

THE LEGISLATIVE COUNCIL SELECT COMMITTEE ON TOURISM IN TASMANIA MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART, ON THURSDAY 20 JANUARY 2011.

Mr JOHN DEEPROSE, ACTING CHIEF EXECUTIVE OFFICER TOURISM INDUSTRY COUNCIL OF TASMANIA, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED. **Mr DANIEL HANNA** AND **Mr SIMON CURRANT** WERE RECALLED.

CHAIR (Mr Wing) - Welcome, gentlemen. Would you like to give us an update on anything that has transpired since we last spoke?

Mr HANNA - I'm trying to remember the last date we were here; it was probably six months ago now - I think at the time we might have said that conditions in the industry had certainly softened through the first half of 2010 and that has continued through the rest of 2010. We need to put it in context, I guess. In the years 2002-09 we had some fantastic growth, probably outstripping anywhere else in the nation, but 2010 definitely softened. We conducted a survey of tourism businesses - you may have seen that reported in the media - to the end of September and found that September was a very soft quarter, very weak. A majority of businesses had experienced declines in their trading conditions compared to the previous September quarter. Probably only about 20 per cent had improved conditions.

While forward bookings are getting harder and harder to use as a reliable measure, because travel patterns are changing, there was not a lot of confidence about the summer period that we're currently in at that time. The rest of the information we rely on is anecdotal from that time on. Anecdotally, we are hearing that things are pretty soft; perhaps 'patchy' would be a better word. Hobart seems to be holding up reasonably well, which you would expect it to this time of year with a lot of events in town. Other parts of the State generally are not so strong. The one good thing is that the airlines, particularly Jetstar, have made a pretty big announcement with additional capacity. That came onstream last month with additional flights into Launceston and Hobart out of our key markets, Melbourne and Sydney. There is also a new route, Gold Coast to Hobart, which started last month.

That is the general position. So we would have to say 2010 was a very disappointing year. That would definitely be the word we would use. Maybe Simon and John can jump in here - there is probably the feeling around the industry that 2011 is going to be a pretty tough year too. A lot of those things are around global and national economic and other trading conditions - the strong dollar, pretty hefty competition and some amazing outbound aviation deals as well.

CHAIR - It seems to be national?

Mr CURRANT - Nationally we're probably still faring better. I've had reason to travel a lot through another national accreditation scheme that I am chairing and we are way in front of everyone else. They've all got their chin on the deck. I was in Brisbane yesterday and obviously what has been happening with the weather there, on top of

everything else, they're in a lot of trouble. In a funny way the weather side of it might be getting a few more people to come here. I don't know - we have nothing that says we are; there's no hard evidence - but it is possible because we are stronger than any other State. We are talking of domestic travel as being the major bulk of the market so if it's any consolation we're doing a lot better than anyone else.

CHAIR - It seems to be the numbers of visitors are down by 12 per cent - visiting family, friends and relatives and business seem to have held up, according to the latest report.

Mr HANNA - Certainly visitor holiday numbers have declined pretty sharply.

CHAIR - By about 12 per cent according to that report. Interestingly, the numbers coming here from South Australia have gone up 20 per cent, Western Australia is up 7 per cent, ACT is up 20 per cent and Northern Territory is up 42 per cent. Do you know why?

Mr HANNA - They are from pretty low bases.

Mr DEEPROSE - I think we have to be careful not to read too much into some of the smaller origins. You get some aberrations in statistics that come from low bases.

Following on from what Simon was saying about the state of the national market, Queensland, particularly after the global financial crisis and the Australian dollar spiking, was hit very hard last year - even before the floods. They were just beginning to make some inroads. There has been a fair bit of action in the Queensland tourism industry and they have just now been hit again. I think, collectively, they're on the road to recovery themselves with tourism but this is probably going to put a three- to six-month pause in the whole process.

CHAIR - On the question of the low base, in terms of visitors from South Australia, up to September 2009 the annual figure was 46 000; September 2010, 55 300; ACT up from 18 400 to 22 100; Northern Territory, 6 400 to 9 100. It's a low base but it's a fairly significant increase in numbers, isn't it?

Mr HANNA - The South Australian one is probably quite hard to explain, given that we don't have direct flights.

Mr CURRANT - But we did have in that period. The flights started in 2009 and they stopped in late 2010, so that direct flight situation could have had an impact.

Mr HANNA - We have a direct service out of Canberra. It is only fairly small, just a daily, operated by Virgin and that can have some impact.

Going back a step as well, what we have found with holiday visitor numbers down it has created some issues around the State. Holiday visitors are the ones that tend to disperse more into regional areas. So what that would mean is that some regional areas would be doing it tougher than the major gateways, Hobart and probably to a lesser extent, Launceston. The other thing is that when numbers drop, it is a much harder competitive position and that will mean generally that micro businesses are the ones that will feel it

first. So they will be doing it tougher than some of the larger businesses that have more options, if you like, in terms of distributing their product.

CHAIR - West coast has gone down significantly.

Mr DEEPROSE - But conversely the east coast is travelling along quite well. The anecdotal information that we have had recently is that the conferences and business events in Hobart have been very good over October, November, and are looking pretty good through until after Easter. So that is a critical part of our marketing platform.

CHAIR - Any other general comments that you would like to make before we ask other questions?

Mr CURRANT - I would say it is a difficult time and nobody has any answers at the moment anywhere. Nationally Tourism Australia are doing a much better job and on the inbound side of it I think we are going to see some results coming through from that in the next couple of years from a changed approach to the way they do their business. But in terms of what we are seeing, the reality really needs to be faced by a lot of businesses that are what I call fringe businesses. A lot of these are the people who are fairly vocal who have said, 'I have this house, I will make it into a B&B.' Again, I can only speak anecdotally on this, but these people are the ones who are suffering more than others. They are not in the mainstream, so to speak. Those who have taken the steps to get themselves in the market and really address their business from that perspective are suffering the least.

Because we have had such a great time in the last five years getting more visitors, a lot of people have grown the industry in places that people don't really have a reason to visit. They have put something in in a place that nobody wants to go to, so to speak,

So there is going to be a fallout. There will be people falling off the twig and I think, as an industry, we discussed this at our Tourism Industry Council meetings. There is a maturity in the industry that knows that this is going to happen and we are not in the business of protecting people who don't look after themselves and in addition to that there are some who should not be there anyway for other reasons.

CHAIR - So while the Australian dollar remains strong, it is going to be difficult, isn't it, to stop people going overseas?

Mr CURRANT - It is and all this new airline business is all about taking people out and consequently they will bring more people in but in the end it is all about Australians leaving. That graph is still increasing on the outbound side. It has not diminished at all. It is still growing - I think it is about 15 per cent a year, year on year.

Mr HANNA - We now have a tourism trade deficit as a country, whereas we always traditionally had a surplus and the outbound, as Simon said, is growing extremely strongly. The other matter to point out too is that the forecasts into the future for domestic travel in Australia are very soft. If Tasmania is to continue to grow on the back of domestic tourism, we clearly need to get a much bigger market share than we currently have because there just is not going to be more domestic travel - it will be very flat for the foreseeable future.

Mr CURRANT - Another factor which is a national problem is the industrial relations situation, the two-speed economy. We will be paying \$6 for coffees within two years. Don't even think about it -

Dr GOODWIN - Oh, don't say that!

Mr CURRANT - I promise you we will: look at it now, it is up to \$4. I have various friends who have restaurants and with one in particular his wage costs jumped 35 per cent last year. He was not able to raise his prices that much. My daughter works at his restaurant down here and when she was 17 she was getting \$27 an hour and he still had not got to the point where he had to get to where she will go up to \$30-odd an hour. In the north-west the whole town was kind of shut because they could not afford to be open because it was the day after Christmas day and someone declared another bloody holiday and the washer-upper had to be paid \$50 an hour!

Dr GOODWIN - I think that might have been us, was it?

Mr CURRANT - Yes, it was.

Laughter.

CHAIR - We stopped Anzac Day, but not Christmas.

Mr CURRANT - Yes. The washer-upper had to be paid \$50 an hour to come in. The local publican opened his pub and his wages bill was \$2 500 and for that day he had something like a \$1 000 loss. He knew that that was how it was going to be. He could not put the price of his meals up by the amount that he should have, so here is another thing that is impacting on our service industry.

Now again I do not have any answers but, my God, it has to stop. Somewhere along the line someone has to get sensible about this and say that there are thousands of kids out here that want jobs and it is 'Fantastic, I can get \$27 an hour', but what sort of expectation is that creating?

CHAIR - That is without penalty rates, is it, Simon?

Mr CURRANT - No, that is with penalty rates and this is working weekends for that. This guy was on a penalty rate getting \$50 an hour for washing up. That is a ridiculous situation.

CHAIR - It will need to be tackled nationally, won't it, to get anywhere?

Mr CURRANT - Yes.

CHAIR - But it does certainly need to be tackled because it has got quite out of hand.

Mr HANNA - It is very hard when we have a resources sector that is very hungry for workers and prepared to pay whatever it takes so base level positions are getting six figures a year in Western Australia and other parts of the country.

CHAIR - Is the industry, either here or nationally, taking any action to try to get governments to get some degree of normality and fairness here?

Mr HANNA - Yes. The lobby groups - the NTA and the TGFs of this world - are addressing it and the Federal people pay lip service to it and say, 'Yes, we acknowledge it's a real problem' but they do not have an answer.

Mr DEEPROSE - It is an issue that we have raised at our tourism conferences for the last two years. It did not get much traction the first year and the abolition of WorkChoices had not hit until January this year and the increase in power prices, rates and all the rest of it was hobbling along and it did not really hit home to the operators until the bills arrived. They have started arriving in the last 12 months and they have put substantial costs on their operations so labour is one part and the availability of labour is another part and the cost increases are becoming quite dramatic. I think a \$6 coffee is going to be generous. It will cause severe shake-outs and I do not know what the outcome will be, but a bit of chaos, I have to say.

CHAIR - And a bit of strength at government level all around the country.

Mr HANNA - Particularly it hits the services sector - hospitality and tourism - harder than others. The resource sector can afford to pay because labour is such a small percentage of their overall cost structure whereas in the services game it is on very tight margins. Labour will generally be about 35 to 40 per cent of your costs.

Mr CURRANT - That reminds me, another restaurateur told me two weeks ago his costs for labour went from 35 per cent to 47 per cent this year - and that was one of the successful ones on the waterfront.

CHAIR - That is interesting because the extra public holiday to compensate for Christmas Day falling on a Saturday or Sunday would not have been responsible for that, would it?

Mr CURRANT - No, he is just talking across the board - and he is probably the one I would put up as being one of the most efficient restaurateurs who runs a great business. That aberration for the Christmas holiday would not have shown up at that stage -

CHAIR - No.

Mr CURRANT - This is without that.

CHAIR - What would cause that increase then?

Mr CURRANT - His cost of labour. What has happened with the awards et cetera has caused a huge shift. If you didn't have a workplace agreement in place and you had to renegotiate a new one, you're stuffed. You have no flexibility, you cannot even employ people for under three hours. For instance, at Peppermint Bay we used to employ kids, but not anymore. They would come in for two hours to help clean up or wash up.

Mr DEEPROSE - The provisions of the Workplace Act under Fair Work Australia become national and they revert to the State agreements in the place of anything else. But the

minimum hours of work is one of the issues, as are standardised penalty rates at the weekend where there were different penalty rates in different workplace agreements. The basis of that is that they were negotiated between the employees and the employers and everyone was quite happy about it. Suddenly they have been torn up and a new wages regime has been forced upon them. In many cases the employees do not like it because they are not getting the work.

CHAIR - Would you have any members who could provide statistics to us showing the increase and the reasons for this over the last 12 years.

Mr HANNA - We can.

CHAIR - Thank you, because that would be very helpful to us because penalty rates is a real issue for tourism all over Australia; it impacts very much on tourism and the levels of service. We have had information about some tourist facilities in the Circular Head area which issue brochures saying 'Open 7 days a week' and over the Christmas/New Year period were closed, and probably for this reason. We are just going to let them have details of the information we have received to see if they would like to make any comment on that, but tourists do not understand when they go to a place that is advertised as being open seven days a week and they are closed. They found several instances of this and there were letters to the editor of the *Examiner* complaining that it was very difficult to find a restaurant open between Christmas and New Year. People were driving around all over the city trying to get a meal.

Mr CURRANT - Why would you open, it's a crazy situation? I am sorry, it is a socialist ill that we've acquired and now it's becoming a divine right that if you to work on Sunday you have to get paid all this extra money.

CHAIR - That is obviously the reason, people just cannot afford to open. There is no point opening if you are going to make a loss.

Mr DEEPROSE - Your information is correct because in Stanley there was just one place that you could get a meal.

CHAIR - So you know about the circumstances there?

Mr CURRANT - That is the place that was paying \$50 an hour for their washer-upper.

CHAIR - The hotel there was providing good service and good meals.

Mr CURRANT - He was the one I was referring to - off the record.

CHAIR - We visited his hotel when we were there and were very impressed with all the modernisation he has done for the accommodation, the standard of the restaurant and the service, and he had a pride in it.

Mr DEEPROSE - He is a great operator. It is something that we should be proud of, operators like him.

CHAIR - That is right.

Mr HANNA - More widely across the State, certainly the research we have seen shows that satisfaction ratings of visitors with Tasmania are as high as anywhere else in the country. So despite some of these issues, like places not always being open, we are still hitting the mark and the visitors are leaving satisfied.

CHAIR - And friendliness keeps being top of any survey, doesn't it, that people experience from Tasmanians.

Mr HANNA - Genuine is, I think, the key word.

CHAIR - Any information that you are able to give us specifically that we can quote showing the disastrous implications of the penalty rate system would be very helpful.

We talked about the weather in Queensland. On the general subject of the weather, we suffer here on a continuing basis from people in other States having the incorrect perception of Tasmanian weather. Hardly anybody on the mainland knows about the dream weather conditions that we have at this time of the year, year after year, but it does not make headlines. But if snow appears on Mount Wellington during Christmas week - well, that just confirms what the people think, that it is always cold here.

So do you have any suggestions about how we might be able to counteract that because it is definitely keeping thousands of visitors away. You would have heard people say, 'Yes, I have often thought of going to Tasmania, but it is a bit cold.' But we have a very comfortable, temperate climate.

Mr DEEPROSE - I think we have possibly moved on a little bit from that. I know in the property that I operated we used to get a lot of people down from Queensland in February-March, when it is very humid and hot there, and they specifically came here because it was cooler. I think the concentration that we have had on the marketing on the State away from the mass market, toward the niche, the outdoors, the walking, some of the high value, the weather is pretty irrelevant to people in that regard and in some cases our climate is a bonus. So I think it is a question of marketing to our strengths, not to our weaknesses.

Mr CURRANT - Never apologise for the weather. In fact, push it up. Where else can you get snow in February?

CHAIR - London, or anywhere in Europe or America these days.

Mr CURRANT - I recall a conference at Wrest Point with 500 delegates from all around Australia and it was a January or February morning and we had snow on the mountain and Ray Groom rose and said, 'I am sorry about the snow' and I crawled under the table, I could not believe what a dickhead statement. So do not apologise, firstly. We are off brand and stay off brand. Do not try to change us and tell everyone we have beaches and sunshine and all the rest of it. That is one of our points of difference. If you want to start to compete on weather and those things, we will lose it, we will never win. So that is one thing.

There is one thing that I have batted on about for 20 years, the weather in Hobart is always reported on top of the mountain. The mountain has about 20 inches more rainfall than down here.

Dr GOODWIN - Or the eastern shore.

Mr CURRANT - The eastern shore, exactly and it is just the most crazy thing, the weather bureau report from up there.

CHAIR - Can't we change that?

Mr CURRANT - Of course you can, if someone would do it but it is very difficult. Get them to start reporting what the weather is really like here.

CHAIR - We do not need to apologise for our weather at all. We should be proud of our weather. All the year through we do not have the extremes of heat or cold. What I am saying is, so many people on the mainland do not know that. They do not know we have dream weather usually in January, February, March up to May sometimes, when they are having floods and bushfires and 40 degrees heat in other States. That gets the headlines and if we have some aberration like that, that gets the headlines. But because we are so far south, so many people living in warmer climates in Australia think it is cold all the year round. Well it is not.

Mr CURRANT - Let me put a thought into your head about this. If you are running the State as a market and you owned the island, as is the case with Hamilton Island or something like that, what would you do in the circumstances we have just been through? I would be in the market in Queensland as hard as I could go, telling them what great weather we have here et cetera. We cannot do that because the system in Tourism Tasmania and the way we fund it and it is factored, it is under a completely bureaucratic operating arena, which does not allow it to change feet like you would if you gave the money to a marketing company, so to speak. It is very simplistic, remember and there are lots of things that tourism has to do and spend money on as well. But you would capitalise on those things and instantly you would respond. Because of the system, we are not able to do that within Tourism Tasmania, much as the people who work in it, like this fellow here, would love to, you cannot respond. It was 30 degrees and dripping wet humidity yesterday in Brisbane, it was horrific and even the people up there were thinking, 'Wouldn't it be great if there were an alternative to this?'

CHAIR - My thoughts entirely and that is what I am suggesting. About 10 years ago - or maybe 12 or 14 - when we had a travel centre in Brisbane I went in and asked them why they did not promote our weather and our climate for people suffering humidity in Brisbane in December, January and February because the locals complained about it, people who had lived there for years, and some of them come down here and live when they know about it. They said that they would like to and they tried to get funds to do that but they could not get the funds, which is really what you are saying, Simon, too. We are on the same wave length and I think if only we could promote our weather as a wonderful alternative to the humidity in Brisbane, et cetera. Would you see any way that we could introduce flexibility to be able to do that?

Mr CURRANT - You could change the model. We could take the funding to market the State and deliver it a different way. That would require a fairly big change in the way we do things - take Tourism Tasmania out of the public service sector and make it essentially a marketing company. It may not change anything; television and all that sort of advertising stuff is just beyond us, we would never be there and there are a whole lot of smarter ways of doing things than that. Changing the model is something that we have spoken about successively over the last 10 years with the Government at various times. We have not put up a model at this point that you could say could be politically acceptable, but we at the industry are working on it. I believe ultimately we will come to a changed arrangement.

Some of the functions of Tourism Tasmania are kind of non-commercial, if you like. There is support for visitor information centres, et cetera, which make no money but are an essential service to the visitor that the Government has to fund. There are those sorts of things. There are other support areas to the industry that will need funding but there is an awful lot of top heavy public sector costs imposed on that organisation which you would not have if you ran it as a separate kind of entity. As a simplistic notion it is saying the Government allocates x amount from its budget Estimates of, say, \$30 million or whatever and it hands it over to a company which is a whole board appointed by the Government, et cetera, in a similar way as it is now and their whole modus operandi is completely changed then.

CHAIR - More private enterprise than bureaucracy.

Mr CURRANT - It is not private enterprise, it is still a government enterprise - more along the lines of, say, the TT-Line which is essentially run as a private enterprise company. The Government says you have to make a commercial return and the directors go out and away they go.

Mr HANNA - It is giving it the right level of autonomy from government and at the moment quite clearly it comes under a departmental structure.

Mr CURRANT - That is right.

Mr DEEPROSE - And streamline business processes. The weather is one issue that you have been talking about that gets handled and it is closely related to seasonality which is one of our great challenges in the State. To give you an example of how places that have shocking weather are totally disregarded is in the convention sector. Chicago in the United States in the middle of winter has to be one of the coldest places on earth but it is the biggest convention destination in America. They have totally ignored this major weakness that they have and they have worked to their strength that they are in the centre of the United States, a big industrial place, the home of Oprah!

CHAIR - The weather does not stop people going to London or New York or Tokyo and they have snow in the streets.

Mr GAFFNEY - Is there any other State or is there any other place around that operates a model that you have been talking about?

Mr CURRANT - No.

Mr GAFFNEY - There is none that we could use?

Mr HANNA - No. I don't know how long it takes you guys before you start to put out something, but it is possible for us to put a model -

CHAIR - By the end of April.

Mr HANNA - In that time, we could put a possible model that you might like to consider in your reporting.

CHAIR - Thank you, we'd appreciate that.

Mr GAFFNEY - Because even if we go down the track of, 'There must be other models out there that could be used to have more effective management of the money, streamline it or whatever' -

Mr HANNA - Certainly when you look around the world, there are other examples.

Mr CURRANT - We have talked to government about it and, I have to say, there has been a lot of sympathy there - sympathy is not the word, but support. However, getting a model up that could be brought in has been problematical.

CHAIR - We would appreciate that very much, thank you.

Mr DEEPROSE - I don't whether you have seen a report in yesterday's *Australian*, which I will leave with you, it's headed 'Irish Hope Tourism Will Kick-Start the Economy' and Ireland, as you know, we have closely related our tourism model to over the last 10 years. As you are aware, Ireland has dreadful economic problems at the moment but the article here says that they have a budget of about a \$100 million in one tourism authority and that it is being isolated from any cuts.

They have recognised how important tourism is to Ireland - they have, I think, six million visitors a year. I think they have used the word 'ringfenced' it and they now want to get right back on track. So I will table that if you like and you can have that for your information.

CHAIR - Thanks very much for that.

Mr CURRANT - That brings to mind another bright note, Michael Aird has gone, so that is good, because he was one of our arch enemies. He actually spoke against tourism funding. His mental rigor is pretty ordinary but he would, for instance, say, 'Well, why shouldn't we give the Retailers Association \$30 million?'

That is a ludicrous sort of approach to life and a complete ignoring of the facts - and Don Challen has gone, that's another plus. There are two positives for you.

CHAIR - Yes. The Minister for Tourism is in New York now and, no doubt, the representatives from Tourism Tasmania. Do you know what that costs each year?

