DA. We then go back historically and find all of those to bring in a rating category that then leverages them contributing to the special variation.

Ms TAPSCOTT: There is an issue of identifying some people. If they are not a registered bed and breakfast, or they are not registered in any kind of business, and they just choose to move out of their home for two months, or whatever, to supplement their income, they are a direct beneficiary of any marketing done by a tourism group, and they escape.

The Hon. NIALL BLAIR: They are exempted by Snowy River as well. They do not see it as being under their threshold. I will go to Bombala council for a second. Have you read the destination management plan for Tourism Snowy Mountains?

Ms CASH: Yes.

The Hon. NIALL BLAIR: Does it identify the motorcycle festival and things like that?

Ms CASH: No.

The Hon. NIALL BLAIR: Obviously that is something that I think should be in the destination management plan with the numbers that we have seen come to the Snowy Mountains, and your council has identified that that is a niche market for you to be directly linked into and you are not a member of the regional tourism organisation because of the application. Do you think that is not in there because you are not a member?

Ms CASH: I would imagine so, yes. Because we had no input into the development of the plan. I can understand their rationale for only including the councils that contribute financially. But if they are looking at the overall Snowy Mountains area then it is vital that visitors to that area have a good experience no matter where they enter in that area. If visitors are coming from Melbourne, 99 per cent of them would be going through the Bombala Council area. So to me it makes sense that we are supported in some way to improve tourism infrastructure and tourism businesses within our area. But it appears that Tourism Snowy Mountains does not think that.

The Hon. NIALL BLAIR: The new chair of Tourism Snowy Mountains said to us this morning that he was looking at the membership of the board of that regional tourism organisation [RTO]. I can use the example of the National Parks and Wildlife Service, because again they are not on there as well. He said that he was looking at that. Have you had discussions with him about council potentially coming on board and not having to pay the membership fee?

Ms CASH: No, not with this current chair. I had discussions with the previous chair. I was told very clearly that unless we came up with \$20,000 they would not consider it, because the other councils contribute that much and Bombala just had to do it too. I said we could not do that.

The Hon. NIALL BLAIR: If you did not have to pay the \$20,000, would you be happy to participate?

Ms CASH: If we did not have to pay the \$20,000, I would be happy to participate at some level. I think that for our long-term future we are much better off concentrating more resources on the Bundian Way and on Australia's Coastal Wilderness because that is about new development. It is going to be attractive for investment in infrastructure. It has the potential to put the whole of the south-east on the international map as a "must go to" destination whereas continuing to promote the ski fields, in my mind, is not going to be new development and is fairly limited.

Mr INGRAM: The growth is in the Bundian Way. That is where the growth is nationally. It is a nationally recognised product. I think it has international standing. It predates the Silk Road. It is a trade route which is 20,000 years old and it runs past our backdoor. So that is our sort of philosophy—to pick those things which have the greatest growth potential. As Karen said, the established tourism brands and products are not going to double in the next 10 years. Even if you put in \$2 billion you are not going to get the return.

The Hon. LYNDA VOLTZ: I want to ask a question about regional tourism organisation. It strikes me that your situation is similar to that of councils like the Parkes Shire Council. It did not join Inland NSW Tourism. It is a bit of a case of horses for courses, is it not? Some councils are very good at doing what they know best—and the Parkes Shire Council is probably a good example of a council that is quite good at developing its own product and going ahead—whereas others need to buy into a large organisation to get part of that market share. Is this idea something that governments should come to grips with in terms of whether or not councils should be part of a regional tourism organisation? Some actually have more experience and are very good at picking what kind of products they need for their region.

Ms BARNES: I absolutely concur that it is better to be taken out of an regional tourism organisation structure. We link in with the regional tourism organisation and we pay the minimum that we possibly can because the South Coast Regional Tourism Organisation focuses most of their marketing on weekend trip from Sydney. We are not a weekend trip from Sydney. We are too far away. That is why I think the Bombala Council, ourselves and the East Gippsland Shire Council have really got on board with national parks and our other partners with Australia's Coastal Wilderness.

It is about having the information accessible via one or two clicks from Australia.com for international visitors, and getting it right for them and for local people. We know how to do that better than anybody else. To a certain extent, our links to Canberra, to Melbourne and to the international market for the experience seeker are going to be our winners. We have to be really targeted. We have to pick our point of difference and go that way. It is not about tacking on to the end of the South Coast Regional Tourism Organisation. We are just that

little bit too far. We are at the end of that trail. We do not fit into the real focus of where they are going. So we find the current structure of the regional tourism organisations limiting.

Ms CASH: It is the same with Bombala Council. We certainly do not fit into a scheme or profile in any way, shape or form. Also our tourism businesses are at a different level. We cannot offer packages because we still do not have operators who are offering canoe rides, bicycle hire and that sort of thing. So that limits us in being able to take part in any of their advertising campaigns. They are pitched at a really different level, and it is too expensive for the small number of operators we have to join in. So the current structure certainly does not suit Bombala. I think we have been successful with our motorcycle tourism because the council has gone out and sought the assistance of the East Gippsland Shire Council. Initially Tourism Snowy Mountains did not want to put any money into the motorcycle brochure, and did not. It is about having different objectives, I guess.

Ms BARNES: We get better value from T-QUAL grants than we do from anything from New South Wales.

CHAIR: Obviously you are targeting markets in Victoria, the Australian Capital Territory and New South Wales. How are you finding that cross-border relationship? Has it been at times a hindrance to tourism?

Ms BARNES: We are so lucky. We work so well together with our fabulous tourism operators and great state agencies in East Gippsland. The three councils work really closely together and we are all on message.

The Hon. PAUL GREEN: Can you lend Bombala \$20,000?

Ms BARNES: We do as much as we possibly can.

CHAIR: Is there anything that New South Wales could learn from what Victoria or the Australian Capital Territory are doing to better help you in the tourism industry?

Ms CASH: I think the key is the fact that East Gippsland Shire Council works so well with Bombala Council and Bega Valley Council. We also work with land managers from Parks Victoria and the National Parks and Wildlife Service here. I think it is really important that partnering with those different organisations does not take into account State boundaries. It is really going to be the way forward. Tourists do not know where the council boundaries finish. There is a sign which says, "You are now entering New South Wales," but it does not make any difference to the tourists. There needs to be more of that partnering across borders being done, in my view.

Mr INGRAM: The Victorians seem to have it a bit more together. They will come on board with a project without the amount of grief and trauma that it takes for New South Wales to get funding together to go with something. The Victorian guys say, "Yes, we can do that," and then they do it. I am not familiar with their structure but they seem to have some local capacity to make decisions which are timely and they have some resources.

Ms BARNES: They are on message a lot better with the Australia's National Landscapes Program. That is a federal program. As the chair of Australia's Coastal Wilderness just over the last couple of weeks we have had to assess product. For the first time Tourism Australia are going to put local product directly on their website. They have never done that before but they are doing for the national landscapes program. We had to go through an assessment process. It was happening through the State tourism organisations. Victoria had their list to me, had assessed all the criteria and had all the contact details whereas I had to hassle the people from New South Wales to get the stuff from their end, and in the end I got it through the Federal Government body not through the State Government body.

So in terms of picking some of the winners, that program is working with the Australian Alps, which is also a cross-border national landscape, the Great Ocean Road and Australia's Coastal Wilderness. They were there. They were on message and they understood what it was all about albeit that they have had some issues because there has been a lot of restructuring in government departments down there. They were able to pinpoint that straight away. From our perspective, it is the local councils that are doing it.

The Hon. PAUL GREEN: I think we heard earlier that the first international flight is going to be flying into Canberra soon. Are you gearing up for something there?

Ms BARNES: The Group Manager of Infrastructure for Bega Valley Shire Council and I went and met with the officers at the Canberra airport. It was a fabulous experience. We walked into this huge airport and met their officers. We were very proudly talking about the \$6.6 million we had spent on the airport and they said, "We have just spent \$480 million on our terminal." And we went, "Okay, deflation sandwiches are nice." Their two international terminals will open very shortly. They have their routes signed up via the United States already and they are ready to go and push the button on their Asia routes. That opens up huge opportunities. We are part of their catchment.

The Hon. PAUL GREEN: Yes, that is my point.

Ms BARNES: We said to them that we would lobby for them to be Sydney's second airport.

The Hon. STEVE WHAN: I will not be supporting that.

Ms BARNES: The very fast train and those sorts of things would be great for the region. That is why we have put them in contact with Carnival Cruises Australia so that there is a link there too. People could get off the ship in Eden, do part of the Bundian Way, have a unique international experience working the oldest trade route in the world and then come to Canberra to fly to Sydney or Melbourne. We have to bring together all of that regional stuff. I think it has to work in a more integrated way.

Ms TAPSCOTT: Sapphire Coast Tourism has also resolved to host a conference or a get together with the Bega Valley Shire Business Forum, Sapphire Coast Tourism and any airline that is interested. Robyn's Nest is a venue down there that holds receptions. We are going to try to hold some kind of forum down there. So we are just starting to get that kind of thing going—we are just starting to network really.

The Hon. STEVE WHAN: You air route from Sydney to Merimbula is a regulated route, as you said. If it was deregulated, do you think you would get other interest in it? Or would you lose Regional Express Airlines?

