



Tourism Alliance Victoria's Response 29 July 2005

VICTORIA'S TOURISM AND EVENTS INDUSTRY

**Building a 10 Year Government Strategy-
discussion paper July 2005**



WHY ARE WE INTERESTED IN RESPONDING?

Tourism Alliance Victoria is a peak industry body advocating for and supporting the development of a professional and sustainable tourism industry across Victoria.

Founded in 2004, Tourism Alliance Victoria was created out of the merger of Country Victoria Tourism Council and the Victorian Tourism Operators Association.

Today Tourism Alliance Victoria:

- Through proactive involvement with our members, provides advice and an industry voice to local, state and federal government on all tourism related issues;
- Advocates for strategies that will provide a clear direction for the growth and yield of tourism across Victoria;
- Works with local government and local tourism associations to identify product gaps and establish and implement strategies for tourism growth which may include planning, product development initiatives, tourism signposting, tourism structures and visitor services;
- Provides professional development and business enhancement initiatives for a diverse range of tourism businesses;
- Maintains industry integrity through standards compliance and continual improvement programs.
- Provides a forum to review tourism issues, create policy and exchange information; and
- Undertakes research to evaluate and monitor: effectiveness of marketing, visitor satisfaction and new product needs and opportunities.

A MEMBERSHIP BASED ORGANISATION

Tourism Alliance Victoria is made up of regional tourism associations, individual tour operators, adventure and nature based businesses, major attractions and accommodation providers, each of whom are contributing to a vibrant and dynamic tourism industry.

This direct relationship with our members enables us to bring a statewide perspective to all issues affecting tourism.

Our 500 strong member network meet and actively contribute on matters of interest. To maximise the interaction within our membership, activities are conducted at a general industry wide basis as well as within an Activity Group where like businesses engage and focus on matters of a sectoral nature.

Tourism Alliance Victoria Activity Groups include:

- Attractions (metropolitan & regional)
- Adventure & nature based
- Regional Tourism
- Visitor Services
- Regional Victoria Conference Group

Tourism Alliance welcomes the opportunity to respond to Victoria's Tourism and Events Industry- Building a 10 Year Government Strategy, discussion paper, July 2005. As an industry tourism is significant from an economic, cultural and community perspective. All the evidence in the discussion paper reinforces tourism's value as a growing labour intensive industry with the current and future capacity to generate significant export earnings through international tourism. In addition tourism is becoming an increasingly important element in supporting regional and rural communities as they look to the future.

Tourism is a unique industry in that it is a system through which personal experiences drive a wide variety of expenditure from the day to day basics of food, beverage and accommodation to personal choice, interest and entertainment. As a system it is critical that government recognises tourism's value through a whole of government approach.

A State Government 10 Year Plan for Tourism and Events has the capacity to: affect our members' framework for successfully conducting business within the tourism industry in both regional and metropolitan areas; to generate and cement their public/private partnerships; to leverage the tourism potential of events and build Victoria's competitive advantage utilising tourism as an economic tool. If the Plan is successfully implemented it will positively influence Government Agencies (beyond tourism), urban form and infrastructure.

Prior to the release of the discussion paper, Tourism Alliance Victoria had verbal input into the Victorian Government's 10 Year Strategy for Tourism and Events. The following response has been prepared with the restrictions based on the tight timeframes for the Discussion Paper's submissions.

DIRECTIONS

Tourism Alliance comments on matters relevant to our members are summarised as follows and expanded upon over the next pages:

Area	Tourism Alliance directions
Achieving our Growth Potential- Trends, Opportunities and Drivers	1) Maintain Tourism Victoria’s current structure and independence.
	2) Support increased levels of funding for international & domestic tourism marketing against measurable outcomes which seek co-operative industry buy in.
	3) Maintain a balanced focus across a mix of tourism product and markets to maximise the return to Victoria and minimize external impacts.
	4) Ensure State Government tourism funding is inclusive of all aspects of marketing including research, industry development, product development & infrastructure
	5) Explore the industry capacity to support co-operative marketing activity at all levels (international, inter and intra state). Programs need to be developed which continue to increase the benefits of co-operative buy in.
	6) Support increased levels of funding for tourism leveraging of world class and flagship events
	7) Provide resources to support strategic growth and development of business events and conferencing activity both in Melbourne AND in regional Victoria.
	8) A strategic assessment be undertaken of Regional Victoria’s business events infrastructure needs and associated community benefits.
	9) Continue programs to encourage and enable small businesses in tourism to adopt, invest and drive their business success with eCommerce technology
Achieving our Growth Potential- Impediments and Risks	1) Provision of public land licences which support a stable business climate for long term business investment, growth and profitability.
	2) Support programs which encourage business professionalism and excellence
	3) Projects of state significance need to take into account both current and the long term

	impacts on Victoria's tourism positioning and products.
	4) Energy and communication services in remote and rural areas need to be aligned with the level of service provided in urban areas.
	5) Increase funding for Tourism and Hospitality industry training in line with industry skills needs.
	6) Development of partnerships based on mutual respect and understanding between State and Local Government's regarding Destination Planning and Development.
	7) Alignment of tourism planning and the land use planning framework
	8) Provision of adequate government funding for regional infrastructure in line with urban areas.
Role of Local Government in Tourism and Events Support	1) Encourage ongoing investment in sustainable tourism and events by local government
Economic Contribution of Tourism & Events to Victoria	1) Adoption of a method for measuring the economic contribution of tourism to Victoria which allows for benchmarking with other States and "traditional" industries
	2) Encouragement of widespread take up of methods for measuring economic contribution of tourism to local areas using the Department of Industry, Tourism and Resources, Tourism Impact Model and Arts Victorias- Festivals Do it Yourself Economic Impact Kit
	3) Utilising accurate data to conduct ongoing campaigns regarding the significance of tourism to local economies and communities.

ACHIEVING OUR GROWTH POTENTIAL- TRENDS, OPPORTUNITIES AND DRIVERS

Nationally and in Victoria tourism remains a robust industry. In 2002/03 tourism injected \$10.6 billion into the economy making up to 5.5% of Victoria's Gross State Product. If it weren't for tourism 156,000 Victorians would be without jobs. This is a 16% increase on 1997/98 employment levels.

The realisation of potential and opportunities for the Victorian tourism and events industry is dependant on continuing, and increased, investment from both the public and private sectors.

The Tourism Forecasting Council estimates increased annual growth in international visitor arrivals (5.8% p.a to 2014) and relatively stagnant levels of domestic visitor nights (average annual growth over the forecast period is 0.9 per cent, to around 323 million visitor nights in 2014.)

Tourism Alliance has identified a number of opportunities. Submission timeframes preclude comprehensive research and the development of full rationales in support of the identified opportunities.

"Basket" of balanced industry goods

Victoria has a balanced mix of tourism product and associated markets - including international, domestic, visiting friends and relatives, conferencing, business, sport and events. This balance has been one of the predominant reasons why the relative impact on the Victorian tourism sector of external events (SARS, Ansett, bushfires, drought etc) has been less than that on other states.

In addition this balance has been widely accepted as playing a significant role in supporting the industry's capacity to regain momentum.

Strategically the strengths and opportunities of each "good" within the basket should be continually researched and shared with "Team Victoria" (Victoria's tourism industry) to ensure informed decision making. Maintenance of this balance is necessary and a prudent economic strategy particularly given the vulnerability of the industry to events which can impact on business, household and personal decision making.

Tourism Victoria

As an organisation Tourism Victoria plays a critical role both in supporting industry, on behalf of the Victorian Government as well as acting as a commercial partner in a range of co-operative ventures. Set up under an act of parliament, Tourism Victoria operates as an agency of Government with an industry driven board appointed by the Tourism Minister.

Critical to its on going success is the level of industry engagement through

discussions round the table (strategy development) and in delivery of visitors (commercial co-operative partnerships). Its capacity to influence the competitiveness of Victoria's tourism industry is restricted by its limited funding.

The Marketing Mix

Tourism Alliance Victoria is of the opinion that Tourism Victoria is not afforded the marketing budget required to strongly position Victoria's tourism industry globally. However, consideration needs to be given to ensuring the limited dollars are allocated across ALL functions of marketing including research, product development, industry development, infrastructure AND advertising. High levels of expenditure on tourism advertising alone delivers limited and often short term results. Additional funding is required in those areas which support the long term viability of the industry.

