

TOURISM

**TROPICAL NORTH
QUEENSLAND™**

Where rainforest meets the reef

30th January 2016

**Local Government's critical role in driving
the tourism economy**

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Local Government can make or break tourism in their jurisdiction

Sustainable demand for tourism to a region is largely driven by the degree of satisfaction that guests associate with their visit.

Guest expectations cannot be met and satisfaction not achieved by an individual product or service. It is the sum total of all amenities & interactions within a community, be it the taxi driver, the hire car sales person, the local chemist, the farm stay owner, the local grocer, coffee or banana plantation tour guide etc. that determine whether a tourism visitor is made to feel like a highly appreciated guest.

Ultimately it is the local community that makes or breaks tourism and its local Government representatives play a pivotal role in either proactively optimising the tourism potential or yielding to competition from an ever-growing number of competitors.

Before a region can satisfy a guest it has to compete for their attention and this cannot be done in isolation. Collaboration and leverage of the significant resources that are invested by Tourism Australia, Tourism Event Queensland and Tourism Tropical North Queensland is essential. The most effective way to achieve this amplification of investment is by ensuring that the local government tourism marketing interests are well represented by a competent and well-resourced Local Tourism Organisation (LTO) that can provide strong leadership to the industry it represents. This enables the local government jurisdiction to ensure optimum share of destination voice and potential guest visitation.

TNQ Tourism Vision

The Queensland Government has established a target to grow tourism expenditure in Queensland by an additional \$15Bn by 2020, a 100% increase from 2012. Approximately 80% of the \$15Bn in targeted growth will come from only four of the thirteen Regional Tourism Organisation (RTO) locations in Queensland. Tropical North Queensland (TNQ) is the third largest priority growth destination and the only destination located outside South East Queensland that has the capacity and assets to play a leadership role in achieving the growth targets. The TNQ tourism industry is ambitious and wants to achieve the 2020 \$2Bn targets that have been established for this destination.

TNQ has a proud and long standing reputation of being an innovative and entrepreneurial tourism destination that values its natural assets. It is clear that the region's competitive advantage is based on the current and continued health of these natural assets. This has been clearly defined in the new vision for the TNQ tourism industry, which is:

"The world's best destination to engage with nature."

The TNQ Destination Tourism Plan (DTP) has identified eight key strategic priority themes (listed in the table below), with related strategies and actions, to achieve the 2020 growth targets. The DTP has focussed on building, promoting and exposing the diversity of TNQ’s five ‘hero’ experiences across the largest RTO region in Queensland. The focus of the strategies contained within the TNQ DTP is to:

- Increase the number of visitors
- Increase length of stay
- Increase expenditure per visitor
- Increase likelihood of repeat visitation
- Distribute economic benefit across TNQ.

The Priority Themes for TNQ are:

TNQ DTP Priority Themes		
Building the Context	Primary Drivers	Enabling Drivers
1) Destination Image	2) Touring	5) Infrastructure & Product Investment
	3) Events	6) Digital Leadership
	4) Aviation	7) Quality Service & Innovation
		8) Partnerships & Building Delivery Capability

The Primary Drivers of growth will be led through Touring, Events and Aviation. These priorities will only be successful if sufficient focus is also provided on Building the Context (Destination Image) and the Enabling Drivers. These will be required to raise the profile and further develop the capacity of the region to achieve and sustain the growth targets.

Based on the preliminary forecast modelling that has been undertaken, the Growth Potential Target Scenario indicates that \$4.63 Billion in tourism expenditure could be achieved by 2020.

This would consist of the international market growing from \$885 Million to \$2.19 Billion and the domestic market from \$1.72 Billion to \$2.44 Billion. All local government areas have the opportunity of sharing in this growth.

It has been estimated that this additional tourism expenditure would generate an additional \$2.1Bn in additional economic impact. This could provide a total economic growth of \$4.1Bn, which would provide approximately 20,000 additional jobs in total across the regional economy.

China is the key market that offers the most significant opportunity to grow international visitors to TNQ to support achieving the 2020 growth target.

Securing additional private and public investment in new infrastructure, products and interpretation, whilst also investing in the management of the natural assets to world class

standards will continue to be critically important to the ongoing viability and competitiveness of the tourism industry.

Adopting innovative approaches that develops the tourism industry, whilst also protecting and enhancing TNQ's natural assets, will be vitally important for TNQ to authentically demonstrate that the destination vision is being delivered to meet current and future consumer needs. Tourism is the key driver of the regional economy, which is the region's biggest strength and weakness.

Since 2009 the region has undertaken considerable development planning and implementation to strengthen the resilience of the regional economy.

Consequently, the implementation of the TNQ DTP is being coordinated and integrated with the implementation of the TNQ Regional Economic Plan and the RDA FNQ & TS (Torres Strait) Roadmap.