Ms BARNES: It is really hard to know. Until we get that critical regular passenger transport [RPT] number, and to a certain extent it is capped at the moment, Regional Express are quite happy with it as it is. It is about really driving that and seeing if we can open up the unregulated route—the Melbourne route. Bega Cheese is our largest local industry. They are marketing and stuff is happening because they are growing their business in Victoria. We are hoping we can work with them to leverage opportunities. It is a real issue for them because the timing of flights does not allow them to get down to Melbourne and back in a day, which you can do with Sydney.

We are hoping that if we can put some competition in there and show we can grow that potential then it might at least encourage Regional Express to think about growing that end of the business as well. If we get over that magic capped number then we move into a situation of whether we can accommodate those services. We have a few Dash 8 Q400 series aircraft come into the airport so you could get a QantasLink service or something like that landing at Merimbula.

Ms TAPSCOTT: It is a case of the chicken and the egg. If you get lower prices, you will get more people. If you get more people, you will get lower prices.

The Hon. STEVE WHAN: That is the point about the regulated routes. They are there to try to ensure that someone is flying in. They do not always do that. The question is: Are you brave enough to let go of it and see what happens?

Ms BARNES: Absolutely. It is an issue.

Ms TAPSCOTT: Australian Maritime Services is a shipping company down in Eden port. They were just sending about seven fellows up to Cairns to load a ship up there. It is cheaper for the company to put those workers on a bus and send them out of Canberra. So that is the sort of thing that is happening. It adds six hours to their workday.

CHAIR: Unfortunately, we are out of time for questions. Thank you very much for appearing before the Committee today. For any questions you have taken on notice you will have 21 days to respond. The secretariat will be in contact with a list of specific questions as well.

Mr INGRAM: I will table this document if I may.

CHAIR: Certainly, that is fine.

(The witness withdrew)

(Luncheon adjournment)

PETER BRULISAUER, Chief Executive Officer, Perisher Ski Resort, affirmed and examined:

ROBERT HEATLEY, Managing Director, Selwyn Snowfields, and

JORDAN RODGERS, General Manager, Kosciuszko Thredbo Pty Limited, sworn and examined:

CHAIR: Before we commence with questions would you like to make an opening statement?

Mr BRULISAUER: I would be happy to make an opening statement on behalf of the group. We refer to our submission made to the inquiry in July. The key elements of which I will not go through in detail but which are outlined in the submission really go to outlining the significance of the New South Wales alpine resort industry to the State and, probably more importantly, to south-east New South Wales in terms of the economic contribution and employment generated by the industry. It generates about \$1.2 billion in gross State product and about 9,000 employment opportunities. We believe that we are probably the most significant tourism industry in south-east New South Wales.

In summary, the reason for making a submission to the inquiry is because we believe that in a regulatory context and in a marketing and government support context the industry is receiving insufficient support relative to our major competitors in Victoria and New Zealand. There are a variety of actions that could be taken and a variety of examples that will be given today that we would like to see addressed by the New South Wales Government. Predominantly, they sit under two headings. One is regulatory and government responsibility and the other is marketing of the industry.

The Hon. STEVE WHAN: We will start with the regulatory issues that you have highlighted. Will you expand on the barriers or restrictions on maximising the tourism potential of the area? In your submission you speak about the objectives of national parks. Will you expand on that?

Mr BRULISAUER: The New South Wales resorts are all contained in Kosciuszko National Park, which is managed by the National Parks and Wildlife Act 1974 that vests care, control and management of those areas in the NSW National Parks and Wildlife Service. They then have responsibility for our leases and government policy with regard to the industry. With respect to the National Parks and Wildlife Service, they are generally a conservation agency and in their legislation and regulations they have very limited responsibility for the promotion, encouragement and development of tourism. We believe that that legislation has framed the nature, activities and skills of the National Parks and Wildlife Service. Very little encouragement of development of snow tourism or summer tourism comes from that agency.

The way the New South Wales Government is structured with regards to tourism marketing and marketing of tourism assets really vests within Destination NSW. There is no dialogue at all between National Parks and Wildlife Service and Destination NSW or New South Wales resorts as to the performance of the resorts about what they are delivering to the State by way of growth, employment opportunities and how they are performing in terms of market share within Australia and New Zealand, which is a relevant benchmark. We are aware, for example, that Victoria has very clear legislation that requires the responsible government agency, being the Alpine Resorts Commission, to foster the growth and manage the outcomes of that significant industry, whereas in New South Wales it is simply not recognised. To go back to the first point, we fall under the National Parks and Wildlife Act, which is primarily an instrument for conservation.

The Hon. STEVE WHAN: I asked one of our earlier witnesses about the competition between Australian and New South Wales ski fields and New Zealand. What is the current state of play with that? Obviously, airfares and petrol prices have an impact but are there policy settings that government can undertake to help in the competition between Australia and New Zealand as a destination for Australian skiers in particular?

Mr BRULISAUER: I would be happy to give a quick answer to that and Mr Rodgers might also have a comment. Currency plays a major part in that. From 2009 we saw significant leakage of Australian skiers to New Zealand. The New Zealand industry had very good cooperation with the New Zealand Government, which you would have seen in the New South Wales media targeting New South Wales skiers to go to New Zealand and experience their product. At the time we were trying to get a Snow Australia marketing campaign up and active, which was a joint initiative between the Victorian and New South Wales governments and the Australian ski resorts. Subsequently, that did get up and we have had a successful program for the past three years where

the New South Wales Government contributes \$250,000 together with the same amount from the Victorian Government and the ski resort operators put in the same. It encourages Australians to ski at home and encourages first timers to start the sport partially in response to that leakage to New Zealand.

Unfortunately, the resorts had to go through Destination NSW contestable funding round one to try to get access to funding for next year and we were unsuccessful. At this stage there will be no Snow Australia campaign for next year because the New South Wales Government has been unable to find the funds. On the contrary, the Victorian Government has been willing to commit to a three-year \$250,000 a year program. We find ourselves in a situation where we would like to be working with government to try to get Australians to ski at home and introduce new skiers to the market, but the New South Wales Government has not been able to commit the funds.

The Hon. STEVE WHAN: You have probably started to answer this question, but there is a new structure of Destination NSW working with contestable funds and dedicated funds for Regional Tourism Organisations [RTOs]. As corporate players in the tourism scheme how do you see that working and how do you see yourselves fitting into that in the long term? Is it going to work?

Mr BRULISAUER: We saw it as a positive in that we could apply directly to Destination NSW without having to necessarily go through an RTO. However, we made an application for Snow Australia and we were unsuccessful. We felt that the criteria to access funding were far too strict. I think the evidence would show that 90 per cent of those that applied for contestable funding in round one were unsuccessful in the State. The amount of tourism funding that is coming from Destination NSW to industry through the contestable funding process at this stage is very low.

In our view, we are a significant industry and we are investing in capital infrastructure in tourism in regional areas I think like no other tourism industry. We do not think we should have to go through a grant program every year to try to get access for a marketing campaign next year. We need the sort of certainty the Victorian Government is providing by saying: We agree to a program, we are going to sign up, here is a certain amount of money for the next three years. You can then plan and implement a decent marketing program. You cannot come up with decent marketing programs to build brands and build visitation if you have to go through constant rounds for grants and be unsure whether you are going to be successful. It is simply not sustainable.

The Hon. STEVE WHAN: An earlier witness suggested that it should not be up to government to assist the industry with promotion and marketing but that government should focus essentially on infrastructure. You are suggesting that government should be assisting with marketing the resorts. Why should it?

Mr BRULISAUER: If government wanted to invest in infrastructure or marketing that would be fine in my view. In New South Wales the reality is the government invests in nothing in the New South Wales ski resorts. Perisher, for example, pays about \$5 per skier a day in rent to the New South Wales Government. In Victoria the resorts pay about \$1 per skier. In New South Wales there is no investment by the New South Wales Government in the type of resort infrastructure that the Victorians invest in; for example, snow-making dams and a whole range of infrastructure that benefits the industry. All that happens in New South Wales is park use fees go into consolidated revenue to Treasury and so too do lease fees and taxes. There is no marketing of the New South Wales ski industry absent the Snow Australia campaign and there is no investment in infrastructure by the National Parks and Wildlife Service. It is all self-funding. Infrastructure or marketing—take your pick, just invest something.

The Hon. STEVE WHAN: There is infrastructure that is funded through the levies such as sewerage works, but what about infrastructure outside the parks such as airports, roads and those sorts of things?

Mr BRULISAUER: To be clear on those levies, they are user-pays levies. People who are going to the park are paying for that infrastructure. That is not government investment.

The Hon. STEVE WHAN: We could have a philosophical debate about this but we will not right now. Representatives from Snowy River Shire Council have spoken at this inquiry about the need for upgrades of infrastructure in their area and the need to get more contributions towards that. What is your view on the infrastructure on the way to the parks such as toilet blocks, playgrounds and those sorts of things?

Mr BRULISAUER: I think there is scope for a redistribution of money that is paid to national parks for gate entry fees into adjoining local government areas. National parks receive significant income from the

resorts and from the people that visit those resorts. In my view, that should be spent on facilities that the visitors to the resorts and those local government regions depend on.