Mr CURRANT - Whatever you can find, I'm sure we can find, so, yes -

CHAIR - Do you believe that is value for money?

Mr CURRANT - We have supported that in the past. There have been some specifics as to why we need to have a marketing person go over there etcetera. It is always good if there is a reason to get people to focus on Australia, and if there is an opportunity to get our name up there, then do it.

CHAIR - Do we get very much publicity? Oprah was here recently and her publicity will be worth millions to the whole nation, I think, because of her profile in America. I wonder what profile our annual visit to New York and other places in America has - nothing compared to Oprah, of course.

Mr CURRANT - We will have to see what comes out of this one.

Mr HANNA - It is difficult. We are competing, obviously. G'Day USA is a coordinated national approach so Tasmania was in with all other States and other national issues. It is certainly probably appropriate that the minister goes - in terms of generating PR, they do want to talk to the minister.

At a broader level too, as I have said, domestic travel is forecast to be extremely flat into the future. The only growth that Australian tourism is going to get will be in the inbound markets. So, Tasmania, while we are working on a low base right now, we certainly cannot ignore inbound markets. We have to look to build. It's a slow build, it's not something that is going to happen straight away, but we certainly don't want to withdraw support for those international markets, especially the ones that have the potential to grow.

Mr DEEPROSE - As a principle, I think our minister is responsible for economic matters - the trade ministers, agriculture, tourism should be in the market occasionally. Some of our markets are very sensitive to the protocols - Asia particularly. A minister in the market can open doors that no-one else can. When there's a deal being formulated, a minister can be invaluable. I think it is great for all politicians to see what goes on out in the marketplace and to report back on the current trends.

CHAIR - Drysdale House and hospitality courses, do you have any concerns about that? The THA bypass it and have their training done elsewhere. Do you have concerns about this?

Mr HANNA - Certainly there have been some concerns since the Tasmania Tomorrow reforms were implemented. I think it would be fair to say our industry group was initially very supportive of the Tasmania Tomorrow reforms. Unfortunately the implementation didn't work the way we had expected. Some of the problems we are hearing, that I think are starting to be addressed now, a particular one was that the Polytechnic had very little or no focus on adult learners. That is the group that is looking to change careers, people returning to the work force and has always been a valuable part of our recruitment strategy as an industry. Those people weren't being prioritised and getting access to the training they needed.

Another major problem is that we have essentially lost our tourism and hospitality school, Drysdale. It really is a name on a building now and that's all. It used to be a pretty comprehensive strategy with a brand we could build around and it attracted people into the industry. Drysdale as a brand now is pretty much shelved; it is not there any more. It has become part of the Polytechnic, a much larger entity.

Those two things have been major problems and we have been making some noise on that. I think they are starting to be addressed but we'll have to wait and see what happens in 2011.

Mr DEEPROSE - I agree with Daniel that the brand 'Drysdale' was something that the industry fought for long and hard. It is well-recognised nationally and internationally and we were very concerned that any damage was going to be done to the brand. As important as the industry buying in, it is as important for aspiring students of the future that they will want to go to a place of excellence. There is competition for universities; universities are hunting the best students. We would like our training establishment to be the best and to attract and produce the best and there is doubt that that is going to occur at the moment.

CHAIR - We are in the process of losing probably most of the international students who have come here. Those numbers are drying up. We've had the potential for some years to do what you are suggesting, to have a really good course and get people coming here from other States and New Zealand. I imagine that the potential is still there if it's handled differently?

Mr CURRANT - It's not done soon, there won't be.

Dr GOODWIN - You start to lose credibility

Mr CURRANT - Yes.

CHAIR - What needs to happen? If you were in control of this, what action would you take now?

Mr CURRANT - We'd immediately revive the brand.

Mr HANNA - You'd revive the brand of Drysdale immediately. Where the Drysdale brand was really important, according to us, was among parents and other community leaders. They valued the Drysdale brand as a centre of excellence. It was a way of attracting more people into the industry. Drysdale was the entry point, so we would immediately revive that and give it some level of autonomy. You would badge your staff and qualifications as a Drysdale institute. The second thing is to bring back a focus immediately on adult learners. I can understand why you'd want to focus on 16- and 17-year-olds, you want to ensure retention, but you can't ignore that other important part of the labour pool, which is particularly parents returning to the work force and, importantly for tourism as well, career changes. Some parts of our industry, for example, such as guiding, rely heavily on people who have had other life experience, other careers and are wanting to make a change. There have been barriers put in place to their accessing the training they need to get into the industry. They are the two things that I can think of that you would want to put in place very quickly.

Mr DEEPROSE - There is competition for this particular segment - there is the vocational training that takes place through the colleges and schools and there's Drysdale. There just needs to be a re-examination of the focus. The culinary aspects of the State, or one part of what Drysdale does, but it is IT training, professional training and guiding - all sorts of other different courses - and I think we need to bring the various elements of the strength of the Tasmanian Brand together. We have pushing the 'Savour Tasmania', the paddock to the plate concept, and all of these individually are excellent projects but we perhaps need to combine them a little more formally.

Mr GAFFNEY - Whose responsibility is it for pulling that together, who would be the right group to do exactly what you just said? There has to be a relationship between tourism, hospitality and government - how does that work?

Mr DEEPROSE - I think the idea is there and it is not a new idea that that has occurred. It is a government role to centralise those trade and marketing opportunities; where it ends up sitting, it doesn't really matter, I don't think, as long as it is coordinated properly and marketed well. I am not saying it is done badly individually but I think we should consider the strength of combining them - again it is the strength of Tasmania, some of our primary products are world class and we are getting traction there with things like the Gourmet Farmer and the Agrarian Kitchen. I think there is a lot more we can get out of it.

CHAIR - In your last article in 'Snapshots', among other interesting points, you referred to the formal review of zone marketing and over the last few months, moving around the State, we have heard various views about this and the concern in some areas, and not in others. What stage has the review reached and what is the general thinking of your organisation about that currently?

Mr HANNA - My understanding is that Tourism Tasmania is undertaking a review through an independent organisation - I believe Deloitte is conducting that. I think the plan is that that review is to be conducted during the first quarter of this year. As a board, Tourism Industry Council certainly had a good discussion at our last meeting on this issue. The principle of what you might call local area marketing partnerships is a good one, where government puts in some money, it is matched dollar for dollar by the industry and they have some flexibility at a local level to market and promote their region. There has certainly been some implementation issues around that, I do not think it has been as successful as anyone would have hoped. Naturally we, as an organisation, will have a fairly strong contribution to the review. I do not think anyone thinks that we should throw that approach out; you have to be prepared to stick with it, but clearly it is going to need some changes.

Mr DEEPROSE - It is practicality implications more than anything. I agree with Daniel, the general view of the industry is that there are some aspects of it that are excellent but there are some management aspects of it that are time-consuming and difficult and just need to be streamlined.

CHAIR - You refer in your article to encouraging all tourism businesses to embrace digital marketing and distribution. Quite a few have, some haven't - what is the current situation

and what is happening to try to encourage those who are not involved to be involved in that?

Mr HANNA - Probably like most State tourism industries, there is a range of different businesses. Some have embraced the digital online world - clearly our customers have. More and more consumers of tourism products and visitors to Tasmania are using the online environment, not just to research their holiday but increasingly to compare products and then book and pay. So if you are a tourism operator and you are not in the online environment then you are not able to be seen or booked by an increasingly larger and larger section of the customer base. We have some leaders in the industry, probably quite a few hundred, who have embraced it wholeheartedly and have a very professional strategy. We have a range of others who you might say have their toe in the water and then there are other businesses, unfortunately, who have not engaged at all with the digital, online world. With some that is a deliberate choice and I guess that is okay, that is their business strategy but some have really just avoided the question entirely and they are the ones we are worried about.

Tourism Tasmania has a very good program, what they call the digital coach program, which is about providing personalised help for some of these businesses to get them into the digital and online world. We as an industry group are, I guess, very strongly recommending that if you are fair dinkum about being in the tourism industry you need to be in the digital and online world. You need to be able to be seen by visitors and potential visitors and you need to be able to be booked as well as a minimum. We know that there are still far too many tourism businesses who are not there yet, many hundreds. We just have to do whatever we can to get as many as possible over the line. We will never get every business, but it is a good opportunity for a place like Tasmania to get a competitive advantage. If we can have a greater share of our industry than other States, it is a very easy way to promote your destination and your business.

Mr DEEPROSE - One of the conditions that we had when we supported the closing down of Tasmania's Temptations, was that there was going to be big push into the enabling of operators to go digital and it is something we are pretty pleased with Tourism Tasmania about - they put a lot of work into it and the digital coach program that Daniel has spoken about has gone a long way. We are talking to them now for their last push. We think we can have another run through the industry and get as many people onboard as possible. But, interestingly, Simon mentioned a lot of the operators that are, perhaps for lifestyle or other reasons not embracing the online world. We will always have, out of the 2 000-odd operators in the State, a proportion that do not want to embrace any form of mainstream marketing, any form of digital marketing and that is their decision. You cannot force people to do anything. But I think in fairness to Tourism Tasmania on this occasion, they have put every facility in front of people to do it and I think the last step that we are going to go is perhaps the development of an off-the-shelf, very simple little web program that people can enable because not everyone is as technically competent as some of the experts in the field, and I think that is going to be a good result.

Mr CURRANT - The take-up by industry has not been as good as we projected it would be. It has been good but it has not been as good as we had predicted. I think it was acknowledged by Tourism Tasmania that the targets that were set have not been achieved at this stage. As John said, there is another round of getting out there and trying to get them to get there et cetera.

One of the things that has occurred all around Australia, not just here, is that there was a misjudgment by industry generally on the customers take-up themselves of using it and that it is far less than people expected. I think it is due to the age group of people who are travelling rather than where it is going to be. I think it will hit like a bloody avalanche but it is just a bit early because people in my age group still like to talk to someone or whatever. So we haven't quite been able to get there yet. So there are various areas but I have to say, certainly we know Tourism Tasmania are addressing it as hard as they can go. The industry around our Tourism Industry Council is absolutely aware of it and doing everything we can to help drag our side of it into it as well. So I do not know that there is a lot more that you can do at moment.

Mr HANNA - If you were a very small micro-tourism business probably once upon a time you could stick your sign out on the road and you could get enough passing traffic to run a business or you could maybe have an arrangement with the local visitor information centre and that could be enough for your bookings to keep you going, but that simply is not the case any more. More and more visitors are now making their purchasing decisions before they arrive, they do not just drive around and look for something, so if you are not able to engage the consumer before they are here you are really going to struggle and that means that the online world is the best opportunity that a lot of small micro-businesses have to do that because they do not have the other alternatives. They will not have a big marketing budget, for example, and that is why it is absolutely vital in the next few years that we get as many as we can over the line.

CHAIR - Good, thank you.

Dr GOODWIN - I just wanted to follow a bit of a thread that has been running through our discussion this morning and this is about some of these lifestyle change-type operators or operators who come down here and think what a wonderful place it is and they might start a B&B, what sort of grounding do they get in what to expect in running a tourist business in Tasmania?

Mr CURRANT - Tourism Tasmania have just recently put out some written work that tells you all about what to expect and how you might go about it, et cetera, so it is being actually addressed quite rapidly in that regard so that you do not get too many people not at least having the opportunity to get the information about what the business is about and the things they should consider. That came out last year.

Mr DEEPROSE - The organisation that I chair produced a document 10 years ago about what it is to run a small B&B and it did not sugar-coat it. It basically said, 'Go into this with your eyes open, you might be wanting to do it for lifestyle purposes but it is like running a dairy farm - you can never get away from the business.' I think sometimes we need to put it into context that if it is a rather small proportion of the overall business, that is great, but it should not take away from the mainstream - we should be concentrating on where the bulk of tourism should go. If people want it to be lifestyle, that is great, it is their decision, but the industry should not revolve around them per se.

Mr HANNA - Tourism does have a very low barrier to entry. With other industries there is obviously a range of licences and other things, professional qualifications that you have

to achieve before you enter, but tourism is not like that. You literally can buy a business one day and put your shingle out the next that you are open.

Dr GOODWIN - That issue has been raised with us before, particularly around accommodation standards and those sorts of things.

Mr DEEPROSE - I am glad you raised the issue of accommodation licensing because it was the decision of the Government I think in 2005 through Treasury to discontinue tourism licensing at a time when it was actually being considered for reintroduction on the mainland. The argument put forward was that that would be managed through local government through planning schemes and permits and what we have seen are a number of properties opening up, especially in coastal areas and even around the cities, that do not have permitted use for short-term accommodation and it just cannot be administered properly through local government. It is those properties that are outside the quality accreditation schemes which we administer and which are voluntary that a lot of the complaints come from. We often get calls - and we got one in the office the other day - asking what you need to open up and we say that you do need local government planning permission, you should have public liability insurance and of course you should be accredited to be a good operator. If you do not have that, I think people are holding themselves liable.

Mr CURRANT - It was a very good balance and check. It was two full-time jobs that the Government were funding and we tried everything we could and we just came up against a brick wall.

CHAIR - So you'd still recommend reintroduction, would you?

Mr CURRANT - Yes, very strongly.

Mr HANNA - Either through a licensing scheme or using some other scheme such as the accreditation program, but making some minimum level of mandatory requirement.

Mr DEEPROSE - It had legal mandate in that the Licensing Commission, if they inspected a property that was physically short of some facility or unsafe, it was appended to the title so that it was legally enforceable. So anybody coming in to buy a business, when they did the title search they could see that they had been issued an order to check the wiring or the plumbing or something from a safety point of view and that just doesn't exist now. You have to do your own due diligence.

CHAIR - Would you like to make any comments on the adequacy or otherwise of government funding for tourism? John, you pointed out the article in the *Australian* yesterday, where there were no cutbacks in the Irish Budget for tourism. Do you have any particular comments about government funding for tourism in Tasmania?

Mr DEEPROSE - I will lead off on that. We were faced with the situation in the last couple of years of a potential major reduction in funding and we lobbied hard for the maintenance in real terms of the funding.

CHAIR - And you had \$4 million reinstated, didn't you?

Mr DEEPROSE - That's correct. The only area that we haven't had totally funded at the moment was a commitment for events funding, which is such a strong part of our marketing. We're still pushing and lobbying for that to be reinstated. In overall terms, I think the tourism industry recognises that the finances of Tasmania are as tight as they've ever been. We're not asking for or demanding anything at the expense of any other industry, but we really do believe that the funding, if it is to be maintained, can generate some terrific benefits for the State. We are the one industry, even though we had a little bit of a hiccup last year, that hasn't been laying off people in the hundreds and thousands. We haven't had major structural changes and all through the difficulty of the global financial crisis I think we can hold our heads high as a growth industry, like the Irish example we're talking about.

Mr CURRANT - You could do it better, you'd spend it better by not having the system - which we spoke about earlier. The reality of the amount, if you talk to the people who should know, should be enough. We need to maintain that funding. It needs to be maintained in real terms as well. It gets eroded again and again by more and more administrative clobber and bureaucratic penalties from having to conform to the public service rules, so to speak.

Mr HANNA - I think we showed in a presentation last time the research we had conducted through BDA. Every extra dollar you spend on stimulating demand through marketing promotion will have a positive impact. It will flow through to additional visitors and market share and that generates more jobs and flow-on. It is a very strong, positive investment and you get a very good return as a State on that investment.

CHAIR - The last point I want to raise is the backpackers. How important are they to our industry and how well do we cater for them in Tasmania compared with other States and New Zealand, which is noted for providing excellent backpacker facilities?

Mr CURRANT - We need to put it in context in reference to New Zealand. New Zealand is an in-bound destination. They have almost no domestic travel. Our markets are 90 per cent or more domestic travel. Our attractions of backpacker destination - that's not something you can advertise. It is something that through the system people decide to come here. In terms of how well they're looked after, you would need to put it in context and I am not sure where they're not being looked after.

CHAIR - I think in terms of public transport they find it difficult getting around the State, which you can't do anything about, I realise.

Mr CURRANT - What can you do about it?

Mr DEEPROSE - It is a broader issue, isn't it? We are talking about the intercity public transport.

CHAIR - Yes.

Mr CURRANT - I don't think any backpacker does this. I wouldn't have thought there were any backpackers that don't come because they think you can't get around the State. They can, it is just a bit difficult at times.

CHAIR - I think when they get here they find it's a bit difficult to get from Freycinet to the west coast and down to Hastings et cetera.

Mr HANNA - Certainly Tasmania is a difficult destination to get around if you don't have your own transport. Our major experiences and attractions are spread throughout the State. They are centres that don't generally have a high local population base so you can't support a commuter public transport system - and it has to be visitor/transport specific.

I guess governments could take the decision to subsidise that to make a service that is unviable through a local population come into operation, but it would be expensive and there would be other ways to better spend those dollars.

Mr DEEPROSE - We are a different backpacker destination to Queenstown - I think you might be referring to - and Cairns. We talk about those two, they are adventure-leisure hubs and we don't have that adventure-leisure hub in one location.

Tasmania, itself, is one big sort of adventure hub, and so the dynamics are very, very different.

Mr CURRANT - It is a valuable market. If they come and stay longer, they actually spend more - it is a great market.

CHAIR - You are right, yes. Thank you. Now our time has expired. Are there any closing remarks that you would like to make?

Mr CURRANT - No, I don't think so.

CHAIR - We have covered quite a lot and thank you very much, indeed, again for being here and for making the effort, Simon, John and Daniel. We appreciate all the input that you have given us and we wish you and your fellow colleagues in the industry every success.

THE WITNESSES WITHDREW.

MR ROBERT MICHAEL McNAB, SADDLERS COURT GALLERY, RICHMOND, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR - Welcome, Mr McNab, thanks for coming and we look forward to hearing your views about any aspects of tourism in Tasmania that you would care to address.

Mr McNAB - Thank you. I thought I would do it from the point of view that Richmond and the Coal River Valley is a recognised tourism region and I will just update you on where things are within that region and what has happened in recent times then perhaps get onto some of the general policies areas.

As you can see, quite a number of the accommodation properties in the Coal River Valley have closed and there are several others for sale. There have been some new properties established but they are more add-ons to people's existing businesses, like a farm property or a vineyard putting in a chalet. Within the dining area, we are finding that certain businesses are reducing their operating hours which is linked directly to the downturn in visitor numbers. In retail, we have had businesses come and go within the past 12 months, other businesses for sale. On the vineyard side of things, we are finding that there is definitely an expansion of the size of vineyards. Puddle Duck and Pooley's particularly have put in new areas of vines. We are not sure what is happening at Coal River. They seem to be open and then they close - I think there are problems there. From an attraction viewpoint, Zoodoo continues to add different animals.

So what we think is happening is that from an accommodation perspective it is really at a stage where those small mum and dad style B&Bs et cetera, are not viable. The compliance costs, the registration costs, the increase in utility fees et cetera mean that if you took a four-room bed-and-breakfast that was averaging say 65 to 70 per cent occupancy rate across the year, their gross income is going to be around \$130 000. From that you would normally expect they would have a mortgage to serve and then on top of that they are losing up to 15 per cent of their room rate in commissions, depending on whom they are dealing with. Then we know that there have been large increases in utility fees in the past 12 months and more to come and so the bottom line becomes even smaller. I was talking to some operators who have just opted out of the industry who had a substantial B&B on the Tasman Peninsula. They traded for seven years and it was only in the seventh year that they officially turned a profit and that was \$6 000. So basically the time came for them to retire, the business was sold and went back to being a private residence and there is a lot of that happening. Substantial properties, such as Prospect House, for example, which is 12 rooms -

CHAIR - I see that is advertised in *Mercury* real estate insert this morning.

Mr McNAB - I have not been able to get that far yet.

Dr GOODWIN - I wondered what was happening to it because I have driven past it few times.

Mr McNAB - Yes, it was bought as a private residence. But like Millhouse on the Bridge, which five rooms, it was five-star and it had an international reputation and John and Susan Hall, who owned it, marketed it extremely well. John was the marketing manager

for the Royal Automobile Club in Victoria and had all these contacts. But, at the end of the day, it became a private residence because it was not sustainable. I am not saying that is necessarily bad, I am just thinking that what we are seeing now is that those small operators are being squeezed out and that the larger players are becoming more prominent and -

CHAIR - So they would have to bear the same type of utility and other costs, wouldn't they? Why do you think it is that the larger ones are dominating at the expense of the smaller ones?

Mr McNAB - Because it is economies of scale that come into play. If you have 20 rooms to spread those compliance costs across then what may have cost you \$20, only costs \$1 a room, whereas, if you only have four rooms it is \$5 a room. I am not saying those things are cleaning out the market but they are clearing the market and I think that in our region's case, it is attractions that are going to drive the tourism side of things for Richmond and the Coal River Valley. Vineyards are important, the heritage that we have is important and for us it is getting more attractions on the ground, thus creating an environment where people are prepared to invest in delivering new attractions. I am aware that there are several proposed but firstly you have to get development approval through your local council and then it builds on and on and I know that one of the proposals which is quite exciting has been delayed two years already because of trying to get through all the paperwork.

CHAIR - Local government?

Mr McNAB - Yes, and then you get to issues like the cost of finance, et cetera, and availability of finance in the current environment which also makes life difficult. We do see a positive future but we just think it is going to come in a different way and we particularly think that we need to consolidate what is happening by underpinning the services that we provide, to ensure that we are better customer-focused and we have an increase in the service delivery standards and that is probably where we think that resources should be directed.

