

REPORT OF PROCEEDINGS BEFORE

GENERAL PURPOSE STANDING COMMITTEE NO. 3

INQUIRY INTO TOURISM IN LOCAL COMMUNITIES

At Sydney on Friday 9 August 2013

The Committee met at 9.15 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

CHAIR: Welcome to the first public hearing of the inquiry of General Purpose Standing Committee No. 3 into tourism in local communities. The inquiry is examining the value and impact of tourism into our communities across New South Wales, including the impacts of tourism on local government areas. Today we will hear from a number of key stakeholders, including Destination NSW, the Office of Environment and Heritage, the NSW Business Chamber and the Tourism Industry Council. In addition to today's hearing the Committee will hold another public hearing at Parliament House on Monday 26 August and will also be holding regional site visits around New South Wales in October and November.

Before we commence I will briefly explain the procedures for today's hearing. In regards to broadcasting guidelines, copies of the Committee's broadcasting guidelines are available from the Committee staff. Under these 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 would also remind media representatives that you must take responsibility for what you publish about the Committee's proceedings. It is important to remember that parliamentary privilege does not apply to what witnesses may say outside of their evidence at the hearing and so I urge witnesses to be careful about any comments they may make to the media or to others after they complete 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 messages should be delivered to Committee members through the Committee staff. A full transcript of what has been said during today's hearings will be prepared by our Hansard reporters. The transcript will be available on the Committee's website in the next few days.

SANDRA CHIPCHASE, Chief Executive Officer, Destination NSW, sworn and examined:

CHAIR: Would you like to start by making a statement?

Ms CHIPCHASE: Yes, thank. Thank you for the opportunity to address this inquiry. I start by saying that the submission made to the inquiry was coordinated by Destination NSW however its contents represent the views of the New South Wales Government as a whole. In 2011 the New South Wales Government established the independent and industry-led Visitor Economy Taskforce, which was tasked with developing a strategy to achieve the Government's target of doubling overnight visitor expenditure in New South Wales by 2020. The review undertaken by the Visitor Economy Taskforce was the largest ever review into the State's tourism and events sectors and involved extensive consultation across industry, community and all levels of government.

As this major review has already been undertaken, the inquiry was directed to the Government's Visitor Economy Taskforce report and the Visitor Economy Industry Action Plan for consideration as the New South Wales Government's response to this inquiry. The Visitor Economy Taskforce focused on supply side issues impacting tourism and events sectors such as industry development and infrastructure and also on generating demand, and demand and supply factors play a key role in planning for a sustainable visitor economy. The taskforce report and the Government response address both of these factors.

The Visitor Economy Industry Action Plan is the New South Wales Government's response to the Visitor Economy Taskforce report. The plan outlines the whole-of-government commitment to the New South Wales visitor economy and a long-term strategy for the future that is being implemented in partnership with industry. A key initiative of that Visitor Economy Industry Action Plan that will affect local communities is the implementation of the destination management planning system. This new system has been established to facilitate local leadership to grow the visitor economy. It takes a holistic approach to planning and involves the New South Wales Government working in partnership with local council, regional tourism organisations and its communities to support the sustainable management and growth of destinations, taking into account current and future visitor needs.

The submission provided to the inquiry focused on the specific areas of the terms of reference rather than addressing all of the points. It was developed with input from key government agencies, including the Department of Premier and Cabinet, the Office of Environment and Heritage, Business Events Sydney and NSW Trade and Investment, Innovation and Industry Policy, Arts NSW, Crown Lands and the Office of the Small Business Commissioner. All of these agencies have provided additional information to the submission in relation to the progress of major activities being implemented through the Visitor Economy Industry Action Plan. I am happy to address more issues if you would like or take questions.

CHAIR: We will go straight into questions and we will start with the Hon. Steve Whan.

The Hon. STEVE WHAN: Thank you for coming along, for your submission and for the work that the Visitor Economy Taskforce has done, which is very useful. Can I ask about a couple of things that arise from the submissions of other groups? A couple of interesting conflicts seem to appear in those submissions, one between the advocates of the grey nomads, the self-contained campers, people who use unregulated camping areas and the industry interests who want people to go to caravan parks and regulated camping areas. Is that something that Destination NSW has any views on? The second area that has been campaigned for is fossicking. Is fossicking as a tourism industry something which Destination NSW has looked at?

Ms CHIPCHASE: I will deal with the first part of your question about unregulated camping areas first, as caravan parks or holiday parks. Our view clearly is that any caravan parks or holiday parks need to comply with the appropriate legislation and rules regarding the management of those assets. As regards unregulated camping, we have national parks, caravan parks and holiday parks and many people have motor homes or mobile homes so again people have a choice as to where they want to camp, but clearly people have to comply with local council regulations.

The Hon. STEVE WHAN: There seems to be a growing demand for primitive camping areas. Is that an area that Destination NSW is looking at planning for?

Ms CHIPCHASE: Clearly we are not the planning authority for that but I know that National Parks, for example, in the Lane Cove National Park, has what is glamping, which is glamour camping, so they have areas for people to camp. There are a number of camping grounds so that if people want to pitch a tent that is available and wherever it is appropriate and within regulations we would certainly encourage people to get out and explore regional New South Wales because there are some magnificent national parks and fantastic caravan parks and holiday parks around the State. We are not the lead agency to push that but we would certainly help private enterprise as well as New South Wales Crown Holiday Parks Trust in creating areas and promoting areas that have those facilities.

As to the second part of your question about fossicking, it is a very popular pastime, particularly sapphire fossicking in areas such as Inverell, and fossicking for gold in other parts of the State. Again some of those areas are regulated by local council and people have to have permits. If it is something that will drive overnight visitation, it is legal and it complies, we would be promoting that.

The Hon. STEVE WHAN: I think their argument is that it is too restrictive in New South Wales but I might save that for the National Parks representatives.

Ms CHIPCHASE: Okay.

The Hon. STEVE WHAN: Can I ask you about the Destination NSW's China Tourism Strategy as it applies to regional areas? It focuses on suggesting, probably quite rightly, that the areas for focus for the Chinese tourists in regional New South Wales are those areas within a certain distance of the major cities and airports so a few hours distance from Sydney and the Tweed area. What work is Destination NSW doing in those areas to prepare businesses that might receive Chinese tourists so that they can be culturally aware and appropriate?

Ms CHIPCHASE: There are a couple of things about the China market. For first-time Chinese visitors to Australia, they usually want to see more than one State. As much as we try to keep them within New South Wales, they like to be able to tell their friends they have seen more of Australia. Our number one goal is to try to keep as many visitor nights in New South Wales. As regards training and cultural sensitivities, we are working with the Australian Tourism Export Council on China-ready programs and we will be taking those out into regional New South Wales. We have just completed a series of workshops called New South Wales First where we are trying to build capacity and capability in New South Wales. We also have checklists available for industry so they can become export ready. So everything from having in-room directories in Mandarin, having emergency procedures on the back of the door in Mandarin, even having instant noodles in the hotel room rather than just chocolate and chips, so that people feel at home; having congee on the breakfast buffet, getting the industry to understand what they need to do to make our Chinese visitors feel comfortable.

New South Wales was the first State to introduce fly-drive holidays for the China market—itineraries in Mandarin showing them what are really great touring routes and then trying to match that with hotel product

where they can cater for Chinese visitors. But it is a big task and it is one that we will be working with all of the relevant tourism agencies on ensuring that our Chinese visitors get a great welcome and that the industry understands what they need to prepare for this, because the worst thing that could happen is that people go out there and they have a substandard experience. We want people to be really enjoying their time.

The Hon. LYNDIA VOLTZ: Just a couple of things on the international visitors, because, of course, Sydney reef and rock is usually the work it works, if I am correct.

Ms CHIPCHASE: It used to.

The Hon. LYNDIA VOLTZ: And the challenge is always getting them outside the Sydney regional areas. In particular in the Chinese market I would just like to know how you are addressing the idea that the picture of a person on a lonely beach does not necessarily, in terms of marketing, work in China—they like to immerse themselves in the culture—and how they are doing that when our marketing outside the Sydney region is aimed at the natural beauty and that isolated beach and the beautiful parks and that may not necessarily work in the Chinese market.

Ms CHIPCHASE: The Chinese market does love nature—it is part of their culture. So we are working on that at a number of levels. For example, firstly—this is to do with photography since you have raised that—we have invested significant resources and energy into making sure that we are building our photo library so that we have Chinese faces, families, couples, young singles, so that we have got the right materials to put in the market. So rather than pick up a magazine or see an advertisement with Anglo-Saxon people having a great time in New South Wales they are seeing Chinese people having a great time, and we are doing that across a range of markets. That is the first thing in terms of photography.

The second is in terms of video footage, because content is king in the area that we operate in. So for websites, for sites like Weibo, we want to make sure that we have got Chinese people in the various groups—again, older people, young singles, family groups, having a great time in regional New South Wales as well as Sydney. So we have done a lot of work around that. For example, Vivid, last year we took footage of a Chinese couple interacting with all the displays and walking around the Circular Quay area and getting involved with Vivid and we use that video footage on Weibo. This year we had 7,200 Chinese people book our Vivid Sydney packages to come for that event. That is the power of being able to get really good, clear imagery to be able to appeal to that market.

We had 12 Chinese bloggers who specialise in different areas— food and wine, fashion, nature photography—and we took them around Sydney and regional New South Wales and we filmed them. So we have taken all of their experiences and they are seeding that footage on their own websites, on their own blog sites. We have also done little videos and we have given those to all of the airlines that service Australia out of China, as well as major travel wholesalers, to use as promotional tools on their own websites and in direct mail campaigns to their clients. So that is another way of being able to promote the destination and give people an idea of what else there is to see and do in New South Wales.

The Hon. LYNDIA VOLTZ: So you get them here for Vivid—which is Sydney still. How do you value-add, say, get Vivid and the Western Plains Zoo, get Vivid and the Hunter, into the mix?

Ms CHIPCHASE: On one of the bloggers' tours they went to the Hunter Valley—that is on the video. They went up to the Blue Mountains, so you have got the Blue Mountains footage. They went caving in Jenolan Caves—we have got footage of that—and them talking about their experiences. We invested in a television series called I Katch, which is about fishing, because, clearly, in China the number of places that you can fish, unfortunately, due to some pollution issues is not in the same quantum as you can here. So in this program they are going to Glenbawn Dam in the Hunter Valley, they are doing sea fishing and they are also looking at doing mountain fishing, say for trout, around Tumut, that area. So that is another way that we can promote the region.

Also, areas such as the Riverina are very popular for agricultural study groups—the Chinese come down to study farming techniques—and that is another great visitor market for us. We are looking at how we can package that from a business perspective because, as I say, we are Destination NSW not Tourism NSW; we want visitors to come whether they are a business visitor, visiting friends and relatives, holiday—we want those overnights.

The Hon. LYNDIA VOLTZ: That brings us to another point: How do we work it in with the convention market, particularly considering the expansion of the Convention Centre, but there is the high Australian dollar problem at the moment with bringing conventions into Sydney?

Ms CHIPCHASE: The way that we would work it with the Chinese market—

The Hon. LYNDIA VOLTZ: I was not meaning that specifically—generally in terms of convention, because they are more likely to be American or—

Ms CHIPCHASE: From the northern hemisphere, absolutely correct. Although, that said, there are a number of Chinese who are members of international associations so they will come down for medical conferences and so on. Where we work with Business Events Sydney, they obviously will do the bid if it is for Sydney—it may be in a regional area but normally it would be Sydney—and then we work with them on pre and post touring options so that when the delegates come to Sydney they are encouraged to stay and explore the rest of the State.

It gives them touring itineraries around self-drive, fly-drive, sometimes they might want to take the train—a train up to the Blue Mountains, have a look around there, stay a few days; they might want to do car hire, they might fly to Byron Bay or they might want to go to Dubbo Zoo and do the roar and snore package out there. But we try to give as many options as possible, and also on the Business Events Sydney websites we look at the links, so people who go on there looking for information, they have got instant information at their fingertips. Just on the China market, interestingly a couple of weeks ago Sydney hosted the Perfect China Incentive Group. There were 3,000 Chinese visitors and delegates here for that event. That direct selling market is a great opportunity for us, and we have got another couple of pieces of business—

The Hon. STEVE WHAN: There is Chinese Amway or something, is there not?

Ms CHIPCHASE: Exactly. There are quite a few of them. We have had Amway China in Sydney before and we hope to have them back again because they are a high-spending group and they really get in amongst it.

The Hon. LYNDIA VOLTZ: How many additional visitor nights did we get on top of the conference in terms of those 3,000?

Ms CHIPCHASE: They stayed in Sydney for, I believe, five nights.

The Hon. LYNDIA VOLTZ: But how many added on?

Ms CHIPCHASE: That I do not know. I could find out for you. I personally do not know but I could find out for you.

The Hon. LYNDIA VOLTZ: If they know how many they added on and whether they stayed within the State or whether they went somewhere else.

Ms CHIPCHASE: I will ask.

The Hon. STEVE WHAN: Talking about conventions and things, in country New South Wales, inland New South Wales particularly, anecdotally there seems to me to have been a bit of a failure to renew accommodation in many country towns, mainly due to, obviously, a lack of returns, but where do you think the best scope for improvement is in terms of getting high-quality accommodation that would help to attract conventions and things and smaller conventions to regional and inland centres?

Ms CHIPCHASE: I think when you look at the convention market there are really three things that drive it. Firstly, you are absolutely right, it is infrastructure. It is not only just having the accommodation; it is having the meeting space. You go to regional New South Wales and a lot of people say, "We have got this great multipurpose hall and we can have 500 people for a sit-down conference". You say, "That's fantastic. Have you got break-out rooms?" They say, "No, we don't". "Once they finish the conference session where do they go for lunch? Where is the facility to accommodate those 500 people for lunch?" They say, "We don't have it". So it is infrastructure, and it is not only at the place for them to meet and somewhere for them to stay, it might also be

the AV, the technical support that might be needed for a conference. It is also increasingly what transport infrastructure they have.

The bulk of the people for a regional conference tend to come from other parts of New South Wales or from Sydney, so if there is not a direct flight from Sydney or if it is not within that three-hour drive, their chances of getting bigger events is lessened. If you are looking at what will drive infrastructure or what will drive improvements, it really comes back to the destination management planning process, because once people have done, if you like, the swot analysis for their area and they have looked at what makes their area unique in the way of national parks or natural attractions or history, art and culture, food and wine, whatever it is and then they look at how many hotels they have, of what quality, or caravan parks, many people that think they are a tourist destination suddenly have found out they are not a tourist destination, they are actually a visitor destination. People do not go there for a holiday they go there for business reasons. There is nothing wrong with that—that is great. So let us really concentrate on that area and try to grow it.

Or it might be that they come to the realisation that the best way that they can drive overnight visitation is to use their sporting fields, because they have got great sporting facilities, and then that creates a whole other market for them where they might be thinking that they are in the short breaks in Sydney weekender market, actually their market is the school or national sports competitions. So then they can start to focus on those. I think it is doing an audit of your assets and understanding what you have in the way of facilities, and that will dictate your first round of market.

Then you can start to look at well, what are our aspirations - we would like to become a Business Events destination, and in order to do that this is what we need in the way of infrastructure. I think you only have to look at where the hotel companies are building new facilities to see is it being driven by mining, is it being driven by a local university, is it being driven by some other industry or is it a tourism-related area? Because being all things to all people does not work for most towns.

The Hon. STEVE WHAN: Do you have information about where companies are building new hotels in regional New South Wales?

Ms CHIPCHASE: Yes, we do.

The Hon. STEVE WHAN: Are we able to get that?

Ms CHIPCHASE: Yes, sure.

The Hon. JAN BARHAM: I would like to follow up on that issue about the destination management planning. We are receiving submissions regarding the lack of funding available for infrastructure. Can you explain how the development of the management plans work and what role local government will have and where the money will come back to? Will it come back to councils who are managing a lot of those assets you spoke about like sporting fields or roads? Who will be able to access the funds that have been made available?

Ms CHIPCHASE: Destination NSW has a free template available for people, for the destination management planning process, but they do not have to use ours. It is not compulsory. The Federal Government has one that has been developed through the Australian Regional Tourism Network—the ARTN. It is very similar. It is just to make sure that all the bases are covered, and that people think about what are their current assets—what have they got, what they do not have—then look at who is their current customer base. You cannot ask for money for a campaign if you do not know who you are targeting. It is to make sure people are really doing the work around that.

The Hon. JAN BARHAM: Is it funds for campaigns? Is it promotional marketing?

Ms CHIPCHASE: No.

The Hon. JAN BARHAM: Where are the funds available for infrastructure?

Ms CHIPCHASE: In order to access New South Wales Government funds people must have undertaken in their region a destination management planning process. That is the first step. The second step is that they can make submissions for two types of funding. One is for product development and the other one is for tourism marketing campaigns. Again, application forms are available on our website or we can mail them if

people do not have access to the internet. In those forms the number one driver is for applicants to demonstrate how their product development or how their campaign is going to help achieve the goal of doubling overnight visitor expenditure. The people who can apply for those funds include regional tourism organisations. It might be a promotional group, such as a wine promotion association. It might be a group of like-minded individuals that could be around caravan parks or camping. It could be around an event they already have and they want to do some additional activity.

The Hon. JAN BARHAM: That sounds like it addresses another point that has been raised by a number of people. The new funding is about developing new tourism. We have people with existing tourism destination pressures who are not able to access funding from either the State or Federal governments.

Ms CHIPCHASE: Everybody can access funding.

The Hon. JAN BARHAM: If they are going to double visitor numbers, but what if places are under pressure already and part of the problem is that those pressures are not met and the only way they can gain access to funds is to increase numbers further?

Ms CHIPCHASE: Why would we fund something that was not going to deliver a result? I am sorry, I am not quite following.

The Hon. PAUL GREEN: I think it is the contrary: If you have, for example, infrastructure pressures already from that doubling, why would you double again?

Ms CHIPCHASE: Well, then do not apply. I would say, "Don't apply for funding if you don't want tourism."

The Hon. JAN BARHAM: My concern with historical pressures on regions, such as my area, is that the State and Federal governments promote but put in nothing to support infrastructure or other pressures. We heard from Cessnock council about its pressures from tourism. It supports tourism but to think about growing it, it first has to meet current pressures for which no funding is available. Are we looking at quality or quantity?

Ms CHIPCHASE: I suppose what you are talking about specifically is sustainable tourism. I suppose people would have to be very specific about the issue. We do not fund roads. That is not what we do. If it is around roads or electricity or—

The Hon. STEVE WHAN: Sewerage.

Ms CHIPCHASE: —sewerage, again, that is a different department. But if it is an issue—

The Hon. JAN BARHAM: Are you aware of who might provide funding for tourism-related impacts above and beyond a resident rate base?

Ms CHIPCHASE: Clearly, councils are number one. Once again, my understanding is various government agencies, for example, Roads. If there is an increase in traffic, there are traffic monitoring systems and that would be an issue for RMS.

The Hon. JAN BARHAM: Unfortunately not. I will move on to another issue: type of tourism. Can you clarify the breakdown of domestic and overseas tourism in New South Wales and what we are doing to encourage more people to come for a holiday and spend their dollars here, whether from interstate or within New South Wales, rather than tripping off to Bali, Fiji, Vietnam or somewhere else?

Ms CHIPCHASE: As you would be aware, we have had record numbers of Australians travelling overseas because of the record high value of the Australian dollar. That issue is beyond our ability.

The Hon. PAUL GREEN: Is that now turning around?

Ms CHIPCHASE: The fact that the Australian dollar has dropped, yes. One issue that the Visitor Economy Taskforce report identified through research done by BDA was that, unfortunately, many areas of regional Australia and, indeed, regional New South Wales do not have tourism appeal either because it is an awareness issue or a product issue. They do not have anything unique that sets them apart from other areas,

whether it is a national park, some historical significance, a major event, particular food or wine, a dam, fishing or sports activities, the Snowy or whatever. It means that these areas need to adjust their thinking from being a tourist destination to being a visitor destination and, therefore, looking at what are their local industries. Is there a way they can create a new market for conferencing? Is there a way they can create a new festival? Is there some other aspect regarding their particular area that would be of appeal perhaps for geological associations coming to have a look because they have fabulous rock formations? What is it that sets them apart?

As far as domestic tourism is concerned, recently we completed a 36-page insert on regional New South Wales that went up and down the eastern seaboard and into New Zealand. So we do print advertising. We do television advertising around regional "What's On" in regional New South Wales as well as what is on in Sydney where we are targeting other States in Australia to come to New South Wales for particular events. We have a major event investment program. For example, with the British and Irish Lions tour we had a game up in Newcastle. We invest in events like the Deni Ute Muster, the Tamworth Country Music Festival, Surfest in Newcastle. We have had investments in all sorts of music, cultural and sporting events around the State. In addition, regional towns can apply for regional flagship event funding. Also, as part of this record amount of funding available for regional New South Wales, people can apply for promotional activity. The South Coast is leading the way.

The Hon. PAUL GREEN: Of course! You noted something quite obvious to many of us: in regional and rural areas many townships are losing their manufacturing and having to look for something on which to hang their hat and become something they were not. What are you doing to help them to adjust and adapt either to being a tourist centre or visitor market?

Ms CHIPCHASE: In practical terms, we are helping them with their destination management plans because for many towns and regions there has been an "Aha" moment—a light bulb moment—where suddenly, "Oh, we've been targeting this particular segment. That's not who we are. We should be targeting these segments." That will help focus their money, attention and activity and, hopefully, get a better result. The second practical thing we have been doing is running a series of New South Wales first workshops. That has been around building capacity and capability of operators in regional New South Wales. It has covered all sorts of things. We have taken regional experts along as well as our own team to talk to people about how to generate—they are real practical 101—more publicity for your destination, your product or your service. The Australian Business Woman of the Year, Robbie Sefton, who is based in Tamworth, has come along and spoken to people on basically how to do it—how to utilise web marketing, how to get your product or service promoted for free using our websites and Tourism Australia websites, and how to run a campaign. It is just really practical steps in what people need to do to become a business events destination.

The Hon. PAUL GREEN: That is all good and relevant, but how do you help a rural council that has one tourism person, who really does not have the capacity to do all that? They will try their heart out because they believe in it. What are you doing to make sure there is a team approach and that you are ticking boxes along the way to ensure that you are with them and not way ahead of them?

Ms CHIPCHASE: I understand what you are saying. We have also a partnership prospectus that we send out. It lists everything that is available. If there is only one person in that region, they can get that booklet. They can download it or have a physical hard copy. We have all of the council tourism offices on our database, so we do a mail-out. They can go through that and in that prospectus are a range of activities paid and unpaid. There are a tremendous number of free opportunities. If they have no budget, they can still be part of statewide campaigns.

The Hon. PAUL GREEN: My experience is that of the many tourism offices, some have great capacity and some have limited capacity. Those with limited capacity need some help. That is great to hear.

Ms CHIPCHASE: That is why we have the series of workshops and we have 18 months' worth. We are putting the program out and saying to people, "You don't have to just go to the one in your area. If you're on holidays at Yamba, drive up the road and go to that one."

The Hon. PAUL GREEN: What is the commitment of Destination NSW to the Hobie Cat 16 event? Is it financial?

Ms CHIPCHASE: Yes. We have made a financial commitment to that and we are supporting that also in PR and marketing in kind.

The Hon. PAUL GREEN: What sort of finance are you putting into it?

Ms CHIPCHASE: I cannot divulge that. That is commercial in confidence, but we are a financial partner in that event.