There is significant elasticity for co-operative marketing support within the tourism industry. Recent examples of one off government funding for targeted marketing initiatives have always stimulated substantial industry financial support. Project success, however is thwarted where the focus is on a very bureaucratic process which is disproportionate to the resources on offer. Additionally, where industry involvement in decision making is not relative to their investment then the project success and buy in is not realised.

This review provides the opportunity to explore the industry capacity to support co-operative marketing activity at all levels (international, inter and intra state). Programs need to be developed which continue to increase the benefits of co-operative buy in.

International Tourism

International tourism presents a major growth market for Melbourne and some regions within Victoria. History clearly shows that the dynamic nature of the international market re-inforces the need to adopt a considered strategic approach. In exploring market growth the lessons from the changes within the Japanese and Korean markets should not be forgotten. The current emphasis on China should be considered in this context and in the future yield and dispersal of this market relative to other options.

Domestic Tourism

While marketing to access the ever increasing size of the international market needs to remain an important focus for Victoria, particularly given its yield value, as outlined in the discussion paper, the domestic market remains the State's "bread and butter" delivering the highest percentage of visitor nights. In particular, domestic tourism is vital to regions employing 61,000 people and injecting \$3.3 billion into Victoria's regional economies. While the growth of the domestic market is relatively stagnant, the Government can not afford to lose focus on its impact on business

operations.

Often there is debate over which group (State or Regional) should focus on the inter and/or intra state market. Intra state tourism is a key component of most Victorian regions. It is important in any future plan that the roles and expectations between Tourism Victoria and Regional Tourism Organisations are clearly defined to ensure resources are maximized and interstate leakage through a lack of awareness is minimized.

Tourism Alliance supports increased levels of funding for international and domestic tourism marketing against measurable outcomes which seek co-operative industry decision making and buy-in.

Events leveraging

Clearly, as a single event, the Commonwealth Games provide a considerable tourism opportunity for Victoria adding to the State's reputation for delivering world class international events in line with the annual suite of events. Indeed, Victoria holds a reputation as the 'events state.'

Aside from their contribution to community wellbeing, regional events provide a high yield opportunity for regional centres and are of great mercantile interest to local communities. Research by RACV demonstrates sixty percent (60%) of survey respondents (small businesses in regional areas) indicated medium to high levels of dependence on local events. Continued investment in events by both the public sector and local communities is required and well justified.

Business Events

Business events make up \$1 billion of Victoria's tourism industry. The investment in the Plenary Hall in Melbourne is vital, as is a co-ordinated approach between Melbourne and regional business event conferencing through allocation of a designated resource in Melbourne to focus on building regional conferencing.

Business events for Victoria's regional centres provide high yield visitation which, with Victoria's compact size, presents a competitive advantage in the national market place i.e. in Geelong the sector is worth \$50million p.a.

To date an industry led co-ordinated effort by the Regional Victoria Conference Group has enabled a limited regional Victoria presence to be maintained. The opportunity for increasing community benefit within this sector is significant. There are significant infrastructure needs to consider in maximizing these opportunities. A strategy to underpin growth for the market is essential and would provide a complimentary approach for Melbourne's business events sector.

Technology

The pace of technology adoption by businesses is said to move considerably slower than the pace of technology innovation. (The percentage of B2B transactions conducted electronically is 2% for Australian business compared to 12.5% for US businesses). The heart of the problem, therefore lies, not in the lack of technology but the lack of use of existing technology. The role of the Government is outlined in Multimedia Victoria's eCommerce Advantage Strategy vis: encourage businesses to implement eCommerce and/or expand their usage of eCommerce.

Small business comprises over 85% of tourism business with the majority of these businesses being micro businesses. Tourism Alliance Victoria's and Restaurant and Catering Victoria's eCommerce workshops focused on empowering small business to understand and drive their ecommerce activities are a primary example of a successful program in encouraging eCommerce adoption and expansion within the tourism small businesses. Continuation of these programs is required to deliver widespread results enabling all tourism businesses to drive their success in a global market.

Support for small business in these areas can be delivered through agencies such as Multi Media Victoria and Victorian TAFE through the Office of Training and Tertiary Education (OTTE).

Incentives and practical support to encourage and enable small business in tourism to invest and drive their business success with eCommerce technology are important.

ACHIEVING OUR GROWTH POTENTIAL- IMPEDIMENTS AND RISKS

Externalities affect the tourism industry. Many are beyond control although the industry has shown an incredible resilience to market shocks such as terrorism and natural disasters. A whole of state government approach to tourism provides a significant opportunity for industry growth and the capacity to address industry issues i.e. skills and broader policy. The simultaneous release of the two publications: Victoria's Tourism and Events Industry 10 Year Discussion paper and Victoria's Small Business Statement Issues Paper is one example of the capacity for collaboration.

Other major impediments to the competitiveness of the Victorian tourism industry of relevance to State Government include:

Public land licensing

One of Victoria's major draw cards is its natural environment. Seventeen percent (17%) of the Victorian landscape is managed by Parks Victoria and 65% of Parks Victoria's business is in tourism and recreation. The interpretation and experiencing of the natural environment is facilitated

through Parks Victoria services and infrastructure as well as private sector businesses licensed to operate on public lands.

Regulation of industry, through the use of licensing systems, has been a feature of all levels of government in Australia for a long time. In recent years the need to regulate has been questioned, often in the name of competition policy, but also from a perspective of reducing red tape for business and ultimately reducing cost and improving services to consumers. Against this background, regulatory regimes need to be clearly defined and articulated against policy objectives, analysed in terms of costs and benefits and closely scrutinised against alternatives that might provide greater benefits with fewer costs. The role of the State Government, therefore, is in providing a stable business climate for long term business investment and product development.

A detailed position on public land licensing, adopted by Tourism Alliance Victoria is attached as Appendix Two. It highlights opportunities for reform to support tourism development against the nine issues of license reform identified by Department of Sustainability and Environment.

Professionalism and Excellence

Where high levels of professionalism and excellence exist within the tourism industry, the customer has an experience which is characterised by quality, safety, reliability, efficiency and interchangeability. The nature of Australia's business and regulatory environment allows a relatively high degree of freedom to establish and conduct business. However, the key challenges for the tourism industry are meeting regulatory requirements and delivering exceptional standards of business with impressive levels of confidence. Both the Tasmanian and Western Australian Governments have demonstrated their commitment to supporting businesses operating to a standard linked to an accreditation process. This position seeks to provide further support to those businesses which have invested in themselves to ensure a quality visitor experience. The Victorian State Government is in a position to provide similar levels of support to ensure Victoria gains a competitive advantage on that basis.

Major Projects

Like the Yarra River, Port Philip Bay has evolved into an integral setting to support tourism products of growing significance and visitor interest. Tourism activities in, on and around the bay have increased substantially in the last 10 years. Commercial enterprises offering activities both land and marine based have developed which were not envisaged 20 years ago.

The decision to deepen the main shipping channels in Port Phillip bay is a project which has strong, though not universal support from industry and business and is seen as critical to the maintenance of Melbourne as Australia's major container port, for the next 25 years. There has also been considerable opposition to the project, particularly from the environment movement which has raised concerns about the threat that

the project poses for the Bay environment.

Many tourist operators rely either directly or indirectly on the bay for their livelihoods. The Environmental Effects Statement identified that many local businesses would suffer negative effects from this project, with a number likely to become non-viable.

Tourism, with appropriate support, has the capacity to be a significant industry contributing to Victoria's future. In considering major projects it is imperative that the government fully consider the tourism implications of major projects to ensure they are consistent with the long term vision of the State's economic mix going forward.

Energy and Communications Infrastructure

Reliable energy supply and mobile communication access is taken for granted in Victoria's urban and regional centres. It is important to note that reliable energy supply is not a reality in a number of Victoria's remote and rural locations. For quality tourism product experiences and business viability it is important that this simple yet vital infrastructure need is addressed. (See Appendix Three) A whole of government approach will support these business needs.