The Hon. STEVE WHAN: Does Kosciuszko Thredbo share the same views? I know that some of the entry money in recent years has gone into the trail down the river, which is maybe more of a tourism product than Mr Brulisauer is talking about. What is your view on that?

Mr RODGERS: Thredbo is a little different to the other resorts in that we are operating 365 days a year. We ourselves have committed of the order of \$1.5 million over the next 18 months to mountain bike trail development. The national parks have developed—

The Hon. STEVE WHAN: There is a suggestion of a conflict of interest over here.

Mr RODGERS: In the Thredbo Valley what the parks have invested in I think is well behind schedule and possibly overcapitalising in some cases.

The Hon. STEVE WHAN: But it has very impressive bridges.

Mr RODGERS: Very impressive bridges, but we developed a mountain biking master plan with Thredbo and a leading consultant who was recommended by national parks. We were fortunate enough to receive a grant from the Federal Government in matched funding to realise this development plan. Now we are working through the machinations of the Department of Planning as the consent authority, and probably more appropriately the National Parks and Wildlife Service as the referral authority, to get the development application [DA] approved for stage one of that plan. That is recognised by the National Parks and Wildlife Service in a strategy paper of 2006 as a valid pursuit in national parks. It is going to arise on this occasion.

When the development application was put to the National Parks and Wildlife Service for comment, that well lapsed with no response. We did walk hand-in-hand with parks and planning recently to try to move that along. It is a bit like swimming through treacle. It seems to be an inter-agency jealousy. Planning is the consent authority and parks wants to be. It just seems that parks particularly—we recognise the role they play particularly in the environment—goes beyond that to be almost obstructionist in some ways. But yes, the Thredbo Valley track is nice. When it is finished it will be great. Our master plan links in with that. I think that is a pretty good example of working with parks for good design and for our trails—42 kilometres of them—to link up with the Thredbo Valley track. We are also then planning to offer transfer services back so that people can ride on top almost of Mount Kosciuszko, or as close as you can get, right down and we will transport them back.

Can I go back to the previous point about New Zealand about policy and is it government's role to market that? Part of it is defensive. You have got New Zealand, the New Zealand Government and Air New Zealand cooperatively funding a mass media campaign in our primary market of Sydney while private enterprise is probably appropriately dedicating its marketing resources in their materials. We would invest \$5 million or so in the New South Wales ski fields in marketing winter each year. That is primarily about winning market share, yet the industries you got together across the border—and we have gone cap in hand for \$250,000 to market Snow Australia—competitively we are just not there. If you are in Brisbane you can fly direct in three hours to Queenstown for \$99 or get in the car and drive for 14 hours and come to the New South Wales Snowy Mountains. It is probably a competitive disadvantage that improved infrastructure might be able to improve, but it is probably more commercial forces at play in terms of airlines' willingness to schedule flights into the region.

That whole transport issue, particularly Brisbane into the Snowy Mountains by air, and then even public transport year-round to the Snowy Mountains, it is only a limited facility that operates in the winter months. You need to drive your car.

The Hon. STEVE WHAN: Can I ask Mr Heatley about Selwyn's accommodation issues? In the past I know you were trying to get changes to policy to allow Cabramurra to be used as an accommodation venue for Selwyn. Is that still a problem? Is that something you still want to do? What are the barriers to being able to do that?

Mr HEATLEY: It is definitely still a problem, Steve. It is an ongoing problem for us in the fact that we are currently trying to negotiate a new lease with the Office of Environment and Heritage and we have just come against brick wall after brick wall in this regard. The lack of accommodation for Selwyn definitely puts us

at a disadvantage because we cannot round up a core base of visitors, so we just have to rely on surrounding towns. But just to put it into perspective, Selwyn, even though it is the smallest resort, or one of the two smallest in New South Wales, we still contribute about \$35 million to \$50 million in gross State product. That leads me back to what you were asking about before, if I can just digress onto the industry basis and return to the industry.

The industry in New South Wales is worth \$1.2 billion of gross State product. The tax revenue, including GST to the State, is \$70 million. I think there are grounds there for a bit of support in the areas that Peter addressed earlier for an industry that can actually give a financial return of \$70 million in tax revenue to the State. Back to the Selwyn issue: We are a small family company, as you know. We need to have security of tenure of our lease to be able to invest and continue to operate the resort. Five years ago we commenced a process with the Office of Environment and Heritage to roll over into a new lease with extended tenure. Minister Sartor was approached by parks and he gave consent to negotiate. The parks went off to the Independent Commission Against Corruption [ICAC] to get details on the process and the chief executive officer [CEO] wrote to us and said that we can negotiate it.

That was five years ago. We are still no closer to having a new lease. In fact, the whole process has stopped completely at the moment. We are just at an absolute loss. We have invested a lot of time and effort in the process and we are just getting nowhere. This is an impediment to tourism. Part of that lease is—hopefully this will be a consideration—the fact that we do not have an accommodation base, whether it is resort-based or at Cabramurra. We have some significant impediments to tourism in the northern end of the park. Just going back to surcharges and gated entry, Selwyn is levied with the same surcharge and gate entries as the southern resorts. The bulk of what is collected at the Selwyn—the surcharge goes to the Centenary Fund—is spent in the area. That does not help us because we are primarily a winter tourism operation. Our lease prohibits us from doing any other type of adventure tourism. Those are all issues why we need a new lease, but quite clearly we are fully frustrated in regard to that process.

The Hon. LYNDIA VOLTZ: You have raised the issue of return to the State from the tourism industry. Is it not the problem that tourism in New South Wales is not homogenous? It is not a one-size-fits-all in that regions are significantly different. For example, the Snowy River is a \$500 million industry, but a high proportion of its economic importance is the local region. If you look at the lists that we have been provided, the Mid North Coast is \$2 billion, even Northern Rivers is \$1.18 billion, and it does not even have the Hunter Valley on it, which I know is second or third in terms of economic output. If the Government looked at tourism in regards to return to the State, the Snowy Mountains would come a long way down that list. But that does not make the Snowy unimportant because it is the only one of its type of tourism in the State that represents that kind of industry. I am just trying to grapple with how it goes back to the regional tourism organisations [RTOs] and how grants are being done. Tourism is not the same and its importance is different across different regions. To have a model that fits everybody, if we went to the economic benefit and governments were looking in that context, the Snowy would probably come further down the list whereas in terms of significance the snow industry is an important one.

Mr HEATLEY: I hear what you say, but regardless, if you look at the State as a whole—and I have some figures here if I can just find them—bed nights in all of New South Wales amount to \$20-odd billion per year. If you can make the comparison with the ski industry, yes it is \$1.2 billion but I think one of the issues that we have is that in Destination NSW you have a \$46 million regional budget out of a total budget of \$130 million. If you make the comparison of bed nights with visitor days, if you can do that, that is approximately 6 per cent of tourism is gross State product, and 6 per cent of \$46 million is nearly \$7 million. All we wanted was to get a commitment for \$250,000 to support a national campaign. I think they are some of the issues we have, but I am not taking away from those other great tourist areas.

The Hon. LYNDIA VOLTZ: I do not disagree. Tourism NSW's problem is that its marketing campaign is in competition with Queensland. How do you get people to not go Sydney reef and rock? How do you get people to go to Sydney and then out to those regional areas? That is problematic for you guys because the figures I have seen is that 80 per cent of your tourism industry comes from either the local region—Canberra and those surrounds—or New South Wales itself and I suspect a lot from Sydney.

Mr HEATLEY: Twenty-seven per cent is outside New South Wales.

The Hon. LYNDIA VOLTZ: It is 27 per cent from outside the State. Really, internal New South Wales is your large market. Transport must be an issue for you guys. I have never driven to the Snowy Mountains because I always think it is so far.

Mr HEATLEY: Yes, but what are the objectives here? Okay, we are primarily a tourism industry that is State based, but here if we lose the support of Snow Australia and the Victorians operate on a more reduced budget, they may well target New South Wales because they cannot have an effective national campaign, which is there to focus on leakage to New Zealand and to grow the industry. Just because the bulk of our visitation is within the State does not mean we have put up some good defence to defend the industry against raids from Victoria and internationally.

The Hon. LYNDIA VOLTZ: No, no, I agree with you completely. I think that getting more domestic tourism is the key for you guys. How do we balance if we just go on money? The money thing is not the story. But in terms of the economic money you drag in—there are regions that get much higher—it is in terms of the impact on your local economy, that is the real story in relation to how much money you raise—the \$500 million that you get. There was one other question I was wondering about and it is probably an aside: When you get the Summer Olympics you always get an increase of people in the swimming pool, but do the Winter Olympics impact you guys at all? They are coming up.

Mr BRULISAUER: Yes, it does.

The Hon. STEVE WHAN: It is a pity it is in the summer time.

Mr BRULISAUER: No, it is actually perfect. The Winter Olympics are in February and the Snow Australia campaign is designed to be in market in February. That is why we applied for round one and contested the planning—so that we could have a campaign planned and in market for the Winter Olympics. Now our only option will be to apply for the second round of contested funding, which closes on 31 January, and we would not be informed until the end of March as to whether we would have funding. If you are informed at the end of March as to whether you are going to have funding or not, given that winter starts in June, you have got to know to campaign. Yes, we want to be in market for the Winter Olympics. The New South Wales Government has been unable to give us the funds to match Victoria and the industry to be able to do that.

