



Rockhampton Office:

15 East Street, Rockhampton
PO Box 1313, Rockhampton Q 4700

Capricorn Coast Office:

Ross Creek Roundabout, Scenic Hwy, Yeppoon
PO Box 166, Yeppoon Q 4703

Email: admin@capricornenterprise.com.au

Web: www.capricornenterprise.com.au

Ph: 07 4927 2055 Fax: 07 4922 2605

ABN: 72 142 612 280

Capricorn Tourism & Economic Development Ltd
Trading as Capricorn Enterprise

Thursday 16th February 2017

**Committee Secretary
Joint Standing Committee on Northern Australia
PO Box 6021
Parliament House
Canberra ACT 2600**

Dear Sir/Madam,

RE: Inquiry into Opportunities and Methods for Stimulating the Tourism Industry in Northern Australia

Thank you for the opportunity to provide this formal submission regarding the Inquiry into Opportunities and Methods for Stimulating the Tourism Industry in Northern Australia.

Capricorn Enterprise is one of Queensland's thirteen (13) official membership based **Regional Tourism Organisations (RTO)** (as recognised by the State government) representing a large part of Central Queensland, from the Central Highlands in the west to the Keppel Islands in the east (including the main towns of Yeppoon, Rockhampton and Emerald). We also provide Economic Development support to regional industry in Rockhampton and the Capricorn Coast, acting as an independent voice for the business community. We are fully supportive of opportunities to showcase the lifestyle and employment opportunities as well as investment and business benefits of living in regional centres like ours.

We work in close partnership with two neighbouring official RTO's in the Gladstone (GAPDL) and Bundaberg (BNBT) tourism regions under the **Southern Great Barrier Reef (SGBR)** Destination Brand.

This branded partnership approach has won successive **Queensland Tourism Awards** for Destination Marketing in 2015 and 2016, with visitor expenditure to the year ending September 2016 to the SGBR destination reaching a record **\$1 Billion and up 7.2%** from the previous year.

Of the **1.932 Million domestic visitors** to the SGBR Destination to the year ending September 2016, 1.67 Million were from within Queensland and 262,000 were from Interstate, with strong growth from Melbourne and Victoria. Visitors are predominately from three sources – holiday/leisure visitors (585,000), those visiting friends and relatives (VFR) (583,000) and business visitors (627,000).

1. Domestic and international tourism comprising: recreational, cultural, educational and industrial tourism

MAJOR OPPORTUNITY – SUPPORT OF DESTINATION TOURISM PLAN (DTP) AND PRIORITY PROJECTS FOR THE REGION

Capricorn Enterprise, through collaboration with business and industry, community groups, government departments and major stakeholders, focuses on regional **Priority Initiatives/Projects**, some of which are focussed specifically on tourism development. These are outlined here in an attempt to not just raise awareness to the Federal Government inquiry into tourism in Northern Australia, but to strongly suggest creating funding opportunities to enhance product development, support industry programs and build tourism capability in our regions.

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PRIORITY PROJECT FOR THE REGION: Implementation of Capricorn Destination Tourism Plan (DTP) 2014-2020

Tourism is both a major economic activity and lifestyle driver for the Capricorn Region. To help achieve the Central Queensland's 2020 target aspirations, the **Capricorn Destination Tourism Plan**, which is recognised by State Government, has been prepared to provide the definitive direction for tourism and events in the Capricorn Region, highlighting the resources required to achieve the target and create a sustainable and competitive tourism and events destination (including in the areas of recreational, educational and cultural). All thirteen (13) Official Regional Tourism Organisations (RTOs) in Queensland have a Destination Tourism Plan. A copy of the Capricorn DTP can be provided to this Inquiry.

PRIORITY PROJECT FOR THE REGION: Multi Use Centre – Convention Centre and Stadium facilities

Capricorn Enterprise supports the development of a multi use centre, Convention Centre and Stadium facilities, in Rockhampton to enhance recreational tourism in the region. This would be a staged facility with the **Convention Centre proposed as stage 1** of this facility, to bring additional entertainment functions, recreational events and conferences to residents and visitors.