The Victorian Government is to be commended on its decision to quarantine national parks from wind farm developments. However, Tourism Alliance believes that the planning guidelines for wind farm projects do not sufficiently take account of the opportunity cost of individual projects in terms of their impact on other local industries such as tourism, and on the landscape values of the surrounding area. Further, planning guidelines place a low premium on the views of local communities in the development of wind farm projects, lower in some cases than do the project proponents themselves.

Tourism Alliance supports the Code of Practice for Telecommunications Facilities in Victoria as a code that will facilitate development whilst also protecting valuable landscape resources.

In the light of the reaction of some communities to proposed wind farms, the response of proponents to community views and the reduced number of wind farms to be constructed, it is now the time to re-assess the priorities for locating wind farms in Victoria.

A complete copy of Tourism Alliance's adopted position with regard to Energy and Communications Infrastructure can be viewed at Appendix Four.

Skills Shortages

The State Government has stated that it will be decreasing funding for training in the Tourism and Hospitality industry over the period 2006-2008. The decrease is thought to better align training delivery with industry need.

This position is contrary to the industry's clearly stated position of the need for increased funding for training, particularly in the lead up to the Commonwealth Games and to address the day to day short falls in skills. Industry needs will only be serviced by an increase in funding not a decrease.

In areas of skill development and training Tourism Alliance Victoria supports Service Skills Victoria's submission to the discussion paper.

Approach to Destination Planning and Management

The desire to stimulate regional tourism using a destination management approach requires formalising partnerships between state and local governments based on mutual respect and understanding. It also requires acknowledgement of the peculiar mix of political, economic, environmental, social and technological factors at play and the intentions and principles of the collective communities within each region towards tourism. This calls for goals, strategies and objectives which are regionally specific.

The considerable work undertaken by local stakeholders associated with regional tourism development, needs to be acknowledged and supported by the State Government. Decisions which are made at a regional, state and federal level affect local communities, so identifying and supporting the work local communities do assures local ownership, nurtures local leaders and allows for continued volunteerism- all of which are critical to the success of regional tourism.

Tourism Alliance supports the development of the more localised Destination Development Plans to complete the tourism planning hierarchy. Due to the unique nature of each community, the type and implementation of such Plans will, and should, vary considerably.

Industry Development

Tourism Alliance considers that while private sector representation in local and regional tourism organisation structures is critical; responsible and sustainable regional tourism development requires an emphasis on partnerships between the public and private sector. Many of the Regional Tourism Organisations across the State have a Board Structure which is based on public and private sector representation, with Board members selected on the basis of knowledge and skills. The processes that have been employed to establish, sustain and change RTO's have been developed locally to provide locally relevant and effective solutions. These processes and structures, while not uniform across the State, need to be recognised by the State Government as pertinent and valid and supported accordingly.

For example, the structure of Alpine Shire Tourism (ART) was developed after extensive community and public sector consultation and is the outcome of an independently prepared local tourism strategy. As recommended in that strategy the board of ART is skills based and industry lead while a special rate struck by the tourism industry allows

administrative and marketing support to be managed through local government. The structure and performance of ART is seen as good practice, particularly given its ability to bring together a previously disparate and fragmented tourism industry to act collaboratively.

Tourism Planning and Town Planning

State based tourism planning needs to give greater consideration to the regulatory framework for land-use planning, environment assessment and land subdivision given their impact on regional tourism. In particular tourism planning needs to give consideration to linkages between tourism and town planning and the impacts on tourism of town planning decisions. Additionally, state tourism planning needs to identify and support both the maintenance and upgrade of existing infrastructure and the development of new infrastructure initiated by Local Government which are aligned with State priorities.

Infrastructure, Transport, Access

The positive results of the Melbourne Airport provide just one clear example of the need for sound infrastructure for the tourism industry to perform. The standard of infrastructure in regional areas, most notably, roads, rail and electricity is lower than in urban areas. Power outages and mobile phone coverage are still affecting regional Victoria's ability to conduct business. Appendix two provides some examples of the gravity of power supply issues in Johanna and Cape Otway. Two local tourist operators have documented power outages over a period of months (seven months in one case and five months in the other). Over this period the number of minutes off supply totalled 4760 in one case and 4626 in the other. To put this into perspective, the Essential Services Commission identified that Melbourne's outer east *'ranked among the highest in the state for level of unplanned outages, as measured by total minutes off supply'*. The relevant level was 600 minutes over a 12 month period.

Planning and funding for regional infrastructure is critical to servicing the growing industry. While the Statewide Tourism Infrastructure Strategy is yet to be completed, consideration is required for the ongoing capacity for regional tourism infrastructure to be operated by regionally based resources given that the tourism sector has a reputation of advancing and developing infrastructure without regard for its long term operational sustainability. A strong relationship between the Federal and State Tourism Organisations regarding infrastructure and product development is also necessary given the Federal Government's ability to support tourism development which may be outside the State's agenda and priorities.

ROLE OF LOCAL GOVERNMENT IN TOURISM AND EVENTS SUPPORT

Local Government investment in tourism in Victoria

Research conducted by Tourism Alliance Victoria (and formerly Country Victoria Tourism Council) in 2001/02 suggested that: while 33.4% of Councils in Victoria felt they did not allocate sufficient money to tourism management, over half (51%) felt that financial resources were sufficient. Tourism budgets ranged from \$2,000 to \$6,500,000 with the median budget being \$232,500. Over 40% of respondents indicated their Council budgeted less than \$150,000 for tourism.

Further research was conducted this year (2005). There was a similar distribution of responses to the statement "Council allocates sufficient money to tourism management" in 2005 as in 2002. Over half agreed or strongly agreed with the statement, with about 30% disagreeing or strongly disagreeing. The median tourism budget increased to \$310 000 compared with \$232 500 in 2002. This represented approximately 0.85 of a percent of the total Council budget. There were fewer Councils with very small tourism budgets. Only 20% of Councils had tourism budgets less than \$150 000 in 2005 compared with 40% in 2002. This also indicates a smoothing out of the distribution of budgets, with fewer at the high end.

Similar data is not gathered in other States, so benchmarking is difficult to determine, however, the research indicates an overall average increase in the investment by local councils to tourism (excepting considerations for CPI and variations in tourism budget compositions) in the period 2001/02-2003/04.

Country Events Funding

Annual funding for the Country Victoria Events Program (up to \$150k pa) is currently matched by Local Government and local communities. The program is continuously over subscribed, demonstrating demand for regional events and potential investment commitments. Further expansion of the program would assist in releasing these dollars to support tourism related event activity.

ECONOMIC CONTRIBUTION OF TOURISM AND EVENTS TO VICTORIA

Tourism and events have attracted important State Government funding in the last four years, reported examples include \$18 million over four years as part of the Government's "Building Tomorrows Business Today," launched in April 2002, \$10 million as part of the Ansett collapse and 9/11 and \$2 million in 2003 for bushfire recovery funding. These levels of public sector investment contribute to impressive returns: the industry is worth \$10.6 billion into Gross State Product and provides 156,000 jobs for Victorians.

Annually Victoria stages world class events- Australian Open, the Australian Formula One Grand Prix, AFL Grand Final Week and the Spring Racing Carnival. Over the next year it will add to its events calendar with a series of one-off events- Commonwealth Games, ICC Cricket Super Series, World Gymnastics Championships, the Volvo Ocean Race Stopover, the World Lifesaving Championships, and the staging of the Lion King.

Nationally, the performance of the tourism industry has leveled out. (See Appendix one). Over five years tourism has declined as a proportion of the Australian economy. However, Victoria increased its share of total tourism in Australia.

Additionally, tourism in Victoria appears to have maintained its share of the Victorian economy and the international share of total tourism activity in Victoria has increased.

Despite the strength of the industry and its performance, it continues to be under funded, restricting its ability to compete in the Australian, let alone the global market place. The additional support through one off program funding overshadows the fact that there has been no growth in recurrent funding levels. The majority of these one off programs are now at an end and looking forward an increased commitment is essential.

The complexity of tourism makes it difficult to understand or draw equal comparisons with other industries. Nationally the solution has been found in the Tourism Satellite Account (TSA) which has become the industry standard for measuring the economic contribution of tourism. The TSA provides critical information on a number of areas including GDP, exports and employment.