Everybody agrees that the tourism sector is very important, but it is how we deliver it and I think commercial forces come into play but there are areas where the Government can assist by driving programs that will improve the way we do things. We still hear those stories about people who go somewhere and it is closed despite the fact that they have done all their research. They have been on the website which says, 'Open 10 o'clock to five o'clock' and they get there at half-past four and the business is long closed for the day because there was not anybody else around as a visitor or whatever. We just need to change the culture in some of those things and I think that we need to therefore direct resources in that way. I think that in the past whenever programs have been offered along that line they have been well subscribed and attended and operators go out of their way to make sure that they or their staff attend those sorts of programs. We need to make sure that if we do offer those programs that they are offered in hours that are friendly. It is not much use holding a meeting at 10 o'clock when 10 o'clock is the check-out time for accommodation providers and I think in my paper I make the comment that we do not operate on public service hours - like yourselves we are on call all the time. Generally accommodation providers or tourism operators if they are not delivering a service during the day they are doing something else, upgrading their website or

whatever at different times. There needs to be user-friendly timing for meetings, for courses, et cetera, which probably means they need to be delivered after five o'clock when all the guests are checked in and people are free then to turn their minds to other matters.

CHAIR - Who should organise those - Tourism Tasmania or the industry?

Mr McNAB - I think it has to be cooperative so I think that Tourism Tasmania has a role to play. Unfortunately, in the south of the State Totally South is no longer with us so we do not have a regional tourism body that represents the southern sector which was the key lobby group back into Tourism Tasmania. I think that we need to get a replacement lobby group in the south that can make the case in the same way that the Cradle Coast group lobby very hard on behalf of the north-west operators. Totally South used to do that role down here and they are no longer with us because the councils saw that they weren't getting value for the money that they were putting in and the remaining money, which came from Tourism Tasmania, wasn't enough to keep the organisation viable. The board, rightly so, made a decision to close it down because it would have continued to make a loss. We definitely need a replacement for that organisation to represent the interests in the south more fully to get the views of people into Tourism Tasmania.

Your questions as to whether Tourism Tasmania should do it, I think they have a role in facilitating that training, be it bringing on board Drysdale or other training providers and using their resources and databases to say, 'Okay, there are these providers of services in the Coles Bay region. We think that you can run a customer-focus course because there are 50 attractions there. These are the people you should approach'. I think there needs to be a proactive element there.

Mr GAFFNEY - Could you give us a snapshot of the Richmond-Coal River Valley Business Group? What does that involve, how long has it been going and what support do you get locally?

Mr McNAB - Originally it was called the Richmond Chamber of Commerce and in 2011 the Clarence City Council approached the Richmond Chamber of Commerce and indicated that it was prepared to enter into some partnership arrangements in regard to tourism. As a consequence of that, a new group called the Richmond and Coal River Valley Promotions Group was formed. Currently we have 55 members and they pay \$250 per annum membership fee. All of those fees go towards the production of support material, advertising et cetera. We have an information map that we provide to visitors to the town. One of the key cruise ship tours is Bonorong Park/Richmond and they get a copy of this map, which is designed to lead them around the village and give an insight into what attractions we have. We also produce a brochure, '*The Richmond Village in the Valley*'. That is distributed on the TT-Line, in the airports and in all the southern tourism brochure exchange sites. That brochure costs us about \$6 000 a year, mainly because distribution costs are about \$400 a month to get it into all those sites. By utilising our membership fees we can get our information out and about.

The Clarence Council has a funding arrangement with our group which, on selected projects that we put forward for consideration, they fund us dollar for dollar. For example, this information map might have been one of those - total cost, say, \$2 000, we put in \$1 000 and the council puts in \$1 000. That has worked well because it increases

what we can do but we're still not talking about major dollars; we're talking about small amounts of money.

CHAIR - But they are very effective brochures.

Mr McNAB - Yes. Our strategy is that we think that once people get to Tasmania it is then competitive and cooperative but we need to get the name of Richmond and the valley out there and that is why we have these brochures where we have them. When people get into the town they get access to this brochure and another brochure that we have produced about all the historic buildings.

Mr GAFFNEY - So that membership of 55 is pretty constant, is it?

Mr McNAB - It's grown a little bit. We had a concerted effort to drive more members in the past couple of years. It has hovered around the mid-30s to 40 until we got a range of new members last year. There are a couple more to come, hopefully. We are hopeful that the Grote Reber Museum at the radio telescope in Cambridge will come on board and a couple more of the vineyards. It is competitive for us because on the rural side in the valley there's the Coal River Products Group, so for the vineyards it is a matter of do they go with that or do they come with the tourism side. Those vineyards that have cellar door outlets tend to come our way because they need to promote that circuit of tourists around the valley.

Mr GAFFNEY - You said the Clarence Council provides financial dollar for dollar, is there any other administrative support from the council or do you require minutes and distribution of meeting notes and all that sort of thing or is that done in-house?

Mr McNAB - It is all done in-house. We are currently in the process of exploring the establishment of a full visitor information centre in the valley. The council has put forward the seed funding for a business plan evaluation to see whether or not one is sustainable. That is part of our focus on trying to increase customer service levels to meet the needs of those visitors who come to the town. Currently we have three independent visitor information areas, which are what we call 'white i's', whereas the yellow 'i', which is an accredited visitor centre, is what we are looking for. We are probably thinking that it might combine with the online information centre we have and try to bring things together there.

Mr GAFFNEY - What do you see as the major threat to your organisation or the future of tourism in the Richmond valley?

Mr McNAB - I really think it comes down to getting the numbers through the door, if you like. It is getting people to the State. There has been a lot of discussion and media interest in the way that Tourism Tasmania has had its focus. We have had other players come in who have been critical and who suggest alternative methodologies. I am not a marketing expert and therefore I prefer to hear what the marketers have to say and there's no doubt that we can do things a lot better than the way we've been doing them. I am also accepting of the fact that we have a high Australian dollar which is making it a lot easier for people to go overseas. We have other natural disasters in the country that mean that people in south-east Queensland are unlikely to want to come to Tasmania for a little while. There are all of those things out there but we really need to market

ourselves in such a way that keeps bringing people here. Once we get them into the State, if we work them well and look after them, they will come back.

Mr GAFFNEY - Richmond's in a fairly good position, I think, with the airport not too far away. How do you find the signage? We have had some issues with other people talking about signage. How is it set up in your area? Are you satisfied with the signage that promotes the Richmond area?

Mr McNAB - There have been issues in the past but the responsible person for approval of signs within the State Government was relocated into tourism, as I understand it, still as an out-posted officer. Then there was the capacity for tourism to coordinate applications for signage and say, 'Yes'. So we are talking about the blue and gold signs, if you like. That is feasible, it should be okay. Whereas before, within Transport, you made an application for a sign and then it went somewhere else. That all changed and my experience of recent times is that with new operators that I have spoken to, they do not have a lot of problems in getting a sign. They can generally ring or write to the council, who then make the application and erect the sign.

Dr GOODWIN - You mention 'zone marketing' in your handout, and you believe the concept may have had validity but the implementation has been poor. Do you want to expand on that?

Mr McNAB - I guess the first round of offers that were made, we didn't even get one, and we considered that when the offer was made we were advised that it was unfortunate that the cut-off date for publications had already passed. That stunned us a little. There has been intermittent communication but the zone marketing group board do not get out there in terms of communicating with operators.

I have been president of this regional tourism body for eight years and I stepped down this year to try to get some new blood. I pretty well know all the other tourism presidents and tourism leaders, if you like, and within the south it has not marketed itself very well. It is the communication strategies that we struggle with. We also believe it to be very expensive. A business card-sized advertisement in the Hobart and surrounds guide is \$900, for example. This is the official brochure for Hobart which is published by a private group but an entry of this size in this, which has a year-long life and large print run far over and above what happens with the zone marketing group brochure, is \$500.

CHAIR - So that is one of those three strip ones, but not the big one on the bottom.

Mr McNAB - Yes. They are larger in size on what you would get in the zone marketing group brochure. It is about affordability, so if you own Mrs Smith's Bed and Breakfast and you are being asked to advertise in the zone marketing group, if we go back to the model that I suggested before of four rooms, gross income of \$130 000, it is generally accepted that small businesses would spend 5 to 10 per cent of their income on advertising, so we are talking about a \$6 000 or \$7 000 advertising budget. That is 15 per cent of it gone in one hit on the zone marketing group brochure for uncertain results.

When I said before about the larger players coming in and they can spread their advertising across a number of properties and a larger number of rooms, that is why we are seeing the demise of those smaller operators because they cannot afford to keep their

name out there. Most of them that I know have a web site and a web presence. We have our own web site for the valley and all our operators are linked and their web pages are linked back to it. We have just spent \$3 500 making the site more contemporary, working to keep things interesting so that when people hit the web site they will perhaps check out what the options are for Richmond and what we offer.

But if you are a small operator, you can't afford to do all of that yourself. We talked earlier about the yellow 'i' visitor centres. About seven or eight years ago there was a review into the way they operated and government policy changed to make them all, basically, have to break even or generate income, and therefore there was a user-pays principle put in place.

I had accommodation properties at that time and I had my brochures in every one of the yellow 'i's so there were 26 at the time and then, all of a sudden, it was \$110 a pop to put your brochure in each one. So there was \$3 000.

So, again, if you are one of these small accommodation operators, if you can't get your brochures out there you have to then make decisions. So, in our region, you would definitely have one in the Hobart centre and pay \$110, and you might put one down at Port Arthur and you might go to Triabunna, Bicheno maybe and try to catch where you think people are coming from. But you certainly wouldn't have every one as you used to have them before and that is just another cost to take into account.

Dr GOODWIN - Bob, with all these accommodation businesses closing down in Richmond, how much accommodation capacity, how many beds, would there be left now, roughly?

Mr McNAB - If you ignore the caravan park just by way of the fact with camp sites and that, we have probably gone from 150 hard beds to 100 in the region.

Dr GOODWIN - That is quite significant decrease.

Mr McNAB - It is and, as I say, we think that is just the market playing out and we are going to have to change focus.

Dr GOODWIN - Do you think that will mean, ultimately, that Richmond will become more of a day-trip destination for tourists?

Mr McNAB - I think, yes. As you can see on the back of our brochure, we have indicated all these day trips and that is a concerted effort by us to try to get people to stay. At the end of the day - I think I was reading Anne McVilly's evidence to your committee late last year and Anne was saying that the demands on her staff at the visitor centre are such that people have organised their own accommodation over the internet through Wotif or whatever.

If they are in Hobart and they go there, and they say, 'What can we do today?', they have already established their accommodation in Hobart and then they go to Richmond, Port Arthur or New Norfolk for the day. Hobart appears to have become the hub for accommodation.

It is only when, at those key times of the year, such as Christmas, New Year, when Hobart is full, then you get an overflow effect that pushes the demand for accommodation out into the regional areas.

Mr GAFFNEY - We used to go Richmond a lot for the antique shops. There seems to be only a couple there now, aren't there?

Mr McNAB - That's right, yes.

Mr GAFFNEY - Everyone went there at one time for a look at those.

Mr McNAB - And that is part of, again, a reflection that the retail spaces have been fairly tightly held so the rents have been reasonably high and those businesses that were there before just found that they couldn't keep sustaining themselves.

There are a range of businesses that have come and gone but I think that is the same everywhere. I am conscious of your terms of reference and it is not something that can say, 'Government policy has done this', or whatever; it is the market playing out and market demands. For example, in Sorell there are several antique operations and they seem to survive fairly well. So what we do is, we say we have our two and then you can go over to Sorell and try to assist people in that way.

Hopefully I have been able to give you some background into what is happening on the ground in our region and the fact that we all agree that last year was a tough year. Some of my members think they have had a 30 per cent downturn in visitor numbers which is quite considerable.

CHAIR - What do you attribute this to in the main, the difficult year and downturn to that extent?

Mr McNAB - I think that a lot of the Federal Government's stimulus money has disappeared now. So if you went back two Christmases ago in the retail side of things, pretty well everyone who walked into your business had a \$900 cheque in their pocket, if you like, that they were looking to spend and so that Christmas was a particularly strong retail period. This last Christmas, certainly there were not people walking around with those free hits in their pocket and so things were a lot harder in the retail sector.

You can see that I own a service industry business as well, the Launderette Group and whilst that goes strong, what I am noticing is there are not the same number of campervans around and I do well from campervans because they do all their laundry et cetera and there are certainly not the numbers of campervans travelling that there were before. I accept that there was a conference last year in March and there were people who travelled pre that conference up at Hadspen and there were 1 100 or 1 200 campervans that attended that. But even making allowances for that, and talking to people who hire out campervans in Cambridge, their bookings in December particularly were well down. So we are not seeing those people coming around. Whether that is linked to the opportunities to get on the ferries and the costs, I am not sure; it is hard to say.

Mr GAFFNEY - Do you have a free motor home, camping facility at Richmond? Is there a council park or is there a free area?

Mr McNAB - There is a public open space which is up alongside the football oval and behind the fire station which is used. The main free area where the council established the dump station for campervans is in Cambridge and of course there is a private operation there as well.

CHAIR - So the strong Australian dollar is causing a lot of people to go overseas rather than travel within Australia but that would not generally apply to the campervan tourists, would it? I doubt if they would be travelling overseas rather than travelling around Australia as much as usual in their campervans.

Mr McNAB - I think that the fact that the dollar is strong is giving those people another opportunity in terms of being able to perhaps park the campervan and fly off somewhere, but that is anecdotal because we are too early into where we have gone with this strong dollar. It is only recently in the last months that we have really had that parity with the American dollar. Certainly I know in the retail side of things the Americans coming off the cruise ships are less likely to buy now because whereas before an American dollar would get you, say, \$1.20 Australian the fact is that when they are handing over their money they are actually probably paying more on their credit card by the time they get charged their fees back home. In fact you are getting better value out of the Europeans coming off the cruise ships, they are more likely to spend their money than the Americans at the moment.

CHAIR - No doubt you talk to your customers who are visiting Tasmania from interstate and overseas, what is the level of satisfaction of the visitors with our tourism industry?

Mr McNAB - In general I would say that the people have had good experiences and many of them are talking about coming back again and that is where that word-of-mouth advertising value comes in because if they are going to come back again already you do not have to spend money trying to chase them, they are going to come back because they have had a good time. But as I did say earlier, we still have those pockets of people saying, 'I went to such and such a town and it was closed' or 'I went to get a coffee and this is how they make the coffee'. It is that quality of being able to offer that higher level of service and I think that all of us recognise that and we have just got to get down that path.

CHAIR - Do you mean they are happy with the coffee or not happy?

Mr McNAB - They generally might not be, having been to a more remote outpost and finding that the coffee is still instant with long life milk or whatever. I am just trying to draw an analogy there but in general people have had a good time. I used to be in the accommodation side of the industry and I know that in Richmond alone there are probably six families that relocated from the mainland who came and stayed in our properties and liked the lifestyle and have relocated. One couple came from Italy and the others are all from mainland Australia and that obviously happens around the State. We read about it and hear about it all the time so obviously there are people who are having good experiences.

CHAIR - In the main what do people like most about visiting Tasmania? Next I will ask you about the main complaints - first the positives and then the negatives.

Mr McNAB - I think that food and our wines rate very highly. I think people also like the fact that they can get access fairly freely to different attractions, be it somewhere like Freycinet or being able go bush walking. In any form of attraction we do not have the huge queues and barriers to people being able to get in and enjoy themselves and the fact that if they are in a hire car they can drive pretty well everywhere they need to and do what they wish to see and do. They also like the heritage side of things.

CHAIR - I was going to ask you about that.

Mr McNAB - On the other side of the market, the younger side of the market, we need more attractions to drive those people coming to the State. That will come with investment. That adventure side of things, we don't really have a lot of them. It's not that we need bungee jumping off the top of the mountain or something like that, but we need to have different experiences that will add to that experience.

CHAIR - On the negative side, what are the main things that visitors complain about?

Mr McNAB - The complaints that I hear generally relate to service and the quality of service they receive. When I was in the accommodation business I had one customer who said they had driven from the Port Arthur region and come to Richmond looking for somewhere to stay because when they had arrived at the place they were booked into they observed the proprietor hanging the sheets straight off the bed onto the clothesline, giving them a bit of a bash with a broomstick and putting them back on the bed. I said, 'I can't make any comment about that, all I can direct you to is where you could make a complaint about that'. That person was lost to us for ever, rightly or wrongly, by the perception of what they saw. The message there is that those bad experiences multiply. It's a classic business situation that one bad customer tells a whole heap of people; good customers don't tell as many. It is really the service levels that people complain about.

CHAIR - In accommodation, restaurants or shops?

Mr McNAB - Across the board. People say, 'We had an expectation of this, the website says that it looks like that and when you get to the place it's nothing like it'.

CHAIR - Thank you very much, Mr McNab. Would you like to make any closing remarks?

Mr McNAB - I would like to thank you for the opportunity and in summary say that we think there are a lot of positives happening, we just have to underpin what we have done to date and work on what we have done to go forward. We think the market is evolving and changing direction but, as we move down that path, we need to make sure that it is done in a way that we are focused on the customer and their experiences and that will bring them back.

CHAIR - Thank you very much for giving us your time and all the helpful information you've provided.

THE WITNESS WITHDREW.

Mr MALCOLM WHITE, CHIEF EXECUTIVE OFFICER, **Ms JANE RICHARDSON**, SKILLS INSTITUTE AND **Mr KEITH THOMPSON**, SKILLS TASMANIA, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR - We welcome you and we look forward to hearing your views about training people for the hospitality industry and any other views you have about tourism in Tasmania. Would you like to lead Mr White?

Mr WHITE - I understand the committee's interest is in particular for this session concerns about the availability of suitably trained staff for both the hospitality and customer service aspects of tourist and hospitality operators in Tasmania.

CHAIR - Yes, and any other comments that you might wish to make.

Mr WHITE - There have been a number of changes in the way vocational education and training is delivered to the sector in the recent past. The former hospitality provider Drysdale House historically worked on a supply model of a conventional college arrangement of hospitality whereby students would come to the college to study diplomas, certificates and then into the workforce. That was the majority of their work. That was certainly the model which TAFE Tasmania took over in 1998 when the former Drysdale Institute was amalgamated into TAFE Tasmania. Further major change occurred at the end of 2008 with the Tasmania Tomorrow reforms whereby the delivery which was in the Drysdale program was split between the Tasmanian Polytechnic and the Tasmanian Skills Institute. The former's focus at the Polytechnic was on preparing people to enter the workforce in tourism, hospitality, kitchen operations and so on and so the focus of the Polytechnic is on students who are preparing for their careers and would come under what we would normally understand to mean by 'student'.

The Skills Institute is a workforce skills development organisation so as such it is primarily concerned with the workforce of employers in Tasmania. As such, the Skills Institute has a strong focus on apprentices, trainees and existing employees of tourism hospitality operators - that is the sector we are talking about here - across the State, large and small.

The Skills Institute uses different learning models from the Polytechnic. We are working with people who are working with us as a part of their daily work, whether they are coming on to our sites as apprentices/trainees or whether we are increasingly at the workplace site. So there is quite a significant difference between the Polytechnic and the Skills Institute in the learning model. For people who learn with us it is a day of work. The people who work with the Polytechnic are students in the more understood sense of the word.

I believe that the future needs of the industry, and particularly the workforce of the industry, are best met through a partnership approach through organisations such as ours and other registered training organisations working in partnership employers. I believe this is the future. I believe there are some very good examples of this that have already commenced such as when the Federal Group identified difficulty in obtaining chefs and launched what is known as the Mis en Place Program whereby aspirational young chefs were selected, undergo a preparation and then are selected for an apprenticeship with the

Federal Group and are then mentored by executive chefs and have experience around the group. The experience with apprentice chefs coming to the end of their program has been very good, both in terms of quality and in terms of retention into the group. We believe that is quite a lighthouse program in terms of a partnership between training organisations and employers to meet the needs of both the employer and industry more generally.

There are other examples, such as training programs conducted at the Woolstore Hotel, whereby people studying to be housekeepers and hospitality workers undergo their training at the hotel rather than at Drysdale campuses. We believe this adds to a degree of work readiness, confidence and also speed in the job because the people undergoing training are rubbing shoulders every day with people already doing the work. We believe these are two very good examples of how workforce skills development should be into the future.

I think the difficulty though is for small employers, small businesses, especially those in regional Tasmania, and I believe we can work best with those organisations through their industry groups. Whilst I note from the transcripts that the Australian Hotels Association certainly had some historical criticism of Drysdale, I nevertheless believe their partnership with an RTO and the way they are going about their work is a good example of an RTO and an industry group working together. I believe that the Tourism Industry Council has similar plans into the future and think this is right way to go.

In appreciation that many employers in regional Tasmania are very small in this industry and that they do rely on casual or seasonal workforce, I believe initiatives such as mobile training centres, which we have recently obtained and which take facilities to do short courses such as barista training, responsible service of alcohol and the basics of waiting, also provide a very good opportunity to lift the service in regional, rural Tasmania.

So, Mr Chairman, that would be a short summary of our views.

CHAIR - Thank you very much. You mentioned the THA and the fact that they use another organisation. Would your institute be able to provide that service or is it a different service that they are seeking?

Mr WHITE - The events that led up to the AHA choosing a competitor over us are in the transcripts and certainly that was a period of very significant change associated with Tasmania Tomorrow and, as they noted, they were not happy and they exercised their free choice by choosing another registered training organisation in the competitive training market. That is their right and that is as we think it should be. We believe the comments that were put are more of historical nature. We believe that they way we operate now is very workplace-focused, very flexible and would meet their needs and in due course we would hope to have the opportunity of presenting, if they do choose to go to tender. We think we would be able to demonstrate to them that they we would meet their contemporary needs.

CHAIR - Thank you.

Mr GAFFNEY - You mentioned the Skills Institute course as being a day of work and the Polytechnic course as being student-based. The Polytechnic, that is certificates 1 to 4?

Mr WHITE - I think through 1 to 6.

Mr GAFFNEY - What certification do they get going through the Skills Institute, what do they come out with there, a diploma?

