

THE LEGISLATIVE COUNCIL SELECT COMMITTEE ON TOURISM MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART, ON FRIDAY 13 NOVEMBER 2009.

Ms MICHELE O'BYRNE, MEMBER OF TASMANIAN PARLIAMENT WAS CALLED AND EXAMINED. **Mr NORM EDWARD ANDREWS**, **Mr PHILLIP ROBERT SOUTER** AND **MS FELICIA MARIANI** WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR (Mr Wing) - I would like to welcome everyone who has come along this morning. Minister, we thank you especially for making the time available. As you know, we have arranged this session today so that you can inform us about what is happening and the main measures taken by Tourism Tasmania, your new portfolio of Hospitality - which comes under the umbrella of Tourism - and generally to inform us about what is happening and what is proposed. We propose to put transcripts of evidence online, if you have no objection to that.

Ms O'BYRNE - There might be some information that we might want to give you that is not public, but we will identify that at the appropriate time.

CHAIR - If at any time you wish to go into camera, please let us know and we shall do that immediately.

Ms O'BYRNE - Before giving an introduction as to where Tourism is placed right now, the Hospitality portfolio is not necessarily falling under the portfolio of Tourism; it will be a line item, a title and an entity on its own, primarily because the issues of hospitality go beyond many situations and issues that impact on the tourism industry. One of the reasons that we've looked at a hospitality portfolio is that tourism clearly has a very strong relationship with the hospitality industry, which is why Tourism Tasmania has a memorandum of understanding with them. There are many issues that the hospitality industry faces that are not related to provision of services or provision of marketing or destination experiences for tourism, so we think they're quite separate and I'm happy to answer where the combinations might occur.

In relation to tourism, we are very pleased. We think tourism is travelling particularly well in Tasmania at the moment, especially in light of the difficult circumstances that most Australian destinations are finding themselves in as a result of the various factors that impact on international and domestic tourism around the country, and that includes the domestic downturn and international implications. We have been shielded in part from quite a bit of that. That is probably due to the fact that we have a lesser reliance on international visitation than other States. It forms a smaller part of our tourist market. We have also been dealing with the challenge that most States deal with, and that is the many Australians who are seeking international experiences for their holiday destinations. That is clearly influenced by favourable exchange rates. There are some very heavily discounted international airfares at the moment and there is a perceived attractiveness of how exciting it is to travel overseas. This is one of the reasons that the Federal Tourism Minister, Martin Ferguson, initiated the National Long-Term Tourism Strategy for Australia. I am not sure if the committee is aware of that but we can touch

on that during the submission and give you copies of it as well. It is about improving the nation's destination competitiveness and also our attractiveness into the future.

There are a lot of external factors working against us but, despite that, we have seen in the last year 1 million people visit Tasmania in a single 12-month period. That is the first time in the State's tourism history and it was one of our growth targets under T21. It's a pretty significant and historic milestone for tourism. It is something that the industry and the Government have worked very closely and very hard on. It is a sort of milestone that inspires some confidence in this industry that makes a significant contribution to the State's economy.

While the total number of visitors is important, as an island destination we clearly have some other issues to deal with. We can only get as many people here as there are seats on planes and places on ships. So recognising that constraint over the last 10 years, we have worked strongly on visitor expenditure as a very key driver of our regional and local economies and a generator of jobs. We are also rapidly, therefore, closing in on the other growth target that was set under T21, which was \$2.2 billion visitor expenditure in a 12-month period. I believe we are up to \$2.16 billion for the year ending March 2009, so we're rapidly closing in on another one of those growth targets. When those targets were set, they were set as growth targets and they were to inspire the industry and government to achieve, but they were also set prior to the downturn in the economy and prior to a number of the international indications. Had we reached this without anything changing it would have been a very successful thing, but given the circumstances and challenges we have faced it is a great commendation for the industry.

CHAIR - That was to September this year?

Ms O'BYRNE - No, to March 2009. I think we did more than 1 million tourists again to June 2009, but we don't have the latest data yet, although we understand it will be comparable. The figures are looking good. We've had continued growth in total visitors, total nights and spending and that is at a time when nationally there's been a decline in all those areas.

In the 2008-09 cruise ship season we welcomed 105 400 visitors and they contributed an additional \$11 million to the State's economy. That is a 27 per cent increase on our previous record and a 600 per cent increase on the 16 400 people who visited our State on cruise ships 11 years ago, so we're noticing significant growth in that area as well.

The success has been clearly due to a range of factors that place Tasmania at the forefront of tourism nationally. I just wanted to touch on those things and you may want to explore them further through questioning. Our research capabilities in Tasmania, particularly using the Tasmanian Visitor Survey, is viewed with envy by every other State. Later on I can take you through the difference between the National Visitor Survey and the Tasmanian Visitor Survey. Our data is a lot better and we use it a lot smarter. We have the capacity to survey our visitors at all the main departure points, which is clearly not as easy if you do not have a water border. If people are driving in and out of your State you are not in a position to get that kind of data. We use it to get some very robust information for marketing, private investment, business planning and destination development purposes.

Tourism 21, T21, is a partnership between industry and the Tasmanian Government. It is another initiative that every other State looks at with some envy, to have such a strong relationship between its government's role in tourism and its industry role in tourism. It recognises that government alone cannot sustain or cannot create a sustainable tourism sector. That is because delivering the tourist experiences and services on the ground, creating those opportunities, is actually done by industry. The best market in the world will not help if you have not got a really good product on the ground. We have recognised that we need to make that journey, to develop strategy together, and then to promote it, connect it and deliver it in a strategic and synchronised way.

Our Tas e-Connect open booking exchange has also been recognised as a nation-leading digital distribution initiative. In the Jackson report on the national long-term tourism strategy it was also recognised as being extremely significant. We are the only State to have implemented this sort of initiative fully.

The world has changed a lot in the way people book their holidays. One upon a time you went to a travel agent or you phoned a travel agent. What you do now is go onto the Internet. What we have is effectively an online booking system that allows you, in real time, to book your holiday in Tasmania. What you find around the nation is that, whilst a lot of people's businesses are listed on the Internet and you can find them on the Internet, not many of them have the capacity to market properly and individually on the Internet. Very few of them have the capacity to do a real-time booking. At 11 o'clock at night if I am sitting late in the House and I want to book my holiday or business trip somewhere, if I go to most places on the mainland and I am using Internet then I am going to struggle to find places where I can pay through my credit card straightaway and get it done and know my booking is complete. If you are coming to Tasmania we can do that in real time for every business that listed, and I am sure that every business is listed, or very close. We are very close to having all Tasmanian tourism operators accessing that.

It also means that if I want to find a bargain at the moment I might go to Wotif, then I might go Stayz.com and then I might see what one of the individual airlines might have. If you look on our website you are going to get best price all the time because it sorts all of those platforms for you. It is an extremely exciting initiative in a digital economy. To book online in real time is the key. As long as you are able to do that then you are going to position yourself so much faster. What they use is a thing called Webjet.