A TSA as applied nationally can not be directly applied on a statewide basis due to the lack of data in a number of areas such as interstate trading. However, State Tourism Organisations have developed their own methods for calculating the value of tourism on a statewide basis. The methodology used by Victoria follows a TSA approach however a variation in the methods between States does not allow for comparison or benchmarking. Similarly the Tourism Forecasting Council provides projections for the industry nationally and each State develops its own methods for providing projections on a statewide basis.

Calculating the Economic Contribution of tourism locally

The complexity in understanding tourism at a statewide and national level is also reflected locally. The dearth of data at a local level and the boundary variation between statistical data areas and local government boundaries, add to the complexity in calculating tourism and events' economic contribution at those levels.

The Arts Victoria Festivals Do it Yourself Economic Impact kit and the Department of Industry, Tourism and Resources Tourism Impact Model (TIM) are two of the methods designed to provide local level data.

Widespread take up and application of consistent, comparable methods will enable the scale and scope of the industry at a local, regional and state level to be clearly determined. Comparisons between regions and "traditional" industries will allow greater understanding of the significance of tourism and will underpin awareness campaigns

Awareness

Anecdotal evidence suggests that the significance of tourism and its value to local economies and individual businesses is not broadly understood. Victoria does, however, have some notable exceptions where the contribution of the industry and broader community is substantial and consistent.

Research is critical to raising awareness of the significance of tourism and events from the national to the local level. A lack of awareness of the significance of the industry restricts investment decision making, policy development and the growth and maturity of public private partnerships which are all essential to the future sustainability of the industry.

A consistent data set to support a culture of analysis and "hard number" reporting and accountability will support: business and public investment in co-operative marketing, destination planning and management and have the capacity to build community understanding.

CONCLUSION

Tourism is a critical industry for the Victorian economy delivering jobs and injecting funds into the state economy. Tourism Alliance supports the State Government's initiative and foresight in developing a 10 Year plan for Tourism and Events. Undoubtedly the plan will assist in focusing the efforts of both the public and private sector over the plan period to lead to an even stronger tourism sector delivering competitive benefits to Victoria.

Successful implementation of the plan is dependent on recognition of the industry and subsequent support for its growth through appropriate levels of investment.

Tourism Alliance welcomes the opportunity for further comment, in the event that it is required.

References

- Kryger, T (1999-2000). The Economic Significance of Tourism, Parliament of Australia, Parliamentary Library.
www.aph.gov.au/library/pubs/rn/1999-2000/2000rn18.htm
- Carson, D., Beattie, S., Gove B., (2002). Local Government Indicators of Sustainable Management of Tourism.
- Access Economics Pty Ltd (2004) The economic contribution of tourism to the state of Victoria; an updated Tourism Satellite Account based analysis.
- Department of Tourism Industry Resources (2002) The 10 Year Plan for Tourism- a discussion paper
- Tourism Alliance Victoria (2005) Public Land Tour Operator and Activity Provider Licence Reform, position paper.
- RACV (2004) RACV Accommodation Guide, Business Confidence Survey
- Victorian Government (2002) Building Tomorrows Business Today
- Victorian Government (2001) Victoria's eCommerce Advantage
- Urban Enterprise Pty Ltd, 2001 *Alpine Regional Tourism and Destination Marketing Plan*
- Office of Training and Tertiary Education, Department of Education and Training Victoria, Industry Report June 2005

Appendix One

Tourism Australia reports:

Gross Domestic Product:

- Inbound tourism accounted for \$7.2 billion of total GDP in 2002-03, a decrease of 1.6%, since 2001-02.
- The inbound tourism industry share of GDP was 1.0% in 2002-03. This is unchanged from the 2001-02 share.

Exports of tourism goods and services

While Tourism Australia reports that the performance of exports of tourism goods and services compares favourably with other 'traditional' export products, generally the figures below demonstrate declines since 2000-01.

	1998-99	1999-00	2000-01	2001-02	2002-03
International visitor consumption (tourism exports) (\$m)	13,446	14,611	17,140	17,080	16,666
Total exports (\$m)	112,025	126,034	153,511	152,357	148,530
Tourism share of exports (%)	12	12	11	11	11
Growth in international visitor consumption (%)	5	9	17	0	-2
Growth in total exports (%)	-2	13	22	-1	-3

Source: Australian Bureau of Statistics, Australian National Accounts: Tourism Satellite Account, 5249.0, 2002-03 in <http://www.tourismaustralia.com/Research.asp?lang=EN&sub=0297&al=74#gdp>

Employment

Nationally, the tourism industry employed 540,700 people in 2002-03, a 1.3% increase on 2001-02. The tourism share of total employment dropped from 5.8% to 5.7%.

APPENDIX TWO

Tourism Alliance Victoria



Position Paper
14 July 2005

Public Land Tour Operator and Activity Provider Licence reform

This position paper was adopted by the
Tourism Alliance Victoria Board on 13/7/05

Regulation of industry, through the use of licensing systems, has been a feature of all levels of government in Australia for a long time. In recent years the need to regulate has been questioned, often in the name of competition policy, but also from a perspective of reducing red tape for business and ultimately reducing cost and improving services to consumers. Against this background, regulatory regimes need to be clearly defined and articulated against policy objectives, analysed in terms of costs and benefits and closely scrutinised against alternatives that might provide greater benefits with fewer costs.

Tourism Alliance has played an active role in the Public Land Tour Operator and Activity Provider Licence process, as a member of the Department of Sustainability and Environment (DSE) steering committee, in preparing a discussion paper for members and in carrying out direct consultation with Tourism Alliance members¹. Member forums, one-on-one meetings and telephone consultations were conducted from mid May to mid June throughout the State, covering a wide range of operators and activities including adventure tour operators, horse trail ride operators, surf schools, dolphin and seal swims, bus tour operators and 4WD tour operators. The discussion paper was emailed / mailed to 78 members and posted on the Tourism Alliance web site (17 downloads over 5 weeks)

This paper broadly reflects the views of those members in relation to the nine issues of licence reform identified by DSE and provides a constructive way forward, both for the industry and the regulators. When discussing and reviewing the nine issues with our members, it became clear that many of the issues overlap each other with a number of consistent and underlying themes. As such, it is imperative that the licence review process takes a holistic approach to the issues and does not view each issue in isolation.

1. CLARIFICATION OF WHEN A LICENCE IS REQUIRED

This issue can be broken down to two questions: who needs a licence and where a licence is required. The logic behind issuing licences is also relevant, and may be a factor to be considered in the development of a business impact statement (BIS) and a regulation impact statement (RIS).

The issue of 'who' needs a licence needs to be addressed in such a way as to ensure that users of public land are capable of managing the environment they are entering, are able to take responsibility for the safety of people in their care and make a contribution to the maintenance and development of facilities they are using (this will be discussed further in relation to fees). Licensing allows for accountability for actions and standards and allows monitoring and regulation of use.

The issue of 'who' also relates to the type of business that may have facilitated access to the public land. Distinction between operators should not be made on the basis of 'for-profit' or 'not-for-profit' given that the distinction is often more imagined than real. A distinction, if it is needed, should be made between community and commercial operators where community groups don't employ staff or charge fees, but commercial operators do. An issue arising is then 'what constitutes a group?' Certainly, in national parks there are precedents for all users to purchase permits and pay fees (eg the 'Desert Parks Pass' in South Australia). In Victoria a 'High Country Pass' might work in much the same way². A

¹ See appendix 1 for a list of members who attended forums

² The definition of a "group" both from a size and commerciality perspective needs further discussion and analysis

permit (that is, one-off permission to access sites and use facilities) may be issued to irregular users (eg an annual school camp), with permit conditions ensuring that environmental management and safety issues are effectively addressed.

Regular users, whether they be commercial tour operators, not-for-profit operators or community groups should be licensed to ensure that they are aware of and are able to meet conditions imposed by the relevant authorities. Coach operators who only use public roads should still be included, as they use facilities such as car parks, toilets and picnic tables and provide a substitute product, and therefore competition, to licensed coach operators. Where benefits are to be bestowed (eg for a community group compared to a commercial operator) this can be done with a fee scale rather than a licence system.

Interstate operators accessing Victorian sites should also be licensed and be required to pay fees (eg 4WD 'tag along' tours). This may include mutual recognition of interstate licensing systems where they exist and licences/permits for 'one-off' visits, with appropriate fees.

