

REPORT OF PROCEEDINGS BEFORE

GENERAL PURPOSE STANDING COMMITTEE No. 3

INQUIRY INTO TOURISM IN LOCAL COMMUNITIES

ROUNDTABLE DISCUSSION

**EVIDENCE OMITTED BY RESOLUTION OF THE COMMITTEE ON 3 MARCH
2014**

At Ballina on Wednesday 9 October 2013

The Committee met at 10.10 a.m.

PRESENT

The Hon. N. Maclaren-Jones (Chair)

The Hon. J. Barham

The Hon. N. Blair (Deputy Chair)

The Hon. P. Green

Mr Scot MacDonald

The Hon. L. Voltz

The Hon. S. Whan

RICHARD ADAMS, Manager, Business and Economic Development, Tweed Shire Council, and

BILL TATCHELL, Chief Executive Officer, Destination Tweed Incorporated, before the Committee:

CHAIR: Thank you for attending today's roundtable discussions which are being held by the General Purpose Standing Committee No. 3 for its inquiry into tourism in local communities. Before we commence I would like to acknowledge and pay respect to the people of the Bundjalung nation, who are traditional owners of the land on which we meet. I also pay respect to the Elders, past and present, of the Bundjalung people and extend that respect to other Aboriginals present.

Today we will each be asking a series of questions. However, I remind everyone that this is a free-flowing discussion. While the Committee will not be asking you to take an oath or an affirmation, I wish to remind you that this is a parliamentary proceeding. We expect that you will speak truthfully and I remind you of the responsibility that accompanies the opportunity to speak on the public record. A full transcript of what is said during today's roundtable discussion will be prepared by our Hansard reporters and a transcript will be available on the Committee's website in the next few days. Before we commence with questions, would you like to make an opening statement?

Mr TATCHELL: I would like to thank the inquiry for happening. I think it is timely and necessary for an inquiry into regional tourism, and I trust that you find the answers that you seek and the industry is the recipient of perhaps a more appropriate structured industry and funding stream as a result.

(Mr Adams withdrew)

(Evidence continued in camera)

[EVIDENCE OMITTED BY RESOLUTION OF THE COMMITTEE ON 3 MARCH 2014]

The Hon. JAN BARHAM: What does that mean?

[EVIDENCE OMITTED BY RESOLUTION OF THE COMMITTEE ON 3 MARCH 2014]

The Hon. STEVE WHAN: And is that what you have done?

[EVIDENCE OMITTED BY RESOLUTION OF THE COMMITTEE ON 3 MARCH 2014]

The Hon. STEVE WHAN: How do you target it to get a more effective spend? How do you change it? The recommendation for having destination management plans came out of the task force that the Government put in place, and that in itself was a shift from the old funding model from New South Wales, which basically gave money to RTOs to distribute. How would you do it so that you are effectively providing the funds to the people who were delivering?

Mr TATCHELL: In context of answering that, you have to look at a State tourism organisation that has been absolutely dictatorial—"This is what we want, this is the way it is going to be"—to having the DMPs, which is pushing it back to the regions, going "You tell us what you want." It does not work that way to go from one end right to the other. There is a middle ground, and that middle ground is about saying "This is what the State believes its unique positioning point is. These are the experiences that we want to take as a State and position ourselves." Once you have that leadership and that statement saying, "These are the areas that we want to grow", you can then filter down and support and provide resources and funding. I used a ridiculous example at a Destination NSW workshop. I put my hand up and said, "I am interested in alien tourism, spaceships, people want to come and look at spaceships." I said, "I can make the numbers. I can go to TRA, I can get the data, I can spin it and I can actually put a business case forward to market to that. Will you fund that if I put a funding grant program through?"

Apart from the laughter that came from the room my point was: It has to be taken seriously. It has to be done because I can tick all the boxes. Is it going to drive tourism? Not in Australia but certainly overseas in some areas it worked. My point is this: If we have a clearly defined strategy that clearly defines unique selling points that the State wants to work out we can have—whether you call them tourism opportunity plans or RTIs,

regional tourism investment plans—those are the documents that bubble down and say, "These are the areas that we want to invest in." "If you work towards investing in these four pillars—let us say, four, arbitrary—then the chances are that your funding will get it." "If you want your alien tourism, do not bother; you are going to do that off your own bat."

[EVIDENCE OMITTED BY RESOLUTION OF THE COMMITTEE ON 3 MARCH 2014]

By having these pillars that identify this is what the State believes we need to strengthen to make ourselves competitive in a global context, not just domestic—this is Victoria and Queensland but in New South Wales—these are the areas that we are going to invest in. These are the areas that we believe, if you put funding grants in, if you put your applications in, or you are looking for investment, this is how we can assist you. If you are outside these you are going to need to find it elsewhere. That is how we can drive more targeted and more direct expenditure with a better and more discernible return on investment than fragmenting it. It is not going to suit everyone and it is not going to suit necessarily some of the findings of the VET report in looking at those destination clusters. But that in itself is an issue—to do that.

[EVIDENCE OMITTED BY RESOLUTION OF THE COMMITTEE ON 3 MARCH 2014]

The Hon. LYNDA VOLTZ: Was that not why the funding devolved down that way? Regional tourism organisations went into marketing strategy as a whole and local communities said "Look, we know what is best and what works on the ground so we want an unstructured approach where we can apply for funding without these pillars?" Part of the complexity is what you say: it is Sydney; it is the market. You get Sydney, the rock and the reef and, particularly for overseas visitors, that is the way it travels through. As a government, you want to grow it out into regions, not necessarily like Byron—where they have the opposite effect; big impacts—but a bit like outback Queensland, where you want to get people over the mountains into the Western Plains, that kind of thing. How do you devolve people out from the Sydney regions?

Mr TATCHELL: There are a couple of questions there. Having the RTOs and the local tourism industries feed up to the RTOs and then up works to an extent. Whenever it gets fractured and fragmented it has the RTO network at the moment running around going, "Are we actually going to be here next year? Are we actually going to get funding? Are we going to be around?" A few months ago they still were not even sure if they were going to get operational funding. Secure the future of the RTOs, create that solid framework, get rid of the uncertainty, and operators and local tourism organisations will have a good skeleton to form around. It does not happen overnight. We need to organically grow, bind and bond to a structure; stop chopping and changing it. Fund it appropriately and put the mechanisms in place. In terms of the DMPs, this is where they come into their own. I am not quite sure how you mandate them to become an integrated tool—that is another bottle of wine kind of thing—but it is essential. I give you an example: Richard from Tweed Shire Council. We are not part of the council, but we are funded by council. We have a contract with them. I want to encourage the grey nomads to come to the region. I have to go to council because I need parking for caravans in a couple of the towns.

Do they see the net benefit of those caravans? No. Do they understand the net benefit—indirect expenditure—of those caravans coming through? No, they do not. They just look it as, "Oh, this is a cost. I've got to put it in a capital works program." Most local governments do not really ascertain the true impact of tourism because it is not a direct expenditure or investment. A DMP will bridge that gap. It will say, "This is where we're heading in tourism and these are the type of numbers that we're pushing through. This is the investment we need from council." Rather than us pushing, it sits over the top and it becomes part of their capital works program: "Well, yeah, next year we are doing caravans and we will do that because we know that we will do this and this with this or this." That means that we can start playing in that marketing space and driving people off the beaten track. For example, the Legendary Pacific Coast is one of the key marketing initiatives from Brisbane to Sydney. How do we disperse people off that? We need to create infrastructure. That infrastructure is not always an attraction, accommodation or specific tourism product.

The Hon. JAN BARHAM: Is current funding not available?

CHAIR: I am sorry, we have to conclude the in-camera hearing—it now is 10.30 a.m.—to allow Richard to come in and for us to ask broader questions.

Mr TATCHELL: Yes.

CHAIR: The secretariat will liaise with you afterwards to see whether you want to make public anything you have said in the last half hour.

Mr TATCHELL: Yes, thank you.

The Hon. JAN BARHAM: Can I have that question answered to clarify?

CHAIR: No.

The Hon. LYNDA VOLTZ: As long as he wants to answer it out of the in-camera hearing.

Mr TATCHELL: Yes.

(Evidence in camera concluded)

(Public hearing resumed)

The Hon. JAN BARHAM: I thought the funding round actually provided infrastructure for complementary sectors. Something like that ended up as one of the things that local government particularly put forward: there are infrastructure costs. I thought the new funding provides infrastructure that fits in with the DMP in supporting a market sector?

Mr TATCHELL: The hard part was that a lot of the funding has to link back to achieving the outcomes of the VET report—so looking to double overnight visitation. Council putting in a funding grant for caravan parking spaces versus us doing something that is tactical, measurable and will actually drive 5,000 to 10,000 across the border. Where would you place your money in looking for return on investment and doubling overnight visitation? What we will find I think is if you look through successful versus unsuccessful grants that a lot will be product oriented as opposed to infrastructure. For example, we wanted to put in a feasibility study for a rail trail through the northern rivers. Forget the politics of that, but if it was successful it has long-term sustainable tourism and economic impacts on the local community. But to get the ball rolling we need to get the feasibility and the engineering report. That is inadmissible under all this funding. That is the problem with the funding program being dollar-for-dollar matching. You are asking small operators to stick their hands in their pockets to a relatively considerable amount.

The Hon. STEVE WHAN: We still have to fund a number of Federal programs?

Mr TATCHELL: It can fit in. Do not get me wrong, but the example is that a lot of the requirements of product development at the moment are looking at new opportunity. It is looking at what we have and what can we create to create that point of difference. Again I come back to those pillars: how does it fit in? It does not necessarily. So we are all scrapping around trying to do something.

CHAIR: You mentioned cross-border issues. What other issues do you have being located on the border? What do you do to overcome those issues?

Mr TATCHELL: A long list. I will speak quickly for a moment from a tourism point of view from where I sit. It is opening hours, it is licensing.

The Hon. LYNDA VOLTZ: Daylight saving?

Mr TATCHELL: Yes, which started again. It is man hours. We have now got to stay open an extra hour and a half. For some that is an impost. Taxis, aircraft, bus timetables. The list goes on. People forget, tourists forget, that that hour is a big difference when you are trying to catch something. How do we overcome it? Operators extend their trading hours. Some work on Queensland time. The Twin Towns Services Club operates on a roster system on Queensland time but payroll and everything else has to be in New South Wales. So there is overtime either side and extra hours. It impacts.

CHAIR: Are there any positives in attracting, say, the Queensland market? Are there any benefits of that cross-border activity?

Mr TATCHELL: Yes there are. You are open, it is light later, people enjoy it. They still come down because they think everything is open. By default those businesses pick up more traffic.

CHAIR: Have you any particular strategies to overcome challenges or attract visitors?

Mr TATCHELL: Not really because they are outside your normal marketing. An hour's difference to someone who is down for the weekend and staying in your neck of the woods makes no difference. It only makes a difference with them to what time they leave to go home.

The Hon. JAN BARHAM: I heard recently on radio a proposal to go half-way with daylight saving. Did you hear that?

Mr TATCHELL: No.

The Hon. JAN BARHAM: Someone heard it.

The Hon. LYNDA VOLTZ: Richard is nodding.

Mr ADAMS: We had discussions with Steve Toms, the Cross-Border Commissioner, about the range of initiatives. Clearly, it is a problem. Any sensible solution I think would be welcome by both Queensland and New South Wales.

The Hon. NIALL BLAIR: What is your preference? I have done business where I stayed at the Twin Towns Resort but I was working at the Tweed Bowls Club. I was leaving on Queensland time, walking 100 metres down the road and trying to organise a training course for people coming from Queensland and New South Wales. I am sometimes intelligent, but that just blew my mind. I could not work it out. It is a nightmare. What is your preference?

Mr ADAMS: Personally I would like no daylight saving at all. Of many countries we have the highest rate of skin cancer in the world. So we give our people and our kids another hour of sunlight in the hottest time of the day.

The Hon. STEVE WHAN: We do not give them an extra hour's sunlight. We just changed the clock.

Mr ADAMS: As long as we have a uniform solution so we do not have a time difference at the border. If it means half an hour both sides, I think I would be happy with that. I am sure a lot of our businesses would as well.

The Hon. JAN BARHAM: It might have been Geoff Provest who actually commented recently about there being some discussion on the topic. Are those issues that have been around for a long time—taxis, employment et cetera—all part of that cross-border negotiation or conversation?

Mr ADAMS: They have been raised as issues and they are under review as I understand it.

The Hon. JAN BARHAM: But they all impact on tourism, do they not?

Mr ADAMS: Tourism is part of the economy. It is very difficult to excise one part of it without affecting something else. One of the big issues we have is getting an understanding of tourism. I tend to think it is discretionary spending. We have people come to stay with us, but they could be here on business. It is not regarded as tourism, but they do not live here. When we have people staying in our places in the Tweed and on the coast they might buy something from the butcher shop across the road. About 30 per cent of that shop's trade may involve non-residents. If we removed that 30 per cent the butcher would not have a viable business because that helps to cover his overheads and to generate a profit. He is as reliant on tourists as anyone else. However, if you were to ask him if he was in the tourism business he would say, "No, I am a butcher." There is a lack of understanding about the value chain.

Mr SCOT MacDONALD: The Committee's first term of reference relates to the value of tourism to New South Wales communities and return on investment from government grants and funds. The Byron Shire Council has provided some good figures. Tourism Research Australia figures indicate that the total value of tourism to New South Wales is \$26 billion. I assume all of that is private benefit. What is the argument in

support of taxpayers' money of any kind being given to the industry? Submissions I have read indicate that the multiplier effect of a grant is wonderful—10 to one, five to one and so on. If we shut down Tourism NSW tomorrow, would that figure change? What is the justification for taxes being given to the industry?

Mr ADAMS: I accept your premise that tourism figures are slightly rubbery and that their accuracy could probably be challenged. However, we intuitively know that tourists coming in and spending money must be good for the community provided their impact is less than the value we receive. If it is \$16 billion or \$36 billion, it is still a very significant number and it drives employment, particularly in regional and coastal areas. We do not have the economy of scale and the economic impetus enjoyed by Sydney and to a lesser degree by Newcastle and Wollongong. We are very reliant on that discretionary expenditure coming in to support local business and industry. Grants are probably fairly well channelled. As Bill said, I think it would be nice if we could get more, and more in a strategic sense as opposed to going out and building something. Of course, that will qualify for a grant, but it might not have involved a lot of forethought with regard to the flow-on effects. Sometimes planning is more important than simply going out and building a wall.

Mr SCOT MacDONALD: The agriculture and mining industries do not come to us for money.

The Hon. JAN BARHAM: They do.

Mr SCOT MacDONALD: At very low levels. I think agriculture gets about 1 per cent. There seems to be a handout culture in tourism. I am new to this.

The Hon. JAN BARHAM: What about the car industry?

Mr SCOT MacDONALD: There seems to be a culture of handouts.

Mr ADAMS: We have a situation in Kingscliff, which has had a succession of storms culminating in Cyclone Oswald in January this year. It is a coastal village that is emerging as a town. It has a lovely cafe strip on Marine Parade. The Kingscliff Beach Holiday Park is in front of Marine Parade on Crown land, as are the surf club to the south and the bowls club to the north. Those three businesses have suffered significant damage as a result of storm events over three or four years. I am responsible for those holiday parks and that business. We had people running businesses across the road on Marine Parade who asked what we were doing about it because their businesses were going broke. Many people who stay with us go across the road and support their businesses, so there was an aggregating effect.

We are going through a coastal zone management plan process, looking at cost benefit analysis, multiuse, access and so on. We have spent hundreds of thousands of dollars over many years on research. However, we need to get on with building an erosion protection wall and providing sand nourishment in front to maintain the amenity of the beach. There have been erosion protection walls on the Gold Coast for 30 years; it is mandatory up there on the coast. They build the wall, which the owner of property pays for, but the property is worth millions of dollars and it costs a couple of hundred thousand dollars for the wall. That is a good investment. If we can get through the planning process for the wall at Kingscliff, which is a nightmare in itself, we are talking about spending approximately \$15 million. The bowls club and the surf club will probably go unless we have a side wall to protect them, and the beautiful park in front of Marine Parade will be washed away.

The council or the Government will then have to protect Marine Parade because it has essential infrastructure—water, sewerage, stormwater, electricity, the road and so on. Immediately behind that is private property under freehold title. We cannot allow freehold land worth tens of millions of dollars to be taken by the sea. If we do not do it now, we will be deferring the decision for our children or grandchildren. Doing it later will be much more expensive because it will involve a spur-of-the-moment decision. We will have lost that beautiful land at the front. It is a convoluted way of saying that if we spend \$15 million now we will lock it in and ensure that the existing businesses on the front are sustainable. It is Crown land and it is owned by the people of New South Wales. The bloke at Bermagui has just as much right as I do to use it.

Mr SCOT MacDONALD: I will not go on, but I understand what you are saying about investing in public environmental assets.

Mr ADAMS: Sorry if I am being unclear. The \$26 billion is not all going to private enterprise. It is not all about profits going into operators' back pockets. Many facilities, particularly those on the coastal fringes, are

on Crown land and it is owned by the people of New South Wales. We operate the holiday parks and our excess profit goes back to council to maintain all the council reserves—37 kilometres of them.

The Hon. NIALL BLAIR: But that \$26 billion does not include the expenditure at the butcher shop you mentioned.

Mr ADAMS: That is correct.

The Hon. NIALL BLAIR: You cannot include every other business that benefits. Is tourism the number one economic driver in the Tweed area? What other industry do you have? You probably grow a bit of sugarcane.

Mr ADAMS: Agriculture and dairy production is diminishing over time. Land is more valuable for residential development. We have massive developments at Cobaki and Kings Forest involving 8,000 or 9,000 people in each community. Without tourism, I think the Tweed economy would stop because of the flow-on effect. If we are doing something in a holiday park or building a new tourism facility we are employing builders. They are earning money from the tourism industry and without them we would have no new tourist park developments.

Mr SCOT MacDONALD: I do not think anyone would dispute that, but why use public money? Would the tourism industry in Tweed or Byron or wherever disappear tomorrow if grant A and grant B, Destination NSW and so on were scrapped? If we scrapped them would tourism stop tomorrow? Does the industry need ongoing government money? That is what the first term of reference is all about—the value of tourism to New South Wales.

Mr TATCHELL: It would not stop tomorrow per se, but it would slowly crumble and the product offering would diminish. The industry comprises predominantly small to medium enterprises that do not have the necessary resources—both investment and intellectual capital. The funding is not always used to build a product. It is about investing in those businesses, providing training courses and mechanisms to enable them to operate sustainably into the future. We need to look at the type of funding provided and not only the pillars. I am an advocate of imparting the knowledge to educate the industry so that it reaches the point that it does not need continual funding. From a public sector perspective, the money made available to the tourism industry is fantastic. However, we will always want more. From a private sector or commercial perspective, I want the Government to hand it over to share the load.

Mr SCOT MacDONALD: Where is mine?

Mr TATCHELL: Share the love.

Mr SCOT MacDONALD: I will shut up.

Mr TATCHELL: What I will say is that I strongly recognise that in a regional context the product mix, if you will, is arguably as strong as it is because of that funding. Take that away, that product mix will diminish, the competitive edge of the State to provide a diverse range of experiences will diminish, meaning our competitors will be in a stronger position. Is that funding sustainable? I do not have an answer there. But, as I said, I look for imparting that knowledge. A structure that is about growing and mentoring so that they become self-sufficient would be much more beneficial.

The Hon. LYNDIA VOLTZ: Following on from that, as an example, I have here *The NSW Caravan & Camping Holiday & touring* publication, which is a very good publication that would be good for promotion across the board. I notice that Queensland has one as well. Destination NSW is acknowledged here as funding this publication and the Queensland Tourism Industry board is acknowledged in theirs. You were talking about recreational vehicles before. How would regions such as the Tweed be able to promote themselves if there was no investment by government in these publications? Most of the tourism budget goes to marketing, does it not?

The Hon. JAN BARHAM: The councils have to contribute as well.

The Hon. LYNDIA VOLTZ: Yes, I understand that.

Mr TATCHELL: Split in your mind destination marketing versus product marketing. In the commercial world we look at product. It is product that sells; that is what you transact. Raising awareness of the destination is the role of the State Tourism Organisation [STO]. There is no dabbling in the product side, because it needs to determine a return on investment and justify the money that it receives. But if you take away that destination awareness of a State and the experience within, areas like the Tweed would then rely solely on local organisations like ourselves. For example, you have got an ad there from Tweed—

The Hon. LYNDIA VOLTZ: The Seven Wonders of the Tweed.

Mr TATCHELL: There you go. In other publications we will go to the editor and the publisher and we will take four pages to create an editorial destination piece, plus the advertising. We do that without any assistance from Destination NSW because it is often cheaper for us to do it that way than it is to go off on a cooperative campaign. Cooperative campaigns, there are requirements for products to be ready, and there are different states of ready—international ready, wholesale ready—and unless a product is "ready", it is difficult for it to buy into those campaigns, and you will then exclude an enormous market segment who are not ready.

CHAIR: Do you work in collaboration with other Shires in the area such as Byron and Ballina, particularly for tourism?

Mr TATCHELL: Yes, absolutely.

CHAIR: Is that collaboration working well and has it been in existence for a long period of time?

Mr TATCHELL: It works well, to an extent. That collaboration is very important. We have a group that we run and administer ourselves for the Northern Rivers region, and the reason it is really important is that our regional tourism organisation runs from Port Stephens up to the Queensland border. It is huge. The depth and diversity of experience in product offering there is immense. For us as an individual shire, we work cooperatively, we join their marketing programs, and we have a voice. But for smaller regions such as Kyogle, they do not have the money but they have some great product to offer.

We band together to do promotional regional marketing where we pool our resources without the assistance of Destination NSW. In this way, I believe that our tourism management group in the Northern Rivers is a good model of organisations coming together using our own resources and, where we can, we tap our regional tourism organisation on the shoulder to see if there is any funding available to cooperatively go into it. We are very much about trying to do it on our own. The reason for that is what I was talking about before: The focus out of Sydney is out of Sydney. It is not necessarily to the regions straight on the border of Queensland.