The Hon. JAN BARHAM: How many operators are within your group?

Mr BRULISAUER: Four.

The Hon. JAN BARHAM: What is the financial contribution from those four that is made to develop product or to market?

Mr HEATLEY: Are you asking as a total industry spend on promotion, or as cooperative marketing together? In cooperative marketing, it is between the industry, which is Victoria and New South Wales contributing in equal shares to the Victorian Government and the New South Wales Government. That is how we have operated for the last three years and we end up with a pool of funds in the order of \$800,000-plus, which gives us not fantastic penetration but it gives us something. Talking now with my Selwyn snowfields hat on, being a small operator that has limited marketing budget and limited penetration into markets, the fact that the skiing industry is one industry where all players were working together to cooperatively market the industry, you rarely see that. We are bitterly disappointed that we cannot keep it going because we cannot get over the line in New South Wales.

The Hon. JAN BARHAM: Have you looked at other options around social media? A lot of social media marketing and research says that you can direct much better marketing to get certain types of customers.

Mr HEATLEY: Effectively, that is what Snow Australia was. It was a digital campaign working through social media: Facebook and Twitter. And that is just Snow Australia. All the resorts are very active in the field you have referred to.

The Hon. JAN BARHAM: Do you have an interest or position regarding climate change in respect to recent reports about the concerns? In America and Europe ski operators have a very strong position and have united to raise concerns about climate change and its impact on the ski industry. Have you a position like that or are you joining up with international operators?

Mr HEATLEY: I will get my colleagues also to talk about this, but I think you will see that the industry actually funded its own research more than a decade ago. We have been quite proactive. As a result of that research and also from our own business points of view there has been massive investment in snow-making infrastructure. From Selwyn's point of view, we are the lowest altitude resort in New South Wales, but since we have actually provided that technology the number of operating skiing days actually has gone up in the last decade, not gone down. Technology has enabled us to offset the impacts, whatever they may be, of climate change.

The Hon. JAN BARHAM: What is the future assessment and is government willing to support any adaptation models you have to protect the local industry?

Mr HEATLEY: Again, from my point of view, it comes back to the leasing that I was talking about. We need to provide other types of tourism within Kosciuszko National Park.

The Hon. JAN BARHAM: But you said you were restricted, you cannot contract and could do only a couple of months.

Mr HEATLEY: We are limited to operating ski lifts. So we need to move beyond that. But, again, with continued investment in snow I believe the industry has a decent future.

Mr BRULISAUER: If I could add that the primary adaptation mechanism for the ski industry to the worst case impacts of climate change through snow making is the same that is being adopted in North America and Europe. In terms of infrastructure investments, they are the sorts of investments that, for example, the Victorian Government is doing by assisting the industry to adapt to climate change by investing in snow-making reservoirs, for example, so that you can increase your capacity when you have the climatic conditions. The reports that have been generated for the Australian industry indicate that under the medium-term impacts of climate change Australians can adapt to climate change impacts through snow making. Often people will cite the worst case climate change scenario and say, "On this scenario there will be no snow." My only response to that is under that scenario, Sydney also is under water and there is a global food and water shortage. So we are not planning for that.

The Hon. JAN BARHAM: In some overseas examples they are looking to diversifying tourism and getting government support for that sort of precautionary adaptation model. This morning we heard from people about the summer mountain biking and the different options to diversify so as to not rely so heavily on what is seasonally climatic, even if it is not an early snow. We heard that people will book to go to New Zealand rather than come here. Are you looking longer term and more broadly about what can happen in this area? I hear great reports about the nature-based environmental tourism that is here.

Mr HEATLEY: I do not think anyone can say that New Zealand has better snow conditions than Australia. Quite often they may have a better season, but then we also can have better seasons.

The Hon. JAN BARHAM: We just heard that if there is not an early snow here, people will book to go to Queenstown rather than come here. That was just one factor, depending on how early the first good snow comes here. It was not about being better or worse.

Mr HEATLEY: I am probably the senior one here. I have been involved in the industry since the seventies. Back in the seventies the snow industry in Australia was, when it snowed, an ad hoc visitation. Everyone jumped in their cars, came down and had a ski and the snow might melt, it would be quiet for a while and then there would be another snowfall and off everyone would go. That was the situation 50 years ago. Today you have an industry that is a full destination holiday industry that pretty much guarantees a product from long weekend to long weekend, which is our season. This is through the technology that Peter and myself have been talking about.

Mr BRULISAUER: In terms of the other adaptation strategy, I agree with you that that certainly is occurring in North America. America and Europe are diversifying. I think Thredbo is the best example of where that has happened.

The Hon. JAN BARHAM: And whether or not government is supporting in New South Wales the idea of doubling the visitation either to spend or the numbers, whatever adds up to more, and realising how to do

that, and whether or not it will support that growth for the purpose of economic security, viability, employment and all the good things, particularly in the region. As you pointed out, the spend in the region is proportionally less than it should be, without a test as to whether the money being spent by government in the city is enhancing a return compared to what could happen in regional areas. The point coming through from many regional operators is that they are not getting a fair share.

Mr RODGERS: I think the funding under the new model of contestable and quarantine funds and minimum matching cash amounts is flawed. It is not an homogenous industry, particularly regionally. It is made up of very small operators. Under the current funding arrangements there is a minimum \$50,000 matching cash contribution. For most regional tourism operators that is beyond their reach. It really favours bigger players that possibly do not need it as much as the guys offering the trout fishing tours, the interpretive walks and that type of thing. Without any capacity funding for regional tourism organisations, they are going to die. Tourism Snowy Mountains does not have much of a future. Peter and I are on the board of that organisation. I can see without capacity funding from government that it will not be self-sustaining in trying to reach this doubling of visitation, which is probably a very ambitious target. But the whole approach from Destination NSW seems to me that nobody is really doing the bigger thinking to support the smaller people. It is very much an application process and a tick and cross, dot the i's and whoever gets in the best form may get funding, and they are probably the ones who need it least.

The Hon. PAUL GREEN: That is a good point. Peter, at the beginning you mentioned regulation and marketing of the industry, and then you mentioned Victoria and New Zealand. What are they doing better that maybe we can learn from?

Mr BRULISAUER: It is actually about government sitting back and saying what type of industry have we got here or what is this land use and how are we best to manage it? Right now, as I said at the outset, we are managed under the National Parks and Wildlife Act and under that Act there is insufficient focus on tourism. We are a tourism industry, it is as simple as that. We are not nature conservation. True, we blow up rocks and cut down trees, we put a pipe in the ground, we make snow, we take water and make snow, people come here by the thousands—

The Hon. JAN BARHAM: And you are scaring them.

Mr BRULISAUER: Seven hundred thousand visitors to Perisher, for example, a year, but there is a whole lot of environmental legislation in New South Wales that governs what we do—the Threatened Species Conservation Act, the Water Act and every other Act that governs what we do. That governs our environmental impact. We need some sort of zoning within national parks or some sort of legislation that says this is an important tourism industry, like the Victorians have, let us figure out how we can look after them. Let us figure out how we can encourage them to invest and adapt to climate change, whether it is through summer tourism or through snow making, let us make sure that they are responsible environmentally and let us make sure of the right outcomes for the snow. What has happened is there is a function of history: We have been zoned as national park and there is no real government agency that really understands what we do, nor has the capacity to try to plan good strategies for our sustainable future.

The Hon. PAUL GREEN: Some have suggested that our national parks have been underutilised. Do any of you gentlemen have any comment on how you think they could be utilised further to induce better tourism outcomes?

Mr BRULISAUER: I certainly agree with that statement. I think there is potential for fantastic tourism product, for example, in Kosciuszko National Park. One has only to look at Cradle Mountain National Park or the national parks of New Zealand where there are fantastic overnight touring and walking groups with serviced huts and a whole range of facilities. There is no product at all in Kosciuszko National Park along that line. Nothing. There are signs saying, "Here are some tracks." If you have a GPS and you are good at navigating, good luck, but there is no good product. That is really as a result of how the legislation has been framed and how the agency has been tasked with conservation rather than production of tourism. I honestly think that you can have both.

The Hon. PAUL GREEN: Is the New Zealand operation with the huts and walks privatised?

Mr BRULISAUER: There are various models. Some of the best models are privatised and they deliver very good tourism outcomes. I think at the same time they even deliver very good conservation outcomes.

The Hon. PAUL GREEN: Do you other gentlemen have any other comments on whether our national parks are underutilised?

Mr RODGERS: At least for our small leased area in Kosciuszko National Park we need to become more than attractive for old people to walk through and look at wild flowers. We need to have more iconic activities that, from my point of view, are more adrenalin based that match with the position of skiing and have this year-round place where there is always something happening. Mountain biking is one high-adrenalin sport we are investing in. As I said, even though it is recognised by National Parks broadly as a legitimate strategy, it requires amendment to the plan of management of the Kosciuszko National Park to allow development of mountain bike trails that are not already on an existing management trail. That is one small amendment that we were assured would be made a few months ago. Now again between advisory committees and others to make that one change, although National Parks believes it is an appropriate activity, it takes a long time to make a small change to allow that to happen. Then if we are able, a further change would be to allow development in the alpine area above 1,800 metres—we are talking about a small section of track where we have done all the consultancy, the environmental impact and the potential Indigenous impact.

