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Simon Scott,

Committee Secretary

Parliamentary Standing Committee of Public Accounts

Parliament House, Hobart, TAS 7000

pac@parliament.tas.gov.au

TICT Submission addressing the following terms of reference “...opportunities to support the Tasmanian tourism industry and Tasmanian producers until the new ships are in service, and to maximise the benefits once they are...”

Introduction

I provide this submission as the Chief Executive Officer of the peak industry body for tourism in Tasmania, the Tourism Industry Council of Tasmania (TICT), which provides a united voice for our industry and is a signatory to the 2030 Visitor Economy Strategy in partnership with the Tasmanian Government. This submission also has the support of the Tasmanian Hospitality Association, which is also a signatory to the T21 governance structure under which the 2030 Strategy sits and includes feedback from the state’s four Regional Tourism Organisations.

This joint governance framework is a unique and enduring partnership which sees industry partner with Government to plan for the future of our visitor economy, including examining and proposing appropriate policy frameworks.

The Visitor Economy’s contribution to the broader Tasmanian economy is significant;

- One in eight Tasmanians are employed in the visitor economy – equating to 12% of all jobs.
- For every dollar spent in the visitor economy, another 83 cents is spent in the broader Tasmanian economy.
- Tasmania has some of the most heavily reliant regions in the country. For example, 55.3% east coast jobs depend on tourism.

State Tourism Satellite Accounts, 2022-23.

At the same time, the Tasmanian hospitality industry is the third largest employing industry in the state, adding \$747 million in Gross Value Add in FY2022 (ref: University of Tasmania, 2022).

Given the combined industries’ contribution to the Tasmanian economy, the TICT welcomes the opportunity to provide feedback to the *Parliamentary Standing Committee of Public Accounts* on the above terms of reference. It has been the tourism and hospitality industry which has been impacted most significantly by the events which led to the delayed delivery of the two new Spirit of Tasmania vessels. The apparent inability of two of the state’s Government Business Enterprises to work



together collaboratively to deliver one of Tasmania's biggest infrastructure projects has resulted in lost opportunity for operators across the state and potential brand damage. It has resulted in confusion and frustration not only for operators who invested in their businesses on the belief this new infrastructure would be delivered but also the broader industry which was not kept informed or communicated with as the events unfolded.

This situation has been well-documented and this submission does not intend to delve into this matter further, other than to point out that events of the past 12 months have served to further strengthen the argument that government businesses like TT-Line are not just commercial entities and that they have a broader purpose of serving Tasmania and its economic prosperity.

The tourism industry is firmly of the view that a business like the TT-Line should be considered primarily as a critical visitor economy driver with its aims, objectives and governance structured accordingly. As outlined in industry's submission to the Tasmanian Government's discussion paper on Government Business Enterprise reform, these entities must be focused on role of meeting the needs of industry and the Tasmanian community, rather than purely on commercial returns.

This Submission addresses the Committee's terms of reference in three parts;

- The importance of driving increased visitation prior to the arrival of the new Spirit of Tasmania vessels;
- Preparations required urgently to ensure our destination is adequately prepared for the new vessels when they arrive and;
- Ensuring the activities of TT-Line are aligned to the outcomes and objectives of the 2030 Visitor Economy Strategy.

Part 1: The importance of driving increased visitation prior to the arrival of the new Spirit of Tasmania vessels

As outlined on the Spirit of Tasmania's website, Spirit of Tasmania IV and Spirit of Tasmania V are able to accommodate up to 1,800 passengers and provide 4,098 lane metres for vehicles, ensuring ample space for passengers, their vehicles, and freight.