Ms WHITE - A range of things, Mr Gaffney. Certainly, as a nationally registered RTO, we offer all the Australian qualifications framework - qualifications through from certificates 1 to 6. We tend to concentrate very much in those accredited courses on certificate 3, which is the general apprenticeship qualification - the trade qualification.

Increasingly we are seeing more interested in certificate 4 and diplomas as organisations look to raise productivity through skills widening. For instance, Jane's unit - that is the tourism and hospitality unit - had around 4 000 students last year. The great majority of those students would have been doing short, very skill-based competencies or what we might call 'tickets', such as responsible service of alcohol, responsible gambling, barista and those accepted industry levels that are entry.

Mr GAFFNEY - So the flexibility for a student who may be at the Polytechnic, who wants to access some Skills Institute work or vice versa, is that still going to be possible?

Mr WHITE - That principle of collaboration is very well founded.

Mr GAFFNEY - Okay, good.

Dr GOODWIN - What happens at the old Drysdale these days and what sort of training is behind it?

Mr WHITE - I might refer to Jane. Jane's office is at the Drysdale campus in Collins Street.

Ms RICHARDSON - Within Drysdale House, we call it, there is the Polytechnic and the Skills Institute. It is predominantly the Polytechnic. It is a bigger organisation than us, obviously, so within the Polytechnic there is the cookery team, hospitality team, ecoguiding team and tourism team. They are all lead by workforce sector leaders and then it is overseen by the manager of those four teams.

There is also the Skills Institute within Drysdale House and that consists of the tourism/hospitality team, which is my team, cookery team and the food team, which also incorporates meat processing as well. There is also a butchery and bakery. The butchery team is also located out at the showgrounds.

So within the shell of Drysdale House normal operations are that the students that enter are the campus-based students - so Polytechnic students - and they come and do their courses, from certificate 2 in gaming, kitchen operations and hospitality and then they can go through to advanced diplomas which take them onto the articulated programs at the university, and they are predominantly with the tourism team.

Also we have our apprentices who come in and do block release, or day release. With the certificate 3 commercial cookery, we have two programs - day release is a

consecutive Monday for the rest of the year or block release being the old way of delivery, which is a six-week block - and they will come into specific units.

As for the tourism and hospitality team, we have all of our commercial short courses. So we run responsible service of alcohol, responsible conduct of gaming, barista courses, such as the master class basics and also latte art. We do bar basics, mixology, wine appreciation and we have also developed new programs at the end of last year, which are café skills, so contemporary café skills, giving people that are wanting to gain some skills to enter into the hospitality/tourism sector and also customer service as well.

So we try to respond to industry needs and we can develop specific programs that we feel that there is a demand for in the industry.

Mr WHITE - In terms of Jane's revenue, Jane receives, let's say, x amount from the State Government to do apprentice training and trainee programs. The other work that Jane does is roughly double that amount. So it's the industry paying money, which says a lot. They won't pay unless they value it. Jane's team is certainly an example of a group that is very much in the training market, competing and winning revenue for specific skills. I think that is a single difference from the former TAFE, which was largely government funds to deliver on behalf of the Government. Certainly that still happens but the competitive or contestable revenue is now developing quite strongly.

CHAIR - Is there any duplication in the courses the Institute provide with those provided by the Polytechnic? I realise they are a different group of participants but responsible serving of alcohol and other matters I imagine would be covered by both.

Ms RICHARDSON - With our delivery of responsible service of alcohol, for example, if a Polytechnic student was enrolled in a course, such as a bar and gaming course, one of their units as part of their qualifications would be responsible service of alcohol. The Polytechnic deliver specifically to those students. The students that come into our classes, which are commercial - we advertise and we have had a fairly strong demand for that because it is legislative; it is a requirement working in industry that you must have this certificate - we get people who are entering the industry who do not want to do a full qualification, so they have the option of picking up one unit and they will pay for that specific unit.

In course content we cover-off on all the same legislation. We have developed our programs specifically to the licensing requirements and so we work closely with licensing and we have a good partnership with them. We have also developed an online responsible service of alcohol program which has been received phenomenally. In 2010 we had over 1 000 enrolments for online, which is fantastic, as well as getting significant numbers in our classes. We hold classes across the State and also meet the demands of industry if they require a business - we will use Federal as an example - in a remote area at Freycinet Lodge. If they have said there is a demand for some of their staff to do RSA, then we will go and deliver for them and we will also open it up to the broader community as well so that they can tap into that class. So they are not relying on having to come to Hobart, Launceston, Devonport or Burnie, where we have classes scheduled throughout the year; we can meet the demands for industry, which is fantastic. Having the option of the online program, some remote areas do not have the facilities with their Internet connection and cannot access some of the platforms within that program. Our

program is pretty basic and we have made it so that an average computer at home would be able to access that program.

Mr WHITE - I think in Jane's comments you see a difference: if it is required, much of our work is now in the workplace - I think quite a percentage is in the workplace - but I think you would notice from the transcripts that some employers feel very strongly that all their training needs to be in their workplace for productivity reasons, and for other reasons. Our view is that we are open to what the employer needs, and if they would like their employees to come to our premises where we simulate the workplace, we will do that. If they would like the training in their workplace, we will do that. Most opt for a blend, and we believe that is good practice.

CHAIR - Where there is a duplication of courses, as your Institute and the Polytechnic are in the same building, is there scope for combining the courses?

Mr WHITE - We do not believe there is a duplication -

CHAIR - Responsible serving of alcohol?

Mr WHITE - It is delivered to different segments. The Polytechnic segment is a student segment that is attending and doing responsible service of alcohol as part of a wider course; ours are attending as part of their work requirements. I appreciate, however, your point that if, for instance, the two segments were attending the one building, would it not make sense to have them in the one group. The expectations of the segments are different. The person attending as a student has, I think, a strong interest in the network of the class or student group of the campus experience and tends to have a different requirement from being on campus than a person who is there taking time away from their work to attend and will be there briefly with a bunch of other people taking time away from their work. They also have different expectations of the experience they will have. One is short, sharp, 'I'm here to do something as part of my work. I need to get back to work', and the other group is here as part of a long-term commitment over a year or two and expects the experience of a student. I grant that in the strict sense there may be some efficiencies by including them in one, but it rarely would work.

CHAIR - What about sharing staff?

Mr THOMPSON - We do share staff. We have agreements across the Polytechnic and the Skills Institute to use staff. I will say, though, that with the Skills Institute and Polytechnic staff members increasingly I think you will see they will develop in different directions. The Polytechnic teacher has a very strong interest in the student and their success, whereas the Skills Institute teacher has a strong interest in the success of the employer as well as the student. The success of the business is very important to the Skills Institute teacher; they understand that the business needs to be productive and competitively successful and that one of the ingredients of that is the skills of their work force, so that it is a three-way thing: teacher, employer and their employee, our student. Polytechnics, whilst very much engaged with industry in understanding what their overall requirements are, tend to have more of a focus on the teacher and student in the normal sense.

Ms RICHARDSON - With a qualification - and I will use a certificate 2 qualification in hospitality as an example - for a Polytechnic student doing a certificate 2 in hospitality on campus in comparison to a person working in industry doing a certificate 2, that certificate 2 person has a curriculum that the teacher delivers to, where we deliver accordingly to the businesses' needs. They could be enrolled in similar units; we have more of, I suppose, a bag of lollies for them to choose from, but when we're signing a person into a qualification it's specific to that business' needs. So the outcome will be for the business and also for the student, that they are learning - and we try to avoid calling our trainees 'students' - and will achieve an outcome that is specific to the job's requirements.

CHAIR - As I recall, the THA was concerned that you weren't providing the training that they required their staff to undertake. Have you changed the emphasis to meet that sort of requirement?

Mr WHITE - Very much so. I think the THA was seeking a response from suitable training organisations through the latter part of 2008 and the early part of 2009, when there was very significant change going on associated with Tasmania Tomorrow. I believe the requirements they have stated are very much the mode of delivery that we now offer. I think industry has changed, as it does and always will, in their needs and expectations as they adapt to where their customers are leading them. Once upon a time it was normally-accepted practice that, for instance, a large hospitality establishment would be quite okay in sending their cookery apprentices off to Drysdale for blocks of time. Now many employers, and I think quite rightly, say that they would like some of the training done in their kitchen, some say all, and that is our direction now and, as I understand it, what the THA members are now seeking.

CHAIR - Mr Thompson, would you care to tell us about your operation and then we can discuss both?

Mr THOMPSON - Skills Tasmania is the body which is charged with the responsibility for managing the training system and is the conduit for the government subsidy that goes into the training system, and that is to the tune of \$100 million a year. It goes to the Polytechnic as a funding agreement, it goes to the Skills Institute through apprentice and trainee funding, and that is essentially funded on demand for eligible people. The Skills Institute also wins tendered training and it goes to a lot of other private training organisations through contestable arrangements through various programs. As I said, that is in the order of \$100 million a year. It's a very substantial subsidy to training and tourism and hospitality does get a fairly substantial share of that; in fact, probably a disproportionately high share, you might say.

The demand for training is largely driven by turnover of staff. There are very high turnovers in the industry and it relies on a constant stream of trained people coming in at the bottom. It is also probably an industry that not everyone sees as a career. For a lot of people it's a short-term occupation to support something else, whether it's education, travel or the like. So there is a large turnover but government sees it as a priority and it is on our list of priority industries for funding because it is an important export earner and an important work force entry point for young people.

There are something like 1 600 apprentices and trainees in hospitality in tourism in training. It's a big number.

Mr GAFFNEY - I want to try to get where Skills Tasmania fits into the picture. So government is here and Skills Tasmania is there - what does that comprise of, is it a board - how does that work?

Mr THOMPSON - It's set up as a statutory authority, so the board is a statutory authority that is responsible to the minister for running the training system and other things including policy advice on higher education and on skills more generally. The staff are employees of the Department of Education but we operate separately.

Mr GAFFNEY - And that comprises how many?

Mr THOMPSON - About 50. It manages the apprentice and trainee system. It manages the funding for the Skills Institute and the Polytechnic and runs a range of programs, many of them in conjunction with the Commonwealth, such as Productivity Places Program. It manages the capital funds that come from the Commonwealth.

Mr GAFFNEY - For future indicators and trends of where employment will go or whether we need more of a certain skills set, does the funding for that come through your body that makes those decisions?

Mr THOMPSON - Predicting training demand is a very difficult exercise and probably a futile one. You can have good information on where the direction of the industry is going, and we have worked with Economic Development on things like the economic development plan so we understand what is happening and where the directions are likely to go, but when you're talking about training there are lags. If you start talking about training someone for three years, the worst thing you can do is train up people before there are jobs for them because they'll immediately go interstate, so we are really trying to respond to demand. The Skills Institute, as Malcolm said, directly responds to industry demand and their funding is based on demand by people wanting to be apprentices and trainees essentially. The Polytechnic is a bit different in that they have bulk funding. We had reasonable processes in the old TAFE system that have been changed over the last few years and we are developing those processes now so that we can exercise greater control over where the Polytechnic spends its money. For example, I can show you a document which is our guide to publicly-funded training. Would you like to have a look at it?

Mr GAFFNEY - Can we table that?

Mr THOMPSON - Certainly.

CHAIR - Thank you, we will take that into evidence.

Mr THOMPSON - That just gives an overview of how we make decisions about where the public funding goes. It is essentially a subsidy to people where the government policy supports that subsidy. For example, we talked about responsible serving of alcohol a little while ago. From a government funding perspective you can see quite distinct cohorts. There is a cohort of student who come through the Polytechnic who would be

funded as Polytechnic students doing a course, and responsible serving of alcohol is part of that course. The Government would not set a high priority on funding the type of student that Malcolm was talking about, the individual who turns up to just that unit; the Government would expect that person to pay. So there are different cohorts there that you can differentiate between.

Dr GOODWIN - The mobile training centres look terrific. Where will they be going and how many of them are there altogether?

Mr WHITE - We have just received one. We were fortunate in receiving some Federal funds last year and we put the case to build the mobile training centre which we received just before Christmas. Its first deployment before Christmas was with Jane's group to train employees at Oatlands in the many businesses there, and I was fortunate enough to visit during its time there and saw the training being undertaken and was very impressed with the way Oatlands businesses embraced that opportunity. My hope is that that will continue apace this year and I think there are a lot of opportunities there. As an example, going into quieter months of year I would foresee it going to locations that have busy seasonal periods in tourism and all the staff, particularly those who have casual seasonal employment who their employers could not normally justify sending them to Launceston or Hobart, being able to have the opportunity to undertake training and get those important skills and accreditations that Jane spoke of before.

Dr GOODWIN - So the barista and responsible service of alcohol courses, roughly how long do they take?

Ms RICHARDSON - Our barista basics course is six hours and that is over two nights but if we were delivering it in a day we would probably look at doing it in about five hours. So it is still classified as a day course. The program that we did at Oatlands went from 10.00 a.m. to 4.00 p.m. with a break. You are in a confined space and it is pretty intense and we only have one machine on the truck, so to get everybody to have a go on the machine - and depending on your group size as well - it's a pretty full-on program. The RSA course takes four-and-a-half hours.

Ms WHITE - They are very focused, intense skills which satisfy compliance requirements. Compliance is a big factor of course.

Dr GOODWIN - But that model appears like it would certainly work very well.

Mr WHITE - I believe so, I'm quite excited about the future there.

CHAIR - When Drysdale House was functioning fully, some 10 to 20 years ago, many considered that Tasmania had the potential to conduct hospitality courses of a standard that would attract students from other States and perhaps even overseas. Is any consideration being given to getting back to that stage and capitalising on that potential? Is it seen to be still a potential?

Mr WHITE - I can only answer from my point of view on that, in that others may have different views, just to give some historical perspective. It is interesting when I talk to managers of large hospitality venues around the State who were products of that Drysdale system and yet their needs have quite changed. In those days they saw it as important to

go to Drysdale House as a student and spend two years and perhaps articulate to a Bachelor of Business at the University of Hospitality - they saw that as the appropriate course. Now, many positions are very focused on productivity, they like the concept of quite a lot of training happening in their workplace, they have a strong need for a mix, as Jane mentioned before, of business skills particular to their workplace, mixing into their accredited qualification. So I think industry changes.

I believe there will always be the very significant hospitality schools around the world, of which there are many. In terms of what Tasmania's employers want, which I believe is very important, in the early 2000s a survey was conducted by the former CEO of TAFE of what industry wanted from Drysdale in the years ahead. It was very strongly about skills for their industry with a mix of workplace and on-campus training. So the industry viewed it important to move to a far more work-ready cohort of people, so I think industry did lead away from Drysdale House. I personally think, in terms of our world, skills training is very much about productivity, business success and the economy.

CHAIR - Training people to do the work that is available.

Mr WHITE - Yes, and for those businesses to succeed through the factor of skills.

Mr GAFFNEY - What would you see as the two biggest challenges for 2011 for what you organise and run?

Ms RICHARDSON - I think it is about regaining confidence in industry and our ability. We have great trainers and assessors and I think that is a challenge where I would like to see our business grow. We have continual repeat business with certain customers and they are very happy with the outcomes for their business and their employees. I would like to see the tourism sector of our business grow as well, so that is a challenge, but again, that is about getting confidence from businesses in our ability. That would probably be my major difficulty for 2011 but I have a strong team who is very capable of ensuring that we can fulfil the needs.

Mr WHITE - We had 4 000 students last year across the State; admittedly, many were there for very short courses, but still -

Mr GAFFNEY - Are you practically going out to talk to the THA about what you can offer, because there seems to be a little bit of a -

Mr WHITE - There is; I have read the transcripts and I appreciate that. We intend to seek to go back to the THA in the coming months so that they are aware of our journey. The THA has exercised choice in a competitive market and I endorse the competitive market; I think it is a source of our improvement.

Ms RICHARDSON - I think it is really important for us to actively sell ourselves. For example, what happened before Christmas was fantastic for our industry. I went to Strahan specifically for a tourism forum. I also went to do a couple of sign-ups for new apprentices at Strahan Village and I met new industry partners and from that we have developed new business, not only in Strahan, but also in Zeehan and Queenstown, so we are broadening our horizons. The response we got from the people in Strahan and Queenstown from our just being there was fantastic and they have embraced our

business. We also went to Flinders Island at the end of the year to do some training. We were fortunate to have some TasSkill funding from 2009 that we utilised and we developed a program specifically for customer service and cafe skills and also ran a commercial RSA course, and the response we got from the community on Flinders Island for just being there and having those programs available for them was unbelievable. I really feel that those remote regions are not being serviced and my passion for this year is to really develop our business in those remote regions.

Dr GOODWIN - I endorse the comments you make because tourism operates all around the State and on Flinders and King islands and the level of service that tourists receive is important. We had someone making some comments this morning that that is often the thing most complained about; if people are going to complain about coming to Tasmania it is issues with service, so it is pretty important to skill up the whole of Tasmania.

Ms RICHARDSON - If you ask a business, 'What are your training needs?' the first thing they will say is, 'Customer service - when are you running a customer service program?' We have trialled and tried to promote customer service programs and running them commercially and have had minimal response by advertising them in the newspapers and to me that is frustrating because the demand is there but people aren't prepared to pay.

Mr WHITE - I think this is where I believe it is important to work with the industry associations. This is where I think that for small businesses the industry associations have a role to play. In workforce skills development I believe it is a partnership and I believe industry have a leadership role. I think when it really works is when there is a partnership and, admittedly, small businesses running cafes or restaurants by themselves would find it difficult but I think through their industry associations they can exercise that - helping us to help them.

Mr GAFFNEY - Your experience on Flinders Island is typical of a smaller community when you run a course because everybody finds out about it and they all know that Joe Blow from next door is going to send their worker to do that course so they all show up because it is a support network, whereas if you see it in the paper in a large community they may not have the confidence to go or whatever. I think Flinders Island is a perfect example, and on the west coast in Queenstown they will get there in droves because there is somebody who is actually providing it on tap. I think that is a terrific initiative.

Ms RICHARDSON - I have a database for the businesses on Flinders Island which I methodically went through and spoke to individuals and it was time-consuming but the outcome for us is very positive.

Mr GAFFNEY - Seven phone calls?

Ms RICHARDSON - Eight!

Laughter.

CHAIR - There is certainly a need for this all over Tasmania because we keep hearing views that are critical of an inadequate standard of service in the State.

Mr WHITE - We are very keen to contribute to that change.

CHAIR - There is plenty of potential. Mr Thompson, would you like to make a comment?

Mr THOMPSON - There are a few threads coming together there. You talked about barriers. From our perspective one of the biggest barriers to skills development is the skills of the business owners and managers, and Malcolm talked about working with Federal. It is a very sophisticated operation with an HR department that has training programs and things, but most of the businesses in this area are very small ones and a lot of the people are employers by accident almost and do not have the foggiest idea of how to employ people, how to recruit, how to retain people, so there is a huge turnover. A lot of what is talked about as skills shortages in the industry are really just people who cannot get staff, and the word goes out. If someone is a bad employer, kids from 20 kilometres around will all know that they are a bad employer and will not go in for jobs.

Because a lot of these small businesses are dotted around the State, Malcolm is right, working with the industry associations is important. There are examples we are piloting and one with the Tourism Industry Council was the first such case, a partnership arrangement where they identified that the need was around small tourism operators better using the Internet for communication and booking. So we just gave them the money and said, 'You identify the people, identify the training they need and organise it, and as long it's all kosher we'll sign off and give you the money.' That is a slightly different approach for us, to fund through a training industry body, and we are doing that with a few other industry bodies now, including working with the Hospitality Association at the moment.

CHAIR - Any closing comments that anybody would like to make?

Ms RICHARDSON - I have one last thing to say, just to give you confidence in our ability. Last year we worked closely with Daniel Hanna from TICT and also Bernard Moore from Service Skills Australia and we were successful with a tender for a program on the east coast. We gained 46 places in qualifications from certificate 3 in tourism and hospitality through to advanced diplomas in tourism and hospitality and we were successful in signing people up into those 46 qualifications. It was fairly broad that we had to fulfil these 46 places; we were not limited to so many certificate 3s and so many advanced diplomas.

The important thing that we have taken onboard in listening to the response from the Tourism Industry Council was listening to the needs for web development and having that communication and being able to develop a tourism business, so we have incorporated that into part of our training and development for each individual and that is also working with each individual business. It has been really successful and we had a phenomenal response from industry to take up on these qualifications. I think that was confidence from the Tourism Industry Council in our ability to be able to promote and deliver these qualifications to these businesses. We won't have business if we are not getting tourists into our State and it is an old vicious circle really, at the end of the day, but we have to work hard to ensure that the people we are giving qualifications remain within that business as well and do not take that qualification and go interstate. I think that is really important for the development of Tasmanian businesses.

CHAIR - Good. Good luck with it and thank you all very much indeed for your time and very helpful input.

THE WITNESSES WITHDREW.

Mr ROWAN SPROULE, DIRECTOR STRATEGY AND OPERATIONAL PERFORMANCE TOURISM TASMANIA, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR - Rowan, welcome, and thank you for coming along. We look forward to hearing your views and to discussing various issues with you.