The Hon. PAUL GREEN: Page 7 of your submission states:

State, Territory Tourism Organisations and the Commonwealth are developing Tourism Employment Plans through *Tourism 2020* for eight selected regions across Australia.

Can you provide us with a progress update?

Ms CHIPCHASE: No I cannot, but I will get back to you on that. What specifically are you looking for?

The Hon. PAUL GREEN: Just an update on the tourism employment plans through Tourism 2020? If we are going to double our tourism, we want to see what stage it has reached. It is no good if we have a goal that is way up there and they are still way down here.

Ms CHIPCHASE: Okay.

The Hon. PAUL GREEN: Your facts sheet on page 11 of the submission states that regional New South Wales received 52.1 million visitors compared with Sydney's 30 million. Is current regional infrastructure adequately dealing with such significant numbers?

Ms CHIPCHASE: Clearly, what we would like to see across the board and the point you made earlier is to ensure that we have a good mix of infrastructure. For example, the youth market to this State for international visitors is about 30 per cent inbound. We need to make sure that we have good backpacker lodges or cheaper accommodation. We also need to ensure that when we are targeting high net-worth individuals, particularly out of northern hemisphere markets, we have suitable resort-style product in our State. Of course, other States have more than we do. We have to make sure that we create an investment environment that is attractive for people to want to invest in the State. Similarly, we have to ensure that the accommodation or infrastructure is in locations that people wish to visit.

The Hon. PAUL GREEN: In terms of the proposed Barangaroo development by Mr Packer, have you done some statistics on how much that would increase New South Wales tourism?

Ms CHIPCHASE: We have not done those, no.

The Hon. PAUL GREEN: You have mentioned some other things in terms of social media, and how you are using that. Can you tell us of any other wins your department is having by using that type of social media to reach markets?

Ms CHIPCHASE: Sure. I will have a look at my notes and see if I can give you a specific statistic on that.

The Hon. JAN BARHAM: Maybe you could do that on notice.

The Hon. PAUL GREEN: Yes, I will put that question on notice.

Ms CHIPCHASE: Sure. I can give you the statistics on notice, but I can give you an idea now. With our sydney.com website and our visitnsw.com.au website we are now the leading state in Australia. We are in the same echelon, now, as lonelyplanet.com and tripadvisor.com.au. We are driving record numbers to our websites.

The Hon. JAN BARHAM: I want to ask you about recognition that nature based tourism and cultural tourism are so important. I was wondering whether you could indicate the position of Destination New South Wales in relation to shooting in national parks and the impact that that might have on that type of tourism and on the surrounding businesses. What sort of advice, messaging or conversation might be available in relation to that?

Ms CHIPCHASE: That is not our responsibility. That belongs to—

The Hon. JAN BARHAM: I am not asking about responsibility. I am asking for some sort of assessment of what impact it might have on the industry when nature based tourism has been identified as the highest attractor for domestic and overseas travellers.

Ms CHIPCHASE: Once again, I would have to refer you to the Office of Environment and Heritage. We do not promote shooting or hunting at all.

CHAIR: The time has expired.

Mr SCOT MacDONALD: I will be quick. I have three or four things I want to check with you. There was a target of doubling overnight visitors in New South Wales for 2021. Just out of interest, was there a target before?

Ms CHIPCHASE: Not to my knowledge. This is a national target. It is an agreement right across the nation, but it is a specific focus for my organisation to make sure that we work towards delivering that goal by the year 2020.

Mr SCOT MacDONALD: That is the mission that everything revolves around.

Ms CHIPCHASE: It underpins everything we do.

Mr SCOT MacDONALD: I was interested in listening to you describing some of the work you are doing around the Chinese market. Do we survey them? Do we get feedback from them to find out what we do well and what we do not do well?

Ms CHIPCHASE: Yes, indeed we do. There is the international visitor survey that is run by Tourism Research Australia. We do our own research and we identify where our Chinese visitors like to go, what they do, what they spend, how many nights they stay and where they spend those nights, because it is through that research that we can start to refine and hone our investments. Clearly, we are about getting as much return on investment as possible for the government dollar and also for our cooperative partners. We partner with airlines, hotel groups and regional tourism organisations and we need to be able to deliver results.

Mr SCOT MacDONALD: Just to be fair to the other questioners, is there anything you could tell me very quickly that we could be doing better? Is there anything we should be putting more emphasis on for that very niche market?

Ms CHIPCHASE: We are leaders in that area. Destination New South Wales has airline agreements with every one of the carriers coming out—

The Hon. STEVE WHAN: From China?

Ms CHIPCHASE: From China, yes. We will be opening an office in western China in—

The Hon. STEVE WHAN: Chengdu?

Ms CHIPCHASE: Chengdu, yes.

The Hon. STEVE WHAN: There is no direct flight from there, though, is there?

Ms CHIPCHASE: Not yet.

The Hon. STEVE WHAN: I will ask you more about that in Estimates. So get yourself ready!

Mr SCOT MacDONALD: Can I commend you. I was at a launch of International Children's Games 2014 in Lake Macquarie, where Destination NSW is contributing quite a bit. It seemed fairly Hunter-centric and I wondered whether other councils—it is a council orientated thing—are going to be encouraged to send people along to that. Maybe you could take that on notice too.

Ms CHIPCHASE: Yes, certainly.

Mr SCOT MacDONALD: I was interested to hear about regional destination management plans. Can you tell me quickly whether sporting falls into that. I think you did say that, but I just wanted to double check.

Ms CHIPCHASE: If people have a major sporting event that they want to bid on they can certainly come to us with that.

Mr SCOT MacDONALD: Armidale has done a terrific job under Jason Lincoln, bringing Rugby Union from all over the State for two nights or three nights. That is something that I hope you can encourage.

Ms CHIPCHASE: The National Rugby League also has a program of trying to take A-grade teams out into regional New South Wales. That also stimulates bed nights—for example, the Parramatta Eels and the Gold Coast Titans were out at Mudgee and that created some really great opportunities for them.

Mr SCOT MacDONALD: My last question is around this multiplier, where we are spending a bit under \$6 million. It is a multiplier of nearly 32 to one. That sounds very good to me. Is that return on investment comparable with international figures?

Ms CHIPCHASE: We are ahead of the pack.

Mr SCOT MacDONALD: That seems very good. I have a last question I want to ask. Under the previous Government we had some problems around things like V8 Supercars. Can you give me some sort of assurance that we have probity? When someone comes to you and pitches their brainwave—it might be around V8 Supercars and their mates—do we have probity around that now?

Ms CHIPCHASE: Yes, we do. We have a very detailed assessment system which looks at every event and treats every event in the same light. So we have a specific set of funds. We have to get maximum return on investment. I have a board. We have a Minister. It has to go through—

Mr SCOT MacDONALD: No shortcuts?

Ms CHIPCHASE: No. It has to go through the process.

Mr SCOT MacDONALD: Okay. So we have probity.

Ms CHIPCHASE: Absolutely.

Mr SCOT MacDONALD: And no-one can gazump that decision-making.

Ms CHIPCHASE: Not in my organisation.

The Hon. NIALL BLAIR: Could I go back to the NSW First workshops?

Ms CHIPCHASE: Yes.

The Hon. NIALL BLAIR: They are being run throughout regional areas particularly. What sorts of people are attending those?

Ms CHIPCHASE: All sorts: accommodation owners, organisations that have attractions, local councils and councillors, and regional tourism officers. There might be cruise operators or adventure tour operators and, basically, anybody who has an interest in the visitor economy. There are also art gallery owners and people with tea shops.

The Hon. NIALL BLAIR: So that is, obviously, all the stakeholders in those areas. When it comes to local councils, do you work with them directly and specifically? I will give a bit of background as to why I am asking this question. It is quite clear that the tourism officers in councils would be engaged in understanding whether they are destination, visitor or tourism markets, but are they necessarily the people who need to understand that? For example, I worked in local government in a regional town. I was the recreation manager and I could never get car parks on major ovals sealed and I could not get sewer upgrades to local toilets because

that was being dictated by the engineers, who were doing it in other areas. But the council as a whole, including the people that organise those resources, should understand that for our town we could hold national sporting events such as Touch Football Australia carnivals. That is where we should be targeting our money. Surely then council would look at the assets and infrastructure and how they spend their funds.

So I guess my question is: in these workshops, are we getting the right people to understand what a town's strengths are in relation to destination planning? If not, is there scope to extend that to try and encourage those other people?

Ms CHIPCHASE: One, we certainly extend an invitation to councils for every workshop. Two, Destination NSW is a sponsor, and usually we have three or four workshops at every local government and Local Government Association conference. So we present at the New South Wales conference every year. That is another opportunity for us. We also have information tables outside so that people can get their local government profiles of tourism. As soon as we get that information we send it out to councils because many people do not understand who is coming to their towns. It is another way of raising the profile of the industry.

You asked whether we could do more. Yes, definitely, but there is also a responsibility for those regional tourism organisations to get into the council. They will clearly be seeing them a lot more often than we will. We are trying to give them the information that they can take forward to raise the profile of the visitor economy with the councillors, because clearly council makes the most immediate decisions that have the most immediate impact on local areas.

Mr SCOT MacDONALD: I went to the Aberdeen Highland Games festival last year. It was a great weekend. The local event organiser there attended one of your workshops and then put in for some marketing funding: a small amount—I think it was \$12,000 or \$15,000. They doubled their numbers to that event, on the numbers of the previous year. It was fantastic to see that they had learnt from the workshop, applied for the funding, and then received the funding to assist with marketing and promotion of the event. They obviously had a huge result. Are you getting enough small festival or event operators to these workshops? Could you tell us roughly how many of those workshops are being run throughout regional New South Wales? You can take that on notice.

Ms CHIPCHASE: Sure. I am happy to give you the exact numbers. We have completed a series of about 12 but we want to have this as an ongoing program over the next 18 months so that people know where the workshops are on, they can lock in the dates and make their arrangements around it. We are also holding them here in Sydney, to make them as accessible as possible, so that if people happen to be in town for any reason they can come along to those.

I am delighted to hear that there have been those results. One of the big challenges for anybody in regional New South Wales is having the infrastructure available and the people with event management or marketing expertise to take events to the next level, because we want those events to grow. That is what is unique in our state. We have more festivals than anywhere else in Australia. Most of them are a lot of fun. There is great community spirit, and whether people are from overseas or from within Australia, they find the festivals enjoyable.

CHAIR: I have a couple of questions, and I am happy for you to take those on notice, on employment. In your submission you state that there are vacancies nationally of 35,800 positions, and approximately half of those are for unskilled workers. Do you have a breakdown of how many vacancies there are in New South Wales and by region?

Ms CHIPCHASE: I will get that information for you.

CHAIR: Also on that, what is being done to address that issue of vacancies, particularly in regional areas as opposed to in Sydney?

Ms CHIPCHASE: Okay.

CHAIR: I have another question on the data that is collected. I would like to get an explanation of how it is gathered, the methodology and whether that is actually standardised region to region as well.

Ms CHIPCHASE: Yes, I am happy to give you that information.

The Hon. JAN BARHAM: I have a follow-up question on that point. Do you have that data in terms of full-time, part-time and casual employment? I would like to have a look at that.

Ms CHIPCHASE: Yes.

CHAIR: My other question is on evaluating the effectiveness of the grants that are provided and the criteria in relation to that. We have one minute left. Does anyone has a very quick question?

The Hon. STEVE WHAN: One of the submissions we received was from the Emirates Wolgan Valley Resort and Spa in the Blue Mountains. Basically it was one sentence saying, "We are the best hotel in Australia but we do not get any support from the New South Wales government." Would you like to respond to that?

Ms CHIPCHASE: Yes, I would we recently organised for an American publication called *AFAR* magazine to come up to the Wolgan Valley and that resort got fantastic coverage. We include the Wolgan Valley on our media familiarisation visits and on our trade familiarisation visits. They are on our website. They feature in videos and promotions. I do not know if they are referring to roads or helipads—

The Hon. STEVE WHAN: How is the resort doing, are you aware?

Ms CHIPCHASE: I do not know their exact number of visitors or figures. Clearly when you are a five-star resort and you are not on the doorstep of the Sydney CBD it does represent its challenges. But it is a fantastic asset for this state. They do a beautiful job. They use lots of local produce and everybody that we send there has a marvellous time.

CHAIR: Thank you very much. For any questions that you have taken on notice, responses are due within 21 days. You will be sent a list of those questions, and any additional questions will also be sent to you within the next two days.

(The witness withdrew)

CRAIG MILTON, Policy Analyst and Regional Affairs Adviser, NSW Business Chamber,

LUKE AITKEN, Senior Manager, Policy and Advocacy, NSW Business Chamber, and

ANDREW JEFFERIES, Executive Officer, Tourism Industry Council, affirmed and examined:

CHAIR: Welcome, please make yourselves comfortable. Do you have any opening statements that you would like to make?

Mr MILTON: Thank you for inviting us here today. The NSW Business Chamber is one of Australia's largest business support groups. We count over 14,000 businesses as members and we service over 30,000 businesses each year. Our members range in size from small owner operators to large corporations and span all industry sectors, including manufacturing, construction, agriculture, professional services and the retail trade. We are a leading business solutions provider and advocacy group. We have strengths in workplace management, work health and safety, industrial relations, international trade, human resources and performance consulting.

We have a network of offices in both metropolitan and regional New South Wales. Basically our main goal is to represent the needs of business at a local, State and Federal level. We advocate on behalf of members to create a better environment for industry. Many of our members are either directly or indirectly involved in the tourism industry; and, with the sector contributing more than \$28.7 billion to the State's economy each year, we welcome the committee's focus on looking at ways to better support the tourism sector.

Mr JEFFERIES: Just very briefly from the perspective of the Tourism Industry Council, we are an industry association body. We have recently amalgamated our operations with those of the NSW Business Chamber. Our membership is primarily regional—it is about 55 to 45 per cent in terms of a regional to city split. Our membership is based upon industry associations, government departments and goes right through to SMEs and bed and breakfast type operators. So we have a very diverse membership in that regard.

We are also the operators and managers of the NSW Tourism Awards. We run those on behalf of the tourism industry in the State. So that is our involvement there. Certainly today we will obviously be talking a lot about the Visitor Economy Taskforce, and the regional funding grants which are obviously areas for local government. So that is essentially where we see our role and our submission for today.

The Hon. STEVE WHAN: I would like to quote you something about special rate variations from the submission of the NSW Business Chamber. It says:

The Chamber accepts however that, contingent upon the rational and substantial consolidation of councils and demonstrated improvements to their financial and asset management systems and performance, liberalisation of the current system would be appropriate. This liberalisation could include allowing special rate variations to support local tourism initiatives.

Is that a yes or a no?

The Hon. Jan Barham: It is a definite yes!

Mr AITKEN: It is a yes. One of the key challenges, especially when you look at local councils is about asset management. Indeed all the policy around local councils at the moment is about improving their asset management and planning for the future. I am thinking of the mechanisms in place in terms of applications to IPART. I think it has been challenging for councils to actually meet the threshold test to get approval for special rate variations simply because of the fact that they do not have a standardised asset management system. They do find it quite challenging to really assess where their assets are up to and really analyse how they are actually going to be funding those into the future.

Our response to that is that this process is ongoing. So the integrated planning and reporting guidelines that were implemented in around 2009 are still being bedded down with local government. Some councils are a little further ahead than others. Many of those have already been approved for special rate variations for the very things that the committee is talking about: improving tourism infrastructure. So we think that, across-the-board, once those are in place then, yes, you may be able to liberalise the system.

The Hon. STEVE WHAN: The submission from Mr Jefferies was, I think, a bit more positive about special rate variations for this. Ideally, who would you see these applying to? Which tourism businesses would you see these special rates applying to? Would it just be accommodation providers or should it be broader?

Mr JEFFERIES: No, it is broader. I should probably explain it. I think the whole idea of the SRVs is that it is a broader aspect of those businesses that are actually benefitting from tourists locally. What we talk about in terms of the visitor economy is, for example, the local cafe owner in Tamworth who is obviously providing a service to tourists when the country music festival is on there. They are part of the broader visitor economy. So what we are saying here with the SRVs is that it would be a town centre or a main street and the kind of operations there. It is about all those businesses that are going to be benefiting from having a greater number of tourists and visitors come to their area and their vicinity. They should be a part of this.

The Hon. STEVE WHAN: Have you seen somewhere where that is defined well?

Mr AITKEN: On special rate variations generally, a city example I know of is the Crows Nest main street levy. So you do see a lot of levies being applied just to certain geographic areas. The opportunity is already there for those sorts of levies to be made.

The Hon. STEVE WHAN: I know that they do exist in a number of areas. I think your old council has one, do they not?

The Hon. JAN BARHAM: No, we never got one for tourism.

The Hon. STEVE WHAN: I know it has been argued, though, in other places. For example, the Snowy River Shire Council has debated it for a long time and has not been able to come up with one or get approval for one, as far as I am aware. I guess what I am getting at is: what is the model that you use as the basic principle? Yes, you can say that it should be those businesses that benefit from tourism but how would you actually go about defining that?

Mr JEFFERIES: Certainly, in answer to your original question, Terrigal is one example where they had a Terrigal business levy. So essentially it covers those businesses which are on the main street across the road from the beach strip there.

The Hon. STEVE WHAN: So it is geographic?

Mr JEFFERIES: Yes, that would be a geographic one. The main point about the SRVs is that it is not just an overall tax on business. That is not the point. The idea is that it is a model whereby the business community—so it could be the local chamber, for example—have a say in this process. So they are the ones who would be essentially saying, "Okay, there is a separate amount of funds raised through this levy. It is separate from the council's own resources. It is a separate fund." The business community would then be able to say, "Okay we need to spend X amount of dollars on this particular piece of infrastructure or X amount of dollars here in order to improve the overall experience of visitors coming into the area." That is essentially where we are heading with this.

The Hon. STEVE WHAN: I guess I am heading to what sort of definition you put on that. My second question is related. You have raised in the submission from the NSW Business Chamber the issues that have arisen with holiday letting and the decision by a court on one of those cases recently. Do you want to outline for us what your position is and where you think that should be going and what proactive action you think the State government should be taking in that area?

Mr AITKEN: This is a bit of an emerging issue, and I think it will continue to grow with the advent of things like airbnb and new opportunities for people to lease out their private dwellings as a holiday house. I think it is a difficult public policy issue to grapple with because essentially in the circumstances of the Land and Environment Court case that you raise, someone had let out their private property and allowed some people to stay there for bucks weekends and things like that. They were making a lot of noise and being quite raucous. The judge in that case found that using the property in that way was not a proper purpose for a dwelling house. The interesting point is that if someone had been living there by themselves and had not let the property out then the only response you could have would be to call the local police and deal with it as a noise complaint.

So it is not a simplistic sort of issue to get a public policy response to, but I do think there needs to be some sort of balance between how we manage these things. Is it a police response to noise complaints? What is the actual impact of this type of levy on the community and how can we best manage it? So is it a police response? Is it an LEP response, so through the planning ordinances, to manage it and to make sure that it is only occurring in certain areas? Also we have to be careful of limiting someone's ability to deal with their private property as they wish.

The Hon. STEVE WHAN: Do you think that is something that there should be statewide guidance on or should we just be leaving it up to local councils?

Mr AITKEN: I think there should be some flexibility there for the local councils but a bit of a stronger hand in terms of guidance on where this might be appropriate or where it might not be. I think with the changes to the current planning act there may be an opportunity there to examine some of these opportunities around zonings and where it may be permissible to actually have an increased level of holiday letting. The challenge always is, though, with the emergence of new technology, for example, like the internet and airbnb. It is now very easy for a private land owner themselves when they go on holidays to lease out their property. So it is something that will be difficult to grapple with into the future.

The Hon. STEVE WHAN: When you think that with your special rates, at what point would one of those holiday rental places become liable for a special rate for tourism, do you think?

Mr AITKEN: It probably gets to a point where it becomes a question of amenity. So when there is a significant impact from having so many more tourists in the area then you do have to start looking to applying more funds to actually build infrastructure to support it. So I think it would probably lead to a broader level of tax across the community rather than just having small pockets. My expectation would be that it would be the overall uplift in tourism numbers in an area that would actually lead to looking towards a special rate variation.

The Hon. LYNDIA VOLTZ: Going back to the idea of a levy. You were talking about the main street of Crows Nest. Why are other councils having difficulty doing what Crows Nest has done?

Mr AITKEN: Essentially it is an internal issue for individual councils. Obviously in New South Wales we have 152 councils with varying levels of skills, varying levels of asset management and planning experience. We heard from Ms Chipchase earlier about the events management skills, the tourism and economic development skills of various councils; it is all very variable. Therefore when councils apply for these things and there is some vigorous assessment put to it—like IPART does when it assesses its variations—some are going to fail. That is just the natural order of things. Obviously, as Mr Whan pointed out in his opening question, we have a number of contingencies in actually moving towards a further liberalisation of these things, which includes the consolidation of councils.

The NSW Business Chamber supports quite a significant consolidation of councils within Sydney; for regional areas we take a different approach—similar to what has been put forward by the Independent Local Government Review Panel—we start to look at having a multipurpose county council model. Actually it is really a strengthening of the Regional Organisations of Councils as the councils really start to share their skills across council boundaries. The thing that we consistently hear from our members out in regional areas is that one council is doing a good job and the council next door is not doing a good job. Why are they not discussing this? Why are we not building better practices with councils? The numbers issue is not the only issue but it is a big part of it.

The Hon. LYNDIA VOLTZ: The other dilemma with regional towns, particularly in terms of jobs, is that they want to expand their market and bring more into the economy. The downside of that is always going to be that greater tourism brings greater problems. For instance, during the summer at Jarvis Bay locals do not bother trying to park around the marine park because of the number of visitors to the area. But if we want to keep those regions viable then tourism is an important driver. So it becomes a real dichotomy. Byron Bay strikes me as a perfect example. People of a certain culture live there but any tourism will have an opposite effect on the local region.

Mr AITKEN: That is a bit of a challenge for New South Wales. Generally I think people like to move to these areas and then decide that they want it as their own. With the way in which regional economies are based, and so many of the economies of our coastal communities are so fundamentally aligned with the tourism sector, that we do need to manage these things. Obviously turning around and saying we are not going to have

tourists is not the appropriate response. It is about managing the impact. Is there an opportunity to build better car parking? Is there an easier way? Can we create more access so that it is more widespread rather than concentrated in certain areas in a local community? It is also about that conversation that you have with your community that this is an important part of it. Business is a fundamental part of a local area and promoting the local businesses and making sure that people have jobs, employment and that there is a continuing population outside of the summer months is absolutely vital.

The Hon. LYNDIA VOLTZ: In your submission you refer to the doubling of overnight visitor expenditure by 2020. There will be natural increases in expenditure anyway because that is part of the way the world goes. It is not a doubling of visitor nights per se, is it?

Mr JEFFERIES: No, doubling overnight visitor expenditure. That is the target that has been put forward by the Government. It has come out of the Visitor Economy Taskforce, which is the industry plan to look at that. Obviously that has been brought forward by industry to government and the Government's response by way of going through all the recommendations and basically agreeing with 99 per cent of those recommendations—46 out of the 48—so essentially that is the plan; namely, doubling overnight visitor expenditure. It is not dissimilar to what New York did in terms of the New York mayors back in the early 2000s looked at a target to double their numbers and expenditure in New York. That was successful in terms of optimising the way to increase numbers into New York. It is essentially the same kind of plan as that.

The Hon. LYNDIA VOLTZ: My next questions relates to marketing expenditure for events. A lot is expended within the Sydney region—for example, Vivid and the British Lions tour, which is hugely successful.