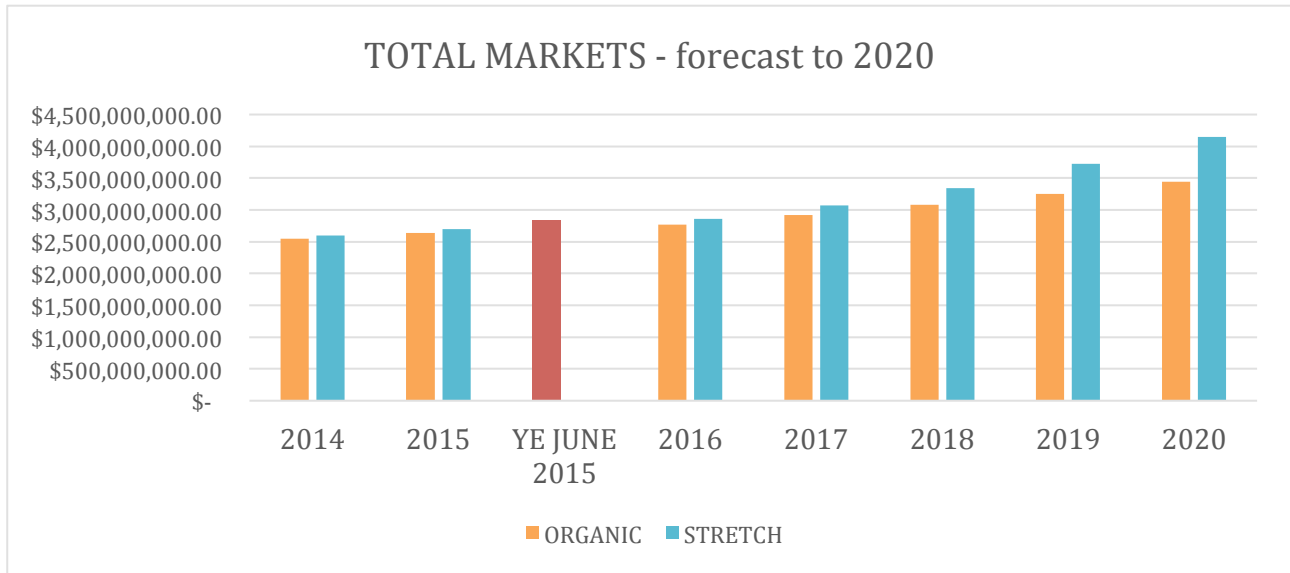
To move from organic growth to approximately a 77% increase in growth in 6 years will require significant leadership and involve the management of complex issues and opportunities, risk, interdependencies and conflicting priorities.

The current fiscal position of all levels of government is constrained and innovative approaches to securing the resources to successfully deliver the TNQ DTP are required.

The following are suggested as potential sources of resources:

- Evaluate the return on investment (ROI) of planned government investment for the region against anticipated TNQ DTP outcomes. Where it is demonstrated that the TNQ DTP outcomes can provide increased return on investment and improved community benefits, scarce government funding could be re-allocated and invested in the management and implementation of the TNQ DTP;
- Current operating structures, funding models, strategic priorities and resource allocation of the RTO & LTOs;
- Opportunities for short and long-term secondments of key personnel from other organisations e.g. Advance Cairns, RDA FNQ & TS, Transport & Main Roads, Parks & Wildlife, local government etc. to the TNQ DTP Implementation team;
- **Securing stronger support and investment from local governments in the region particularly with regard to investing in destination marketing and aligning capital works programs with the touring and events strategies;**
- Explore user pay funding models;
- Alternative investment models for national parks and the management of other natural assets to provide increased and targeted use of available resources;
- Royalties and levies that are generated from catalytic projects should be distributed to fund key TNQ infrastructure and services and key regional economic development initiatives that strengthen the resilience of the regional economy and natural assets.

TNQ performance against the DTP strategic growth targets 2015-20



Economic Impact of tourism in TNQ

Summary of Impacts on the TNQ Region Economy, 2013-14
 (Source Bill Cummings Economics)

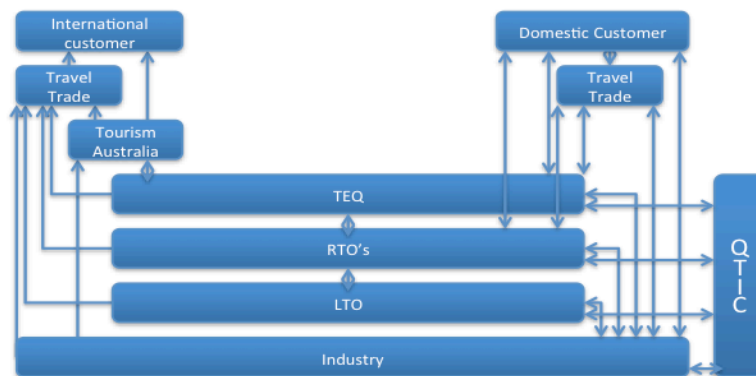
Tourism Expenditure -TNQ Region	\$3,001 m
Tourism Output (excludes competing imports)	\$2,689 m
Estimated Tourism GRP TNQ Region Direct	\$1,400 m
Total including Flow-on	\$2,400 m
%of Gross Regional Product (TNQ Region \$14,000m) Direct	9.7%
Total including Flow-on	16.3%
Estimated Tourism Employment-TNQ Region Direct	17,500
Total including Flow-on	24,500
% of Employed Workforce (130,000 TNQ Region) Direct	13.4%
Total including Flow-on	18.8%

N.B. A Detailed report, for each LTO region, is available through Local Tourism Organisations

How Tourism works

The existing tourism system represents a multi-layered structure for industry to engage through a number of destination marketing organisations, each requiring an additional level of investment/membership.