Mr SPROULE - I know there are some particular issues you wanted to talk to today but if I were to make an opening statement I think it's true to say that, looking back over a 10-year period, Tasmania has had a meteoric growth as a consequence of both convergence of opportunity and really sharp marketing in terms of capturing the essence of changing markets and things that consumers want and, very importantly, solving the access dilemma that Tasmania had for ever in prior periods. What I mean by that is that in the period I am referring to we have already grown visitation from roughly half a million visitors a year to just under one million visitors a year and that has been done with those two elements in particular working well for us. The last 12 months have been a very different scenario so where we have become accustomed to substantial growth rates on an annual basis those growth rates have now diminished. As Simon Currant was saying this morning, things are much softer. We are not talking about a basket case or a disaster, in fact the numbers are staying relatively steady but, importantly, they're not growing in key areas that we would hope we could get growth in. You highlighted it this morning, Don, the decline in holiday travel and that is absolutely right in the last year or so that holidays have fallen away dramatically. I think it was 12 per cent to 12 months at the end of September, offset of course in broader numbers by growth in visiting friends and relatives, conventions and a range of other elements. Nonetheless, we are in a different environment right now and when I reflect upon the last 12 months I see that, while Tasmania is still relatively steady - either 1 per cent down or 1 per cent up; it kind of doesn't matter, but steady - the reality is that not all parts of the industry have the same measure of growth or decline. The capital city in particular has done quite well. Launceston is reasonable but the further you go out away from the major centres - that is, the major airports in particular - you find that the situation is not as rosy as it could have been.

I think also beyond those broad numbers I have indicated, if you look at various sectors within those locations as well, there are operators who are doing better than other operators. I note Simon and the industry's comments this morning and I would broadly endorse those comments about people who participate versus those who are doing it their own way versus those who are actively involved in a whole range of campaigns and distribution needs. It is a very mixed message. If I look nationally and internationally, I find that Australian tourism, particularly in the period we were in growth, has been absolutely flat in decline territory, particularly domestically. Outbound travel is not a new phenomenon; in fact the last 10 years you will see that outbound travel has been growing exponentially every year. It is in more recent months, in fact the last 12 months moreso, there are two things working in our favour obviously: the parity of the dollar as it approached and beyond, but importantly the growth of low-cost air travel from near Asia and near-Pacific destinations. This has been a vital component in the growth of outbound travel by Australians.

The status of the industry document launched late last year and put out nationally highlighted another issue, which is important to reflect upon, and that is that there is an issue that Australians perceive in terms of tourism opportunities in Australia. Rather than paraphrase it, I will give you exact wording - here we are.

This is from another report that Tourism Research Australia did. It was called *Through the Looking Glass*, and also released in 2010. It said:

'Australians simply do not regard domestic travel now as compelling. It is not competing effectively against other consumer spending on items, such as consumer electronics, which provide an immediate and tangible gratification.'

So in that time, which I think was a little bit before the growth of the Aussie dollar to parity, but still during the growth of outbound travel, you can see that there is a view that a domestic holiday perhaps doesn't cut amongst Australians and the opportunity to fly to other destinations, offshore, through low cost airlines and better exchange rates will see the growth curve accelerate almost into vertical. In fact, it is approaching that again at the moment.

So the challenge for Australian domestic tourism across the whole board, not just Tasmania, is actually to change that observation that most Australians appear to have.

I would have to say from our own polling and polling that others have been doing for us in a competitive sense, we don't necessarily see the same view about Tasmania. They see Tasmania as still having a strong competitive brand versus a range of long haul and other nearby overseas destinations, but priority always will be for most Aussies - and I am sure all of us around the table fell into that trap in our youth as well - that we want to go overseas and do that thing.

In fact, it is staggering when you look at the raw numbers about what Australians haven't seen of their own country and, potentially I guess, Tasmanians and what they haven't seen of their own State. So those things would all be true.

In regard to Tasmania, the Jackson report - another piece of work that the Federal Government were involved in 2009-10 - also highlighted the same issue so it is very consistent and also consistent in regards to their view that Tasmania was probably doing more than most in a lot of key areas to try to address this potential decline on a broader national front, recognising that we weren't quite in the same position as other States.

They particularly recognised our efforts at actually educating the industry, and particularly our efforts in regard to digital marketing and digital online capability of building the industry as well, so they were good points

I note Simon Currant's comments this morning which I think are fairly reflective of that view. We are also seen as the benchmark leaders in a range destination development opportunities - witness our role in leading the destination development national project team in regard to the national long-term tourism strategy.

I will just hold fire there, but broadly said, the world ahead of us is very different from the world just behind us, and Tasmania does have to become more competitive. It has to be very reflective on the core and characteristics of its brand and to make sure we stay very much on brand, both in terms of our brand appeal, in terms of campaigns we in the industry will run, but certainly tactical campaigns that will be very focused on what is in it for Australians right now when they have all these other choices offshore.

Within the industry in Tasmania a soon-to-be-launched 10-year vision and three-year tourism 21 strategy, which has already had some public display - and I will talk about aspects of it today - recognise that demand has been strong behind us and demand can be strong ahead of us for the next 10 years. There are some limiting factors we need to deal with and I will be happy to talk through those this morning.

But importantly one of the things we are generally talking about is that we actually need more accommodation capability in the State. If I were to visually demonstrate the level of supply in Tasmania 10 years ago and the level of demand, with my hands in the air right at the moment, you will see that essentially in the last eight or nine years demand has grown but supply has only moved marginally, such that it is very difficult to get a room in Hobart during the peak period. It is easier in Launceston because their occupancy levels are down lower, certainly in Cradle Mountain and Freycinet, the same demand issues prevail and also in other parts of the State.

You will find though that there is plenty of capability but, as is often suggested, most people do want to include a Hobart stay in their trip to Tasmania for a range of reasons and if you can't get room in Hobart then often you may not wish to come to Tasmania, and that is just a fact of life. So in talking with industry in building up this joint plan, that has been one big element of what we have been discussing, how we can encourage more private sector investment in new property, in refurbishment and a range of other initiatives. But frankly, thinking about where the national situation is, that is one of the difficulties that have also been recognised nationally - that in the need to get more capital growth in industry in terms of new attractions, new activities and certainly new and refurbished accommodation, we are very much in the same boat. But it is a particular issue in Tasmania because of the rapid growth we have seen in the last 10 years.

So, as I said, the next 10 years ahead are challenging but from my perspective, where I sit, they are opportunistic as well. There is no question in this changing world of ours, with the closing of everything globally and the mass communication that hopefully everyone has, they see and understand a whole range of things about what is on offer globally. We are a long-haul destination but we are still seen by many around the whole world, not just in Australia, as a desirable place to come and see. I only have to reflect upon the fabulous exposure and the reaction we already have had out of the Oprah Winfrey visit to Australia. Some of you might have caught the show last night at 7.30 p.m. Regrettably I was still in the office but I do have it on video and I have had a highlight package sent to me already this morning with where we already have a strong focus. We are also lucky in that context to have a group of six north-eastern US travellers who are taking a grand tour around Tasmania and that blog presence of their own in the social media spaces has already been powerful internationally in terms of extolling the virtues of Tasmania to many markets.

CHAIR - There were some very good shots of Tasmanian countryside.

Mr SPROULE - Absolutely. I did not see it, Don, and you obviously have.

CHAIR - I saw the second part. I was travelling during the first part but I saw it from 8.00 p.m. on and it was Ayers Rock mainly but Tasmania as well and Port Arthur.

Mr SPROULE - Yes, which was unexpected in some respects. If you think about effort, we are pulling well above our weight in terms of what we have contributed to the national project that Tourism Australia led. Every State was clamouring to obviously be part of it, even demanding in some sense and the management company for Oprah, Harpo, were very strong on how they wanted all this done. Tourism Australia said to us, 'You are so much easier to work with than the other States; they are much more demanding and want their bit over the top of the bits we need nationally.' Part of this issue I discussed with the other CEOs in Sydney just last week and, frankly, TA also recognise that as a country we can do better if the States and TA pull together in many places. In some markets you find the States absolutely as competitors which is okay broadly, but when the States are competing against TA in the same market it does make it quite challenging. So Tasmania has willingly participated with all of the TA programs over a long period of time which is why we are at G'day USA because of the horsepower they put into that effort and the strong response we get out of the US market. I think, from memory, last year we had about 20 000 US and Canadian visitors come to Tasmania and our broader view about growth internationally is that we have a leverage off the TA efforts. They are spending millions and millions of dollars off-shore. They have worked out their priority markets and their growth markets and certainly our own view on those markets for Tasmania align with those and we are going to be alongside them in every shape and form.

Aviation development is another area too that the States and the airports have typically been out there by themselves chasing new flights into Australia. TA often would come along and find negotiations already having been done in one priority area when, in fact, potentially we should have been in another location. So the challenge is for the country to act I think more as a corporate whole in presenting the opportunities for Australia and I think all the States will benefit from that if it does occur. That is probably enough from me at moment.

CHAIR - It is interesting the figures from the United States and Canada and you attribute much of that to the Tasmanian involvement in G'day USA?

Mr SPROULE - Not just that, Don. As you know, we have been involved in overseas marketing for a long time and it is true to say that the inbound markets do take a lot more time to gear-up. I remember back in the mid 1990s when we withdrew from the markets for a short time, it had a disastrous impact on Tasmania in terms of relationships with the trade and our marketing presence through the trade in front of consumers and I think we suffered a bit for a few years after that. But broadly speaking, in the last 10 years we have been very focused on building up a new style of representation. We cannot afford to match the other States and TA by talking directly to the consumer, so we both use advocates on our behalf through their own presence and Oprah is a good example of that as well, but a whole range of others. But secondly, we work very strongly with the trade in terms of building up their holiday content that the Tasmanian product will sell into their core markets. We have been very strong on that.

We have also developed our public relations capabilities in the US in particular as well as the other countries and we have a company there we have worked with now for about four or five years - DCI based in New York - and their penetration into the market in the US has actually helped us enormously.

Numbers have got soft on us I must admit, though, in the last quarter or so and perhaps a bit earlier and that is a function of a whole range of changing circumstances in some of those international markets on the back end of the global financial crisis and also in the US, too, their opportunity to fly much more cheaply now to close-by destinations as well. So the same issue that is affecting Australia is potentially also affecting some of these other destinations and consumers are making choices. We certainly do not see ourselves scaling down our representation in those markets, but what we do see ourselves doing is making it sharper and even more focused in terms of what we do in regard to the benefits we get back from it. The Oprah investment that Tourism Tasmania has provided is already getting substantial benefits. Equally so our Visiting Journalists Program, which I know many of you here are familiar with, is probably one of our best selling tools offshore as well as domestically and we sponsor and support a large range of targeted journalists from international magazines, publications and even web publishers to come down and do a range of things in this State, be they event activity right through to the great tourism experiences, and that pays enormous dividends for us. Again, it is about being relevant to both the type of destination that we are in terms of our core attributes of a heritage nature and all those issues and growing elements of culture and being very targeted to the publications and the journalists in regards to the audience we are trying to reach.

CHAIR - You mentioned heritage, I was going to ask you what role do you feel that plays and how important is that to tourism in Tasmania?

Mr SPROULE - It is really interesting and it is almost as if I prompted you on this. We have just done some recent survey work and you probably appreciate over time how the core attributes of Tasmania change and ebb and flow, but we have been quite strong with that brand in the last 10 years and we have actually obviously always been focused on what I call 'green and heritage' as our core attributes and the emergence of cultural aspects and things like that as well but it has just been really confirmed in some recent work we have just done in October and November in regard to where we sit with the market. The thing is still as strong as ever and certainly, from the point of view of your question, Tasmania is seen as a very strong heritage destination with a large range of products. We here in Tasmania would accept that Port Arthur obviously is the leading drawcard in regard to the kind of experiential activity you get down there and clearly that was on the back end of the large capital injection they have had over the last decade.

Other heritage attractions around the State probably are not generally at the same sophistication level that Port Arthur is but they can be in terms of growth capability. The market wants to research its ancestry, they want to know where we have come from and Tasmania presents the best opportunity for that and still in Tasmania we have a vast array of Georgian heritage which is still there. A lot of it is not well interpreted at this point but we know of the work that the National Trust want to do in this regard and we have just entered into a brand new memorandum of understanding with the National Trust about a range of things associated with what they do. We also are trying to work with a

broad range of other heritage properties in particular about what they can do. I give you the example of Woolmers and Brickendon. Woolmers of course is accommodation of public and private capital and certainly Brickendon, built on the back end of private capital, have done a great job in terms of their product in terms of both attracting people to the State but also well interpreting the heritage of Tasmania. I could talk a long while about this. That heritage obviously goes beyond just the built heritage but also the natural heritage as well in terms of our green appeal.

CHAIR - Apart from Port Arthur, what has Tourism Tasmania done to promote heritage by way of publicity or promotion?

Mr SPROULE - We work obviously with the regions with the zone marketing approach and depending about which zone we are talking about there is capability for the heritage assets to be picked up there, but if you actually look at all our published and our online collateral, you will see that heritage ranks alongside and appears as one of those core attributes that we are pushing. Certainly from the private sector's viewpoint we encourage and support the heritage tours that are growing - the walk around tours in Hobart and other places. We have people in the industry development area who have actually worked with heritage attractions in terms of how they can better align their product and target the core markets and so on. We are in that space in a very strong way and certainly when you look at our motivational and demand side material you will find that heritage ranks strongly there as well.

CHAIR - So with the surveys that have been done - and I understand one was done quite recently - are you able to tell us what percentage of visitors to Tasmania visit heritage properties and what percentage visit wineries, for example?

Mr SPROULE - Yes, our Tasmanian Visitor Survey does track that kind of detail but I am not sure I have that detail here today. Just bear with me, I might have brought some part of it.

CHAIR - I had a feeling that it showed about 16 per cent for wineries and something like 60 per cent or more for heritage.

Mr SPROULE - Visitor heritage attractions, that is right.

CHAIR - That included Port Arthur.

Mr SPROULE - It does, that's right - it's not in that document. The things they do is actually what we are talking about so, yes, heritage appears very strongly, as indeed do museums, art galleries and a whole range of things, but heritage and what I call the 'green attractions' are very strong in that component of it. It's not always about people doing the Overland Track, just a walk through a close-by national park or even a day trip to Mount Wellington falls into that category.

CHAIR - The view has been expressed that Tourism Tasmania were concentrating too much on wineries when only 16 per cent of visitors actually visited them, because most States have their own, and not enough on promoting heritage when such a greater percentage of people visit heritage properties.

Mr SPROULE - I think if you go back over campaigns in the last few years, you will see just as many promotional efforts on all three elements that you talked about. I mean, culture and a dining experience, and often visiting a winery, is not so much about visiting the winery, it is actually about having the dining experience.

If I think about more recent footage that we are using just behind and certainly in the forthcoming Spring campaign, there are people sitting and having a great meal which is obviously in a cellar door setting, but it is actually about where they are in terms of the vista in front of them and the fine food and wine they are having. So the specificity of visiting a winery can be a bit confusing in regard to the broad appeal of Tasmania of having a great meal with local produce in an outdoor setting. But coming back to what you asked, Don, you will find that all the great outdoor shops are typically about our great outdoors which can include both what I loosely describe as the green elements encompassing mountains, forests and beach walks close by to cities or perhaps in the more regional areas, but it also includes great heritage shots too. One that readily comes to mind is a shot of Stanley with the old Woolnorth property in the background, so it appears all the time.

Port Arthur is absolutely one of our major attractions that visitors go to. In fact, their numbers grew by 14 per cent in the December period, which is a fantastic result. There has been some softening over time but with a renewed energy, obviously in terms of their own marketing efforts and potentially on the back-end of our penetration, the market is showing an increase in their visitation. There has also been a growth in aviation through Hobart Airport of 14 per cent in December. They are probably the only serious numbers we have for the holiday period at the moment.

I know the Industry Council talked about a range of their surveys. The last one they did was in October, although there is one in the market right at the moment talking about expectations of industry looking ahead. Certainly I would agree with their sentiments that while a large percentage were either saying 'same as' or 'growth', the reality was that the majority of the respondents were in the 'same as' scenario, with a few underneath as well, so clearly the softness I referred to earlier would be part of the declined expectation of the industry as well.

I am covering a range of things as I respond, but I would probably not accept that comment that we have focused too heavily on wineries. Certainly we probably have supported that industry sector as they have grown and become part of our tourism opportunities. If I were to go back 10 years, they weren't even on the radar in terms of what they did as an organised body. We have seen the gradual growth of wine touring routes and wine promotions and, of course, last year the visit to the US wasn't a G'Day USA trip but was actually a visit to North America to attract the cool wines conference to Tasmania. We see that event in 2012 as a vital part of our growth capability for those who do want to travel for winery experiences which include the food. We certainly are not going to walk away from them. There is a big part of our market - 16 per cent, if that is the number of those who visit a winery - that is actually still substantial.

CHAIR - Yes.

Mr SPROULE - But it's not at the expense of heritage, wilderness and things such as that at all. It is part of the mix.

CHAIR - No, I recognise that's an important part of tourism.

Mr GAFFNEY - Rowan, do you have any relevant information on the Lumina campaign or the Local Secrets campaign? What is your understanding through the market of how successful they have been or where we might go with both of those campaigns?

Mr SPROULE - I will talk about Lumina first because that was the winter campaign for 2010. Local Secrets is still running at the moment and we have responses but our polling on increases in propensity to visit hasn't even taken place at the moment. We have some feedback from members of our industry as to business they are getting from it but it's still pretty thin on the ground. Lumina was an initiative based on the fact that we saw events as a good capability for Tasmania, not in the same context as hero events you see in other major destinations, be they the tennis finals, the Australian Grand Prix or the AFL Grand Final. Those hero events are direct motivators of travel in their own right and people come primarily for those; not just devotees of the sport but lots of people come into those locations and they will do pre- and post-aspects of general tourism around them. We see events very differently in Tasmania; we see them as part of the landscape that we haven't presented as holistically as we did last year in the past and what we did last year in regard to that winter issue. It was also in response to a broader view by many that Tasmania was a place you didn't want to go to in winter. Our recent survey work confirmed that it's the lowest of all the four seasons where they want to come here, but nonetheless many people do come here in winter. The challenge we have is what is open and what is available.

Simon made some remarks this morning about individual businesses, but coming back to the Lumina campaign, we saw that we had this great wealth of events in Tasmania over the winter period, from quite big ones such as the Festival of Voices and the like through to a range of smaller and regional events, and that if we were to present them under one common umbrella we could pitch that into the marketplace and at least start to dispel the idea that Tasmania had nothing on during winter except a couple of footy games from an AFL side and/or whatever else others thought. As to your perception this morning about the weather, I want to talk about that later, and certainly from your perspective people have that view but what we find in reality is a large percentage of people do come in winter but we need to show them that there's more about than they understood prior to getting here. We worked through Events Tasmania to galvanise a range of event operators around the State to be part of a broader campaign. We pitched that into the market with the concept of 'Lumina - Light up your Winter', for obvious reasons - brightness in terms of things to see and do and participate in. That was enormously well received from media people in Tasmania and the interstate marketplace as well.

It probably didn't drive any new visitation to Tasmania - and we get this information specifically and directly from the events themselves - but it took a lot more Tasmanians out to those events, including other visitors who found them as well. So individual events did quite well and a number of them in particular say that they had good growth numbers on previous periods when they have run, and they're the best judge of how well that's gone. From our viewpoint, it is a really good tool for highlighting what is on offer and especially to galvanise Tasmanians to get out and do something in their own State during a period of time when we know you can still get around and not have to be rugged up in fur and snow skis and that sort of thing. It's not like that at all.

In regard to the interstate demand, though, it wasn't as strong for people who said they came here for that. Those who came, came for a broader range of issues and found the event detail useful, but as a motivator it probably didn't hit the market where the market was able to respond. We did some subsequent work two months ago and that has really confirmed that unless you are regularly running a hero event you're unlikely to motivate people to travel in a period of the year when they don't want to travel. Again, winter polled fourth out of all seasons in regard to people's propensity to travel to Tasmania.

CHAIR - That document you're referring to, Rowan, on the research you did, would it be possible for you to make a copy available to us?

Mr SPROULE - This document is a work in progress at the moment but we are providing to audiences a summary of the stuff we have completed. I am happy to give the committee a copy of that update on our contemporary polling.

CHAIR - Thank you.

Mr SPROULE - What I said about Lumina and other events was that winter polled last of the four seasons. However, if I were to look at seasonal satisfaction by State - and I'll pass this around the room once I have spoken to it - it shows that for Tasmania summer has a 76 per cent satisfaction rate, spring a 70 per cent satisfaction rate, autumn a 59 per cent satisfaction rate and winter a 59 per cent satisfaction rate, so you can see that once they get here they are very happy about their experience in the State.

CHAIR - And very surprised to see nice sunny days, when even if the temperature is only 12 to 13, it is equivalent to about 18 or 19 degrees.

Mr SPROULE - Yes, particularly inside a car, but I hear what you're saying. All of us here as devout Tasmanians would strongly say, 'What's wrong with you? Get over it!', but the reality is that that is the perception of the consumer and despite vast amounts of publicity over a long period of time that perception remains. There is a generational issue about what is and what is not in Australia and this is not unusual across the whole globe. I heard the conversation this morning about running campaigns and Simon reflected upon a sticky, hot day in Brisbane yesterday. I experienced the same thing last week, when in fact in Tasmania it was probably not hot and sticky, but it may well not have been sunny and fine at the moment because we are all having very odd weather, but you certainly cannot run major campaigns based on weather because by the time you get into production and then deliver it is anywhere up to two to five weeks later and you are talking about different circumstances. However, what we do is use social media.

Dr GOODWIN - The reality is, though, that our weather is unpredictable, isn't it? That's Tasmania.

Mr SPROULE - I'm glad you said that. Every country's weather has a degree of volatility and unpredictability about it depending in what season you are in. Australia is going through a massive change at the moment of the back end of El Nino, and we're actually into that La Nina now, so it is a very different capability that weather is delivering. A lot of the weather now over the current period in Tasmania is a bit more easterly, so we are getting that dodgy weather which we know about in Tasmania.

CHAIR - But it is comfortable. We do not have extremes. We do not have 40 degrees and we do not have snow in the streets.

