



Regional Cities Victoria submission to the Productivity Commission - Australia's International Tourism Industry

BACKGROUND

Regional Cities Victoria (RCV) comprises the Mayors and CEOs from the ten largest cities in regional Victoria including the municipalities of - Ballarat, Bendigo, Geelong, Horsham, Latrobe, Mildura, Shepparton, Wangaratta, Warrnambool and Wodonga.

These regional cities have a combined population of nearly 800,000 people, which is expected to increase to almost 1.1 million by 2031.¹ Across the state, the population of regional Victoria is projected to increase to 1.86 million by 2036; home to around 25 per cent of Victorians.²

CONTEXT

RCV's core vision is 'building a sustainable Victoria through regional growth'.

Tourism plays a significant part in the Victorian economy - worth \$19.6 billion, or 5.8 per cent of the total Victorian economy.³

RCV recognises that the Victorian Government has made important progress in relation to its focus on tourism in regional Victoria, with the release in December 2013 of "*Victoria's Regional Tourism Strategy 2013-2016*", which outlines short and medium term action aimed at stimulating tourism in regional Victoria."⁴

RCV supports the Victorian Government's Regional Tourism Boards (RTBs) strategy, in terms of both their role and structure. RTBs are a cost effective means of ensuring a whole-of-government approach in regard to boosting international tourism to regional Victoria, by providing a structure that can support tourism operators and destinations.

RCV notes with concern that there was a significant decline of 20.8% in international overnight expenditure in regional Victoria in the year ending June 2013, which was explained as a result of declining visitation from Western countries and ongoing economic volatility in these markets.⁵

A decline in tourism to regional areas impacts more heavily on local communities and businesses than it does in Melbourne, due to tourism "contributing 13.9 per cent of total Gross Regional Product (GRP) and 12.8 per cent of employment, compared to 3.2 per cent and 4.5 per cent respectively for Melbourne."⁶

It is crucial that both Federal and State governments continue to address barriers which may limit international tourism to regional areas and ensure the growth in these important markets.

¹ Implications of Population Growth on Infrastructure and Resources in Regional Cities, 2012, Essential Economics

² Regional Growth Fund, State Government of Victoria (http://www.rdv.vic.gov.au/__data/assets/pdf_file/0006/188322/RGF-6295_12pp-BOOKLET_web.pdf)

³ Tourism Victoria Annual Report 2013-14, Pg.2.

⁴ Victoria's Regional Tourism Strategy 2013-2016, Pg.5

⁵ Victoria's Regional Tourism Strategy 2013-2016, Pg.10

⁶ Victoria's Regional Tourism Strategy 2013-2016, Pg.9

While not all regional cities will share the same experiences in relation to tourism, as an organisation representing the whole of regional Victoria, RCV believes there are areas of improvement particularly around connectivity which if addressed, will benefit Victoria as a whole.

CONNECTIVITY

RCV has identified the need for improvements to transport corridors - including regional roads and passenger rail - and the regional airport network, to encourage growth and economic development and across Victoria, including in the area of tourism.

RCV believes that connectivity with Melbourne, both to the city and Melbourne Airport, and between regional cities themselves is a key barrier to increasing international tourism in regional areas, due to the quality and condition of roads, the inconsistency of services of public transport, and limited public transport in regional cities themselves.

Significant investment is required in regional roads and public transport to ensure these barriers are removed for international tourists, especially in relation to connectivity to Melbourne Airport from regional areas, which will also help facilitate better 'regional touring routes' which has been identified as an effective way of establishing regional Victoria as a destination of choice in international markets.⁷

DISPERSAL

Dispersion of international tourists into regional areas is a substantial issue, with many cities, especially those in more remote geographical locations, finding it difficult to attract people due to the significant travel times involved.

As noted above, there has been a significant decline in international overnight expenditure in regional Victoria, due to a decline in visitation from western countries.

Coupled with this and the rise of China as "Victoria's largest and most valuable source of international arrivals and expenditure", is the fact that Eastern visitors have "substantially lower rates of dispersal into regional Victoria than markets from the Western hemisphere."⁸

RCV notes that Melbourne, not Victoria, is the key brand internationally with regard to marketing materials, with regional experiences incorporated into the Melbourne brand.

With regional Victoria facing a major challenge in addressing the issue of dispersal throughout Victoria, RCV suggests the federal and state government look at placing a greater emphasis on regional areas in international tourism marketing materials.

Cr Mike Neoh
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⁷ Victoria's Regional Tourism Strategy 2013-2016, Pg.16

⁸ Victoria's Regional Tourism Strategy 2013-2016, Pg.11