Mr JEFFERIES: Very successful, yes.

The Hon. LYNDIA VOLTZ: And the Ashes. In the regions outside Sydney you get events such as the Aboriginal league competitions, the Coffs Harbour Ella Sevens and certain ironman events. Do you have any concern about the mix of major events spending within the metropolitan central business district and how that could be mixed to get more medium-sized events out to regional New South Wales? For example, I have always thought that the FIFA Women's World Cup would be a perfectly placed event for New South Wales to grab. Given the size of the competition and the size of Newcastle Stadium and Win Stadium, you could have games at Dubbo and all around the place.

Mr JEFFERIES: It is not as straightforward as that. It is probably a little simplistic to look at it that way. It is always about the dollars and whether we can actually make money at the same time. Obviously with those events there are limited timeframes. If it is a touring party it will obviously have a limited timeframe in terms of all that. It is not all just about the marketing side of things. I looked at a release yesterday from the Shoalhaven council. The mayor down there was talking about the council's Sports Tourism Program—starting with under 12s, under 14s, under 16s soccer events and moving their way up. That is growing visitor numbers in the Shoalhaven.

The Hon. PAUL GREEN: Absolutely.

Mr JEFFERIES: I know Mr Green, being a former mayor, is very noteworthy in terms of that. It is not all about the one marketing spot in Destination NSW; it is also about the local councils being involved and proactive. Programs such as the Shoalhaven have implemented are increasingly successful in delivering visitor numbers and in delivering boosts to local businesses.

The Hon. LYNDIA VOLTZ: If event investment is all about profitability should there not also be some balance in growing regional markets where it is not necessarily going to be profitable?

Mr JEFFERIES: That is right but at the same time obviously you have got to get the right mix. That is a fair point but it is not all about that. Obviously here in Sydney you will get a lot of the profile events you have talked about—so the Lions, Vivid and those kind of events. In the regional spaces there are efforts to do that. The Regional Visitor Economy Fund, which is the new investment sort of fund that the Government set up, is a starting point for that as well. It is there but some of these things take time to grow out at the same time.

The Hon. JAN BARHAM: I take you back to the issue of holiday letting. I am confused by your submission and some of the comments you have made. With tourism do you not recognise the tension between legitimate tourism operators who have bought commercial land, developed a DA, gone through that process,

paid their contributions and their rates, who are competing with people who have bought land in a residential zone and expect to have a tourism operation? I am wondering how you deal with that tension in representing different operators with different commitments and responsibilities that are competing?

Mr JEFFERIES: That is the whole question about tourism. We have members from right across the board. Tourism is a very diverse industry from all sectors. You do have to manage that. Certainly the Gosford example is unique, probably more towards Gosford—

The Hon. JAN BARHAM: I do not think it is that unique.

Mr JEFFERIES: It is unique to Gosford in terms of the whole case and so forth. This is the whole question about tourism: managing those risks.

The Hon. JAN BARHAM: But is it tourism? If someone wants to be a tourism operator do they not have a responsibility to buy commercial land, do a DA and go through the process to retain that level playing field? What we have here is a rogue element in the industry that is having an impact on many levels and that is not operating and paying their way to contribute to those impacts? I was unable to get from your submission where you stand as the NSW Business Chamber representing business. I know in some areas legitimate businesses are hurting because of this element that is operating.

Mr AITKEN: I think it would probably come back to size. Obviously it gets a little bit challenging if we try and move to regulate those sorts of things. We have spoken about sports events. I mean do we need to regulate people who billet sports members who come from a sporting team into a community?

The Hon. JAN BARHAM: No.

Mr AITKEN: It is not an easy thing.

The Hon. JAN BARHAM: To use a home in a residential area as a tourist facility is very distinct to where someone gets a website and does that sort of thing.

Mr JEFFERIES: But a lot of local governments allow that in their planning system. A lot of them do that.

The Hon. JAN BARHAM: The Gosford decision, as with five others—Kogarah and the others—has determined that "residential" means permanent place of living, domicile.

Mr JEFFERIES: There could be hundreds of examples though across New South Wales in terms of—

The Hon. NIALL BLAIR: What about Bathurst where there is one major event a year and the council encourages people to open up their houses?

The Hon. JAN BARHAM: But that is—

CHAIR: Order! Members will concentrate on asking questions.

The Hon. JAN BARHAM: The point I am trying to clarify perhaps has been missed, because the judgements are not clear, but anything less than three months is about the permanent use of a property or purpose-built. In the Byron Shire there are a lot of legitimate tourism operators who are really miffed about this unlevel playing field, that others are not contributing and pulling business away. Representing members who are legitimate business operators competing in this way, have you thought about it from that angle?

Mr JEFFERIES: I have to say to you in terms of our management it is not something that has been incredibly raised with me. I can assure you that it is not the key issues that have come back to me in my role.

The Hon. JAN BARHAM: I am really pleased about your support for the idea of a special rate levy. In some instances councils have not been able to pursue that because they have not been able to get the support from the Chamber and some have fallen over. A special rate variation requires full support otherwise it will not be approved. The issue of tying it to identified need in relation to infrastructure is important to that process and both of you have said that you support it on that basis.

Mr AITKEN: Obviously every special rate variation has to be assessed on its merits. You cannot just have a carte blanche on it. You still need to have that conversation with your community, including business groups, on it.

The Hon. JAN BARHAM: Are you able to encourage local chambers to look at it from that positive perspective that you have presented—that it is good for business?

Mr AITKEN: Obviously from the NSW Business Chamber perspective I am not going to really tell any of our local chambers which way they should go with issues that impact on them locally. Obviously if the plan is right it has been well consulted and I do not see why a local business group would not support something that is going to help tourist growth in their area. The vast majority of our members are always looking to boost numbers in their areas. Obviously we are seeing some challenges now with new infrastructure in terms of new roads. We often hear of communities concerned about bypasses and things like that. Obviously with the new Pacific Highway, which we strongly support, some of those local communities along the way are a little bit concerned about the loss of through traffic. They definitely want to see more people in the community but it has to be the right plan and targeted to the right type of infrastructure. That is always the challenge.

Mr JEFFERIES: If I could add to that? The idea for a special purpose entity and SRVs came out of the Visitor Economy Industry Action Plan, which is the industry document to Government—it was floated by the industry. The point there is that it includes local leadership. It is not just another tax from a local government on a business. It is about the business group having ownership of that fund and being able to make their own calls on where that money should be spent in terms of being targeted at a particular piece of infrastructure. It is not just a one-size-fits-all kind of approach.

The Hon. JAN BARHAM: I accept that, and I appreciate your point of view. In relation to employment do you have a view about tourism visa extensions? It has been floated that it should be a broader option for visitors to extend their visas and fill that gap. My concern is that in some areas, particularly regional areas, jobs are being taken away from locals by backpacker employment. Also do you have information about the degree in tourism and hospitality of cash-in-hand or the black market? For example, in my area people are getting paid in accommodation rather than money and that sort of employment does not support the local community well. Are you aware of any of those sorts of things?

Mr JEFFERIES: Again, it has not been particularly targeted. Obviously the tourism industry has been critical of 457 visas. It is a federal issue and it is not for this committee or inquiry to address, but the national industry associations have certainly been very critical of the Federal Government's approach to 457 visas. You are talking about backpackers taking jobs. I understand that in many instances the jobs that backpackers are taking on are jobs that locals do not want to do. I am not particularly aware of that from an industry perspective. However, if there are examples, I would be keen to see them.

The Hon. JAN BARHAM: I am happy to follow up that because the North Coast has examples. Would you support a model of accreditation for certain types of specialist tourism sectors such as ecotourism or cultural tourism? Do you like sector identification standards?

Mr JEFFERIES: That is interesting. Some States have accreditation and others do not. The smaller States have it. In South Australia, Western Australia, the Northern Territory and Tasmania it is often tied to levels of funding. In some instances if a business does not have a T-QUAL tick or accreditation on the computer reservation system or the booking engine it will be much lower on the list whereas those with a tick will be at the top. People looking for a business will see those that are accredited and those that are not will be missed. There are different ways of doing that. Accreditation would be hard to implement in New South Wales given the size and scale of the industry. I will be blunt, if you are talking about accreditation being one-size-fits-all and mandatory there will be a lot of negativity.

The Hon. JAN BARHAM: No, it would not be mandatory; there would be a choice.

Mr JEFFERIES: If businesses want to take up an accreditation-style scheme I would have no concerns with that. However, there must be appropriate and correct standards and it should be designed to improve a business and not only involve the national body giving a tick or a piece of paper and a sticker. It must be tied to improving standards. If it is voluntary and if a business owner or operator is likely to see a benefit and an increase in business there would be no harm.

The Hon. JAN BARHAM: And there should be a link to funding from the State as is the case in New Zealand.

Mr JEFFERIES: That is a concern. If you start linking it to that there will be push back. If it is a voluntary scheme that will benefit operators then it will be supported. However, if it is tied to funding arrangements and is a pseudo-mandatory system people will get very upset.

The Hon. PAUL GREEN: I acknowledge Mr Jefferies' great insight about Shoalhaven City Council's sports tourism initiative, of which I was a part. It is a great initiative and a classic example of what this Committee is addressing in this inquiry. As the Hon. Jan Barham said, when a local council comes up with an initiative to increase tourism that puts pressure on infrastructure and the associated cost should be shared with the State. I also acknowledge the Hon. Lynda Voltz's mention of Jervis Bay and the beautiful tourist route that people can follow to find parking. I draw your attention to a key issue we faced in the Shoalhaven when working with the business chamber; that is, businesses not tidying up their facades. One of the most respected models in tourism is the Disneyland model of a clean and safe environment. One of the frustrations in rural areas is operators who do not clean up the facade of their business to make the tourist experience more enjoyable. What is the NSW Business Chamber doing to address that issue or challenge?

Mr AITKEN: The feedback we get from our members is about council facilities that are not up to scratch—that is, key amenities such as public toilets. Those facilities are often identified as a big issue by tourism operators. Those judgement calls would be hard to implement. One person's cleanliness is another's mess. We do not have any initiatives like that, but I recognise that there have been programs such as Tidy Towns and so on. It can be a community-led initiative. It is not the responsibility of only business operators; it is also a community-wide responsibility. There is no point in main street operators tidying up their shopfronts if the rest of the town is not up to scratch. The best approach is to foster pride in the local community.

The Hon. PAUL GREEN: That endorses some of the issues we are talking about. Business owners have expectations of local government and local government needs more funds. We talked about the special rate variation. This is all about being a team and working to address these issues to improve the situation so that we can all make a living and the community can prosper. I acknowledge that not all parties are pulling their weight. That is why I brought up those businesses not doing the right thing with their facades when others are doing everything to make their premises attractive and viable. On page 3 of your submission you state:

...more needs to be done by councils in terms of the shared delivery of services as well as in better co-ordinating, at a regional level, its economic development and tourist promotion responsibilities. Far too often councils compete against each other rather than trying to work together in supporting their communities.

Can you expand on your experience in this area and provide any suggestions as to how local councils can better coordinate and cooperate?

Mr AITKEN: We discussed this key issue before we appeared. Councils often have sister-city relationships and often with cities in other countries. We are starting to see sister-city relationships between regional and city councils. I was in Sydney a few weeks ago and saw advertising for a Moree town fair in the city. Some of those partnerships are a great opportunity for councils to reinforce how they are working together, regardless of whether it is a country or city council. That is providing good opportunities. One of the issues in regional areas is the variations in council policies. Wagga Wagga has recently had an issue with the council's awnings policy. Country businesses often have awnings because of the heat and the council was worried about some recent accidents involving awnings falling down. As a result it has implemented a draconian system that requires annual inspections. Having a structural engineer undertake such an inspection costs \$3,000 or more. Other councils have implemented a sensible risk-management approach.

It is hard to understand why councils need to implement different policies. The Division of Local Government and the Local Government and Shires Associations should demonstrate some leadership in pushing out best-practice models. The Independent Local Government Review Panel's most recent report referred to looking towards identifying a number of key council service delivery functions that might be delivered at a regional level. Economic and tourism development are not exactly the same thing, but they need to be aligned and at a regional level rather than locally. It is not about the promotion of one council area but of the entire region.

Mr JEFFERIES: The emphasis in that review is on the greater use of regional organisations of councils and their being more across the board in terms of operations rather than focusing on political functions. They should look at policies that are relevant for a whole range of things. Policies and regulations in Sydney can differ within a few kilometres. That should be stamped that out.

The Hon. JAN BARHAM: The Wagga Wagga example is extraordinary. Do you have a list of those issues? Did you submit it to the inquiry?

Mr AITKEN: We submitted it to the Independent Pricing and Regulatory Tribunal review of local government regulatory performance undertaken last year as an example of poor council operations. The council undertook a review and we have come back to the same point again. It is an ongoing challenge. Like many organisations, it is not always the regulations, it is the regulators themselves. We must improve the skill sets in local government. Local government can play a valuable role in supporting local economies, but they need the right skills sets. Better education and career development is vital in local government.

The Hon. NIAL BLAIR: One issue that pops up from time to time relates to the gazetting of public holidays in tourism areas. What is the chamber's view on that issue? I am referring to public holidays falling on a Saturday and being carried over to the following Monday and the impact on penalty rates.

Mr AITKEN: A parliamentary review dealt with this issue last year and we put forward the view that the current determination of a tourist area is problematic. Local declaration of tourism days is also challenging, especially for neighbouring areas. We suggested that we move towards the systems implemented in other States. Deemed tourist areas on normal public holidays such as Boxing Day and so on are also an issue. Businesses in the Sydney central business district can operate on those days but businesses in Parramatta cannot. There is a strange disconnect. Certain areas in the Illawarra experience the same problem.

The Hon. NIAL BLAIR: But that relates to retail businesses rather than tourism businesses. I am referring to tourist areas.

Mr JEFFERIES: That is all part of it. Retail is part of the visitor economy in the same way as restaurants and cafes.

Mr AITKEN: There should be a review of the ability to declare town days. That could be an opportunity to allow a little more flexibility for tourism operators to stay open and potentially address the application of penalty rates on those days.

The Hon. NIAL BLAIR: The majority of your members in the tourism sector are small to medium businesses usually operating seven days a week and sometimes 24 hours a day, depending on weather conditions and local and international economies. They are specialised and not one-size-fits-all businesses and they are very specific depending on the location. They are subject to a range of regulations at the council and State Government levels. That does not sound very attractive. Do your members believe that the Committee should make any recommendations to make things better for those operators and hopefully that will flow on to the rest of the community? We will talk about local government and infrastructure issues when we speak to the groups concerned, but what does the Committee need to examine for the operators? Should it look at increased flexibility?

Mr JEFFERIES: That is part of the deal and I can give you an example of one operator up The Hills way who is heavily reliant upon inbound market, Chinese visitors, to come to his business and has difficulty with getting approval to actually operate at certain times of the day, weekends and so forth, given that there have been several complaints from nearby neighbours and so forth. There are definitely question marks in terms of that and in my view—and this is probably the view of most of our small and medium enterprises [SME]—there needs to be greater flexibility around tourism facilities and what is deemed that way. Perhaps that is something that local government needs to look at in terms of its overall local environmental plan approach and overall planning in that regard but certainly flexibility would be the key. If you are heavily reliant upon inbound tourists to get to your business and local government is making it difficult for you to run your business, that is certainly a challenge, yes.

Mr AITKEN: One of the key issues is improving the engagement and interface between government agencies of every ilk in engaging with the business community. One of the suggestions we have made around local government is that obviously councils do have roads committees and other committees so the opportunity

there to properly have a formalised engagement with their local business community is absolutely vital so that they do get direct input and interface with local government. Another issue that has come up is you may be aware of the ability of business owners to engage in local government elections. There is a capacity under the Local Government Act for non-resident ratepayers to vote in local government elections but unfortunately many non-resident ratepayers do not take up that opportunity because of the difficulties in actually applying and enrolling to vote. For example, in the City of Sydney, you have about 20,000 businesses and out of those at the last election 320-odd actually voted, so you do get a large proportion of the people with a vested interest in an area actually being granted the opportunity under the Act but not doing it because it is so difficult to do and I guess for holiday areas where people run a business in that area but live elsewhere, they should also be encouraged to try and utilise that so that they have a say in how local democracy is run.

The Hon. JAN BARHAM: Can you say why it is difficult?

Mr AITKEN: Have you filled out the form lately?

The Hon. JAN BARHAM: I know exactly how it works.

Mr AITKEN: Look, from the NSW Business Chamber perspective, at the last local government elections we did put out a campaign to try to encourage businesses to do it. We had our Chief Executive Officer, Stephen Cartwright, enrolled to vote in North Sydney. It took me about two days to actually figure out how the document worked. Our Sydney Business Chamber also has offices in the City of Sydney so we enrolled to vote there as well. It is quite challenging in strata areas to actually find out what your rate notice is if you are a rate-paying lessee, so that can be quite challenging. It is also because you have to re-enrol at each and every local government election. The proposal we have put forward is that you enrol once and if you continue voting in the elections you stay enrolled and if you miss two elections in a row you are taken off the roll. We have put that forward to the local government review panel and hope that we will get a positive outcome because it should be simplified.

CHAIR: The previous witness talked about workshops that are being run across the State. Have any of your members given any feedback about whether or not they have participated, are they aware of them and are they working?

Mr AITKEN: On local government?

CHAIR: No, the workshops about tourism that have been run for stakeholders and council?

Mr JEFFERIES: As a starting point, they are a good start. One of the challenges you will get in regional tourism—and I am sure many of you who live in the regional parts of the State understand the view is that it is too much about Sydney and not enough about the bush. Running the workshops is about getting the message out there, having the education process and selling the message a bit stronger, so in that respect it is a good start. They are running them this year and obviously they cannot get to every destination around the State; it is in targeted areas. We are getting the message out more and they are continuing to run that way. I do not see why there would be a problem in the future.

CHAIR: Has there been any feedback from members as to how it could be improved?

Mr JEFFERIES: At this stage I have not had that direct one. Obviously people like the fact that they can come to a regional town, hear from the leader and basically get up-to-date marketing information and so forth. It is a miss and match kind of thing. Some operators will want different things out of it. Some operators will want a tourism awards aspect to it while some operators will want ideas on how to get more international tourists, so there are different aspects to it. Given the diversity of the industry it is very hard to please everyone, if that makes any sense to you. Our industry association is for small and medium enterprises so you have a broad range and it is hard to actually get a one-size-fits-all approach—and I am sure that Ms Chipchase would have said that to you earlier—but it is a good starting point in terms of getting the message and the processes out there.

CHAIR: Have any members given reasons to you for unemployment and job vacancies in particular areas?

Mr JEFFERIES: We have not had that. I have to say that tourism across New South Wales in the last few years—there have certainly been green shoots now but over the last four or five years it has been tough going especially for the small and medium enterprise guys. When you hear statistics of 20 to 30 businesses shutting over the course of a week in New South Wales, that is a challenge in itself, but directly to ourselves, no. Obviously everyone wants the industry to be growing and improving. We are seeing those changes, and they are positive changes in the last 1½ years but from a tourism industry aspect everyone wants to see the industry start growing again and we are certainly seeing some starting points now.

Mr AITKEN: Not specifically but we do run a quarterly business conditions survey, which breaks down skills demands in certain regions across New South Wales.

Mr MILTON: We have about 20 industry sectors listed and we are able to see what skills and professions are missing or are in demand in various areas. A lot of these are retail workers from a lot of the tourism industries, a lot of chefs, cafe and wait staff and just general customer service skills.

Mr AITKEN: As we pointed out in our submission, it is an industry that is often impacted by things like weather events. Obviously in the ski season there will be less demand if there is less snow. If we have a big wet patch like unfortunately we had early in the year with large-scale floods in the northern area of New South Wales, that will impact on whether or not there is a demand for employment. We are happy to take that on notice and go back and review our business conditions survey and see if there is any data that we might be able to provide.

CHAIR: That would be good, particularly in relation to regional areas, and seeing whether there has been any feedback on training, whether it is adequate or whether more should be done to promote more people in regional communities to take up work. The other question relates to marketing. The Taronga Conservation Society said that there needs to be a clear brand in relation to regional tourism. Has that come through as an issue in any feedback from your members?

Mr AITKEN: Some of our regions feel that the name placed on their region does not quite capture it. The Northern Rivers comes to mind. It is the challenge of competing with those other big brands. Obviously the Northern Rivers has the challenge of competing with the Gold Coast, which is quite an attractive name and is an easy marketing pitch when it is the Gold Coast versus the Northern Rivers. One of the things we have pointed out is around the grants funding and the changes that have been made. Obviously it is too soon to tell whether the changes made to grants funding is effective but obviously marketing is part and parcel of that. We would be pushing for more rigorous and transparent assessment of how the grants are funded and how effective they have been so that we get a bit more of an assessment of what works and what does not work from regional areas.

Mr JEFFERIES: It is an interesting question. I know that members would be aware that you basically had an amalgamation of Tourism NSW and Events NSW to form Destination NSW and you will see at major events and regional events across the State the Destination NSW brand out there. Whilst you have debate in certain areas about the effectiveness or not, I would argue the point that that is a very good starting point in terms of getting the message out there that it is about New South Wales as a destination; that focus on the visitor economy, numbers, room nights, dollars and so forth is actually a very crucial point. Interestingly in terms of particular regional areas, one aspect is that Destination NSW has taken the view that a body called Inland NSW Tourism will be the body for pretty much everything the other side of the ranges. That body is the amalgamation of four or five different regional tourist organisations. I would argue that there are question marks about that body as to whether it is an effective brand to go out there. Inland NSW Tourism is Broken Hill, Dubbo, Mudgee—it is hard to define. There are certainly question marks about that particular body's branding in that regard.

Mr SCOT MacDONALD: I want to ask about the industry awards and the impact they might have on the industry. I have read over the last few years the modern award under the Fair Work Act has had an impact on tourism businesses. Can you give me some sort of picture of what the modern award might have done to the tourism industry over the last three or four years and has your organisation put in submissions to Fair Work Australia about the ongoing award?

Mr AITKEN: I will deal with the second part in terms of Fair Work Australia. The chamber has helped support one of our industry association members, Restaurant and Catering Australia, in terms of putting forward to Fair Work Australia a proposal around restaurant and cafe workers. We do find that this is probably the pointy end of where fair work has most impacted tourism operators.

Mr SCOT MacDONALD: Can you give me a picture—are you leaning to business closures and redundancies?

Mr AITKEN: I probably cannot give you a picture on business closures but definitely in terms of operations, it has forced many businesses to choose to close on Sundays; Sunday trading has become much more difficult.

Mr SCOT MacDONALD: So it is a real barrier to business growth?

Mr AITKEN: That is right, yes.

Mr JEFFERIES: To paint a picture for you, if a cafe or restaurant cannot open on a public holiday or a Sunday because they literally cannot afford to and it is in a regional town and people are visiting the town and half the shops are closed, what kind of message does that send about the town to tourism visitors?

Mr SCOT MacDONALD: Mr Jefferies, what I am trying to lead to is: Destination NSW can do the best job in the world, we can fund this, we can fund that, the State Government can put the pedal to the metal on tourism and all the rest of it, but if we have a framework and a structure around industrial relations courtesy of the current Federal Government, that is a real problem.

The Hon. JAN BARHAM: Is that a question?

The Hon. STEVE WHAN: You guys signed up to transfer your powers over.

CHAIR: Order! You can either take that as a comment or answer it?