Mr SPROULE - But some consumers seek those extremes. Summer holidays in Australia are mostly not about Tasmania, they're about beach, swimming, sunbaking and all those pursuits that we know we have but do not particularly push. But to come back to what I was saying, we run social media campaigns on a day-to-day basis. I am sure all of you are friends of Discover Tasmania on Facebook, aren't you? No, you are not. You should get onto the social media. We extensively use both Twitter and Facebook with our own Discover Tasmania blog and you can join Discover Tasmania as a friend as much as you can join me as a friend on my own personal Facebook site. But you will find that we are on there every day with what I call 'right-now issues' about Tasmania about what is on. For example, 'Fabulous day in Tasmania for those sitting in sticky Brisbane'. We would not say that this week or in the next few weeks but certainly relevance is very strong to the messages we put out there. We respond to blogs on Tasmania all the time through social media. So if someone were to say to me that we're not in the marketplace often enough on changing circumstances, I would suggest that they're not using the medium that vast numbers of Australians are.

I will pick on something Simon also said this morning and I know he may not well be in this category but it is very clear that Australians are early adopters of technology, which is why 'what's new in the zoo' in terms of technology is always a big seller in Australia over almost all other markets. If you look at the demographic that are earlier adopters, you know what, people our age and above are in that group of early adopters as much as the younger ones.

CHAIR - I'm pleased you're including everybody in the same age bracket here.

Mr SPROULE - I am very generous. I'm probably closer to your age, Don, than to Vanessa's. But to suggest that the older demographic set, from 45 upwards, are not into online information inquiries, online reservation and online social media, would be an error of fact. They absolutely are and they're a big part of our followers and we know who our followers are, which is part of the strength of social media. So if you think about our campaigns, don't just stop at the stuff your mates might see on television, in periodicals and magazines and all that, go into the other forms as well. We are heavily involved in those other technology-derived media, the other channels, as we call them. So we do put immediate stuff out if there is something hot happening in Tasmania today. You will see something on our DTI.com.Facebook presence. You have to be a Facebook user, you have to be a friend of Tasmania to know about that but clearly those who are looking for Tasmania do a Google search on Tasmania and you find everything pops up based on magazines, online components of this net and the social media presences as well.

Mr GAFFNEY - Rowan, there was some criticism that the Local Secrets campaign - I know we have not yet evaluated that program because it is still running - was too late getting into the market, and when it came out people had already pre-booked their Christmas or holiday vacation and from the industry you had some tourism operators saying, 'It's possibly a good idea but it just came out too late to impact on their pre-planning'.

Mr SPROULE - I have heard that said from the industry and I also note Simon's own comment that the lead time in terms of reservations and bookings has closed up dramatically. Four weeks is actually not far out now for a lot of holidays but I would accept industry's comments about the lateness of the campaign as being legitimate and certainly from my viewpoint, as Acting Chief Executive, looking forward over the next few months, I am hot to trot about campaigns being in the marketplace right at the beginning of the deciding process rather than later.

I also say there are a range of circumstances which made it difficult to get the production completed in time for the Local Secrets campaign which were well beyond our control. A lot of that was because we decided to test the market with the Lumina campaign as well, so we had double jeopardy in that same time frame, but I acknowledge those comments and I am making steps to ensure that we go to market at the right time in terms of where consumers want to be.

Mr GAFFNEY - I think there were some positives that came through.

Mr SPROULE - Oh, yes.

Mr GAFFNEY - If you go online and you have to book some place in a week's time, you will go to Federals or whatever and there are places available, but for the smaller operators, the more discerning person who wants to shop around a bit longer -

Mr SPROULE - Yes, I get that. I thought it was quite a quirky campaign, particularly when I looked at the east coast variant of it. The mayor of that region is quite demonstrative in terms of his capabilities for Tasmania, so I think that actually worked well for a lot of our travellers.

CHAIR - He's verging on flamboyant.

Mr SPROULE - Yes, that's right, flamboyant is a lovely term, Don. I like that.

Dr GOODWIN - He's an attraction of himself, really.

Mr SPROULE - He says so, yes!

Dr GOODWIN - I think he is.

Mr SPROULE - Certainly his motorcycling exploits, and you mustn't forget he was one of the back cast in *Mad Max* in days gone by as well. I think he might have been the rider who was splattered on the front of the truck in one of the shots but nonetheless he is a strong advocate for the east coast and it works well on the market. Equally so, we have had great feedback on the individual podcast of the other players representing the other zones. I think, Mike, it is a bit too early to be strong about it; certainly it is on Brand, certainly our contemporary research is showing a bit more information about what more directly motivates travellers and the season's campaign is certainly part of that mix. The campaign we are putting to bed at the moment takes the best out of all those things and, importantly, much more contemporary as in 'right now' research, including the fact that we have been in the market just the week in Sydney and Melbourne testing that campaign.

I am very strong on having an analytical, evidence-based approach to our marketing and in the time that I have been leading the organisation over the past few months, I have instilled a domain which has people more focused on 'testing, testing' and starting earlier to ensure that we have a strong view about the responsible consumers to the kind of stuff we will put into the marketplace.

Mr GAFFNEY - Simon mentioned that there was some criticism about the flexibility of Tourism Tasmania - and that is a point of view. I know we have gone away from appointing a person to promote Tasmania, as has come through the ages, like David Foster, or whatever, but I wonder if there is a role for someone like Richie Porte, who came to prominence with his cycling during the tour, and the millions of people who were watching that tour. There is an opportunity there for Tasmania to access a whole lot of other viewers, as with Oprah I suppose. Is that sort of thinking coming into the discussion? Where does that rest?

Mr SPROULE - It has always been in the market as an opportunity for all of us, and when I say 'all of us', I mean across the whole of Australia. You have seen strong advocates appearing in a range of campaigns, even from Paul Hogan's day, so we know it works in the marketplace. Even over the past 10 years or so Tasmania has actually used what we loosely call 'tourism ambassadors' and while they may not have sat at the front of campaigns, certainly they were our advocates in the trade, on television and in a whole range of places offshore. In more recent times we have obviously used Mark Webber, who is not a Tasmanian, to actually deliver results in regard to the Mark Webber Challenge as part of the Fit for Tasmania with that kind of outdoor adventure activity. As you know, the minister announced that we have actually signed Mark up for another three-year period starting in 2011 to be the lead behind the Mark Webber Challenge. He certainly will not be competing in grand prix racing beyond 2011, but we believe that in terms of the global audience that he attracts, Mark can actually get the Tasmanian message across about adventure sport for Tasmania, because Mark's presence as a keen cyclist and a triathlete in those kinds of activities is actually well known as well and we think that is a good opportunity.

We have been in discussions with a number of good Tasmanian golfers about their opportunities to work with us in the US and other markets. So to answer that question, that genre of campaign targeting is absolutely on the radar for us and we talked to a lot of people to be our advocates in different things. Mathew Goggin I think in the last G'Day USA which was in 2009 he actually competed - I have forgotten the name of the golf tournament around G'Day USA but it is one sponsored by TA and he actually played for Tasmania in that event. We have actually used them wherever it is relevant. I can go back over a long period of time and nominate many of them.

CHAIR - So you have had discussions recently with Marcos Ambrose, what stage has that reached?

Mr SPROULE - Marcos Ambrose has put a number of propositions to Tasmania. There is always an issue of market fit and there is always an issue of the cost. Certainly as his presence in the US grows we will continue to look at that as an opportunity but right at this moment in terms of the desire of Americans to visit Tasmania and where the Nascar racing scenario sits in the US in terms of market demographic, the fit is not fantastic but

you do not necessarily need the fit to be right. So the amount of media coverage that he can gather for us and all that obviously is part of the mix that we are looking at and that door is still open for us. But right at the moment - and Simon made some observations this morning about budgets and a whole range of issues - we need to be strong in terms of our endeavours and strong in terms of our will about what we think can work best in the horizon we are working through. I have Marcos Ambrose in terms of his growing capability as an ambassador sitting on my radar. We certainly have not contracted with him but we have acted in a lot of discussions with his management company, probably for a number of years, about how he can work with us and those discussions will still continue. Others we have had discussions and not proceeded with and others we have actually moved on with in more recent times and done things with them and we will continue to do that. It is definitely part of our campaign mix, Mike, albeit the more famous someone gets I have to tell you the price to actually buy them to be an advocate for lots of destinations and lots of products grows enormously so we are always conscious about that. We cannot compete with the big private companies that want to actually back a lot of these players to endorse their products and we certainly cannot compete with TA in terms of what they put on the table to bring Oprah to Australia but we play very strongly in a very much narrower sphere which is about those who can make a real big difference in the particular approach that Tasmania has or can work for us in those markets.

CHAIR - I am surprised that over the years we have not used people like David Boon, Ricky Ponting and Danny Clark, who are so well known in so many countries.

Mr SPROULE - They actually work for us anyway. We did not need to actually tell the world that David Boon was a Tasmanian because people already knew.

CHAIR - Not many people in India knew I found and the West Indies and South Africa.

Mr SPROULE - Don, can I be so bold as to say that you would have come across a small section of the Indian population. We do not do a lot of promotional work in India yet nor does Tourism Australia but I could actually walk into any market offshore and talk to potentially 1 000 people and they know nothing about Tasmania but are they our target audience? Is that where we are pitching our reach -

CHAIR - No, but in England and all the cricketing countries -

Mr SPROULE - The Poms know about David Boon and his famous Tasmanian drinking record on the River Derwent on the ferries.

CHAIR - But I don't know that they know about the Tasmanian part of it.

Mr SPROULE - I would have to say, Don, they do. In terms of our offshore public relations people, the fine detail on Australian celebrities is actually well known to them to be well known to the market in terms of what we do. You mention also Ricky Ponting, strongly known as a Tasmanian in terms of the work we do offshore leveraging off the Australian Cricket Team presence and so on it goes. We do not need to necessarily contract someone to be a lead article for us.

CHAIR - But we could have used them more, could we not, to encourage people to come and visit their fine State?

Mr SPROULE - That is a matter of judgment. They have always been able to get through our destinations, and sitting on the other side of the fence one might think that. But as we look at what I call 'market reach opportunities' a whole range of things pop up dramatically and others don't. When someone also has a profile in a country which is already giving us a benefit, it almost seems like you're paying for something which is already happening, to be very frank.

Dr GOODWIN - Can I ask, Rowan, about the review of zone marketing and when that will be concluded?

Mr SPROULE - Yes, it will, just building on what Simon said this morning - and if I take you back one step of the journey - we did a very good piece of research work in 2006-07 called the perception study and the perception study was very strong in noting that outside a range of core attractions that we all, around this table, will know, much of Tasmania, beyond that, really wasn't well understood and known.

So in one of the comments that the researchers actually made - and I will use terms which are not marketing terms - they talk about education via communications required to build perceptions of Tasmania as a domestic tourism destination, particularly with the perceptions of regions and particularly a week outside of the flagship locations of Hobart, Launceston, Tamar Valley, southern Tasmania including Port Arthur, Huon Valley and Cradle Mountain. But broadly said beyond that, the further you went, much, much less was known, okay? So that was the driver by sitting back and doing a strategic review of our campaign approaches in the past.

Even though we adopted in the early part of the 2000 decade a touring-route strategy, which was designed to actually highlight exactly these issues based on research we had also done earlier in the decade, we found that clearly it still wasn't getting enough cut-through. So much was still being found but not enough in terms of the broader market tests.

So we went out and tested roughly 1 100 Australians, including I think almost about 500 Tasmanians as well in that mix, and the overall reach for that large sample of interstate people from our core markets was that we needed to do more.

Never one to sit back and ignore reality, we obviously started to think about how we could do that and the issue which has always worked well for us, and will continue to do so, is that Tasmania is strongly seen as a single destination in the marketplace. So while someone may be promoting the Gold Coast or Cairns or Margaret River and the like, Tasmania is the word that comes to mind more readily to them. So that is a good asset to build off - we needed to do more.

So we worked very hard with our strategist and came up with the notion of trying to provide more highlights of the regions of Tasmania - and it has been done successfully in other areas, and we looked at that as well - and we believe we actually aligned the attractions of Tasmania into five zones, which is where the natural order of attractions

fell, we could start to make some headway in terms of going directly to market with that in partner with the overall umbrella brand of Tasmania.

So we have been at it for two-and-a-half years now and there has been a number of criticisms raised from industry. We hear in the marketplace that we think it's working okay but there are some issues about its implementation which, of course, we have to go back and review. I will loosely say there has been some confusion with industry in terms of how that is organised at regional levels and the fact that there is a new group of people that are doing a fantastic job that are actually outside of the existing regional tourism structures has been an issue.

By providing more opportunity for people to participate in campaigns, we have certainly heard feedback that it's too expensive to be involved. I know on one of the Tim Cox radio show discussions he had, he asked that question, 'Why are the operators raising that issue?', and she thought that \$40 was too expensive. She also indicated she had no web presence and wasn't online as well so you have a mix of responses based on where people sit in their world - and I get that - it is easier for us to say that there is a fit for everybody but, frankly, their world can be different at different times for a whole host of reasons. Simon also addressed that this morning.

So our review of the zone is in the market right at the moment in terms of what I call the 'consultation phase' with the appointed consultants. We actually got Deloitte to do the work for us, not because they are a great accounting company but because they are a great consulting group and they have brought tourism experts in from other places to work with us on it. They are doing it independently and that consultation program with a range of both individual operators and the regional and local tourism groups around the State is happening right at the moment.

My expectation is that this review will be completed in time for us to implement a new approach from 1 July this year. Clearly there is a lot of work to be done and a lot of discussions with key players around the State and a lot of synapsing of all the information we'll gather. The Deloitte report will capture a lot of that consultation and feedback in its own right. Then there will be the deliberative phase and some views about how we can deal with this, which we will then come out and talk to industry about. It is a big ask but we want to get that all done and have it in place for campaign efforts from July onwards this calendar year.

CHAIR - How concerned are you about the effect of penalty rates on restaurants in particular, but also on the tourism industry in general?

Mr SPROULE - Don, this was an issue that was raised in the State of the Industry report. Hopefully you people have had an opportunity to look at that report. You will note that productivity was an issue that the people who wrote this report highlighted as one of the major elements of looking further forward, that if Australia is to grow as a tourism destination we would have to increase our productivity. In particular we are talking about human resources and other elements of that. I hear Simon and the industry council's views and I also hear the same comments from a range of tourism and hospitality operators across the State and, interestingly, I also hear it from other industry sectors. It is not just a tourism issue but it has hit hospitality services strongly, particularly for operators who are probably running marginal businesses in terms of high

demand and high turnover. I note the growth in the particular operator we have all been talking about this morning, who is known to us as well, that their percentage of business has grown enormously as part of the whole cost structure that person was running, which is probably also why - and you'd need to talk to the people involved - a number of media reports over the new year break were about individuals who had not opened their businesses on the public holidays. They suggested that was part of the issue. I am not necessarily saying that is the only issue they have to confront, but I think there are a range of reasons why people shut their businesses on public holidays during the peak part of the year. It may not just be about penalty rates. Many of those are operator-run businesses, for example, so they are not paying themselves the wage rate. What they probably are reflecting is that they need a break, and their business as well. It is really difficult for the small traders around the State to run a 365-day-a-year business when there's no staff to help them. What do they do when they need a break? A lot of them have to shut their businesses. It is not a good arrangement and we know that many businesses over winter are shut, but when I see publicity about businesses over the peak period being shut I get very concerned.

We are looking at that, and luckily my colleagues in other States are also doing the same thing, so we will have a national view on this issue. As you rightly said this morning, Don, it is not a State issue in its own right but it is affecting my constituents in this State so we want to get to the bottom of it. Mere anecdotal opinion is not enough so we are working with a working party as part of the National Long-Term Tourism Strategy to look at labour and workforce issues.

CHAIR - That's very good to hear.

Mr SPROULE - If you could bear with me with all the papers I dragged out, I brought that one with me. There are a number of working groups that have been set up to deal with the actions that have come out of the Jackson Report and the more recent work in regard to the State of the Industry. The National Long-Term Tourism Strategy in its own right highlighted particularly those areas that needed work and broadly said that a number of working parties had been set up to deal with those. We are participating in and taking the lead in a number of them. There is a labour and skills workforce party that has been set up and we are involved in that. There is an investment in the regulatory reform issue being set up. A lot of our investors nationally and in Tasmania say that part of the problem they have is the regulatory framework in terms of planning systems, so I am just reporting here today what they're telling me. They say that the multiplicity of planning schemes in Tasmania creates issues for them when they have statewide projects. On top of that there are other dimensions and the Sullivans Cove precinct comments on that as well in terms of another body to have a view about what should and shouldn't happen.

I note the Government's agenda to reform those issues and we're pleased about that, but the operators, and in particular investors, note that that is an issue across the whole of the country. In the financial regulatory sense obviously the Foreign Investment Review Board process is part of that mix nationally, even though there has been some easing of that in recent times. Attracting investment into Australia is the number one priority for many of us around the country, and particularly so in Tasmania.

Access is a key element of another working party, which I sit on. Senator Nick Sherry is now chairing that party and he has a great affinity with the issues of Tasmania and also

around the table, the experience that we have had in the last 10 years of growing aviation enormously in this State by working directly with carriers in regard to the development of businesses cases relating to their needs have worked very well for us. Simon mentioned the growth in access from Jetstar in particular in the last three months of the year and that is because we have worked so closely with Jetstar in regard to what they are looking for in terms of market demand and surety. Through the strength of our research, we can essentially recreate city pairs that airlines really need to understand in regard to inbound demand and backloading demand. We have all that data so we can show over time how particular routes of interest are growing and when it gets to a point where they're really interested we then typically negotiate and work in partnership and build it up.

Witness the more recent Coolangatta service. We partnered with Hobart Airport, Coolangatta Airport and some other regional bodies in Queensland to put a campaign together with Jetstar which has been in the market on and off over a number of weeks. I think the first flight was on 22 December and Jetstar tells me that service is now getting good numbers despite the fact that it is a summer service from a summer destination. I heard your comments this morning as well that for those in hot climates, that direct service make a hell of a difference about whether you might do Tasmania.

Qantas also put in a direct Brisbane-to-Tasmania service in addition to other Virgin directs over the same period, so that south eastern market is growing quite nicely for us. But the real issue here in regard to this working is that access is critical to all the destinations, both inbound to the country as well as moving tourists around the country and we think we have it down to a nice mark and we will continue to work.

You may have seen some recent publicity I gained in terms of the media story over the Christmas break on what we are doing in this space, and there is no question we are looking at international aviation. We are not trying to attract at this point direct flights to Tasmania in terms of what we call regular passenger services, but we are actively exploring the opportunity for charter services out of some of the emerging Asian countries.

CHAIR - We had that with Singapore, didn't we, a few years ago and people would fly into Hobart and out of Launceston, and there was another group flying into Launceston and out of Hobart?

Mr SPROULE - Yes, we did. It was fantastic, a great success, but was killed of in that era by the emergence of cheaper prices on the regular services.

CHAIR - Is that what is was?

Mr SPROULE - Yes, that is what stopped the market. It wasn't a loss of demand. Those Asian numbers are still coming from their destination via our regular services. But we see that China in particular is a growing market that no-one in this country can afford to ignore. We are getting lots of Chinese visitors at the moment and we are only doing a small amount of work in that marketplace and Tourism Australia in the coming years are about to invest substantially in that market, as indeed are a number of airlines striking deals with a whole range of airports in terms of direct carriage into Australia. We have worked very closely with Melbourne Airport which is getting the lion's share of much of

the new growth out of Asia. They have outstripped Sydney's growth capability and the fact that Melbourne also jointly owns the Launceston Airport with the same holding company works well for us. Chris Woodruff, the CEO of Melbourne Airport, is also the chairman of Launceston Airport and a great advocate of Tasmania, and we work very closely with Chris and his team. We will get some leverage off the growth they have in Chinese air links coming into Melbourne over the next six months.

We are looking further out to 2012 and how we can we can get charter operations to work for us in that period. Clearly, none of these things come at a cheap price and costs will be an issue for us but we will be looking for partners in the industry, partners in the airports and others to see if that can happen. But beyond that, the notion of a trans-Tasman direct link shouldn't be ruled out. Certainly Jetstar and Virgin have many arrangements in place now to make that a bit more problematic. We actively supported through the ACCC the Virgin arrangement with Air New Zealand to have a code share on that sector. A lot of people said that would see a reduction in services but they were not looking at what we looked at. They saw that the challenge for any growth out of New Zealand for most destinations is where you pool that connection inside domestic New Zealand to then fly across the Tasman. To think you are going to get services from every single airport in New Zealand flying into Tasmania is well beyond the realm.

CHAIR - Are you looking at direct flights from Hobart to New Zealand?

Mr SPROULE - We continue to look at direct flights but the airlines do not have it on their radar at the moment. What they say to us are two things. One is that we have enough horsepower in the marketplace through code sharing with Virgin which is pooling up what I call all the regional connections of Air New Zealand into a trans-Tasman service and then on-flow into Tasmania. So that is how that can work for us and we will work closely with Virgin on that. We have really good penetration in New Zealand at the moment with our Local Secrets campaign, which was a boomer there. Why it worked so well there is that we have a great trade link and a number of online distribution companies picked it up as an online campaign and ran a fabulous campaign across the whole country based around our Secrets, so we see New Zealand as a domestic market anyway. Jetstar also put a lot of horsepower into the marketplace with more direct services from a number of eastern airport destinations flying into Christchurch -

CHAIR - And the 40 per cent increase.

Mr SPROULE - Yes, and they have also increased their carriage into Tasmania, so we see that as a great connection for us as well. We haven't lost the concept of the direct service because we know that travellers like direct best, which is why we have the new Coolangatta and Brisbane services and increased services from Sydney, more Melbourne directs and, dare I say, we are looking at Perth direct at the moment as well. People don't like the time and effort they waste at airports waiting for connecting services. I'm sure we are all in that same boat, which is why there is a strong perception in those far domestic markets that it takes you almost a day of travelling to get to Tasmania, and if you get the wrong flights it could do that. Hobart Airport and Auckland Airport are keen to see if they can make the trans-Tasman link work and we continue to work on that front.

