



A stronger voice for Tourism

13 May 1999

Committee Secretary
Standing Committee on Primary Industries and Regional Services
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Sir/Madam

Inquiry into Infrastructure and the development of Australia's Regional Areas

Tourism Council Australia (TCA) is pleased to be able to make a submission to the Inquiry into Infrastructure and the development of Australia's regional areas.

The aim of the inquiry is to promote understanding of the need for infrastructure in regional areas of Australia, and to reach conclusions about the most appropriate approaches to providing the infrastructure needed to stimulate economic growth and employment.

With this in mind the following submission will address:

1. Impediments to regional development;
2. Factors that would enhance development in regional areas;
3. The potential for development in regional areas;
4. The extent to which infrastructure development would generate employment in regional Australia;
5. The role of different levels of government and the private sector in providing National infrastructure in regional areas; and
6. The need for planning, coordination and cooperation in the provision of infrastructure in regional areas.

1. Impediments to regional development

One of the greatest impediments to tourism projects in regional areas is access to competitive market information necessary for a feasibility assessment.

Regional businesses find it extremely difficult to access finance and venture capital because they no longer have the information to present to financiers on project feasibilities.

The recent cuts to the Survey of Tourist Accommodation effective 1 January 1998 have exacerbated the situation. These cuts are not supported by TCA who strongly argued that the collection be retained in its entirety, sentiments echoed by the Small Business Deregulation Task Force.

The survey covered nearly 10,000 establishments which represented over 90 % of visitor supply for commercial accommodation and is currently a survey of around 3,500 commercial short-term accommodation establishments (a cut of 65 % in the number of establishments involved).

The survey commenced in September quarter 1975, covering hotels, motels and guesthouses. It was expanded in September 1986 to include long-term caravan parks, in September 1987 to add holiday flats and units and in September 1991 with the addition of visitor hostels. In 1995 the scope of hotels, motels and guesthouses was formally changed to only include establishments with 5 or more rooms.

This survey gave the industry the most comprehensive regional information about the accommodation sector across Australia. It had a very high response level and tourism operators across the country were happy to participate in the survey as they realised the value of the information.

The range of industry sectors collected has been dramatically reduced with no useful data being available for key accommodation sectors in regional Australia – caravan parks, youth hostels and holiday flats and units. This has meant that the small business segment of tourism, which represents around 85% of the industry overall, particularly in regional Australia, is significantly disadvantaged.

TCA can only reiterate its strong opposition to these changes. While the ideal of reducing compliance costs on small business is fully supported by our organisation, TCA believes that the cuts to the STA have resulted in a significant loss of valuable data to our members and constitute the most significant impediment to development of tourism infrastructure in regional Australia

Recommendation - TCA urges the Government to review the decision to cut the STA and return funding to a sufficient level to allow the STA to return to a full survey of 10,000 establishments.

2. Factors that would enhance development in these areas

Analysis of the domestic tourism market clearly shows flat growth over the past decade and the Tourism Forecasting Council predicts that the average annual growth rate for domestic tourism will be 1.4 per cent until the year 2007. This is compared to growth of around five per cent a year for outbound travel until 2007.

To address this situation the Federal Government has committed \$8 million over three years in the 1999/00 Budget for a Domestic Tourism Initiative as well as matching funding to be provided by State/Territory Tourism Commissions and industry.

The initiative will be industry led and include possible programs such as a marketing communications campaign; major events strategy; regional touring initiative; travel industry program; research and development; new market development; national consumer database; and an Australian holiday database. Industry hopes that this initiative will stimulate visitation to regional areas and in turn encourage development of tourist related infrastructure.

To make up for the shortfall in tourism infrastructure provision the Commonwealth Government provides financial assistance towards regional tourism infrastructure projects through the \$8 million Regional Tourism Program and the Federation Fund.

In the 1999- 2000 Budget the Government doubled the funding to the Regional Tourism Program and will spend \$2 million on improving the opportunities for regional tourism organisations to use on-line technology.

Information from the Office of National Tourism shows that under the former National Tourism Development Program in 1996-97 and 1997-98, the Commonwealth contributed \$7.34 million towards 42 regional and rural infrastructure projects in all states and territories. Additionally the first round of the Regional Tourism Program in 1998-99 funded 26 projects in regional Australia to the value of \$1.8 million.

Both Government and industry envisage that building commercially sustainable enterprises and establishing region-building features will motivate people to visit, more regularly and to stay longer.

Recommendation – TCA strongly supports the Government’s Domestic Tourism Initiative funding, as it will provide a significant economic boost to Australia’s regions.

3. The potential for development in regional areas

Tourism in regional Australia is vital to the future of the Australian tourism industry. The 1997 International Visitor Survey reveals that more than 28 million international visitor nights (31% of all visitor nights) were spent in regional Australia outside capital cities and 32% of all Australian expenditure by international visitors occurred in non-capital city regions.

These figures demonstrate that tourism offers many prospects for regional areas – it offers employment and income opportunities and often assists in the development of infrastructure in regional areas.

Many of Australia's prominent tourist attractions are found in regional areas. Many niche markets such as ecotourism, rural tourism, indigenous tourism, wine tourism and adventure tourism all have their focus in regional Australia. It is these types of niche market products that provide international visitors with a uniquely Australian experience.