Mr JEFFERIES: I am happy to answer that. You are right, yes Destination NSW can do the best job possible: it can get the branding right, it can get the messages right; it can deliver the numbers. But your comment is very valid that if we had a system in place which is going to make it unaffordable or make it so hard that a cafe or a restaurant or a similar kind of business cannot afford to operate on a weekend or outside of the 9 to 5 business periods, that is a problem for our industry. I think that is pretty obvious to everyone here today.

Mr SCOT MacDONALD: Do you put submissions to Fair Work Australia to that effect?

Mr JEFFERIES: I have not done that, but certainly we have supported restaurant and catering on that and through that. Our body is a member of the National Tourism Alliance, which is a national board which meets with Minister Ferguson and so forth, and these issues have been discussed at that level.

CHAIR: Time has expired for questions. Thank you very much again for appearing. For any questions that were taken on notice answers are required in 21 days. Also, any additional questions put forward by Committee members will be forwarded to you.

(The witnesses withdrew)

(Short adjournment)

ANNE KING, Deputy Chief Executive, Office of Environment and Heritage and National Parks and NSW Wildlife Service, sworn and examined:

CARL SOLOMON, Acting Director, Park Experiences Branch, NSW National Parks and Wildlife Service, affirmed and examined:

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

Ms KING: I would like to and I would like to ask your indulgence: We decided to bring some of our awards for the organisation. I have not led the organisation in National Parks for very long but I have been impressed by the diligence and commitment and, obviously, the quality product that the organisation has. Obviously National Parks plays a huge role in attracting people to regional New South Wales. Our visitor numbers are up by over 5 per cent on the 2010 results. We are very committed to developing new approaches and have recently realigned the organisation to expand what was a tourism and partnerships branch into a park experiences and visitation directorate with direct line of sight to things that are happening on the ground.

We have planned infrastructure that helps build tourism and tourism products, which is the \$2 million that has been spent in the river red gums, and we are a significant contributor to regional employment. Over 70 per cent of our staff are in regional New South Wales and over 200—over 10 per cent—of our staff are Aboriginal people. I would also commend to you Mr Carl Solomon, who has a great deal of knowledge and has led the organisation for some time in relation to our visitation experiences.

The Hon. STEVE WHAN: Thank you for coming along with your awards. Congratulations. I wanted to ask you about a couple of areas. Firstly, can I ask you about some changes that happened a while ago to allow commercial operators into wilderness areas—commercial walking groups and things like that, the activities that are allowed in wilderness areas? Are any of those activities taking place and what has been the response to them?

Ms KING: The recent activities that have been allowed in relation to wilderness areas are some horseriding pilots that the Government has announced. We are currently going through the plan of management process in relation to what will and will not be allowed and we are designing some environmental impact monitoring in relation to those trials should they go ahead. In relation to walking and commercial operators—Carl?

Mr SOLOMON: The amendments that were put through in 2010 permitted activities to occur in wilderness areas on the same basis that they occur on a non-commercial basis—so, walking tours. There have been a number of companies that have provided tours into wilderness areas—Wollemi wilderness area, for example, in the Blue Mountains, and there are a couple of others. I would not say there has been a large number.

The Hon. STEVE WHAN: So there has not been a huge expansion?

Mr SOLOMON: No, but there have been a number of operators. I guess remembering the type of experience—the people that are going into wilderness areas are a bit more adventurous—is probably not everyone's cup of tea. So we would not expect the demand to be huge, but it has been solid, and for that particular part of the market we think it has been appropriate.

The Hon. STEVE WHAN: Is it something that you see expanding? Has there been interest that has not actually come to fruition yet?

Mr SOLOMON: We certainly get operators talking to us from time to time around the opportunity to develop new products that will include some walking elements in wilderness areas. We get a frequent level of request for that kind of opportunity. I do not see it as something that we get a huge amount of demand for.

The Hon. STEVE WHAN: There are two separate things I think here in that the 2010 amendments, which allowed activities which were previously allowed for amateurs, for want of a better word, in wilderness areas and the horseriding stuff that you mentioned before, which was not allowed in some of these areas, is quite a different process. They would be treated slightly separately, would they not, because the horseriding, for instance, in Kosciuszko National Park and some of those areas of wilderness was not allowed full stop previously, whether it was a tour or a private party. Is that correct?

Ms KING: That is correct.

The Hon. STEVE WHAN: Can I just go on to the tourism product that you are developing around the parks in New South Wales and the focus that you have got on that? You have mentioned in your submission and in comments that the focus of the organisation has moved to providing those products. There is a great example of one of those products in Kosciuszko with the new path being built from Thredbo down the river. Are there other examples of parks where a major capital investment is being made to provide product which is going to attract people to the areas?

Ms KING: We have a number of capital infrastructure projects that are underway currently and we are looking at both mountain biking and adaptive reuse of buildings predominantly. Carl?

Mr SOLOMON: For example, one of the areas of major infrastructure investment over 2012-13 and extending into this financial year has been over \$2 million worth of investment in the river red gum parks. That has included a mountain biking track, which has been very well received by the local community.

The Hon. STEVE WHAN: Whereabouts is that?

Mr SOLOMON: It is at Five Mile, if you know it.

The Hon. STEVE WHAN: No, but I will find it.

The Hon. PAUL GREEN: Near Seven Mile Beach?

Mr SOLOMON: It is not near Seven Mile Beach but it is on a bend in the Murray River and it is near Moama. In fact, we have been working very cooperatively with the local government to develop the Nature Tourism Action Plan. Our approach in developing infrastructure in regional areas is very much premised on the need for a partnership and to look at a landscape scale so that we are not creating something that other levels of government perhaps have already created. What has happened with that example—the Five Mile example—is that the local government, which is Murray, have built a cyclepath from Moama to connect to this day-use facility. It also includes a new viewing platform because that is also a premium site to watch the speedboat races, which is a major event for that town—very significant for Echuca and Moama in terms of revenue with that particular event.

We have also created an opportunity for picnic areas and some accommodation as well so people can put up their tents. The local infrastructure has really backed in and supported that. Before we even finished construction of the mountain biking track there were lots of locals already out there starting to use it. So it is a really good example of the kind of approach we take and the type of infrastructure we are delivering around the State.

The Hon. STEVE WHAN: Do you have a list of project priorities around the State for those sorts of things which is available or which you could provide?

Ms KING: We do. We are just going through our capital allocation process at the moment. We would be more than happy to take that on notice and provide that capital allocation.

The Hon. STEVE WHAN: We have had a number of submissions from fossickers, who are having a little campaign on our committee, who are saying that they would like access to national parks for fossicking activities. Can you respond to that from an environment point of view as well as a management point of view? You can take it on notice if you want.

Ms KING: I will take that on notice from an environment perspective particularly.

The Hon. STEVE WHAN: Essentially yes, talking about small-scale operations—panning and all that sort of thing.

The Hon. LYNDIA VOLTZ: I wanted to ask a question in regards to how you handle the pressure that comes from allowing access and a greater push from tourism operators to access particularly national parks in

terms of accommodation and accessing in regards to biodiversity and the need to protect what are really iconic sites in the country.

Ms KING: And naturally we take that extremely seriously. The phrase that we are using within the organisation is it is not customer or conservation, it is customer and conservation. We have strong environmental assessment guidelines and we use visitation to build participation in relation to looking after our parks. That is particularly visible throughout volunteering program, which is increasing year on year, but it is also, even in relation to the mountain bikers that we were just talking about, people are encouraged, and the fact that we build a relationship with them at a local level and a participative level means that we are getting greater participation through that networking and social networking. People take photographs and send them to us of things that they think may or may not be right or wrong in the park. The nature of the work we do is absolutely play spaced and people are very attached to a place and therefore like to be a part of our work in relation to the environmental standards.

The Hon. LYNDIA VOLTZ: National Parks used to have its own tourism budget and possibly still does, I am not sure, but how do you work in with Destination NSW to ensure promotion of the national parks and to promote particularly domestic tourism into the sites, particularly outside the Sydney region?

Ms KING: We have a very strong and positive relationship with Destination NSW and the local and regional tourism boards. So we work at all levels of government. We both utilise New South Wales funding and have a small marketing budget of our own. Carl, do you want to talk about the relationships that we have today?

Mr SOLOMON: I guess I could talk about that on a number of levels. Some really practical levels, which I think are probably important for the Committee to hear about would be, for example, our outback campaign. Our outback campaign we have been running for three years in collaboration with both Destination NSW and Inland Tourism—the RTO. That campaign, for example, has seen over 8,000 leads generated to commercial operators throughout the outback. It is a cooperative marketing campaign where we all put funding together towards a pool. We bring a lot of our product to the table, which enhances the product throughout the region from private operators or from local communities. So I think it is a really good example of where we are working closely with Destination NSW to deliver that program

The other thing I would add would be around the move towards destination planning and destination management plans that are a result of the visitor economy task force and industry action plan. One of the things we have been doing is working not only with Destination NSW but also the RTOs on what is in the destination management plan so that there is a real connection around the product and experience that we deliver and their destination plans have landscape-wide context and that that is feeding into some of the directions that Destination NSW have. Things like live events, particularly through regional New South Wales, are really important and, again, we work closely with Destination NSW on not only profiling those events but making sure that events programs in regional New South Wales are built into destination management plans.

The Hon. STEVE WHAN: Can I come back to the products that are available? One of the criticisms that you get sometimes from people in inland New South Wales is that in some of those parks, particularly in the west of the State, there are fewer visitor facilities than in the bigger ones—obviously there are going to be less than the big ones, but there are parks which the locals will say it would be great if tourists could get in and do something. What sorts of programs have you got for those inland parks and making those more accessible for people?

Ms KING: We take that extremely seriously. I would like to reflect on my own personal experience in the Warrumbungles. Clearly there was devastation through fire and we are working very closely with the local community to reopen the park quickly, to rebuild the visitor infrastructure and services. We hold an event there every year called the Crooked Mountain Concert. We are partnering with them around not only the rebuilding of the locality but particularly in relation to tourism and opening up the park. We have about \$2 million that is allocated specifically for the rest in relation to capital infrastructure and just recently, as we have spoken about already, there was \$2 million in relation to the river red gum area and the opening up of facilities there.

The Hon. STEVE WHAN: I think I saw that you were doing some visitor facilities in the far west as well—Toorallie?

Mr SOLOMON: North-west.

Ms KING: We have a program of works at Toorallie that I was just reviewing this morning, and that is going extremely well. We are just waiting for some heritage approvals and it will continue.

The Hon. STEVE WHAN: A number of the submissions we have been receiving have talked about the self-contained campers—the people who are in the vans and so on travelling around and do not necessarily go to caravan parks. Are those people causing challenges for national parks in terms of your camping areas and so on? Are they going through your normal booking systems or are they producing problems for you in parking areas and so on?

Ms KING: Our booking systems have recently been upgraded. We now have an online booking system. Our camp grounds are very well utilised throughout the State. I have not seen any emerging issues of inappropriate use of camp grounds. Sometimes we have double bookings, the same as every other operator, or people who would choose to stay and are not able. We deal with this through a policy perspective rather than a legislative perspective and we will monitor carefully if it becomes a problem for the future.

The Hon. STEVE WHAN: You are not seeing issues with people travelling around in vans and just stopping in your car parks and camping?

Ms KING: It has not been an issue that has been brought to my attention at all.

The Hon. JAN BARHAM: With the nature-based tourism initiative, the national landscapes program and most experiences you promote, how will shooting in national parks sit alongside that important aspect of nature tourism being the big draw card for New South Wales?

Ms KING: The supplementary pest control will be a heavily supervised scheme. Participants will be classed as workers and under the workplace health and safety Act clearly this will enhance through pest control programs we have at the moment. We do not anticipate anything other than exactly as we would have implemented ourselves.

The Hon. JAN BARHAM: What about notification to people about these operations? Do you perceive any risk or a resulting devaluing of the experience? What proactive steps have you taken or what indication is there that shooting in national parks might affect a regional tourism operation period?

Ms KING: A risk-based and safety-based approach is obviously key to the success of the program. Again, it will absolutely align with our current pest control programs and be heavily supervised.

The Hon. JAN BARHAM: Additional staff will be on board?

Ms KING: Absolutely.

The Hon. JAN BARHAM: To advise people where to go to avoid those activities, is that what you mean?

Ms KING: That is exactly what I mean. The Government provided funding in relation to supervision of the program.

Mr SCOT MacDONALD: Point of order: I seek clarification on whether these questions are within the Committee's terms of reference?

CHAIR: Yes, the questions are fine.

The Hon. PAUL GREEN: I have a question to follow that has everything to do with tourism. From what I understand, other States permit shooting in their parks. Has the department undertaken any research to determine what that sports tourism would be for New South Wales if there were an impact?

Ms KING: We are not looking at recreational shooting in national parks. We are looking at a supplementary program in relation to pest control.

The Hon. JAN BARHAM: My question genuinely was about a possible flow-on impact with the sorts of messaging and concerns that have been raised. This Committee is looking at local communities and local government issues. Does National Parks pay rates to local government?

Ms KING: Not as a matter of policy, no.

The Hon. JAN BARHAM: Is there any contribution from the State via the agency or generally for the upkeep and maintenance of some off-site infrastructure issues resulting from the impact of high visitation levels on local roads that lead to some protected areas?

Ms KING: I will take that question on notice.

The Hon. JAN BARHAM: I have been a member of the Cape Byron Trust Board and the board of a co-managed park. I really appreciate the good work in those areas. Do you see greater potential for support and development of cultural heritage tourism products and support for local Indigenous people to build that capacity?

Ms KING: Absolutely. We have targets into the New South Wales 2021 goals in relation to increasing joint management parks. We have a number of allures under negotiation at the moment. We partner very successfully with both Aboriginal and other local authorities on tourism aspects. We would see the development of the traditional owners in relation to ownership of the lands as a positive and successful part of the OEH deliverables.

The Hon. JAN BARHAM: Would there be a specific budget allocation for continuing to support them to build that product?

Ms KING: There is currently.

The Hon. JAN BARHAM: What is your position about an accreditation system for on-park or more broadly in New South Wales for enviro- and eco-type tourism and/or cultural heritage?

Ms KING: Currently we operate under a leases and licences arrangement.

Mr SOLOMON: Currently, we require accreditation for licences for our tour operators who are operating with licences that are of a period of more than one year. In fact, a requirement to get a 10-year licence is advanced eco-certification. We believe that is an important policy decision because it brings us in line with many other jurisdictions around the country, which is important. But more importantly, it contributes to maintaining professional standards in the operations we run through our parks—not by us but the operators coming on to parks. We require accreditation. It is a good thing for nature-based tourism, particularly in the context of protected areas.

The Hon. JAN BARHAM: Does that mean operators who have obtained the leases and licences have a requirement to impart some degree of awareness training—I am particularly interested in cultural awareness and whether they are skilled—to ensure visitors they bring on to the park are given appropriate and respectful knowledge and information?

Mr SOLOMON: Absolutely. We have an active engagement program. I should just clarify that accreditation does not apply to our lessees; it applies to our licensees—tour operators. Accreditation is for tour guiding, for example. One thing we have is an active program of engagement with our commercial tour operators. That engagement is based around trying to build awareness of the cultural importance and significance of our parks as much as it is around the nature-based values of those parks. We actively encourage them to connect with the local Aboriginal community because we believe, obviously, in the importance of the local community being able to talk about their connection to their country. That is an important thing we try to do: connect the right people to the right communities.

The Hon. JAN BARHAM: Is approval of lease licences through the co-management committee?

Ms KING: It would be.

The Hon. PAUL GREEN: Returning to infrastructure, if a road leads to a point of interest in the national parks, do you contribute in any way to the maintenance of that road?

Ms KING: We have a number of roads that we manage. I am trying to look for the statistic. It is 41,626 kilometres of road that we absolutely maintain.

The Hon. PAUL GREEN: Where was that?

Ms KING: Throughout the national park system we maintain about 41,000 kilometres of road.

The Hon. PAUL GREEN: Those roads normally would not have a high maintenance priority, but because of your high tourism visitor rate to those points of interest council has to maintain them. Are there any grants or funding mechanisms you can give local government for the maintenance and upkeep of those roads off the beaten track? Do you contribute anything to that maintenance of infrastructure?

Ms KING: From an OEH perspective I will take that on notice because there are a number of grants schemes that I am not involved in. From a national park system, we do not give grants currently.

The Hon. PAUL GREEN: You talked about the fantastic five mile track. I am interested in the concept of the bay cycle track in the Jervis Bay area. Are you aware of that concept? Can you comment on how the department sees that initiative?

Mr SOLOMON: We do not have a policy position on that particular track at the moment. I am aware of the proposal. I would say that we have an active program in Jervis Bay around facilitating access for mountain bikers and walkers through that region because we know they are very popular activities.

The Hon. PAUL GREEN: This is specifically around the bay, not all the other beautiful areas.

Mr SOLOMON: I am aware of the proposal. We do not have a specific policy position on that at this point in time.

The Hon. PAUL GREEN: Do you anticipate that being looked upon as untouchable or as an initiative that should be followed through to increase the area's tourism rate?

Mr SOLOMON: It is really hard to say.

The Hon. PAUL GREEN: Fair enough. Many rural local government areas have a lot of opportunities for restoring historic houses. Earlier we talked with Ms Chipchase about areas trying to identify whether they are good for tourism or visitors. Of course, rural residential areas or historic houses seem to be a big direction that many places can go, but local government certainly does not have the funds to prop up and restore those historic buildings. What grants are available for local government particularly to tap into? Is there some program with priorities to try to get these areas up and running so local communities thorough rural New South Wales can exist a lot longer than they would without a tourism attraction?

Ms KING: OEH has a separate department that actually looks at heritage assets. I will take that question on notice and get the specifics of our programs for the Committee.

The Hon. PAUL GREEN: In certain caravan areas and in some national parks we have caravan parks hosted by the New South Wales Government and, of course, councils get a levy on them. Given that these parks back on to many beaches, does the department supply or believe there should be a process to fund these extra activities as a by-product of coming to these areas by supporting surf lifesaving tourist issues to protect the tourists?

Ms KING: Again that will be a question of policy.

The Hon. PAUL GREEN: I am quite happy if that question is taken on notice.

The Hon. JAN BARHAM: I think you stated that you are not aware of illegal camping being a problem. If it were an issue, has the department the capacity for more rangers to deal with that? Do you respond if there is such a problem?

Ms KING: Absolutely. Our rangers and field staff have a compliance section to their role. Certainly, in relation to the matters I have become aware of concerning the homeless, for example, we actively manage appropriate participation in the park. Should compliance be necessary, then we would take action in relation to that as a matter of operational protocol and legislation.

The Hon. JAN BARHAM: Is the environmental assessment for leases and licences an open and transparent process? Is that publicly available for anyone to see the information provided by the people and the conditions in approvals?

Ms KING: Absolutely. It is a complete transparent process.

The Hon. JAN BARHAM: I must have been looking in the wrong place on the website to find that approval process and whether the community has a say. Is there a notification of who is applying as it does with a development application through a local council and whether submissions are made or allowed to be made?

Mr SOLOMON: If there is an environmental impact assessment there is a proper notification process, which is publicly advertised. It invites the community to make comment.

The Hon. JAN BARHAM: Is that an assessment or is it a Review of Environmental Factors that is done internally?

Mr SOLOMON: It depends on the nature of the proposal. There are clear sustainability guidelines which are freely available on our website. And there is a public notification and advertising process that links to the leasing of those. Our independent advisory council also has a review function in relation to that.

Mr SCOT MacDONALD: I was going to ask you about the Aboriginal aspect of the parks. I met a person out at Wentworth who had a licence to take tourists through Mungo National Park. He was a little bit unhappy. I am not really sure of the circumstances. I notice in your point 6(a) that you support Aboriginal people and their broader aspirations for economic, social and cultural development. Do you encourage the licensing of Aboriginal groups to take tours? Is that something that you are encouraging?

Ms KING: It is something we encourage. We proactively encourage that, not only through the co-management boards but across all of the estate in relation to the cultural heritage and values of the land and cultural heritage and values of the people. We are actively working with the Aboriginal community around what tourism looks like, how we can expand tourism opportunities and how we can expand commercial operations with them.

Mr SCOT MacDONALD: I will not pretend that I got all the details, but he did feel that he was competing with the New South Wales National Parks and Wildlife Service. I am not saying whether that is fair or not. If you license an operator do you exit the scene? Do you leave them to it or do you still have a bit of a presence? Is there possibly competition?

Ms KING: The majority of our resources are in the park management aspects of our work, in relation to our field staff and rangers. In relation to your question about being in competition, we run some of our own campgrounds. I am not aware of us running tours.

Mr SCOT MacDONALD: This was at Mungo.

Mr SOLOMON: We have a discovery program. An Aboriginal discovery program is a component of that. Where we have operators that are providing a service to a particular market then we will not operate in that market. I think that different people seek different things from their experiences. So, depending on the circumstances there will be some element of interpretation provided, perhaps, by an Aboriginal discovery guide, but we would not be doing that as direct competition, like for like, with a tour operator. The principles of competitive neutrality apply. We take them very seriously—not only with our tour products, but also with our accommodation and camping products.

The Hon. NIAL BLAIR: I was heartened when you said earlier that the best way that people can gain a connection with and a value of their national parks is to enjoy some of these experiences. It is clear from some of the actions—like those that you described with the red gums—that there has been a mind shift from the

old lock-the-gate mentality to providing the ability for people to access the parks. Is it a fair assumption that this is the mentality, now, and the philosophy behind the way we are looking at these parks?

Ms KING: Absolutely. The building of participation on an international scale and down to the local scale is a philosophy through park management. It is transparent for the community. In speaking with some of our older volunteers, I have found that their concern is in how to get their grandchildren engaged. Traditionally, that would have been done through weeding programs. Now it is done through experience and over-all participation. Whilst we have an educative aspect through a number of our programs people want to experience nature for themselves, and they return year after year.

The Hon. NIALL BLAIR: Do you think you are doing enough to promote that mind shift and that cultural shift? I can only use a personal example. I am on the Southern Highlands. One of the best experiences that I enjoy every summer, with visitors and with my son, is to go to one of the very few glow-worm populations in Australia and have a look at the glow-worms. Yet the majority of people who come to the Southern Highlands would not even know that they are there. Is there enough being done to promote these experiences?

Ms KING: We did bring more props—sorry! We have recently upgraded our website and our social media aspects and we are having a huge degree of success. We can see the five per cent increase in visitation from 2010 as a measure of that success. There is always more that we can do. Obviously word of mouth is key.

The Hon. PAUL GREEN: Or a big glow-worm on the side of the Hume Highway, with 'Turn here.'

The Hon. LYNDIA VOLTZ: To go with the Big Mosquito at Hexham.

The Hon. PAUL GREEN: The big ram, the Big Banana and the big glow-worm.

Ms KING: Any time there is a school holiday or a holiday period our campgrounds are completely booked out. We provide such a product for which there will always be more that we can do in relation to the promotion of the beauty of the place and the facilities that are there.

The Hon. NIALL BLAIR: Can I make another observation. The value of that program was the uniformed volunteer and paid staff who explained what people were seeing and pass on information about how to treat the area. While the promotion of these things is important I think people want to see uniformed rangers or volunteers explaining and giving people an education as to why they should be appreciating what they are appreciating, and how to value it.

Ms KING: The interpretive aspect of how we participate is absolutely key. Over 51 per cent of our staff are involved directly on the ground. Our recent reorganisation alignment means that we have better access to those facilities across the whole. Certainly in relation to philosophy it is about education.

The Hon. NIALL BLAIR: I had better declare that my wife was a park ranger. I am not just pushing that.

