Oö. Landesrechnungshof

Presentation – Mag. Bernhard Mairleitner

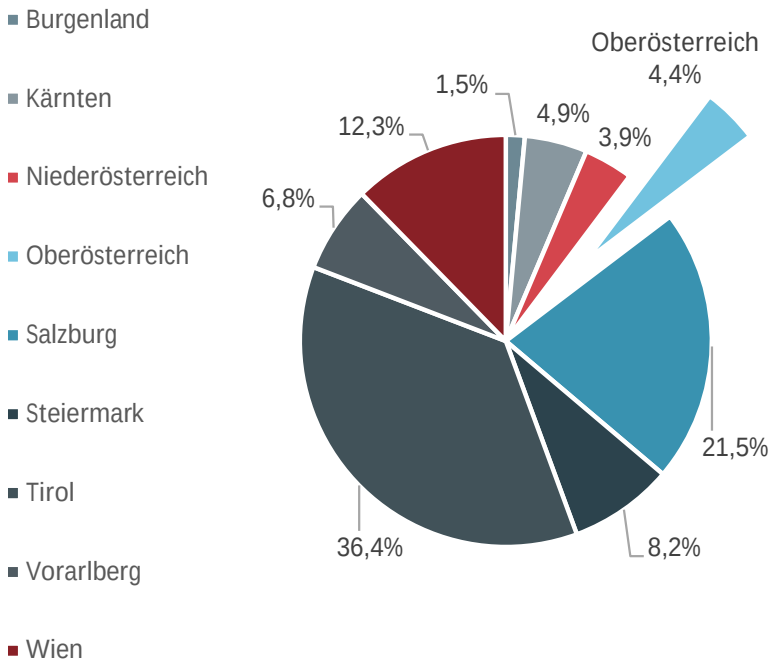
Selected aspects of winter tourism in Upper Austria

Agenda

- Tourism in Austria
- Importance of winter tourism in Upper Austria
- Impacts of climate change on winter tourism
- Tourism strategy of the state of Upper Austria
- Funding and support in this segment
- Recommendations & Conclusions

Tourism in Austria

- Tourism contributes 6.2 percent to Austria's GDP
- Value added amounts to approximately 29.5 billion euros
- Approximately 230,000 people are employed in tourism in Austria
- Tourism employs approximately 7.6 percent of the workforce in Austria
- 154.3 million overnight stays in Austria (2024)
  - 4.4 percent of that in Upper Austria

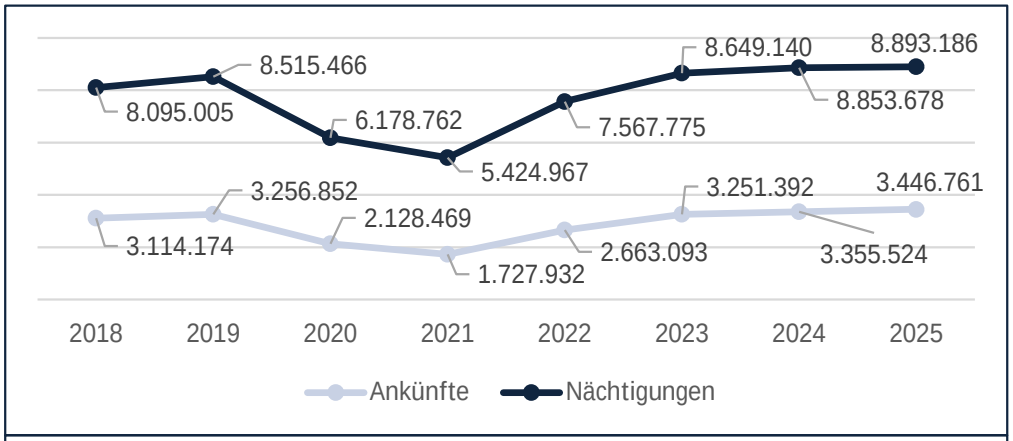


Importance of winter tourism in Upper Austria (1/4)