The Hon. JAN BARHAM: What have you identified are the attractors and what have you done in your destination management plan? My interest is whether or not they align with the State, even if the State very clearly does it. Is it nature, Aboriginal cultural experiences? They are both rich in this area, so where the council has a responsibility to support and enhance those key attractors, what does it do for that product development?

Mr TATCHELL: The Tweed is in the process of doing its destination management plan. We have been waiting to see what comes up and how it gets used. We are at the beginning stages of ours. Our regional tourism organisation destination management plan is incredibly diverse because, as I alluded to earlier, everyone wants to get their activity included as opposed to honing in on certain pillars. In respect of how the Tweed Shire Council is product developed, we have a contract with regional council to look at that product development. That product development will be centred around the outcomes of the destination management plan, which will focus on the strengths of the region.

The Hon. JAN BARHAM: Maybe I should not have said destination management plan, because Tweed has been doing tourism for a long time. I used to be with Northern Rivers Tourism. Tweed was doing it on its own because it had a history of being very clear about its direction. What was the group called that had the Tweed—

Mr ADAMS: Going back 25 years, 30 years ago, the Tweed was working with a publication called The Guide, the joint tourism committee, which was Tweed, Byron, Ballina, the Gold Coast, Albert Shire and Redland Shire. It was a cross-border initiative and it worked very well.

The Hon. JAN BARHAM: Up until five years ago, the Tweed operated its own tourism organisation.

Mr TATCHELL: We still do.

The Hon. JAN BARHAM: What is it called?

Mr TATCHELL: Destination Tweed.

Mr ADAMS: It used to be called—

Mr TATCHELL: Tweed Tourism.

Mr ADAMS: Tweed and Coolangatta Tourism—Tweed Tourism.

The Hon. JAN BARHAM: In that, you have recognised what your core attractors are.

Mr TATCHELL: Absolutely.

The Hon. JAN BARHAM: That then feeds back through the whole of council in respect of what is important for council to focus on to be complementary?

Mr ADAMS: Destination Tweed has responsibilities under our management agreement to provide tourism development, promotion, strategic advice, and, as Bill has alluded to, some of that would include product development and where we are going in the future. Destination Tweed has carriage of that.

The Hon. JAN BARHAM: Is the Green Cauldron still operating?

Mr TATCHELL: Yes.

Mr ADAMS: Well, it is still going. It is trying to get funding from the Feds to get the thing ramped up and get it going.

The Hon. JAN BARHAM: That is about the nature, the Indigenous people and that whole experience that is unique to the Tweed, the caldera, and all of that that there is to offer—the walk.

Mr ADAMS: And it is across the State border, which makes it a little bit quirky in respect of how you can get it going.

The Hon. JAN BARHAM: Is not what you are offering the core attraction about the experience, why people would choose to come to Tweed or to the North Coast, and whether or not you are building on that with the food, the art, the Margaret Ollie gallery, which is going to be fab?

Mr TATCHELL: For us as a region, absolutely. We know Australians. We know what we are. We are not theme parks. We are not interested in those. They are just 30 minutes up the road. Ours is a destination. It is clearly about seeing what strengths and pillars we belong to, and that is nature, our low impact tourism, sustainable tourism. The difference with the Tweed is that we have a border to an enormous market in South-East Queensland. Multiple times a year they come down to the caravan parks, the beaches, the Mantra and Pepper resorts. We are very fortunate. We have a council that had the vision to lop the building height to three stories a number of years ago. You have this enormous juxtaposition between urban massive built infrastructure on the Gold Coast and 10 minutes in a car down south you can stand on a beach, turn around and see trees. You are in a natural environment. It is that position that is our strength. That is the area that we focus on.

The national landscape program, which is Australia's Green Cauldron, is a Federal initiative through Tourism Australia, but it plonks down those layers. It looks at what are the overall experiences, and what are those experience seekers looking for. It is nature-based. If you think of the Kuranda sky rail, it was heresy at the time of building it. Now look at it. It is an award-winning product in the Daintree in North Queensland. Our opportunity in northern New South Wales is to look at our tourism opportunity for the future and go, "We want a cable car to the top of Mount Warning." Fantastic. Who is going to invest in that? In 20 years' time, that will be considered blue-sky thinking. We do not have that. Please, I do not advocate a cable car to the top at all.

The Hon. NIALL BLAIR: Then we can mountain bike down it. Let us do that.

The Hon. STEVE WHAN: Now you are starting to interest me.

Mr TATCHELL: We have opportunity, and one of those opportunities is mountain biking. We have some fantastic hills. We now have very receptive national park managers in the Northern Rivers looking at what we can do that is both sustainable and relatively low impact. The Tweed has a very good tourism industry, but it is layer on layer on layer. I use the example: if you go to Uluru you get off the bus and there are about 30 or 40 other coaches. It is an amazing experience as you look forward to the rock, but if you look left or right you are one of many. The Tweed has many tourists, but we are all doing different things there. You get the beautiful feeling of being alone. You may be there for the Margaret Ollie, the art. You may be there to paint. You may be there as a botanist or a bushwalker or a mountain biker, a kayaker, a fisher, a surfer, a body-boarder. Add them all up and you have a healthy, robust tourism industry.

The Hon. PAUL GREEN: You mentioned infrastructure on the coastal strip and \$14 million or \$15 million to address it. All the way down the New South Wales East Coast you have those issues. How do you prioritise the Tweed situation when you have this replicated right down the coast? Do you have a way to address funding differently?

Mr ADAMS: It is another way of addressing the question from Mr Macdonald. If it is return on investment, we have built infrastructure, and private property freehold title has been granted to things under threat. That is different to undeveloped Crown land where the downside of losing it is the loss of a natural attraction. You are not threatening private property. That is one of the distinguishing factors between us. Another thing comes back to whether it is a good investment. If you are giving money away, surely it is incumbent upon the person giving it away to set the criteria for whether or not it is a good spend. Some of the State and Federal grants I have seen have appalling decision criteria. If you are going to give money, you need to define your objective and how to measure it, then how you assign that measurement against a particular project. You can say, "Okay, this is a good spend." It does not have to be dollars; it could be employment growth, it could be provision of infrastructure, it could be creation of an artistic environment, or whatever. But if it is in line with the objectives of what you are trying to achieve, you set up the measures and fund it accordingly.

The Hon. PAUL GREEN: You are probably talking of hundreds of billions of dollars when you look down the New South Wales coast, and the climate change effect that is projected to be around 80 or 90 centimetres.

Mr ADAMS: We are working on a metre.

The Hon. PAUL GREEN: Just tourism would never be able to cover the cost of this issue. It has to be in a different part of the budget in total. Would you agree with that?

Mr ADAMS: I would. Before you spend the money you need to understand the downstream effects. We have a littoral drift that goes from south to north, and if you put a hardened area somewhere in that drift line then you create a logarithmic effect and move it to the north where you get an erosion scrap. That is just a natural occurrence. If you are going to spend lots of money doing work you need to understand how you are going to protect that asset, and what effect it would have on the person downstream.

The Hon. PAUL GREEN: I think they did that in Dubai. They built some islands and realised that the currents ate out a whole section further down the coast. My point is that the budget is overwhelming, and tourism would never be able to pay for the infrastructure that needs to be re-sited if the climate change issue is as hot as it is. The budget needs to follow that to re-site the infrastructure. The by-product of that is it will strengthen the opportunity for tourism.

CHAIR: Thank you for coming. The Committee staff will be in contact with you regarding your comments. If you want to make a written submission, there is time to do that as well.

(The witnesses withdrew)

(Short adjournment)

CAMERON ARNOLD, President, Visitor Industry Association Byron,

MARK ARNOLD, Executive Manager of Corporate Management, Byron Shire Council,

KEN GAINGER, General Manager, Byron Shire Council,

BEN KIRKWOOD, Vice President, Visitor Industry Association Byron,

SIMON RICHARDSON, Mayor, Byron Shire, and

ROBERT ROSEN, Vice President, HLOByron Inc., before the Committee:

CHAIR: Thank you all for coming. Although this is a roundtable discussion, you are covered by parliamentary privilege. It is designed to be a more free-flowing and informal discussion.

Mr ROSEN: I represent holiday-letting accommodation in the Byron Shire and I am also the chairman of the Brunswick Heads Chamber of Commerce holiday-letting committee.

Mr C. ARNOLD: I will also be meeting you later as the co-chair of the North Coast Destination Network. I thank the Committee for the invitation to represent Visitor Industry Association [VIA] Byron. We are an incorporated association that was formed in 2012 with the support of Destination New South Wales, the regional tourism organisation, and all the key stakeholders in Byron Shire, including Byron Shire Council.

The visitor industry in Byron has been very fractured and disjointed, and the need for an industry association was recognised in council's tourism plan in 2008. The current board of VIA Byron has representation from key groups throughout the Shire, such as the chambers of commerce, the visitor centres and council. We recently brought the Byron Visitor Centre under our management. With a joint membership program we currently have over 240 members of the association.

All this was done with no funding support, only the resources of the volunteer boards and some resources from council. For a shire that receives the highest number of international overnight visitors outside Sydney, the lack of support is extremely challenging. I have the recent numbers for Byron: we have 1.35 million visitors per year, \$382 million spent, 2.7 million visitor nights and two-and-a-half thousand jobs directly related to the visitor industry, and obviously the multiplier effects. I thank you for the opportunity to discuss some of these challenges.

Mr ROSEN: HLOByron was commenced some years ago in response to challenges, particularly by the council, of the viability of the holiday-letting industry in the Shire. It went on to develop a code of conduct and a callout system for a security company, and played a key role in the development of the code of conduct established by the holiday-letting industry throughout New South Wales. That code of conduct has been developed, as you probably know, and has been welcomed by the New South Wales Government.

The bottom line to holiday letting in Byron Shire—and, I would suggest, in New South Wales—in residential areas is as Tom Gellibrand, the then Deputy Director General of the Department of Planning, said in 2009, "unrealistic to regulate small-scale holiday letting through the planning system". That is still HLO's view and, on and off, the position of the State Government. But it has been disappointing that over the last five years this State Government and the previous State Government promised to create some planning certainty in this area, but unfortunately we still do not have planning certainty. Holiday letting is a very significant component—a critical component—of the holiday industry in Byron Shire.

CHAIR: As we are on the topic of holiday letting, what do you want from the State Government in this area?

Mr ROSEN: Planning certainty—that is, certainty and clarity for both the existing LEP for the Byron Shire and other areas and under the planning instrument certainty as to the permissibility of holiday letting in residential areas, which in our Shire has been the case for over 100 years. On a number of occasions that has been agreed to in principle by the State Government, which has been looking into the matter. We have been asking the State Government for some years to create that level of certainty about holiday letting—basically, one principle across the State. It is not possible to have one rule for holiday letting in residential areas and a

different rule in another area, because that would have major ramifications for the holiday-letting industry across the State. There are variations in systems. We are talking about a billion-dollar industry.

Mr RICHARDSON: I will add to that assessment from the perspective of the council. I guess from our point of view, and I think this view would be held more broadly across the community, Byron is in a sense offering to find a solution for what is a statewide problem. Robert is completely correct in saying that what we want is some sort of certainty—we want certainty and clarity for our residents; and we want certainty and clarity for not only holiday letting operators but also potential investors. Certainly Byron is in a situation right now where there is very little real push to decimate or minimise the holiday letting industry—it is a vital and important part of our visitor economy. It clearly employs a lot of people, and our visitors need somewhere to stay. Robert is right in saying that we have a long tradition of this. In a sense, instead of going for high-rise accommodation we have gone with a holiday-let type of model. So culturally it is certainly part of the fabric of our community.

The problem is that in leaving planning to market forces there is no clarity for our residents that there will be permanent residents next door to them in 10 years' time if holiday letting continues to grow. For now holiday letting has plateaued but if it grows and spreads into the suburbs then in 10 years' time we could get to a situation where no-one actually lives in Byron—that would mean that no-one is volunteering, no-one has their kids joining surf lifesaving clubs and no-one has enrolled their kids in our schools; and that would obviously be a negative. People have lived here for 100 years. So we are trying to find a way that we can manage both. We are looking at a precinct model. We requested a response from the State on that I think five years ago, and we are yet to receive a response. We note that Brad Hazzard recently said that holiday letting is a local government responsibility so we would like to be given that responsibility to manage it.

I think a precinct model provides clarity, surety and fairness for everybody. That can allow us to say that in these areas where there is already a huge percentage of holiday letting then let us acknowledge that. We will not try to change that but we will say that area can be for holiday letting. Other areas in the suburbs, where holiday letting is growing incrementally, will be areas for residents. We could have a couple of years of leeway so that those who want to invest in holiday letting could move into that designated area and those who want to live in an area where they are not surrounded by people they do not know can also move. We would guess that there would ultimately be no net decrease in the number of holiday letting properties, but a precinct model would provide clarity.

The holiday letting precinct would obviously be in some of the more touristy areas—for example, places like Wategos Beach. I think there are only 15 people who actually live at Wategos Beach. It is about acknowledging what the reality is and then providing clarity. Within those precinct areas, we can then work on some of the behaviour management aspects—for example, how many people we want in these houses, the paying of commercial rates and how they ensure the fire safety measures are of an appropriate level et cetera. I would say that a lot of community members would be compromising to accept that precinct model. I think a lot of accommodation providers would also have to compromise to accept that model. But I think that model would create some planning surety and some certainty going forward. It might then be the case that some areas in southern New South Wales, for example, want the whole of their town to be a holiday letting precinct. But it would give us that provision where a local community can decide what is appropriate for that community.

CHAIR: Have you thought about how you would fund that model? Would you be self-funding to manage it and to regulate the market?

Mr RICHARDSON: No, we would not be regulating the market; all we would be trying to do within a zone is to have a planning provision to say that that commercial operation can exist there. We can then within the local environment plan also have certain provisions to make sure that we acknowledge that holiday letting is a commercial activity. Therefore we can make sure that it is done appropriately so that, for example, if there is a fire late at night then visitors can know where the fire exits are and get out of their accommodation et cetera. It is about basic amenity issues—for example, extra provision of rubbish collection services. All we would be saying is, "Holiday letting can happen there, and where it can happen we would like these sorts of things to be put in place." Therefore it would not only reward the overwhelming majority of good operators but also pull some of the sharks, so to speak, into line. It is about saying that certain areas are for permanent residents only, and so people there can have an expectation that they will get to know their neighbours.

The Hon. JAN BARHAM: But the council has known for a long time that this is unlawful activity under the local environment plan and has taken legal action.

Mr RICHARDSON: We have. Again, I guess we are trying to show goodwill and to move forward. I think at the moment the council and the visitor industry—and I am an ex-officio member of the Visitor Industry Association of Byron—fully support having a strategic vision, particularly the people sitting around this table around this table. Council are quite aligned on this. It is also about getting the business community involved. So while we have been negotiating with a group called Victims of Holiday Letting—and their name suggests how they view it—and other groups, such as the Holiday Letting Organisation of Byron, we have actually deferred any legal proceedings to try to create some goodwill.

The Hon. JAN BARHAM: Has there been any movement from the Holiday Letting Organisation of Byron? They blocked the precinct model when it was put forward in 2005? This is an industry that has been operating for 10 years without paying its way—no rates, no commercial charges and no section 94s. That is where your submission refers to the cost to council of this type of tourism.

Mr ROSEN: With respect, I would say that that view is quite incorrect. The actual level of section 94 contributions levied on residential properties is higher than the section 94 contributions per person or bed levied on tourism premises—

The Hon. JAN BARHAM: No, a bed-and-breakfast in a residential area pays an additional \$20,000.

CHAIR: Order! The witness should be allowed to answer the question.

Mr ROSEN: It is quite clear. I have here, if anybody would like a copy, excerpts from the Byron Shire Section 94 Contributions Plan 2014 which was prepared by GHD. It states this very clearly. So the suggestion that residential areas are not paying their way in terms of section 94 and section 64 because they are not having the specific consent and approval for holiday letting is profoundly incorrect. The facts speak for themselves. In respect of the unlawfulness, I would suggest that, at least prior to the recent Gosford court case, there is no legal basis for suggesting that holiday letting is unlawful; and that is supported even by the council's own legal advice.

CHAIR: Would you like to table that document?

Mr ROSEN: Yes, I would be happy to.

Mr RICHARDSON: I think the last five minutes of evidence have exposed some of the raw nerves in our community on this issue—and, to be honest, I am trying to move past that. When it is all said and done, we have far greater financial impacts from tourism on our infrastructure. Holiday letting is a component of that, and we can agree to disagree about the level of impact. Our legal advice is that if we recommence legal proceedings then we can be very confident that we are going to win. The last case in the Shoalhaven has shown that. We do not want to go down that path. We have offered an olive branch to the Holiday Letting Organisation of Byron and other groups to say, "Hey, look, it is time to compromise."

As I said, with a precinct model we are looking to ensure that there is not a net decrease in holiday letting properties. In fact there could even be an increase because the areas for holiday letting are already largely made up of holiday letting properties and the rest could get filled in by investors. So I think most rational people could look at that and say there is a degree of fairness and there is a degree of surety. The community are not going to get everything they want and operators are not going to get everything they want but at least we can acknowledge where the goalposts are and we all can we can all move on. So on that question I am hoping that the Holiday Letting Organisation of Byron can come to a compromise. Otherwise we know what the alternative is: the alternative is that we go to court, and somebody is going to win and somebody is going to lose. I would suggest therefore that in that case no-one is going to win.

The Hon. JAN BARHAM: That was my question: do you have support from the Holiday Letting Organisation of Byron for this model? Does that accept that currently in Byron Bay 22 per cent of approved residential dwellings are being used for holiday letting? Byron has a high cost of housing. There are issues of housing affordability and unavailability.

CHAIR: We might leave that as the last holiday-letting question.

The Hon. JAN BARHAM: I am just wondering if you can say whether or not that works.

Mr RICHARDSON: Currently not. We have not begun the negotiation. To let you know what we have done: This year again we have got a new council who are trying to get the solution base. That is why we are offering that if you can in a sense let us spearhead a way that we can get a large degree of ownership by the wider community you can then perhaps roll that out across the State. We had a meeting with holiday let and accommodation providers and a lot of the councillors to basically listen to their concerns and their interpretation of realities. We then had a meeting with the group Victims of Holiday Letting to get a community response. Councillors asked certain questions of both groups about openness to compromise, et cetera.

I think after those two meetings councillors have pretty much walked away thinking that we are going to have to lead here a bit. Personally, I probably would have preferred that both groups compromise a fraction more but everyone has the right to fight the battle as they wish. Ultimately, we have now got a meeting in the next couple of weeks where we are going to get all of those groups together around the table and we are going to try to flesh that out. As I said, certainly if it gets resolved in a notice of motion tomorrow we will be basically bringing the considerations of a precinct model to that group and we will try to flesh that out as the sort of field we want to play on. Then we hope all the groups can bend a little to get a bigger outcome.

The Hon. PAUL GREEN: Can I make a statement before Ms Voltz asks her question. Just to clarify it for Mr Richardson's sake, not everyone across New South Wales wants that change.

The Hon. LYNDIA VOLTZ: That is good, Paul. We have got everyone's opinion now. From a council point of view, you get 1.4 million tourists every year. You are happy to get 1.4 million tourists every year, yes?

Mr RICHARDSON: The numbers are fine.

The Hon. LYNDIA VOLTZ: But what you want to do is get more revenue to pay for impacts on local roads, so what is your position on rate pegging and the council's ability to do that?

Mr RICHARDSON: I think rate pegging suggests that you are not an equal partner. If local government is an equal partner you trust us to raise revenue appropriately, like every other level of government in virtually every other State in the country. Clearly, if that was removed as every other State in the country has, we might have an opportunity to raise money to better mitigate some of our costs. Ultimately, if we are equal partners let us get on with it.

The Hon. LYNDIA VOLTZ: If you get 1.4 million tourists a year I am surprised that only 27 per cent are dissatisfied with parking. In Sydney I would be surprised if I could find 27 per cent that were satisfied with parking. I know you think the dissatisfaction levels of 27 per cent, 17 per cent and 15 per cent with local roads are very high, but if you did those surveys in somewhere like Sydney you would be lucky if you got any of those percentages as satisfaction ratings.

Mr RICHARDSON: In our shire we want to create solutions. For example, with traffic and parking, we will be trialling a park and ride system over summer, which will probably be the most profound in New South Wales and potentially in Australia. It will be very similar to the European model where people will park out of town and we will bus them in. For example, we have got a great double-decker psychedelically painted bus that begins the visitor experience before they even get into town. We have got a train track that we will be looking at. One of our businesses has already leased two carriages and we might be able to work with them to get people into town. Again, if we can get all the approvals, we find that will be a way that we can mitigate our parking.

The Hon. LYNDIA VOLTZ: They are adding to the tourist experience as you come into Byron Bay?

Mr RICHARDSON: Absolutely.

Mr GAINGER: Can I add a couple of points in relation to that. You mentioned rates. Rates are not the answer. We derive about 30 per cent of our revenue from rates and that is primarily needed just to sustain our local community. On top of that, if you look at the Byron Bay township including Suffolk Park, you have probably got 10,000 or 11,000 resident population. The impact of 1.4 million visitors on a township of that size is a little bit different to co-relate to parking problems in Sydney. It is a little bit different because that is where they live and you have got to build a sense of community for your local people as well as accommodate this exponential influx of tourists from south-east Queensland and other places.

There needs to be a much broader solution to the financial issues because it is not just the roads, it is the infrastructure such as the toilets and all those things that coastal towns that are popular with tourists confront. We are like most local councils; we are struggling with our long-term financial sustainability. We understand that we cannot put our hand out and expect that other levels of government can fund that but we need to maybe change some of the rules and regulations that we have in our current legislation, which is being looked at with the local government reform process that is underway, to free up our capacity to raise revenue from other sources. We are actively trying to achieve that.