We are not talking about invasive development; we are talking about a one-metre bike track through some beautiful country, which then would be an epic trail by world standards linking up with National Parks' valley trail. I can see a real battle on our hands over the next couple of years to realise that. Having just come back from Whistler and its summer activities, the zip lining network they have there is something we would like to look at implementing in Kosciuszko National Park. I am researching that at the moment. There they have networks of thrilling zip lines with interpretative guided walks talking about the environment, the botany, the fauna. National Parks could get engaged with someone like us to deliver and just offer, I guess, more marketable activities than purely walking.

The Hon. PAUL GREEN: What is a zip line?

Mr RODGERS: A zip line is like big flying foxes. You can go through 600-year-old hemlock forests. It is quite thrilling.

The Hon. PAUL GREEN: I thought it was a tightrope, as the guy did over the Grand Canyon.

Mr RODGERS: The snow fields occupy such a small part of the park and they are largely disturbed, yet they are pretty well treated as if they are pristine, undisturbed environments in the way any development is approached.

Mr HEATLEY: The footprint of the resorts on Kosciuszko National Park is 0.6 of 1 per cent of the total area. What Jordan says is right, they are not disturbed but they are highly developed areas that are pretty much in conflict with the surrounding area. I was going to put to you, Paul, if you are a tourist to Kosciuszko National Park.

The Hon. PAUL GREEN: I have six children. I need to win Lotto every second year to get down there for a ski.

Mr HEATLEY: Again, it is the ski resorts. As a tourist, if you venture from the ski resorts or the major roads that run through Kosciuszko National Park, you are confronted with locked gates. The whole park is just locked off to tourists, except defined areas where you are allowed to go. Back in the days of the Labor Government, huge areas of wilderness were put in to places where people were pretty much forbidden to go, except for probably a minute part of the population who are super fit and can hike for two or three days to get in and enjoy these areas. Kosciuszko National Park is locked up, except for those areas, which is the resort areas, principally, and the main roads.

The Hon. PAUL GREEN: You are suggesting we should unlock them—

Mr HEATLEY: Yes.

The Hon. PAUL GREEN: —for the community to enjoy for environmental reasons—

Mr HEATLEY: No, there are so many—

The Hon. PAUL GREEN: —and the values of mountain biking.

Mr HEATLEY: There are so many groups that want to visit and utilise the park, but they are prohibited by the plan of management.

The Hon. JAN BARHAM: I want to ask a question about the idea of utilising public land designated for conservation for commercial purposes. Why are there not more tourism opportunities happening on private land?

Mr HEATLEY: Because it is not in the park. The whole alpine region is captured by Kosciuszko National Park.

The Hon. JAN BARHAM: But other types of commercial—

Mr BRULISAUER: The only snow-covered area of New South Wales is in national parks, and the only real demand in the national park, in a tourism sense at the moment, and that will change, is—

The Hon. PAUL GREEN: Unless someone privately wants to buy some.

The Hon. JAN BARHAM: I am wondering why the reliance on the tourism in the economy is to go in there for something that is already designated for a purpose and change that rather than an economic return for the region that delivers jobs and some sort of viability that is not at odds with an existing purpose.

Mr BRULISAUER: I am not sure what the question is.

The Hon. PAUL GREEN: It is about doing the activities that we were just talking about on private land, not in national parks. That is for another time.

Mr HEATLEY: The land type does not exist. You leave the park and you are into farming country.

The Hon. PAUL GREEN: That is what we just heard.

The Hon. JAN BARHAM: That is what I am saying.

The Hon. PAUL GREEN: Jan's suggestion is that it should be done on the farming land rather than the public land.

Mr HEATLEY: Yes, but the farming land is cleared and it has a totally different land use.

The Hon. PAUL GREEN: You will get no argument from me. Bob, I do not want to divulge too much into what your negotiations are, but can you clarify your impediment with this new lease? It seems weird that you say something about five years?

Mr HEATLEY: Yes, five years.

The Hon. PAUL GREEN: Seriously, what is the hindrance? Is it negotiation or is it a term?

Mr HEATLEY: No. The Office of Environment and Heritage engaged a State valuer to value the asset and instructed him to give comment on tenure, premium, and rentals, all the standard commercial things. This was done, which they accepted. We were actually 95 per cent of the way through the process. Then in April there was an appointment of a development officer—I will get his name and title to you—and he put a stop to the process, claiming that there were probity issues. I do not know why, because parks went off to the Independent Commission Against Corruption and then he said he had issues with the valuation. There were two valuations done. We did one privately and the State Government did one. They were both virtually identical, so we do not see the issue there.

The latest information that we have back from the chief executive officer of the Office of Environment and Heritage is that they are now developing a new leasing policy, which we are going to be captured under. We have no idea what is in that. We have no time frame, and we have no light at the end of the tunnel. We are now on a diminishing asset because our leasing time is running out and the day before the lease expires, the value of our asset is pretty much zero because we have to walk away. We have no option, so it is important for a lessee to be able to have tenure to have confidence to invest and provide tourism services, so we are absolutely dumbfounded, and we have been the lessee since 1984. We have not had any problems at all. It is a real issue for us.

Mr SCOT MacDONALD: I refer back to your unsuccessful Destination NSW. You made the point that it is an annual thing, so it is problematic. If we are to put something up, what would be the recommendation? Would it be a longer period, or should it be a joint effort, or Federal, if you like? What would be the exact recommendation? When it came to Destination NSW, it sounded to me that it was a round peg trying to fit into in a square hole.

Mr BRULISAUER: I think that is right. At the moment the recommendation is that we get \$250,000 per year from the New South Wales Government before the end of the year, which is to plan a three-year campaign. As Bob said, \$750,000, and that will enable us to figure out which markets we are going to target, which media we are going to use, and make sure that we have got good measurements in place to determine how effective the campaign is. We really need that multi-year approach to be effective to want to invest ourselves. The industry is saying that if we have to find out every year whether we have got some money or not, we are not that willing to invest because it is too ad hoc and you cannot plan a proper campaign. That is the framework that the Government has set up with this annual funding.

Mr SCOT MacDONALD: I think I have the gist of that. We have had other witnesses suggest a bed tax. I am sure you have heard that before. What is your reaction?

Mr BRULISAUER: In shires such as the Snowy River Shire Council, if there is a bed tax some sort of rate levy is appropriate because the shire is dependent on tourism. The shire, for the long-term benefit of ratepayers, needs to invest in the ongoing tourism asset, whether it is the brand or infrastructure. They cannot rely on the major resorts alone making the marketing and infrastructure investments in the area, which is essentially what is happening now. For example, Snowy River Shire Council contributes \$20,000 per year to Tourism Snowy Mountains. Perisher Ski Resort will invest more than \$3.5 million in marketing.

Mr SCOT MacDONALD: I want to flesh out your point 4. You have talked about zoning. Again, coming at it from the point of putting together a recommendation is that you need a lease? I am not really sure, but is it a property right you need to have the confidence to invest?

Mr BRULISAUER: No, it is a zoning within the National Parks and Wildlife Act, and within the national park to recognise a specific tourism zone for alpine tourism. That small area is set aside, less than one per cent of the national park, to say this is a ski resort or snow resort—alpine resort zone—and, within this area, Government is going to do everything that we can to promote alpine tourism. Of course we will have to comply with all environmental laws that apply across the State but its primary purpose is snow tourism or alpine tourism.

Mr SCOT MacDONALD: Is there any precedent for that? Did you mention something in Victoria?

Mr BRULISAUER: Victoria is a very good example. The areas of the ski resorts are governed by the Alpine Resorts Management Act, and they are not national parks. The primary purpose of the Alpine Resorts Management Act is for the conduct of alpine tourism.

Mr SCOT MacDONALD: Does that give the licensee or the lessee, whatever they are called, any more property rights?

Mr BRULISAUER: No, they are still on leasehold.

Mr SCOT MacDONALD: That still sounds like a superior form of licence.

The Hon. NIAL BLAIR: Are they designated that this is a core function and they are treated that way? They are not treated by the conservation area, for example.

Mr BRULISAUER: Correct.

The Hon. NIALL BLAIR: They are treated like a commercial enterprise.

Mr BRULISAUER: Correct. There is no misunderstanding. The area is—

The Hon. NIALL BLAIR: A tourism area.

Mr BRULISAUER: And it needs to be managed as such.

The Hon. NIALL BLAIR: I refer to your submission, which we have heard a lot about today. What is the feedback about the degree that it was unsuccessful? Is it because it was requesting funding over three years?

Mr BRULISAUER: No, we did not request funding for three years through that program, because you could only request funding for a 12-month basis, so we applied in that sense. The reason given was that in the past we could not demonstrate the exact return from the Snow Australia funding into the dollar value of bookings that was made through the campaign. Now, Snow Australia, by its name, is a broad-based branding campaign which Destination NSW is aware of and signed up to. It is not a booking engine. It is to say to Australians, "Hey, we have the Snowy Mountains. We have the snow fields of Victoria. You need to come and experience this. It is just in your backyard." The resorts that sit underneath that have a range of offers and their own campaigns that sell direct to the consumer. Because we did not fit that strict criteria for Destination NSW of being able to essentially translate dollars into bookings—we made some assumptions to try to satisfy that. We did not get the money.