Ms MARIANI - Using that as an example.

Ms O'BYRNE - You go on online and you book on Wotif.com and you find accommodation. Effectively this allows you go onto the Tourism Tasmania website and you find the best price for a whole host of product that might be flexible. If you are an operator that means that you do not have to put two rooms with this organisation, three rooms with this, five with this and hold on to some for anybody who might turn up at your door. It allows you to manage your entire stock of rooms at one point - immediately. So if somebody books, it immediately goes off and you do not then need to take additional steps, whereas for most people they will then get the message from Wotif, for instance, the next morning when they come in and then they will have to change their booking arrangements as a result. So it is quite a lot of work. This is far more efficient for the industry. It targets and places their product in front of mind. For a

consumer it means you get to book straightaway, when you want to, and that is the big key. If people have to send an e-mail requesting a booking, they might do it but they will probably just go to another site. So that is the key for all of that.

Tourism operators have been taking that up extremely well and we have been running some really good sessions with them to ensure that they understand the full capacity and nature of it as well. When you have a look at the Jackson report, which is informing the long-term tourism strategy, you will see that one of things they highlight is the need to be involved in digital distribution. That is a key future for the tourism industry and Tasmania is leading the way.

We are also working in partnership with major airports. That is to develop and present the business cases which encourage airlines not only to continue with services that they currently offer but also to develop new route opportunities. So we will create business cases for them and go to them and say, we can see that there is a really good market for you to do this run. The key to that is that we do it in their language. One of the problems has always been that governments and tourism operators around the country will ring up an airline and say, 'We want you to do this flight because it is good.' Felicia's favourite quote, which I use quite a bit these days, is that airlines do not fly around with a big red cross printed on the side of them. They are not there to do a favour for us; they are in the game purely for profit. So we need to put a business case to them on a route that will deliver them a profit - and in the yield conversations that they have. Otherwise your letter will be noted by them and that is about it. We work really well with them on presenting business cases that deliver a profit for them and therefore clearly deliver a benefit for Tasmania.

In order to do that we have secured the services of an aviation specialist. I think we are probably the only State to have done that, as far as I am aware.

CHAIR - Who is that?

Ms MARIANI - It is Gary Saunders. Gary has about 25 years experience with Qantas. He started as their route efficiency expert. That is what he did for many years within Qantas and then obviously moved on to other areas. He has a very strong history in understanding how you present this information to an airline, so that it touches on that secret language they have. So he has been really instrumental in helping us with this process.

Ms O'BYRNE - That certainly has made a difference in terms of the conversations we have had. We have seen that with the delivery of additional routes recently and we have some in the pipeline at the moment, for which we have high hopes. That is the reason we have those additional routes at the moment. It is not because they have identified them as a need or because we have said it would be nice if you flew them, but because we have presented a very strong case to the minister as to why they should.

CHAIR - What are those main additional routes?

Ms O'BYRNE - We have Jetstar's Sydney to Hobart. We have the direct Hobart to Canberra route with Virgin; Brisbane to Launceston was announced recently; and another Melbourne to Hobart.

CHAIR - Good, thank you.

Ms O'BYRNE - The other area that we do very well is probably crucial in terms of how we position ourselves. It is not good enough to just have product and meet expectations. You have to exceed the expectations of the people who come if you want them to come again and talk about their experience. So that is where the tourism accreditation program comes in. Tasmania has probably the best tourism accreditation framework in the nation. There is a current national tourism accreditation program. There are about 3 000 businesses listed under that program and about 1 000 of those are Tasmanian.

One of the things also identified in the national long-term tourism strategy was a need for good accreditation so that people could have the security and safety of knowing that, if they went to an accredited business, it would be of a certain standard and provide a certain facility.

We have taken a lead role in the national working group, which will now be formed to implement that national accreditation framework and Tourism Quality Council. Rowan Sproule has done an incredible amount of work on that issue to date and that has been recognised nationally and will be a leader in that debate as well.

We are also recognised nationally as a leader in destination development. As a result of that, the Director of Tourism Tasmania Infrastructure and Industry Development section, Claire Ellis, has been endorsed as the chair of the newly formed National Destination Management Working Group. That is another critical area that has been identified in the national long-term tourism strategy. Her endorsement was, of course, another recognition that we really do lead the way in a number of these areas in Tasmania.

Another area that is probably very important to the tourism industry and I think very important to the way in which we target and the markets we target is that it is important to attract more visitors to and spending in Tasmania but we also have to take our community responsibilities very strongly. In conjunction with a sustainable tourism and cooperative research centre we have engaged in local research to assess the extent to which individual municipalities and communities value tourism in their area. We always make the assumption that everybody thinks tourism is great and in the main that is the case -

CHAIR - Surveys show there is an appreciation in Tasmania?

Ms O'BYRNE - In general terms they do. You then need to look at those local communities that are directly being impacted and see the way they respond to it. We have to make sure that the tourism growth that we are promoting in any region is having a positive effect on those communities. You would anecdotally assume that is the case but there are instances where we need to work with those communities. If you look at some of the research, you will see that what people value very much is their experience with friendly locals. One of the things they talk about from visits to Tasmania is the people they met and the experience they had so we need to make sure that, when we are growing tourism in particularly regional communities, we are working with communities so that they are happy about it and so they are part of that visitor experience.

CHAIR - For many years the surveys about what people like and dislike about visiting Tasmania shows the friendliness of the people right up at the top.

Ms O'BYRNE - Absolutely crucial

CHAIR - Scenic beauty and friendliness.

Ms O'BYRNE - And we all know that when we travel ourselves that if you get one example of bad service you are probably going to remember that beyond some of the other experiences. We are also one of the few States that takes a holistic view of tourism to ensure the growth and sustainability our industry. In some States, demand-generating activity, those things that bring people, marketing and events are handled by a separate entity to the one that deals with tourism supply-side issues. So they are usually quite different departments or organisations, which means that they do not necessarily collaborate very effectively on matters where supply and demand are closely inter-related. We have always argued that both of the issue sides are highly dependant on each other and we need to have that connectivity. So by recognising that demand and supply go in hand we are able to far better identify and research the target audiences and deliver that tourism benefit that they require. The sort of work we have done there is to make sure that we have the right type and the right quality of experiences and products and services, and that includes events. They have to be available in a range of locations that address the holiday needs and also the desires and aspirations of the target consumers. We do a lot of research to work out what it is that they want so that we are able to know whether or not that is an event we can meet. There is no point in hosting events that do not meet the criteria and therefore do not deliver for us.

There are also the right distribution methods, and that is about aligning the behaviour and the method used by people to plan and book their holidays. That is why we have moved so heavily into the digital economy and why we are using the Tas e-Connect system and why we made a number of decisions recently in relation to wholesaling that we had to make.