The Hon. STEVE WHAN: In relation to the terms of reference on the utilisation of special rate variations in your submission you have talked a lot about your need for more money but you have not actually said whether or not you support rate variations or special rates for tourism premises. What is your attitude to that?

Mr GAINGER: The problem with raising the funds through special rate variations is once more our base community is funding all of the infrastructure upgrade and renewal.

The Hon. STEVE WHAN: What about the rates on tourism businesses, the business rates?

Mr GAINGER: At the moment there are restrictions. For example, if we try to raise special rates, under the current legislative framework we have a notional yield of rates that we can raise across the local government area [LGA]. If we raise a special rate against a class of properties the total pool does not increase, it just shifts the burden from one group within the community to another. That is the problem we have with the current legislation. I understand that the local government reform panel are proposing a freeing up of those restrictions at the moment, but they are the sort of fundamental things we need to look at so we are given the capacity to be able to sort out some of these problems for ourselves.

Similarly, we also get a substantial amount in terms of financial assistance grants from the Federal Government but those grants do not include disability factors which would help to reflect the fact that the community is bearing a significant part of the burden and that we need a bit of a top-up. We should be not disadvantaged to the level we are. That flows from not just the Federal assistance grants [FAGs] but also from when the Federal Government allocates that sort of one-off stimulus funding. It is all based on the same formula.

The Hon. STEVE WHAN: What other ways are there of raising funds directly from the 1.4 million tourists per year to assist with your infrastructure? A town that does not have the bonanza of tourists coming into it might very well ask why they should be putting money across to help with your infrastructure

Mr RICHARDSON: I guess an answer is how much funding does Destination NSW spend on supporting the communities that they want visitors to visit? All the money in tourism is about bringing visitors but how much is allocated to those communities to keep them vibrant?

The Hon. STEVE WHAN: But what I am asking you is have you thought of other ways of raising money—

Mr RICHARDSON: That is one way: the State Government could actually support the communities.

The Hon. STEVE WHAN: You want the rest of the taxpayers to provide the money. What other ways are there of directly getting the money from the tourists who visit?

Mr RICHARDSON: There are many potential ways that we have looked into. We looked into putting a toll on the road into town; that was refused. We looked at bed taxes; that has been refused. We have looked at a tourism advisory committee. Some people around here have been on that committee. We have looked at trying to support volunteer event levies, et cetera. We are leaving no stone unturned to try to find ways to get income to at least mitigate the situation for us. Special rates on tourist operators, as you said, brings up the issue again of where that definition finishes. Does the electrician fall under that category?

There is a wide perception in Byron that everyone is part of the visitor economy. If you rate a particular category, that is contestable and there would be no way in the world that we would not get all sorts of appeals against that. We either increase the rates on everybody and then, of course, some people who live in the hills

will say, "Why am I being charged extra?" If we do business, again it is not such a clear-cut issue because at the moment you can really only put that extra rate on the premises and not necessarily the operation. Someone who might have a kayak business and who therefore does not have a building will not get rated and someone who has got a law firm will. Again, if you can give us more clarity in the planning powers so we can make that distinction a little clearer that would be appreciated.

The Hon. STEVE WHAN: The job of Destination NSW is to boost visitor nights in New South Wales. It would be quite legitimate for them to say that their aim is to help communities to boost their nights and why should they be assisting with—

Mr RICHARDSON: Then I guess maybe the department of infrastructure could support infrastructure in our area.

Mr C. ARNOLD: The new funding regime is to increase the overnight visitation spend. If the infrastructure is failing and people are not coming or the quality of the tourist is decreasing then you are not going to get that spend, you are not going to achieve that goal, so therein lies the issue. If a town or accommodation outlet is starting to decrease in its value then people are not going to come back.

Mr KIRKWOOD: Can I add that it is a competitive market that we operate in as well. When you look at New South Wales with a falling share in the tourism sector—they have set an ambitious goal of doubling overnight visitation—we sit on the doorstep of Queensland where we are competing with the Queensland markets and we are competing with other destinations within our own State and around the country, to talk about penalising the consumer who chooses our New South Wales product—our second most popular product in this State and one of the jewels in the crown of our tourism assets—to me is just mindboggling. We are talking about where we are trying to operate. We want to be providing incentives for these people to come and for the revenue that comes through to our State as a coordinate and our economies and all those things. It seems like we are thinking about it backwards. If we were looking at this in a business sense—in my business I would never be looking to penalise my customers. In fact, I have tried to find ways to bring them in and make it more efficient to service them, to meet their needs or exceed their needs.

Mr ROSEN: The State Government benefits quite considerably in direct income sources from tourism in New South Wales and it does not feed any of that money directly back. I am talking about land tax and stamp duty, in particular those two, and also GST indirectly through the Federal Government. Byron Bay's popularity has had a significant impact on housing prices and can't be—have a look at this article which appeared in the *Sydney Morning Herald* the other day with the heading: "Seachange set to make a beeline for Byron". So it is all on again. This type of boom-bust mentality may not help but during these boom times the State Government gets a considerable amount of revenue from Byron Bay that it does not feed back to the community. So when you say the taxpayer has payoff, it is our taxpayers who are paying and not getting the money back from the State Government.

Mr SCOT MacDONALD: On a similar theme, in the mining sector about a year or 18 months ago there was an audit by the State Government into the royalty yield coming out of the LGAs, whether Muswellbrook or wherever, and what went back. If this Committee is looking for suggestions—I mean we can go over the issues forever and ever—would one suggestion possibly be that you do an audit along the lines you are talking about—namely, the tax take from Byron or land tax or whatever general sort of State revenue you might care to name—and what the return is back to Byron?

Mr C. ARNOLD: Absolutely, from a commercial perspective that is a smart way to go.

Mr ROSEN: It is a bit novel.

Mr SCOT MacDONALD: It was done in mining; it wasn't easy—and I think this would be even more complex. There was an audit done and it affected resources for the region. They came up first of all I think with \$20 million and then \$80 million was directed back to those LGAs that were not getting a fair slice of the pie, so to speak.

Mr C. ARNOLD: The current numbers are that \$21 million is given to regional tourism—across the whole State—and it is a \$30 billion industry; it is ridiculous.

The Hon. STEVE WHAN: But you would not measure it on the basis of saying that the tourism budget should be the vehicle that makes returns. The tourism budget is about promoting tourism; it is not infrastructure.

The Hon. LYNDA VOLTZ: Take the Pacific Highway for example.

The Hon. STEVE WHAN: Arguments such as that of the NRMA that all petrol money should go back to roads are just not logical because they ignore education and all those other things. It is not a valid argument.

Mr RICHARDSON: I do not think that Cameron is suggesting that \$30 billion should be a net neutralisation of income and expenditure. I guess what we are trying to suggest is, like anything, destination is about the experience. So getting someone to Byron is one thing but then creating an experience so they keep coming back, which many still do in spite of the old girl of Byron Bay needing a little bit of TLC. Ultimately if we can create a better product it is better for our tourist industry. Now the way to increase our product is not to have an amusement park; it is to have our town more beautiful, more seating, better bins and better quality roads. These are the sorts of things which we can look at it. We can say that is an infrastructure thing and still say it has a visitor experience component, like anything else.

The Hon. JAN BARHAM: But council did not include the costs that have been estimated for that additional non-resident impact—

Mr RICHARDSON: It is about 28 per cent I think on our infrastructure.

The Hon. JAN BARHAM: Twenty-eight per cent translates to about \$1.2 million per year as well as the \$6 million extra on the sewerage treatment plant [STP] for day trippers. You are saying that those costs are unrecoverable?

Mr RICHARDSON: Absolutely and—as some of the members who were here yesterday heard me say—New Year's Eve is an example. On New Year's Eve we were filled to the gills, so to speak, but we had an extra \$50,000 clean-up bill for one night, which the ratepayers will pay for, let alone diversion of staff et cetera.

The Hon. LYNDA VOLTZ: How is that different to Stockton Beach, Newcastle, where the fireworks are in the Hunter? It gets absolutely jam-packed there on New Year's Eve and that poses exactly the same question.

Mr KIRKWOOD: The population that live there.

The Hon. LYNDA VOLTZ: If you have been to Stockton you will have seen that the population is—

Mr KIRKWOOD: You are talking about drawing from the greater Newcastle region.

The Hon. LYNDA VOLTZ: In your submission you raised issues such as a decline in the number of Country Women's Associations [CWAs], Lions and Rotary clubs as well as bookshops closing down. Can you point to a town anywhere up and down the coast with a population that is to grow by another million within the next 10 or 20 years where those things are not happening? How is Byron different to every other country town on the coast—

Mr GAINGER: They are being driven by a lack of demand whereas we—

The Hon. LYNDA VOLTZ: That is not true. Every coastal community will tell you that they survive on tourism, their roads are crap and they have infrastructure issues that need to be resolved.

Mr RICHARDSON: I guess we hope you listen to every coastal community saying these things.

The Hon. LYNDA VOLTZ: We wish we had lots of money that we could do that. You have spoken about unaffordable housing prices, and that is true. Housing prices anywhere along the coast are being driven up by population growth. I am trying to dissect the things that people put before me as planning issues concerning economic growth and the way in which society works.

Mr RICHARDSON: I guess the bottom line is that Byron Bay is a town of about 10,000 people, it gets 1½ million visitors a year and the council receives virtually no income to help support the impact of that.

The Hon. JAN BARHAM: Can you provide on notice the documented costs of the sea-change information held by council, the non-resident cost to council, because that is an interesting assessment?

CHAIR: Are you happy to take that question on notice?

Mr RICHARDSON: Yes.

The Hon. NIALL BLAIR: Mr Gainger, you said that 30 per cent of council's income is from rates—a small rate base of 10,000 households—so where does the other 70 per cent of income come from? Is it from the 1.4 million people coming in and using other facilities?

Mr GAINGER: Not a lot of it is coming from the visitors. We are looking at things like paid on street parking et cetera to try to get a contribution towards the use of infrastructure and its maintenance and renewal.

The Hon. NIALL BLAIR: Is it council businesses, is it caravan parks, is it—

Mr RICHARDSON: Just going back to the caravan parks, we did have five and the State Government took three of them back, so we do have two caravan parks which generate income.

The Hon. NIALL BLAIR: List all of your income sources. Where are you getting the shortfall in the 70 per cent of income that council receives? Where is it coming from?

The Hon. PAUL GREEN: What component of that 70 per cent is the financial assistance grants [FAGs]?

Mr GAINGER: The financial assistance grants are only about \$1.8 million or thereabouts.

The Hon. PAUL GREEN: Of that remaining 70 per cent, how much do the financial assistance grants consume?

The Hon. LYNDIA VOLTZ: What is the 70 per cent?

Mr GAINGER: We can provide you with the breakdown.

The Hon. NIALL BLAIR: Surely, as the general manager, you can tell us where your income is coming from. What this is deteriorating into, and what we do not want to have, is a debate. We have heard the comment that everyone benefits from tourism. Do we then put rates on the local electrician because he benefits from tourism? We have heard two competing arguments: either we are victims or we are beneficiaries of tourism. In this case I think it is a bit of both. We have to find out, in trying to work out how to assist with infrastructure and help the victim side, if the beneficiary side is paying enough of its way to council to assist with that, and we would then look at other issues like grants and things. Surely there are enough people sitting at the table to be able to say what the council's main income sources are, other than rates—or does that have to be taken on notice?

Mr RICHARDSON: Certainly caravan parks. I think it is just over \$1 million that we make from our two caravan parks.

The Hon. STEVE WHAN: But that is not 70 per cent.

Mr GAINGER: User fees and charges are substantial.

The Hon. STEVE WHAN: User fees and charges would be what sort of percentage?

Mr GAINGER: Maybe about twenty—

Mr M. ARNOLD: That is water, sewer—I mean they are paying for services.

The Hon. LYNDIA VOLTZ: And what percentage is that?

Mr M. ARNOLD: It is around about 25 per cent.

The Hon. LYNDIA VOLTZ: So the other 45 per cent is government grants?

Mr M. ARNOLD: Some of it would be.

Mr GAINGER: It is difficult because the grants fluctuate from year to year, you get capital expenditure grants—

The Hon. LYNDIA VOLTZ: Yes.

The Hon. NIAL BLAIR: We need to be able to find our way through. You are the victim of your own success because of your geographic position and the attributes that come with it. In saying that, we flew into Ballina, which is a fantastic airport and you now have three air services. There are other communities that cannot get things like proper health services because specialists are unable to fly in and out of those areas. There are two competing things here, and one is feeding the other. We are trying to work out how we, as a committee, can navigate our way through, because you do not want to turn around and say, "We don't want any more tourists because if we did not have the tourists we would not have the airport and some of the other facilities that we have."

Mr RICHARDSON: We certainly would not say we do not want more tourists. What we are trying to do is not—

The Hon. NIAL BLAIR: But is that not the problem?

The Hon. LYNDIA VOLTZ: No, he said they like the tourists.

The Hon. NIAL BLAIR: But was the comment not made that you do not want the funding put towards getting more tourists?

Mr C. ARNOLD: We have two key strategies in the township. One is dispersal because they all do flock into Byron Bay itself, so it is really dispersing them out to the rest of the villages. The number of tourists is fine. It is the quality of tourists as well; that is the other strategy.

The Hon. LYNDIA VOLTZ: The quality of tourists?

Mr C. ARNOLD: The quality of tourists—absolutely.

The Hon. LYNDIA VOLTZ: What do you mean by "quality"?

CHAIR: To assist Hansard, we must have only one person speaking.

Mr C. ARNOLD: Sure. When I say the quality of tourists, it is the type of tourists that do respect the town, will look after the town and will enjoy the product that is actually there.

The Hon. NIAL BLAIR: The issue about the way that Destination NSW funding is structured at the moment—I think you said it is about increasing visitor nights. Is that an issue for you? I got the impression earlier that you would like the funding to service the existing number of visitor nights that you have. You are happy with what you have, but you want to be able to accommodate them a lot better before you start to increase, or would you still like to drive the increase?

Mr C. ARNOLD: We are a leisure destination. The difference between leisure and corporate is that weekends are our busiest time, our peak time, so if we can spread that across the week, that is building things like business events, conferencing, our international market, then absolutely, we support the funding being spent on that. It is not about getting more tourists.

Mr RICHARDSON: I would also add, about the quality of the tourists, that it is about their behaviour and all that sort of stuff, maybe the demographic, but what we have also found over the last few years is a

growth in day visitors, so for us the numbers are less important. What we want is for people to stay longer and spend more.

Mr SCOT MacDONALD: That is in your submission I think.

Mr RICHARDSON: Yes, so that is what we mean by "quality". Someone coming for the day who drives on our roads, uses our water, often brings their own food, does not spend a great deal—that is great, they are having a good experience, and who are we to stop people enjoying our natural surroundings? But the benefit really throughout our community is far less than someone who stays in accommodation for three or four days, visits the hinterland, experiences different things, takes classes and spends a lot more money. That clearly has an increased benefit for our community.

The Hon. LYNDIA VOLTZ: But does that not go back to holiday letting where you have your 22 per cent?

Mr RICHARDSON: That is why I said we do not want to get rid of the holiday let component of our industry.

The Hon. LYNDIA VOLTZ: Would that not increase your holiday letting?

Mr RICHARDSON: Yes, or potentially, but the houses are holiday let anyway. It might just get them staying midweek rather than only weekends, so again it is stretching it. Having people stay longer does not necessarily increase the amount of houses; it just increases the occupancy rate.

The Hon. STEVE WHAN: I am going to take a risk and go back to holiday letting.

CHAIR: Only one question.

The Hon. STEVE WHAN: Yes, or one and a bit. My question is about your planning certainty on holiday letting. If you get your zones, would you see individuals having to apply individually to councils for approval to holiday let their homes, or would there be a blanket ability for someone in those zones to have holiday rental of their house? Secondly, have you done an analysis of the economic impact or benefit of those people who are holiday letting in the community?

Mr RICHARDSON: As far as the first question, our bottom line is that when we have got certainty we want to support that industry, so we would be not looking to add extra planning processes on somebody who wants to holiday let their place.

The Hon. STEVE WHAN: So they will not have to apply for approval to do it separately, they will just be able to do it if they are in the zone?

Mr RICHARDSON: I would imagine they would still apply, like anyone who is—you know, people who put a verandah on still go through a development approval [DA] process. You still need to make sure—was it in Terrigal, the new local environmental plan [LEP], where they are looking to have a set number of rooms and certain management things? We have had the same sort of things.

The Hon. STEVE WHAN: I think in most places you do not have to get a separate type of approval for holiday letting. If you buy a house, you can just let it.

Mr ROSEN: If I can give clarity there, what the situation is in Gosford is that over four bedrooms you would need a DA. Under that, it would be an exempt development. That is the sort of thing, having exempt development with a ceiling, that HLO very much would support. One of the main reasons why it is extremely difficult to have development approval for all holiday lets—this is not like any other normal development approval category because there is a remarkable movement and always has been in which particular properties at which point in time are holiday let. There is a constant mix between them being owner occupied residences, permanent residential and holiday let, and over years these are constantly changing. That creates an incredible disincentive and difficulty in equity to have conventional development consent conditions with all the fees and charges and regulations normally levied. This applies right across the State I think, but certainly applies in the Byron shire.

Just to clarify the issue about quality, in Brunswick Heads there was a detailed letter of a community economic analysis of the needs of the community and the businesses in that town, and out of that the highest priority was to develop a strategy which would attract the right sort of tourism. Out of that came a simple pleasures campaign, which has been incredibly successful in reinforcing the positive elements of tourists, and that has had incredibly broad support and success both in terms of holiday letting and other types of tourism, and the satisfaction of very low problems with community objections and complaints. So there is a place where you can work if quality of tourism is absolutely critical to keep a harmony between the social and the environmental and the economic balance within the shire.

Mr SCOT MacDONALD: I will leave this question to be answered on notice: Over the years you have obviously canvassed other means and ways to raise revenue. You have talked about a road toll and all sorts of things you are not allowed to do. Could you give us as much information as you can? Have you looked at anywhere else in the country or overseas with this similar conundrum where you have a relatively small population enduring big visitor numbers? Has anywhere else managed to find other revenue raising sources that are simple, efficient and let you get on top of your \$207 million infrastructure?

Mr RICHARDSON: We can table some of the findings of that. We did look globally. In that committee I was auspiced to look at volunteer components and that has worked in other places. Bed tax is a clear one which operates in many places in the world and the sky does not fall in. It creates a lot of visitors. A lot of visitors are completely au fait with paying an extra couple of bucks knowing it goes back to the community. There is an issue, I would rather somehow try to find ways to mitigate the cost of the day trippers rather than the overnight visitors because, as I said, they are the ones we want.

CHAIR: You said you trialled or looked at parking but did not go ahead with it for day trippers?

Mr RICHARDSON: No, we are, unless a very strange twist of events occurs, going to incorporate some sort of paid parking or expanding pay parking in the next year. We have been working on these various things. We are just doing some traffic and parking studies at the moment to make sure that we do it at an appropriate level so where paid parking would be, the amount we charge per hour, et cetera, the sort of technology we would can use. We do not want to have a whole street full of parking meters. We are in the process of developing that and hopefully next year we will be in a position where we can start rolling that out. Currently a couple of places we have paid parking are on Crown land so, therefore, the money is isolated to that area so it does not necessarily go back to any larger community fund. We would also be trying to work, or I will be, to make sure that a fair proportion of money raised from paid parking stays in the area to get back into that localised infrastructure rather than just council's bottom line.

The Hon. PAUL GREEN: The infrastructure backlog for local government across New South Wales is something like well over \$5 billion the last time I heard, if not around \$8 billion. What do you get for the road component of your FAGS grant? Is it \$800,000?

Mr M. ARNOLD: It is \$800,000.

The Hon. PAUL GREEN: The budget for allocated funds to road improvement is \$8 million and are you putting in about \$3 million? So you are already \$5 million behind the eight ball. The heart of this inquiry is to try to come out with places—Byron is probably one unlike right across New South Wales that has been killed with kindness of tourism. We want to get outcomes or recommendations to help carry the load a bit. The 1.4 million is a blessing.

Mr GAINGER: There are some real issues with, for example, we talked before about things like sewage treatment plant and other significant expenditure where a lot of the demand for capacity comes from factors, not just serving the local residential population. On the one hand we have had to borrow heavily to provide that infrastructure and on the other hand we have now saturated our capacity to repay loans. When you get local infrastructure in your scheme, such as the one the Minister for Local Government makes available at a subsidised interest rate, we cannot apply for it because the Treasury Corporation has said, "No, sorry, you are at capacity in terms of your capacity to repay loans, so you cannot borrow anymore." We are knackered as well.

The Hon. PAUL GREEN: This Committee will make recommendations and with a free shot what would you be putting in?

Mr RICHARDSON: I would be putting in certainly that consideration of visitor experience and the infrastructure that they come to needs to be considered as much as getting the visitor there. It needs to be equally weighted. I would also, I guess, what I said at the start is that right now I think Byron Shire Council, in particular, and the community has had a bit of a sea change. We have traditionally had a very strange relationship with tourism. Many in the community have not really wanted any, others have come for it so there has been tension. We are now at a situation where we have a great opportunity for the State to become true partners with us but we can create the solution. I think, if we can some sort of precinct model which in some areas we want more, they can have the whole town to be their precinct. For us, we can identify where is good and where is not.

I think it is about looking at working with us. For example, we have got a grant application right now looking to get funding for tourism for a master plan at Byron Bay. That will ensure that we have beautiful and safe lighting, we can activate some of our laneways to increase and enhance the visitor experience, we can have better public spaces, better toilets et cetera. We hope that gets supported. Recently, the Federal Government denied us \$500,000 grant for lighting for security. I think sometimes it is a matter of working together and saying, "We support this community". It was said earlier that we are lucky that we have a beautiful geographical area. Yes, we do, we have a lot of great beaches. People do not just come to Byron because of its beaches, they come for the community, and that is why they are here and not in Noosa, and they have made that decision.

