EFFECTIVE GOVERNANCE AND POLICY INSTRUMENTS IN THE ALPINE REGION
About Kohl & Partner

- Independent and internationally operating consulting company specialized in the hotel and tourism industry
- Leading tourism consultancy in the Alpine Region
- More than 30 years of experience and thousands of implemented tourism projects
- Offices and local contacts in 11 countries
- International team with more than 40 employees
- Winner of the Austrian Quality Award
- Affiliate Member of the UN World Tourism Organization

Christopher Hinteregger

- Partner and Head of “Destinations International”
- Graduate at the IMC Krems studying Tourism Management
- Since 2003 with Kohl & Partner
- Projects in 18 countries – currently in Turkey, Russia, Ukraine and Macedonia
The Alpine Region

<table>
<thead>
<tr>
<th>Country</th>
<th>Alpine area (in km²)</th>
<th>Alpine area (in %)</th>
<th>Alpine area in % of total country area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>54.600</td>
<td>29 %</td>
<td>65 %</td>
</tr>
<tr>
<td>Italy</td>
<td>52.000</td>
<td>27 %</td>
<td>17 %</td>
</tr>
<tr>
<td>France</td>
<td>40.800</td>
<td>21 %</td>
<td>7 %</td>
</tr>
<tr>
<td>Switzerland</td>
<td>24.850</td>
<td>13 %</td>
<td>60 %</td>
</tr>
<tr>
<td>Germany</td>
<td>11.100</td>
<td>6 %</td>
<td>3 %</td>
</tr>
<tr>
<td>Slovenia</td>
<td>6.800</td>
<td>4 %</td>
<td>40 %</td>
</tr>
<tr>
<td>Liechtenstein</td>
<td>160</td>
<td>&lt; 1 %</td>
<td>100 %</td>
</tr>
<tr>
<td>Monaco</td>
<td>2</td>
<td>&lt; 1 %</td>
<td>100 %</td>
</tr>
</tbody>
</table>

Source: Google Maps
The public authorities early realized the importance of tourism for the valleys of the Alpine Region.
The public authorities can contribute to the success of a tourism destination in different ways

- Sustainable planning
The province of South Tyrol in Italy is regulating the amount of beds in accommodation facilities

Accommodation facilities: 10,128

Number of available beds: 218,900

Number of annual arrivals: 6,1 mil.

Number of annual overnights: 28,5 mil.

Government decision 2009

- Tourism Development
- Plans by municipalities
- Confirmation by provincial government
- Distribution of confirmed additional beds
- Sustainable development

Source: Statistical office of South Tyrol
The province of Salzburg in Austria is regulating the amount of second homes in their destinations

Accommodation facilities  
11,649

Number of available beds  
231,300

Number of annual arrivals  
6,5 mil.

Number of annual overnights  
25,5 mil.

Provincial law regulating the maximum amount of second homes in a municipality

10 %

Source: Statistical office of Austria
The province of Tyrol in Austria reduced the number of DMOs from 254 to 34.
The public authorities can contribute to the success of a tourism destination in different ways

- Sustainable planning
- Investment incentives
In Austria a special tourism bank implements the national public subsidy program

Austrian Hotel & Tourism Bank (ÖHT)

- Founded in 1947
- Belongs to the three biggest Austrian banks
- Manages subsidy programs on behalf of the federal Ministry of Economics
- In 2014 EUR 19 million of subsidies stimulating EUR 780 million investment
- 92.9% for small business and 6.8% for medium-size enterprises
- Subsidies: non-refundable funding, interest subsidy and guarantees

- 85% hotel projects, 12% tourism infrastructure projects and 3% restaurant projects
- Focus on optimization of the amount of beds and quality improvement (hotel industry) and artificial snow-making (tourism infrastructure)

Not included: subsidies provided by the nine provinces and EU

Estimated volume 2014: another EUR 23 million
A similar target has the Swiss Association for Hotel Credits (SGH)

Swiss Association for Hotel Credits

- Founded in 1966
- Main shareholders:
  31% provincial banks
  23% Swiss government
  17% large banks
  13% provinces & municipalities
- Main target: improving the competitiveness of the Swiss hotel industry
- EUR 37.5 million of granted (low-interest) loans in 2014 stimulating a total investment of EUR 216 million
- Until 2001 they also provided guarantees

- 43% of the total volume was spent to construct new hotels or additional beds – 39% for renovating existing ones
- 56% of the borrowers have hotels with less than 100 beds
- 75% of the total volume in the 3- and 4-star segment

Source: Swiss Association for Hotel Credits
Effective governance and policy instruments

The public authorities can contribute to the success of a tourism destination in different ways

- Sustainable planning
- Investment incentives
- Investment in key tourism infrastructure
The city of Innsbruck invested more than EUR 37 million into a new cable car connection.

Cable car near Innsbruck

- **Investment**
  - Public share: 73%
  - Private share: 27%

- **Total investment of EUR 51 million**

- **Concession contract for 30 years (PPP project)**
The municipality of Bad Hofgastein invested more than EUR 12 million into the modernization of their aqua park

Thermal Aqua Park in Bad Hofgastein (Austria)

- Municipality Bad Hofgastein: 49%
- Regional DMC: 24%
- Oberbank: 19%
- Brewing Union: 6%
- Raiffeisen Bank: 2%

Total investment for renovation and enlargement EUR 25 million
Often the public side holds shares in the company owning and operating the vertical transportation facilities.

<table>
<thead>
<tr>
<th>Location</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Garmisch-Partenkirchen</td>
<td>100%</td>
</tr>
<tr>
<td>Zermatt</td>
<td>23%</td>
</tr>
<tr>
<td>Meran 2000</td>
<td>65%</td>
</tr>
<tr>
<td>Ischgl</td>
<td>50%</td>
</tr>
<tr>
<td>Serfaus-Fiss-Ladis</td>
<td>76%</td>
</tr>
<tr>
<td>Compagnie des Alpes</td>
<td>40%</td>
</tr>
</tbody>
</table>
The public authorities can contribute to the success of a tourism destination in different ways

- Sustainable planning
- Investment incentives
- Investment in key tourism infrastructure
- Tourism tax
In Austria tourism marketing takes place on three different levels

<table>
<thead>
<tr>
<th>National level</th>
<th>Provincial level</th>
<th>Regional level</th>
</tr>
</thead>
<tbody>
<tr>
<td>NTO of Austria</td>
<td>DMO of Salzburg Province</td>
<td>DMO of the destination Zell am See/Kaprun</td>
</tr>
<tr>
<td><strong>Annual overnights:</strong> 131 million</td>
<td><strong>Annual overnights:</strong> 26 million</td>
<td><strong>Annual overnights:</strong> 2 million</td>
</tr>
<tr>
<td><strong>Annual marketing budget:</strong> ~ EUR 29,0 million</td>
<td><strong>Annual marketing budget:</strong> ~ EUR 10,9 million</td>
<td><strong>Annual marketing budget:</strong> ~ EUR 2,4 million</td>
</tr>
<tr>
<td><strong>Employees:</strong> 220</td>
<td><strong>Employees:</strong> 50</td>
<td><strong>Employees:</strong> 22</td>
</tr>
</tbody>
</table>
The majority of the Austrian provinces have three different types of tourism tax

Province of Carinthia – Distribution of tourism tax

- Visitor’s tax: 100%
- Overnight tax: 100%
- Tourism tax:
  - Province: 95%, 90%, 100%
  - Provincial DMO: 90%, 35%
  - Regional DMO: 50%, 30%
  - Local tourism associations: 50%, 30%

(€ 0.36 - 2.00) (€ 0.50)