The question of 'where' is raised as it appears that some public land has not been included in this review (eg inland waterways). All public land (including inland waterways and beaches) should ideally be covered by a single licence that includes 'endorsements' for specific sites and/or activities. Dealing with multiple authorities (up to eight as was the case for one member) places a very heavy compliance burden on business operators and discourages the development of diverse products.

- **A single licence, with appropriate 'endorsements' should cover all public land in Victoria.**
- **Fees, not licences, should provide a basis for discrimination between different classes of user.**
- **A distinction should be drawn between 'commercial' and 'community' users, not 'commercial' and 'not-for-profit'. 'Community' users are those who do not pay wages to tour leaders/operators or charge fees to clients.**

2. LICENCE CONDITIONS

Licence conditions should be transparent, based on park management plans, where they exist and developed in close consultation with operators. They should be able to be justified (from a BIS/RIS perspective) and tracked back to underpinning legislation. Licences, and licence conditions, should be as consistent as possible whilst recognising that all sites and activities will have unique characteristics. Licence conditions should not be changed without good reason, considerable consultation, advance warning and right of appeal. It needs to be

recognised that changes in licence conditions can impose considerable compliance costs on business and shouldn't be undertaken lightly. Whilst the required business lead time will vary depending on the particular licence condition and the change proposed, as a rule of thumb a full season should be the minimum lead time used. Where price is likely to be affected by a change, particularly in an international market, the lead time should be at least 18 months.

Licence conditions should be able to manage access for competing uses (eg hunters, motor bikes, 4WDs, horse riders, walkers) as well as flexibility, particularly where safety is concerned (eg horses and vehicles sharing roads). Flexibility may include sites accessed, routes taken, scheduling of visits and equipment used, etc.

Licence conditions should encourage and reward good operators with benefits such as longer licence terms.

- **Licence conditions should clearly relate to land management and/or legislation.**
- **Changes to licence conditions should provide adequate lead time (eg 12 months) to allow licencees to adjust.**

3. ENFORCEMENT AND COMPLIANCE

Of all the 9 key areas that the reform process is considering, enforcement and compliance was one of the major concerns raised during all of our member forums. There is a strong belief amongst Tourism Alliance members that the lack of enforcement and compliance is leading to a drop in industry standards, an increase in non-compliant behaviour and an increase in unlicensed operators conducting commercial activity on public land. There was a strong belief that enforcement in the field cannot just be reactive in response to complaints, but must also be proactive.

More needs to be done by way of enforcement to prevent non-compliant behaviour by licensed and unlicensed operators and to deter unlicensed operators from conducting tours on public land. In some cases, unlicensed operators are entering the industry with fewer overhead costs (eg insufficient insurance coverage, poorly maintained vehicles and equipment, no licence fees) and can therefore undersell compliant, licensed operators. Whilst resourcing of enforcement might be an issue, it is felt that if the industry knows who the offenders are and where they operate, then a targeted enforcement campaign should be feasible.

Enforcement of licence conditions by management authorities is generally considered to be insufficient, particularly in auditing compliance with requirements such as per capita fee payments and other management/administration processes.

Whilst Parks Victoria officers have a reasonably high profile, and are commended for their good working relationships with licensed operators, enforcement of conditions in the field is considered unsatisfactory. It is important that all licensed operators are not only made aware, but understand compliant and non-compliant behaviour and site specific requirements.

Operators generally have no problem with paying the set fees and complying with licence conditions, but get despondent when unlicensed operators continually operate in direct competition with licensed operators with seemingly no action taken by DSE or Parks Victoria. Anecdotes abound of unlicensed operators consistently conducting commercial tours with disregard for the licencing process and licencing authority. There is broad agreement that a targeted enforcement campaign in parks and specific sites known to be regularly visited by unlicensed operators would 'spread the word', drive unlicensed operators out and create more value in the licence.

It is acknowledged that the evidence presented to the Tourism Alliance forums was anecdotal. Members related their own observations of operators who were clearly unlicensed and consistently accessing public land. Members also looked to their own experiences in the administration of compliance and the fact that few, if any, had undergone an audit of fee payments or other compliance requirements, to conclude that enforcement in this area is also unsatisfactory. The way forward on this issue appears to be the development of a transparent process by which enforcement initiatives can be reported. This could serve to create a 'good news' story for the industry and warn unlicensed and non-compliant operators that offenders will be apprehended and prosecuted.

Strong enforcement and longer licence terms are considered to be the cornerstones of serious investment leading to the development of a quality industry.

Enforcement of licence conditions needs to be consistent and transparent. This includes an independent process to review enforcement decisions and allocation of demerit points. Transparency also means that the regulations that apply at a given site need to be clear, as well as the authority responsible for enforcing them. This is particularly relevant where there may be multiple layers of authority (eg DSE and a local authority) or where different forms of crown land share a border (eg national park and inland waterway or national park and beach).

Whilst the current demerit system is generally supported by Tourism Alliance members, it is not considered to be used enough and is ineffective against unlicensed operators. As mentioned above, the system needs to be transparent and subject to an independent appeals process. A regime of fines needs to be publicised and imposed on unlicensed operators, and stringently enforced. For instance, if unlicensed operators

were made to pay the maximum amount in public land use fees (ie \$5500) for the year/s of illegal operation as has occurred previously, compliance levels would increase dramatically. Cases where fines have been issued need to be publicised so that unlicensed operators get the message that they will be caught.

Two-way communication is a critical part of the enforcement process. It should prevent breaches occurring, which should be a prime aim of the system. The consumer affairs model used to license eight occupational groups in Victoria is a system that might be worth considering. It separates licensing (Business Licensing Authority) from enforcement (Consumer Affairs) and review (Victorian Civil and Administrative Tribunal). A system such as this has the potential to rationalise the various regimes currently in existence, provide greater transparency of licensing, enforcement and review functions and streamline the system both for business and for licensing authorities.³

- **Enforcement could be improved through a proactive, targeted campaign in specific sites known to be regularly visited by unlicensed or non-compliant operators.**
- **Strong, overt and well-publicised enforcement will encourage compliance, professionalism and long term investment.**
- **Regular two-way communication will improve compliance and assist in better targeting enforcement initiatives.**

4. LONGER LICENCE TERMS

There are many inherent and widely acknowledged failings of the current length of tenure offered to licensed operators. For instance, the lack of incentive for operators to invest (infrastructure, marketing) in their business and the difficulty in obtaining support from financial institutions due to lack of business security. Furthermore, short licence terms make attraction and retention of experienced, qualified staff extremely difficult and cause uncertainty for operators and staff toward the end of the 1 or 3 year term.

As a result of consultations with members, longer licence terms are strongly supported by Tourism Alliance and are seen as essential in growing a professional and sustainable nature based tourism industry in Victoria. There are obvious benefits for operators and management authorities in allocating longer licence terms, including the reduced administrative burden.

The current three year licence linked to accreditation has not been taken up to a great extent as it is not considered to provide a substantial benefit

³ Further discussion of this model can be found in "Regulatory Architecture: Practitioner Perspectives" by Smith and Ward in "Essays in Australian Consumer Affairs: an occasional series", Consumer Affairs Victoria, March 2005.

when compared to a 12 month licence. In fact, when the ease of obtaining a 12 month licence and the compliance costs involved in accreditation are taken into account, a three year licence actually imposes a cost on the business. Whilst incentives and benefits such as a business listing on Parkweb are supported, their benefits are not considered to outweigh the costs.

Longer licence terms will be taken up when 12 month licences impose a higher degree of professionalism on applicants, when stronger enforcement discourages unlicensed operators, when positive benefits provide a measurable difference and when licence transfer adds value to a business.

During the consultation process, several suggestions were put forward from members regarding longer licence terms; Tourism Alliance's position is that, where appropriate, a licence with longer length of tenure, eg 10 years, and a rolling renewal should be offered to operators. Obviously, a great deal of investigation needs to be carried out regarding the conditions and operating requirements of such a licence, however the benefits to all parties are clear. The actual length of tenure may vary depending on site specific requirements; however, the principle of a longer licence with a rolling renewal should remain the same.