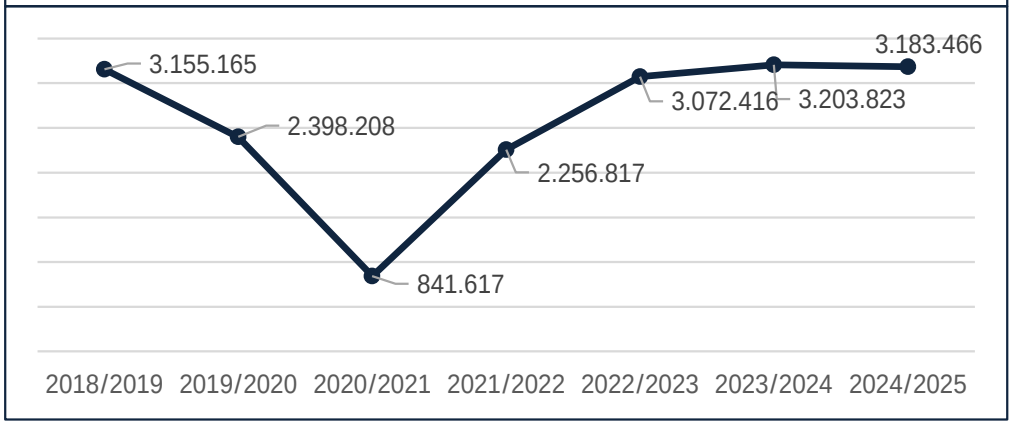
- Valuable contribution to economic development and employment in Upper Austria through the tourism and leisure industry
  - Tourism contributes more than 3 percent to the gross regional product in Upper Austria (around 2.1 billion euros in added value).
  - Approximately 35,000 employees
- Winter tourism is an important regional factor in Upper Austria
- However, challenges exist due to climate change, skills shortages, or inflation

Importance of winter tourism in Upper Austria (2/4)

- Development of arrivals and overnight stays from 2018 to 2025 (full-year view)

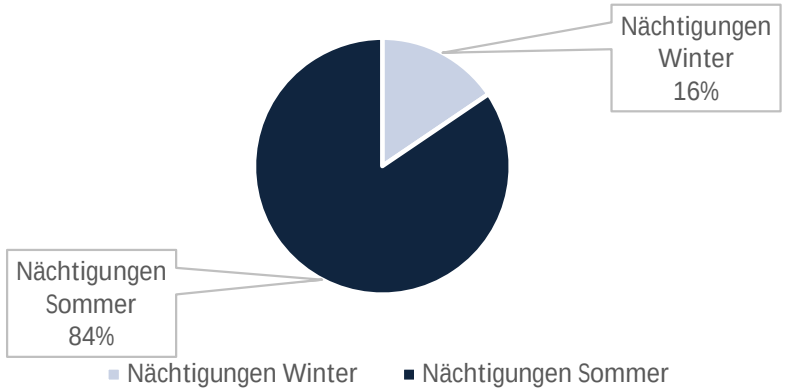


- Development of overnight stays in the winter season 2018 to 2025

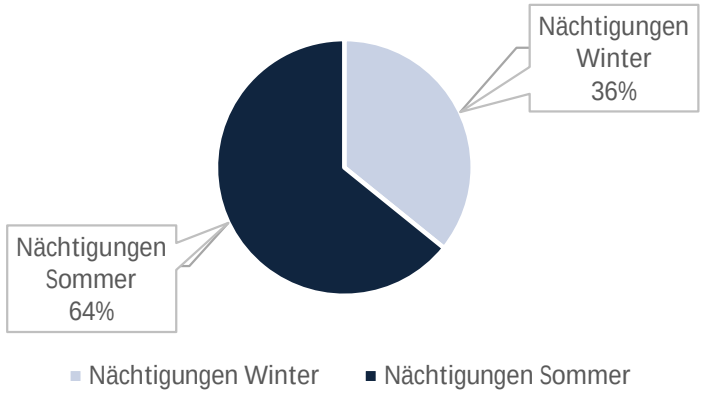


Importance of winter tourism in Upper Austria (3/4)

- Ratio of overnight stays summer to winter (season 2021/2022)



- Ratio of overnight stays summer to winter (season 2024/2025)



Importance of winter tourism in Upper Austria (4/4)

Location of ski resorts in Upper Austria:

- 42 active areas (as of March 2023)
- Structure of the lift systems:
  - 1 funicular railway
  - 14 gondola lifts
  - 19 chairlifts
  - 67 drag/tug lifts
  - 52 children's lifts