The Hon. NIALL BLAIR: We are a Committee looking at ways that we can make recommendations to Government. What then needs to be changed under the selection criteria? Is it not just about overnight stays and translating to that, or is the data too hard to capture? What would the recommendation be? Obviously you will provide the feedback to Destination NSW, and so will we. What is the recommendation that we send with that?

Mr BRULISAUER: I think there should be some sort of relaxation on the criteria with regards to reporting on the value of the investment. I have been managing a major tourism business for a number of years. If someone could tell me which part of my marketing budget was working and the part that was not so that I could cut it, then we would save a lot of money. If the New South Wales Government thinks that there is a very rigid science to determine which dollars are working and which ones are not, you could cut the rest of the stuff out. It is simply not that easy. For example, it is very, very difficult to gauge the return on branding investments. You simply cannot track the booking. In a meeting, Destination NSW suggested to me some of the advertising that Perisher does, which is fantastic, because the person saw it on a billboard in a railway station. I cannot track the return of that. It is impossible.

The Hon. NIALL BLAIR: Is this ultimately accountability criteria that has been set up to show transparency on Government funds that have been allocated? I could certainly imagine that if \$100,000 was given to a local operator in a town that had never had funding before, there would be questions about why the Government was giving it \$100,000.

Mr BRULISAUER: Correct.

The Hon. NIALL BLAIR: So is it a case in essence of trying to see accountability and value for money from the Government's point of view? Is that one of the reasons why this campaign, for example, has not met that criteria?

Mr BRULISAUER: Correct. I think if you look at what happened in contestable round one then you will find that there was a significant issue with 90 per cent of applications being rejected. In our case I would encourage you to remember that we have a very mature industry that understands its market very well and that invests a significant amount of money in marketing—an amount far greater than what it is asking the Government to contribute. We need a three-way dialogue between the two governments and industry to say, "Here is our market. Here is how we want to spend some money. Let us agree to that and review it in three years time." Do not put us through an annual tick the box exercise which I think, as you suggest, is probably more

directed towards much smaller applicants in regional areas not a major industry with significant marketing expertise.

The Hon. NIALL BLAIR: So where do we go from here? I guess there are two parts to that question: first of all, the campaign coming up to next winter. Is there any money available through the regional tourism organisation or someone else at this stage? You said that round two closes at the end of November and you will not know the result until the end of March or something like that.

Mr BRULISAUER: If Snow Australia does not receive funding from the New South Wales Government then I think the only alternative is for the New South Wales resorts to come together and try to get some funding through the regional tourism organisation. It might end up being a \$100,000 or \$200,000 campaign spend from the New South Wales resorts and Government; as opposed to what would have been an \$800,000 Snow Australia spend. We know that the Victorian Government have between \$500,000 and \$1 million to spend and we think that they will target New South Wales.

The Hon. NIALL BLAIR: Where to from here for future years? If this is an issue that has been identified with round one, and you said that you have had some feedback from Destination NSW—and obviously we can play a part by making recommendations—what else is available to try to overcome this in the future?

Mr BRULISAUER: Snow Australia started six or seven years ago with the industry being told by the Government, "If you want to access Government money then you need to come together as an industry. You need to come up with a strategy. You need to understand your markets better. You need to apply all those things and come up with a partnership." That is exactly what we did. If Snow Australia falls over now as a result of the New South Wales Government not making their contribution to the partnership then I think that the industry and the Victorian Government will be very reluctant to work with the New South Wales Government going forward, even if it is just the industry, because you never know when the funding is going to be pulled. So how much money are you going to invest in a joint campaign? I think it will do significant damage to the industry.

The Hon. NIALL BLAIR: I guess what I am asking is: What is happening at the moment? Is there dialogue continuing with New South Wales, Victoria and Snow Australia to try to overcome this?

Mr BRULISAUER: As I understand it, the Victoria tourism minister is making a last ditch effort, if you like, to try to get the New South Wales tourism minister across the line to make a three-year contribution to Snow Australia. We have made similar representations to try to save the organisation.

CHAIR: Have you seen the submission by the Snowy River Shire Council?

Mr BRULISAUER: Yes.

CHAIR: In that submission it says that alpine resort numbers have been flatlining for the last five years and the actual growth has been in the non-winter months. They say that in the submission. Would that not imply that the funds that have gone into advertising over the few years in relation to Snow Australia have probably benefitted Victoria as opposed to New South Wales?

Mr BRULISAUER: No, I think if you look at the ski day results from the resorts then I think you will see that the benefit has been more to the New South Wales resorts.

CHAIR: Do you have any evidence of that?

Mr BRULISAUER: I am sure the number of ski days for New South Wales and Victorian resorts can be divulged to those briefings. We have to understand that the ski industry around the world is a fairly mature market and at most it grows at rates of two to five per cent. So one should not expect significant growth. If we can maintain it or grow slowly than that is a fairly good result. I am not sure about the growth in summer tourism numbers. The car count that I have seen for Kosciuszko National Park shows that there has not been significant growth in summer tourism.

CHAIR: I suppose my question is if New South Wales is looking at investing then would it not be better to look at it from a New South Wales perspective, as opposed to having some of it end up benefiting Victoria?

Mr BRULISAUER: If that is the view of New South Wales Government and what it wants to do then I think the industry would be very happy to talk to the New South Wales Government about that. Again, it would have to be a multiyear commitment to a strong marketing program—not as it is now going through an annual program where you apply for a grant, and invest significant time and money in that, and cannot be sure whether you are going to achieve a result.

Mr RODGERS: On that point, New South Wales has about 60 per cent of the total market. Victoria has about 40 per cent. That does show that for any marketing strategy, all things being equal, New South Wales will get more than its fair share of return from that. In fact in the last couple of years New South Wales market share of ski days has grown at the expense of Victoria.

CHAIR: It would be good to get further information on that. If you are saying that the department are saying that they have no evidence that their investment has been beneficial then it would be quite good to provide that information to the Committee.

Mr RODGERS: It does not fit one of the boxes. I was concerned that it was not getting across the line because of some philosophical concern that it might be benefiting Victoria more than New South Wales. I raised that with Destination NSW directly in a meeting that Peter and I had with them. But there is no thinking about it. It is just a case of, "On the application form here you have made assumptions about the return of this campaign that we find hard to verify." There was no thinking about whether it benefits New South Wales more than Victoria or whether it has been successful in winning market share for New South Wales. Those considerations did not come into it; it is just about each tranche of funding being assessed on some very micro key performance indicators which are hard to quantify.

The Hon. LYNDIA VOLTZ: It is just a straight out requirement that, "If you spend this amount of money then we want to see this number of bed increases through bookings and so on."

Mr BRULISAUER: I will just touch on that very quickly. Our industry does rely on snow. Some winters are great and others are poor. We cannot demonstrate continual growth from a Destination NSW marketing campaign because by nature if you have a bad winter snow-wise then you are going to report a reduction in visitors. You might actually have two bad winters in a row. How do you then report to Destination NSW as to how the spend was effective in growing visitor numbers? It is a long-term investment in the market.

The Hon. LYNDIA VOLTZ: And nor can you show the state of the industry by the marketing, because you are not leveraging off your baseline.

Mr BRULISAUER: Correct, and as I said in the ski industry globally if you are actually holding your number of visitors then you are doing pretty well.

Mr HEATLEY: I think the Australian industry has shown that. If you look at the last five or 10 years then, even though the industry is going through this, you see that it is still growing.

CHAIR: Unfortunately our time for questions has expired. Thank you very much for appearing before the Committee today. Any questions you have taken on notice the secretariat will forward to you, and the answers will be required in 21 days.

(The witnesses withdrew)

ALAN BRUCE MARSHALL, Owner and Director, Lake Crackenback Resort and Spa, sworn and examined:

CHAIR: Thank you very much for appearing this afternoon. Before we commence questions, do you have an opening statement that you would like to make or to table?

Mr MARSHALL: I am the owner of the management company and developer of Lake Crackenback Resort and Spa. I also have extensive interests in Jindabyne and the Snowy Mountains generally. I like to think of myself as representing a lot of small businesses in the area. I am a little underprepared than I would like to be for my presentation today. I was only made aware of this some days ago. I have a general manager for the Lake Crackenback Resort and Spa, who was originally asked to represent the resort. Unfortunately is away on annual leave so I am filling in for him. Consequently I have not made a submission to this inquiry. I did go to the trouble of preparing some notes on items which perhaps address some of your terms of reference and some of the things that I would like to talk to you about today. I thought if I gave a copy of it to each of you then you could use that as a means of asking questions.

CHAIR: Thank you. We will now commence with questions.

The Hon. STEVE WHAN: Thank you, and welcome to the hearing, Bruce. Thank you for coming down. We were hoping to come up to you actually but we could not fly into the airport. We heard quite a bit of evidence today from councils, from Tourism Snowy Mountains and from the resorts. A lot of witnesses talked about relationships with the parks and those kind of things. I am not sure if you still do them but I know that at one stage you had tours which took people out camping into the national parks, and you were looking to do the same thing in wilderness areas. I am not sure if that is still happening.

Mr MARSHALL: It is still an activity that we offer. It has been decidedly unsuccessful, which I would be more than happy to talk about today. It was not for lack of energy and effort put into it. There are some problems.