There is the right level of access to and within Tasmania to make sure that not only can they get here but also they can get around easily and cost effectively. It is making sure that the communication, media, messages and lines that we send out are not just sent out but actually consumed well by our target audience, that they actually resonate with them, because we do want to make sure we target them but then also deliver and satisfy the requirements they want and give them the variation of experiences they require.

We use a supply-chain model to look at these elements and determine levels of intervention for each element. We can provide you with a copy of the supply chain model we use, if the committee would like.

CHAIR - Yes, thank you.

Ms O'BYRNE - Fundamentally, good advertising is not effective if your product or your experiences are not what prospective visitors want. So you do need to make sure that you are targeting the experience to the market that we have identified. We know what our target market is, so we are then able to develop those opportunities and we can talk about that.

Effectively, if tourists cannot buy it easily the way they want to -, if they cannot access what they want effectively over the Internet, for instance, or if, when they get here they do not have a truly, satisfying enjoyable experience - then we lose not only those visitors but also the capacity for them to sell Tasmania on to their colleagues or to get a return visitation. At the moment, our return visitation rates are extremely high; we are running on 72 per cent of people who visit and come back within 12 months. So our return visitation rate is extremely high, but that is because we make sure that the experience that we offer meets the expectations that they have, and that is a really crucial part of what we do and that is why the research work that we do is really important.

We often hear the debate about whether the Government should spend all its money on marketing. There is absolutely a role for government in marketing because of the nature of a disparate industry but, just as crucially, there is a role for government in product development, experiential work and the capacity-building within industry, so that we make sure what we sell to them delivers (a) what they want and (b) communicates that there is more than what they want. The better outcome is to go beyond what they are sold.

CHAIR - The government role in marketing is more important in Tasmania than in any other State, isn't it, because in States such as Queensland and New South Wales hotel and resort chains market their products and in turn that is marketing those States?

Ms O'BYRNE - There is certainly an element of that; I think the big shift that we have made in Tasmania in the last 10 years though is that when Tourism Tasmania started, particularly on this journey, we had to work very hard to make sure that our product was out there. It was our job to deliver the product opportunity, it was our job to sell it as hard as we could.

We are now in a different experience in that Tasmania's brand is now recognised extremely highly. The job now is to make sure that we keep delivering those experiences, so yes, we have to market. But travel agents and operators want us to be part of their portfolio because their consumers are saying, 'What do you have on Tasmania?' So they also need to work with us in a different way.

So it is true that there are differences in terms of the operation and obligations of each State and the market they play to, but importantly we have developed the Tasmanian brand and nature-based tourism, good food and wine and the great imagery that we have. The international recognition we now have means that we are a marketable commodity, so that airlines want to be able to say yes, they can deliver holiday experiences in Tasmania. We have shifted a little bit, particularly if you looked at Australian tourism marketing some time ago, when the message was that there is Sydney Harbour, the Great Barrier Reef and Uluru. The rock, the reef and the bridge were the three images people had, so -

CHAIR - The ones the Japanese visitors tick off one by one.

Ms O'BYRNE - And this is the shift though, because agents now know that people want other experiences. Tasmania is developing as a brand that people want to experience, because it is still seen to be somewhat exotic and we do deliver good experiential

opportunities for people. So, yes, we still have a very strong role in marketing; yes, we have a very strong role in product development but we are also now working very well with media partners because they need to deliver us as their product as well. So the target for us is making sure that what they deliver is experiences that we can highlight and produce extremely well.

CHAIR - Do you mean paid media?

Ms O'BYRNE - We use a lot of different forms of media. I am happy to take you through the new marketing contract arrangements that we have.

We use a number of things. Clearly, paid advertising has a role. I am not as convinced that buying lots of television ads necessarily delivers you your tourism output in the way that it possibly did some time ago. I think people have changed the way that they seek information. People like to have validations so one of the things we have just done is the hot lunch. Are you familiar with the hot lunches that are run by Fairfax?

Fairfax run a hot lunch in Melbourne and Sydney, whereby they package up a flight from Melbourne to Sydney or Sydney to Melbourne, or wherever, go and have a lunch at a fabulous restaurant and go home again. One of the things that we have delivered in Tasmania - let me see if I have it in front of me, I will have to go by memory - is a hot lunch whereby we held it for 20 October down at Peppermint Bay, and people were given the opportunity through print media. They then rang up, got on the list to go. We sold out the Sydney group in two hours and we sold out the Melbourne group within four hours and created a long waiting list.

CHAIR - How many in each group?

Ms O'BYRNE - Sixty in each group.

Mr FINCH - What's the price?

Ms O'BYRNE - It was \$295 from Sydney, and \$275 from Melbourne.

Mr FINCH - That's the lunch and return?

Ms O'BYRNE - That's the flight here, that's the trip down to Peppermint Bay on the boat, that's lunch, that's the trip back and it's all in a day. The position that we want to create for people is that Tasmania is not a long way away, it's actually very close and in fact you can just sit down there and have a fantastic lunch and fly home again.

Mr FINCH - What a good experience. It's good value, isn't it?

Ms O'BYRNE - It also doesn't cost us because they paid for their flights and they paid for lunch. This is marketing that you can do that actually doesn't cost you, and that's the sort of innovation work that Tourism Tasmania wants to do. There is marketing that you must pay for, but the real strength and capacity comes in our ability to leverage off greater opportunity.

CHAIR - Which one was \$275?

Ms O'BYRNE - The one for \$275 was from Melbourne, and \$295 from Sydney. We could have sold an additional 500 tickets, those people were all on a waiting list. These are an additional 500 people who will come to Tassie and who probably weren't planning to come to Tassie. We do know from the 72 per cent return visitation within 12 months that if people come and experience Tasmania, they come back again.

Our biggest thing in terms of marketing has been that people are aware of our product, they think we're wonderful. They all think they'll come here sometime and all of our research is showing that we are on the 'sometime'. What we need to do is change that to, 'Okay, we're going now', and things like the hot lunch is that immediate button that gets them to come straightaway.

CHAIR - And that's just for the day, is it?

Ms O'BYRNE - That 's in and out in a day. That's coming to Tassie for lunch.

Mr FINCH - That's a charter flight, is it?

Ms O'BYRNE - No, that's just a normal flight. We partnered with Virgin for that, and do a lot of partnerships with different airlines, for different products. That actually delivers a better return for us. We match quite regularly the sort of experiences that people might have. There are other sorts of things we are doing at the moment, particularly with our commercial wholesale and retail travel partners, and this is partly as a result of our decision to pull out of wholesaling. Whilst the Tasmanian Government had a role in wholesaling, a number of agencies did not bother or did not feel that they would compete within the market. So, we have actually secured a whole host of additional opportunities through wholesaling.