Current QLD tourism system



- TEQ = Tourism and Events Queensland (Queensland Statutory Authority)
- RTO = Tourism Tropical North Queensland (TTNQ) (Membership based private company
State Government recognized regional tourism organization for TNQ)
- LTO = Local Tourism Organisation
- QTIC= Queensland Tourism Industry Council (industry body)

How Tourism works – Cont'

Players	Number of entities	Roles / foci
Tourism Australia	1	International consumer Marketing, International trade development, research & analysis, media planning and buying
TEQ	1	Destination Marketing, Leadership, Partnerships, research & analysis, Events attraction and leverage, media planning and buying
QTIC	1	Industry advocacy, development, leadership.
Regional Tourism Offices	13	Destination Marketing, Leisure and Business event attraction and leverage Industry engagement / development media planning and buying
Local Tourism Organisations	40+	Product/industry development/trade support/PR destination profile support
Local Councils	#261	Industry development, investment in promotion and marketing through their Local Tourism Organisation, infrastructure support
Industry Sectors	~25	Representation of interests of various sectors directly and indirectly related to tourism

70 Cities/councils/district councils/municipalities/regional councils

N.B. DTESBI = Policy/ cross Government co-ordination, investment attraction

Role of Local Government and Local Tourism organisations

Local government has significant responsibilities that impact upon the way tourism develops and is managed at the destination level. These responsibilities include:

- Infrastructure provision and maintenance;
- Land use planning;
- Environmental management;
- Public health and safety management;
- Local economic development;
- Open space provision and maintenance;
- Education, training and employment;
- Tourism promotion and marketing;
- Arts and cultural development;
- Community development; and
- Human services.

These responsibilities are derived from various pieces of legislation that set out the roles, responsibilities and duties of local government with respect to certain issues.

From a demand driver and competitive advantage perspective robust long-term investment in tourism promotion and marketing are critical to the success of a local jurisdiction.

In Queensland the most effective way to leverage the tourism system is achieved through the investment in the Local Tourism Organisations and their collaborative investment through the regional tourism organization - TTNQ.

The focus of Local Tourism Organisations (LTO) is targeted at grass roots industry development, in-region trade & media support and collaborative marketing investment with TTNQ.

Regions that invest strongly to ensure they have a competent and well resourced LTO achieve a significant amplification of their focus through TTNQ and therefore Tourism Events Queensland and Tourism Australia.

Key Local Government Tourism Policy perspectives

The process of destination management does not happen in isolation. It involves a range of sectors, stakeholder groups and delivery partners including Government agencies, communities, and business groups working collaboratively to deliver their part of the picture.

With the agricultural industry, farm products are produced on farm and then transported to distant markets (sometimes processed en route) where customers can see the products on display along with competitor products, before they make a purchase.

With tourism, leisure travel options being offered to a customer can only be enjoyed at the destination, which means the customer has to commit to purchase sight unseen.

As a consequence the tourism industry has to facilitate communication of their host destination before they can attempt to promote their product.

Competition is fierce and local government plays a pivotal role in determining whether a community will achieve optimum benefit from the significant and growing potential of tourism in TNQ.

Regardless of how important tourism is to a local Government jurisdiction, the financial capacity of tourism industry businesses to fund destination marketing without significant government investment is not feasible.

Unlike other industries, tourism businesses are exposed to the need to invest in two dimensions of marketing:

1. Like any business they have to market their individual product
2. However they also have to contribute to destination marketing

This is unique to tourism. Many regional Councils, remote from distant key markets, are not aware of the competitive intensity of tourism marketing by a wide range of tourism destinations and tourism products.

Destination marketing to be competitive, calls for significant investment, which is beyond the capacity of industry. As demonstrated by the Cummings economic impact to the TNQ economy report, other businesses and the wider community benefit significantly from a strong tourism industry, it is therefore fair & reasonable for Local Government to invest in marketing to ensure optimum economic and community amenity benefits for its community.

Key Local Government Advocacy recommendations

1. Support whole of community focus on the objective of ensuring visitors leave the destination feeling like highly appreciated and valued guests
2. Ensure the financial sustainability & competence of the Local Tourism Organisation
3. Ensure collaboration and leverage of LTO investment with Tourism Australia, Tourism Events Queensland through the RTO Tourism Tropical North Queensland
4. Support community understanding of the market failure (destination focus and freeloader effect) associated with tourism that warrants significant Local Government investment to optimise tourism incidence.