We need to make sure that the integrity of the community who draw people, events, shops and businesses here can maintain itself. We do not want to become a plastic façade hidden world; we want to have a community which has integrity so that people keep choosing us instead of Noosa and Queensland. What we want from the State is an acknowledgement that it is not just about extra money or visitors but it is about making sure that tourism is truly something that benefits all of our community so that if we look for assistance we can be viewed favourably. If we look for areas that we can have try to represent our community that can also be viewed favourably, and that comes across whether it be grant applications in tourism or planning provision. There is a lot of areas that in a sense could play a role in supporting the community and Byron is not overly special in that regard; there would be a lot of towns that would look for that same sort of equal and true co-operative partnership between the State and local government.

Mr GAINGER: Can I just add to that because Byron is a jewel in the tourism Crown for the State. It is number two in terms of visitations so it is important to the State economy. As we have said before, tourism funds tend to be channelled towards marketing. Byron does not really any marketing. What we need is tourist product and we need tourist infrastructure to support it. Any influence you might have in the outcome, it does not necessarily mean that you have got throw a whole lot of new funds at it, but it just means you have got to maybe redirect some of the funds in a way that actually provides a better experience and helps to stimulate even more growth and activities.

The Hon. PAUL GREEN: Or unlock funds?

Mr GAINGER: Exactly.

The Hon. PAUL GREEN: That is where rate pegging and those issues come in?

Mr C. ARNOLD: I think Scott has mentioned the mining industry, there is such disparity between the mining industry and the tourism industry. The mining industry does benefit few. The tourism industry benefits so many more. We really do get pushed to the bottom end of the barrel. When you are talking about the royalties going back to local government areas for mining it is pnominal but within tourism it is a pittance. We are guilty as well as a tourism industry. When the mining industry gets attacked they pull together and they fight back but the tourism industry does not because we are made of small business operators. I think in Byron we are joining together. We are realising we are in this together and we are making a real play at that, and I think that is the case across the whole North Coast.

Mr RICHARDSON: I can give a case study.

The Hon. JAN BARHAM: Perhaps you could just submit it as we are running out of time.

Mr RICHARDSON: Okay.

The Hon. JAN BARHAM: The one thing about Byron Bay that is particularly interesting and which has not been revealed is the high cost of doing business, not from council's point of view but from landlords.

Mr KIRKWOOD: Yes. My landlord is a saint.

Mr C. ARNOLD: Yes.

The Hon. JAN BARHAM: Ben also has a multi-award winning best restaurant in New South Wales.

Mr KIRKWOOD: Second-best restaurant in New South Wales.

The Hon. JAN BARHAM: Rents charged in Byron has a lot to do with the difficulty and the resistance to paying extra to council. Last time a special rate was put forward. That is not exposed or revealed; it is quite hidden. You know about it, even though it is not you. Can you talk about the sort of levels?

Mr C. ARNOLD: Absolutely. Personally, I am an accommodation provider. I have a lease on a 43-room multi-award winning accommodation in the middle of Byron Bay. My breakeven is probably 65 per cent to 58 per cent occupancy. That is very high in a leisure destination from my experience of 25 years. You may know of a property in Lorne in Victoria, the Cumberland resort. It is a very renowned conference centre. At the peak of its time it was running 62 per cent occupancy. It is not an easy thing to get to that level. Jan is exactly right, that underlying cost of doing business in Byron is very high.

Mr RICHARDSON: To put dollar figures on it, for example, and you guys went to Byron yesterday or today, a shop owner told me up near the top in little arcadey areas, so a very small, little shop, she is paying about \$120,000 a year in rent.

CHAIR: Time has run out. We have one final question from Steve and then we will have to conclude.

The Hon. STEVE WHAN: I did not get an answer to my question about whether there had been an analysis of the economic benefits of holiday letting. Have you considered in your planning process approvals somehow building in compulsory sign-ups for code of conducts?

Mr RICHARDSON: The problem with the code of conduct, certainly by my reading of it, is that you have to join an organisation—say, for example, HLO, which is fine—but when you read it, if you transgress you can just leave HLO. It is not mandatory.

The Hon. STEVE WHAN: That is right. You are talking about the planning process. You have not really fleshed out for me in detail how that planning certainty would work.

Mr RICHARDSON: Okay, I guess we will try to look at other examples that are working trying to support the industry. But we would be looking to have, I guess, compliance criteria around fire, waste, parking, noise, people and again that would then be up to a compliance issue.

The Hon. STEVE WHAN: The question is how you administer that if you are specifically approving each accommodation, which you do by exception? When somebody raises a problem you go and see if they are complying. Is that how you do it?

Mr RICHARDSON: It is like any sort of compliance in a sense. Most compliance operates when someone complains.

The Hon. STEVE WHAN: Okay. I was just trying to get at how you acquaint yourself.

Mr RICHARDSON: We certainly would not be having holiday-let police going around trying to smash into the industry. Most operators do the right thing. That is why for me I wanted to really separate the two main thrusts of the holiday debate. One is the behaviour management—what we just saw—and the other one is a surety of growth to make sure there is still a community.

The Hon. STEVE WHAN: If there is any economic data available, it would be great if we could get it.

Mr RICHARDSON: Yes.

The Hon. NIALL BLAIR: Next we are hearing from representatives of Victims of Holiday Letting. Where has the consultation with them about the precinct model reached?

Mr RICHARDSON: As I said, we had a meeting with HLO and accommodation flows. Then we had one with Victims of Holiday Letting.

The Hon. NIALL BLAIR: There is no agreement yet?

Mr RICHARDSON: I can look at my calendar for an exact date, but in the next two weeks we are having a meeting with all the parties around the table to try to flesh out some and I am hoping there will be a compromise.

The Hon. NIALL BLAIR: That is all we need to know.

CHAIR: Thank you for attending today. The committee has resolved that any questions taken on notice must be responded to within 21 days. Again, if you wish to submit anything additional, feel free to send that through also.

Mr RICHARDSON: Thank you very much for your time.

Mr KIRKWOOD: Thank you.

(The witnesses withdrew)

DOUG LUKE, Coordinator, Victims of Holiday Letting, Byron Bay, and

DONALD MAUGHAN, Vice-President, Suffolk Park Progress Association, before the Committee:

CHAIR: Welcome to the General Purpose Standing Committee No. 3 inquiry into Tourism in Local Communities and thank you for attending today. We will not swear you in or ask you to take an oath of affirmation, although you are covered by parliamentary privilege as this is a parliamentary inquiry. The proceedings will be a little more informal as a roundtable opportunity to discuss issues. Times will be assigned for questions.

Mr MAUGHAN: I am a long-term resident of Byron Bay. I am representing mainly the Suffolk Park Progress Association of which I am vice-president. We have a community of roughly 4,000 people who are being affected by holiday letting.

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

Mr LUKE: I have one, if I may.

CHAIR: Yes. The other option is to table it, if you would prefer to save time. You are more than welcome to give an opening.

Mr LUKE: I will just read the first bit, which will give a bit of context: "I first came to Byron Bay in 1981 from my home in Cornwall in the UK. My wife, my one-year-old daughter and I stood on the beachfront. My wife asked me what I thought of Byron Bay. Standing there with a cape to my right, the mountains to my left and the clear blue warm ocean in front I said, 'Paradise.'" I always deny saying paradise; being Cornish I would almost certainly have said, "Tis all right, I suppose." When I grew up in Cornwall, the sugar cube wrappers said, 'Where the sun comes early and stays late.' Whoever wrote that had not been to Byron Bay. I did say paradise and we emigrated in 1997. Byron Bay was largely unspoilt. It was a paradise." I have now seen lots of changes and a lot of them are not for the good. I will table that.

Document tabled.

The Hon. JAN BARHAM: What is happening with the precincts compromise? We have heard from the council that it is a matter of balance. Is there support for it, or are the parties trying to get some relief or outcome with regard to what has been a difficult situation in residential areas?

Mr LUKE: When we started Victims of Holiday Letting we were totally opposed to it on the ground that it was a prohibited activity in the Byron shire local environmental plan. The definition is a "tourist facility" and it is listed as prohibited. We have argued all along that a holiday let falls into that category and is therefore illegal. The Holiday Letting Organisation disputes that, but there has never been any resolution. Until fairly recently we have been getting a series of judgements through court actions that are leading us to believe that it is illegal and that something must be done. Although we started off saying that we wanted it stopped because it is illegal, we realise that that is going to be difficult if not impossible to achieve.

The idea of precincts first came up in 2005, and council did a lot of work on it. It even had the areas mapped out. We are now prepared to accept that we have precincts in those areas where a significant amount of holiday letting already takes place. We talk about a tipping point. If that point has been passed in a certain area then that will be a precinct. However, we feel that we are letting down some of our members who live in the areas that will be designated as precincts because they will still have holiday lets next door to them. The other issue is that if holiday lets in the precincts are to be regulated the owners will have to lodge a development application, pay commercial rates and comply with regulations covering safety, fire protection and access. We would be prepared to accept that. There should be a distinction between a fully approved bed and breakfast facility that has people living on site managing it and those that do not. If there is someone on site there will be no problems with guests or neighbours because they will be aware of a situation and will deal with it. The owner of a holiday let may be in Sydney, Melbourne or wherever. These holiday lets are little islands of unregulated activity in the middle of often quiet residential areas.

Mr MAUGHAN: I will speak on behalf of the Suffolk Park Progress Association. Ours is a little village five kilometres out of Byron Bay. I grew up in Byron Bay from 1950 and left central Byron Bay in 2000.

I have lived at Suffolk Park since then. I have seen what has happened to Byron Bay from 1950 until now. I grew up in the main street of Byron Bay—my parents had the bakery—and we were very involved in the community.

Byron Bay township is not a functioning community. The town community is supported by Suffolk Park, Sunrise and other little communities on the periphery. I do not know where you come from, but if you come from a small community you will know that they are sacred and very easily destroyed. Byron Bay township has been destroyed. Our other small communities, such as Suffolk Park, are under major threat. Ms Barham asked about whether we are prepared to have precincts. If I said I was prepared to accept them as long as there was not one in my street in Suffolk Park I would be letting down the progress association's constituency. I am led to believe that Alcorn Street, which is along the beachfront, is more than 75 per cent owned by people who do not live there. The holiday letting situation is traumatic for the people living there. Grown men who attend progress association meetings are breaking into tears; they start to tell their story and then break down. They are experiencing long-term trauma because people are moving in and out all the time. It is affecting some marriages and relationships. It is affecting our small town, which we are trying hard to develop as a community.

The Hon. PAUL GREEN: I come from the South Coast where this can be an issue. Is there any policing of these places?

Mr LUKE: At the moment there is nothing. The Holiday Letting Organisation supposedly self regulates. It has a hotline that is answered by the president of the organisation, but no-one uses it because nothing happens. You get through to Mr Gudgeon, but you have already been woken up and disturbed. He will send a security man, but he may not turn up. The security people do not get out of their car because they feel intimidated. There may be a group of 30 young men in a house and they do not say anything because they feel threatened. Effectively there is no regulation. The council has managed to stop some extreme cases of holiday letting; it has taken compliance action and issued what it calls "notices of proposed order" requiring the owners of the properties to justify why they should be allowed to continue to let them. In some cases they have failed to do so.

Generally speaking, where the council has brought cases the people have rolled over and stopped doing it voluntarily. As a result, and unlike the situation in Terrigal, nothing has gone to court. The Terrigal case resulted in a judgement and an order for the owner of the property to cease holiday letting. At the moment we have self-regulation in Byron Bay, but it does not work. The council's compliance system is not really working because people are falling over beforehand. Council voted a few months ago to defer compliance action on the ground that it was costing too much in legal fees. A motion will be put to the council tomorrow to reinstate compliance action and to consider precincts. It should be remembered that council worked on this in 2005 and the planning officers have done quite a lot of work on it. We are hoping that this can proceed and that holiday letting in residential areas that have not tipped over will cease operating.

The Hon. PAUL GREEN: These are residential areas that do not have a right to have holiday letting, but they are using their property as holiday lets, and they want precincts to exist for these people to justify their property for holiday letting.

Mr LUKE: Yes, but it will be just those areas that have tipped over. For example, I live in an extremely quiet area on the edge of town. We have holiday lets there but there are not very many of them, so that will be an area where they are totally excluded, whereas Alcorn Street, which Don was talking about, 75 per cent are holiday lets. The 25 per cent of residents that are not holiday letting will be left there.

Mr MAUGHAN: Wategos Beach is an area that has been mentioned as a potential precinct down near Belongil, which is the other end of town. It is another area that is being talked about as a precinct. That is very easy to say, but if you are in that precinct, it is a death sentence to their community. Can I also add that, as a representative of the progress association, I have been down to the police and have said, "We have got this situation. Our members are asking for assistance. Can you do anything to assist us because they are saying they cannot get action." The police were very open. I do not know if they used the word "war zone", but that is what I heard. The police action in Byron Bay on Friday and Saturday nights is central business district. They cannot and do not have the resources to come out to Suffolk Park or any of the other little outlying streets. They concentrate all their effort in there. As a result, those who are suffering have got no regress at all. You cannot get anyone to ring and say, "Listen, it is three o'clock in the morning. Can you do something about these people?" because they do not answer phones. It is very difficult to find out who owns what accommodation.

Sometimes you can get it through the real estate, but they will not give you another name beyond that point, and you cannot get them until Monday morning, so when the action is happening, there is no activity. It is very intimidating.

Mr SCOT MacDONALD: It is obviously a very difficult problem. I am trying to get my head around this. Historically, has there always been holiday letting? You have lived there for 60 years.

Mr MAUGHAN: Byron Bay was an industrial town until the mid-sixties, so it was not a tourist town at all. Then it changed into a surfing community and then when John Cornell—which is almost the tipping point—built the top pub, the whole concept of the town started to see what Byron Bay could be. Instead of being an industrial town, it started to go upmarket, got good publicity. Then holidayers came in. Then it was manageable. People did not realise the money was there. Then, all of sudden, people thought, "Holy mackerel, I can let my house go for a month at \$2,000 a week or \$1,000 a week", and off they go to Bali or somewhere. It has just exploded. Developers have come in, bought up houses—unregulated. It is horrible.

Mr SCOT MacDONALD: Being devil's advocate, it seems to me there are some parallels with the agricultural side of things where people move into a dairying area and then they complain about the smell and the noise.

The Hon. JAN BARHAM: Quite the opposite.

Mr SCOT MacDONALD: I am asking that if you are a relatively recent arrival in Byron—and you are not, I appreciate that—would you not think that that is what you are moving into? That is the dynamics and that is the downside to it, if you like.

Mr MAUGHAN: It is funny you mention dairy. I have just retired after 40 years of working with Norco, so I totally understand that argument. The township of Byron Bay is different to the zones around. In the township of Byron Bay, there are virtually no residents. If you go out past Ruskin Street, that is where the residents start. Where our major concern is, it is not the central business district and precinct around that, it is the communities at Suffolk Park, Sunrise, Lillypilly, Broken Head. It is insidious. It is a cancer that is moving through the community without any stop at all. Developers are doing it in a big way, but even the local people are being seduced into it. It has to be stopped. It is destroying our community.

The Hon. NIALL BLAIR: We get the impression that, to a degree, the horse has bolted as far as this is an established practice now. Even the council has acknowledged that it is too late to turn it back to zero. Does the precinct then provide some certainty for residents? At the moment, it sounds like any resident in any street in this area has the potential of one day waking up and finding out that next door have decided that, "As of today, I am going to rent out my house, be it for two weeks or 12 months." Does the precinct not then provide some certainty for those communities and long-term residents to understand "I know for certain that when I move to this street that I will not be faced with this problem"? I do sympathise for those who will be residents trapped in those precincts, but I am also guessing that by putting in a precinct, you are capping the amount that will be able to be used as holiday lets. I am sure the price of those houses will increase, because they are now looking at a commercial rate. Is that the thinking from your association, that it will provide some certainty, given the comments you have already made about the community and those other streets, but does it not provide some benefit? Is the other alternative to start allowing high-rise to develop in the central business district to accommodate people?

Mr LUKE: Speaking personally, tourism has gone rampant in Byron Bay. The word "magnet" has been used previously.

The Hon. NIALL BLAIR: You came first as a tourist, did you not?

Mr LUKE: Yes, I did. I came and I liked it. I did not want to stuff it up. We have joined environmental groups, we have done dune care and all those things. We have come with that idea. But now holiday letting is getting to the point where people who have got holiday let houses are buying up other houses. One particular couple have five holiday let houses in just our area. Talking about the people in the precincts, if the regulation is strong enough, and we have looked at what they have done in Western Australia and various towns, they have got a regulation where the holiday lets have to apply every year. If there are problems that have occurred in that year, their approval will not be renewed, so that would be a deterrent. Also the point you mentioned about house

prices going up, the house prices may go up, but, on the other hand, that may enable the people who are trapped in those precincts to sell their house to somebody who wants to holiday let and find an alternative house.

The Hon. NIALL BLAIR: That is exactly the point I was making. I have only heard this idea today from the council about the precinct. We have been talking about this issue for a while. I know that it has been discussed, but it really only has cut through with me today. The only way to provide certainty for residents is to say to them, "Your house next door is not in a precinct. Therefore, you will not have a holiday let next door to you", and I will then make a decision to live there. At the moment you do not have that.

Mr MAUGHAN: There are two good points about precincts. One is that it does give an understanding of where it is at. If a precinct was put in and put in with adequate and strong legislation, it could be a good thing, because even as Doug said, a bed and breakfast [B&B] is not a problem. They are quiet, they are well managed. A precinct that is well policed and well set up where people, as Doug said, are licensed and have standards, and we have someone we can talk to about it, it will be under control. What is happening now is there is no control; it is laissez-faire.

The Hon. NIALL BLAIR: Your B&B customer is going to be very different to the football team that goes for a four-bedroom holiday let that has eight beds and is used for the end-of-season footy trip or a buck's weekend.

Mr MAUGHAN: It is not necessarily a bad thing if there are some balls that can bloody be put on the table and chopped off if they step out of line. At the moment, no-one is accountable.

The Hon. LYNDIA VOLTZ: I was interested in the precinct ideas when they were coming out with them, but I have some issues because the ruling in Terrigal was that it was being used as a venue not that it did was being used as a holiday let—or that is what this committee was informed. That is why they were stopped from renting out that type of accommodation. I also have a concern when councils change zoning of properties or land and it becomes a compulsory acquisition by a council, which is then liable for compensation. Although I hear things about precincts, holiday letting has been allowed because, as with when you rent a house, it is renting a house and people occupying it. It has been put up as a solution, but I am really hearing from you that your main concern is around law-and-order issues and police response times. You said when people wake at three o'clock in the morning, which is disturbing the peace, you cannot get anyone to respond and manage these people. If the concept of the precinct does not meet legal test, where do you go for a solution in Byron Bay?

I have another idea. The only time I was in Byron Bay was in the nineties. The reason I was there was that I played rugby union—as a Cornwall man, you will appreciate this, Doug. At the end of the rugby union season Byron Bay put on Byron Bay 7s, and every rugby union team in Sydney and parts unknown would turn up in Byron. Anyone who knows anything about the end of rugby season, it is not a pretty thing. The culture was that Byron became an end of season party town that arose out of this. That is the Byron Bay that I and I suspect a lot of other people in Sydney know because of the nature of Byron Bay 7s. I am not sure if this is recent.

The Hon. JAN BARHAM: It is not every night.

The Hon. LYNDIA VOLTZ: I know it is not every night, but it is a culture that has grown out of certain events that happened in Byron in the nineties. I go back to Byron Bay because I knew it as that kind of town. If the precinct idea does not work, what is the next solution to what is distressing for local residents: when you suddenly have 30 blokes next to you partying all night, playing loud music, being boofheads and throwing things into your backyard? What is the solution down the track? Is it in some way a law-and-order response?

Mr LUKE: No, I think that is the wrong way of looking at it. We are looking at the breaking down of the communities, the loss of the social fabric, property prices being pushed up. When I came in 97 there were lots of hippies and alternative people walking around with lime-green trousers and whatnot. Those people have largely moved out of Byron Bay now. We are active in the community because we are fortunate enough to own our houses. If you do not own your house you are being forced out to Mullumbimby, Ballina, wherever—you cannot stay here. Our communities are breaking down.

The Hon. LYNDIA VOLTZ: I get that, but that is the same in a lot of places. I use Sydney as an example, if you go to Balmain or Newtown, all those traditional working class places which were also full of intellectuals, who did not make much money. Those people are not there anymore, because houses are so

expensive that they have been bought by developers and improved. People rent them out for 10 or 15 years while they are negatively geared and then they move in, and this is what will be happening in Byron Bay. It is the market in a growing economy. The reality is—and I noted this point in the Council's submission—the CWA and Lions clubs are not having as many book stores closing down. Bookstores do not exist anywhere: that is the reality of the changing world. We know Byron is the victim of being a beautiful place which started off being cheap and when people realised it is beautiful, the market automatically went up because it became a wanted commodity. That is happening everywhere on the east coast.

Mr MAUGHAN: There is the Byron Bay party area and then there are people. Everyone seems to lose focus of Byron Bay as a community. It is a lovely community, a supportive community. I have friends I have known all my life who have lived here. It is not a recent town; it is an old town and we have a lovely, supportive community.

The Hon. LYNDA VOLTZ: I am not talking about the community. House pricing is not going to change. Expensive property is a statewide phenomenon that is radiating from Sydney at an alarming rate.

Mr LUKE: With house prices, in Byron Bay estate agents can say to prospective purchasers: "If this is a little out of your price range, we can get you 20 or 30 grand from holiday letting. When are you retiring? Three years from now? By the time you have retired you would have paid off half this place." That is enabling prices to go up.

The Hon. STEVE WHAN: Why shouldn't they be able to do that? Don't people throw at you that if you end up banning holiday letting in an area you are reducing the value of their property should they want to sell it and move? That is the same argument as farmers who are told they cannot subdivide their property in the future. They say, "You're taking away my retirement income." Aren't you going to get the same argument?