The Hon. STEVE WHAN: I remember that one of the issues was accessing wilderness areas with tour guides. Do you have any comments on that? There was some movement. Does that still need to change?

Mr MARSHALL: We are not aware of any movement on that front. As a commercial group we are not allowed in the wilderness areas. Only unguided self-sufficient people are allowed into most of Kosciuszko National Park. The gentleman here from Mount Selwyn alluded to the large wilderness area stretched throughout the Kosciuszko National Park. It is almost in strips. It virtually prevents any commercial group from being able to go anywhere of any significance and being able to offer interesting walks, because as a commercial group we are not even allowed to walk through the wilderness areas to get to the other side. So we are very restricted in where we can go.

We had some really big problems trying to develop our Kosciuszko alpine guided walks, which was set up as an upmarket overnight camping experience tied in with resort operations and a night in the resort as well—or more, preferably. Our biggest problem was getting access to places for our equipment, for our people, for our food and for our tents and various other items. Management trails within the national park are used heavily every day by various rangers et cetera. But commercial groups are not allowed to use them in any way whatsoever to get equipment up to a camping area to provide the overnight experience for people with the sorts of creature comforts that people expect in today's world.

I tried so hard to get some concessions on that front. I suggested that we would drive up at 5 a.m. and late at night in a single trip for each particular walk and so on and so on. We were totally unsuccessful in being able to do that. Consequently you are paying people to be donkeys to carry large quantities of materials up on their back in packs to support the overnight tour. Dragging a sled behind a mountain bike was another way we tried to transport materials. The cost is prohibitive. You end up having to charge too much for the overnight experience and therefore it is not accepted well within the marketplace.

The Hon. STEVE WHAN: We had some discussion earlier about the need for more of those types of experiences, along the lines of what you have in Tasmania with the Overland Track at Cradle Mountain and in New Zealand—none of which I have done, mind you. Is it essentially that more flexibility is needed to be able to offer those special destination sorts of experiences to people?

Mr MARSHALL: As you are aware, I got involved with various other CEOs in the area some years ago and that tourism task force got set up. The Department of Environment and the Department of Tourism got together and there was a tourism task force that looked at various things and initiatives, one of which was to set up huts along the commercial lines of New Zealand and Tasmania. A lot came out of that task force and a whole lot of recommendations but it seemed to sort of die a death somewhere along the way.

I will say that there has been a significant change of attitude within national parks in recent years in terms of a much greater recognition of recreation. That is more driven by the attempts to be able to raise money out of the national parks to help fund the running of national parks, et cetera, but there is clearly within the national parks a very much changed attitude towards recreation. I could talk to you about a lot of those in terms of mountain biking in some of the sub-alpine areas and just a general change of attitude, but there is still a long way to go.

I found it interesting that it was very hard to get change at the coalface in that national park. I mean, the attitude has changed at the hierarchy level but it was difficult to get that to permeate down through the organisation so that those at the coalface within the regional area offices also understood that this was an attempt to try to increase recreation and tourism not at the expense of conservation. It was very difficult to bring about the change. It was a bit like, "The rules say commercial enterprises are not to use national park maintenance trails", for instance. Such is life

The Hon. STEVE WHAN: As a commercial operator in the Snowy River shire what is your view of special rates or levies for tourism purposes?

Mr MARSHALL: Unlike the three gentlemen here before me I represent a small operator. Some years ago you once challenged me on the fact that I call myself a small businessman, Mr Whan. I have a lot of business interests and Lake Crackenback is just one of my interests. I have been involved in all sorts of things in the Snowy Mountains over 35 years such as setting up timber and hardware stores, homeware operations and supermarkets. I built the major shopping centre in the area and have been involved in land and unit development. I have also gone from there into other parts of New South Wales and Queensland over the years largely because Snowy River shire was no longer large enough for me to be able to pursue my business interests with my manic attitude to life perhaps. But the big problem for Snowy River shire is it is a small little operation that really totally relies on tourism. There is no other industry whatsoever. It has in the past relied entirely on winter tourism riding off the back of the larger resorts that the three gentlemen represented. There is another one of course who was not here. But my focus absolutely is a summer focus or a non-winter focus.

I believe the future of the Snowy Mountains is very much aligned to being able to develop interests in the year round sense. I do not disregard the winter at all. Of course that would be stupid of me. It does provide us with two to three months of high premium accommodation rates as a result of the resorts spending large amounts of money in attracting the more well-heeled people to the mountains. But the other months of the year are all important for us to survive as tourist operators but also as a local community. The community of Jindabyne relies totally on tourism. There is no other industry. There is a tiny little bit agriculture but apart from that there is nothing. I see the winter tourist industry for Jindabyne being a declining or less viable industry, unlike those gentlemen who said that skiing is flatlining but they are doing okay.

The reality is for the Jindabyne community and businesses we have been losing skiers to overseas in large numbers. We have been probably substituting them with a new marketplace that comes out of perhaps the less well-heeled, more normal man. Unfortunately, they do not have the same disposable income and are not prepared to pay the same premium that used to be the case in the ski fields. So the money is not there like it was once to get the premium in two or three months of the year. Apart from that, we also see the ski industry being squeezed into a couple of months of the year. The months of June and September are decreasing in their significance in their ability for us to be able to make a dollar. We have got a good business for a couple of months, then a very marginal business in June and September and then we are struggling like hell to make a dollar in the other eight months of the year.

I have mentioned here Lake Crackenback Resort and what I did to try to address that. I was lucky enough to pick up Lake Crackenback Resort about nine or 10 years ago from the receiver of HIH Insurance. For the first time it gave me the opportunity to be able to put my money where my mouth was. I spent an awful lot of years working on chambers of commerce, knocking on Ministers' doors and harassing council and tourism bodies to try to address this imbalance between summer and winter. I became the owner of Lake Crackenback

Resort and it gave me the opportunity to then put my ideas together and find a vision and a way forward to show that a mountain resort was able to operate year round. I would like to say that I have been moderately successful on that front. I took a business that was a huge money loss for an insurance company for many years and I have now got it to a stage where it is a quite profitable year round operation.

To get back to your question, whether money comes from council or Destination NSW or whatever, we have a problem in product availability in the Snowy Mountains. I spoke about the national parks. I could talk about the lake and its rising and lowering levels and how that spoils the product quite significantly. But I believe that we do not have enough to keep people entertained. We can throw dollars at bringing them down in the non-winter months but we have got to provide activities for them to do. There lies the problem.

Thredbo had a serious go at this some 15 to 25 years ago and created a whole lot of events that were really quite successful. Unfortunately, over the past 10 or so years they lost their way a little bit through some changes in attitudes of management and maybe head office as well and their focus on summer went by the wayside. It is all about running specific events that get people down for a weekend or for a number of days. Obviously, marketing is important but to me it is about events. It is also about encouraging local tourist operators to be able to provide a whole range of different small products to entertain people, whether it be fishing guides or kayaking down rivers or mountain biking. It is all about doing those things and providing the funds for it.

CHAIR: We will move on to questions now because we have limited time.

The Hon. JAN BARHAM: I want to follow up on events. We have seen what has happened in Tasmania with the Museum of Old and New Art. It has shown that you can do things differently with some creativity and attract people to something that is special and distinct, which is quite a new way of thinking in this country. Is that big picture thinking and the idea of being adventurous lacking? It sounds to me like you were heading down the path of saying that we have got to think differently and there has to be a leap of faith or innovation somewhere.

Mr MARSHALL: I write in here that I think the vision for the Snowy Mountains is to be the outdoor adventure capital of New South Wales. They are the sorts of events. There is no point in us continuing saying that we are an arts and crafts centre at this point in time. That would be a real challenge for us. We have got Kosciuszko National Park, the lakes and mountains to do things in and we need to pursue those in terms of events.

The Hon. JAN BARHAM: There is a lot of dot joining you can do to organise events that bring people and provide other bits of entertainment and excitement. Surely it is just not all about the snow; there are other things that exist.

Mr MARSHALL: Well, that is what I am talking about by events. What I mean by events is whether they be mountain bike events, triathlons, road riding, music festivals and so on. In an ideal world there would be an event every weekend of the year to attract people down to give them something to do when they are down there, because there is not enough down there at the present time to keep them entertained easily.

The Hon. LYNDIA VOLTZ: Kind of like what the Hunter Valley does with its rock concerts in the vineyard?

Mr MARSHALL: Absolutely. We have got to remember in the Snowy Mountains we are not as well positioned as the Hunter Valley to attract people. We are not an hour and a half drive up the coast. We are 2½ hours on the way from Canberra, which is good, but we are five hours from Sydney. It has got to be a pretty serious thing to actually be able to attract them up in numbers.

The Hon. JAN BARHAM: You said that the task force had lost its way. What was the direction and path it was going down?

Mr MARSHALL: To open up national parks to encourage recreation and to be able to provide a whole lot of initiatives that currently are not allowed to be done under the plan of management or the wilderness Act.

The Hon. JAN BARHAM: Was this the Nature-based Tourism Task Force?

The Hon. STEVE WHAN: I have forgotten what it was called but I remember it. I thought we introduced legislation as a result of it.

The Hon. LYNDA VOLTZ: Yes, we did.

The Hon. JAN BARHAM: That is why I wondered whether it was that one.