A licence system with a longer term (eg 10 year) and rolling renewal would solve the problems associated with short, fixed term licences and provide a constant operating horizon alleviating the current uncertainty that arises during, and particularly towards the end of a licence term. Longer licence terms with a rolling renewal would encourage greater investment in businesses by operators, help raise the overall standard of operators by attracting and retaining experienced and qualified staff and provide greater continuity of licenced operators in parks. Continuity of operators helps build stronger working relationships between management authorities and industry and, among other things, allows operators to confidently develop and market packaged product in the region.

A longer licence term with rolling renewals would provide greater scope for land management authorities to recognise and reward merit and track record and provide greater incentive for operators to attain accreditation from a DSE endorsed program (EcoCertification, Better Business, etc). A robust compliance system, that rewards quality operators (eg through benefits such as self assessment, internal audit, etc) can streamline the administration process for the licensing authority.

- **Licence terms should be lengthened to ten years with annual rolling renewals.**
- **Short term licences (ie 1 yr licences) should require a high degree of professionalism and shouldn't become 'quasi-evergreen licences'.**
- **Longer licence terms will provide more certainty and more substantial long term investment.**

- **Longer licence terms, with robust compliance regimes can provide rewards for quality operators and streamline the administration process.**

5. COMPETITIVE ALLOCATION OF LICENCES

Competitive allocation of licences should only apply to high demand and environmentally sensitive sites as a means of controlling site access, maintaining environmental and social carrying capacities and ensuring the standard of operator in environmentally sensitive sites.

Where it is deemed necessary to allocate licences through an expression of interest process, a number of factors will need to be investigated to ensure all tenderers (ie existing licencees and prospective new entrants) are treated equitably and that existing operators are recognised for a “clean track record” and for “pioneering” the tourism industry in the region. Prospective new entrants to the industry should be given the opportunity to enter the industry through a fair and transparent tendering process.

The most important aspect of the competitive allocation of licences is not the number of licences allocated, but the carrying capacity of the site or park in question. The carrying capacity of a site needs to be determined (in a collaborative process between management authorities and operators) prior to any licences being allocated so that the capacity can be spread among several operators. For instance, rather than allocating a set number of licences without a designated capacity, capacity should be allocated with licences and the use of the capacity monitored to ensure latency isn't occurring at high demand sites and that prospective operators are not being kept out of the market.

As was the case with the allocation of dolphin swim tour permits on Port Phillip Bay, when undertaking an expression of interest / competitive tender process, maximising revenue should not be used as a key determinant in allocating licences; other criteria such as adherence to accreditation and certification standards, environmental management plans and relevant experience should be recognised.

It needs to be recognised that competitive allocation reduces competition by preventing operators from entering a market, once the allocation is made, as well as discouraging long term investment in the activity being re-tendered frequently.

Where competitive allocation of licences cannot control the numbers of people using a resource (eg members of the public using a surf beach), analysis needs to be carried out to determine whether it is the best way to protect the environmental and/or cultural values of a site. Where site capacity is the issue that underlies competitive allocation, there should be industry input into the process of determining the site capacity.

The 'exclusive rights' implied by competitive allocation need to be clear. If a commercial operator has won a tender and has paid a licence fee to gain access to a site, does this confer priority over non-commercial users? Will some sensitive sites become 'guide only' in response to the pressure of use? A number of sites throughout the state such as Craig's Hut fall into this category and need to be addressed. This may require the development of a booking and or scheduling system, payment for access or separate facilities and sites for commercial tours/activities, to provide certainty of access.

If competitive allocation is to be used, it needs to focus on issues such as land management and the quality of the operation rather than the amount of the bid. It should recognise local operators who have 'pioneered' local tourism activities and use a range of such criteria to create a list of preferred tenderers. Tender selection should not be undertaken by local authorities, particularly where they have responsibility for enforcement.

Competitively allocated licences and capacity must not remain inactive or "latent" for long periods of time. Speculation of licences should be discouraged through legislation requiring licences to be active for a certain length of time per year, a "use it or lose it" policy could be applied to ensure that licences are in fact being used and that prospective operators are not being kept out of the industry.

A study of licence allocation and renewal in other industries (fishing, taxis, casinos) may prove instructive, as may advice from the National Competition Council. If renewal is to be by tender, the process should be completed at least one season ahead, to provide certainty for all parties.

A competitively won licence should be able to be transferred with the sale of the business, as should other licences (see comments under licence transfer).

- **Competitive allocation should only be used for high demand and environmentally sensitive sites.**
- **Tenderers should be treated equitably, with recognition being given for a clean track record and for 'pioneering'.**
- **Speculation of licences should be disallowed by a "use it or lose it" policy.**
- **Priorities in the tender process should be afforded to factors such as the ability to protect and enhance the environment, rather than price.**
- **Competitive allocation should not be used where alternatives are available.**
- **The tender process should be completed at least one season in advance.**
- **The tender process should not be managed by the local enforcement authority.**

6. LICENCE FEES

During the Tourism Alliance member consultations, the system of user pays was generally supported, along with a flat annual administration fee. The current system of payment of user pays fees in arrears was supported, given the seasonal nature of the industry. Turnover as a basis for fee payment was strongly rejected and was considered to promote non-compliance. It was also seen as hard to determine what proportion of turnover can be attributed to the Public Land component of a business, particularly if the business incorporates other activities. Whilst there was some support for caps on public land use fees (ie the current \$5500), in general there was stronger support for uncapped fees, given that these fees are passed on to customers rather than being absorbed by businesses. The current fee structure is seen to favour the larger operators who, once they reach the \$5500 threshold are not paying use fees. This is inequitable to smaller operators and is minimising land use fee revenue and hence the amount of money available to reinvest in park infrastructure and maintenance.

- **A fee system combining a flat administration fee and ‘user pays’ access fees, payable in arrears is supported.**
- **Turnover, as a basis for charging fees is rejected.**
- **User pays access fees should not be capped.**

7. LICENSING ARRANGEMENTS AND PROCEDURES

This is a major compliance issue for Tourism Alliance members, as it is the area that creates the greatest administrative burden and, for some businesses, can impose almost continual compliance requirements, given that there is no apparent co-ordination between licensing authorities. The multiplicity of licensing authorities also tends to create duplication of effort, where recognition between authorities or a rationalisation of licences would minimise the compliance burden. There is strong support for a reduction in the number of applications, returns, renewals, fee payments, etc that have to be prepared by each licensed operator.

Tourism Alliance members have identified that there is often confusion regarding the appropriate licensing authority and who therefore should be approached for a licence or advice on licensing issues. For example, in the High Country there is often confusion about the respective roles of DSE, Parks Victoria and the Mt Buller and Mt Stirling Resort Management Board.

In general, the Parks Victoria licensing procedures are supported as clear and consistent. If these procedures operated on all public land, compliance costs would be significantly reduced. One procedure that is causing some concern is the number of police checks required of some businesses (particularly in dealing with schools). Whilst these checks are separate to the current review, and are paid for by clients, it has been suggested that undergoing a new police check for each client for each

activity is a case of 'overkill' and could be rationalised in some way. It seems particularly ironic that the person who has to undergo the check is usually the owner, who is often not the person who comes into direct contact with the clients.

A longer length of tenure for licences would also reduce administrative burdens and procedures which would greatly benefit both the protected area managers and the operators.

- **Administration should be rationalised as much as possible to reduce compliance costs.**
- **Mutual recognition of licence and/or accreditation requirements should be used wherever possible, to reduce compliance costs.**

8. LICENCE TRANSFER

Licence transfer is one of the important longer term issues for the industry as it is central to operators being able to build value into their businesses. In particular, as visitor numbers grow and access to more sites has to be limited in some way, so will the ability to transfer a licence become critical to the business having any value at all. This will also be the case if longer licence terms, with more stringent conditions, are implemented. Tourism Alliance members understand that licence transfer shouldn't create a speculative industry in itself and are keen to see operators playing a role in the successful development of the industry, rather than 'sitting on' licences and not actually adding value.

From that perspective members feel that businesses should be licensed, not individuals and that licences should not be able to be transferred separately to the business. In other words, a licence should only be able to be transferred with a business. Where a business, rather than an individual, is licensed, it is then reasonable for the business to demonstrate that it has the requisite skills to operate the relevant activity. This may be achieved through a period of probation or the application of the equivalent to a 'fit and proper person' test. This would be acceptable as long as it didn't become a licence 're-issue', which would effectively be a new licence and wouldn't be a licence transfer at all.