It notes that in comparison, the current vessels, Spirit of Tasmania I and Spirit of Tasmania II, have a passenger capacity of approximately 1,400, with 2,565 lane metres for vehicles. Therefore, the new ships represent a significant upgrade in size and capacity, particularly high-space capacity for larger vehicles such as caravans and motorhomes. The additional capacity was widely communicated and heralded by the Tasmanian Government to the industry for a number of years in the lead up to 2024, therefore a number of operators made capital investments and planned their business operations accordingly to leverage this additional visitation. The news delivered by the Tasmanian Government towards the end of 2024, and more specifically the length of the delay, came as a shock to industry. Not only did the new ships represent an increase in capacity and therefore additional visitors to the State, they represented a step-change in access to the island, with the potential to inject a renewed sense of confidence in Tasmania as a destination. This opportunity and positive anticipation was lost when the extent of the delay was communicated. From the perspective of the Tasmanian travelling



public, they also represented a greater opportunity for those with caravan and campervans to travel in and out of the state with more agility and without significant delays.

There are a number of levers which are available to Government to realise the increased visitation due to be delivered via the new, bigger ferries. This comes in the form of demand generation activities delivered via Tourism Tasmania, Events Tasmania and Business Events Tasmania. This demand generating activity must work in alignment with the existing access gateways to the state, primarily through air and via the existing Spirit of Tasmania ferries.

However, it must be recognised that cost of living pressures and competition for domestic visitors is increasing not only across Australia but also with other overseas markets, particularly in the Asia Pacific. This means that activities to mobilise the intrastate (Tasmanian) market must also be part of the strategy.

Opportunities for support;

- Funding for direct marketing activity by Tourism Tasmania must be maintained and increased ensuring Tasmania can compete to not only retain its visitor share but increase its visitor share to offset the lost opportunity from the Spirits delay.
- Close collaboration between Tourism Tasmania, the Department of State Growth, the State's Airports and airlines to demonstrate a forward pipeline of demand driving activity to provide confidence to airlines to increase air capacity into the state and support the introduction of new routes
- Funding for demand driving events be maintained, to promote visitation during the shoulder and off-seasons
- Continued focus on stimulating intrastate visitation through increased visibility of product to Tasmanians, reasons to travel outside of main population centres and the economic benefit of doing so
- Continual review by Spirit of Tasmania to modify its deck heights where possible to allow as many motorhomes and campervans access to the state, reducing wait times
- Drive demand for travellers taking their cars on the Spirit of Tasmania vessels through special offers and incentives with a focus on self-drive
- Increasing day sailings wherever possible to ensure unmet demand is addressed.

Part 2: Preparations required urgently to ensure our destination is adequately prepared for the new vessels when they arrive

Had the new Spirit of Tasmania vessels been delivered by the expected delivery timeframes, a real risk existed that our destination was not appropriately prepared to deal with the expected increase in passengers, particularly the numbers of motorhomes and campervans. A number of the state's roads, particularly on the east coast, are not equipped to deal with current activity, let alone increased motor home and campervan traffic. A number of our regional towns require dump points and improved parking infrastructure, to ensure the current experience of locals and visitors is maintained. A number of the state's parks require urgent improvements in toilet facilities, parking and other infrastructure. Consideration should also be given to larger camping sites given increases



in size in vehicles. Mobile and data connectivity remains challenging, particularly on the state's east coast. Given the new ships represent one of the state's biggest infrastructure spends, a more cohesive and over-arching preparedness strategy should be in implementation. The delay in the arrival of the new ships, although devastating, does give the state more time to prepare strategically. A number of activities are already underway including;

- The preparation of the 'Preparing for the new Spirit of Tasmania Ships – Caravan and Motorhome Market Plan' to help guide priority investment in Parks infrastructure and dump points in local government areas.
- Funding for the TICT to educate the tourism industry about the visitor market travelling on the Spirits and how they can be prepared for these visitors and leverage the opportunity;
- The development of case studies showcasing operators who respond to the motorhome and campervan market in a best practise way and how others can learn from that;
- The Tasmanian Government's Spirit of Tasmania preparedness grant program allowing private operators and local councils to co-invest in activities which help them prepare for the increased visitation from the new vessels

The limitations of above are that these activities are not being overseen by a whole of economy strategic and cohesive planning framework. The limited funding allocated to the Spirit of Tasmania preparedness grants, while welcome, will not see the scale of improvements required across the state. In addition, the lead time and approvals required to undertake the works by Parks appear to be impeding the ability to move forward with the haste required. In order to avoid potential social licence challenges and perceived and/or real negative impacts on local communities, as a destination we must urgently develop a cohesive whole of economy preparedness strategy.