Impacts of climate change on winter tourism (1/4)

- Initial situation:
  - Significant impacts of climate change on winter tourism are expected
    ➔ A marked decrease in natural snow (especially at lower altitudes)
  - Increasing need for artificial snowmaking to maintain the previously accustomed level of comfort while skiing
- Various studies on this topic both confirm climate change and highlight its effects on winter tourism
- Study "Future Snow Cover Evolution (FuSe -AT)" as a vivid example
  - Key message: The decline in natural snow will be even greater in the future
  - Three scenarios ("Past", "2-Degree Path", "Fossil Path")

Impacts of climate change on winter tourism (2/4)

- Period 1971 to 2000
- Natural snow at all altitudes
- Average snow cover duration (depending on altitude): 16 to 310 days
- The possibility of articial snowmaking is provided for approximately 1,400 to 2,100 operating hours
- Conditions for winter sports and recreation in natural snow environments are provided at all altitudes

Impacts of climate change on winter tourism (3/4)

- Forecast period 2021 to 2050
- Basic assumption: The greenhouse gas emission target from the Paris Climate Agreement ("2-degree target") will be achieved
- Halving of the average snow cover duration in low elevations and a decrease of up to 25 percent in higher and middle elevations
- Reduction of the possibility of artificial snowmaking by approximately 10 to 15 percent

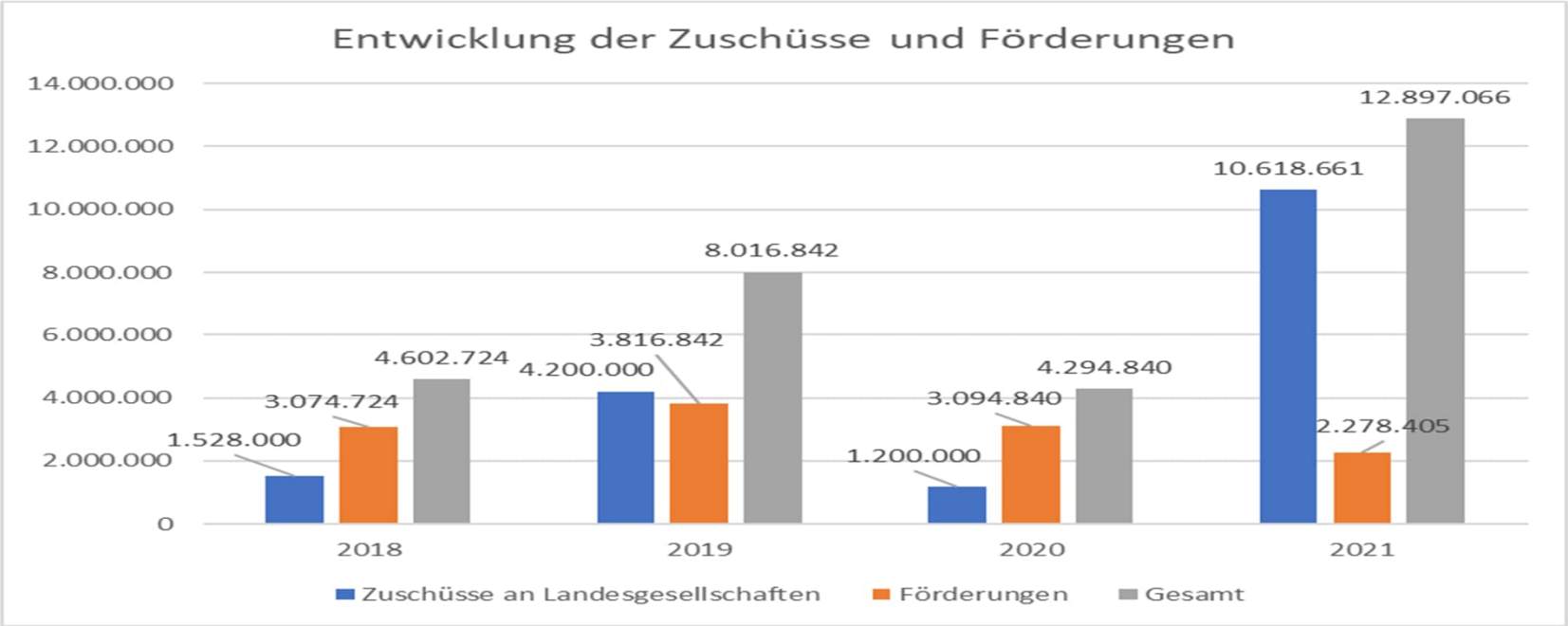
Impacts of climate change on winter tourism (4/4)