Mr MAUGHAN: No, we not saying do not holiday let; we are saying regulate it, control it.

The Hon. STEVE WHAN: You are saying in some areas you should not be able to holiday let. By suggesting precincts, you are saying there are areas where the value of properties will be reduced.

Mr MAUGHAN: The reason we have said that is that at the moment there is no control. If precincts mean regulated control, with good, clear, mandatory rulings, go that way. Where it stands now it is illegal, and we have been told—

The Hon. LYNDA VOLTZ: It is not illegal.

The Hon. JAN BARHAM: It is.

Mr MAUGHAN: It is, but we will not have that debate now.

The Hon. STEVE WHAN: By the same token, a lot of the services you have in your community have been built on income brought in by holiday letting.

Mr MAUGHAN: No, it has not.

Mr LUKE: We have lost services that we used to have.

The Hon. STEVE WHAN: If you compare the services you have in Byron to country towns which have not had that development, you have far more services than many country towns.

The Hon. JAN BARHAM: That is not holiday letting; that is the tourism industry.

Mr LUKE: We have lost our services. We do not have an electrical store anymore. We do not have a dedicated greengrocer. We have Internet cafes.

The Hon. STEVE WHAN: A lot of country towns do not have any shops at all.

Mr MAUGHAN: We are saying if you want to have holiday letting, have some sort of control on it. At the moment it is illegal and it is out of control. If you make it a precinct and you put control on it, we could live with some sort of control.

The Hon. STEVE WHAN: Most communities along the coast of New South Wales have developed over time. I am not sure about this area, because I live in the south of the state where many of the coastal communities have developed from holiday houses people have visited during holiday season and then sought to lease out to help with costs. Isn't what is happening at the moment more about the changes in the behaviour of people coming to those places, changes in the ways they are using those houses, rather than actual letting?

Mr MAUGHAN: No, we are seeing people coming from outside with a totally different focus. They do not ever come to the place and live there. They have a multitude of lets. They never contribute to interaction with the youth, saying hello and talking to the kids, developing skate parks. That is the substructure of the community.

The Hon. STEVE WHAN: Would one way of dealing with it, rather than regulating each one individually, be to regulate people with multiple holdings in an area?

Mr MAUGHAN: No, if you are going to holiday let you would have to have some accountability and someone has to be able to control it, the same as happens with a B&B. B&Bs are not a problem. We are not anti-tourism.

The Hon. STEVE WHAN: Is there a difference in levels? You are talking about people who own five places and have no connection with the community. Is there a difference between them and someone who owns a house and holiday lets it?

Mr LUKE: It has gone beyond that.

The Hon. NIAL BLAIR: What about a family that owns a house here, lives in Tamworth and comes here four times a year? It is their house and perhaps they let their brother-in-law come here four times a year.

Mr MAUGHAN: That is not the issue.

The Hon. STEVE WHAN: That is what I am saying—it is about different levels.

The Hon. NIAL BLAIR: That is why I am asking the question, because of what Hon. Steve Whan is saying. Is holiday letting about a family who have a holiday house, who do not contribute to the community and who come for four weeks a year? Or is it about a person who owns 10 different houses and leases every one of them out to different people throughout the year? If that is the scope, are you talking about one end or the other?

Mr MAUGHAN: I think you are trying to split hairs too much here. There is a principle here and there has to be a standard line taken across the board. We are not trying to be difficult about this; we just want our community to be protected. If there is regulation and it protects our community then we will be happy little vegemites. But at the moment we have no protection. We are just asking for consistency.

The Hon. PAUL GREEN: But, dare I say it, the context of your organisation, the Victims of Holiday Letting, is a misalignment of a concept. You are arguing that there is a planning law that says it is a residential area and therefore that area should have regular families living and growing up in it rather than holiday letting.

Mr LUKE: That is what the zones were approved for.

The Hon. PAUL GREEN: That is right. So what you are against is not tourism, as you say, but rather people taking residential dwellings and filling them up with people coming for holidays. There is no responsibility for them to be policed or for the enforcement of the boundaries that the rest of those in that community live by.

Mr MAUGHAN: Exactly. We have been told that we are anti-tourist and that we are anti-development but we are not; we are just pro-community.

The Hon. PAUL GREEN: You just want the planning laws to be enforced.

Mr MAUGHAN: That is exactly it. But we are told that we have to compromise. If the compromise gives us peace of mind then we are prepared to listen and to talk.

CHAIR: Unfortunately we have run out of time for questions. If there is anything additional that you would like to add then feel free to send an additional submission. Thank you very much for appearing before the committee today.

Mr MAUGHAN: On behalf of the community, thank you for giving us the chance to appear.

(The witnesses withdrew)

(Luncheon adjournment)

DAVID MORRISON, Manager, Strategic and Economic Planning, Clarence Valley Council.

RICHEL WILLIAMSON, Mayor, Clarence Valley Council.

PETER WOOD, Chief Executive Officer and Regional Arts Development Officer, Arts Northern Rivers, before the Committee:

CHAIR: Thank you very much for appearing before the committee this afternoon. We do not need to swear you in or ask you to take an oath because we are having a roundtable discussion here today, which is a bit more informal. However, just so you are aware, you are covered by parliamentary privilege. Would you like to make an opening statement before we commence questioning?

Mr WOOD: To give a very brief background of Arts Northern Rivers, we are a regional arts board. We are one of 14 regional arts boards that are scattered throughout New South Wales. Our remit takes in the region up here from the Tweed down to Grafton and out to Kyogle so the seven local government areas. I guess our remit is basically to support and grow the arts in the region. Our strategic priorities are very much based on consultations that we do with our community. Amongst those strategic priorities sits the development of cultural tourism as well as the development of the arts and creative industries. We have also been responsible—through a partnership with Regional Development Australia Northern Rivers, Department of Premier and Cabinet, and the seven local government areas—for developing Australia's first regional cultural arts and creative industries strategy. It very much guides a lot of the work that we do. I suppose my appearance before the committee today gives me an opportunity to talk about the role of the arts and creative industries and their contribution to cultural tourism in our region up here.

Mr WILLIAMSON: On behalf of the Clarence Valley Council, I thank the committee for the opportunity to be part of the discussions that the committee is having. Clarence Valley Council very much values tourism in our economy—in fact it is one of the major drivers of our economy with a total annual turnover of \$280 million. We think there is some scope for further growth and the development of tourism services both regionally and within the boundaries of the Clarence Valley Council. I will not go over our submission as it is on the public record for everyone to read and take in. Ecotourism, adventure tourism, and sports and events tourism are the major drivers of our economy—underpinned by the coastline, which is very dear to our heart, and the river systems, mainly the Clarence River of course.

The council invests very heavily in tourism services, although it is fair to say that the services provided by the council are under wholesale review at the moment. We invest somewhere around \$550,000 annually. I note that one of the terms of reference for the committee is the special rate variation or something to that effect. A special rate variation has been in place with the Clarence Valley Council—and the previous council areas before we were amalgamated in 2003—since 1991. We collect around \$177,000 a year annually from the special rate variation. So I guess we have some experience in that area and could offer some further comment throughout our discussions this afternoon. There is room for improvement. As I said, we are going through that review of tourism services in the Clarence Valley and how we can improve those services. So I think our discussions today, and the discussions we have been having at the council, are pretty timely.

The Hon. STEVE WHAN: What are you actually levying the special rate variation on? Is that money that you are specifically directing at tourism promotion and how are you doing that?

Mr WILLIAMSON: The council funds a body that is external to the council to carry out tourism services. It is a totally separate body from the council; it is what used to be the former tourism boards. That still essentially functions in the Clarence Valley, and it has been that way certainly for as long as I can remember. I think it was formed in the mid-eighties, and it has been functioning as a separate body ever since. We levy a special rate variation on sections of the business community to co-fund the payment to the tourism association. That association operates, as I said, completely independent of the council. It is run by an independent board and the council has very little say over the funding that it does.

The Hon. STEVE WHAN: So how do you determine which businesses pay that?

Mr MORRISON: It is commercial rates.

Mr WILLIAMSON: It is commercial rates.

The Hon. STEVE WHAN: Is it for all commercial property?

Mr WILLIAMSON: Yes, any commercial property that is levied for rates has a special rate variation in place. That has been the case since 1991, as I recall.

The Hon. STEVE WHAN: So there is no dispute or debate about it; it is just accepted?

Mr WILLIAMSON: Yes, it is widely accepted.

The Hon. STEVE WHAN: In your submission you talk about recreational vehicle [RV] tourism versus the unregulated campervans and things like that.

Mr WILLIAMSON: Yes, those are the "Wicked Campers".

The Hon. STEVE WHAN: I think you mentioned in your submission that you are working to get more RV tourism and charging small fees for primitive camping areas and so on. Can you talk a bit more about how you actually regulate that and what you are doing about those who do not pay?

Mr WILLIAMSON: Yes, we can. Firstly, we see RV friendly tourism as an area of potential growth. There is no doubt that the grey nomads do contribute greatly to the tourism dollar, although they do have, in my view, some special requirements that we need to gear up for as a council. Obviously they need areas where they can camp overnight, and most of them already have showers and toilets in place. In Grafton, that area is operated by a showground trust rather than by the council—it is independent of the council and is responsible for collecting the camping fees. We have a development application out now to do exactly the same thing at Maclean with 12 to 14 sites that will be administered in exactly the same way.

We have partnered with the New South Wales department of lands to create a number of primitive camping sites in the upper reaches of the Clarence Valley. Primarily they are managed by the lands department. My understanding is that the department has engaged a number of overseers at those locations to collect the fees on a daily basis and generally manage the camping reserves. When we come to the area of unregulated wicked campers it is fair to say that is a challenge for us. At most opportunities we give the occupants a friendly reminder that overnight camping is not permitted in those areas. There is no doubt that how that is managed is a challenge for us at the council, and it is growing.

Mr MORRISON: Expanding on that a bit, we are struggling with this emerging trend of free camping versus the traditional private sector provision of camping just like most places are. The policy approach council has taken just very recently is to endorse the North Coast Destination Network in not supporting free camping per se. We support in the first instance the private sector providing for recreational RV-type parking. If then the private sector is not able or willing to provide for that market that is where we are stepping in through the RV Friendly Town program for caravan and camping.

The Hon. STEVE WHAN: How are you managing that relationship with the existing caravan parks in the private sector? There is a substantial amount of resistance from caravan parks, for example, to a lot of this happening, is there not?

Mr MORRISON: We have not had a lot of problems with that where we have supported it so far in Grafton and Maclean. In Maclean the existing caravan park operator cannot facilitate the larger vehicles so there is not an issue there. The ones in Grafton did not have a problem because, anecdotally, they were not really showing any real willingness to provide for them on the basis that the larger vehicles take up too many sites that they could get a better return on. On that basis, rather than create a competition with private enterprise we have said we will take the view that if they are not willing or not able to we will then go through that RV Friendly Town program to get the town registered as an RV-friendly town, which also requires a bit of other infrastructure in town in terms of car parking for long vehicles in the central business district and things like that.

The Hon. STEVE WHAN: What do you do about disposal of waste?

Mr MORRISON: We will provide dump points as part of that. So far we have been able to negotiate with that with the showground provider. Likewise with the showgrounds, they provide a camping overnight rate that meets those parameters under the guidelines.

The Hon. LYNDIA VOLTZ: What about the parks down around Yamba and those kinds of areas?

Mr MORRISON: That is probably the next cab off the rank to investigate. We are getting pressure to create RV-friendly parking down there. We are probably at that point of trying to work out in the first instance with the business community whether they are able or willing to take up that market opportunity.

The Hon. LYNDIA VOLTZ: Because there is already a lot of caravan parks down there.

Mr MORRISON: That is right.

Mr WILLIAMSON: Definitely. I think the key really is early engagement. There are certainly some economic drivers in the community that are coming to us and saying they really want this to happen and we are saying there is a process here, we need to engage with those proprietors that are already offering those kinds of services. Engagement with them early is critical.

The Hon. STEVE WHAN: Mr Wood, have local tourist authorities engaged with your organisation to bring cultural tourism into the development of their destination planning?

Mr WOOD: Sure. We have had some experience with that. We have what is known as the Creative Industries Consortium and we have tourism represented on that group as well. We develop strategies for cultural tourism and projects that we can support through that forum. Directly we work with North Coast Tourism in helping them develop various product development aspects of the Legendary Pacific Coast project. We feed into that in terms of our arts trails and the other sorts of product that we are engaged with as a cultural development organisation.

The Hon. STEVE WHAN: So you see your engagement as directly developing product to go into the tourism plans?

Mr WOOD: Not directly. I would say that we spend more time working a step back from that—working with artists and the creative industry sector on a coalface level. We develop programs and activities that support the arts and creative industries in our region so it builds up and makes a more robust pool for various cultural products to pull from. For example, for festivals and events we have a very strong music industry. We work with musicians and that then becomes a pool that feeds into that product, if you will. That is similar to our visual artists as well. We kind of work more on that micro level.

The Hon. STEVE WHAN: Is the Regional Arts Board still getting State-based funding?

Mr WOOD: We receive our funding from Arts NSW. That is where our core funding comes from, but our project funding is supported through various other funding streams. Arts NSW is one of them but we receive funding on a Federal level as well to support our program.

The Hon. STEVE WHAN: Going back to the process of developing destination management plans, which all areas now have to do to get tourism funds, have you been directly involved in any of those or have the groups spoken to you about the development of those?

Mr WOOD: Yes, I have been spoken to about those but as yet I have not had any direct input into the plans.

The Hon. JAN BARHAM: You have outlined the how important some of the product that comes from the region is to tourism and the attractions. Clarence has also got a good record of supporting the arts. I think I am reading that what is often lacking is actual funding support for artists. Sometimes the tourism industry or maybe government sees the idea of something as being great and that it is going to attract people. But the questions are then do those people actually get paid, are there real jobs, are there sustainable jobs, is the training and all those things that support it available in the region?

Mr WOOD: On various levels there are. Obviously a big challenge to the arts and creative industries is finding sustainable ways of keeping themselves afloat. Through tourism development we find that in areas like, as I mentioned before, our musicians we develop projects and programs that support that sector. At the moment we are delivering a mentorship program to our musicians, and that is helping them to create sustainable businesses for themselves. As I mentioned before, those musicians then feed into tourism product like our festivals and events. We find that they are always punching above their weight in terms of what they offer and what they give our region. Our region is a cultural destination because of the vibrant arts community that we have here; nonetheless, they are not supported to the extent that allows them ongoing secure sustainable employment opportunities. It is a bit of a framework that can be very tenuous for artists.

The Hon. JAN BARHAM: Are you saying that viability should be considered in the longer term planning?

Mr WOOD: Absolutely. If those artists are going to feed into cultural tourism product up here then, yes, they need to be supported. They need to be supported in a more robust way than we can at the moment because we do it through time-limited short project approaches, whereas there needs to be some structure there that allows our artists and our creative industry practitioners to be supported in the long term with the long-term goal of providing product and development of the tourism industry up here.

The Hon. JAN BARHAM: Can you also outline the support your organisation has provided for Aboriginal cultural activities?

Mr WOOD: Absolutely. It is really interesting given that we have just had the first Boomerang Festival in the region up here on the weekend, which was a great start to that festival. We have an Indigenous arts development officer and we provide an outreach service to visual artists across the region. He will help them with pricing, with accessing galleries, with negotiating representation as well as looking at developing their work for more commercial ends of the market, especially in tourism with licensing their artwork for product targeted towards tourists in our region. We are starting to work in that area with our Indigenous artists as well. We are very much looking at Indigenous arts and culture as an important plank in the tourism structure up here.

The Hon. JAN BARHAM: So you have worked with the Boomerang Festival?

Mr WOOD: Yes, we did. We presented 25 artists at that festival. I am pleased to say that we had some really significant sales through that for them as well.

The Hon. JAN BARHAM: Mr Williamson, you raised the point about how difficult it is to cater for peak periods and additional costs for council, but I do not think you outlined the sort of costs involved. For example, you mentioned the sewer issue. Do you have any idea about the costs associated with the peak period in terms of waste?

Mr WILLIAMSON: The sewer at Yamba, yes.

Mr MORRISON: You basically have to provide infrastructure for a short-term peak in population in some towns, which is pretty common up the coast. In the case of Yamba, which has a permanent population in the order of 7,000 or 7,500 people, you might have 15,000 or 18,000 people staying there at peak times—that is based on some analysis we did a few years ago on the flows through the sewerage treatment plant. The sewerage treatment plant has to be sized up to match that peak and that is not used very often. Like the case we used in the submission we made, the subsidy for the upgrade of the sewerage plant is based on permanent population, not on tourist loads. To provide that left a shortfall—I guess you could argue in about \$6 million worth of government subsidy under the Country Towns Water Supply and Sewerage Program. It is the cost of additional infrastructure for a very short-term peak. That is just for sewage because that is quite a definable one. But you have got your roads and other infrastructure with a similar analogy, which I guess are a little bit harder to quantify.

The Hon. JAN BARHAM: What year did you do that \$42 million sewerage treatment?

Mr MORRISON: It is in the process now. It has been going for a long time.

The Hon. JAN BARHAM: It is current?

Mr WILLIAMSON: Very current.

Mr MORRISON: Tenders have been let, I think.

The Hon. JAN BARHAM: What does that \$6 million relate to in terms of equivalent persons [EP]?

Mr MORRISON: I could find out. I will take that on notice.

The Hon. JAN BARHAM: That is interesting because Byron's was an additional \$6 million on a \$32 million plant nearly 10 years ago.

Mr MORRISON: I think we are building an 18,000 EP plant at about \$40-something million, so you can do the maths.

The Hon. JAN BARHAM: Inflation. The Committee has heard argument about the Local Government Act and regulations for parking requirements, alcohol free zones and things such as that. Do you think the Act needs some amendment or do we need a beefing up of the regulations available to deal with some of the problematic issues in tourism?

Mr WILLIAMSON: That is a very good question. My answer would be more to do around unregulated camping in our neck of the woods to be honest. Alcohol free zones can be as good or as bad or as tough or as not tough as those policing it to be honest. We work very closely with police, local liquor accords and the community to ensure that alcohol free zones are firstly known—people have an understanding that they are alcohol free or, in some areas, alcohol prohibited. We get that knowledge out in the community. That is not such a problem in the Clarence. It is at times a problem but not such a problem—from a tourism point of view I am referring to here. Obviously the regulations within various Acts around that illegal overnight camping can get a bit hairy at times, especially if you are knocking on someone's door at 6.00 a.m. to wake them up to tell them you are issuing them with an infringement notice. That can be looked at for sure.

The Hon. JAN BARHAM: Have you had to go to court on any of those?

Mr WILLIAMSON: Not that I am aware of.

The Hon. JAN BARHAM: The Local Government Conference made some recommendations and passed resolutions about the need for stronger regulations around camping and parking infringements. Would you be able to provide information about whether or not your council is supportive of some of the motions moved before the conference or whether you have a position on that?

Mr WILLIAMSON: I think we would be generally supportive of the Local Government NSW move and push in that area. We have seen a little bit too—not much I have to say at this stage but there is the potential for more—of holiday letting in residential areas. We have not seen much but the council and I aware of a few isolated cases, particularly around the Yamba area, where that is starting to become a slight issue but not a major issue as yet.

The Hon. JAN BARHAM: Is that the ancillary bit which only happens in peak season, not all year round?

Mr WILLIAMSON: Yes, that is right.

The Hon. JAN BARHAM: Which has got general acceptability I think. In your submission you said concern has been voiced that State Government could privatise Crown caravan parks. Have you got any more to add to that?

Mr WILLIAMSON: I guess we do. Most recently there has been a change in attitude that we have picked up from Crown Lands, which is certainly more supportive of our structure. We have been working with the department to get a few long-standing issues sorted out with those caravan parks around plans of management and around what caravan parks should look like into the future. I would think that the change of attitude, which would probably coincide with the change of government, is something we are very supportive of and it seems to be a structure that the department is very supportive of. We are having some pretty good

discussions now about the long-term management of the parks and what they should look like into the future as well.

The Hon. JAN BARHAM: Do you need to get plans of management developed and approved—

Mr WILLIAMSON: Changed.

The Hon. JAN BARHAM: From what to what?

Mr MORRISON: Some of the plans of management we have got are pretty old-fashioned plans—they were done some years ago—and they probably do not meet contemporary standards. Probably they have been overly restrictive at times, especially in the way they have perhaps been interpreted, and it can make it difficult to manage on a day-to-day basis fairly modest improvements at time.

The Hon. PAUL GREEN: How would you fund that because a plan of management normally costs a bit of money?

Mr MORRISON: The way we have structured our coastal reserves—our valley has lots of natural history and it has a lot of water frontage because of the large estuary and coastline. A lot of our key reserves, which attract tourists, are coastal reserves. A few of them also have caravan parks on them, which are income generators. So we have consolidated all the reserves into a common reserve trust—there are probably over 30 or 35 reserves in the one reserve trust of which I think there are five caravan parks. In doing that, the income stream from the caravan parks can then be spent on the other reserves in the reserve trust.

The Hon. PAUL GREEN: Is that after permission from the State?

Mr MORRISON: Yes. We are trustees of the reserve.

The Hon. PAUL GREEN: But we still have to tick off on it—

Mr WILLIAMSON: Yes.

The Hon. PAUL GREEN: —which can be tedious.

Mr MORRISON: I guess the concern for a number of years has been that a lot of those reserves are fairly low-key, passive sort of reserves. Some are very high-order reserves on main beachfronts, which have a high degree of capital improvements and maintenance, and they rely on that income stream from the caravan parks. If the caravan parks were taken out of that reserve system—there is an expectation from the community and a lot of our tourism is built on accessibility to the waterways—that would then have to be funded through the general fund, which has its own pressures. I guess that has sort of always been the concern that sits with councils generally, particularly ours.

Mr WILLIAMSON: Particularly ours.