The Hon. LYNDA VOLTZ: We changed the legislation to open it up to things such as mountain bike riding and making it easier to build tracks.

The Hon. STEVE WHAN: I thought we also changed the legislation in regard to wilderness areas and professionals.

Mr MARSHALL: I am not sure what those changes are.

The Hon. LYNDA VOLTZ: They are only recent.

The Hon. JAN BARHAM: They occurred in the last year. Obviously, a change of government makes things difficult but is there a problem with long-term strategic planning? Is there inability to do that or for someone to map out a longer term plan? We have heard from other witnesses that they cannot even get their lease right.

Mr MARSHALL: We do not have lease problems, obviously. Lake Crackenback is a freehold property, as is all of Jindabyne. To me, it is all about trying to create the activities that will attract people down to our area that will give us some chance to make a dollar in those other months of the year.

The Hon. JAN BARHAM: You are not getting Destination NSW support for any of this?

Mr MARSHALL: Destination NSW got bogged down in this regional concept of grouping together Tumbarumba, Tumut, Bombala, Cooma and Snowy Mountains and saying you are going to create a marketing event running operation. It is 2½ hours to Tumut from Jindabyne. It is three hours to Tumbarumba. Bombala has nothing in common with the Snowy Mountains and I am not sure Cooma has either.

The Hon. STEVE WHAN: So they told us this morning.

Mr MARSHALL: I declined to get involved in Tourism Snowy Mountains because it is just a dysfunctional organisation in the way it has been set up. The CEO who has just resigned spent his whole time trying to raise money in dribs and drabs from the various councils who begrudgingly gave him \$20,000 each. There was no money to do anything.

The Hon. PAUL GREEN: Bombala would not.

Mr MARSHALL: Bombala pulled out.

The Hon. JAN BARHAM: It did not have any money.

Mr MARSHALL: Yes. The money is a really big problem. The Destination NSW set-up is a real problem for our area. To get back to your question, yes, I believe Snowy River Shire should be raising a bed levy or some means of charging businesses in the area to contribute to a pool of funds to allow us to back events that are focused on summer activities.

The Hon. JAN BARHAM: Is that because you recognise that they wear the cost of some of the infrastructure issues associated with tourism, or do you think it should be going to marketing?

Mr MARSHALL: I have heard that argument from Snowy River Shire and maybe there is some additional cost, but of course they get a huge amount of money out of rates from people who have units there for their personal use about three weeks of the year. They have got plenty of money coming in from those as a contra.

The Hon. JAN BARHAM: Can you explain that?

Mr MARSHALL: There are a huge number of ratepayers in the Snowy River Shire who are people who own a unit or a small house and only use it for a few weeks of the year. I am not sure that argument is particularly strong. The business houses in Jindabyne are all asleep. They have been riding off the backs of the resorts for decades. The Snowy River shire is similarly asleep. It does not recognise that it is in the tourism business. It says it has no mechanism for raising money to fund events by spending money on marketing or assisting in development infrastructure. We need a means of raising money, but I would not let the Snowy River shire anywhere near it. I would be calling Tourism Snowy Mountains to determine whether money could be spent usefully, otherwise it will end up in footpaths and other such things.

The Hon. LYNDIA VOLTZ: Toilets.

The Hon. PAUL GREEN: Good and clean amenity blocks. Well done, because it is one thing to have an idea for putting on extra activities and it is another one to give it a go and fund it. In New South Wales there are lots of communities that are asleep and trying to ride on the back of others doing the work. You have given us a comprehensive presentation, so do not give up. As you know, there is no silver bullet to get people to spend time in our districts. It needs to be a combined effort and a combined investment with a clear strategic outlook. You can try it yourself, but it is very hard.

Mr MARSHALL: That is what I have done. I went to the strata owners and got them to agree to a marketing levy and an activities levy. We have been collecting that money for the last several years, which has allowed us to create a lot of events to increase occupancy significantly. That has made all the businesses in the resort more viable. It is the same model that needs to apply to the shire. However, as a tourist operator, I find it a nuisance to deal with the employment award system. I know this was said before, but because of the distance from major centres we are a long weekend more than a holiday destination. To have to pay award wages at public holiday times is extremely difficult. When the Liberal Government made Easter a four-day holiday weekend, that took away any profit we could make over that break. Easter is a very important part of our summer tourism, but certainly we were paying everybody in our resort—housekeeping, bar, restaurant, reception et cetera—two-and-a-half times the normal rate for the entire holiday period. It is a real problem for holiday destinations relying on weekend visits.

The Hon. STEVE WHAN: I am not after exact figures, but I am interested that you have not only a marketing levy but also an events levy. How did you calculate them?

Mr MARSHALL: We did them on a bed-night basis—in other words, for the number of tourists staying in apartments each night there was a charge. We have played with the levies a bit. They started at \$15 a night each, not necessarily in summer but definitely in winter when rates are higher and that levy is more digestible. We have been pulling back the activities levy over the last couple of years. It enabled us to buy a range of activities that we set up at the resort, like buying 10 Segways. They have been a wonderful success. It also enabled us to buy a lot of sleds for river-sledding on the Thredbo River—as well as kayaks, trampolines and a host of different activities to give people something to do.

The Hon. NIAL BLAIR: A lot of people go straight to marketing to get to the destination and then may not come back because there is nothing to do. There need to be activities for them to talk about when they get home.

Mr MARSHALL: I am a product man. I recognise the importance of marketing for getting people to come, but at the end of the day if the product is not right you will waste your money.

The Hon. NIAL BLAIR: Relating that to your opening address, it is one thing for 10 people to tramp through the high country and stamp on every wild flower and throw rocks at wildlife.

The Hon. STEVE WHAN: I am glad I am not you.

The Hon. NIAL BLAIR: It is a different experience for someone who knows which flower they are looking at and the names of the animals they spot. It is a crude example, but it is the key to tourism in national parks. We have people going in and not knowing why they need to appreciate the rare flora and fauna. We need to educate people through the experience of going in to the area. If that means opening up the trails rangers are using, that is how people are connected to areas and then come back. I am passionate about this, because my

family does a lot of activities in national parks. My wife is a former park ranger and we go to Victoria to experience the high country on horseback. My son appreciates it, although he did not get hooked on fishing until he caught a fish. You cannot tell someone to take up fishing. It is not until they experience it and have the thrill that they get hooked on it. Is that what you were saying?

Mr MARSHALL: Absolutely. I also say that they need creature comforts. Not too many of us are prepared to go without. My wife and I go snow-camping and dig a hole in the snow for sleeping. Most people will not put up with that level of going without. You have to be able to buy additional comforts.

The Hon. PAUL GREEN: Electric blankets.

The Hon. LYNDA VOLTZ: What is river sledding?

Mr MARSHALL: It is a New Zealand product. It is like a big Surfoplane from the old days but made of kevlar, with grab bars. You put people in wetsuits and they tear down through the rapids.

The Hon. LYNDA VOLTZ: Are they like surf mats you hang onto?

Mr MARSHALL: Yes. There are guides and it is properly controlled.

Mr SCOT MacDONALD: You made my ears prick up when you talked about the difficulties of changes in attitude and getting planning permission. Can you elaborate?

Mr MARSHALL: I was referring to national parks and getting a change of attitude at the upper level to permeate down and eventually mean significant change at the coalface. The National Parks and Wildlife Service is a difficult organisation to work with, because it is a bit like someone is here today and gone tomorrow.

Mr SCOT MacDONALD: What does it need?

Mr MARSHALL: You could start with the service returning telephone calls or emails. There is no hierarchical appeals process. If you go to the local council, as I do for developments I am involved in, at first you work with council staff. If you have a problem you might go to the department head and then gradually address the whole council in an attempt to get a decision turned around. There is no such system in the national parks.

Mr SCOT MacDONALD: How could we encapsulate that in a recommendation? In the main we have heard negative stories about the parks, but we have heard some good stories as well. Does it need to be a recommendation along the lines of a consultative committee?

Mr MARSHALL: National parks are going through huge hierarchical change. For instance, they are taking all the commercial interests out of the regional areas and directing them back to one department in Sydney to assess all commercial interests. Other changes are taking place, including huge personnel changes in Kosciusko. There may be a number of things already underway.

Mr SCOT MacDONALD: Do you have anything to do with Perisher?

Mr MARSHALL: The resort?

Mr SCOT MacDONALD: I was thinking of the Stables resort.

Mr MARSHALL: I am an owner of an apartment in the Stables and I spend winter there, but I have never seen Eddie Obeid.

Mr SCOT MacDONALD: Is it difficult to get changes in planning? Mr Obeid seemed to get preferential treatment.

The Hon. LYNDA VOLTZ: Point of order: That is inappropriate.

Mr SCOT MacDONALD: I was just fishing. Do you have a quick comment on that?

Mr MARSHALL: The Stables happened a long time ago on an existing site. I do not think there was anything untoward in the development of the Stables apartments. It was part of a normal process and there are various other examples of it in Perisher. It was sold to individuals, one of them being me. I spend the winter there with my wife who works in the Perisher surgery. We are there because we are mad cross-country skiers and go cross-country skating every morning, when most people are asleep.

CHAIR: Thank you for coming this afternoon. You took no questions on notice.

(The witness withdrew)

(The Committee adjourned at 3.41 p.m.)