I will take you through a few of them. Escape Travel and Infinity Holidays have had window banners featuring Tasmania in 100 stores nationally through October, and they did further promotions through an April flyer distribution in Escape Travel stores, an e-newsletter for 200 000 subscribers, the Escape Travel web site with 300 000 unique visitors each month, press advertising over -

CHAIR - 300 000 each month?

Ms O'BYRNE - For this particular web site. Press advertising over two weekends in Brisbane's *Sunday Mail*, *Sunday Telegraph*, *Sunday Herald Sun*, and Adelaide *Sunday Mail*. Clearly, they did a lot of media releases, too, key travel publications. That's just the -

Mr FINCH - You'll have to turn that computer on, Mr President.

CHAIR - Do you mean that there are 300 000 bookings per month?

Ms O'BYRNE - No, no. They are people who go to their web site. This is access to a whole host of marketing that we didn't have access to when we were the primary wholesale distributor in Tasmania.

CHAIR - I see, I understand.

Ms O'BYRNE - Travelpoint and Flight Centre featured a two-page spread in their October issue of *Captain's Catalogue* and they have distributed around 200 000 copies of that. Qantas Holidays and Jetset Travelworld did a dedicated Tasmanian segment on Channel 9's *Mornings with Kerri-Anne*. I think you would be aware that they visited all of our areas in that. They did national advertising in late September, they did an e-mail promotion with agencies. They are advertising via Qantas Holidays web site and trade media, and in October they had a Tasmanian TV commercial on all domestic flights from 5 p.m. till midnight on Qantas. The Viva! Holidays had a targeted media campaign as well as two full pages on Tasmania in their flyer, and they distributed close to 100 000 of those.

TasVacations ran advertisements over three weekends in the *Good Weekend* magazine and over two weekends in Sydney and Melbourne magazines. Harvey World Travel did a one-hour destination radio show on Mix FM, they had a week of radio advertising, they had a four-week online campaign including advertising and e-mail marketing and they promoted through the Harvey World Travel Catalogue as well. DiscoverAustralia.com did a special 12-page packages booklet which were mailed to their subscribers. Total Travel ran a feature on Tasmania during October. They also had a free listing for Tasmanian operators, they promoted Tasmania in their newsletter and they are sponsoring a competition with associated media.

Effectively, the magnitude of commercial marketing that we can now go into as a result of no longer being the primary wholesaler is substantially greater than we have ever been able to do before. It is far more comprehensive because a lot of these opportunities were not available while Tasmania was a key wholesaler. The campaign that we are undertaking this season is valued at about \$2 million but is clearly the start of what is going to be a longer campaign.

You might be aware that we predominantly run spring and autumn campaigns but we are now clearly going through all-year-round campaigning. The advent of our engagement in digital media is a really good way of doing it. In fact what we have heard already is that gross sales of Tasmanian holidays from some of our partners have in fact doubled from the period of the previous year. We are exacting significant leverage out of the ways that we are dealing with our media partners and our tourism partners now, so it is not just about having the money for marketing. It is about how you spend it, how you initiate it and the other things that you can spin off around it.

Eleven years ago we had about 520 000 visitors to Tasmania annually, who spent a total of just over \$550 million. Today we welcome 1 million visitors annually to Tasmania who spend a total of almost \$1.5 billion. In addition to increasing the ferry capacity, the volume of airline seats to and from Tasmania has grown by over 1 million in the last 12 months. We can only provide what is available through the amount of seats we have on planes and places we have on ships, so that market and that work we do with our airline and sea transport is crucial to the work that Tourism Tasmania has done.

We have laid the platform I think for tourism to continue to grow and become far more sustainable. We have provided a growing pool of tourists and visitors to the State, which our local operators can then compete for. Of course, their individual success is related to

their own particular business acumen and their capacity, which is why Tourism Tasmania is regularly working with our providers, many of whom are quite small, to ensure that their capacity is there, that we are growing their skills to take that opportunity.

There is always work to be done. Tourism Tasmania needs to be flexible. We need to respond to any external influence that might occur at any time because tourism is, by its very nature, a very dynamic and continuously changing industry because it is predominantly dependent on what people's discretionary spending is. So when you are operating in that field you need to make sure that you operate very smart and that you are able to respond to changes in human behaviour because the competition for discretionary spending for individuals is beyond our control. The amount of money that people might have to spend is beyond our control and there are a lot of external factors that we cannot control. The example, some of our international markets are risk-averse and if there is an international incident that impacts on them they are less likely to travel. We cannot change that. All we can do if they have made the decision to travel is be front of mind when they do that.

That is a snapshot of the complexity of tourism demand and supply. My key message is that the role of Tourism Tasmania is more than just marketing. Marketing is an extremely important part but our industry capacity, our partnerships with airlines and with other tourism and media partners are crucial for us. We do have the recent announcement by the Premier of an additional \$4 million for tourism events marketing and capacity-building to further capitalise on our State's tourism success. Simon Currant, the chair of the TICT, even said at that function when this was announced that the funds were being provided to an industry sector which was not in crisis and which is not typical as a response from governments. They are Simon's words.

Certainly our current tourism strategy resource has been bolstered by the new \$4 million marketing and events package. We are well placed to continue what is a nation-leading performance in tourism and that is the kind of leadership that the industry wants as well. The industry wants us to work well with them. T21 is an incredibly successful partnership with industry.

CHAIR - You made one passing reference to sea transport. Some years ago about 80 per cent of visitors to Tasmania travelled by air and 20 per cent by sea. What is the current split?

Ms O'BYRNE - We now welcome more than 105 000 cruise ship visitors and that is an important part of our sea marketing. It is 13 per cent by sea and 87 per cent by air - bearing in mind that some years ago we did not have discount airlines.

CHAIR - No, that is right.

Ms O'BYRNE - A lot of that travel, to be fair, probably did not come to Tasmania because it was too expensive to get here. That bus travel market from the mainland does pick up a big part of that. I believe the numbers on the *Spirit* are up and I can probably get those for you if the committee wants them.

CHAIR - Thank you. That would be good. So that is an interesting change.

Ms O'BYRNE - Predominantly because also the industry has changed. Once it used to be extremely expensive to fly, but not with discount airfares. Bear in mind that we are not the route that necessarily makes the money for airlines. Airlines traditionally had to golden triangle of Melbourne, Sydney, Brisbane. They all run that because that is their money-making venture and the other ones are what they do to supplement that money-making venture. Having said that, I point out that we are getting additional flights because we are proving that we can meet their load capacity.

CHAIR - Yes and budget airlines and airfares have made a big difference as well.

Ms O'BYRNE - Have completely different structures as well.

CHAIR - Noting the \$4 million that the Government have injected recently, could you remind us of the amount of cuts in the budget. I thought they were about the same, about a \$4 million reduction in allocation to Tourism Tasmania?

Ms O'BYRNE - We saved through the wholesale distribution opportunity.