Opportunities for support;

- The Tasmanian Government to provide appropriate resourcing of a whole of economy over-arching preparedness strategy, bringing together public and private infrastructure needs, including road infrastructure and local government owned assets, connectivity challenges and industry preparedness and regional community needs.
- Ensuring the recommendations of the 'Caravan and Motorhome Market Plan' (previously referred to) are shared widely with local government and industry and the recommendations are funded according to priority need.
- Expedite and ramp up programs designed to increase EV charging infrastructure across the state.
- Ensure the Parks and Wildlife Services has the ability to deliver all necessary capital upgrades and identify solutions where this is not happening as quickly as required.
- Work with the Federal Government to urgently plan for upgrades and improvements to the East Coast Drive in particular, with a focus on safety measures for increased motorhome and campervan traffic.
- Provide longer term certainty of funding to non-accredited training provider VXT to develop in region training to develop a pipeline of appropriately trained staff equipped to assist operators address the anticipated increase in visitation.



Part 3; The activities of TT-Line must be aligned to the outcomes and objectives of the 2030 Visitor Economy Strategy, with Spirit of Tasmania included in visitor economy planning

The events of the past year have presented all stakeholders with an interest in the effective operations of the TT-Line, the opportunity to reset and work together more collaboratively than ever before. The industry considers the Spirit of Tasmania vessels to be as critical to the future success of the visitor economy as the state's aviation access. As an island destination, Tasmania relies on its access points and as a visitor economy driving piece of infrastructure, the Spirit vessels should be seamlessly connected to industry and its governance structure. This means aligning its activities with the objectives of the 2030 Visitor Economy Strategy through the governance structure of T21 (as outlined in this paper's Introduction above).

There must be more transparency and alignment between the activities of TT-Line, entities like Tourism Tasmania and industry, through the sharing of more market data and trends, including the travel patterns of Spirit of Tasmania travellers. This will in turn lead to more understanding between these organisations and shared, aligned activities. The industry also feels strongly about the need to have informed local tourism expertise on the Board of TT-Line, ensuring the visitor economy is considered in strategic conversations at the highest level.

In addition, the industry advocates for the development of a broader 'access strategy' for the State which includes the strategic activities and objectives of the Spirit of Tasmania vessels and how these interact and contribute to achieving the objectives of the 2030 Visitor Economy Strategy. This will outline how sea access to Tasmania works alongside aviation access across 12 months of the year.

The following activities are recommended:

- Strong Tasmanian tourism skills and expertise be mandated for the TT-Line Board ensuring the considerations of the visitor economy are considered at the highest strategic level;
- An over-arching access strategy be developed which brings air and sea access objectives together to achieve the outcomes of the 2030 Visitor Economy Strategy;
- A more structured sharing and communications structure set up between TT-Line, Tourism Tasmania and industry to ensure opportunities are being leveraged and consistency in strategy.
- Regular sharing of trends, sailing schedules and occupancy (if appropriate) from TT-Line with Tourism Tasmania, and industry.

Conclusion

The TICT thanks the Committee for the opportunity to provide its feedback against the terms of reference outlined. Action on the above recommendations should be a matter of urgency as operators are experiencing the real outcomes of the missed opportunity every day the new ships are not delivered. At the same time, we cannot afford to squander the unintended opportunity of more time to prepare our destination, and industry urges immediate action to resource this activity. Finally, as an industry we are presented with an opportunity to collaborate across the visitor economy more than ever before and ensuring ways for the activities of the TT-Line to be aligned to



the visitor economy's longer term strategy are critical. Again, we thank you for this opportunity and look forward to seeing the outcomes of the Committee's work.

Sincerely,



Amy Hills

CEO, Tourism Industry Council Tasmania