For the last five years, I would say, we have seen new industries like surf schools, a lot of recreation experiences, adventure racing and outdoor education companies. All of these things ultimately get people interested in your parks—whether they are interested in the best break on the coast, a mountain-bike trail, a river to paddle on or a bush track to run on. Are you keeping up with the changing industry and what people are looking to do? Are you engaging? Is that where the licensing comes in with those surf schools? Can you explain how you are adapting to that change in activity?

Ms KING: We have very proactive relationships with communities and commercial operators. We run a number of experiential activities both through commercial outlets and volunteer outlets. For example, at Kuring-gai Chase National Park we have a kayaking experience.

Mr SOLOMON: I think it is an area in which we have been working hard. For example, we work quite closely with mountain-biking groups to look at the development of new experiences around the state, right down to how to design a track so that it is sustainable, not only in terms of the visitor experience—so that it is an enjoyable experience that visitors want to have—but sustainable in its impact on the environment. You can design a track to minimise the impact.

Those sorts of partnerships have been fantastic. We have taken quite a strong approach in that new area, not only through the formal licensing, where we have relationships with organisations like the Outdoor Recreation Industry Council—we look at activity standards and what is happening in the industry—right through to the Caravan and Camping Industry Association, CCIA. We have a relationship with the Caravan and Camping Industry Association to cast into the future around what is happening in relation to travel patterns in that particular demographic. So relationships with those industry groups are very important in helping us to understand what the community interest is and how we can more effectively provide access and connect people to their national parks.

The Hon. NIALL BLAIR: Again, surfing is the example I use. That has gone, in a very short period of time, from a recreational activity to an industry. I know that some councils license surf schools and some do not. There is some competitive tension out there amongst those as well. How do you deal with those?

Mr SOLOMON: Of course it is always a challenge. An operator will turn up on a beach and not want to have lots of other operators on the same beach at the same time. I liken it to canyoning in the Blue Mountains, where you have a number of operators who want to be able to access those canyons. There is an aesthetic reason for not having lots of operators there at the same time. More importantly, there is a safety reason for not having lots of operators there at the same time.

So, to manage the aesthetics and the impact on the environment and to manage the safety of the visitors that we are welcoming into our parks we work with the operators that want to go to those particular locations. Often that means sitting all of those individual operators down, having a cup of tea and talking through who is going to be there at what time—managing the time so that we get a really sensible agreement, which they all have ownership of and negotiate between themselves.

So, it goes from those informal negotiations or agreements through to codifying it. If we have too many operators and we cannot get an agreement then we have the option to have a competitively allocated licence. That means that we ask them to put through a formal proposal such as a tender or something similar to a tender, when we make some decisions about the operators' performance in terms of safety and the environment, and make a decision about which operators will have access at which time. Then it is a compliance issue.

CHAIR: I am interested in finding out a little bit more about visitor centres. You operate, solely, the New South Wales National Parks visitor centres. Your submission says that you also work in with the level 1 accredited visitor centres. Can you explain how that works for funding, if there is any funding given.

Mr SOLOMON: It is not a funded relationship. It is a partnership relationship. We share information. We share information across those centres so there is clear coordination between the information that is going out through our own centres and regional visitor centres. Particularly where there is not a New South Wales National Parks presence in a particular community it is very important that they have the right information. In other places there are shared resources. At Jindabyne, for example, and Tumut, we have an memorandum of understanding with the local government. At Jindabyne and Tumut we provide the service on behalf of a number of organisations: Tourism Snowy Mountains, the local government as well as our organisation. So there is a spectrum of options, some of which involve a direct contribution by us to the operation—in terms of providing staff or the building through to provision of information.

CHAIR: Looking at the infrastructure that you have, whether it is the walking tracks in the parks or the camping sites, do you do a regular audit across the entire state of how they are operating based on the number of visitors coming in, to find out whether there is a need to increase or decrease availability?

Ms KING: We absolutely do. We manage and maintain our assets in a very structured way. We have an asset maintenance system that is regularly updated in relation to the condition of the asset and the use of the asset. So we monitor, particularly from a safety perspective, but also from an overall maintenance plan.

CHAIR: And have you seen, over the last couple of years, an increase in the change of accommodation styles, looking at not only, obviously, camping sites and increased sites for motorhomes but also luxury-style accommodation?

Ms KING: We are certainly seeing that as an emerging trend. For example, at Byron Bay some of our luxury cottages around the lighthouse are always popular. And, yes, the adaptive reuse of buildings that was alluded to previously is an opportunity for us to increase that level of product.

CHAIR: I have just one final question, which is about comparison to other states and territories. How does New South Wales compare to other states with what is offered here at a national-park level?

Ms KING: We actually compare extremely well. We have done some comparisons within Australia and New Zealand. Our parks are heavily visited. So the nature and numbers of visitors here are the envy of other states around Australia.

The Hon. NIALL BLAIR: How do you record the number of visits? I went for a run in a National Park the other day but you did not know that I was there.

The Hon. Steve Whan: Did your chip not work?

The Hon. NIALL BLAIR: No, the tollgate did not work.

Ms KING: We have a formal visitation survey every two years but there are other methods that we use, such as road loops, in relation to the calculation of visitors. Obviously that includes user fees, park passes et cetera.

Mr SOLOMON: Sometimes we use vehicle counters in specific parks where we are particularly monitoring any changes. The visitation survey is conducted of 16,000 people. It takes our source markets into account, so that is Victoria and Queensland. It is a domestic visitation survey. It is highly robust. We have very high levels of confidence in that research at a statewide level.

CHAIR: Thank you very much for appearing today. Any questions that you have taken on notice, you will have 21 days to respond to. If there are any other supplementary questions from committee members then they will be forwarded through to you as well.

(The witnesses withdrew)

KEVIN EVANS, Chief Executive Officer, National Parks Association, affirmed and examined:

CHAIR: Before we commence our questioning, would you like to make an opening statement?

Mr EVANS: Yes, thank you. For those of you who are not aware, the National Parks Association of New South Wales has been around since 1957. We consider ourselves to be big advocates for the protected area system in New South Wales. There is in fact a National Parks Association [NPA] in many of the other states and territories around the country as well. We come together under the umbrella of the National Parks Australia Council, which has an office in Canberra. We were established in the 1950s by a group of conservation-minded folk in New South Wales to advocate for legislation that took 10 years to develop—that was the National Parks and Wildlife Act, which came into law in 1967. Since then we have maintained a presence on the scene to advocate for an increase of the reserve system, to maintain good management of the reserve system, and to take people and help them to become strong advocates for the reserve system.

We are also involved in tourism, which is why we have a particular interest in this. We have the largest bushwalking and activities program in the southern hemisphere. Many people do not realise that. So we are very much a conservation-minded tourism organisation as well. There are 1,000 bushwalks right across the state. Many of those are in regional New South Wales, because we have 18 branches from Armidale, Coffs Harbour and Bellingen—as Hon. Jan Barham knows—right through to the Southern Highlands and out west as well. So we do have a presence right across the state. We have 10,000 supporters and 800 volunteers who play a really active role in supporting the initiatives of the National Parks and Wildlife Service and who champion the cause for protected areas.

The Hon. STEVE WHAN: Thank you for coming. Your submission is very useful. There is quite a lot of information in there about the economic benefits of national parks and the employment benefits of the parks, which is an important focus for us. Do you think that the government currently has the balance right between the conservation objectives that are inherent in national parks and the economic development objectives?

Mr EVANS: There have been recent changes to the legislation of the previous government that have allowed for the objects of the National Parks and Wildlife Act to include issues other than core conservation. They now include objects which are related to tourism and infrastructure. So we are always, of course, of the view that it is essential to get the balance right. Otherwise if we overexploit or "overlove" our national parks then we will end up with the core conservation values of those areas diminishing, and we will end up with national parks and protected areas that are trying to do too many things for all stakeholders who require or are seeking access to those areas. Whether it is infrastructure or activities which do have a significant impact on protected areas, like increased horseriding or 4x4 driving, those kind of things do, over time, have a significant impact.

As we have seen, there has been a significant growth in visitation to national parks from 22 million in 1994 to 36 million now. So that is a significant increase. It is a massive trend. We need to maintain that balance so that the conservation objectives are primary and managed so that the 1,000 threatened species that we have in New South Wales have habitat and places where they can be conserved so that future generations in New South Wales and Australia more generally can see those species and not be denied that in the future by activities today that could see the demise of those species.

The Hon. STEVE WHAN: As the previous witness said, and as you would be aware, there is a trend of increased horseriding in some wilderness areas, including Kosciuszko National Park. Has your organisation been engaged in the process of talking about that or deciding on the areas which would be accessible and do you have a view on that?

Mr EVANS: Yes, we do have a view on that. For the first 50 years of the National Parks and Wildlife Service we had plans of management in place which excluded, in the majority of parks, access by horseriders. The reason for denying that access, and the scientific evidence bears this out, is that horseriding does have a significant impact. Obviously we know they are very heavy-bodied animals. They cause erosion. They do spread weeds. Therefore we think that does have a significant impact.

As far as the role of our organisation in that goes, we object to any increase. There are a few protected areas that do have horseriding. We do not think an expansion of that access is necessary because it is a declining hobby and there are significant areas of land already available to horseriders which are underutilised. So we do

not believe there is any justification for an expansion into the reserve system of something that is going to cause a conservation decline in those areas.

As much as the National Parks and Wildlife Service would say that it is about managing the impact, what we see is that we have had, and rightly so, an increase in the size of the reserve system over the years, but we have not had a corresponding increase in the operational funding and the on-ground management to manage and mitigate the harm from the increased access for some of these activities. So we believe that a horseriding strategy, which is currently funded only by \$120,000 worth of investment and which has already been pinched from another pocket money from within the budget of the Office of Environment and Heritage, is not sufficient to manage the impact of horseriding—and to manage it scientifically in the form of a well-monitored trial of these activities, especially in wilderness areas. We think it is a complete anomaly to the values of those areas to allow horseriding.

The Hon. STEVE WHAN: As I understand it, there was a committee which was working on the areas which would be opened up first. Was your organisation or any other environmental groups represented on that?

Mr EVANS: We were asked whether we wanted to put a nomination forward. That was not necessarily a direct request for us to participate. But we decided that, because we have a policy view on that, we did not want to design something that we fundamentally opposed. So we did not play a role in the design.

The Hon. STEVE WHAN: I turn now to what we now know is called supplementary pest control, otherwise known as shooting in national parks. What is your view of the impact of that on tourism and visitation to national parks?

Mr EVANS: That is a good question; it is one our organisation has been working hard on since the decision was made. I can say quite clearly that the government's recent decision to change the intent of the initial proposal has been well and truly positively received by the conservation movement. I think it is often very difficult for governments to convey fully a policy position. The media do not play a role once the news is not newsworthy, but we are playing our part to communicate what is now a good decision by this government to invest more in feral animal control and to not allow unsupervised recreational hunting in our national parks—which was an abhorrent decision that, thankfully, now is not ever going to eventuate. What has not been fully communicated, I believe, and the question was not fully answered by the previous witnesses, is that hunting will only occur when a ranger or a regional manager of the National Parks and Wildlife Service determines that the feral animal control program requires extra assistance.

So if they have a feral animal control issue, they first will determine whether they have the resources internally to deal with that. If so, they have funding generally to bring in professional hunters to manage that issue. And now they have an opportunity to bring in expert amateurs who have the same skills and qualifications as the rangers who will be supervising them. So we believe this is now a very effective program fully in the hands of the professionals at the National Parks and Wildlife Service. It could lead to an effective integrated approach to feral animal control. We believe the government is now required to go back and amend the legislation: the Game and Feral Animal Control Act. We believe this has created an opportunity for the government to take a more holistic approach—a tenure free neutral approach similar to how the government are, and the previous government were, effectively tackling bushfire issues.

There is now an opportunity for this Act to be amended to reflect a better approach to all tenure management of feral animals in New South Wales. I hope that the Government sees this as a good opportunity to not just tokenistically tidy away the issues resulting from the demise of the Gaming Council but to look at this from the bigger picture and tackle feral animal control at a point where there are strategic advantages with the creation of the new Local Land Services department. This again gives an opportunity to build feral animal control from the beginning and it will have significant benefit for tourism and for rural and regional communities in New South Wales.

The Hon. LYNDA VOLTZ: In your submission you state that the transition by local communities from forestry dependent economies to ecotourism as a result of tenure change to a national park can be challenging. Other than forestry probably being one of the last industries left in those communities—is that the challenge you are talking about? What are the challenges you are talking about?

Mr EVANS: That is a good question. I realise the issue around Murray Valley National Park was a controversial decision over the last few years—and still can be controversial to some people—and was

discussed earlier. We played a very big role in that. It was a 30-year campaign to create those national parks in what is a very important natural wonder in New South Wales. We played a role within the communities, not just with the Aboriginal community but with the conservation-minded folk from many of the regional centres along the Murray Valley affected by that decision. What we have found since the decision to declare those areas a national park is because the wheels of change happen slowly—I acknowledge there is a very detailed and excellent tourism plan for the region and with it will come local employment that will enable the community to transition away from former employment and to embrace ecotourism as a result of these new national parks—those local communities need a much bigger degree of hand-holding. They need to be aware of the opportunities that the decision can bring to their communities.

It is not just about providing exit strategies in terms of funding for people formally employed in forestry to transfer into new industries. We know that much of the investment ended up with—some of the people involved in forestry just upgraded their equipment, which was not exactly the intent of the investment in the first place. What we would prefer to see happen is that the Government maintained significant presence to take ownership of the decision because it does affect significantly those local communities. If they are ever to become champions for the protected areas that are now going to be so close to their hearts they need to know that the Government is there not just because of the good decision that was made, and the announcement, but they are going to assist with whatever strategies that the local community in partnership with the Government feel are necessary to be able to embrace a new world order. This will lead to long-term embracing, long-term sustainability of these programs and a good transfer for those communities.

This has been the case with Gloucester—I am not sure if many of the Committee members know the Gloucester region but that was one area that was significantly impacted by a decrease in forestry and was slow to embrace the Barrington Tops and the world Heritage areas that dominate the landscape around them. They are now in a situation where they have a significant ecotourism focus and they embrace ecotourism along with their obvious farming heritage. That took a long time. They limped along themselves without any sort of strategic hand-holding to manage that transition. I think that governments and the conservation movement have a role to play there. It should not always be about making the decision to declare and then may be putting up some money to assist. That is not enough.

I think Governments need to play a role in forming partnerships that are there for the long term so that those local economies feel they can move in the right direction and there is not the hand-wringing that we are currently hearing from the communities down in the Murray Valley where there is anxiety over the decision and pressure from local media and local identities to try and push back so that they can go back to extracting wood and exploit the forests further. I think if it had been handled differently from the beginning that possibly would not have been the outcome that we have now and it is going to take a longer transition for those communities as a result.

The Hon. JAN BARHAM: Thank you for including the historical information you did in your submission—the Gillespie report, the Southern Cross University report and the South Coast report. Do you have copies of those reports for the Committee?

Mr EVANS: Yes, I actually brought them with me.

The Hon. JAN BARHAM: Do you know if they have been updated? Some of them are now getting close to a decade old?

Mr EVANS: We did look for that and we could not find it. Thank you for your question because we believe research is really vital to be able to prove or disprove many of the theories about protected areas. I think New South Wales sometimes is a bit slow to invest and manage long-term studies so that we can build and analyse over time the impact of decisions so that we can really fully make strategic decisions on behalf of regional communities. I think it is vital to maintain good research and involve independent researchers through universities and partnerships with government departments.

The Hon. JAN BARHAM: Would I be right in saying that some of the analysis around the economic value of the natural environment has progressed in that decade? For instance we might see values put back then have greatly enhanced since that time of thinking around the natural capital and ecosystem services funding and if people understand that a bit better we might see the value of those protected areas as being much higher and of greater value to New South Wales?

Mr EVANS: Absolutely, yes. In the past few years the Sustainable Tourism CRC—I am not sure if you have come across any evidence from that group—for over a decade they invested, through funding from Federal, State and Territory governments, into research on these issues right across the country. Its website is still active and there is a big body of research available on that site, but funding was removed by States and Territories and that has actually now folded, which is disappointing. It means that we do have a bias in some areas. There is a bit of research done in the Northern Territory and a lot in Queensland, other jurisdictions do not invest in that as much and I think that is quite disappointing.

We recently had a conference at Coffs Harbour in relation to the impact of the marine park on the community there. We had stakeholders from the commercial and recreational community in addition to local government and universities. What was quite obvious was that there is still a lot of myths and misunderstanding about what it means to have a community close to a marine protected area or a terrestrial area. We were calling for a need to put a lot more effort into building those kinds of partnerships so that the community can see and so there is knowledge building on the evidence through that kind of research which can help people understand the impact whether positive or negative. I think even if it was a negative impact we want to see the effects and you modify accordingly, but because there is no strategic approach to really push that forward we end up with communities that are either for protected areas and conservation of certain areas or they are against it. Often there is a lack of scientific or socio-economic evidence to be pulled together by governments so that they can hold the community's hand to say, "This is not a threat. This is something that can be a success for your community." As is the case with Coffs Harbour, as is the case with the Batemans Bay area.

At Batemans Bay, even though people were very concerned about it, there are people now saying if you are fishing on the border of the marine park or you are fishing—because you can extract fish from the marine park—it is the best fishing down south but many people still feel that they have been denied the right to put the rod in the water. That certainly is not the goal of the conservation movement and it is certainly not the goal of our organisation to suggest that we are anti-fishing or anti some of those activities; it is just that you want to get the balance right. Much of it comes down to investing in good quality research that can inform good policy by government to make sure that everyone wins; it does not have to be the old paradigms all the time.

The Hon. JAN BARHAM: You made the point about the need for some long-term strategic planning. I understand it is not a short fix. You referred to hand-holding and colleagues before referred to the multiplier. You have highlighted support for that sort of transitioning but you are very much supporting a strong commitment to research and training. Is there anything else that is essential to making that happen other than trying to instil an understanding of it being a long-term issue?

Mr EVANS: Yes. The other issue, and a question that was raised by the Chair earlier, is in relation to visitor centres and the presence of the National Parks and Wildlife Service in communities. We believe that is a real weakness currently. Again I will use the example of Gloucester, which is a very small regional community that does well and truly embrace its protected areas and wilderness areas are very important to the economy of that community. There is a National Parks and Wildlife Service office in the centre of town, right in the main street, and it is nearly always closed. It is a regional centre so they have monthly farmers markets and that office is closed on that day as well. The opportunity is lost because they do not acknowledge their leadership role within the community to really talk to people who are visiting and are guests. They are relying on the very small information centre slightly off to the back of the town and which is manned by volunteers—that is fine. We believe where there is a gateway community like Gloucester there should be a significant presence, an interpretation presence, a resource centre just so that the community know and can be proud of their natural values and their natural world in relation to the tourism benefits it brings.

Visitors are drawn to those gateway communities; that is where the investment is spent. We want to see those economies benefit from the presence of tourists. Whether they are State-based or international we want the gateway communities to benefit from their presence. We believe in investing in infrastructure spending in those local communities, especially where they can be manned by organisations like ours—that is what happens in America. My equivalent organisation in America even handles the cash in most of them and we believe a similar model could be approached. You draw the volunteers in from the community so that it does not necessarily always have to be staffed by paid employees of the service. In that way you have got this partnership so you can interpret, communicate, provide services, issue permits, whatever is required. It is a very significant presence within those communities and everyone knows that it is there. I think that is really lacking in our gateway communities at the moment and something we would like to see addressed.

The Hon. PAUL GREEN: We are talking about how tourism can be grown, what the impact of tourism is on infrastructure and a whole gamut of things. If you deny the horse riders, for instance, access to national parks, where we are trying to grow things and get people access, what do you replace it with? We obviously want to get the right balance and be sustainable but the minute you close the gates to all those horse riders—

The Hon. STEVE WHAN: They are allowed in a lot of parks.

The Hon. JAN BARHAM: It is just the wilderness.

The Hon. PAUL GREEN: Generally where they are locked out.

Mr EVANS: There are approximately 125 parks that currently allow horse riding and much of that is on fire management trials and not necessarily park.

The Hon. PAUL GREEN: There are also motor bike riders and a whole gamut of things that have an impact. If we lock those things out how do we get the equivalent investment back through some other avenue?

Mr EVANS: It is an important question and it is obviously one that is often raised. We tend to object to the word "lockout" because our public lands and national parks system is one of the most openly accessible forms of public land possible. The objective of the declaration of those areas is largely about preserving conservation values. I am not sure whether members realise that we have now dropped below China in terms of the amount of forest left on our continent as a proportion of what was there before European settlement. We cannot afford to get into the situation where we open the door to all forms of activities to the point where national parks become like local government parks over time because we have allowed so many activities that will lead to increased costs—all those things need a management response—and to negative impact on conservation values.

The 1,000 species threatened in New South Wales that I mentioned earlier increasingly will have to compete with noisy four-by-four vehicles or horses causing erosion or spreading weeds. They may also be a threatening presence for native species that have never come across a horse. To answer the question, we strongly support initiatives designed to increase visitation to our national parks. We do not have an issue with that. Pam Allen announced 22 million visitors in 1994 and Robyn Parker recently announced that we have just hit 35.5 million visitors. That is a strong indication of community support for existing activities.

However, we believe that governments need to have an umbrella perspective. They must understand that we have national obligations to ensure we are looking after not only our currently threatened native species but also the suite of others coming up behind them that could also be in trouble. Because of land clearing and 200 years of significant changes to the landscape, national parks provide a cornerstone of protection. If we devalue them by allowing more and more activities to occur because noisy lobbyists and stakeholders are trying to get access and saying that is their right, governments and you, our leaders, need to acknowledge the long-term impact that could lead to significant loss of habitat or a decline in the quality of services such as water, air and the larger ecosystem.

It is not about giving access to everybody who requires it and managing the consequences. It is about being solid in developing alternative land tenures and ensuring that urban design includes areas where our burgeoning population can experience those things. That has been a weakness. On the one hand, Sydney is blessed in having national parks to the north, south, east and west. That is fantastic. However, given that the population is likely to increase to five million or six million over the next 20 or 30 years there will be increased demands for access to those areas to do all sorts of things. If governments allow that to occur we will have significant increasing costs and a devaluation of the natural values of those areas because those activities are not sympathetic; you cannot allow both things to occur. Good urban design should provide much better opportunities for bigger populations to enjoy the outdoors and to do activities that have less impact on the natural world and leave the national parks to provide a safe haven for our cultural and national heritage.

The Hon. PAUL GREEN: You referred to opportunities. What are they? What would you do differently now in terms of adding value?

Mr EVANS: We currently have a 10-year establishment plan for the reserve system. It acknowledges that it is likely to take 50 years to realise the full extent of what is needed for conservation of the natural

bioregions of New South Wales. We believe that with financial support State governments should ramp up the acquisition program to add to the reserve system so that we can provide better protection for what is left of our natural world. We believe there is a lot more to be done in terms of providing good passive recreation services. For example, many people in the community struggle to get to national parks beyond Sydney. We have an over-loved Royal National Park. Its visitation figures are outrageous. Some areas have tracks that are 30 metres wide because of erosion over time by bushwalkers and other visitors.

Governments should look at how we tackle the more remote national parks and provide better public transport, better tours and better selling of the message so that we can extend to regional communities the benefits of increased visitation. We believe we need to spread the love. The love is being experienced by the Royal National Park because it is close. It is not that the values of the Murray Valley National Park are less but that many people do not have access to vehicles or public transport to get there. Much more can be done to support regional communities once a decision is made to declare a national park. We must be strategic about how we communicate to all sectors of the tourism community—both State and international—and then provide mechanisms for them to engage and to get there sustainably and safely.