Ms MARIANI - There are a couple of sides to answer the question. Your first question was: isn't that just replacing what we lost? That is not quite right because we lost roughly \$3 million. What the minister was referring to were the efficiencies that we have also been able to create with some of the business decisions that we have taken, particularly in relation to the wholesale operation. For the past many years the wholesale operation lost, on average, somewhere around \$1.8 million to \$2 million over the last several years. However, the projections into the next three years were that that was to increase to about \$3 million per year. So we were looking at the end of the next three years in total at about \$9 million or \$10 million in losses by continuing to run a wholesale operation that was declining in the way consumers were accessing the product. You must keep in mind that this was happening at a time when, in fact, our visitation was going like this. So people weren't not coming to Tasmania, they were simply accessing the product differently.

CHAIR - They were not not coming here?

Ms MARIANI - They were not not coming. That is a double negative.

Ms O'BYRNE - People are still coming to Tasmania, which is the reason we have moved so heavily into the digital marketing area. By removing ourselves from wholesale marketing we have changed the way in which other wholesale providers work in Tasmania, which will lead to continued growth as well.

Mr GAFFNEY - I was interested when you mentioned events marketing and future planning. Did Tourism Tasmania have any presence or input into, say, the World Masters Games in Sydney, because that was huge event? Was there any effort to capture that market, especially when people of retirement age come over here and they want to travel around? I was not aware of anything.

Ms O'BYRNE - I don't think they like to consider themselves as being of retiring age, actually!

Mr GAFFNEY - I was not aware of any input and it was a world event.

Ms MARIANI - You are correct but the reason was that a lot of what we do in most of the international markets from a product point of view is largely as a partner with Tourism Australia. It is interesting because I had a telephone conversation the other day with the Chairman of World Masters Games, whom I know, and I guess it was an issue that it was not picked up by Tourism Australia at a national level. This does make it a little bit harder and a bit more expensive to engage States -, that is why we work collaboratively with TA, because they tend to take the lead role in the international markets from a product packaging point of view. Not from a media and promotion point of view, we do that on our own, but when you are talking about product packaging we generally do work collaboratively at a national level. So at a TA level and a national level there was not a lot of engagement with the World Masters Games.

Ms O'BYRNE - I think the opportunities for that may grow and one of the things through the Jackson Report into the National Long-Term Tourism Strategy is about better focusing the work that they do, working in better partnership with the States and leveraging better opportunities. Tourism Australia are going through some changes of their own right now, and I think a lot of that is being pushed by the States, particularly States like Tasmania who are showing significant success in those areas.

Mr GAFFNEY - My second question is more to do with regional destinations - Tasmania is all regional if you ask me: other than Hobart and Launceston, how do you get people to come from the mainland to go to - I mean the Peppermint Bay trip, that is lovely, they know all about that sort of thing - but the other places around, up the east coast and to the north-west coast? Even though the *Spirit* comes in in my electorate, the passengers get off and away they go. Then they come back and say, 'Why weren't we here for longer?'

Ms O'BYRNE - One of the key things that we identified through T21 was the need to work with regions and that is the reason we now have the destinational marketing zones. Tasmania is divided into five zones now and we partner with locals on that and we match up to \$100 000, I think, their marketing opportunities to develop their own product and develop that. Part of that is, within each of those zones, looking at the need to develop their signature experience - what they are famous for, what it is that places them somewhere different - because a lot of people have felt that when you come to Tassie you can tick the box 'I have been to Tassie', I do not need to do it again. They go to Hobart, go to Launceston and circle the State in a day. That is still a view some people have.

We have needed to change very much so that people understand that Tasmania is quite diverse and experiences that you have from the western wilderness through the east coast are quite different; that what Hobart and surrounds offers is quite different from what the north, north-west, the islands and the north-east region offer. So, we are only just in our first year of the zone marketing program, which is about developing each of those regions independently. When we do our brochures they all get a section. Also, when you go on to the Discover Tasmania web site, which I encourage you all to do to have a bit of a feel for how Tasmania is producing our content, you will see that we are divided into five regions.

I can talk a little bit about the Launceston one because I met with them the other day. They have identified that the key thing of Launceston and the north east is sparkling

wines, which are fabulous wines. So the sparkling imagery is very much part of what they do, which of course is a completely different story to the one that is told by the western wilderness, which is the Abt Railway and closeness to World Heritage areas. So we are actually working with each zone now in order specifically to deal with those issues. That allows all of those regional areas to prioritise their own focuses as well, and it is very much within the capacity and the business acumen of those providers then to develop and extend those experiences locally.

Tourism Tasmania has the job of getting people to Tasmania. We are partnering now with the regions to make sure that people then exploit those opportunities within the regions.

Mr GAFFNEY - Just on that - didn't that start off with seven zones? It was just the five zones, was it?

Ms MARIANI - It was always five.

Ms O'BYRNE - I think there has always been a discussion about what you do with the islands, but the islands are intrinsically linked to other communities. That possibly might be where the seven comes from. You might be thinking local government areas, I don't know.

Mr GAFFNEY - No, there is more than seven.

Ms MARIANI - There was a thought about the islands and whether they should be treated separately but that was never part of the plan. That was part of some local discussion but both King Island and Flinders Island agreed that their leveraging opportunities were much greater if they aligned with the east coast and the north-west coast, which is what they have done.

Mr FINCH - I wanted to talk about the work with TT-Line and Tourism Tasmania, the department. Can you tell me something about the relationship between the two? How close or distant that relationship might be and just some idea of the TT-Line operation in respect of our tourism operations for Tasmania?

Ms O'BYRNE - We work with them as we would work with any other providers, so we provide partly new opportunities for them, we share with them some of our marketing opportunities and destination opportunities, but we would work with them in the same way that we would work with our airline partners as well - for very good reasons. We must be awfully conscious of the need to offer similar opportunities to every one of them so as not to be seen to be favouring any particular company or mechanism. I do not know if you want to add anything in particular. I know that you meet regularly with TT-Line.

Ms MARIANI - I personally meet regularly with the chief executive as well, and we have regular catch-ups but as a group in fact we have just had two major strategic planning sessions with them, one in Melbourne and they are due to come down here next week or the week after to look at how we collaborate on our marketing activities in the light of the new enhancements. So we do work very closely with them. I know that three, four or five years ago the relationship was probably not as close as it could have been, but I

think in the last three years that has improved dramatically and we do have a very strong relationship with them. We work very closely with them. I know that TT-Line will be presenting to this committee as well, so I am sure that Charles can talk about that in terms of their perspective but certainly, as the minister has said, we treat them as we do all our access partners. We have regular strategic sessions with each of them to talk about where the opportunities might lie, where collaborative marketing opportunities exist, so we work with them very much at the same level we work with all of our access partners at both the strategic level as well as at a marketing level.