- Forecast period 2071 to 2100
- "Worst-case scenario": A world without climate protection measures
- Increase in average winter temperatures of more than 4 degrees Celsius (at all altitudes)
- Average snow cover duration decrease by 90 percent in low-lying areas, 35 to 70 percent in mid-lying areas, and 10 percent in high-lying areas.
- Reduction of the possibility of artificial snowmaking by approximately 35 to 70 percent (for mid- to low-lying areas)

Tourism strategy of the state of Upper Austria

- There is a legal obligation to develop a state tourism strategy
- New tourism strategy available since the end of 2023
- Recommendation of Oö. LRH: Consider topics such as "sustainability", "climate change", "digitalization" or "mobility" more strongly, also in relation to winter tourism ➔ was fully implemented
- However, there is still potential for development in integrating public transport
- The general principle is: the focus is on year-round tourism (seasonal thinking has not been a priority since the previous tourism strategy)

Funding and support from the State of Upper Austria



- Between 2018 and 2021, the state of Upper Austria paid a total of around 30 million euros in subsidies and support for winter tourism
- 17.5 million euros were distributed as shareholder subsidies to state-owned companies
- 12.5 million euros were granted in subsidies (mostly to private companies)

Funding & support from the State of Upper Austria – State-owned ski resorts

- Excursus: Subsequent audit of the Upper Austrian cable car holding group (2025)
- The state of Upper Austria operates its own mountain railways at four locations
- Strategic priorities of the corporate group:
  - Year-round tourism ("365 days for the guest")
  - sustainability
  - mobility
- Key findings from the exam:
  - Industry-standard high capital intensity (➔ ongoing capital expenditure required for investments)
  - Economic challenges: continuously improving the attractiveness of experiential offerings to achieve positive economic development
  - Goal ➔ Keep support contributions from the state of Upper Austria as low as possible

Funding and support from the State of Upper Austria – Private ski resorts

- Various funding programs of the state of Upper Austria for infrastructure of cable car companies and for winter tourism
  - Category I: Companies with high to average touristic importance (total funding volume 2018 to 2021: 6.9 million euros)
  - Category II: Companies with low or regional touristic significance (total funding volume 2018 to 2021: 1.3 million euros)
  - Category III: Businesses without touristic significance
- Wide range of quotas for infrastructure funding:
  - Category I: 25 to almost 78 percent
  - Category II: uniformly 45 percent
- Differences in investment projects; application of a uniform funding formula is difficult to implement
- Recommendation of the State Audit Office ➔ Reduce ranges in funding rates
- Subsidy rates exceeding 50 percent for profit-oriented companies are generally considered problematic

Funding and support from the State of Upper Austria – Kasberg example

- 2016: Municipalities from the Almtal (Grünau im Almtal, Pettenbach, Scharnstein and Vorchdorf) take over from private owner
- Resolution of the Upper Austrian Parliament: Coverage of operating losses up to €1 million annually for 10 years
- Total coverage of losses from 2016 to 2021: approximately 5 million euros
- 2023: Bankruptcy of the operating company
- From the 2023/2024 season onwards: Takeover by a private consortium
- High investment needs (renewal of ski lifts and snowmaking equipment) ➔ Operator hopes for takeover by the state of Upper Austria
- The recommendation of the State Audit Office from the previous audit (➔ development of an economically viable solution) remains in effect

Recommendations & Conclusions

- Climate change requires a realignment ➔ Strategic focus ("Which tourist destinations should continue to be supported in the future, and for what specific reasons?")
- Reduction of high subsidy rates ("Subsidy rates of over 50 percent for profit-oriented companies should be reconsidered")
- Public funds will only be used for economically viable long-term business concepts
- Winter tourism will remain an important factor in the future – However:
- Goal ➔ to offer tourist opportunities in destinations as much as possible throughout the year

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Thank you for your attention!

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