Mr SCOT MacDONALD: I refer you to a submission you made to General Purpose Standing Committee No. 5 in which you stated:

It is not appropriate to consider introducing multiple uses such as logging, grazing and high-impact recreation planning at very local scales within these highly protected areas.

I have heard a great deal of ambivalence from you today and it is evident in that submission and your submission to this Committee. What you are ruling out and what is high-impact recreation in your view?

Mr EVANS: I do not think I am being ambivalent; in fact, I can be particularly clear on that point if you like. The reasons we declare national parks are completely at odds with extraction. There is significant scientific evidence suggesting that logging and grazing both have a serious negative impact on the core conservation values of a declared protected area. They are not conducive to the initial declaration and the legislation and they should not occur in a protected area. Of course, they are also odds with our international obligations.

Mr SCOT MacDONALD: I am talking about recreation. Which recreational activities are you ruling out?

Mr EVANS: I will again make it clear. We know that the Government is currently being subjected to significant pressure by four-by-four enthusiasts. They are a very coordinated and noisy group of people who have a legitimate hobby. I declare an interest in that I have a four-wheel-drive vehicle and I visit remote areas. However, I personally and our organisation do not want to see increased access to fragile areas that will have a significant impact on the conservation values enjoyed by a majority of other users who would not want to come across four-wheel-drive vehicles. We do not believe that increased access by those who want to engage in those types of activities is conducive to good management for conservation values. In relation to horse riding, the scientific evidence is clear. They are exotic, hard-hoofed animals and our soils and geology are very fragile. Horses should not have greater access because they have a significant impact. We know that there are now 17,000 wild horses in the Kosciuszko and alpine regions. We have fully identified their impact. Why would we make it worse by increasing horse riding activity?

Mr SCOT MacDONALD: Apart from horse riding and four-wheel driving, is there any other high-impact activity that you would like to limit?

Mr EVANS: Trail bikes have a significant impact. It is an undisciplined activity that does not obey formal tracks that have been established. The riders are quickly bored by the existing tracks. It is a particular group of individuals; it is a younger audience that does not necessarily understand the reason for national parks. They just want to have fun. There is a significant issue from Coffs Harbour to Macquarie to the Southern Highlands where there are borders with urban communities. Dealing with the consequences is massive a cost burden on the National Parks and Wildlife Service.

Mr SCOT MacDONALD: We saw that at the back of Port Macquarie or Coffs Harbour. The trail bike riders were causing more problems than the motorbike riders for the same reason. Four-wheel-drive vehicles, horse riding and trail bikes are a particular problem.

Mr EVANS: Prospecting is also an issue. It is suddenly becoming an issue of interest in Victoria. There is significant evidence to suggest that in some remote areas it is having a massive impact on freshwater streams.

The Hon. STEVE WHAN: Is it creating turbulence or is it a problem with digging?

Mr EVANS: Yes. The fragile river systems, especially in upland areas where gold has been found in the past, are extraordinary fragile. Stirring up the silt and changing the geology or ecology of the river systems has significant downstream impact. Local pollution could cause the extinction of some aquatic invertebrates and it will certainly have a downstream pollution impact.

Mr SCOT MacDONALD: You might want to take this question on notice. I take on board your comments about the caste system. We have about 8.9 per cent now and I understand that the target is about 15 per cent. You mentioned in your submission that funding is a big issue. How do we continue to fund good parks with all those values nearly doubling given the budget constraints we are now facing? Would multi-use not assist in the collection of more fees that could be used to help fund parks—either their acquisition or operation? I would like to think that the National Parks Association recognises the budget constraints. Is there not a role for fee collection and multiple use?

Mr EVANS: Absolutely. We want to grow the system and the State Plan objectives are clear. We support many of the objectives that will lead to increased revenue because the majority of tourism in New South Wales and Australia is directly related to nature and the areas we are discussing. We do not want to see that increase at the expense and devaluation of the goose that laid the golden egg for the tourism industry. We acknowledge as a community that tourism to natural areas is vital to the overall strategy of increasing tourism and that there should be mechanisms to raise funding from the industry. I do not want to use the ugly word "tax", but if there were creative and innovative strategies that could harness the revenue being obtained in natural areas, and national parks in particular, some portion of it could be put back into the system to maintain and enhance visitor experiences while having no impact on conservation values. We would strongly support such initiatives.

We also believe that there are opportunities for the Government to talk more to the conservation movement about those. We have already approached Minister Parker in relation to having forums where innovative thinking around long-term strategies for the reserve system can be generated. We believe that there is definitely a role for the national government in this because protecting our national heritage is of importance to the whole of the country and we do currently see a piecemeal approach by governments. Governments change, government philosophy changes and we believe that there is a Federal Government role to ensure that whatever strategies are put in place, they do not ultimately end up compromising the conservation values of those areas. There has been significant funding in the past of the reserve system and we believe again that should be reinstated by whoever wins in September to ensure that governments, States and Territories can invest more money, not just in the purchase but in the ongoing management of declared areas.

The Hon. NIALL BLAIR: Do we track or do we measure the percentage or the amount of man-made infrastructure in individual parks, that is, fire trails, roads, or walking trails, et cetera? Do you know whether we measure that as a percentage and do we track that?

Mr EVANS: I am not sure that we do.

The Hon. PAUL GREEN: It is 41,000.

Mr EVANS: In terms of roads.

The Hon. NIALL BLAIR: No, that is the number of roads. You used the example earlier that we have walking trails now that could be 30 metres wide. Do you know if there is a system because part of your argument today is saying that we need to make sure that we have the balance of the conservation right with well-planned, well-managed recreation?

Mr EVANS: Yes.

The Hon. NIALL BLAIR: Obviously to do that, though, we need to be able to be satisfied that we are balancing that, so should we not be measuring the footprint of the recreation versus the conservation? Do you know if we do that?

Mr EVANS: Yes.

The Hon. NIALL BLAIR: You can take the question on notice because we are out of time. My question is then: when you used the term "spreading the love", does that not mean that we run the risk of spreading the damage as well?

Mr EVANS: Yes. I understand where you are coming from and yes, we strongly believe that we need to have better benchmarks and better management of the impacts and that we have a lot more knowledge to be able to ensure that we can intervene where necessary and where the resources are required for maintenance for those issues. I am not sure whether there is a whole-of-reserve system approach to that but I would like to think that that is something that would be considered.

The Hon. NIALL BLAIR: Because knowing human nature—and I will use the example of a surf break, if people know that there is a great surf break in a national park, they will get there, and they will get there with whatever vehicle or whatever access they can. Surely we should then provide raised walkways, et cetera, that have a minimal impact on the environment in that area to allow the recreational activity to occur in a managed way. Is that a fair way of looking at it?

Mr EVANS: Yes, that is a fair point. One of the references I will leave for you and the secretariat can copy is one produced by Environment, Climate Change and Water under the former Government and it is "Sustainability Guidelines for visitor use and tourism in NSW national parks". It has a list including the kind of benchmarks that are necessary to monitor and manage the impact. I will leave those for you to resource.

The Hon. JAN BARHAM: Do you also have the recent National Parks journal on tourism that you did about six months ago, was it?

Mr EVANS: I can provide that.

The Hon. JAN BARHAM: It would be valuable for everyone to see that.

CHAIR: Just to clarify, are you wishing to table those for the Committee?

Mr EVANS: Yes.

Documents tabled.

CHAIR: Unfortunately, we have run out of time. Thank you very much for appearing today. You will have 21 days to respond to any questions that you have taken on notice. If Committee members have additional questions they will be forwarded to you as well.

Mr EVANS: Okay. Thank you very much.

(The witness withdrew)

(Luncheon adjournment)

STEPHEN GLEN, General Manager, Cessnock City Council, and

JANE HOLDSWORTH, Economic Development Manager, Cessnock City Council, sworn and examined:

CHAIR: I welcome both of you to the inquiry this afternoon. Before we move to questions, would you like to make an opening statement?

Mr GLEN: Thank you very much. Cessnock local government area is located in the Hunter Valley approximately 120 kilometres from Sydney and 40 kilometres west of Newcastle. The Cessnock local government area is home to Australia's premier wine region and is the third most visited destination for domestic daytrippers in New South Wales after Sydney and the south coast. Tourism is an integral and important part of the Cessnock local government area's economy. Not only is it known for its wines and cuisine it has a wide range of niche markets including aviation, adventure tourism, golfing, nature wonderlands, world heritage, regular events such as concerts, festivals and a significant wedding destination that each attract up to and beyond 40,000 visitors. We even have a zoo. We have the largest mural town in mainland Australia in Kurri Kurri, and that town itself is nationally recognised, as are the gardens at the Hunter Valley Gardens.

With up to 2.3 million domestic overnight visitors each year it is clear that the Hunter Valley is a significant contributor to both the State and national visitor economy. We also have over 100,000 international overnight visitors and we have approximately 5.2 million domestic daytrippers to our area. So it is a significant contributor to our economy. It is for this reason that on behalf of Cessnock City Council I would like to extend our appreciation for this opportunity today to appear at this most important inquiry.

Can I just raise a couple of points with you? I have eight in total. The first one I would like to raise regarding the current arrangements is that the funding streams currently available are not flexible enough for us and are too competitive rather than providing a collaborative approach to tourism. My second point is that the local government is not recognised as a crucial stakeholder in the tourism funding model and yet we are a key provider and driver of infrastructure such as parks, roads, amenities and signage, which are core foundations for the visitor economy.

The third point is that the local government is not supported with appropriate funding that supports this infrastructure, particularly in our region. We have issues with roads in meeting the requirements of not only our residents but also of significant numbers of visitors. This creates a massive and continuing burden on our ratepayers already under pressure from socioeconomic disadvantage.

The fourth point: Whilst we are eventually going to have broadband through the NBN the Federal Government has not recognised the importance of the area for the provision of essential information and communication technologies to meet the visitor expectations. This is not expected to be provided until 2020 and we feel that this should occur earlier for us, whilst it is interesting that in 2012 Cessnock won the inaugural Google eTown Award for doing business online.

The fifth point: Public transport is virtually non-existent and does not support the destination or, indeed, the opportunities for employment. The sixth point: Our region is surrounded by natural hinterlands, which are not effectively capitalised upon for nature-based experiences and adventure tourism. The seventh point: With wine tourism a core part of our tourism offering, burgeoning taxes, loss of subsidies and possibly licensing constraints are reducing the capacity for them to operate optimally and viably. Finally, I would like to raise the issue of lack of suitable data that can be benchmarked and included in any strategic plan and/or operational plans. Thank you very much.

The Hon. STEVE WHAN: You have raised a number of things that I would like to ask you about. I have only time for a few but I want to start first of all with the winery roads issue that you have raised again, which any of us who have been there have experienced the state of the roads. I think there was \$20 million worth of work done recently and I read in your submission that you are estimating another \$105 million worth needs to be undertaken. Have you had any indications of further commitments to assist with that?

Mr GLEN: Can I just make one statement? The \$20 million has not quite been spent. That is on a progressive basis over four years—that is \$5 million over the four years.

The Hon. STEVE WHAN: I am slightly relieved by that because I thought it was a very short bit of road to have been done for \$20 million, from what I saw.

Mr GLEN: That is a four-year project and we are certainly doing all that we can maximising the return, I suppose, to the visitor and the road user with those moneys. The \$105 million that you refer to is in our schedule 7 return to the Department of Local Government and what that talks about is the money that is required to bring our roads up to a standard condition, if you like. This falls into the area of financial sustainability. We have assets, particularly road assets, in regards to this question whereby the moneys required to maintain those assets is dwindling; hence, the level of service provided by those particular assets is falling as well. To maintain a satisfactory standard we require \$105 million.

The Hon. STEVE WHAN: Is that for your whole shire or just for the winery roads?

Mr GLEN: That is for the whole shire. That is, a city-wide area.

The Hon. STEVE WHAN: So the winery roads specifically, is that an amount that you have got that you are aware of in that core area of the wineries?

Mr GLEN: I do not have those details, I am sorry.

The Hon. STEVE WHAN: You also mention in your submission the changes to the wine equalisation tax [WET] subsidy from the State Government. Can you indicate the impact that you believe that will have on the industry?

Ms HOLDSWORTH: Basically the wine equalisation tax is a Federal tax and the State Government has always provided a subsidy to offset that tax for cellar doors. As a result of that, in 2012 the subsidy has been taken away by the State Government and this is putting quite a burden back onto the cellar doors to the point where they are saying, "How do we make up for that?" They are even looking at "How do we charge for people tasting wine?" The minute you do that it is not just about that particular winery getting some funding but if you suddenly start putting off visitors then the whole supply chain feels it. So it is not just the cellar door, it is the fact that the winery is the key drawcard at the minute, as you know with the Hunter Valley. If we start putting off visitors to come there—and that is what they come for: that wine experience—then you have, like I say, a supply chain impact.

The Hon. STEVE WHAN: The Hunter is the second biggest tourist destination in New South Wales behind Sydney, is that right?

Ms HOLDSWORTH: It is actually now the third, which is a concern to us. Even as the third behind Sydney and the South Coast now, and that has just happened, why are we not recognised for the absolute contribution to both the Federal and State visitor economy?

The Hon. STEVE WHAN: My understanding of the wine tax issue is that for companies with premises in Victoria or South Australia, given that much of this is calculated on retail volume, they actually moved their retail sales to those other States away from the Hunter and that is affecting them quite a lot as well.

Ms HOLDSWORTH: Yes.

Mr GLEN: Can I add that anecdotally I have heard from one winery that the removal of the subsidy is costing that particular organisation \$600,000. So it is about finding or trying to bridge that gap, as Jane as alluded to, and the impact further down.

The Hon. STEVE WHAN: I was a bit surprised to read in your submission, "The Council is opposed to inflicting further special rate variations on both businesses and the community. Especially, if the variation is to provide funding that could be perceived as cost shifting from the State government to the Local government ...". I would have thought that many of the costs you were talking about are actually local government costs with which the State Government sometimes helps?

Mr GLEN: Sure, absolutely.

The Hon. STEVE WHAN: I am a bit surprised that you describe the potential for a levy as counteracting cost shifting. Given that you have outlined some pretty large costs for roads et cetera and ask State Government for that, why oppose a special rate, as many other tourist areas have, based on accommodation and tourists servicing businesses rather than on normal ratepayers?

Mr GLEN: Can I start by providing a little bit more information to that. Currently we do have an SRV—special rate variation—for roads. That is 6.03 per cent or something like that, which provides about \$1.7 million. That money is channelled straight into roads. It is specifically for roads. We are currently on an SRV of that amount for one year only. Our rate base is fairly low, so 1 per cent provides in the order of just under \$300,000. We come from a fairly poor socioeconomic community.

The Hon. STEVE WHAN: I am aware of that.

Mr GLEN: The impost of special rates variation, whilst an obvious source of income, is high on the elected members' minds.

The Hon. STEVE WHAN: Even if it were applied to tourism businesses rather than to your average ratepayers?

Mr GLEN: I understand. I have come from Gosford City Council where there is a business and tourism levy, SRV, which I think generates in the order of three-quarters of a million dollars. That is utilised to prop up or fund CCTI, amongst other dealings in the economic development area. I am aware that it is there. Keep in mind that I have been general manager only since the beginning of June, but my initial discussions with the mayor just to see what his feelings are on rates is, "Oh, gee, Steve. You know, we just can't keep piling it on the community." I accept what you say. From an SRV perspective, it is certainly there. It is a discussion we need to have with our community, which we have not had as yet.

The Hon. STEVE WHAN: In your opening comments you talked about being disadvantaged in going through competitive funding streams. Were you talking specifically about the new competitive component of tourism funding or other capital funding et cetera?

Ms HOLDSWORTH: When we were referring to that it was the way the funding is at the moment. We have different entities within our own area competing for funding. It seems to us that a lot of the funding coming through, if we are talking about funding, tends to be for new and innovative. It does not support anyone, like the wine industry, for example, because they are existing and they are just becoming mature. There is no funding available to them to kickstart it again. It is not about the wine industry; we know that is expected to grow by 2.3 per cent. Wine tourism is the issue. When you talk about funding, when it is new, they are risky, they are not tried and true. We know we need product development. That is not the thing.

We believe the funding should be a balanced approach with new and a balanced approach with existing because they are the ones that ultimately could generate that doubling of visitor expenditure by 2020. They are the ones already in play and are very significant. At the moment it seems to us that funding comes in and it is a bit here and a bit there. The problem with that is that we believe the State Government should be driving a strategy for the whole of the State and funding those areas already providing massive return and looking at how we can drive that through, instead of us sitting there going, "Oh, we better try for this and better try for that" when there does not seem to be any connectivity, if you like, between growing the whole of the tourism economy. It should not be competitive.

The Hon. STEVE WHAN: You would rather more focus on funding and assisting established areas and proven tourism attractions?

Ms HOLDSWORTH: We believe they should be assisted. Again, when you look at funding, I do not believe the strategic approach should be to look at all of the assets, all of the key parts. For example, you need to be looking at the roads and infrastructure for the visitors to come. The resources for that should be marrying that and employment. How are we going to employ them? It seems to me that you can make an objective to double it by 2020, but when you get down to local government areas, it seems to be totally disconnected by then: "How does this work? We've got to apply just to get a bit of funding here." A lot of existing ones cannot apply for funding because they are not eligible. It does not seem to marry with us supporting the chain to get that strategy out because ultimately it comes down to the local government area to drive what is happening to deliver what the State Government is putting in its objectives. We believe funding should be married to looking at the whole

region as an approach and then allowing the local government to be part of that, which we are not on the model. It seems to us that we are not there. When you look at the funding now, even from Destination NSW, the funding will go to RTOs or LTAs, and that is fine, but where is local government in this?

The Hon. STEVE WHAN: Are you able to apply through that?

Ms HOLDSWORTH: We can assist, but generally with TASAC and everything we seem to be more at the mercy of the decision-making rather than as a key stakeholder. A good example is that at the minute we have an LTA able to get funding and is being challenged with financial issues. Council has been called in to support this with funding and everything like that. When they went to the RTO for funding there was nothing available to support that. Again, we are saying that we have to take a very collaborative approach and that it really should be tri-level government. We look at it and see all these administration levels. Maybe we need to be a part of how we can do that together. That is where that competitive funding comes back in. The little pots of funding come out and we seem to be trying to grab whatever we can because we are already under pressure. The third destination should be driving that funding to us without us having to beg, borrow and steal to do it.

The Hon. JAN BARHAM: After 13 years in local government, I understand what you are saying. My concern is that you are now being required to do yet another new plan, despite there being some help, as we heard this morning, from Destination NSW. I imagine the destination management plan is more time, more effort and more cost. How much will be involved in that for you to be able to then be eligible to apply for a new round of funds?

Ms HOLDSWORTH: It is the begging for that funding that is driving how we do the DMP. You have to be very careful of that. If you take a strategic approach, which we say should come from the State Government, in actual fact that should be flowing down so that we can be part of that process so that the destination management plans absolutely say, "Okay, here's a DMP that marries with what you're trying to achieve at the State level and therefore this is the range of funding." We believe that we can collaborate to work out what that should be so we drive it together.

The Hon. JAN BARHAM: That is not happening?

Ms HOLDSWORTH: No. We do not believe that is happening. One of our concerns is that it is almost like a game.

The Hon. JAN BARHAM: This is interesting because we have heard from the top and now we are hearing from someone who is trying to use this new model. This morning we heard that there is a template, you are getting assistance and workshops are being held to find a way to move forward to design your destination and know your potential and what opportunities are available so you can then apply for money to help achieve that and expand your economy. How is that not working for you? What is not happening? Destination NSW says that is what it has implemented and it sounds good. What is happening on the ground so that it is not working for you?

Ms HOLDSWORTH: Probably the disconnect with local government; it appears to be not in that process. We are not recognised in that model as well as we should be. From a destination management point of view, again I go back to us being the third largest most visited destination but here we are sitting out there as a Cessnock LGA saying, "Okay, we will put Singleton to get a destination management plan." We are looking at what we are doing and really it should be linked to driving these outcomes from the State Government. Instead, State Government goes to an RTO, but the RTOs destination management plan was not necessarily done in collaboration with our lower destination management plan. Therefore, there is a disconnecting.

The Hon. JAN BARHAM: That is the disconnect?

Ms HOLDSWORTH: Yes.

The Hon. JAN BARHAM: Is it because they focus on working with the commercial operators about product rather than the practicalities of the infrastructure needed to support that commercial product?

Ms HOLDSWORTH: Yes.

The Hon. JAN BARHAM: You are not in there?

Ms HOLDSWORTH: That is where the council comes from because ultimately we are the ones that have to put in bike paths and maintain all these sorts of things.

The Hon. JAN BARHAM: And toilet blocks and things like that that cost a lot of money not only to develop and build but also to maintain?

Ms HOLDSWORTH: Toilet blocks, amenities. Yes.

Mr GLEN: That is correct.

The Hon. JAN BARHAM: That is why I was surprised that you did not support the idea of a special rate that might focus on doing those things. I am trying to get to the core of what you are saying. Would you agree that State or Federal money should go more towards supporting infrastructure maintenance than marketing?

Ms HOLDSWORTH: Not necessarily. It is like everything. If you are running a business you cannot say, "Let's do all this marketing" and not look after your governance, systems, processes and people. I think a strategic approach would make sure that we are getting it all right and driving it altogether. For example, if you look at the wine country, it is all that supply chain that goes out from that. If we start building up these areas, it starts spreading out. That is where you will develop far greater return on investment for your tourism dollar.

Mr GLEN: It is certainly a balance.

The Hon. JAN BARHAM: This is really interesting to hear. You may leave today thinking you should have said other things. It will be interesting to get clarity on how it is working when we hear from other councils. It is valuable. In regard to employment in your area, I think you mentioned the need for more training investment?

Ms HOLDSWORTH: We have some excellent facilities for training. We have a very good school for hospitality training. At the minute we have a two-speed economy, because in our city area—in the central business district—we have high unemployment of 6.6 per cent. But then if you go out to the vineyard areas you find a very high socio-economic area. There is a disconnect between the two. We have a great hospitality training school. We need to support far more of that, but then there is no public transport out there. We can train people up but they cannot get out there.

The Hon. JAN BARHAM: It is the same in my area.

Ms HOLDSWORTH: So, as I was saying there has to be a holistic approach. We have to look at the whole of the destination and there has to be a balance. That is not necessarily about Destination NSW. It is about the whole State Government looking at that and supporting it. It is a strategic approach.

The Hon. PAUL GREEN: So making New South Wales number one is the goal.

Ms HOLDSWORTH: Absolutely.

The Hon. PAUL GREEN: You say that that does not get down to the grass-roots level.

Ms HOLDSWORTH: No.

The Hon. PAUL GREEN: There is some disconnect.

Ms HOLDSWORTH: Yes.

The Hon. PAUL GREEN: You are saying that there are ways to mend that.

Ms HOLDSWORTH: Absolutely.

The Hon. PAUL GREEN: For this inquiry, what are three ways we can make that connection? Can you clarify what they are, very simply?

Ms HOLDSWORTH: I would say we need a strategic approach to planning, the provision of appropriate levels of funding and making sure that the local government is recognised for its contribution in the whole provision of the visitor economy.

The Hon. PAUL GREEN: Excellent. What is your take on the cost-shift situation between local government and New South Wales in the area of tourism?