Mr FINCH - With your marketing and the strategic work, are there dollars allocated? Can you give us some indication of what sort of financial partnerships you might have had with TT-Line?

Ms MARIANI - I really do not think that I want to put that on the record but certainly we can do it separately.

Ms O'BYRNE - We could provide that to you in camera. We probably do not need to go off the record now, we could provide you with that later.

CHAIR - Yes, thank you.

Mr FINCH - I would just like to get some understanding of what sort of expenditure might come out of your budget to work in tandem with TT-Line.

Ms MARIANI - You have to understand as well that it is not always about what we spend in hard marketing dollars, because a lot of what we do as Tasmania is driven through the media and the PR activities that the minister has already referred to. So you cannot always judge the value of what we do and the hard dollars that we spend with any particular partner, because what we are really good at is not necessarily the stuff that costs hard dollars. Our media promotional and leveraging opportunities that we create go well beyond what we spend in terms of dollar value. So we can provide you with that but I think we need to make it a broader perspective if you are going to really understand how we work with our partners.

Ms O'BYRNE - Can I give you a light-hearted example of one of the ways that we spend almost no money and achieve extreme success?

You would be familiar with the movie *Australia*? The movie was a significant tourism marketing campaign for Tourism Australia.

Ms MARIANI - Not a very significant movie, though!

Ms O'BYRNE - We might strike that from the record.

Laughter.

Ms O'BYRNE - If there was a significant strategy of Tourism Australia, how successful that is is up for anyone's discussion right now, but Tourism Tasmania realised quite early on in the piece that the messages that was selling, the marketing they were selling, really did not apply to us. It was selling deserts, Darwin, Red Centre and all of those wonderful

Australian images, but that is not what Tasmania offers. We do not offer anything like that.

So we told them that we would not be part of it, but we did seek their consent before embarking upon our Internet campaign. We ended up with another little movie that we made called *Tasmania – Bigger than Australia*. This was a wonderful little spoof of how a man wanted to take his wife on holiday, he went to Tasmania and they drank fine wine and ate fine food. I do encourage you to Google it and have a look at it - it is on pretty much every web site and it is on YouTube. That cost us no money at all but it got massive hits around the country because it was funny. It had all these little excerpts and conversations with the director about the cast. It was never a movie but there was lots of advertising about a movie. That made it into UK press, it made it into US media, it made it into a whole host of media around the world. It was very well taken up across Australia, it was considered to be one of the smartest cheap marketing campaigns that has been run and we had a lot of feedback on it and it cost us - \$100 000 maybe, no, not even that - it cost us virtually nothing.

CHAIR - Who made that?

Ms MARIANI - It was actually existing footage that we just pulled out of a lot of places. There was nothing filmed so it was a very down and dirty production. We had a digital agency work with us in pulling it all together but by and large it was all stock footage. We did not go out and shoot anything that is why the cost was as low as it was.

Ms O'BYRNE - But it was an incredibly successful marketing campaign in terms of the markets that we hit for no money. So that is a quirky example but the reality is that a lot of the work that we do is not about buying an ad on TV or making a publication. It is about leveraging and getting into different markets in different ways, using other people's money and other people's media requirements in order to sell our story. The Hot Lunch is probably the most recent experience where people will pay to come here. It cost us nothing but we got amazing media outcome out of it and we will get an extremely good conversion rate out of those people who applied.

Mr FINCH - If I talk to TT-Line people I am going to get an impression from them that there are happy with Tourism Tasmania contact and that they are feeling good about the support that might achieve through Tourism Tasmania?

Ms O'BYRNE - I am sure that you will get the evidence from them on the day but I know that we feel that the relationship has grown substantially over the years. I think they have responded extremely well to some of the challenges they have had as well. Bear in mind that this is an industry that has had to compete with cut-price airfares and that has presented a number of challenges for them and I think that they have responded well to it. They have had a few challenges but certainly I think their numbers are up now.

Ms MARIANI - They are. They are dealing with the same issues that the airlines are. The airlines have increased capacity but their yield is down because they have all had to cut prices, and people like Tiger coming into the market have changed the whole landscape dramatically. TT-Line has the same issues because they have now had to enter into essentially a price war to be competitive with the airlines.

Ms O'BYRNE - People want to travel. All the evidence shows that there is still a desire to travel but people are now saying they want to travel for a bargain. I want a good price; I am being particularly frugal with how I spend my money, so they want the sense, at least, of having a bargain.

The other thing that impacts a little bit when you look at forward bookings, whether it be TT-Line, airlines or accommodation, is that when most people look at their forward bookings, their forward bookings are not great, but when they look at the last month they have had really good last months. So people are still making the decision to travel in a time of economic crisis, they are still spending the money but do not want to be seen to be lavish so they quite like the frugality of it. They are also looking for shorter breaks. Tasmania fits very carefully into that market because you can get down to Tasmania for four days and have a wonderful experience.

CHAIR - That is a very good figure, the 72 per cent return in 12 months; that is amazing.

Ms O'BYRNE - It is a really good return figure. It clearly shows that once you get a taste of Tasmania you do understand that there is so much more to come back and see. Our job is to be front of mind, to get people there and I think that we do that extremely well.

Also, people are a bit immune to the normal kind of marketing. They have seen lots of ads on TV; they need to see something that is a little bit different. So the campaign that we are running at the moment is 'Tasmania - a world apart, not a world away'. It is focusing on the fact that we have destinations that not just we think are good. In fact we probably do not realise how good they are if you have grown up and lived in Tassie and have never travelled. These places are internationally recognised, whether it be Lonely Planet's hottest destination in the world for 2009 and so on. Highly recognised international bodies are saying that Tasmania has some of the best experiences in the world. So our job now is to not only use that for international marketing but also to explain to people on mainland Australia that you can have a world-class experience, you can zip down and do it for lunch if you want, but it is easy to access. That is, I think, delivering very well for us. This is the new campaign that we started with our new marketing partners and we are very excited about the reaction we are getting already. That is also a shift to ongoing marketing, as opposed to having the spring and autumn campaigns which we have historically had and which will hopefully build our numbers through winter as well.

At the same time we are looking at events through winter that deliver that. The festival that was announced last week is another one of those.

Mr FINCH - That 72 per cent return visitation, the first thing that I think of is that people have been able to afford to come back, so we must have offered value. The cheaper airfares would help that situation of people returning.

Ms O'BYRNE - They certainly do. The reason that the international market is so enticing at the moment is that the rate of the dollar is high and the flights are cheap. People are responding to the way that spending behaviours have changed in a global economic crisis. We are still quite exotic and exciting and our key markets are growing; our established markets are growing and we have new opportunities emerging.

Mr FINCH - I wanted to talk about infrastructure at the airports. You must have been thrilled with the investment that the airports have made in Hobart and Launceston.