The Hon. JAN BARHAM: And you have seen it happen elsewhere?

Mr WILLIAMSON: It has certainly happened elsewhere. We are pretty confident now that the structure that we are working with is a good one—one where we can see light at the end of the tunnel.

The Hon. JAN BARHAM: Do the Arts play an important part for those attracted to your area?

Mr WILLIAMSON: Definitely. The council has invested very heavily in the Grafton Regional Gallery, which has a number of outreach programs to Maclean and Yamba and the lower Clarence as well. We are talking about our region being Clarence Valley and Mr Wood's region obviously being the greater region. Off the top of my head the Grafton Regional Gallery has somewhere in the vicinity of 40,000 or quite a high number of visitors—I do not want to mislead anybody—per annum. We are very proud of that. That does not happen by accident. We have invested very heavily in arts and culture in the Clarence Valley. That is a driver. Peter, do you know our numbers off the top of your head?

Mr WOOD: No, I do not. I am sorry.

The Hon. PAUL GREEN: You said 40,000.

Mr WILLIAMSON: It is a significant number.

CHAIR: I would be interested to know Peter's view in relation to how his engagement with Clarence Valley compared to other councils. Have you had any challenges, or does it all work very well and harmoniously within the region?

Mr WOOD: My job is to make it as harmonious as I can because each of the seven local government areas is obviously a key stakeholder in Arts Northern Rivers. We are a service delivery organisation, so we work quite closely and I find working with the Clarence and with Ken Crouch, who is their cultural or community—I am sorry, I have forgotten the title, but he is also on our board. We work to integrate our strategic planning and our priorities with his and Clarence Valley's, and I do that with each of the seven local government areas as well to make sure that we are not working in silos against each other but actually integrating our aims and objectives with each other, and supporting and augmenting each other's cultural programming.

CHAIR: Are you finding there are barriers—you do not have to name councils—or challenges that you have faced that you would like to see overcome?

Mr WOOD: I am just trying to think of specific examples of where the biggest challenges are of working with councils.

CHAIR: It might be easier to say some of the great things you have come across.

Mr WOOD: The great thing is the general support for arts and creative industries across the entire seven local government areas. I suppose a recent example is that I put in an application for support through Arts NSW for a regional partnerships grant and that required a buy-in from each of the seven local government areas to pledge, I guess, support for that project above and beyond what they already support, so it was accessing empty spaces in their towns and things like that, and each council came to the table eagerly to support that—and they get it. They get the importance of the arts and creative industries as economic drivers for this region, and I think that is really clear in my dealings with each of the seven local government areas up here.

CHAIR: In your submission you said that one of the issues is the ecological and economic sustainability and also green tape. Can you elaborate on that?

Mr WOOD: A recent example I suppose was Splendour in the Grass and licensing. There was a lot of negotiation to make that happen. Again, as it turned out, it was taken out of council's hands, and there is a trial period for events taking place in that parkland area and time will tell whether that is going to work or not in terms of respect for ecological considerations for that area. I only came into the organisation at the end of that negotiation period, so just looking at it as an outsider I guess that process could have been smoother.

The Hon. PAUL GREEN: I note that sports tourism is a growing area for you. Are you concerned that, like other areas, the by-product of getting that sort of tourism is the infrastructure asset, and maintenance costs on top of that?

Mr WILLIAMSON: In short, yes. How we manage our assets at the council is something that all councils should be—and we certainly are—taking a very close look at, but, done properly, it will certainly pay dividends. If I can use one or two examples, the Grafton Hockey Association, through support of State, Federal and local governments, own and operate a hockey facility in Grafton and conservatively would be returning \$500,000 a year to the general population through events that they have been able to run. It is self-funding except for the capital, which both the State, council and Federal Government have all been a part of, but for an investment of around \$100,000 most recently we have been able to handle and hold some State titles, which is a huge economic boost to the Clarence's economy. Hockey is one of those potential areas to grow for the Clarence.

This weekend is the first Yamba triathlon where we are hoping for 600 or 700 participants. It has cost the council \$12,000. We are using pretty much existing infrastructure, but that has another potential to grow greatly. The July racing carnival in my view would be the biggest sporting event certainly between Newcastle and the Queensland border. It attracts somewhere around 25,000 people over two or three days of a racing

carnival. That infrastructure obviously is not council's, but we are certainly very supportive of those kinds of events and it has the potential to grow with a little bit more support from the council, but I think there is the potential for support from the State Government through Events NSW. I certainly would be very keen for Events NSW to get on board with that event to take it to the next level. It is going to be difficult to do it without Events NSW helping out.

The Hon. PAUL GREEN: Did you invite the Prime Minister to the triathlon?

Mr WILLIAMSON: No.

The Hon. PAUL GREEN: The special rate—I do not know if anyone brought that up.

The Hon. STEVE WHAN: Yes.

The Hon. LYNDA VOLTZ: They have one.

Mr WILLIAMSON: I am happy to add something else on the special rate variation. We would not like it to be a cost-shifting exercise. I cannot put that any more strongly than that. Cost shifting is costing councils in New South Wales a lot of money and we are certainly aware of the potential for that to become simply a cost-shifting exercise.

The Hon. STEVE WHAN: From who to who?

Mr WILLIAMSON: From State to local government.

The Hon. STEVE WHAN: But which aspects of State funding do you think you are replacing?

Mr SCOT MacDONALD: Tourism grants, presumably.

Mr WILLIAMSON: Tourism grants, for example, yes. Who knows where it might go if all of a sudden there is a special rate variation that collects an extra twenty or thirty or forty or fifty thousand dollars and the State starts to withdraw, over time, that twenty, thirty or fifty thousand dollars and say, "That is now a local government matter." I think a long-term partnership arrangement is something that is well worth exploring, but I will put on public record that if it is a cost-shifting exercise I think you would have opposition not only from us but I would say the 152 councils in New South Wales.

Mr SCOT MacDONALD: Can I take you back to the sewerage levy? I am just trying to pull out a potential recommendation that we may or may not consider as a Committee. You made the point, and I think someone else made the point in another submission, that when you go to State Government it is only interested in long term residences, not your peak—

Mr MORRISON: The form is based, as I understand it, on historical backlog, on existing population. Future growth is the responsibility of developers. The future growth component does not include the tourist component.

Mr SCOT MacDONALD: Is that a recommendation we could look at? Presumably that is planning policy.

Mr MORRISON: No, that is policy under the funding guidelines in the country towns—

The Hon. STEVE WHAN: Country Towns Water Supply and Sewerage scheme.

Mr MORRISON: Yes.

Mr SCOT MacDONALD: Is that something we can put on the table to think about as a recommendation?

Mr MORRISON: I would have thought a component of your tourist load is no different from your existing population load. It is part of the town's fabric at that point in time when the funding arrangement is worked out.

Mr SCOT MacDONALD: That is pretty common to the coast, by the sound of it.

Mr MORRISON: Yes, the coastal towns have that sudden big peak of population where you have to provide a significant amount of infrastructure for a very short-term peak.

Mr SCOT MacDONALD: And you could reasonably easily mount the case that you double or triple—or whatever it is—your population.

Mr MORRISON: Yes, I am sure our sewerage engineers have got a lot of statistics and can verify a strong case on that.

Mr SCOT MacDONALD: Is there a counter argument for it? I am trying to think why that fund would have said, "No, you can only do it on your long-term—"

Mr MORRISON: I am presuming that the philosophy has been—and this is going back a long way, as I understand it—that towns future growth should be accommodated by charges on future development so existing growth is where the government comes in to help out. I think the issue is, how much of the existing town component of that town's current sewerage liability is its current tourist load which does not get taken into account.

Mr SCOT MacDONALD: So you can mount a public policy argument?

Mr MORRISON: I think so.

The Hon. JAN BARHAM: Did you do day trippers as well?

Mr MORRISON: You would have to work that into your calculations, yes.

The Hon. STEVE WHAN: Do you measure the load on the sewerage works so it takes into account everyone?

Mr SCOT MacDONALD: Thank you, I think there is a potential recommendation.

The Hon. NIALL BLAIR: You identified your key areas in Clarence around sport, tourism and such things. Have those key target areas been widely communicated through the rest of the council? Having worked in engineering departments for many years in councils and looking after parks and reserves, it would be very hard for me to argue for bigger and larger equipment to maintain sporting fields, but if the strategic view of a council is that maintaining and having sporting fields that could attract State or national titles is a long-term benefit to council, that adds argument to move the whole council to work together for those things. Is that communicated? Would the rest of the departments within council know that that is where that is coming through?

Mr MORRISON: That is correct, that is commonly accepted throughout the council. I will go back to the hockey case, I think part of the funding, \$400,000 came from the Commonwealth and over a couple of years about \$370,000 was from council and the balance to get near a \$1 million to build a second water base facility came from the hockey playing association itself. A large part of the justification of the council for that was that it gave them two fields that could then qualify to be a track for State titles. We have since done a deal with NSW Hockey to be guaranteed State titles for the next three years. The terms of reference, that return in investment was that we could see for the broader community a return coming back in on that investment.

Using industry benchmarks, last year we had three State titles that you could argue, based on participation rates, and industry standards was bringing in something like \$500,000 or thereabouts, maybe a bit more, business spend for those three titles. You get that return for the full three years and that was part of the conscious decision-making whether that was an area to invest in or whether it should be invested somewhere else. Also you get your sporting infrastructure to a high-quality standard and it does not necessarily need as much maintenance as some of the lower standard ones.

The Hon. NIALL BLAIR: I am glad you raised hockey, I won a State title there in 1992.

The Hon. STEVE WHAN: When they had grass pitches?

The Hon. NIALL BLAIR: Grafton was one of the first towns to put in a sand-base turf and that was one of the reason why it was holding State titles even back then.

Mr MORRISON: Can I please expand on that slightly in terms of the council's commitment to it, we have got what we believe is a Destination Management Plan, we call it Clarence River Way, it probably needs to be rebadged a little bit but our plan basically says that we want to attract economic investment in respect of tourism is in a participation area and not out there competing for the big games of NRL where everyone comes and watches other people do things. Our philosophy is that people come and actually participate and that is partly because we have got a lot of good sporting facilities but also natural environment with the river. So the commitment through that plan is to provide facilities that people use rather than watch other people use them, to use an analogy. The hockey, as well as the other sports, is an easy one to quantify because it is a recent one.

The Hon. NIALL BLAIR: I commend you for knowing what are your strengths and where are your niche target markets. That is a great step. We have heard from other people who are still trying to work that out. Richard, you said in your opening statement that at the moment the tourism body is at arm's length of council but funded by council, and that is going through a transition. Why is there a transition? What will the future hold for that organisation? What has driven it?

Mr WILLIAMSON: I am happy to. Just by way of background, since about mid-1980s the tourism association has conducted the development and promotion of tourism activities in what was then four local government areas, that is before amalgamation. Since amalgamation they have continued to function under a memorandum of understanding between the two organisations. The trigger point really was under the Local Government Act any contract over \$150,000 must go to an open public tender process. Our long-standing agreement comes to an end at the end of next financial year and it was an opportunity for the council to really review how tourism serves are being delivered. I think it is an opportunity for the council and the community to do a bit of looking into the future. Should we be investing in bricks and mortar or should we be investing in technology or a mixture of both?

I think the review will certainly be highlighting that. Where to from here? The review is underway. We have got consultants working with stakeholders with the current tourism association and the council. The review has not finished yet so I would not like to make some assumptions outside that review process. But if there are initiatives that come out of the review, I am sure the council will be looking at them very, very closely. How people get their information has changed—we all know and understand that. How people get their information into the future will change very rapidly and I want to make sure, first, that we understand that and, second, we are gearing up to cater for that. So investment in technology is something that we all should be doing in tourism services right throughout Australia.

The Hon. STEVE WHAN: What is the relationship between council and your regional tourism organisation? Are you directly represented? Is it a good communication?

Mr WILLIAMSON: To be honest I do not think there is one because council is not directly involved in that business. The tourist association which we fund, I am sure, has a very strong and active relationship. I am not aware of who the board members might be or who the CEO might be. That is no reflection on it, by the way, that is just a fact. They are the kind of things that we are looking at in the review.

The Hon. STEVE WHAN: They are not engaged with council and your economic development people?

Mr MORRISON: It is changing I think, which is a fairer question to answer on that one, with the new structure of the North Coast Destination network. That is obviously a new structure that seems to be far more engaging than what we have experienced in the past.

The Hon. STEVE WHAN: We will ask them next.

Mr MORRISON: Because it is a fairly new body we can create new relationships, given that we are reviewing a tourism model. Pre amalgamation we had five general purpose councils in the one valley to one general purpose council, and how will that pan out, I do not know, but I think the relationships are probably getting a lot closer. What we are finding ourselves is that pigeon holing tourism, and marketing and branding

and all that sort of stuff is a bit more difficult now than perhaps it once was so that economic development people will probably get closer to building those relationships.

Mr WILLIAMSON: They have to.

The Hon. STEVE WHAN: Have you looked much at the structure of grants that the State Government now has in place and the way that Destination NSW is working with your plans? Is that the right way to go? Do you know of any better way to help you achieve your objectives in terms of increasing tourism in your area?

Mr WILLIAMSON: We have looked at it and I think it is fair to say the same issues that New South Wales had, probably we have in our own internal organisation; making sure that everyone is talking the same message. In our own organisation probably different sections have different perceptions of how we market ourselves so we are trying to bring that into alignment and tourism is a part of that. Under the new structure we believe we have already got a Destination Management Plan, just have to rename it that ticks all the boxes easily. That is the one we referred to earlier that people are participating in. The current structure that is evolving I think we are quite achieving and are happy to engage with.

The Hon. NIAL BLAIR: Earlier we heard about the wrong type of tourist. Do you have the right type of tourist coming to your area or are you trying to move away?

Mr MORRISON: I do not think there are rights or wrongs. The ones we have been trying to attract work for us, we think. We have a river and mountains. We are not trying to provide what everyone else is doing. They do that better than us. Let them do that. We think they are our strong initiatives and where our best bang for our buck comes from. We are quite comfortable with that. What is right for us obviously would not be right for Byron Bay, for argument's sake.

The Hon. JAN BARHAM: Do you have any problems or issues arising from alcohol-fuelled violence or any of that type of behaviour that is strongly associated with Byron?

Mr WILLIAMSON: Yes. That is a fair question. In short and in general terms, no. There are a number of reasons for that. We engage with the liquor accords strongly. The liquor accord also engages with the police very strongly. Yes, New Year's Eve, sure, people overindulge. Our licensees, in general terms, are very good. We do not have a nightclub culture, if we could put it that way. Yes, we have pubs that stay open late, but that nightclub culture does not exist in the tourism hot spots or in fact anywhere in the Clarence Valley area. Please do not take that as we do not have hotels that stay open till 2 o'clock; we do and we acknowledge that. They have an early lock-out policy. I could not tell you exactly, but it is midnight or before.

The Hon. JAN BARHAM: Does Yamba have that?

Mr WILLIAMSON: I understand it does. The main hotel is, obviously, on top of the hill, the Pacific Hotel. It has always acted extremely responsible in its dealings with the council, within the liquor accord and its relationship with the police, as far as I know, is a very good one. We are not seeing those direct alcohol incidents, except for the party season when someone might overindulge and there might be trouble.

The Hon. JAN BARHAM: You said you get 1.7 million visitors; what is the shire's population?

Mr WILLIAMSON: Permanent population?

The Hon. JAN BARHAM: Yes?

Mr WILLIAMSON: It is 51,007 I think, to be absolutely accurate. It might even be up to nine now. I think that was the last stat I read.

The Hon. JAN BARHAM: That is interesting.

The Hon. NIAL BLAIR: You do not want to take a guess?

Mr WILLIAMSON: No, I have wised up with that one.

The Hon. JAN BARHAM: Lismore has undertaken a big thing with small bars and that sort of thing. Is Lismore like the Melbourne of the North Coast or something? How is that working? Is that an attraction?

Mr WOOD: It is, yes. I think especially its alleyway program as well, which is inviting artists to do artwork in those spaces as well as making them more welcoming to guests and accessible spaces for that town.

The Hon. JAN BARHAM: Do Lismore events have those sorts of problems or are they manageable in other places?

Mr WOOD: I do not think it has the same sort of problems as we were talking about in the Byron example—certainly not. I think the focus of Lismore's programming through things like the Lantern Parade, which is a very family friendly event, is unmitigated. Just digressing a little, Byron Bay's arts along the Rivers is playing quite a role with its safety and cultural committee is attempting to address the violence and issues the town faced last year on New Year's Eve. From a creative industry's point of view, tackling it through programming with arts events and finding ways I suppose of injecting the town more with those cultural activities, which are going to attract a different audience to the town, is one area we also are playing in as an arts and corporate organisation.

The Hon. JAN BARHAM: Is that funded?

Mr WOOD: In what we are providing?

The Hon. JAN BARHAM: Yes?

Mr WOOD: No. We are doing that out of our core funding. That is on top of what we are able to supply.

The Hon. NIALL BLAIR: I imagine your Jacaranda Festival is to be held very soon?

Mr WILLIAMSON: Yes, in three weeks.

The Hon. LYNDIA VOLTZ: Hopefully they have flowered. Mine has not yet.

Mr WILLIAMSON: Yes. They are on time.

The Hon. NIALL BLAIR: How is that going? On the weekend Goulburn had its Lilac City Festival. For the fourth year in a row it lost money and is saying it was probably the worst attendance.

The Hon. STEVE WHAN: I had not even heard it was on and I live down the road.

The Hon. LYNDIA VOLTZ: The lilac festival?

The Hon. NIALL BLAIR: Yes, the light festival. Is the Jacaranda Festival still a drawcard to Grafton, well attended and really on the tourism map?

Mr WILLIAMSON: Yes it is. Next year we are approaching our eightieth anniversary of the Jacaranda Festival. It continues to grow. Sure it has its challenges. The festival committee is meeting those challenges the best it can. I think the council can probably help out with some strategic help to continue to move the festival forward. The real benefit of the Jacaranda Festival is that it is free. You can participate in just about every aspect of the festival, except for some high-profile events, such as jacaranda bull rides, et cetera.

The Hon. LYNDIA VOLTZ: What jacaranda rides?

Mr WILLIAMSON: Bull rides. You know, get on the bulls and ride them down the main street. That is a lie. Do not put that in.

The Hon. LYNDIA VOLTZ: Too late; it is on record now!

Mr WILLIAMSON: I should say the rodeo. You have to pay to get into the rodeo. But all the other events are free.

The Hon. JAN BARHAM: What does it cost council?

Mr WILLIAMSON: Our contribution is closer to 20 grand than 10.

Mr MORRISON: Yes.

Mr WILLIAMSON: Something like that.

Mr MORRISON: We have a program of events and festivals budget that we use to sponsor 20 to 30 events and festivals during the year and there are fairly strict criteria. It devolved over a number of years and the Jacaranda Festival fits into this.

The Hon. JAN BARHAM: Does that money go to community groups and they do it?

Mr MORRISON: Yes.

Mr WILLIAMSON: Yes. There are strings attached to it. We require certain criteria that we judge them against so it is objective and fair, but part of that is slowly bringing these groups up to speed in their development of their event and having business plans to grow their event to be a bit more financially accountable and in time wean them off the drip feed of council funds. The Jacaranda Festival being an older one, they all have to start looking at themselves and making themselves more relevant again. We use that seed funding to try to get them a bit more business orientated. You have to take it in steps because they involve a lot of voluntary people who do not have the business skills.

The Hon. LYNDIA VOLTZ: The grey nomads normally link all these festivals together, so it would be essential?

Mr WILLIAMSON: Certainly.

CHAIR: You said that you provide strategic advice. Do you sit down with community groups and talk through business plans and all of that?

Mr MORRISON: Yes. With a \$100,000 budget we also employ an events and festivals coordinator three days a week. Her job is to manage that whole program. A lot of that is informally sitting down with people and we also formalise it through their grant application program each year where they must have certain criteria to make their application valid. We are trying to slowly take it forward a step at a time. It is a challenge because it is difficult for the people you are dealing with. I do not mean that in a derogatory sense, but it is not in their interest to fill out paperwork. They just want to do their festival. It sort of works because they come up to speed and hopefully that gives them the resilience so they can survive in tough times.

The Hon. JAN BARHAM: This morning we heard the same from Ballina. When is there a need for the role of a professional? Artists so often are drawn on to be part of something: "You will get exposure." The professionalism of it needs to be able to support people with real jobs so they can stay in the community and stay up to date. Are you able to do that as well? It is important to recognise an asset and make sure that it is professional.

Mr MORRISON: We have to tread a fine line between trying to help them and also try to not make them too reliant and dependent on us. It is a bit like raising kids, I guess.

Mr WILLIAMSON: I have never heard it put like that before.

Mr MORRISON: We can fall into the trap very quickly where they all become reliant on us and we cannot resource that support either.

The Hon. JAN BARHAM: Tourism is an industry and certain people profit from it. Who pays and who benefits?

Mr SCOT MacDONALD: We will make a Liberal out of you yet.

The Hon. JAN BARHAM: Some people make money and some do not. Often the people who provide the colour and life do it for the love of it but they do not get the bucks. How do we deal with that?

Mr MORRISON: We are providing a \$100,000 direct subsidy for events and festivals. About \$80,000 of that is wages. It is arguably \$180,000. Ratepayers are paying for that—it comes out of the general fund. The rationale for that is that these events bring money into town and that has a multiplier effect and people are employed. There is an ethical argument that some part of the general rates should be spent to support things that benefit businesses and everybody else.

Mr WILLIAMSON: That is in addition to the \$500,000 that we provide to the tourism association.

The Hon. JAN BARHAM: There is also the art gallery.

Mr WILLIAMSON: It is in addition to that.

The Hon. JAN BARHAM: Can you provide a list of the related things and the funding? That is interesting.

Mr WILLIAMSON: Yes.