CHAIR - We used to get 60 per cent occupancy when it was Hobart-Christchurch without any promotion on either side of the Tasman.

Mr SPROULE - Hobart-Auckland got 60 per cent. The reason the service was lost was because they switched it to Christchurch and it stopped getting the numbers you were talking about. The reason for that is that domestically within New Zealand it is another leg from the north island to Christchurch to fly out, whereas Auckland was a bigger capture point in its own right.

CHAIR - And it wasn't promoted on either side of the Tasman, unfortunately.

Mr SPROULE - Yes, that was a bit before my time.

Dr GOODWIN - I wanted to ask one last question about education tourism and how important it is to the Tasmanian market. The reason I ask is because in the State of the Industry report it flags that we are likely to see a reduction in international student numbers in Australia because of the change in eligibility for international visitors. They seem to bring a lot more spending money with them. Do you have any comment on that?

Mr SPROULE - We do. It is a vital part of our total effort for Tasmania. We don't do that direct work ourselves but the Education department and the University of Tasmania are strong in that market and we work and meet with them regularly in terms of commonality as to what we do and the market segments we are hitting in those countries. We will continue to work with them. There are some challenges nationally in regard to some changes there and we are trying to better understand them. I know those directly involved in recruiting their business here are doing that as well.

One of the big reductions has been in Indian visitors to Tasmania which came on the back of that race campaign scare that happened out of the Victorian market in 2010. That had a big impact in India in terms of the safety of Melbourne in particular as a great haven for education. You have to suggest it would have had some impact on other destinations in the country as well because it was globally seen, and in India their national and regional televisions pushed it really strongly, including highlights of demonstrations in their home towns on the issue. If you stepped back from the camera it might have only been 20 people there but they had good impact in that destination which certainly saw it decline in the Melbourne market in particular. We didn't see it quite so dramatically in Tasmania because of our much more direct links but there were a number of factors at play and the immigration issue was but one part of it.

I didn't finish talking about the other issue. There are about another four working parties and Tasmania is actively involved in each of those as well trying to find solutions to issues we are talking about here this morning but particularly that labour and skills work force issue.

CHAIR - Thank you very much, Rowan. We appreciate all the information you have been good enough to give us.

THE WITNESS WITHDREW.

Mr WILLIAM ROBERT CHESTNUT, INVERAWE NATIVE GARDENS, MARGATE, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR - Welcome, Mr Chestnut, thank you very much for coming and we look forward to hearing what you have to say.

Mr CHESTNUT - With my wife, Margaret, I operate Inverawe Native Gardens in Margate - the front entrance is behind the train in Margate, if you know the area. Over a 10-year period we have transformed the property from a weed-infested, broken land to a tourist attraction that has appeared on television. It has been on *Gardening Australia*, *Garden Gurus* and *The Great Outdoors* and we have been written up in various magazines, including *40 Degrees South*, the *Gardening Australia* magazine and reasonably often in the *Mercury* and *Sunday Tasmanian*.

My background, and the reason I am really here, is that I was in the field of quality management before I moved to Tasmania 10 years ago. I was a teacher, a writer, a consultant and adviser on quality management and I had particular experience of working with owner-managers of small to medium-sized enterprises. The big end of town would go to the well-known name consultants and the small end of town would start at TAFE. I was a TAFE teacher and head of section for 27 years and that morphed into consultancy and advisory roles for people with management problems in small to medium-sized enterprises.

This is our fifth year as a tourist attraction and we have grown in each of those years. The returns are very modest - I am not about to be in the BRW Rich 500 list any time soon - but this year at this particular day we are 20 per cent ahead of where we were this day last season. Last season we finished up 23 per cent ahead of where we were the season before and that season - I am losing track of the years now - we finished up 14 per cent ahead of where we were the year before. So the trend lines are attractive although the return is quite small.

There are a couple of points I wanted to make about the operating environment and these are things doubtless well known to you but it is worth setting on the table as a background to what I am going to lead to. The dollar was above parity last night - it was 100-point-something on last night's late news - and I have spoken to customers to my garden and they say they can visit from Sydney and Melbourne to Fiji, Bali and other places a good deal cheaper than they can get to Tasmania, and those other places are exotic destinations as well. Tasmania is not always exotic if you come from Sydney or Melbourne and parity has made Tasmania less attractive to inbound tourists as well, and that is overseas people coming in.

The last time I flew Paris-Hobart the trip, airport to airport, took 36 hours 40 minutes, and that is from the front of the Paris Charles De Gaulle Airport to the front door of the Hobart Airport - 24 hours of that was in the air and the other 12 was waiting for connections. I could have flown from Paris to Moscow in three hours, I can fly from Paris to London in 45 minutes, and I can fly anywhere in Europe in three hours. From Paris I can fly to New York in seven hours 30 minutes, which is a bit different to 36 hours to Tasmania, or if you get good connections a little shorter than 36 hours. This means we are fairly remote and we are not always an attractive destination, so the present

downturn, particularly for small to medium-size operators in the regions, might not just be a seasonal downturn or one of these things that happen from time to time. It could easily be a finite discontinuity, and I draw a parallel with the Australian manufacturing industry that I was strongly connected with from 1975 that when the tariffs started to be reduced and the costs went against us they said that it would make Australian manufacturing world-competitive but what it really did was drive a lot of household names out of business or to manufacture overseas.

Then they said we could be niche marketers and niche manufacturer, that we would find little niches. Well, it turned out that everyone else was pretty good at finding niches, too. Then we were going to be the smart country, we would do a bit of IT. I know there is a bit of IT being done but as it turns out IT is particularly suited to the Indian genius and they do IT better than anyone else in the English-speaking world. Tourism is the number two or three industry in Tasmania and with forestry in some disarray we kind of hope that tourism will get back together and move forward but it is not necessarily a fact that it will.

So far as competition is concerned, in my garden we run self-guided tours; people pick up the pamphlet and we have a chat - we try to get them as they are on their way out and they take about an hour. We have recently started workshops over the last 12 months or so on how to grow native plants in south-east Tasmania, plus a few other ideas we have. We do guided tours and we are just getting that off the ground, so they are the sort of things we do. But our visitors have often been to the great gardens of the world - they have been to Sissinghurst in Kent in the UK, to Great Dixter in Sussex, to Bodnant in North Wales, which is the finest garden I have ever seen, and they have been to Villandry in the Loire Valley of France - so we are not being compared to Uncle Fred's corner rose garden, we are being compared to the best gardens in the world. So the challenge for us is to be as good as we can be and I am sure by extension you could extend that to attractions other than gardens.

We know a fair bit about the people who visit us. We have measured them, we have downloaded figures from Tourism Tasmania, we have conducted our own surveys asking people how they found out about us and all that jazz, so we know where they are from and how they came here. They travel as couples and 60 per cent are women. They spend about 10 days in Tasmania. They are better tourists than other forms of tourists because they have more money. They tend to be empty-nesters with a high level of disposable income and they have time on their hands. Somebody said to me the other day, 'I don't have parents to look after any more and my children have left home, so I have time to do a lot more travel.'. That is the sort of demographic we attract - these are good people.

In the survey we conducted last tourist season, 55 per cent of our customers had higher degrees and another 26 per cent had first degrees, so 80 per cent of our customers to Inverawe Native Gardens had higher degrees and although the question on household disposable income was poorly answered because most people didn't want to answer it, the figure we did get was north of \$80 000 per household. These are people with money and time on their hands.

So far as the background to Tourism Tasmania is concerned, I have been a student of organisations for many years. It was one of my academic interests and, although it is

occasionally necessary to restructure and downsize an organisation, in every other organisation I've looked at - and I have no inside line to Tourism Tasmania; I am talking about generally in organisations - it always destroys morale. People are looking over their shoulders instead of suffering pain for the cause. It results in a substantial loss of corporate knowledge because the best people - the ones who leave - are the ones who can get jobs somewhere else, and the people who are senior in corporate wisdom are close enough to grab their super and run.

So I do hope that whoever gets to choose Tourism Tasmania's next CEO chooses someone who is a facilitator and a builder with a safe pair of hands that will enable Tourism Tasmania's many talented staff to achieve their true potential, because they do have many talented people. I could rattle off the names of about six people we maintain reasonably close working relationships in Tourism Tasmania and I respect them. That is partly because we are a unique attraction. There is nothing else like us in Tasmania. It is also partly because my wife Margaret is a tireless networker and we go to workshops and seminars and whatever is going - we turn up - so we put in the hard yards.

There is a perception amongst some small to medium-sized operators that Tourism Tasmania is sort of a bus company where the Tourism Tasmania bus rolls up at the front door and the tourists pour out and you stand there with your hand out for the fees. I don't think it's going to work like that.

There also seems to be a suggestion that we are one good advertising campaign away from success but one smart slogan away from triumph - you know, like, 'Throw another Bingle on the barbie' or something.

Laughter.

Dr GOODWIN - I like that; that's good.

Mr CHESTNUT - It needs the expurgated version for these hallowed rooms. But if you don't have the product, relief is temporary. You can get people there once with a smart advertising campaign but the trouble with customers is that they talk to each other. That has always been the problem I have found, that people talk to each other, even to the extent that you wouldn't think so. We all know that word of mouth is perhaps the best sort of advertising you can have. We get people who come from Victoria to Inverawe and say, 'My next-door neighbour said I just had to come Inverawe if I was coming to Tasmania.'. Well, we want people to come to Tasmania to see Inverawe, not to see it when they are here - we are working on that.

So if you don't have the product then relief is temporary and I really think all of us in the tourism industry - Tourism Tasmania particularly - should really focus on increasing skills and knowledge because I think that is what is going to carry us forward. We have reached the crossroads where other places are vastly more attractive than Tasmania.

I mentioned in passing the last time I was in Europe a couple of years ago, and I was pretty keenly interested in the tourism ads on television there. There is this ad - and I will skip most of it; you may have seen something similar - where there is an aerial shot of a helicopter or a plane coming in along this sinuous river valley and the banks slope up steeply to a ridge top on either side and they are all covered in trees and there is not a

house in sight, and you think, 'That's the Pieman or the Gordon', but it wasn't, it was a river in Russian Georgia in Eastern Europe. It might be the last piece of intact wilderness left in Europe but it's there and it's three hours from Paris and three-and-a-half hours from London. and we are 36 hours down the street. So we have to be really good. We have to be crackerjack. Near enough is not good enough.

CHAIR - You have to feel sorry for the people living so far away from us, don't you, they're so remote?

Laughter.

Mr CHESTNUT - Yes, we are at the edge of the world and that really is an advantage. That is a potential marketing advantage. I have read somewhere that if you want to see the Romans at their best, don't go to Rome, go to Hadrian's Wall or the Syrian desert because that is where they were up against it, that is where they were really tough, and I think you could say something similar about Tasmania. That is where we had to make difficult decisions.

But basically, people do not come to Tasmania for the accommodation, they come for the attractions and the ambience; they all have beds at home and I know we have to have beds for them when they arrive. Like most industries, tourism in Tasmania is long-tailed; there are a few biggies and a lot of little fellas and those little fellas derive a bit of income for a large part of their lives from that part of the industry, so it is really important we do it well.

So far as gardens are concerned, lack of financial return and loss of gardens is a major concern. I noticed in this morning's real estate supplement in the *Mercury* that Prospect Villa is for sale as a family home, which is a great shame because it is one of the great gardens of Tasmania and it is possible it will not stay that way, depending on the new owner, I suppose. The Stone House at Grove closed under unfortunate circumstances. The Scented Rose at Glaziers Bay closed when there was a change of ownership and the Andalusian Gardens at Garden Island Creek closed. These were gardens you could visit yourself and in 1984 they were the only gardens south of Hobart. I suppose we could pitch ourselves as the southernmost gardens in Australia but it makes it fairly difficult to get people to come to Tasmania if we do not have the product and we do not have the product because the return is not there. With each of those closures you could say it was this family thing or that family thing but the bottom line is that the money was not in it. You could not sell it as a going concern.

People who come to my garden pay \$12 or \$10 concession and that is \$24 for an adult couple, who will spend \$50 or \$100 on a meal in a restaurant and then spend \$150 on accommodation in an upmarket B&B somewhere. They do not come for the B&B, they come to see my garden, amongst other things.

There are some small to medium-sized operators who believe that highlighting the icons draws visitors away from them. I have not seen that tested by any research but I imagine Tourism Tasmania has done some, the idea being that you are only going to get 800 000 people to Tasmania and if they are busy seeing the icons they are not busy seeing these other things. I have not seen that tested.

Where do we go from here? What I have been doing for the past 20 or 30 years of my professional life is selling the idea of quality. People will come if you have a quality product and quality means satisfying customers' needs. Quality is not necessarily Rolls Royce; I've just parked in Salamanca and I hate parking my Rolls Royce in Salamanca. For many people, backpacker accommodation is a quality choice for them. So I am not talking about Rolls Royce, I am talking about satisfying quality needs. If you want to satisfy your customers' needs at the operator level, operators need to know who their customers are. A number of people I have spoken to in small and medium-sized enterprises think they are those people who walk in the front door. No, it is not. I can tell you the age range, I can tell you the educational background of my customers, household income, all that stuff an operator has to know and has to be encouraged to know. You have to measure your customers and people don't.

We were part of the Signature Experience two to three years ago. We were one of seven businesses selected out of 30 businesses who put their hands up. That was a fabulous experience. It was supposed to be a pilot program but Tourism Tasmania did not do it again. I think the other six businesses did not get as much out of it as we did. But, gee, it transformed the way we operate because we have had contact with really upmarket consultants that we wouldn't have bumped into normally, really good people who opened our eyes to a lot of things. It is a real shame that cannot be extended to more people and one of the things I advocate is that we do more of that.

You have to know who your customers are and you have to know what they want, and you can only do that by surveying them, and we have certainly done that. Quality, I believe, moves forward in small steps. Our customers want to know what the plants are so we label them. It is a real hassle but we label them, because the labels disappear - people put them in their pocket, they get broken and blackbirds dig them out and bury them in mulch or whatever - you don't want to know the details.

People were not comfortable with their paths so we graded, gravelled and edged them. Some of our customer have dodgy knees or hips so our steps are now the sort that people with those problems can put one foot down, then the other foot, and hang onto the handrail - all that jazz. We did that because that is what our customers wanted and I think that that message should go out more to small to medium-sized enterprises.

What we need to do is generally consider there will be three levels of quality. There is expected quality, asked-for quality and quality that astonishes, and I can illustrate that fairly easily. That is true for all businesses. Quality that astonishes was the first time I saw a GPS on board a car - something called a Tom-Tom. I was overseas in the UK, I was in an acquaintance's car and I was absolutely knocked out. It was the first time I'd seen one. I didn't even know they existed and it just swept me away.

These days when you pick up a hire car, you can ask for one. It is an optional extra - that is an asked-for quality. I think in five years' time it will be expected and you won't be able to hire a car without them, like car radios. I am old enough to remember when cars didn't have radios and the modern car radios made the traffic jam bearable, didn't it, because there was something to listen to while you wait. But we all have to do that, we all have to have quality that astonishes.

One of the problems with a lot of tourism enterprises, particularly the smaller ones here, is that they fail on expected quality. The number of times I have had a person come to the garden saying, 'I went all the way down to such-and-such' - without mentioning names - 'and it was supposed to be open. It says in the book, it's two o'clock on Thursday afternoon and they say they'll be open and they're closed', and people get so annoyed.

CHAIR - We are hearing a lot of that.

Mr CHESTNUT - I'm not surprised. I ran that past Heather Ramsey who runs Brookfield Vineyard Café and she said, 'Oh, it's the same in cafes and restaurants - exactly the same', and this is failure of expected quality. If you go to a business when it says it will be open, you expect it to be open. I know it's difficult. I know if you sit there for six hours and nobody comes - and that happens - you think, 'Oh, I've got some shopping to do, go up the pub and have a couple beers', so you knock off early; we've all been tempted. Margaret and I are open seven days a week from 1 September until the end of May. We like to close Christmas Day but last Christmas day - Christmas 12 months ago - we had three Dutch tourists knocking on our front door saying, 'Everywhere else in Tasmania is closed. Can we walk around your garden, please?', and we did that.

I prepared a few key points, I don't know whether you want to take these onboard or not.

CHAIR - Thank you, if you could make them available we will take them into evidence. The name Inverawe, what is the origin of that?

Mr CHESTNUT - We wanted a name that reflected my wife's Scottish heritage; she is from Glasgow. We also wanted a name that was easy to remember and, we thought, easy to pronounce and names like 'Four Winds' and 'Dollarvistas' are two-a-penny in gardens. There is a stunning view in the garden down the Northwest Bay and 'Inver' means the mouth and we're at the mouth of the Northwest Bay River. But there is no attraction in the name Northwest Bay River. So we thought we had invented the name 'Inverawe' but when I went on the web to search it before registering it as a business name, there is an Inverawe in Scotland not too far from where my wife grew up between Glasgow and Oban where they sell smoked trout which we have tried and it is very nice. So if you are ever in Scotland try Inverawe smoked trout, I recommend it.

Mr GAFFNEY - Bill, on the north-west coast we were met by some people up there who had some lovely gardens as well, but different type of gardens. When people come to your garden are they doing a garden tour of the State?

Mr CHESTNUT - Some of them are. The organisation is the Blooming Tasmania Association. I was the foundation chair of it and was chair for four year. It is now chaired by Jenny Chapman.

CHAIR - Is she the lady on ABC Radio every Saturday morning giving details on which gardens will be open?

Mr CHESTNUT - No, that is the Open Gardens Scheme which is slightly different; that is Julie Seibert and she is from up north. There was a time when the *Blooming Tasmania* booklet came out of Davey Street from what used to be Totally South until recently and

they decided they did not want to do it any more, so Tourism Tasmania got a lot of us together and the usual thing happened, people were sitting on the hands, so I said I would chair it and get it off the ground and I got it off the ground for four years. Administration is not something I look forward to, I am an engineer by profession so I am more project-based, and the project was to get it up and running and financially viable and we did that. But we have the booklet and we hand them out. We make sure that everyone leaves with the booklet because there are a handful of very good gardens in Tasmania but not enough, but the garden has to be strongly seen and you have to know what the continuation of the most important thing about this garden is and that is the theme. The continuation in that sense is the theme and there are some gardens that really are not strongly themed. I note the next cab off the rank is waiting patiently.

CHAIR - No, you have plenty of time.

Mr CHESTNUT - We really need to develop a culture of quality, quality in terms of satisfying customers' needs. We need to talk about and we need to write about it. Mostly what I used to get from Totally South and now also from Tourism Tasmania is how to spend money on advertisements - we will have a page in the Qantas booklet or this booklet or something and for \$200 or \$300 I can get a small ad. Advertising really only works if you are Pure Tasmania and you can organise yourself a sustained campaign over a long period of time, in my experience. Small people such as us do one-hit things and the things we do we usually think and talk about and if we get a bit of leverage out of it then we will do it. By leverage I mean if you advertise occasionally in tourism throw-away newspapers they will occasionally run an editorial for you. I advertise occasionally in the local paper and they do the odd editorial for us, too. The *Huon Chronicle* will run articles and so on, so the sort of promotion we do has to be leveraged.

I also write for *Our Gardens*, which is the magazine of the Garden Clubs of Australia, so you do what you can and I do recommend other gardens. Amali and Kay Crowden from Kaydale Lodge were down recently to view our garden.

CHAIR - I was wondering if you would put that in the 'worthwhile gardens' category.

Mr CHESTNUT - I think the alpine rockery that those two girls have built is the best alpine rockery outside of Edinburgh botanic gardens in Scotland. It is a fabulous piece of work.

CHAIR - There are a few stones in that from our family farm.

Mr CHESTNUT - Good, it's nice to have a stake in the business.

Laughter.

Mr CHESTNUT - So basically the message is to talk about quality, write about it, have meetings about it, and I know people are not going to know where to start - I have been there and done that. When quality guru Joseph Juran - who is no longer alive - came to Australia from America and one of the people in the group said, 'My company won't do such and such', Dr Juran said, 'Wait for things to get worse - then they'll do it'. If you talk about quality often enough people will start to think about it and believe in it and they will start to follow some of the ideas of it. For Signature Experience I think we were the only people who ran a survey which was part of what the Signature Experience people

asked us to do, because the others just did not want to run a survey. If you do not ask you do not know what your customers are thinking and you often get surprising results. That is the sort of culture we have to encourage because, as I say, my customers and everyone else's customers can fly to Europe or the United States - they can all afford to do that - and see the best in the world.

Dr GOODWIN - Bill, can I ask about your survey? Obviously it has helped you to improve your business to meet your customers' needs because you talked about the steps and paths and all those things, but does it inform your marketing as well? Has it changed the way you market the business?

Mr CHESTNUT - Yes, it has. We are much more focused. Business has become a lot harder over the past couple of years, despite the fact we have increased in turnover. It is difficult and you have to run really hard, so you have to pay attention to those things. We run strongly on the native garden idea. One of the consultants, David Inches, said to us, 'I get no sense of place', but after we talked about it with him we put in a lot of interpretation signs to give people a sense of the history of our particular patch. The French were out there in the bay in 1792; they were the first people to map the bay. We have an image of that map up on one of our signs.

As regards where you place advertising and how you place it, given the fact that we have an upmarket clientele - 55 per cent of them have higher degrees and another 25 per cent have first degrees. They are a reasonably slick bunch of people and that would shape the way we market the message. You learn to respect your customers much more because they've obviously achieved things in other forms of life.

CHAIR - Are most of your customers garden lovers who come to see your garden and others?