Ms O'BYRNE - It's a huge vote of confidence. In fact, I used the digger to turn the first sod. The fact that airports are investing is also an understanding of the increased usage of the site but also an investment in the future. You notice that all the work they're doing is preparing for growth; so they have capacity to continue growing because we are getting those numbers through. The gateway is an important image, too, when you arrive in a place.

CHAIR - In view of the \$21-million development at Launceston Airport, what do you think the chances are of the Government providing sufficient funds to have a four-lane road from the airport to the Breadalbane roundabout, so that the first impression for people coming into Launceston airport and going into the city is good?

Ms O'BYRNE - Once you get past the roundabout the drive into Launceston, either into the city or along the outlet, it is absolutely stunning and I think people are already consumed with a beautiful imagery.

CHAIR - As you go through the cuttings you could be forgiven if you thought you were driving into Alice Springs; have a good look at that.

Ms O'BYRNE - The airport has a master plan that they're working to; that is about the way they best see the access. There are clearly a number of issues relating to the local government planning requirements around that area et cetera. Roads needs to be developed based on usage. If enough of a case were made for usage then I'm sure that would be something they would look at. Around all the airports there are a number of issues in terms of how far you can spread and what you can do as well. Certainly there are heritage sites around that area as well. Whilst I'm not here as Heritage minister, that is has been an interesting thing. We have one of the most significant airline historic sites in the world with Holyman's out at Launceston airport. Their master plan incorporates a number of other challenges, which they deal very well with.

CHAIR - It is very impressive.

Mr FINCH - I want to go back to the domestic situation in respect of percentages up and down and the fact that Tasmania is travelling pretty well. What I'm really interested in is our comparison to other States and the depth of that concern about domestic travel. I am wondering whether we're in for a flurry of competition from other States to try to claw back their percentages and how that might affect Tasmania.

Ms O'BYRNE - Most other States are historically under-invested in this area. Tasmania has not only invested but has also been be very smart with our investment and therefore we have staked a reasonably strong place. In terms of the end of year to June 2009 we had 907 200 total visitors, not including cruise ships visitors. We had 15 300 day visitors and 891 900 overnight visitors, with a total of 7.86 million nights, which is up 10 per cent. The length of stay has increased as well.

CHAIR - That's the critical factor, isn't it, the number of nights?

Ms O'BYRNE - Yes, because that's where we get the broader spend. We do want them to stay longer and spend more money. This is an anecdotal assessment because I'm not sure that we have a breakdown of other States' numbers, but probably Victoria is holding reasonably consistently; Queensland has had a fair bit of trouble in terms of their numbers -

CHAIR - They're down about 2 per cent, from statistics I've seen.

Ms O'BYRNE - We do have a figure. Within regions, it's changed substantially as well, and if you look at Queensland as a whole, you'll see one figure. If you break it into regions that are tourism-dependent, you'd see changes. Certainly northern Queensland, which has been highly dependent on the Japanese market, has had significant issues.

CHAIR - New South Wales -

Ms O'BYRNE - I don't have it with me. The National Visitor Surveys have the documentation you've been referring to.

CHAIR - The source is not here, but the figures indicate that visitors from New South Wales are up by 30 per cent.

Ms O'BYRNE - From New South Wales to Tasmania?

CHAIR - New South Wales to Tasmania, up 30 per cent.

Ms O'BYRNE - Oh, sorry. Yes..

CHAIR - From South Australia they are down 25 per cent; Western Australia down 22 per cent.

Ms O'BYRNE - Okay. Actually, under the TVS data from June on the origin of visitors, we have had a 7 per cent increase from Victoria, a 30 per cent increase from New South Wales, and a 2 per cent drop from Queensland, but that -

CHAIR - They're the same figures I'm referring to.

Ms O'BYRNE - Queensland has also spent a lot of money on not so much their interstate market, but their intrastate market to encourage Queenslanders to holiday at home to compensate for what has been a significant drop in their international visitation rates. Felicia has just reminded me that one of the key things, you'd be aware that some airlines made some decisions recently and whilst Tasmania wasn't significantly impacted, Queensland was in terms of all of their destinations, and Tasmania certainly encountered part of that issue. So where we've had increased capacity into Victoria and New South Wales, that's clearly delivering as well for us. Where airlines have had a reduced capacity, that's had an impact as well.

Having said that, I point out that there have just been additional Tasmania to Brisbane flights announced - into Launceston only.

CHAIR - So with budget airlines and budget fares, that makes it easier for Tasmanians to leave Tasmania, so we do lose something. Have you factored that into the overall effects?

Ms O'BYRNE - We're certainly very aware and that's one of the reasons that we do series such as Discover Tasmania, which then leads to an increase in visitors holidaying at home. So we need to ensure that we're also reminding Tasmanians that other people travel all around the world to come and visit Tasmania, and some Tasmanians might not have experienced some of those things as well. So we market locally as well. Part of the zone marketing is about that as well, so you're explaining to other parts of Tasmania why you should go to the north-west coast, why you might look over at the western wilderness.

CHAIR - That's very important. To what extent do we do that?

Ms O'BYRNE - Discover Tasmania's a primary focus - and we on-sell that television series for national distribution - is to encourage Tasmanians to holiday at home and to showcase what we have here. But we have been very fortunate in that certainly for the first series that we did we had incredibly good time slots, and we are negotiating the time slots at the moment for the second series nationally. So we get a national hit from it, but we get a very significant local hit. I've got 30 per cent in my head, and I'm not convinced but I will double-check that figure. I am pretty sure after the first series of Discover Tasmania we had something like a 30 per cent increase in people holidaying at home, but I will actually confirm that figure because that's just in my head at the moment.

CHAIR - Thank you.

Ms O'BYRNE - But we did notice an increase in people holidaying at home as a result of that kind of targeted marketing as well.

CHAIR - Yes, that's good to hear. With 87 per cent of visitors arriving in Tasmania by air, and Tasmania -

Ms O'BYRNE - Of scheduled services. That doesn't include the cruise ships, which is 105 400 people.

CHAIR - I understand that. Tasmania, being an island State, we are more dependent on airlines -

Ms O'BYRNE - Absolutely, which is why the partnership work that we do with airlines is crucial. My favourite little story is that the service station owner at Bicheno didn't realise he was part of the tourism industry until the pilots' strike.

CHAIR - So did a lot of other people, including butchers.

Ms O'BYRNE - This is one of the reasons we actually now have the tourism satellite accounts. Whilst they are probably underplayed to a certain extent in terms of the detail that they can provide, their modelling is international best-practice, it is as good as it can get. We are lucky in Tasmania - because we're an island, our TVS data is extremely

good. We can see better growth than they have, but the satellite accounts are all about looking at where that flow-on occurs within industry and getting a better understanding of the nature of the industry.

CHAIR - Because of our dependency on air travel, to what extent is our reputation and marketing affected by long delays of aircraft and cancellations, causing disruption and inconvenience to people who complain that they are not looked after by the airlines.