Mr MORRISON: We will try to get those figures. Part of the review of tourism services is establishing the real cost of what we spend on tourism. To be honest, we do not know all those indirect costs at the moment. We are trying to quantify that as part of the review. We will know that in a month or so.

The Hon. JAN BARHAM: Do you have a food festival as well?

Mr MORRISON: Yes.

The Hon. LYNDIA VOLTZ: Now I want to go to the Clarence.

CHAIR: Unfortunately time for questions has expired. You said you will have the results of the review in about a month.

Mr WILLIAMSON: Yes.

CHAIR: Can you provide some of that information to the Committee?

Mr WILLIAMSON: Yes.

CHAIR: Again, thank you very much for appearing before the Committee and for the work that you are doing. You are on a good path.

(The witnesses withdrew)

BELINDA NOVICKY, Executive Officer, North Coast Destination Network,

CAMERON ARNOLD, North Coast Destination Network, and

GLENN CALDWELL, Tourism Manager, Coffs Coast Marketing, Coffs Harbour City Council, before the Committee:

CHAIR: Thank you for appearing today. Because this is a roundtable discussion, you are not required to swear an oath or make an affirmation. However, you are covered by parliamentary privilege because this is a committee inquiry. This is an opportunity for members to ask questions and to have a discussion rather than a formal question and answer session. Do you wish to make an opening statement?

Ms NOVICKY: The North Coast Destination Network is the regional tourism organisation that represents all stakeholders from Great Lakes in the south to Tweed in the north. Our financial members include 14 councils and 14 local tourism associations. Together we represent and provide a united voice for more than 3,500 tourism operators, mostly small businesses. We work in partnership with our members, Destination NSW and the industry to influence people to travel to the North Coast and to create a sustainable tourism industry to increase the economic and social benefits to our community.

Tourism Research Australia data reports that the North Coast visitor economy's footprint contributes \$3.13 billion, domestic and international, to the New South Wales economy. Using the industry's 2.5 per cent multiplier, that \$3.13 billion equates to \$7.8 billion in flow-on effects to our local economies on the North Coast. That connects to 6.15 per cent of our employment on the North Coast directly related to tourism compared to 4.7 per cent for the rest of New South Wales. Of the Australian top 20 regions listed by expenditure year for the year ended March 2012, Sydney was ranked number one. The Mid North Coast was ranked number nine and Northern Rivers number 13. It is obvious that the combined North Coast will now be ranked significantly higher in 2013.

The principal purpose of the North Coast Destination Network is to ensure that the visitor economy provides local businesses and communities across the North Coast with economic and social benefits through tourism. We do this through a dedicated destination management plan that was created in May this year. The destination management plan involved more than 200 stakeholders in the development process. It identifies the role of regional tourism organisations and specifies that the North Coast Destination Network is to create large-scale collaborative marketing opportunities both domestically and internationally through a commitment to growing the legendary Pacific coast umbrella. The destination management plan also identifies key gaps in experiences, assets and infrastructure across our region. To meet the growing and changing needs of our consumers, the North Coast Destination Network, together with our members, is committed to facilitating access to financial support to address these gaps.

Mr CALDWELL: By way of background, Coffs Harbour City Council markets the Coffs Coast region, which covers both the Coffs Harbour City Council and Bellingen Shire Council areas. The region generates more than 1.7 million visitor nights per annum, which equates to \$468 million in direct economic impact. The council invests \$2 million in the tourist industry annually, which includes running the visitor information centre, marketing, staffing and organising major events contracts. The key issues for us at the State level are the ability to provide long-term planning for the industry and the short lead time we often face in terms of accessing funding through the State Government.

CHAIR: How did you balance the different areas within the region in putting together the plan?

Ms NOVICKY: The Mid North Coast and Northern Rivers identified that each of our local areas has unique characteristics. As part of the destination management plan process, we held 11 workshops in each local area in partnership with the tourism managers, chambers and other organisations. Other stakeholders were also invited to attend and to provide input. From that consultation process we were able to identify the gaps that were similar across the North Coast. We also identified those that were particular to an area, and we identified that as part of the destination management plan as well. It is not a one-size-fits-all scenario; we actually looked at different needs not only on the Mid North Coast and in the Northern Rivers area but also at different destinations across the North Coast.

The Hon. JAN BARHAM: Did you provide a copy of the destination management plan to the Committee?

Ms NOVICKY: No.

Mr SCOT MacDONALD: We received a three-page letter.

Ms NOVICKY: The North Coast Destination Network did not make a submission.

The Hon. JAN BARHAM: I did not think so.

Ms NOVICKY: Our local partners identified who was making a submission.

The Hon. JAN BARHAM: What gaps were recognised?

Ms NOVICKY: There were a number of gaps in relation to meeting consumers' expectations and the quality of the products available. We have identified that we need to do some refurbishment of attractions. The most important issue is infrastructure gaps and the lack of funding made available to address those gaps across the region.

The Hon. JAN BARHAM: Are you familiar with the New Zealand model of government providing funding based on accreditation? Businesses are required to meet certain requirements and to lift their standards. Do you or does your group have an opinion about eco-accreditation or indigenous accreditation to maintain that standard and quality of product?

Mr C. ARNOLD: No, we do not have a position on it.

Ms NOVICKY: We do have T-QUAL, which is an accreditation process. We have identified a need to do more promotional work and we must provide more education about T-QUAL.

The Hon. JAN BARHAM: I think the name is a problem; it does not say what it means.

Ms NOVICKY: I do not know whether members are familiar with Aussie Host. There is a similar scheme in New Zealand that is very popular. When we tried to implement the program on the North Coast a few years ago the issue was that consumers did not recognise it. No funding was available to promote it; funding was available only to do workshops.

The Hon. JAN BARHAM: What about the standard of service? I was involved with Northern Rivers Tourism and it kept coming up in consultations that service does not meet the mark and that training is required to ensure that we are delivering high-quality service. It is a high-priced area and consumers expect a high standard. Do you have an opinion about that or do you have plans to address it?

Mr C. ARNOLD: I have a personal opinion.

The Hon. JAN BARHAM: Go for it.

Mr C. ARNOLD: When I started my business in Byron I saw it as an advantage to look at service. I concentrated on offering a better service. I must admit that in the past three years the quality of service has increased. As far as opportunities for organisations like ours to obtain funding to improve service is concerned, there are none.

Ms NOVICKY: We have done visitor satisfaction surveys in the past that tell us we need to improve service.

The Hon. JAN BARHAM: That is what I mean. Should more training opportunities be provided?

Ms NOVICKY: Of course. We would embrace more of that.

The Hon. JAN BARHAM: The expectations of overseas travellers are a particular issue. Did you identify Aboriginal tourism as a key issue?

Ms NOVICKY: We would embrace more of that.

The Hon. JAN BARHAM: Particularly with the expectations of overseas travellers. Did you identify Aboriginal tourism as a key attractor?

Ms NOVICKY: Yes, it was in the destination management plan as identified as opportunities. It was also identified as a clear gap and, again, though I do not think a clear strategy was identified how to meet that gap at the time, that report was put together.

The Hon. JAN BARHAM: Are you aware of the Government's—

Ms NOVICKY: Yes. I was just about to say, now that we have that, we can go back and look at how, because there was not a lot of information there that we could meet that gap at that time. It was not classed as a priority, but now we may be able to go back and definitely look at that. We have distributed that information out to all of our stakeholders as well, about the Aboriginal tourism strategy.

The Hon. LYNDA VOLTZ: I am not sure about this, but is there a way of linking the Aboriginal tourism strategy with some of the really good larger festivals, like the Ella 7s, which is held in Coffs Harbour, and building around those events. They are great for the Aboriginal community, which has a big gathering.

Mr CALDWELL: From Coffs Harbour's perspective, absolutely. We have the Ella 7s, which you mentioned. There has also been the Saltwater Freshwater Festival, which rotates around the regions. One of the key issues for us in respect of Aboriginal tourism is we actually have a product. We have some reasonable product. We have got the cultural heritage walks and so forth. We have an amazing amount of stories in the region. It is pulling those out and making the consumer more aware of them. That will take some level of investment in respect of marketing, promoting, and also providing tools and resources so the consumer can readily access those stories and that information. I do not think it is a matter of lack of product, it is more about joining the dots in a professional—

The Hon. LYNDA VOLTZ: Putting it together.

Ms NOVICKY: Glenn is absolutely right. It is also about providing business skills. That is the issue.

The Hon. JAN BARHAM: Do you think those opportunities should be a targeted form of State Government support and be worked through that plan?

Ms NOVICKY: Yes.

Mr C. ARNOLD: Absolutely.

Mr CALDWELL: The heavy consumer focus from our perspective—I think the Aboriginal community locally for us has got the natural assets and stories and so forth, but it is trying to extract that to present it to the mum and dad consumer so it is easily picked up and run with. I do not think the contents is the issue, it is more of the conversion from the Aboriginal culture into more mainstream culture, that they can readily pick it up and easily access it.

Ms NOVICKY: We do have available through the Legendary Pacific Coast our Aboriginal storyline, so we have worked with Saltwater Freshwater over the past two years. You will see on our iPhone app and our website that we have developed an Aboriginal handprint that shows the road of travelling the legendary Pacific Coast, and you can download as you go through different destinations. For Port Macquarie, for example, it will tell you the story of the three brothers and share with the consumer our traditional stories that the communities have shared with us, but being able to direct the consumer, especially our international visitors, to experience an Aboriginal product after they have heard the story is our gap. What Glenn is saying, the product may be there, but it does not have the business set. Some of our cultural experiences may be opened one day and not opened another day, and it is difficult to do a consistent promotion, especially with international visitors, when you are not sure they are going to travel and self-drive.

The Hon. PAUL GREEN: We had an A1 cultural experience on the South Coast with the Aboriginal people. I went on one of the tours. It was perfect. It was brilliant. The problem is the consumers were not buying

into the product. The product is there but people are not buying into it. It is nice to talk about it, but if you do not have the foot traffic to pay those wages and bills, it is not sustainable. It is very sad because it was a brilliant product.

Mr C. ARNOLD: Generally, the perception is that New South Wales does not have a range of Aboriginal products. The immediate perception of the consumer is that Aboriginal experience falls outside of New South Wales. We all know that is not the case, but how do you tell the consumer is the key to the link that needs to be made.

Mr C. ARNOLD: Is the Committee aware of the Legendary Pacific Coast?

The Hon. STEVE WHAN: Not until I just heard it mentioned then.

Mr C. ARNOLD: I thought that might be the case. Do you want to talk about the formation of that?

Ms NOVICKY: The Legendary Pacific Coast is our cooperative brand that we have identified as opportunities for international marketing—Sydney to Brisbane drive. They see that as the big footprint, and it is also growing from a domestic perspective. It has been around for a long time, called the Pacific Coast Touring Route. Destination NSW managed that for a number of years. In 2008 they came out to the four regional tourism organisations—Central Coast, Hunter, Mid North Coast and Northern Rivers—and basically said, "If you guys do not pick this up and make it work, it is just going to dissolve."

It had got a lot of attraction in the international marketplace and there was a lot of opportunity to collaborate under that Pacific Highway. 89 per cent of our visitors access our destinations along the Pacific corridor via their self-drive vehicle, so it made sense for us to do this. We put together a T-Qual application—that famous word—and we received half a million dollars to come up with the brand, implement it in the marketplace, develop the collateral, which included an iApp, website, et cetera. We have nearly 400 industry operators who financially buy into the program, so marketing is self-sustainable. National Parks is a financial member, and the 21 Local Government Associations are financially buying into the Legendary Pacific Coast.

The Hon. PAUL GREEN: What is the iApp called?

Ms NOVICKY: It is Legendary Pacific Coast. It is a free app that you can download. Next time you are driving on the Pacific Highway, you may see that the Roads and Maritime Services has also invested into our brand. We have two welcome signs now: one at the Gosford interchange that welcomes you to the Legendary Pacific Coast and one at Tweed as you cross the border. We have 11 information bays.

The Hon. LYNDA VOLTZ: I will have a look when I am looking for the new numbers next time.

The Hon. STEVE WHAN: Is that the three or the one?

Ms NOVICKY: We have 11 information bays. It is absolutely wonderful that the Roads and Maritime Services have committed this funding. It is shaped like a big wave and they are four big panels. Two panels are dedicated to local information, so Paddy's Rest Area, for example, which is halfway between Kempsey and Nambucca. One is dedicated to travelling to Kempsey and South West Rocks and tells you all about that destination as you are approaching it. Moving north, it is all about Nambucca and Coffs. On the other side, it is a whole panel dedicated to the Legendary Pacific Coast, the iApp, where you are on the map, the experiences we have on offer, and the other one is dedicated to the local Aboriginal history. So there are 11 of these. The Roads and Maritime Services have committed the next 11 to go in this financial year, so we will have 22 in total. All the blue and white advanced warning signs for this information bay carry our logo now, which is a colourful heart, so as you are driving the highway, you will constantly see this heart that represents our tourist information.

The Hon. PAUL GREEN: It is a very nice logo.

Mr C. ARNOLD: An example of how it is now being used, we are promoting it through Scoot Airlines. Scoot Airlines are flying to South-East Asia. They are doing a fly into the Gold Coast, drive the Legendary Pacific Coast, fly out of Sydney, or vice-versa. They are the advantages we have with that particular product.

The Hon. LYNDA VOLTZ: Whereabouts into Asia do they fly?

Mr C. ARNOLD: Scoot fly into Singapore. They are a low-cost airline from Singapore Airlines, but they then link up into China.

The Hon. LYNDA VOLTZ: Are they bringing in a lot of income? They are planning on bringing the Chinese market—

Mr C. ARNOLD: They do. They fly into China as well.

The Hon. LYNDA VOLTZ: Are the Chinese big on self-drive—

Mr C. ARNOLD: They are getting more so.

Ms NOVICKY: They are getting more so, yes. We have been overwhelmed, actually.

The Hon. STEVE WHAN: As long as someone tells them the road rules.

Mr SCOT MacDONALD: Right side of the road.

Ms NOVICKY: They are changing their habits as well. They have the income that we are receiving, so they are hiring a chauffeur and an interpreter, getting an Audi, or a car that they can drive up the highway with the wind in their hair, and travel the Legendary Pacific Coast as well.

The Hon. JAN BARHAM: Is there much catering for the Japanese?

Mr C. ARNOLD: It is not a strong market at the moment, and Tourism Australia pulled out a lot of their marketing from Japan, which is unfortunate.

The Hon. JAN BARHAM: Ten years ago there was.

Mr C. ARNOLD: Yes. The focus now has switched to the Chinese market.

The Hon. LYNDA VOLTZ: Follow the money.

Mr SCOT MacDONALD: I have two questions. There is something I did not understand in your submission. "As customers' expectations change we believe there is great value in regulation of provision and service levels to meet varying customer needs." What does that mean?

Ms NOVICKY: Our submission or the statement?

Mr SCOT MacDONALD: "Tourism for Coffs coast", the three pages?

Mr CALDWELL: That comes out of the visitor profile survey. The visitor profile survey identified that consumers are coming to the region with high expectations for a whole raft of reasons. The key issue for us is getting our industry product to meet those expectations in real terms.

Mr SCOT MacDONALD: From a government perspective, what is the regulation you are hoping for?

Mr CALDWELL: Maybe regulation was not the right word, but regulation across our industry as a whole. There are no service standards that our industry sticks to. You can go into one restaurant or another and the standards of service can be very, very different.

Mr SCOT MacDONALD: I thought you meant law.

Mr CALDWELL: No, perhaps accreditation.

Mr SCOT MacDONALD: You talked about training. Can you think of a recommendation for training? You can take that on notice, if you like. If we move away from government direct funding of

tourism—and I am not saying that will be the case, but it is looked at from a resource point of view—is training something we should be looking at? Is it worthwhile?

Mr C. ARNOLD: It is absolutely worthwhile. Earlier today I stated tourism gets a bum steer from an industry perspective. It is not fully recognised as an industry and therefore a career path. It is seen as a stopgap while you are at uni or going through school. There are so many careers that can be built out of tourism or the visitor economy. A focus based on that from a training perspective would be really advantageous. I have used school trainees and brought them through the ranks. They can go on to have a good career within the visitor industry.

Mr SCOT MacDONALD: Are you saying we should look at what TAFE or other service providers provide as traineeships or industry training?

Mr C. ARNOLD: Yes, that would be very advantageous for our industry.

Mr SCOT MacDONALD: If you think of anything else along those lines please put together a recommendation.

Mr CALDWELL: There needs to be a consistent approach to training. Whilst there is a career path within tourism, there are a lot of segments of industry servicing that market—that is, cafes and so forth—that unnaturally have a high turnover of staff. There needs to be some regularity with the training to allow for that high volume of turnover of staff. A common issue within the industry broadly is the high turnover of staff.

Mr C. ARNOLD: It may be the case that if there were an investment from government you would get a good return, whether in participation rates or more economic activity. I leave that with you.

The Hon. JAN BARHAM: What about areas like the far North Coast where there is low unemployment, so tourism is important in providing jobs, but there is a feeling that a lot of those jobs go to backpackers? How do we deal with ensuring that the benefits that flow are real jobs for locals to build a relevant local industry? How would that go across the region?

Mr SCOT MacDONALD: That's an easy one.

Ms NOVICKY: Especially since we have a working backpackers holiday trail.

The Hon. JAN BARHAM: The Visitor Economy Taskforce talks about an extension of that into areas like my home area.

Ms NOVICKY: In Coffs Harbour, in relation to the backpackers specifically, it is farming. They get seasonal farming jobs, rather than getting full-time work to sustain the tourism industry. There are not so many taking up hospitality jobs in tourism or other mainstream roles. A lot of hospitality jobs go to uni students looking at them as temporary jobs rather than full-time employment.

The Hon. JAN BARHAM: In Byron so many jobs are taken up by backpackers. Other concerns have been raised, such as people not being paid but being given accommodation instead of payment. Does that sort of thing go on?

Mr C. ARNOLD: Tourism is a seasonal business, so having a transient population to fill the gaps is a real positive. Where that population supersedes or takes jobs from locals that is a problem. You do have a rogue element within the industry that does not pay properly. If there are any regulation or compliance issues we do not have the resources to implement that, but that would be advantageous to the industry because it would lift the standard.

The Hon. JAN BARHAM: Is there a way to enhance employment opportunities for areas without much other employment? Can you suggest ways or give that some thought?

Mr C. ARNOLD: Sure. Career paths would be one opportunity. Getting in at school level we could explain the opportunities in the whole of the visitor economy, so kids do not think it is just a case of being a waiter during the holidays. There are many opportunities in the industry.

CHAIR: In relation to major events, because Coffs has few of them, how has council done the long-term planning in relation to special events?

Mr CALDWELL: We have a major events strategy at a couple of levels. One is we have a business tourism strategy for conferences. We own and operate a couple of conferences. We also have a resource with the role of specifically attracting business tourism or conferences into the region. They are largely non-funded events, not events we put money into. We also have a major events strategy that simply looks at return on investment for major events. We have a specific budget which has some flexibility. At the moment there is an amount of money available to us to source events in the current financial year. We need to have some level of flexibility within that budget, which is difficult in a council environment. Often it is run under-budget, but it allows us to seek new events each year and to have an amount of money for the right opportunity.

We have a clear strategy to target very specific events, in line with the Destination New South Wales model of return on investment. If we invest \$1 we expect a return of around a 100 to 1 ratio to invest in an event. We look at it not that diligently, in the sense that it is just return on investment. There is also a marketing element to major events. We have just come off world rally, for example, which has a significant marketing component with a worldwide TV audience. We weigh up both of those things. We are simply looking for the best return on investment for us as a region, from a marketing perspective and, more importantly, a return on investment perspective. We rely heavily on the funding from Destination New South Wales for the event proponent. Often the discussion is a three-way discussion with Destination New South Wales, ourselves and the event proponent to work out how the event will land in the region, how it is funded and how the KPIs are managed. We fall out of the Destination New South Wales KPIs because we have the same requirements, bang for our buck, as we expect a certain return.

The Hon. LYNDIA VOLTZ: You have some quite clever high-end golf and corporate events in Coffs Harbour as well, don't you?

Mr CALDWELL: Yes, we are very fortunate. We have a product called Bonville golf resort. That is one of very few products along the coast which specifically drives visitation. That product stands on its own feet and pulls people in to the region. We need more product of that calibre. Without doing any marketing, we need some infrastructure strong enough to bring in that visitation. It is a well-known golf course.

The Hon. LYNDIA VOLTZ: Yes, I know it.

Mr C. ARNOLD: I am not sure if anyone is aware of the rail trail proposal for the Northern Rivers?

Mr SCOT MacDONALD: Yes, we are.

Mr C. ARNOLD: Wonderful. I sit on the rail trail committee. From a product perspective we talked earlier about dispersal from Byron Shire and I spoke about the right type of tourist, the quality of the tourist. A rail trail in our region across four shires would be a significant product that could tick all those boxes we are chasing.

The Hon. JAN BARHAM: Does that include getting light rail as well as making it for biking and walking? Can it be for all those things?

Mr C. ARNOLD: Absolutely, there is the potential to satisfy all the requirements.

The Hon. JAN BARHAM: And the community commuter demand as well?

Mr C. ARNOLD: Absolutely. It is definitely a multiuse product. The feasibility study, which the Government has put money towards, will investigate all of those options.

The Hon. LYNDIA VOLTZ: So this is about releasing the rail land?

The Hon. STEVE WHAN: So you do have money towards it?

The Hon. JAN BARHAM: I thought we heard that you did not have any money.

Mr C. ARNOLD: Don Page has had money put aside for a feasibility study.

Mr CALDWELL: Cameron talked about key projects of that note and that size. We have a couple of projects such as a foreshore redevelopment strategy and a cruise ship strategy. We have some potential in those areas. The key frustration for us as a region is the involvement of multiple government agencies across a project. For example, we have identified four or five different government agencies involved in just a foreshore redevelopment. One of the things we noticed with planning the world rally championships was that we had an all-agency and all-of-government approach. We are making that event work because we have all of the government agencies at the table thrashing out the key issues and getting really quick resolutions. And then with a project like the foreshore redevelopment, which is probably far more critical for the long term sustainability of tourism, we are floundering because a region has real difficulty trying to pull all those agencies together to manage what could potentially be a significant piece of tourism infrastructure. That is a key issue for us long term.