Ms HOLDSWORTH: If we looked at the special rate variation we would find that we have a population of 53,000 whose number one concern, in all our community surveys, is, 'The roads, the roads, the roads.' You have to remember that around 2.3 million visitors are also travelling on those roads, using the amenities and using the parks. It is a small rate base and we are saying, 'Let us take more money from you to support an economy that you are getting no benefit from.'

I was recently in Cessnock and I have spoken to a lot of people who live in Cessnock. They will not go out to the vineyards. They say, 'There are just tourists everywhere.' They feel that there is a disconnect.

The Hon. STEVE WHAN: It is not much fun riding your mountain bike around those roads, either.

The Hon. PAUL GREEN: It would not be.

Ms HOLDSWORTH: Have you really tried that?

The Hon. STEVE WHAN: Yes.

The Hon. PAUL GREEN: You should not visit wineries while you are riding a mountain bike! The capacity to pay is obviously highly compromised. That probably applies more as you go west, where your rate base is limited.

Ms HOLDSWORTH: Yes, it is.

The Hon. PAUL GREEN: Those people do not think they are getting value for their dollar because they use particular routes and roads that are compromised in their maintenance because dollars are shifted out to make sure that the tourist experience is taken care of.

Mr GLEN: That is correct.

The Hon. PAUL GREEN: Therefore, we need a way to get extra funds to address those high priorities to ensure that you get visitor numbers up but also give what is fair back to the ratepayer in true value to deal with the ordinary roads and the ordinary outcomes of living locally.

Ms HOLDSWORTH: Exactly.

The Hon. PAUL GREEN: Is that a fair way of putting it?

Mr GLEN: Yes.

The Hon. JAN BARHAM: You mentioned the national broadband network and that you had been bypassed or overlooked in that. Why is that so important to developing your economy, particularly your tourism economy? What is the relevance of that?

Ms HOLDSWORTH: I think everyone around the table would probably know that visits to visitor information centres are declining because visitors are so connected these days through apps, mobiles and all of those sorts of things. Visitors today, globally, expect when they go to visit some place that they will be able to ring up and keep connected with their homes. I know that there are nights that I cannot get on to the internet, and I live right in Cessnock, because of the overload on the system. So when we get all these visitors and they are not able to be connected this is a huge issue for us. Again, I go back to recognising the key contributors to the tourism economy and say that that is what we need to support. Visitors' expectations are that they will be able to do that. To find their way around they use their mobiles as global positioning systems. They use them for

everything now. If they are not able to do that they will say, 'Do not go there; they are not ready for that.' Visitors are our market. We have to look after them.

The Hon. JAN BARHAM: It is interesting that you are looking at it from that angle. I have looked at tourism in the past. The first thing you start with is visitor expectations. Tourism is about expectation and experience; you have to marry the two.

Ms HOLDSWORTH: Absolutely.

The Hon. NIALL BLAIR: I might play a little bit of devil's advocate in some of my questions. I do not disagree with anything you have said to date about the pressures on the council. I, too, have worked in local government. How many areas in your local government area are affected by the wine equalisation tax rebate removal?

Ms HOLDSWORTH: We have about 160 cellar doors.

The Hon. NIALL BLAIR: But they are not all paying the wine equalisation tax.

Ms HOLDSWORTH: I could not answer that.

Mr GLEN: We could take that on notice.

The Hon. NIALL BLAIR: Come back to us; that is fine. The irony may be that the removal of that subsidy may prevent extra funds going into roads, which may benefit the people in Cessnock that do not get the benefit from the jobs et cetera. I am only playing devil's advocate. I am sure I will get a phone call after this about my line of questioning.

Ms HOLDSWORTH: Is that not cost shifting?

The Hon. NIALL BLAIR: If I go back to your evidence, you are saying that the load of people that are coming to your council area are putting extra strain on the roads but giving no benefit to the people in the centre of town and that therefore it is putting pressure on your local roads et cetera and there is a difference in unemployment rates in town and in outside areas? Would the marketing towards opening up other tourist destinations to take away some of the burden from your council area not then be an acceptable thing to do? I am sure CMC Rocks The Highlands sounds just as good as CMC Rocks the Hunter. Do you see what I am getting at?

Mr GLEN: Yes. I would say no; we want the visitors. We just want to have the infrastructure to support those numbers.

Ms HOLDSWORTH: Yes.

The Hon. NIALL BLAIR: I do not disagree on any of this. I am just making sure that I am getting the argument right by posing the other side of the argument to some of those questions.

The Hon. JAN BARHAM: You are a good devil's advocate, are you not?

The Hon. STEVE WHAN: You agree with the position on the wet tax. Is that what you are saying?

The Hon. NIALL BLAIR: I am not saying anything about that. It is my turn to ask the questions, not answer them.

CHAIR: Order! Please allow the Hon. Niall Blair to ask questions.

The Hon. NIALL BLAIR: It is interesting, because obviously if there is only a certain sized bucket of money some decisions need to be made. And I accept the point that the wineries are a drawcard but we need to look at the infrastructure that is around them. So, with competing challenges there need to be some decisions made in those areas. The way to do that—get that balance right—is difficult. Are you, to a degree, a victim of your own success?

Mr GLEN: I think that is very much part of the situation. As the vineyards—and their popularity—has grown, the council has not been able to keep up with the infrastructure to encourage and support our area and the tourist destinations within that area.

Ms HOLDSWORTH: There is one more thing to add to that. The roads that are there were originally set up to support agriculture. They were never set up for a tourist destination. They remain agricultural roads that we have been trying to utilise. It is important to know that the \$20 million that we were very grateful to receive will go on about 13 kilometres of road in the wine country, which has about 150 kilometres of road. That is just to get it to a standard that should be there throughout the area to support what the visitors that it is taking each day.

The Hon. NIAL BLAIR: I, too, am a little bit surprised. I think that today you have prosecuted a very good business case for a levy on those who are benefiting from the tourism dollars versus those who are missing out on the tourism dollars. I think that some of the issues that you have raised today need to be looked at further.

Mr GLEN: It is certainly on my agenda.

The Hon. NIAL BLAIR: I acknowledge that you have only just started.

Mr GLEN: We have got the whole framework to go through at Cessnock. A special rate variation associated with business and tourism—however we coin it or organise it—is certainly on the agenda.

Mr SCOT MacDONALD: I have three questions. One was about your submission where you talk about national parks, State conservation areas and what not. I just heard a number of times from the New South Wales National Parks and Wildlife Service that they try to have community consultation, including with local governments. Does the New South Wales National Parks and Wildlife Service not do that in your part of the world? Do they not draw you in with other local government areas and tourism operators or whoever might be in that space?

Ms HOLDSWORTH: I am fairly new to the council as well. When I first arrived I went up to the Watagan Mountains. I was told how magnificent it was—the views, the lot—and even how good the amenities up there would be. At the very bottom the road was so bad you had to take a four-wheel drive vehicle up there. I think it boils down to a whole of State Government approach, with the other departments. I know that they would be under pressure as well.

Mr SCOT MacDONALD: So you are not hearing of a lot of interaction between the New South Wales National Parks and Wildlife Service and—

Ms HOLDSWORTH: No, we are not.

Mr SCOT MacDONALD: In the interest of time I will move on quickly. In section 4 of your submission I think you talk about the marketing regulation of tourism. Can you give me a ballpark figure? Is a lot of your tourism or traffic on weekends?

Ms HOLDSWORTH: Yes.

Mr SCOT MacDONALD: You allude here to the industrial relations framework that we have now. How does that affect penalty rates and what does that mean for businesses that are operating, particularly on the weekends? Do you have any anecdotal evidence of what the current modern award on this Fair Work Act might have done to that?

Ms HOLDSWORTH: I cannot give you facts and figures but I know that a lot of the smaller tourism operators struggle to pay wages on weekends because of the cost per employee that they have to—

Mr SCOT MacDONALD: So there is a bit of a barrier there; there is a bit of a disincentive?

Ms HOLDSWORTH: Yes, there is a barrier there. And I think that is what we have to understand about the wineries—there are not only so many wineries but also so many smaller businesses, hundreds of them,

that rely on those wineries doing well and being able to attract visitors. So it is not just about the wineries themselves; it is actually about all the other supporting businesses in that supply chain.

Mr SCOT MacDONALD: Yes, it flows on pretty quickly. I was very interested to read your comments about the NBN. If I read it rightly, and we were talking about this just before you started to give evidence, Cessnock LGA is if not the fastest-growing LGA in the state then the number two in the state.

Ms HOLDSWORTH: Yes, it is for population.

Mr SCOT MacDONALD: And yet you have been bypassed by this Federal government on the NBN rollout. Can you just give me a bit of background on that?

The Hon. Steve Whan: No, it is happening.

Ms HOLDSWORTH: It is happening.

Mr GLEN: It is later. It is three years later.

The Hon. Steve Whan: I just looked up the map.

Ms HOLDSWORTH: In 2016 they are going to start rolling it out.

Mr SCOT MacDONALD: Do you trust that timetable given their record?

The Hon. Steve Whan: Well, if there is a change of government then it will not be rolled out at all.

CHAIR: Order! You do not have to answer that question. You can take it as a statement.

Mr GLEN: Thank you.

CHAIR: I just have two questions. Destination NSW referred to the workshops they run around the state. Have any been run in your area?

Ms HOLDSWORTH: I cannot answer that. I could take that question on notice.

CHAIR: That would be great, thank you. My second question was in relation to tourism beyond the vineyards. Do you have any programs or initiatives that you run to encourage the tourists who go to the Hunter for that purpose to then visit the zoo or to stop at other tourists spots?

Ms HOLDSWORTH: Absolutely. For example, we are actually known for having the largest amphitheatre in Australia. It attracts Fleetwood Mac, Elton John, Bruce Springsteen. Those are the sorts of people who come. Is it is promoted massively. We have the nostalgia festival that goes on at Kurri Kurri. That attracts around 40,000 people. But I can tell you that there is no funding there. It is funded by council, and the rest of it is all done by volunteers. So, again, it is easy to imagine all of this happening but where is the funding coming from? It is also about leveraging off that. We are not here to be negative. We are actually here to be very positive and to say that there are massive opportunities that we could leverage off that for other areas as well. How do we keep rolling it out so that we can keep spreading and growing that tourism dollar?

CHAIR: Unfortunately time has expired for this session. Thank you very much for coming this afternoon. The committee does require you to respond within 21 days to any questions you have taken on notice. If any additional questions come forward from committee members then they will be sent through to you as well. Thank you very much.

(The witnesses withdrew)

GRAHAM PERRY, Chief Executive Officer, Inland NSW Tourism, and
ROGER POWELL, Chair, Inland NSW Tourism, sworn and examined:

CHAIR: Thank you very much for coming this afternoon. Would you like to make an opening statement before we begin questioning?

Mr POWELL: Yes, we both would like to make opening statements. I will give more of a macro perspective and Graham will fill in some detail around our organisation. My experience is very broad in this area of tourism generally, tourism marketing specifically and regional tourism in particular. There is a range of different statistics but approximately 45 per cent—the range is from 44 to 48 per cent—of visitor nights in Australia are spent in regional areas. Therefore in New South Wales we should be at that mark or higher. What that means is that, from the perspective of the whole tourism area, nights spent in local communities are of enormous importance.

My perspective, as a person who works particularly in local tourism communities around the country, is that for many years New South Wales has lagged significantly behind. The difference between New South Wales and other places is the difference in the level of partnerships between Federal, state and local governments and tourism industry operators. Most notably, there is a preponderance in New South Wales of local government activity and influence and a lack of tourism industry operator commitment. In my experience, the most successful destinations are the ones that have a clear and simple approach which is easily articulated and that have strong and equal partnerships between the state and local governments and tourism industry operators.

Inland NSW is a new organisation. It is just over two years old. It commenced as a result of funding provided by the prior government to assist with and help amalgamate regional tourism organisations [RTOs] to try to make them more efficient. It is a huge area—it is one of the biggest RTOs in Australia. What that particularly means is that unlike some RTOs that are focused on developing brands and destinations around the geographical boundaries of their region, Inland is in fact a destination management organisation—Graham will explain it in some more depth—which is consumer focused to deliver a benefit to local communities via a number of destinations or experiences or different marketing activities to attract groups of consumers not necessarily to one location or another but to spend time in local communities generally.

That is what we are about. Graham will talk in some detail about what we have done and the level of success we have had and why we believe we have got the basis of a new model for regional tourism in New South Wales. Having said that, under the Visitor Economy Taskforce and the program that has been introduced through Destination NSW there is definitely positive change afoot, definitely steps in the right direction that we have been able to benefit from and participate in. We look forward to that continuing and I think now is the time to look at what has been achieved and what needs to be done next to ensure further success in regional local communities.

Mr PERRY: I wanted to start by saying we are a very new organisation and we believe that if we were going to achieve our objective of doubling overnight visitation expenditure to inland New South Wales by 2020 we had to take a different approach, we had to do things differently. At the outset we decided to put the consumer, which is the potential visitor, at the front, back and centre of our entire strategy. The starting point for that was to understand who these consumers were. So we undertook immediately one of the most rigorous research programs undertaken in regional Australia in terms of visitation and it gave us some incredibly important insights for us to move forward with. Inland is approaching 40 per cent of the New South Wales geography and takes into account 37 local governments and probably something like 80 or 90 different names associated with the towns, local government names et cetera.

What the research told us was that really there were only eight key destinations that resonated with the consumer. As a result we used that research as the foundation for developing eight destination management plans that actually saw different LGAs and regions working together. It is all very good having research; it is what you do with it. We have actually used it as a starting point for collaboration and I have a couple of slides of collaboration.

CHAIR: Will you please explain what you are displaying to the Committee members for the benefit of Hansard?

Mr PERRY: I will do that, yes. I am also happy to table this. The collaboration was to get all the multiple stakeholders to understand really what their destination meant. It is not just tourism; it is actually visitation. To us people travel or visit a region for a number of reasons. Yes for a holiday but also for VFR, education, sport, business, potential to invest and also to live there. All those people spend money, which actually creates jobs and helps regions to sustain themselves. The biggest challenge for a lot of the industries over here that are not part of tourism do not realise they are in the visitor economy—I am talking about the retailers, agriculture, supermarkets and petroleum companies. What you are seeing here is that Inland's role is to try and pull this all together so with destination management we can get the key.

We set about developing these eight destination management programs and it has been a very rigorous and intensive process. It is not just about writing a report. We have gone through a series of four, five different workshops to get all these different visitor economy stakeholders from all different sectors engaged. It has been incredibly successful. What it has done is built trust which, in my view, is the biggest thing you need to do to move forward. Finally, the outcome is the destination management plan and we have already used them for referencing in some contestable round one applications in the Regional Visitor Economy Fund—we have had five key applications. But the important thing is that the destination management plan is not actually the end of the process: it is the beginning of the process. So for the next 10 years, as Roger says, Inland is transforming into a destination management organisation. We see our role as actually helping the eight destination regions to implement the actions and recommendations that have come out of the destination management plan.

So the role of the regions—and they have to own the plans—is marketing product development and making sure the customer experience is a good one. Our role—which is the top end here and is always consumer focused—is to be the consumer advocate, to bring them up to speed with insights, making sure that their brand is differentiated and understood by the consumer, and to raise the bar of the digital era—it is not coming, it is actually here. Increasingly Inland will be putting forward grants based on destination management and also ensuring that we can build capacity. Summing all that up, we believe that destination management is the mechanism to achieve the objective of doubling overnight visitation and for creating participation collaboratively between State and local governments and industry—not just tourism; the whole visitor economy—but also to be a solution for the much required investment to achieve that.

The Hon. STEVE WHAN: It would be useful for the Committee to have an idea of what the eight regions you are promoting are. Can you tell the Committee what the eight products are?

Mr PERRY: Absolutely. We have actually got internal names for them because they are not yet the brand to provide to consumers but I will give the key cornerstones. The first one is Broken Hill, around the outback and the outback also has Bourke, which actually works very closely in terms of the mind of the consumer with Lightning Ridge and Walgett. You then have what we call far north inland, which really means Moree working together with Narrabri, referencing Gwydir and Inverell. Central, is very much around Dubbo, which is the zoo, but then Dubbo working collaboratively with the LGAs around there. We then have Tamworth working with the other surrounding areas there. Then you have got New England, which Armidale is the hub there but also there are some secondary hubs.

Finally, I want to talk about Southern Highlands and southern inland. This region actually articulates the power of the destination management process. Before, and you may have heard of it, the southern inland, which goes all the way down to Yass and Young and connects with Canberra, worked together with Southern Highlands and was called the Capital Country—you have heard of Capital Country tourism. Interestingly what the consumers told us through the research was that they had no idea what Capital Country means. So what we have done is destination management in that research has broken them apart so Southern Highlands is one destination management area and the southern inland, which is Young and Yass, is another one. They are completely separate in terms of their maturity. Southern Highlands is about villages, food and wine, quite a mature, sophisticated area; southern inland is quite immature in terms of product—that is Young and Yass. So what that means is that Southern Highlands is probably ready to articulate the brand whereas southern inland is about product development.

The Hon. STEVE WHAN: What you have designed fits quite well with the new structure of funding from New South Wales. As the regional tourist organisation will you be working directly with those destination groups that are actually doing their destination management plans and then applying for grants or will there be people working in your area who are independent to your process as well?

Mr PERRY: Inland has actually funded and led the process of destination management across these eight destination management programs. We have actually been the architect of it. Moving forward we will continue to stay engaged. If we walked away now they would probably go into a filing cabinet and never be used. Our role is to create leadership to make sure that the actions are delivered. We are going to get a working group, which will have a champion based in the region, and probably around six or seven other stakeholders who are going to take ownership, to actually deliver it on the ground. Our job is to meet with them probably at least four times a year to make sure that they are on track, they are on time and we can actually give them some insights into what we are doing in terms of our other activities.

Mr POWELL: And to seek Government grants wherever they are applicable: Federal Government funds and local government funds, to implement those destination management plans.

The Hon. STEVE WHAN: When you do a destination management plan are you identifying in that essentially the needs of tourism product development? Quite a few people have spoken to the Committee about infrastructure shortfalls in areas. Do you go right through and identify where your infrastructure holes are in a destination management plan as well as the products, accommodation and things like that? What sort of level do they go into?

Mr PERRY: At the workshop stage, the first one was a webinar to enable all stakeholders to understand what destination management was. Then we went into the region with the first workshop, which was about discovery. That was actually where we presented them with the consumer research. We held up a mirror to them all and said, "Before you tell us about what you are, you are obviously what the consumer thinks you are." Then we went through development, which was where we got all of the individual participants to actually build a product audit in terms of what is currently in the region and where they saw the gaps. The fascinating thing was that most of the people had not even met each other before and did not even realise themselves what the product apps were. Then we pulled that together and presented them with a straw man in terms of: This is what we think you are saying the region is. Here is the vision, the mission, the key goals. They said yes and no and moulded it, so then they took ownership of it. Now the final stage is us giving them the final destination management plan for them to sign-off on.

So the answer to the question is absolutely. It is actually about building a growing visitation for the whole economy and that involves not only marketing, which is about getting people to the destination, but also ensuring that they have a great experience when they get there—because word of mouth is so important if they have a bad experience—and then actually identifying the product development gaps, the infrastructure gaps by consumer segment. In other words, we need to make sure that the products available in the region are aligned to the key consumer segments which have the greatest propensity to travel there.

The Hon. STEVE WHAN: What are the key consumer segments most likely to be travelling to inland New South Wales?

Mr PERRY: Very clearly the international inbound market is very important and it is certainly there for the future, and we need to prepare for it, but the nuts and bolts of regional tourism is domestic—it is 95 per cent, 96 per cent of the total business.

The Hon. STEVE WHAN: Drive yourself—?

Mr PERRY: —tourism.

The Hon. Lynda Voltz: Grey nomads.

Mr PERRY: What our research does is it actually enables us to determine where these consumers come from and which segment they are. Whether they are by age, so it is split down by whether they are 35 and above grey nomads, whether they are young, youth, where they come from—we know its Sydney, it is south-west Queensland, north-west Victoria. We know that the absolute really important piece of the research was the low-hanging fruit, and the one that everybody sometimes overlooks—namely, the people who live in regional Australia are the biggest travellers to regional Australia. Therefore what we say to people is not to always worry about the glamorous Sydney and Melbourne markets because the biggest low-hanging fruit is regional Australia. The other one which I think is really important is that Australians who travel overseas—the industry often thinks that Australians either travel overseas or they are domestic but the biggest domestic travellers are Australians who travel overseas.

The Hon. STEVE WHAN: They are just big travellers full stop?

Mr PERRY: Absolutely. So the answer is grey nomads is a real key one but so are all the other groups and we can segment it any which way because of the research.

The Hon. LYNDIA VOLTZ: Grey nomads make sense from the regions you are talking: north-west Victoria, south-west Queensland, the Newell Highway, which is the natural travelling route they use. For events such as the Elvis Festival at Parkes and the Cobar races they time themselves to go through those towns based on what they know is happening. Have you had any success in coordinating that approach across the LGAs?

Mr PERRY: We are at the beginning of that process. The destination management process was actually also about identifying the events. We probably have situations where a local government area down the road is holding an event on the same weekend as a neighbouring local government area. We need to get them to coordinate their programs and align them by season. There is a great deal of work to be done and this is the process of identifying the events and ensuring that they align and work together.

Mr POWELL: Some of that approach is not about the individual destinations by geography; it is about products. It could be about identifying golf as an interest and cross-regional interest groups, travel patterns and ways to stimulate people to take a golfing holiday rather than looking at it from a demographic or destination perspective.

Mr PERRY: The research tells us that food and wine, nature, heritage and culture are key things people are looking for. Inland Tourism is looking at where that connects across the eight different destinations to put together something holistic to target that market.

The Hon. LYNDIA VOLTZ: That will be interesting because it is a very diverse market. The beauty of going to Cobar is that you are officially in the outback. Once you get past Nevertire the earth gets really red. It is quite beautiful. I would go to the Southern Highlands for a completely different experience. I would go there for tea and scones, to watch cricket or to visit the Bradman Museum. When people go to Dubbo it is a hub that provides access to the Warrumbungles, the Elvis Festival and so on. They are completely different markets.

Mr PERRY: These eight destination hubs do not necessarily mean we will have eight marketing campaigns.

The Hon. LYNDIA VOLTZ: I know.

Mr PERRY: We have already started working through this in the leadership process. This is still a work in progress. However, I will provide an example. Those different hubs in the outback can work under an outback umbrella from a branding perspective because consumers have an understanding of that. We believe there is a great opportunity to position the New England/North West and Tamworth regions as country. Tamworth is very much about the Country Music Festival, but that happens for only two weeks a year. There is a great opportunity to work with the rest of New England in terms of owning that country position. Dubbo can work in with the Warrumbungles and the jail. The vision in the destination management program is very much about the wild frontier. There is potentially a feeling of a safari adventure. Out of this process we will identify some really simple, clear but differentiated messages to attract consumers not only to Dubbo but also to the surrounding areas. That is the way to increase visitation—that is, to increase stay and build expenditure.

The Hon. STEVE WHAN: What sort of buy-in and engagement do you have from local government to the direction you are taking?

Mr PERRY: It is very good. We have 37 local government areas. The last workshop we had was in the Southern Highlands. There were 45 people including representatives from local government—the mayor and general manager and economic development and tourism officers—and different towns. There were also representatives from the food, agricultural, wine and farming sectors, from restaurants, and those interested in land use and the environment. It was a very broad range of people. What is really powerful is that the industry and stakeholders do not see this as being led by local government. Local government is at the table as an equal partner. That is critical and that is why Inland Tourism as a destination management organisation can get that engagement. Local governments have given really good feedback.