Rockhampton is the only regional city in Queensland without a Convention Centre, so we are missing huge economic opportunities. An independent detailed economic impact and business case study has been completed and can be provided to this Inquiry.

The construction phase of the Convention Centre development is estimated to generate **47 full time equivalent (FTEs) jobs and a further 81 as a flow-on impact, representing incomes of \$8.9M**. When fully developed, events and activities facilitated through the centre will result in **41 direct FTEs and 15 flow-on FTEs, representing incomes of \$2.6M annually**.

2. The role of peak bodies, local communities and all levels of government in developing and promoting tourism opportunities nationally and internationally, including regulations and workforce issues that may inhibit tourism development

MAJOR OPPORTUNITY – TOURISM PRODUCT INFRASTRUCTURE DEVELOPMENT \$ FOR \$ GRANTS

The abolition of the T-QUAL (T-QUAL Tourism Quality Projects Grants up to \$100,000 per grant, T-QUAL Strategic Tourism Investment Grants up to \$1 Million per grant) and TIRF (Tourism Industry Regional Development Fund up to \$250,000 per grant) Grants at a Federal level destroyed incredibly successful programs and opportunities to grow tourism in regional Australia.

CASE STUDY 1: Capricorn Caves, just north of Rockhampton, is the only privately owned cave system in the country and is a multi Award winning tourism attraction in Queensland and Australia. Due to three successful dollar for dollar grants over the past decade, they have managed to expand their business and employ more people. This product is one of our destination's hero experiences.

T-QUAL – by accessing this dollar for dollar grant, Capricorn Caves was able to build a Lodge to cater for school groups, learning about geology, geography whilst integrating team building activities such as adventure caving, abseiling and bush walking. School groups now represent 25% of their business.

TIRF – by accessing this dollar for dollar grant, Capricorn Caves was able to upgrade the lighting system throughout the entire property to LED lighting. This was critical, not only to the environment, but to continue their core business of regular caves tours, as the electricity costs were exorbitant.



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TIRF – a second grant in this fund allowed Capricorn Caves to expand their product to include a geo-tourism tour (to be launched in the near future). By working with the Queensland Museum and palaeontologist Scott Hocknell, Capricorn Caves has been able to enhance a dig site to develop a regular geo-tourism tour.

CASE STUDY 2: Henderson Park Retreat, between Rockhampton and Yeppoon is a fifth generation cattle property which expanded into the tourism industry by offering boutique accommodation overlooking Hedlow Creek.

T-QUAL – by accessing this dollar for dollar grant, Henderson Park Retreat was able to expand their property to include an accommodation and common area Lodge, which has allowed their business to grow, not just in attracting international visitors, but functions including weddings and groups. This tourism business is now one of the most sought after properties by Inbound Tour Operators (ITOs) for their international clients, particularly from Europe and UK.

Without the opportunity to access dollar for dollar grant programs, neither of these businesses would have been able to expand their offerings, employ more people, attract additional visitors to both their product and our destination, successfully competing in a highly competitive market.

RECOMMENDATION

Capricorn Enterprise supports the re-institution of a **Tourism Infrastructure Product Development \$ for \$ Grant** for small to medium enterprises (SMEs) to access dollar for dollar grants from the Federal government for product development for up to \$1 Million per grant. This form of grant assistance is not a 'hand out' for businesses but a 'hand up', allowing businesses to go from strength to strength with the development of additional facilities. Lending from banking institutions for tourism expansion, particularly in regional Australia is widely known to be futile.

Review of Northern Australia Infrastructure Facility (NAIF)

There is an opportunity to expand the current Northern Australia Infrastructure Facility to include grant opportunities for smaller tourism businesses. This fund is already proving to be too restrictive for any development, let alone tourism development. The current mandatory requirements of \$50 Million (albeit having NAIF Board discretion to review for loan applications made for less than that), with 50% debt as opposed to equity is a non-realistic expectation for the broader tourism industry.