The Hon. LYNDIA VOLTZ: Why is that? Is it an issue of who is in charge? Is it about who are the leaders of the two projects?

Mr CALDWELL: That is the major problem. For example, Newcastle has developed a foreshore authority to actually push their development through over the last decade or so. We have had these discussions, and the debate has been about whether that project is significant enough in terms of the potential cash coming back to government to justify the creation of a foreshore authority. The answer has been no.

The Hon. STEVE WHAN: Do you still have access to regional coordinators from the Department of Premier and Cabinet? Do they exist anymore?

Mr CALDWELL: I guess the Department of Trade and Investment presence has been lost from this region. Whilst we can talk about a decade of decentralisation, I think as it currently stands there is less access to government support and coordination—that is, having someone to actually pull all the parties together to get the right outcome. A lot of it is about agencies just protecting their own patch. We noticed with the world rally championships that having that all-agency and all-government approach means that a common-sense decision is often made and then the departments just activate the outcome. We are getting some good resolutions there that we would not be able to get without that all-agency approach.

The Hon. JAN BARHAM: So you have to deal with Crown lands, primarily; but who else?

Mr CALDWELL: We also deal with Roads and Maritime Services and the Australian Rail Track Corporation.

The Hon. JAN BARHAM: Does that division still operate from Newcastle?

Mr CALDWELL: Yes, Newcastle is a key contact for us in that regard. It comes back to the high-level commercial decisions and the realisation that that parcel of land is probably holding the region back from a tourism development perspective. There are some commercial outcomes for government. It is about joining that dot to a realistic outcome at the end and getting that coordination to push it through. Having the right people at the table can make that happen reasonably quickly, whereas currently we do not have that.

The Hon. NIAL BLAIR: Firstly, I would like to apologise for having to step out of the hearing earlier. Is that not something though that the Minister for the North Coast should be able to pull together? Could he not pull together those agencies in a similar way to get them to all work together? Has that been examined?

Mr CALDWELL: Certainly the foreshore development model has been examined. We have been told by the Department of Premier and Cabinet that the development does not have the size, scope and financials attached to it to warrant that. They set up a statutory body to do the Newcastle foreshore developments.

The Hon. NIAL BLAIR: I am not talking about starting a separate entity to do it. I could be wrong, but I would have thought that part of the brief of the Minister for the North Coast would be to work across agencies to achieve results on issues like what you are talking about here, and to almost act like that authority.

The Hon. LYNDIA VOLTZ: Mr Caldwell, do you know who is the Minister for the North Coast?

Mr CALDWELL: Yes, it is Don Page.

Mr C. ARNOLD: In regards the rail trail, Don is leading the way on that. He is absolutely the conduit to get across the multiple agencies.

The Hon. JAN BARHAM: It is just that there are so many projects and it is such a huge area—you need a "Minister for the mid North Coast".

Mr CALDWELL: I think there are also some local politics at play here as well. There are certain relationships between parties and those sorts of things.

The Hon. LYNDIA VOLTZ: Have you spoken to him about it?

Mr CALDWELL: No, Andrew Fraser, our local member, has certainly been involved in all of those discussions. It is building a bit more momentum now than it had some time ago. I think we now have the three tiers of government talking to each other for the first time. I guess my comment is about the all-agency approach and how it often avoids some of the politics.

The Hon. LYNDIA VOLTZ: It is about empire building.

Mr CALDWELL: Absolutely.

The Hon. JAN BARHAM: You are saying that there needs to be a structural model that can be pulled together when things like that happen?

Mr C. ARNOLD: Yes, as tourism manager who do I go to and say, "There is a great tourism opportunity here for the Coffs Harbour coast but we need to get government investment, in terms of time at the negotiating table not necessarily financial dollars." We need to get government to invest in the project by pulling all the agencies together. I think it has to be done at the higher level because there are layers of bureaucracy that we tend to have to push up through. It takes years and years, often without achieving an outcome, and that is frustrating.

The Hon. JAN BARHAM: There may be an election and a change of government by the time you get to the end of it all.

Mr C. ARNOLD: Absolutely.

The Hon. NIAL BLAIR: I think that is a role for the minister with that regional portfolio. The minister has the scope to be able to work across those agencies, to bring them all together and to say, "This is a strategic project that we need to happen for the North Coast and I am going to be the conduit, or this office is going to be conduit, for making sure we get this." Is that what has happened with the rail project?

Mr C. ARNOLD: Absolutely, and it is actually what has happened with the North Coast Destination Network. Don Page hosted a meeting of all of our state members across the network to let them know what we were doing and so we could talk about The Legendary Pacific Coast tourist drive all of the issues that we had.

The Hon. LYNDIA VOLTZ:

CHAIR: How much have you set aside for the feasibility study?

Mr C. ARNOLD: I believe it is \$80,000.

The Hon. STEVE WHAN: Can you proceed with that project even though it actually needs a legislative change to use the railway?

Mr C. ARNOLD: It is being proceeded with, yes. There are different opinions about the change of use to the rail corridor.

The Hon. STEVE WHAN: It is not a difference of opinions because it has been blocked before.

Mr C. ARNOLD: Was that in 2009?

The Hon. STEVE WHAN: You have to change the legislation to be able to use it.

The Hon. LYNDA VOLTZ: Because, essentially, once you allow the sale of the rail land it opens a can of worms.

Mr C. ARNOLD: It is not about a sale though.

The Hon. STEVE WHAN: No, it is about the official closure of the rail line.

Mr C. ARNOLD: It is a change of use as well, as I understand it. There have been some examples where a rail corridor has had a change of use.

Mr SCOT MacDONALD: Yes, in Gippsland and New Zealand.

The Hon. STEVE WHAN: There is no example in New South Wales of a rail trail on a railway line that has not been officially closed. I know because I have been involved in trying to get two of them through and the Greens blocked our legislation to try to do it.

The Hon. JAN BARHAM: We did not trust them!

The Hon. STEVE WHAN: That is right; you did not. What is the size of the North Coast Destination Network? How are you managing to build relationships with the commercial operators within that given the extremely large size of the area you are dealing with?

Mr C. ARNOLD: With the previous government the funding arrangements for all the regional tourism bodies were basically looked after through the regional tourism organisations under the Forum of Regional Tourism Organisations [FORTO]. Towards the end of that three-year agreement the previous tourism Minister indicated that they were looking at having fewer regional tourism organisations. They talked about merging. Every single regional tourism organisation at the table indicated that they were happy to look at merging. The only organisations that actually merged were the inland ones. They created a large regional tourism organisation called Inland NSW.

The Northern Rivers and the mid North Coast regional tourism organisations were at the table to discuss it. What we did, in close consultation with Destination NSW, was to discuss that merger process. Both I as chair of the Northern Rivers Regional Tourism Organisation and Cathy Balodis as chair of the Mid North Coast Regional Tourism Organisation made the decision to amalgamate because we wanted to have a bigger voice at the table. When Inland NSW formed, they had a CEO based in a Sydney office not in the inland region. We are based in the region. Our membership consists of the local government areas and the local tourism associations. So we have a skills based industry board and our local tourism associations talk with industry.

The Hon. STEVE WHAN: So there is no direct membership of industry into it?

Mr C. ARNOLD: No. The direct membership is through the local tourism associations. For example, if you are in the Byron Shire Council area then you join the Visitor Industry Association Byron, which is an industry association. They are members of the North Coast Destination Network.

The Hon. STEVE WHAN: I asked a question before of the Clarence Valley Council about their links with the North Coast Destination Network and the mayor said that he did not know of any.

Mr C. ARNOLD: That is ridiculous because the Clarence Valley Council tourism manager sits on our board.

The Hon. STEVE WHAN: But he is saying that they are separate to the council.

Mr C. ARNOLD: Yes, they are.

The Hon. STEVE WHAN: So how do you engage directly with the council?

Ms NOVICKY: Des Schroder is an employee of the council and he is invited to all of our board meetings. So I send the board papers to the council representative and the industry association representative for every board meeting. They receive all of the board papers that we all have. Those members are copied into all of the documentation that is distributed to the board. So the communication is as open as it can be. As Cameron said, we are engaging with all of the industry operators across the North Coast through the regional tourism organisation. We work in partnership with our tourism managers or our local tourism associations. So we ensure that they are actually sending out on our behalf through their databases the information that we disseminate.

The Hon. NIALL BLAIR: I think there is a confusion here. The council funds the organisation but the organisation does not have anything to do with council. That is potentially why the mayor does not have any exposure. I think the employee you are talking about is not actually employed by council.

Ms NOVICKY: Yes, he is.

The Hon. JAN BARHAM: He is the director of environment and planning.

The Hon. STEVE WHAN: You talked about your plan as basically identifying gaps mostly in the provision of infrastructure. Does that avoid trying to pick winners by basically looking at the products that you want to promote as the profile products for the region? Would that be a fair assessment? The way you said it before seemed to me to be that you were not so much saying that this is what we want to promote in our region but saying that these are the gaps in our region. Is that a way of avoiding picking the winners?

Ms NOVICKY: I think that I may not have given you the full information when I described only the gaps. Our destination management plan [DMP] also identifies all the assets that we have and our unique selling points [USPs]. I did mention it to Natasha Maclaren-Jones when she asked about the different destinations. The DMP is a 50-page document that clearly identifies each of the areas' USPs. Byron Bay's unique selling point, of course, will be quite different to Taree's unique selling point. The destination management plan has definitely identified the assets that we have to promote and then those gaps are what we can then continue to work towards to build to continue to be competitive into the future.

The Hon. STEVE WHAN: We spoke earlier about training. In your planning have you had contact with tourism training organisations either through input from them into your planning or your input into theirs? There are national tourism training and New South Wales based regional tourism training organisations.

Ms NOVICKY: Yes. We have had different organisations like ETC, for example, that have been involved with us in the past. We have a memorandum of understanding with TAFE as well and we are working to grow that. They were consulted as part of our destination management plan as well, so that is something that is ongoing.

Mr C. ARNOLD: And we have a close relationship with Southern Cross University.

The Hon. STEVE WHAN: But not with any of the statewide bodies? The organisations you have mentioned are government based but there also are industry-based tourism training organisations.

Ms NOVICKY: Which one in particular?

Mr C. ARNOLD: An example would be NORTEC.

The Hon. STEVE WHAN: Bill Galvin runs one called Tourism Training Australia.

Mr C. ARNOLD: Bill Galvin was my teacher at Ryde TAFE college a long time ago.

The Hon. STEVE WHAN: There also are others that I have come across at different events.

Ms NOVICKY: The Blue Mountains has one that is private. On the North Coast we are working with the TAFE scene and universities.

The Hon. LYNDA VOLTZ: Do you go down as far as Forster-Tuncurry and that area of the Great Lakes?

Ms NOVICKY: Just as far as Forster-Tuncurry. Port Stephens was part of it up until June.

CHAIR: We now have the option of moving in camera for the remaining 10 minutes if you wish.

Mr C. ARNOLD: Yes.

CHAIR: As there are no further questions for Mr Caldwell, he may be excused.

(Mr Caldwell withdrew)

(Evidence continued in camera)

CHAIR: Hansard staff will record what is said and then the Secretariat staff will be in contact with you to run through the transcript to see whether there is anything that you would like to be put on the public record. Otherwise, it does not need to be made public. Would you like to make an opening statement?

Mr C. ARNOLD: Yes. What we want to talk about specifically is the funding. Obviously, we do not want to be seen to be biting the hand that feeds us. We just felt we wanted to share some issues that we see with the current funding arrangements. That is why we wanted to do this in camera.

Ms NOVICKY: You are probably aware of the new contestable pool of funding and there is the quarantined funding. We have found that when we were able to access \$990,000 under the previous program there was not as much paperwork and bureaucracy to get through. Now the amount of work that we need to do is quite laborious. It is basically a 50-page application to receive what is classed as our quarantined funding.

Mr C. ARNOLD: Just on that quarantined funding, George Souris ensured that the regional tourism organisations [RTOs] had money put aside specifically for their use and made sure that was in place for the next three years. To do what Mr Caldwell said, we need certainty. We need to know what the organisation is going to be capable of over a period of time. We were basically left hanging as an organisation right up until the last minute to see whether we could actually stay viable. A couple looked like folding. I believe the Hunter was very close. I think it has since actually closed. Is that right?

Ms NOVICKY: Yes.

Mr C. ARNOLD: Northern Rivers Tourism is an incorporated association that has a volunteer board but in no way, shape or form are we going to put our personal positions at risk by operating an insolvent organisation. As a board we were probably a month away from closing that organisation. Then you would have no representation in the area. Hence, the new funding regime has now become incredibly onerous. There is a sense that we have this quarantined funding but there are so many hoops that we need to jump through to be able to get access to that. If we do not have our applications in on time and approved to the level that Destination NSW wants us to it goes back into the competitive pool of funding so we do not have access to it after that point in time. Our resources are Ms Belinda Novicky. That is the only resource we have as a regional tourism organisation which, as you said, covers a huge area. It is incredibly challenging.

The Hon. JAN BARHAM: What is the dollar value within the non-contestable funding compared with the previous allocation?

Ms NOVICKY: We received \$990,000 before.

The Hon. STEVE WHAN: That was for the grants as well, was it not?

Ms NOVICKY: No, the \$990,000 was just given to us as a regional tourism organisation. We had to match that with \$990,000. That was not an issue; we were able to match the dollars. For a number of projects then we were able to put in one application to allocate where that money was going to be spent. Now every project that we want to access with the \$693,000 that is being matched with \$693,000 has to have its own application. We want to do a campaign with Scoot to do corporate marketing for which we will raise \$30,000 from industry. We want to use \$30,000 out of quarantined funding and Scoot is going to put in \$30,000. To do a roughly \$100,000 campaign I have to fill out another 50-page document for that. If we do a \$200,000 campaign we still have to complete the same 50-page document that then has to be approved by Destination NSW, come back to us and go back and forth to get the actual funding that has been quarantined to

us. We also received an email last Friday to say that if all of our applications are not successfully approved by 29 November that money is ours to lose and it will then be put back into a contestable pool of funding. If I do not have all of our projects and applications successfully approved by that date then we will not access our funding over the next year.

The Hon. JAN BARHAM: Is that not why you do a plan—so that you have got that all laid out?

Ms NOVICKY: Yes, but this has been a very difficult year because the funding was only just released. We do not know the game yet. We put in a contestable pool of funding application in June, which was not successful. They have come back and said it was because it was this and it was that and different issues.

Mr C. ARNOLD: An issue we also have is the consultation with industry. I do not know if you are aware of the campaign that Destination NSW did with Westfield. It was basically when Sandra first started in her position. Cathy and I are both apartment complex owners; we are hoteliers. We spoke to them about the process they were going to go through to implement this campaign. There was no understanding of how it works in industry. They were using a portal for bookings. For an industry operator to actually link in with that portal they had to get a merchant facility through their business and it was going to cost them about \$500 to \$600 to go through that process. You are talking about small business operators here. At the top of the tree they are thinking about a great campaign that was going out to market but they were not looking at the operators that were going to buy into it.

We recently had a situation with the latest KPIs for the funding. There was a suggestion that we use booking engines such as wotif.com and booking.com because they felt that they could get the research to see that those bookings were actually forthcoming. What that does—and we talked earlier about ways of raising money for tourism—there are visitor centres in LGAs that act as a booking agent and they raise funds through commissions in those bookings. So if you have got the government agency telling industry that you have to use these third parties, they are actually taking the opportunity of raising money from the visitor centres of the LGAs and all for the reason of not understanding how industry works. You can get those statistics from that portal just as well as you can get them from these third parties. But there is definitely a gap there in understanding how the industry works.

The Hon. STEVE WHAN: There were issues in a number of cases in the previous funding resulting from pre-election promises for product development grants—grants had been given out by RTOs and the Audit Office could not trace them. Is the new application process about accountability or is it more about micromanagement?

Mr C. ARNOLD: I would say more the latter.

[EVIDENCE OMITTED BY RESOLUTION OF THE COMMITTEE ON 3 MARCH 2014].

In the new round of funding they have just copied the Tourism Infrastructure Regional Funding [TIRF] grant applications and popped that criterion into this new round of determinations for that funding. I believe that there are variances that should be looked at because it is very difficult under the new funding arrangements to get anything product development wise.

The Hon. STEVE WHAN: For what purpose are you allowed to use your guaranteed funding?

Ms NOVICKY: We are allowed to use it for operations, product development and marketing. So when in the past we would receive \$200,000 for operations we would then apply for that over maybe two—a period. Now we have to apply for that \$200,000 as a part of the marketing application. So we would include a project fee for managing the marketing activity. So cashflow will become an issue of managing the application. So each time you reach a milestone you can access the next lot of funding.

The Hon. STEVE WHAN: So you do not have a guaranteed administrative amount out of it?

Ms NOVICKY: No.

Mr C. ARNOLD: Not at all.

Ms NOVICKY: So that has again become my full-time job.

Mr C. ARNOLD: And if we are unsuccessful with that quarantine funding and that goes back to the competitive pool we do not have an organisation.

The Hon. JAN BARHAM: And like you said, the volunteers are not going to stay in an organisation that is not—

Mr C. ARNOLD: Not at all.

The Hon. STEVE WHAN: The Government's review, which they based a lot of this on, actually suggested that you should not get any base funding at all, did it not?

Mr C. ARNOLD: Yes, we know.

[EVIDENCE OMITTED BY RESOLUTION OF THE COMMITTEE ON 3 MARCH 2014].

The Hon. JAN BARHAM: What about the KPIs? How do the KPIs work?

Ms NOVICKY: They are calling them hard, hard KPIs.

The Hon. JAN BARHAM: I do not know what that means.

Ms NOVICKY: So it has to have a tactical—

The Hon. JAN BARHAM: You mean measurable?

Ms NOVICKY: Yes, very measurable but measureable from an economic perspective. What I have been told is basically that we put up projects and in those applications it has to have very clear KPIs so we can report back to Treasury the return on investment for that money. So it makes it a little bit more difficult if you have got a product development application. Say you want to build a trail, an interpretive walking trail along a foreshore et cetera, how do you measure how many people have stopped and looked at that trail? It is part of the product development and destination improvement to be able to provide that, but what we are doing is trying to come up with ways to do a product development. How can it be launched to have a marketing aspect as part of that product development to get accommodation on board so that you can measure that we have launched a trail and as part of that trail 20 accommodation bookings were made by people who wanted to come and see the trail? It might as well be called marketing.

The Hon. JAN BARHAM: Are you going to have to spend more money to be able to report on the money that you have got to do the work to meet the KPIs? Is it bureaucracy gone mad?

Mr C. ARNOLD: Yes. We fully do not understand. They have already awarded \$1.3 million to the first round of competitive bid funding and they are now coming to the region next week to discuss how that was awarded.

The Hon. JAN BARHAM: That will be informative for you.

Mr C. ARNOLD: Yes.

Ms NOVICKY: To know how we get our projects up, yes.

Mr C. ARNOLD: To me a hard KPI—I did an application and I am not bitter and twisted that I did not get the money. My KPIs were the amount of bookings I took, how many people actually stayed and the amount of money they spent. To me that is hard KPIs. I do not understand how that is different or not clear compared with bookings that are made on a booking website—to me that is much more clear and a hard KPI. So we will find out next week how that works.

The Hon. JAN BARHAM: What are they basing this methodology on? Where does it come from? Where is the example of how it has worked?

Ms NOVICKY: I do not know if you have seen this but this is the application form that you have to go through. Obviously there was a panel of four: two Destination NSW staff, a Tourism Australia staff member and a TIRF grant person. They went through and scored each of the applications and they had ratings on each of the questions.

The Hon. LYNDA VOLTZ: Maybe we can get copies of the application forms from the department?

Ms NOVICKY: It is the same application form for the RTO to access its quarantine money, as it is for contestable. When I did the contestable it took a good week because you have got to align to the Visitor Economy Taskforce [VET], you have got to go through and answer a thousand-word question for each of those alignments—how you are meeting all the strategic imperatives of the VET. So it is not an easy task.

The Hon. JAN BARHAM: It takes your time.

Ms NOVICKY: Yes, but as part of that you have milestones so you have to go through each milestone. I was told that one of the contestable pool applications did not have an element as part of the last milestone that said how much money we assigned to doing the last report and financial audit, so that was a mark down. Those are the kinds of things in meeting those milestones that are a little bit—

The Hon. STEVE WHAN: Bureaucratic.

Ms NOVICKY: Very bureaucratic. I do not know where the rules are coming from but they are continuously evolving.

Mr C. ARNOLD: I make it clear that we have always been willing to work with Destination NSW. We made sure before we formed North Coast Destination Network that that was the direction that they supported us in going and that is the only reason that we took those steps. In no way are we looking to work outside of the framework; it is just that the framework at the moment is really blurred and it is creating a lot more work for the resources that we have.

Ms NOVICKY: I just want to make one last comment—and I do not how much they do not realise that we do not have the resources here in the region. In December when we were told we were not going to receive the capacity dollars to operate, that we would have to apply for it under our application, one of the RTOs, the Murray said, "Without that financial support we will have to close our office." The comment back from the Destination NSW staff was, "Well you are going to have to work from your home office." I already work from my home office. There is nothing else to close down. We already run on a shoestring budget to do what we do. There is no closing of resources to continue to operate from that perspective. I thought it showed the lack of understanding of what we are doing in our region if someone says to get a home office when we have been operating from a home office for the last six years.

Mr C. ARNOLD: I know you have met with the Central Coast and the Central Coast has seven or eight staff at their RTO; we have one.

The Hon. STEVE WHAN: Most of the regional ones are lucky to have one.

(Evidence in camera concluded)

(The witnesses withdrew)

The Committee adjourned at 3.51 p.m.