If a business is licensed, and the license can be transferred, but only with the sale of the business, there may be some separate issues that need to be addressed, such as the ability of a business to 'spin off' a part of its operation into a new business.

- **Businesses should be licensed, not individuals.**
- **Licences should be able to be transferred on sale of the business.**
- **Incoming licensees should be able to demonstrate their ability to meet licence conditions.**
- **Approval of licence transfers should not be unreasonably withheld.**

9. IMPROVING THE PERFORMANCE, PROFESSIONALISM AND STANDARDS OF TOUR OPERATORS

Tourism Alliance members invariably addressed this issue in the context of improving the professionalism of the industry, as opposed to individual operators, and it was considered that enforcement was the key issue. If unlicensed and non-compliant operators faced appropriate sanctions, and knew to expect apprehension, standards would immediately improve.

There is widespread support for continuous improvement in the professionalism and standards of operators within the industry, but also that such professionalism should be rewarded through increased marketing benefits, perhaps through a high level branding campaign. If a system conferred these benefits, along with longer licence terms and reduced compliance requirements, then businesses would be very keen to embrace an accreditation or certification scheme.

It is Tourism Alliance's view that DSE should undertake a review of all existing and relevant industry accreditation and certification programs and identify those that meet the "standards" required to operate sustainable commercial activities on public land.

In addition to the accreditation programs currently recognised under the existing licence system, it is important for the new licence system to consider and recognise a range of other accreditation and certification programs when allocating longer licence terms to operators. There are other accreditation and certification schemes that provide DSE with a useful guide to good and best practice in industry and activity specific sectors that improve the performance, professionalism and operating standards of operators. These should be carefully considered with regard to allocation of longer licences.

For instance, a sector specific accreditation program widely adopted by industry but not recognised under the current system is the Association for Horsemanship, Safety and Education (AHSE) accreditation scheme. This program provides the opportunity for site accreditation through the Association: with standards for safe fencing and facilities, clothing and footwear for horse riding; and equipment standards, ratios of staff to students etc. AHSE Standards incorporate and in some cases exceed the requirements in the 2003 Australian Horse Industry Council Code of Practice for the horse industry. They are designed to promote safe practices, and to aid in improving the effectiveness of any group riding program.

The delivery of accurate information that encourages minimal impact behaviour and a greater appreciation of diversity values were supported. It was felt that this could be incorporate into a system whereby all users make a contribution, not just to the cost of the provision of such material, but also to the cost of maintaining and developing sites (as per the discussion of a 'High Country Pass' above)

Some concern was expressed about the introduction of the Adventure Activity Standards, as the Department of Education, arguably the biggest single consumer of the relevant activities is apparently developing a different set of standards. If this is the case, business compliance is destined to become unnecessarily complex.

- **Proactive enforcement is a key to improving professionalism and industry standards.**
- **Improved performance should be rewarded with more flexible compliance conditions.**
- **Indicators of improved standards, such as accreditation, should encouraged through promotion and branding.**

- **Recognition of relevant, high quality accreditation schemes will reduce duplication and assist to improve professionalism.**

APPENDIX 1: TOURISM ALLIANCE VICTORIA MEMBERS CONSULTED

Member

Daniel Boissevain
Tracey Walker
Geoff Lacey
Ian Webster
Rob Daniel
Steve Baird
Kath Baird
Rolf Schonfeld
Jim Maher
David Smith
Jenny Edwards
Terry Smit
Chris Dunlop
Ray "Whimpey" Reichelt
Bruce Jackson
Glenda Lovick
Debra McCormack
Bruce McCormack
Jim Curtis
Geza Kouacs
Hank Reizenbrink
Mike Sheehan
Craig Jones
Barb Jones
Graham Turner

Business

5 Star Adventures
5 Star Adventures
Angling Expeditions Victoria
Bindaree Group
Bindaree Group
Bogong Horseback Adventures
Bogong Horseback Adventures
Bushaus Adventures
Echuca Boat and Canoe Hire
Geelong Train Hire
Gippsland High Country Tours
Go West Tours
High Country Horses
Little Desert Nature lodge
Little Desert Nature lodge
Lovick's Mountain Safaris
McCormack's Mountain Valley Trail Rides
McCormack's Mountain Valley Trail Rides
Polperro Dolphin Swims
Rio's Alpine Centre
Sea All Dolphin Swims
Southern Exposure Eco Adventures
Stirling Experience
Stirling Experience
Westcoast Adventures

APPENDIX THREE: Power Outages at Cape Otway and Johanna

Cape Otway

Date (start)	Time Off		Time Back on		Duration (minutes)
	hour	min	hour	min	
11-Jun-04	12	51	14	30	99
19-Jun-04	9	0	10	40	100
Total off supply June					199
14-Jul-04	20	40	21	25	45
Total off supply July					45
11-Sep-04	7	0	9	0	120
Total off supply September					120
27-Oct-04	21	20	12	50	930
27-Oct-04	12	46	14	20	94
27-Oct-04	12	25	12	45	20
27-Oct-04	9	0	10	45	105
27-Oct-04	5	0	7	20	140
Total off supply October					1289
02-Nov-04	19	25	20	0	35
02-Nov-04	17	5	18	10	65
02-Nov-04	16	30	16	35	5
02-Nov-04	10	0	14	50	290
12-Nov-04	10	30	11	35	65
Total off supply November					460
06-Dec-04	14	45	15	55	70
Total off supply December					70
05-Jan-05	12	0	12	10	10
10-Jan-05	20	45	20	55	10
11-Jan-05	22	20	1	20	180
26-Jan-05	17	55	10	10	975
Total off supply October					1175
10-Feb-05	7	0	8	10	70
14-Feb-05	19	7	19	8	1
14-Feb-05	15	8	15	35	27
22-Feb-05	23	30	19	0	1170
Total off supply October					1268
TOTAL OFF SUPPLY 11 JUN TO 22 FEB					4626

APPENDIX TWO CONT...

Johanna

Date (start)	Time Off		Time Back on		Duration (minutes)
	hour	min	hour	min	
27-Oct-04	6	0	7	20	80
27-Oct-04	9	0	10	45	105
27-Oct-04	12	30	14	30	120
27-Oct-04	21	0	10	45	825
Total off supply October					1130
02-Nov-04	10	0	15	0	300
	16	30	16	45	15
	17	5	18	30	85
	19	30	22	0	150
Total off supply November					550
05-Jan-05	11	50	13	20	90
10-Jan-05	22	30	23	30	60
26-Jan-05	18	0	9	30	930
Total off supply January					1080
02-Feb-05	0	30	13	0	750
02-Feb-05	23	45	19	30	1185
10-Feb-05	7	25	8	15	50
14-Feb-05	15	5	15	20	15
Total off supply February					2000
TOTAL OFF SUPPLY 27 OCT TO 14 FEB					4760

NB: Times have been recorded as accurately as possible.

Where an outage occurred in the early hours, estimates have been used.

APPENDIX FOUR



Tourism Alliance

Energy and Communications Infrastructure Position Statement

13 July 2005



Background

The privatisation of the Victorian electricity supply industry in 1995 and the introduction of the Green Power Accreditation Program in 1997 opened up new investment opportunities for private developers interested in the production of energy from renewable sources. The Commonwealth Government's Mandatory Renewable Energy Target (MRET) placed a statutory duty on wholesale purchasers of electricity to proportionately contribute towards the generation of an additional 9,500 GWh of renewable energy per year by 2010, giving an added incentive for the development of wind farms. This target was reaffirmed in June 2004 as a result of a review undertaken through the Government's Energy White Paper: 'Securing Australia's Energy Future'. However the associated target, that retailers are required to purchase 2% of energy requirements from renewable sources, is causing a slowdown in the industry as the capacity of all proposed projects far outweighs that required by the target.

The development of communications infrastructure in Victoria is governed by the 'Code of Practice for Telecommunications Facilities in Victoria' and the 'Telecommunications code of Practice, 1997', which exists under Commonwealth legislation and relates more to electromagnetic radiation than visual intrusion. Infrastructure in general is also considered in the Victorian Coastal Strategy, 2002.