4. The extent to which infrastructure development would generate employment in regional Australia

Specific research would need to be carried out to accurately determine the extent to which infrastructure development would generate employment in regional Australia however some work has been done.

In 1997 a report titled "Economic contribution of Visitor Information Centres in New South Wales" was released. The findings showed that as a result of the service/information provided through visitor information centres, 13.2% of visitors stayed additional nights, 20.7% undertook additional tours and 56.3% visited additional attractions. The model used in the study calculated that the gross economic contribution of visitor information centres to NSW to be around 864 000 additional visitor nights generating \$57.5 million in additional visitor expenditure.

Recommendation – TCA supports further research and economic modelling in this area.

5. The role of the different levels of government and the private sector in providing infrastructure in regional areas

The Government's Regional Australia Strategy shows a real commitment to addressing the needs of regional Australia. TCA supports a comprehensive 'whole of government' approach aimed at coordinating Federal Government activity in, and communication with, regional Australia in concert with regional communities, business and other levels of government.

Worthwhile Federal Government programmes, which are already being delivered in regional areas, include:

- \$250 million for the Regional Telecommunications Infrastructure Fund, Networking the Nation, which aims to bridge the gaps in telecommunications infrastructure in regional and rural and remote Australia; and
- \$181.2 million for the Regional Assistance Programme which facilitates the achievement of national employment goals in regional Australia, by encouraging business and communities to take action in partnership with government agencies to build business growth and stimulate sustainable employment.

Tourism growth relies heavily on efficient and intelligent transport systems and the Government plays an integral role by providing funding assistance for airport, road and rail infrastructure around Australia.

The recently announced Budget measure to provide \$1 million in 1999-2000 and a further \$6 million in 2000-01 to enable the upgrading of Rockhampton airport to take B767 and B747 jet aircraft will improve links to the Capricornia region, sustain prosperity and provided employment benefits from increased tourism.

In terms of road infrastructure TCA encourages all levels of Government to allocate adequate levels of funding for the construction, maintenance and upgrading of road networks and promotes private-sector involvement where appropriate.

With regard to regional Australia further analysis of the 1999-2000 Federal Budget shows that 90 per cent of direct spending on roads is allocated to non-metropolitan areas. Local councils throughout Australia will also receive \$388.3 million in untied grants for improvements to local roads that are their direct financial responsibility.

TCA also acknowledges the Government allocation of \$250 million over four years in the 1998-99 Budget to upgrade Australia's inefficient rail tracks to enable rail to compete more aggressively with road transport.

In terms of public and private sector participation in the provision of infrastructure the progress being made in the rail sector provides a practical working model of how successful ownership arrangements can be negotiated.

TCA believes that private sector participation in the rail industry will assist in providing tourists with more efficient and customer service oriented passenger services. TCA envisages further track development to areas of high tourist visitation as a direct result of private sector participation.

Overall TCA supports:

- Flexibility in government ownership of track, rolling stock and terminals;
- BOOT, build, own, operate, transfer model of private sector participation and other public/private sector models; and
- Concessions to encourage private sector participation such as under the Commonwealth Infrastructure Borrowing's Tax Offset Scheme (IBTOS).

The Government estimates that more than 10,000 jobs, mostly in rural Australia, will flow from the Government's investment decisions under the Infrastructure Borrowings Tax Offset Scheme.

Among projects shortlisted for approval are:

- A new airport terminal for Adelaide, which will help attract increased tourism to South Australia; and
- The Brisbane Cruise Port Complex which will generate additional tourism activities in regional Queensland (these two projects will create about 4000 jobs).

Recommendation - Due to the success of the IBTOS TCA encourages the Government to increase the tax rebate provided in IBTOS to stimulate further private sector investment in regional infrastructure.

6. Planning, coordination and cooperation in the provision of infrastructure in regional areas

Given the differing levels of Government and the increasing role of the private sector in the provision of regional infrastructure, the importance of planning, coordination and cooperation becomes paramount.

TCA supports the continuation of the Government's efforts to reform the Building Code of Australia and fully supports the need for a thorough and transparent Environment Impact Assessment (EIA) process for all projects likely to generate significant environmental impact.

Recommendation - To assist in planning and coordination TCA urges the Government, through association with State governments, to push for a national review of State Government planning legislation with a view to achieving a uniform approach to the assessment of tourism development.

➤ **Summary**

In summary TCA supports the range of regional investment and infrastructure strategies the government has in place. However these strategies will not be fully realised without the provision of information to present to financiers on project feasibilities including competitive market information and tourism visitation data.

Additionally, increases to concessions such as those in the IBTOS, further research into the linkages between infrastructure and employment, as well as building on successful models of public/private sector participation in infrastructure provision will all go towards growing regional Australia's share of the domestic tourism pie.

TCA finally recommends that this Inquiry pay particular attention to the draft recommendations in the Productivity Commission's report on Progress in Rail Reform.

Thank you for the opportunity to provide input and if you have any further queries please contact me on (02) 9358 6055.

Yours sincerely

Stephen Albin
National Policy Manager