Mr CHESTNUT - Yes. Some, I must say, are dragged in by their partners but are usually converted by the time they've walked around. Some of them are native plant people and they are just interested in native plant gardens and wouldn't visit anything else. A lot of them are garden lovers who just like visiting gardens. When I go on holidays I visit gardens and I'm not fussed about what sort of gardens they are because you learn something from all sorts of gardens.

Mr GAFFNEY - Do you sell native plants?

Mr CHESTNUT - We have a few for sale. Some people regard buying a plant as a souvenir as part of the experience if they are visiting friends and relatives. They buy a plant and put it in their friends and relatives garden as part of the experience. For the same reason we serve cups of tea because people, particularly those from the United Kingdom, visit a garden, sit on the terrace and have a cup of tea in the garden. It's what they do, so we do that as well.

We are getting smarter and it would be nice to communicate some of this smartness to other operators as well. My wife, Margaret, put her hand up for an interstate ITA sales mission last May. They visited the eastern States sponsored by Tourism Tasmania - you had to pay money for it but it was led by Tourism Tasmania for its inbound tour operators. They look like doing it again this year. I have also put Margaret's hand up for

an overseas visit to the United Kingdom and I think Germany amongst other places. We have a unique program and we are trying to sell the idea of it and we want to step up to the next level. It would be a lot easier to step up to the next level if there was a whole mess of gardens here that were world-class gardens and people would come to Tasmania just to see gardens. You can extend the analogy to other areas.

CHAIR - To play golf, for example.

Mr CHESTNUT - Yes. There are apparently people who come to Tasmania just to play at Barnboogle. I'm not a golfer myself but I understand that to be the case. North West Bay is building accommodation or a hotel up on their new golf course. I hope golf widows or widowers will come down and like the gardens while their partners play golf. Barnboogle is a good case in point; it has to be world class for people who come. And then there are Rob Pennicott's tours - I have done something similar off Orkney off the north of Scotland - and his tours hold up very well against that. In fact, I think Rob's in front of the tour I did out of Orkney in Scotland. That's the standard we have to shoot for and even a smaller operator has to be excellent in that regard. That is the message we have to get to people: it has to be excellence.

CHAIR - Thank you very much. It has been entertaining as well as being informative.

Mr CHESTNUT - Thank you for listening.

Mr GAFFNEY - The Tas Arboretum - have you been there?

Mr CHESTNUT - I have been there a number of times, yes.

Mr GAFFNEY - How far is that from your mark of being one of the better gardens? I know it is lot of volunteers; I am just wondering because it is just a different level isn't it? It is not quite there is it?

Mr CHESTNUT - It is a while since I have been there, Michael.

THE WITNESS WITHDREW.

Mr KENNETH JOHN JEFFREYS, FORESTRY TASMANIA, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR - Thank you very for coming and we look forward to hearing what you have to say and we are very conscious of the good work that Forestry Tasmania does in making extra attractions for tourists.

Mr JEFFREYS - Thank you, Mr Wing and thanks very much for the invitation to come along. I do have some introductory remarks but I am not sure about how much you want to hear in terms of introduction.

CHAIR - Whatever you would like to tell us, feel at liberty.

Mr JEFFREYS - I certainly don't want to cut short any time for questions.

I think I can assume that you all know that FT manages about 1.5 million hectares of State forest and about 53 per cent of that land is in reserves. I think the contribution I can make to the committee today is two-fold. One is on the recreational facilities we have around the State and the second is the commercial sites that we operate around the State. So I am happy to deal with both of them together or separately. The messages for both of them are different with a very different set of circumstances we are facing.

On that 1.5 million hectares, we operate about 70 visitor sites. This is just straight recreational sites, picnic areas, walking tracks et cetera. We maintain about 6 500 kilometres of road at a cost of about \$4 million a year.

CHAIR - Probably in better condition than the Midland Highway

Mr JEFFREYS - I am afraid not, Mr Wing. I would like to be able to say they are!

Laughter.

Mr JEFFREYS - I do not have a figure on the number of walking tracks that we have around the State nor the distance of those walking tracks, but it is a significant asset. We also provide, in conjunction with Parks and Wildlife, a commercial visitor service licence. So we have about 70 to 90 small businesses, depending on renewals annually, that use State forest assets to conduct their own businesses - tours, eco adventures and those things. Tarkine Trails is an example in the north-west, but there are just so many of them and we license in conjunction with Parks and Wildlife to minimise costs. I think it is about \$60 a year or so for those businesses to apply for a licence.

I think the committee would be well aware that forestry industry is going through a very difficult time at the moment and I can say that in the old days of Forestry Tasmania, maintaining those assets was relatively easy because of the cash flow coming through. Things have tightened up quite significantly in the past two years. I want to take you through some of the challenges and hopefully relate to your terms of reference what those challenges mean. You might be aware that a couple of years ago the Tayatea bridge in the South Arthur Forest drive washed away. It means that that South Arthur Forest drive has been cut for a couple of years. It will be picked up and repaired as part

of the Tarkine Drive proposal that the Government has put forward. You will know that we are currently in the process of replacing the Wielangta bridge along Wielangta Road at a cost of about \$600 000, but that is funded by the Government and that road is maintained by Gunns. Gunns, FT and the Government are contributing to put that bridge back in.

In the recent floods we lost two bridges over the Mother Cummings Rivulet and the other over the Meander River. This is the only road access to the Meander Falls track, Split Rock track, Dixon's track, Stone Hut track, Croft track, Bastion Cascade track and the Meander picnic area. They are popular walking tracks. In the old days of FT we would have had crews already in there planning how we would replace those bridges. This time we can't afford to do that. We are now in a position where we will need to carefully assess whether we need that infrastructure - and it's unlikely that we will need that infrastructure for forestry activity. We will need then to consider whether, with the resources we have at hand, we can replace those bridges.

Things have changed quite dramatically and it is sad that that's happened, but the old days of Forestry Tasmania going in and repairing assets are gone, unless there is some other source of revenue that we can access. We are applying to the Tasmanian Government for community service obligation funding but I am not sure whether that will be successful. I am aware that there are very tight rules around community service obligations. If you look around Australia, you will see that the cost of managing national parks works out at something between \$20 and \$30 a hectare. If we have 500 000-600 000 hectares that we manage in the same way you manage national parks, you can do the calculations yourself. It is a fairly substantial contribution that Forestry Tasmania has made over a number of years and unfortunately I can't see that the organisation will be able to continue to do that.

The way it relates to your terms of reference is that it is a question of whether more marketing is needed. I think it needs to be taken in the context of looking at the infrastructure within the State. We can have the best brand in the world but you need a brand that is supported by the evidence on the ground. I think the infrastructure we have in Tasmania is world class but you would want to make sure that that infrastructure is maintained at top notch otherwise you can do as much marketing as you would like - and your previous witnesses told you about quality - but if it's undermined by inappropriate or infrastructure that is not good then the future doesn't look as bright as it would otherwise.

In terms of our portfolio, Forestry Tasmania's commercial tourism sites, Tahune opened in 2002 and since then we have had about one million visitors through there. It is profitable but it is entering the mature phase of its life cycle, which means that over the next few years we will have to spend money to upgrade the facilities - very much on a microcosm of what I've just been talking about. You need the facilities to look good. We are starting that process and we are also trying to convert Tahune from a day visit from Hobart into an overnight stay, which I think the whole Huon region is trying to achieve. We are doing that by putting in some fairly basic accommodation. We are calling it the 'AirWalk Lodge'. It's a bit better than backpackers but it's not four-star or five-star. It does fit with the Huon Council's report they did on the accommodation management for the Huon. We should have that open by mid-February, hopefully it will be under way.

Dr GOODWIN - What would the capacity of that be, how many beds?

Mr JEFFREYS - It is about 30 beds but it depends on the configuration. We have ways we can move it around so you can get families in and what have you. So it is probably a maximum of 30.

Mr GAFFNEY - When you say it is profitable, do you see those profits covering the costs of the replacement infrastructure you need so that in the long-term it is not a big burden on Forestry Tasmania?

Mr JEFFREYS - No. I should choose my words carefully, but I will be honest, it has propped up some other sites, it has been that popular. I think its business case in 1992 was 50 000 visitors. In the first year I think there were 140 000 and now, as it has reached its mature life cycle and the early adopters have moved away, in other words, the Tasmanians who were going there, they have seen it and there is no reason to go back unless we do something different which is what we need to do. But it is still getting about 80 000 visitors. So, is it self-sustaining? Yes, definitely.

Tarkine Forest Adventures is a different kettle of fish. We opened that 2004. It is now operating with a new lease of life because we have leased the site to a family operator.

Dr GOODWIN - New name too?

Mr JEFFREYS - New name - it didn't make much difference, I have to say, Dr Goodwin, because people still like to refer to it as Dismal Swamp. It still has an attraction for people. So it was my idea to change to Tarkine Forest Adventures. I may have made mistake. It may be -

CHAIR - I don't think you have.

Mr JEFFREYS - But the Tarkine Forest Adventures, like all of our sites, had a very difficult run from June this year through to Christmas. Since Christmas it has been very good. I think across all of our sites we are down about 15 per cent. But since Christmas we could not have been happier with the turnaround.

CHAIR - Friends from Newcastle were very impressed with it over the Christmas-New Year period.

Mr JEFFREYS - Thank you - you have helped us achieve that. Hollybank Treetop Adventures, again, the same, they had a difficult run from June through to December but they have had a record breaking run since then. Hollybank is operated as a joint venture. We have 50 per cent equity with Australian Treetop Canopy Tours and from our perspective that is the model that works best. Some of the business procedures that we need to go through do not necessarily work so well for small tourism operations and I think that the experience with Hollybank Treetops has given us the confidence to start looking at changing our business model from FT owning and operating the sites, to getting people in who have some skin in the game, who are on the site every day, looking at the bottom line every day and cutting through the practices that we are obliged at FT

to adhere to. That does not mean any diminution of safety procedures or anything like that, it is just matching up the opportunity with the right skills and the right people.

Maydena Adventure Hub is a massive challenge for us. We regard it very much as a community service. It will never, in my view, attract the numbers that Tahune will attract. Tahune is a mass market appeal. Maydena, the way we are trying to position that - and I think this fits in with your previous witnesses' statements - is that we are trying to offer a very high-yield, high-value product. So for the demographic that he was talking about, we are hoping that we will get people in and there are people who are prepared to pay for a very good experience. We are doing those things through Top of the World Tours. We have Eagle's Eyrie right at the top, absolutely fantastic building, absolutely fantastic location. How you get the through-put up there is the challenge that we are working on now. But we are budgeting for losses going forward for a while but we think that Maydena will have its time in the sun but it will not be for a few years yet.

Dr GOODWIN - What does that one involve?

Mr JEFFREYS - It was the old Maydena Hauler. When Bob Gordon became managing director four years ago he asked for a review of the business case. The Maydena Hauler involved a funicular railway running from the valley to the top - a fantastic idea, very visionary - but about \$13 million in cost and we could not on a business case ever have made that money back, it would have been a continual drain on resources. What we decided to do to move forward from that was to put the Eagle's Eyrie on top and that is a very good quality lookout fully equipped with a commercial kitchen and it is absolutely fantastic for corporate functions but it also has the challenge of distance from a population centre so you cannot have a corporate function up there at a drop of a hat with hotels right next to you, you actually have to make a 90-minute trip to Maydena. Do we have the model right for Maydena yet? I do not think so, but we are working on that challenge.

You might be aware that we also took over the Forest and Heritage Centre at Geeveston prior to the last election. The volunteer board there ran into some financial difficulties. It was charging us commission for AirWalk tickets so it made sense for Forestry Tasmania to step into that breach and to take over the centre. Interpretations there do need improvement.

The biggest issue I think we have across all the sites, with the exception of Hollybank and probably Tarkine now because by outsourcing and having this private-public partnership we have got over the skills issue, but whenever you are operating in regional areas getting the right people to deliver the quality is very difficult and I think we have just employed a new manager for Tahune and he has experience with the Peppers resorts interstate and I think that we have are on the way to delivering a top quality product there.

Just in brief terms you can hear from what I have said so far that we are moving our policy in relation to tourism. We do not think we are the right people to continue to develop tourism ventures. We think we have sufficient as they are but we want to become an enthusiastic landlord. We think there are many, many sites on State forests that can be developed when their time is right and we would like to be enthusiastic helpers of private developers coming in and using those sites. We have discussed with

Tourism Tasmania the idea of establishing a land bank which was tried in Western Australia not terribly successfully, but under a land bank proposal you essentially identify a number of sites you think might make good development opportunities and you make them investment-ready to get over this reticence of people to try to develop on greenfield sites. That is still on the backburner. Both Tourism Tasmania and Forestry Tasmania have had bigger fish to fry but that remains a viable project going forward if it is in fact the desire of Tourism Tasmania to deal with that.

I think my summary message would be that I think we need to look at the supply side as well as the demand side in terms of the tourism equation. I think Tourism Tasmania is doing a very passionately good job with the dollars they have available. What I would hate to see is that work undermined by not having the appropriate infrastructure and the quality infrastructure on the ground in Tasmania.

CHAIR - That is the second time we have heard that it is necessary to look at the demand side as well as the supply today.

Mr JEFFREYS - Is that right?

CHAIR - Yes.

Mr JEFFREYS - I was nervous that I might be the only one singing that tune.

CHAIR - No - it's a chorus.

Dr GOODWIN - You mentioned the flood damage to the Meander Falls Track and various other aspects of that particular area serviced by the bridge, with which I am not overly familiar, but what are the implications for that? You were suggesting that you may not be able to replace the bridge so what does that mean for tourists who would be going into that area with the expectation of being able to do that?

Mr JEFFREYS - It means they won't be able to and it means that we need to adjust all of our marketing material and take that out.

Dr GOODWIN - Is that area a significant asset?

Mr GAFFNEY - One of the issues with the flood damage is they're not sure whether 'recreational' qualifies to get any funding for it either. That's the issue at the moment with local government land - as a national disaster, when they apply for Federal or State funding, whether a recreational area like the replacement of a bridge just for recreation will qualify for funding. It will be a real issue because there are some beautiful walking tracks in that area.

Mr JEFFREYS - It's going to be a story you will hear repeatedly unless we find a way of dealing with it. I am very concerned about the standard of infrastructure we have built up since 1920. I'm not saying we spend any more money on new projects, I am saying we have the infrastructure there so let's make sure it's good.

Mr GAFFNEY - Forestry Tasmania had the Warrawee where we are and it's just all gone. All the toilets have gone, the paths have gone - hours and hours of volunteer work.

Forestry has been very good with our local Landcare group but it is thousands of hours of work that has been washed down the river. It's very disheartening for them and it's not going to be a priority.

CHAIR - You also have some facility in the Strahan area, don't you?

Mr JEFFREYS - No, we don't. We did have a shopfront and store.

CHAIR - I thought there were barbecue facilities at some area?

Mr JEFFREYS - We certainly have them at Montezuma Falls and on the Teepookana Plateau. You might have seen the ads on TV where the jet ski guide takes people all the way up the river and gets out onto the Teepookana Plateau to see Huon pine.

CHAIR - That's probably what I'm thinking of.

Mr JEFFREYS - That would be the one because that was promoted many years ago as a potential icon of the State. I don't share that view but it's still a very valuable asset.

Dr GOODWIN - Can I go back to this walking track issue? Being a bushwalker, it's an area I am quite concerned about. You've talked about the budgetary pressures, the cash flow tightening up and the capacity to maintain assets being limited somewhat and you said you didn't know how many walking tracks there were potentially, but do you have a ballpark idea? Are we talking lots of them around Tasmania?

Mr JEFFREYS - More than 200. If you think about Arve Road there are probably five or six on that one section alone, but they are everywhere. I think, Mr Gaffney, they are a problem in your area as well. There is a lot in the north-west of the State. There are a few down at Wielangta. They are well-used tracks.

One of the reasons I am being a bit vague is that we used to do a lot of reporting on road networks and usage of tracks. As a result of the revenue restrictions we have been under - we are not a government department so we don't get money from government to pay for these things - because of the fall in revenue from timber sales, even things such as the road counters we are not doing any more. That's the reason I am being vague. It's not because we wouldn't like that information; of course we would. You have to work out what the priorities are and deal with the mandatories and you have to prioritise the nice-to-do as well.

Dr GOODWIN - This CSO funding that you're applying for, would that cover some of these things you're talking about?

Mr JEFFREYS - It would certainly make a huge difference. Forestry Tasmania used to receive community service funding until 1998 and then it was stopped. We would like to see at least that reinstated. It is a very significant area. I think Parks and Wildlife manages about 2.6 million hectares; about \$30 million was their annual budget. I know you've had previous witnesses saying that even that is insufficient for Parks and Wildlife and in previous years we would like to have been recognised for the contribution we have made. I think we would now like to see the dollars for the contribution we make. I

know in these budget times the Government is going to have to set its own priorities and we are probably there with others.

CHAIR - So you are not seeking total reimbursement? How much would you be looking to receive?

Mr JEFFREYS - It is a really difficult question, one that we would like to talk with the Government about, but you might be aware that we recently had our forest assets revalued and it was decided by the valuer that 300 000 hectares of State forest was a liability and it is partly because of these recreational costs and the CSO for that area was \$9.3 million. The CSO wasn't but that is what it costs annually for Forestry Tasmania to look after that 300 000 hectares, and that was by an independent valuer. That only accounts for about half of their forest reserves on State forest.

I think a reasonable benchmark across all the States on national parks funding might be an appropriate measure.

Dr GOODWIN - Is the Wielangta bridge the one up near Orford?

Mr JEFFREYS - Yes.

Dr GOODWIN - That has been raised with us as an issue.

Mr JEFFREYS - It is not only a tourist drive but if you put it into your Navman, if you want to go from the Tasman Peninsula to the east coast, it tells that is the route you should go on, which causes all sorts of anxiety. It is a Gunns road at Sandspit Reserve - I think it is called Sandspit - and there is a lovely picnic area beside the river there as well. The people from Tas Span started work a few days ago and have been delayed by the rains but I think the expectation is that they will be open next month.

CHAIR - So that runs from south of Orford through to near Marion Bay - is that the one?

Mr JEFFREYS - That's the one.

CHAIR - It is a beautiful drive, magnificent.

Mr JEFFREYS - Beautiful trees.

CHAIR - Yes, just so tall and straight.

Dr GOODWIN - You mentioned becoming an enthusiastic landlord for other, hopefully, private investors with their own tourist ventures. Are there any stumbling blocks for people who might want to go down that path in terms of trying to establish a business and what are the barriers that they face?

Mr JEFFREYS - It is a misconception that you can just build on State forest without council approval. We have to go through the same processes as all other land managers but we also have a State forest activity assessment that we go through which is a relatively easy thing to satisfy but ensures your footprint is minimal and that all the values are maintained. We think we have a very good track record of getting projects done in State

forests. We therefore think we have the expertise to help develop investment-ready sites around the State. We have not gone through a process of identifying every possible development site but a few spring to mind. The Arm River camp would be a potential development site. We have some land on Huon that might also be useful. If you look around the place there are some absolutely magnificent areas that could be developed.

Having said that, though, before we encourage people to develop these sites, their timing has to be right, the demands have to be there. I think Forestry Tasmania was a trailblazer in the late 1980s and early 1990s partly because the Government wanted to stimulate the economy. The Tahune AirWalk was born out of that desire by the Government to stimulate regional economies; Tarkine Forest Adventures was born out of that; Maydena was born out of this drive. We've been investing in places that developers wouldn't invest in. That means that sometimes our sites have been developed before the time is right, so I am a very strong believer in having them available and letting the private sector decide when it's the right time to develop the sites.

A land bank, to me, makes sense. I'm not saying it will work but some derivation of that might be useful. I think we can learn from Western Australia's experience. There were a couple of sites that were made investment-ready that did go, but there were also a lot that didn't. However I don't think we should wring our hands in angst if we put up half a dozen of these sites and nobody takes them up for five years. There is not a great investment and at least it shows that we are open for business and there are opportunities if you want them. The barrier and the hurdle might be a lot lower on State forests than it is in national parks, although I do know that Parks and Wildlife would like to encourage some investments near or on their land.

CHAIR - Is there anything you would like to say in closing this session?

Mr JEFFREYS - No, only that I am feeling more confident about our commercial sites than I have for the past three years and it is such a relief.

CHAIR - Thank you very much for coming and helping us by giving us all that information.

Mr GAFFNEY - Would you mind if we had a copy of that presentation? Is there anything there that you wouldn't want us to see?

Mr JEFFREYS - No, I've been very frank with you.

Mr GAFFNEY - It's just makes it easier when we're doing the report to make sure that we don't miss any of the information.

Mr JEFFREYS - Would it be useful if I also tabled the master plan we have for Tahune?

CHAIR - Yes, anything like that would be appreciated.

Mr JEFFREYS - One last comment I would make is that what has made the difference since Christmas from our perspective is the television advertising campaign we've done. It's been very successful.

Mr GAFFNEY - Did you get some assistance from Tourism Tasmania for that marketing campaign or was it purely yours?

Mr JEFFREYS - Just ours.

CHAIR - Do you pay for the whole lot? It's a half-hour program, isn't it?

Mr JEFFREYS - No, that is *Going Bush*.

CHAIR - Is that not yours?

Mr JEFFREYS - Yes, that is ours. We have a partnership with Southern Cross where we pay for the development of the program and they put it to air. This year it is particularly good news from our perspective because Southern Cross will be telecasting that program into Victoria, New South Wales and Queensland so we're looking forward to that. It goes to air on 5 February. I have also taken the opportunity to make sure there are lots of mentions of adventure forests in there and hopefully it will drive more visitors to our sites.

CHAIR - Thank you very much. We appreciate your help.

THE WITNESS WITHDREW.