It is clear that the renewable energy industry is not currently viable without government interference in the energy market. Recent evidence from Germany (German Energy Agency, Feb 2005) supports the contention that wind power is an expensive method of reducing greenhouse gases.

Wind farms must be sited in exposed areas to exploit optimum wind conditions and be close enough to the electricity grid to make generation economic. Three areas in Victoria satisfy these criteria: the southwest coast (Warrnambool to Portland); the South Gippsland Coast (San Remo to Foster); and Central Victoria (Ararat to Macedon). Victoria currently has approximately 63 wind turbines. If all projects currently at feasibility stage were to proceed, within two to three years that number would grow to over 1000. However, given the requirements set by MRET, up to two thirds of these projects may never see the light of day.

As interest in the development of wind farms has grown, so has the discussion about their merits. Proponents of wind farms emphasise their role as clean and renewable energy sources. It is further argued that they can provide a tourist attraction in their own right and that overseas and interstate research shows them to be perceived favourably by the public as safe, environmentally benign and appropriate symbols of progress. To their opponents, however, wind farms are a major and unnatural intrusion on the landscape, which disadvantage resident and visitor alike. Tourism issues are invariably addressed in wind farm project proposals. The common position adopted is that wind farms are positive for tourism, with data from Britain and Europe, as well as Western Australia and Codrington in Victoria, cited in support. Unfortunately this evidence is largely anecdotal and has been gathered by wind farm proponents themselves rather than being independent, transparent and scientifically based.

What is clear about the relationship between wind farms and tourism is that there is a need for independent, transparent, academically rigorous research to analyse the impact on tourism.

With regard to landscape and community views, it is interesting to note that many wind farms in Britain and Europe are now being located 'off-shore'. The USA's first off-shore project, at Cape Cod, is scheduled for construction in 2006.

Victorian Government Policy

The Victorian Government has committed to increase the share of Victoria's electricity expected from renewable energy sources from the current 4% to 10% by the year 2010. It is

clear that the government places prime importance on wind power as the major source of renewable energy in the foreseeable future. However, in the absence of any regulation or incentive to encourage investment over and above MRET, it is unlikely that there will be any additional investment to that described above.

Guidelines for the development of wind generation preclude national parks as sites for wind turbines, thus protecting some 42% of Victoria's coastline. These guidelines also provide for 'significant landscape overlays' so that landscapes considered to be of critical value can be subject to 'an appropriate level of consideration in decision making'.

Government planning policy explicitly commits to an objective of promoting the provision of renewable energy, including wind energy facilities. In balancing community interests, it requires that planning should 'consider the economic and environmental benefits to the broader community of renewable energy generation and the effects on the local environment and landscape'.

The Victorian Coastal Strategy notes that whilst wind farm projects offer significant environmental benefits, a strategic approach to siting is important to ensure minimal impact on the aesthetic values of the coast and on marine and bird communities. It also proposes the development of 'best practice guidelines' on the siting and development of wind farms. The Council has developed siting and design guidelines for structures on the Victorian coast and has undertaken an analysis of landscape setting types, both of which could provide useful input to the development of energy and communications infrastructure.

The Code of Practice for Telecommunications facilities in Victoria provides (in principle 1) that:

'A telecommunications facility shall be sited to minimise visual impact.....A telecommunications facility should be located so as to minimise any interruption to a significant view of a heritage place, a landmark, a streetscape, vista or a panorama, whether viewed from public or private land.'

Issues

The Victorian economy has developed, over the history of the state, from a dependence on agriculture and physical resources through manufacturing to a point where it has become increasingly service-sector driven. In parallel, the resources required to sustain the economy have been put under growing pressure and, in the energy sector, have often come under criticism for lack of long term sustainability.

Victoria's continued economic development, if it is to take place in an environmentally sustainable way, must address the issue of renewable energy. This will require the utilization of a variety of sources, research in harnessing and commercialising new methods of generation and continued efficiency improvements in energy use.

The process of developing renewable energy sources must ensure that generation methods are economically as well as environmentally sustainable. In considering the economic viability of particular generation methods, the need for the community to underwrite developments through the payment of artificially high prices, as well as the broader opportunity cost of alternatives that might be foregone, need to be taken into consideration.

The opportunity cost of development is recognized, at least in part, by the government's decision to quarantine national parks from wind farm development, thus protecting approximately 42% of Victoria's coastline. The current planning guidelines recognize the needs of the broader Victorian community and the government's renewable energy policy, but fail to place a realistic value on the significance of landscapes, particularly coastal landscapes, and their importance to the future of the Victorian community.

Community protest has seen at least one wind farm project abandoned. This was proposed by the Stanwell Corporation for Nirranda, on the Great Ocean Road near Warrnambool. Stanwell's web site provided the following:

'Stanwell aims to operate in communities that willingly accept its projects. The Corporation understands and appreciates that the local and wider community has an interest in the Nirranda Wind Farm proposal, and is committed to open communication about its plans for the project.'

In adopting this position, Stanwell places more importance on local community views than does the Victorian government, which balances community needs against the broader Victorian community interest and its policy position on achieving renewable energy targets. A number of other projects have also been abandoned, with specific reasons being less clear than the Stanwell example.

It is unfortunate that the debate over use of these resources in general, and wind farms in particular, should take place with no empirical data and little understanding of the value of coastal landscapes and the need to be able to use them for the benefit of the community over the long term. Tourism Alliance awaits with interest the release of the National Trust / Australian Wind Energy Association joint project on wind farms and landscapes. The report was due for release in August 2004.

Some useful work has been undertaken along these lines by the CRC for Sustainable Tourism in its 'Assessment of the Economic Value of Recreation and Tourism in Western Australia's National Parks, Marine Parks and Forests' (Carlsen & Wood, 2004). The objective of the project was to 'address a specific research need for accurate and reliable data on the value of natural areas for tourism and recreation for use in managing and sustaining these areas into the future'. This research was able to identify the tourism value of particular assets within a region. Research of this type in Victoria may be able to both identify the value of coastal assets and address the issue of the tourism value of developments such as wind farms.

Tourism Alliance Victoria Position

The Victorian Government is to be commended on its decision to quarantine national parks from wind farm developments. However, Tourism Alliance believes that the planning guidelines for wind farm projects do not sufficiently take account of the opportunity cost of individual projects in terms of their impact on other local industries such as tourism, and on the landscape values of the surrounding area. Further, planning guidelines place a low premium on the views of local communities in the development of wind farm projects, lower in some cases than do the project proponents themselves.

Tourism Alliance supports the Code of Practice for Telecommunications Facilities in Victoria as a code that will facilitate development whilst also protecting valuable landscape resources.

In the light of the reaction of some communities to proposed wind farms, the response of proponents to community views and the reduced number of wind farms to be constructed, it is now the time to re-assess the priorities for locating wind farms in Victoria.

Tourism Alliance Victoria supports energy and communications infrastructure proposals where they can be achieved without a significant adverse impact on a region's natural and cultural environments and where community views have been taken into consideration.

Tourism Alliance Victoria believes that all wind farm proposals should be required to go through a formal planning process, including an independent assessment of relevant landscape values, full public consultation and appeal rights.

Tourism Alliance Victoria supports the Victorian Coastal Council proposal to develop best practice guidelines for the siting and development of wind farms. Such guidelines should take into account the work done by the Council on siting, design and landscape setting types.

Scope

This Position Statement was adopted by the Tourism Alliance Board on July 13 2005.

References

- | | |
|--|---|
| Carlsen & Wood | <i>'Assessment of the Economic Value of Recreation and Tourism in Western Australia's National Parks, Marine Parks and Forests'</i> , CRC for Sustainable Tourism, 2004 |
| Department of Sustainability and Environment | <i>'A Code of Practice for Telecommunications Facilities in Victoria'</i> , July 2004 |
| Sustainable Energy Authority Victoria | <i>'Policy and Planning Guidelines for Development of Wind Energy Facilities in Victoria'</i> , May 2003 |
| Victorian Coastal Council | <i>'Victorian Coastal Strategy'</i> , 2002 |

G:\Tourism Alliance\Issues Mgt\Vic Tourism_ Events 10 Yr Plan\VIC 10 Yr_Tourism AI#162310.doc