Mr POWELL: Half of our board members are from local government and half are tourism industry operators from each region. Graham has done a score card for each local government area indicating the return on their investment in Inland Tourism. That has been a really powerful tool with the general managers and local government councillors. I think that has given us a level of buy-in that has not been achieved before.

The Hon. STEVE WHAN: Can the Committee see that score card?

Mr PERRY: I can table it.

Document tabled.

Mr PERRY: I met with the general manager from Southern Highlands and Steve Rosa, the tourism manager, and presented the score card. Their Inland Tourism membership fee for the first and second years was \$5,000. The conservative value we demonstrated—that is, the return on investment—was \$240,000.

The Hon. JAN BARHAM: That is for an investment of \$5,000?

Mr PERRY: Yes, that is just for the Southern Highlands. The second page contains a summary showing the Southern Highlands membership fee of \$20,000 and a return of \$584,000—that includes Southern Highlands/Southern Inland. The Outback membership fee was \$49,000 and the return was \$1 million; the Central and Dubbo membership fee was \$87,000 and the return was \$955,000; the New England membership fee was \$183,000 and the return was \$1.3 million; and the Southern Highlands/Southern Inland membership fee was \$60,000 and the return was \$922,000. That includes a conservative valuation of research, destination management, some of the applications they have made for funding and workshops. We itemise every issue. It has been incredibly well received.

Mr POWELL: Importantly, these are not numbers that we have created and presented to them. We created them, had them test and agree to them and then we finalised them. Local government people can be robust and Treasury-like in their analysis. They accepted these figures when we tabled them, which is remarkable.

The Hon. STEVE WHAN: Initially when the organisation was formed there was resistance from the people involved in the old groups in those areas. Has that resistance been broken down?

Mr POWELL: Yes. I think two more local governments have joined in the past month. That resistance has definitely gone and that is now having an infectious impact. Some of the people who were not involved and some people from other regions are now asking to join.

Mr PERRY: We had a board meeting last week at which we presented the strategy to 2020 that we just demonstrated in snapshot form. The presentation involved representatives from all the different regions that were originally members of the regional tourism organisations. There was unanimous support for the different approach that we are taking. Lachlan and Hay have also just joined, which is very pleasing.

The Hon. STEVE WHAN: A number of submissions have raised issues about unregulated camping and grey nomads with self-contained vehicles and where they can stop. Do you have a view on that? It is obviously a major issue for many towns in your region.

Mr POWELL: Our view is probably influenced by local government, which has strong views on that matter. Many participants in Inland Tourism are successful operators. Those parties have a view that this needs to be regulated in the interests of the community and obviously in the interests of their businesses. My own view would be that we need a level of regulation to ensure the comfort and safety of visitors and that they have a good experience. We must also ensure that the community is not negatively impacted by people camping and toileting in the local park or local parking area.

The Hon. JAN BARHAM: That all sounds great, but I am still not clear about the structure of your organisation. There are eight regions and 37 local government areas. How many are part of the organisation?

Mr PERRY: All 37 local government areas are actively involved in one or more of the eight destination management areas.

The Hon. JAN BARHAM: Are they all financial contributors?

Mr PERRY: Yes, all of them. The normal membership fee for a local government organisation is 50¢ per head of population. We have a range of other membership fees for other organisations or businesses.

The Hon. JAN BARHAM: So you are essentially operating a regional tourism organisation model and you have brought it all together.

Mr PERRY: We are a not-for-profit membership organisation. We have transferred the focus of the organisation to destination management. That is why we call ourselves a destination management organisation.

The Hon. JAN BARHAM: You have done some great work. How many commercial operators are members?

Mr PERRY: We have many association members that represent thousands of members.

The Hon. JAN BARHAM: They make a financial contribution to the operation of your organisation and developing the plans.

Mr PERRY: I do not have the figures with me, but there would be hundreds of operators and probably 30 organisations are members. They are people like Newell Highway, New England/North West, Poachers Way, Southern Highlands Tourism, visitor information centres and so on. They are all financial members along with local government.

The Hon. JAN BARHAM: What is the cost of the consultation and delivering the documentation involved the destination management development plan? What is your investment as a group compared to the investment that Government might deliver once you have presented the plan? What is your return on investment?

Mr PERRY: The total cost to date of destination management has been about \$500,000. We secured some of that funding from Destination NSW on the basis that it matched funds dollar-for-dollar with industry. Our membership dollars provided that matched funding. We did not go back to our members and ask for a subsidy for destination management. That means a local government area that is a financial member of Inland Tourism pays its membership fee and for that it receives a destination management plan in which it has participated.

The Hon. JAN BARHAM: It is a good model.

Mr POWELL: I might answer that question a little differently. We merged three-and-a-half existing regional tourism organisations and got rid of their structure and membership and funding models. As Graham said, the funding model is a dollar figure per head of population from all local governments. An organisation such as Taste Orange would join as an association member and we would commit not compete for members. We would automatically give its members rights and access to the work of Inland Tourism. I think Graham is correct in saying that we have about 200 members. We identified at the outset that there are 1,800 tourism businesses registered with the Australian Tourism Data Warehouse for the region, so we have plenty of potential to grow. However, our model is quite different in that we have no staff other than Graham and one other person.

The Hon. JAN BARHAM: You obviously engage contractors.

Mr POWELL: Yes.

The Hon. JAN BARHAM: I was a member of a regional tourism organisation board for a while. It discussed how to draw in people in to maintain that momentum. I am very interested in the way you have done that. It looks good.

Mr PERRY: The important thing is to appoint the right contractors with the right quality and at the right price to do the jobs. It allows real flexibility when you change direction. You can bring in new people and make changes. The key is to make them feel part of the culture. My contractors feel that they are part of the team. That is the key to this model.

Mr POWELL: If I can answer from a strategic perspective, what we set out to do was your average regional tourist organisation, as you probably know, has a person who works at the back of their car and is poorly paid and so forth. The answer to getting all the people engaged is to be expert and inspirational. We invested a lot of money to get a chief executive officer in Graham Perry, who was formerly the head of See Australia, a fairly substantial person in his own right who could do exactly that—apply expertise and inspiration. He uses contractors that regional tourist organisations could not afford as employees with the level of skill that regional tourist organisations typically could not afford. Those people have the capability to bring what I think Mr Whan was getting at difficult local government people to the table with sometimes quite intransigent tourism operators and vastly different skill levels and get them to work together.

The Hon. JAN BARHAM: Are you engaging your universities or academic organisations? We work in our area with Southern Cross University and they had a buy-in because they had students, which meant they could continue to do research.

Mr PERRY: I think they have been active members in the collaboration through the destination management process. They would certainly be one of the visitor economy sectors who are really interested and feel that they own the outcomes of this process, so they are engaged with us; they are not financial members but they are engaged in the process.

The Hon. JAN BARHAM: I think I heard you correctly saying that the attraction for your area is the nature and the cultural heritage. What level of involvement and engagement is there for Aboriginal organisations in the development of Aboriginal cultural tourism?

Mr PERRY: They have certainly been invited and involved in some of the destination management plans. Off the top of my head I know in Dubbo some organisers are actively involved and also in Lightning Ridge there was a big participation involved there, so they are engaged. We want to include everybody so we are very open about who participates. We promote it very actively and it is really good that after a series of workshops in the Southern Highlands or any of them the audience is growing not shrinking. In the Southern Highlands there were 45 people; the same thing with the one in Armidale, there was a similar number of people, and we are getting media attention, which is helping us as well.

The Hon. JAN BARHAM: It sounds like you are doing something right.

Mr POWELL: And we have Mick McCulkin on our board.

Mr PERRY: He has won the Indigenous award for tri-state safaris many times.

The Hon. JAN BARHAM: Are you looking at accreditation of the sector to lift the level of service and experience?

Mr PERRY: This is one of my hobby horses. Ten years ago accreditation was really important; it was actually ensuring that the industry raised the bar in terms of service and whatever. I believe that it is being overtaken by social media and the consumer. At the end of the day it is the consumer who is the judge of whether a product is actually providing satisfactory service and how they will vote is whether they visit, whether they return and whether they tell friends and relatives. That is probably being a bit dogmatic. There still is a role for accreditation but I do believe it is important to balance it with the consumer vehicle.

The Hon. PAUL GREEN: Page 6 of your submission talks about impacts of tourism on local government areas including infrastructure services provision and asset management. You go on to say, "This approach can also ensure greater involvement of the private sector to help fund and ensure infrastructure development is strategic." You then say:

In the past 20 years some of the burden of providing and funding essential services and infrastructure (e.g. Visitor Information Centres (VIC), roads, parks, dump points and airports; product development and events) has shifted from State agencies to local government ... Local government also has to maintain delivery, upkeep and access to these investments and the management of related operations.

Local government has much of the cost of development and/or maintenance of infrastructure and services even when the ongoing viability and operations are questionable.

Would you like to comment on this because the inquiry is trying to ascertain how much of this cost burden the State Government, local government and, dare I say, the private sector should carry? Do you have any comments on that?

Mr POWELL: To take your last point, one of the challenges is that tourism as an industry comprises 95 per cent small businesses and struggles therefore to act collectively on its own and act in its own interests so marketing is the classic example; it cannot market the way a mining company, for example, could. There is a critical role for government to play in helping facilitate that collective behaviour. On the issue of the support of infrastructure and who should be doing it, a lot of this infrastructure does not produce immediate, direct or sometimes even measurable benefit, for example, visitor information centres—cost to construct, cost to maintain and operate. Quite often one of its greatest benefits, that is intangible and hard to measure, is the social benefit of being a community hub where local people get together and have a cup of tea, chat and meet visitors.

Does it serve its commercial purpose of attracting and retaining visitors to the area? Who knows? But would you and could you get rid of them? Mr Perry talked about the changing impacts of technology. It is very likely that in our foreseeable future the use of mobile technology would put a visitor information centre in everybody's car. There are different elements to that. Parks and gardens, which are important for tourists, will always need public support and probably are a local government matter. Trains and roads are a State Government matter so there are different elements all of which require support from different levels of government and from the private sector.

Mr PERRY: I think the platform for it again is destination management. If we can get the different stakeholders to collaborate and understand the consumers who have the greatest propensity to travel, then we can identify what infrastructure we have for product development and where the gaps are. That is the platform for creating the planning. I believe by having that engagement we can get industry to participate more and what I mean by that is not just tourism but the whole visitor economy, and not only participate but actually share the investment.

Could I also add one really important point about visitor information centres? After this meeting I would like to table the research that we undertook. There were 12 key insights that came out of it and I would really like to share that. One of them was about the importance of digital and in a nutshell it is saying that the digital era is not coming; it is already here and people are now using the digital era to plan at their home, when they are travelling to a destination, at their destination and afterwards. The very next point was that visitor information centres are still vitally important and the reason for that is because when consumers and visitors get to a region they want to interact with real people who have real stories and the best place to get that in the first place is the visitor information centre. If they do their job well—I think we all understand that some do it better than others; there are volunteer issues and others—it can actually extend a stay, which is vitally important to achieve the goal of doubling visitation.

It can actually extend a stay but it also gives that interaction with people. It is not whether it is digital or a visitor information centre, you actually need them both because they fulfil different roles. Out of our product development funding that we had from Destination NSW, in 2011-12 we invested and provided content for an app called App and Go, and that actually interacts with the visitor information centre, so it is GPS enabled and as you actually go past a visitor information centre it interacts and draws down all the local content. That is the coming together of digital and visitor information centres, so they are open 24 hours.

The Hon. PAUL GREEN: It used to be analogue 88.0 FM.

Mr POWELL: Can I come back to your point about funding?

The Hon. PAUL GREEN: Really quickly because I want to ask some more questions.

Mr POWELL: The destination management plans are quite often extensive documents of 80 or 90 pages. What they do, though, is right upfront say, "This is what the destination is or is not right now" so you know what you have as assets to market right now. It also says, "This is what is needed and who has to be involved in providing it" and it prioritises it. Instead of there being hundreds of mouths out there saying, "Feed us, feed us", the community at least has the ability to coordinate its approach with local government, State Government and Federal Government to say, "Here's our number one priority. This is what we can work on together."

The Hon. PAUL GREEN: The point I make that is acknowledged there is that the stakeholder agenda has changed from infrastructure investment over the past 20 years into a marketing role. The State Government has gone into marketing—"We will help you market but we will not help you with the infrastructure necessarily" so the stakeholder interpretation there has changed somewhat according to that and our findings at the grassroots level is that we believe there needs to be reinvestment into infrastructure—I hope that is your interpretation of capacity building. Is that right?

Mr PERRY: Yes, correct. For many, many years in our view tourism at a Federal level and a State level spent all their money on marketing trying to get people out there and to get people here. But if they go out there and have a really bad experience then they are not going to come back. Word of mouth is so powerful that actually it will be a negative impact, so you have to balance it.

The Hon. JAN BARHAM: And they do not ask do those areas want marketing. I found out once that my area was being marketed in New York and there had been no consultation from the Federal Government.

Mr PERRY: I agree.

The Hon. PAUL GREEN: My experience with these is that there is buy in and buy out. It is meant to be equal giving, not equal sacrifice financially, for instance. What do you do for the tourism industry for those who cannot afford to buy in? How are they treated? Are they left out and you go with those people who know what they are doing and who have the money to support your concept and seem to run the whole process?

Mr PERRY: That is a really interesting question. A good example of the issue is two years ago when Inland NSW Tourism started you could actually put in an application to Destination NSW for \$2,000 to do something in marketing and some of our smaller local government guys used to do that and it would be matched. Then last year the minimum amount you had to invest went up to \$25,000 and a few of our smaller operators started saying, "We can't play anymore". Now with the Regional Visitor Economy Fund it has gone up to \$50,000 but actually destination management is the key because actually what we need to do is to say—just focusing on marketing—"If we put together a marketing campaign for the Dubbo Central Warrumbungle region, we can get Dubbo City Council to put in some funding, Dubbo Zoo to put in probably a lot of funding but we can get the smaller guys to participate as well and even if they don't participate financially, they can be involved in being referenced in the website." This whole destination management approach is trying to give everybody a go whether they have a lot of funds or not. That is why it is better to focus on eight destinations from a marketing product development and customer service perspective than 37.

The Hon. PAUL GREEN: And there are those who do not invest at all but want to eat all the fruit that is brought in from everyone else, but I will leave it at that.

Mr PERRY: Sure.

The Hon. NIALL BLAIR: I apologise for missing the start of your address. One question I have with the eight regions is: What has happened with the lower southern part of inland New South Wales, the Riverina and Murray area? Are they still operating as separate regional tourist organisations?

Mr POWELL: Yes.

The Hon. NIALL BLAIR: Why?

Mr POWELL: They did not want to join with us initially. We have made a couple of overtures with them subsequently and to be honest I do not understand why they have not taken those up.

The Hon. NIALL BLAIR: Are you still showing them some of the data like you are showing us, the return on investment that you are getting and things like that? Surely for something to be successful across inland New South Wales it is one in all in. You go to Victoria and on all their signs there is a picture of regional Victoria broken up into different regions and each region has its own identity and is marketed as a region. Surely we do not stop at Young. You said that Hay had put some money in but it is not part of the bigger picture.

Mr PERRY: They are. We are a very new organisation and what is really important is we had to get runs on the board. We could have very early on, and in fact probably did a little bit go to Central, the Riverina

and the Murray and said, "Why don't you join us?" But I think we have learnt that what we have to do is get some runs on the board and actually get our destination management platform sorted. What has started to happen now is that some of the local government areas are coming to us. If you see here, each of these represents the eight destinations which will have their own identity and their own differentiation. We believe this model could actually work with the Murray being a region or the Riverina being a region.

I think we said in our submission that we believe that the Visitor Economy Taskforce did some really good things and it aligns very well with what Inland has been talking about. It also talks about establishing five visitor economy zones, which will be in Sydney, Sydney surrounds, south coast, north coast and inland. We believe that we are very well positioned because of this model to be the visitor economy zone for inland and to be a trial for how this could be rolled out across the State. We believe this model could work for inland but it could also be emulated for south coast, north coast and the Murray and the Riverina. There is no reason for them to disband; they could fulfil the Destination Management Plan for the Murray and the Riverina. We are providing the destination management leadership. Am I being clear in what I am trying to say there?

The Hon. NIALL BLAIR: Is there competitive tension then for the market share with those that are not members?

Mr POWELL: No. The answer to your question is more around personalities than anything else, to be perfectly honest. We have made overtures to those other organisations. At that point, for whatever reason they were not interested. The Murray region has changed during that time; it has changed its leadership. We have a good collaborative relationship and we are working on joint marketing programs with the Murray, but you have got a slice in the middle there—the Riverina—who are still going down the path they have always gone down and I think the personalities involved there have not wanted to work on a collaborative basis. Over time, I think, as Graham says, if we get the runs on the board they will probably recognise that it is a good opportunity for them and, as you say, we will keep putting those results in front of them—and the door is open.

The Hon. NIALL BLAIR: Are you in competition with the same market? Are we going to see one of your members pushing for the Ute Muster to be moved to their area out of the Riverina, for example? You are a destination organisation, you are wanting to maximise the return for your members, therefore you would be wanting to get the success and events and things like that there. To me it is a half-pregnant model: we have got some in, some out. Surely to maximise the benefit and all of the things which I think we can see are working we would really need everyone involved, would we not?

Mr PERRY: We would love to involve them. Obviously I do not see us as having scouts who are out there trying to go over the border to steal events. We are almost 40 per cent of the State—we have got enough to do than doing that. But I hear your point.

The Hon. NIALL BLAIR: But if you have come up with the business model that is efficient, that is producing the best value for money, particularly from government funding, to provide events and overnight stays in regional areas, surely you would become better placed to then target certain events. Again, I am in support of what you are doing here; I think it should be rolled out across the board.

Mr POWELL: Probably to just put some perspective around your question, given that geographic area it is probably 90 per cent in, 10 per cent out. We have not let that get in the way of satisfying the consumer needs for the whole region and I am sure that those people who are not involved have benefited from that. But, as Graham said, we are focused on developing things that can be developed in the context of those destination management plans rather than stealing events or whatever. My own view, as an answer to your question, is that the Visitor Economy Taskforce recommended five visitor economy zones. I think the Government could potentially make a statement and say "Put some more encouragement in". We only formed because there was government funding to assist the three regions to form and I think if there was more impetus from Destination NSW and the Government—and the Government has said "We do not want to force people into things", and that is fair enough as well—but if there was more impetus towards achieving those five visitor economy zones I think we would get the Riverina, for example, into our group.

The Hon. NIALL BLAIR: The only thing I will say to finish up from me is that after growing up in Goulburn and living on the Southern Highlands, "capital country" made absolutely no sense to me whatsoever. So congratulations for getting rid of that ridiculous name.

The Hon. STEVE WHAN: And as a person who grew up in Canberra I never understood why when passing the sign to capital country I was not even halfway home.

Mr SCOT MacDONALD: Thank you for a good submission. Page seven touches on employment opportunities and a couple of the witnesses have talked about this. It might be awkward for my colleagues opposite but I see the employment and the current award structure as a barrier to employment. Can you elaborate? I do not think anybody would disagree with the comment you have there: "Busy times naturally fall over the weekends where the cost of staffing is highest". Have you made representations to Fair Work Australia or are your tourism bodies making representations to get something that is a bit more practical?

Mr PERRY: We certainly participated in, if I remember rightly, the restaurant and catering, food, VET committee, which was chaired, if I remember rightly, by John Hart, and a lot of recommendations about employment came from that. I have also personally for Inland participated with skills—there has been a recent Skills Australia initiative, so we put our views through in that as well.

Mr SCOT MacDONALD: So you see it as a very significant barrier, the current award structure, if you like? I will not talk about exact dollar levels but just the way it is structured, your demand for your consumer is over those busy two or three days and yet that is when we have ramped up the cost. Besides the penalty rates is there any other sort of feature of the industrial relations that you think might need looking at?

Mr POWELL: Penalty rates is the big one, flexibility is the other, and that is specifically around issues like time between shifts, people performing multiple classes of roles and switching between them, which, particularly in remote and regional areas, you need a lot of flexibility because one worker has probably got to cover several different roles.

Mr SCOT MacDONALD: They could be the cook one minute and the waiter the next.

Mr POWELL: A second answer to your question: We have deliberately made a point of not being a lobby group and saying that we would provide information to organisations like restaurant caterers, like the AHA, to do that work—they are the experts on the industrial relations front to do that work. But we will certainly pass on the feedback from our members and constituents.

Mr SCOT MacDONALD: It would seem to be a priority as industry is going through a lot of challenges and restructuring, I suppose.

Mr POWELL: We can go to towns like—you can name any town on the way to Dubbo, for example, on the weekend—

Mr SCOT MacDONALD: And the milk bar is open and that is it.

Mr POWELL: —and you have got this interest in arts and culture and the art gallery is closed because it is the weekend.

The Hon. PAUL GREEN: Your final point on page nine, you are talking about any other related matters and you are talking about your visitor economy zones and you have got about five points there of why they would be good and work. What makes you think that particular model would be able to work where other models over time have failed?

Mr PERRY: In an absolute nutshell it is because it is focused on the consumer at the foundation. If you start from the perspective of the consumer and you understand the consumer then our view is that everything else falls into place. The other models, if you like, or traditional regional tourism organisations usually start at the destination without any insight from the consumer, and I think it is the only way.

The Hon. JAN BARHAM: The special rate variation idea—

Mr POWELL: I was looking for an opportunity to address that. I really do not know where that idea came from and any of you that are talking to local governments will know that they are all trying extremely hard to reduce their costs. Our 37 local governments would think it remiss of me if I did not communicate on their behalf that 37 of the 37 will not be introducing a special rate variation. Their view is why would they do that for tourism and disadvantage some ratepayers over others? Why would they do it for tourism and no other industry?

Their view, quite frankly, is that that would represent cost shifting from the State Government to local government.

The Hon. JAN BARHAM: This is an interesting point that you view that the money should be coming from the State to deal with this issue whereas—Paul and I are from coastal councils that are heavily impacted on—a lot of councils are seeing pressures that local governments are bearing and that is why the idea of shifting and there is little return from the commercial sector back to council to deal with that—toilet cleaning, park maintenance and management and roadwork. You are seeing very much the inland saying it should be a State responsibility?

Mr POWELL: That is local government saying "We are not prepared to raise any more funds". But go back to my opening statement: the successful regions are run where there is a good partnership, which includes funding between State and local government, tourism industry operators and, where possible and relevant, the Federal Government.

The Hon. JAN BARHAM: So would you support the idea of State Government setting up under the banner of Infrastructure NSW a specific stream of funding for tourism communities to gain access that way if you have done your plans and you can go to the State and say, "We want to see some money come to council"?

Mr POWELL: With those plans in place a source of funds would allow them to become a reality, and those funds could be tied to being matched by other parties—it does not have to be just State Government, and probably should not just be State Government funding. But if a source of funds were there as a stimulus, with those plans in place you have already got the priorities identified and yes that would contribute to that target of doubling visitation.

Mr PERRY: And again it is not just tourism; in other words, it should involve as much the butcher, the baker, the supermarket—all those people—not just tourism.

CHAIR: Time has expired for questions. If there are any further questions they will be forwarded through to you. Any questions you have taken on notice there will be 21 days allowed for a response. Thank you very much again for appearing this afternoon.

(The witnesses withdrew)

(The Committee adjourned at 3.56 p.m.)