For the tourism industry to prosper, amounts of tens and hundreds of thousands of dollars are more realistic, as opposed to millions. The majority of tourism businesses are small to medium enterprises (SMEs), so a dollar for dollar grant opportunity is much more realistic. The NAIF fund could allocate say \$20 Million for a **Tourism Infrastructure Product Development Fund** in Northern Australia per annum to businesses employing up to say, 50 FTE. This should be a dollar for dollar grant, not a concessional loan.

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MAJOR OPPORTUNITY – MAJOR TOURISM RESORT DEVELOPMENTS

Great Keppel Island Resort (\$600 Million approved development) and **Capricorn Resort Yeppoon** (\$600 Million – final stages of EIS) are two major integrated resort developments in our region which could benefit greatly from the Northern Australia Infrastructure Industry Facility (NAIF), provided the mandatory conditions surrounding the concessional loan facility is reviewed in regards to the 50% debt/50% concessional loan (i.e. equity needs to be considered rather than debt).

The Board of Capricorn Enterprise has raised this issue with the Board of NAIF during an official meeting in Rockhampton on the 9th February 2017.

MAJOR OPPORTUNITY – NORTHERN AUSTRALIA ALLIANCE

PRIORITY PROJECT FOR THE REGION: Implementation of the Northern Australia Alliance

Recognising the Rockhampton region as the eastern gateway to Northern Australia will facilitate and grow tourism. The Northern Australia Alliance (NAA) partners are comprised of independent business and industry groups covering Northern Australia:

- Capricorn Enterprise
- Townsville Enterprise Ltd
- Advance Cairns
- NT Chamber of Commerce
- Broome Future Ltd
- Karratha District Chamber of Commerce and Industry
- With the recent addition of the newly formed GW3 (Greater Whitsunday Alliance Ltd)

The Northern Australia Alliance will continue to provide independent business and industry advice to the Office of Northern Australia and the NAIF (Northern Australia Infrastructure Facility).

The Northern Australia Alliance made a submission into the reform of **Regional Development Australia** (RDA), providing suggestions to create a more efficient model to achieve stronger links between our independent membership based business and industry groups and the Federal government in a common desire to develop Regional Australia.

There are tourism opportunities and linkages that could be strengthened should RDA reform be implemented in the proposed model in which our Northern Australia Alliance submitted to the Federal government.

MAJOR OPPORTUNITY – TOURISM INDUSTRY SUSTAINABILITY – TRANSFORMATION AGENDA

There is a lack of adequate and sustainable funding for regional and local tourism management organisations and the scope and inconsistency of local government investment (often driven by politics, not performance and planning) which is affecting regions to plan for long term resources, product and industry development and training, and marketing campaigns. Whilst the state government has provided a three year investment for Regional Tourism Organisations (RTO's) for the first time in thirty years, local governments vary in their support for destination marketing organisations, with many duplicating efforts in-house, at much higher cost, often with ineffective and inefficient results and no consequences.

Whilst the issue of industry transformation is complex, with the **Queensland Tourism Industry Council** (QTIC is our state industry 'voice of tourism') currently leading state discussion on a transformation agenda, the need for tourism industry reform is at a national level, not just in Queensland.

We need a model which is funded by industry for industry (for example a visitor levy similar to many other countries in the world), which is supported by, but not controlled by governments at any level.5



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3. Communication and transport infrastructure (particularly air, sea, road and rail transport and port infrastructure) which may facilitate and grow tourism

MAJOR OPPORTUNITY – SUPPORT OF PRIORITY PROJECTS FOR THE REGION

PRIORITY PROJECT FOR THE REGION: Upgrade Rockhampton Regional Airport

The upgrade of Rockhampton Regional Airport to full international status will facilitate and grow tourism in the region. With dedicated facilities for international capability, including quarantine and customs facilities, the airport and Rockhampton will become the centre for international tourism in the region.

This Priority Project however, in regards to demand, is largely dependent upon the development of the two major integrated resort projects at **Great Keppel Island** and **Capricorn Resort**.

Thank you in advance for considering our submission and we look forward to outcomes that truly delivers on economic uplift for our tourism business and broader community for many decades to come.

Yours sincerely,

Mary Carroll
Chief Executive Officer