Ms O'BYRNE - I am not convinced that it happens more in Tasmania than it happens anywhere else in Australia. I do not think that we would have an exponential increase. It tends not to reflect on Tasmania as a destination but on the reputation of the individual airline as to the decisions they make. I do not think Tasmania would have significantly more delays or disruptions than any other place.

CHAIR - It is just that the consequences when it happens are more serious because there is not the alternative means of travel - rail and road.

Ms O'BYRNE - There is not always another alternative, though. If you have made a decision to fly you do not necessarily then go home and get in your car and drive or take a train. If you have made a decision to fly then you are going to wait until a plane takes you where you need to go, so I am not convinced that it would necessarily be any worse here than anywhere else. What I am convinced of is that, as a consumer, I would rather the plane stayed on the ground if it was unsafe.

CHAIR - Yes, indeed.

Mr GAFFNEY - For the record, the only thing my wife remembers about Australia is Hugh Jackman.

Laughter.

Ms O'BYRNE - That is fine because that is the focus I have on it as well. We did not have him in our Tasmanian movie either.

Mr GAFFNEY - What do you think are the weaknesses or where do you think there is room for improvement? I think Tourism Tasmania is doing a great job but you can obviously identify things where you think you can improve. How will you do that and what time line do you think that might have?

Ms O'BYRNE - Time lines are a little difficult but one of the reasons that we do the research is to understand not only where our potential markets are but what the perception issues might be. One of the crucial ones has been that people think it takes a long time to get here, which is why the campaign is now 'a world apart, not a world away'. The Hot Lunches are about getting here and there in a day. Ease of getting here in terms of timing is probably one of the issues that we deal with. The other is that, whilst people might have a desire to travel here, they do not have an immediate desire to travel here so it is about creating that urgency and immediacy in people's minds that they should come straightaway. They are probably our two biggest issues that we are faced with.

The reason that we are successful and extra competitive is that we tend to do things really well. Our need to focus on marketing in the digital economy is huge. That will always present challenges for us and we will always have to be updating in that area, but we can see where we are placed well and that has actually delivered for us. If we fell behind the game in that kind of digital and marketing positioning then we would encounter a significant barrier. If you already think that you might go there one day and you think it is a long way away, and then you have to wait in order to make your booking, then you may as well not be in the game.

Mr GAFFNEY - I am interested in the long way away concept because what people on the mainland do not understand is that if you travel to Tullamarine or if you travel to Sydney or whatever -

Ms O'BYRNE - You may as well come to Tasmania.

Mr GAFFNEY - No, it is not just the time getting there. If you want to go somewhere nice from that airport then it is another hour and a half to get to Bendigo or it is another hour or something to get down to the coast, whereas in Tasmania you can get off at the airport and within 10 minutes you can be at a world-class destination. I do not think people fully understand that. They think, 'We will get to Tassie at 10 and it's going to take us three hours to get somewhere' but it is not.

Ms O'BYRNE - We will add that to the people who think they can drive around the island in a day, so we do have a few perception issues there.

Mr GAFFNEY - I think there is a time marketing thing that we could do.

Ms O'BYRNE - That is right and I think that is quite reasonable. When we are looking at doing our marketing on the west coast of the USA we will be saying, 'A world apart and only a day away' because that is another image. That is Felicia's idea, by the way, clearly playing to her former home market.

CHAIR - We do have to sympathise with people in Europe and America; they are so far out of the action and so far away from us here at the centre of the world

Ms O'BYRNE - The other challenge is that if you are an international traveller and you book a flight to Australia then you can book to Sydney and then get an on-flight to Melbourne or Adelaide or somewhere else, but you could not get an on-flight to Tassie. You needed to make that as a separate booking, which was a major precluding factor. We have just succeeded - and this is a massive change for us - with V Australia and Virgin and Delta. You can now, when you book to Australia, get your connection all the way through to Tassie. So you can say, 'I want to go to Tasmania' and that is the flight that will come up.

CHAIR - At no extra cost.

Ms O'BYRNE - As opposed to what you had before, which was that you could say, 'I want to go to Tasmania'. Yes, here is your flight to Melbourne and then you need to book this additional flight. So now you can do it as one price, one journey.

CHAIR - Included in the overall thing.

Ms O'BYRNE - Yes, and that is a significant shift for us, probably because people would book their holiday and then think it is an extra thing to go to Tassie. Now you can come to Tasmania first as part of your Australian odyssey and journey.

CHAIR - What are the chances of getting Qantas to follow that.

Ms O'BYRNE - If you are flying Qantas you can already see the linkage. If you are looking at connecting to a Jetstar flight you cannot.

CHAIR - As for being able to fly onto Tasmania at the all-inclusive fare.

Ms O'BYRNE - If you continue on a Qantas flight you can see that connection, yes. Jetstar is not linked into that at the moment. Bear in mind we have made significant ground to get the players we have to do this. I am sure that will become a competitive edge.

CHAIR - So with Qantas do you have to pay extra cost?

Ms O'BYRNE - No.

Mr MARIANI - It is an all-inclusive fare.

Ms O'BYRNE - An additional step.

Ms MARIANI - There is one price that comes up, which is the important thing the minister is trying to communicate. You can sit anywhere in the world with Qantas and you can find your way to Launceston and Hobart. The Virgin deal now with Delta and V Australia has now created visible capacity for Tasmania, so you can be sitting in Boston and find your way to Launceston. The glitch is trying to get Jetstar to be visible with some of their capacity in the international arena. I know that Jetstar and Qantas have been talking about this for a long time. One would hope that maybe now, because there is that competitive edge with Virgin, Delta and V Australia, that that will be a bit of an impetus to maybe push that on.

CHAIR - That is great news because it has always been that you can do it when you are flying out of Australia but not into it.

Ms O'BYRNE - I think it has been a precluding factor because people see it as an additional trip, as opposed to part of the journey, so that does change it.

Mr GAFFNEY - Coming back to the airports on the north-west coast, I know that we were aware of the situation of the Devonport Airport and of a local consortium that want to do that. Perhaps down south some might think, 'Well, they have two airports; why do they need two airports up there?', but Devonport Airport is really important. What is your position regarding the Devonport Airport and the sale of that area?

Ms O'BYRNE - In relation to the Devonport-Burnie break-up and the understanding of the north-west coast, there are a lot of assumptions that you only need to have one centre for all those things. It could be one airport or one swimming pool or one whatever, but all of the local research has shown that they are completely different markets that do require

their own infrastructure. I understand that entirely and certainly you would be aware that is a debate we are having about swimming pools up there at the moment. A regional facility does not necessarily work on the north-west coast because of the spread of the community. I understand that as well.

Mr MARIANI - In terms of the marketing side of things, Tourism Tasmania is working very closely. These groups have presented a new opportunity for the individual regions to get involved in their marketing and in driving demand. With Western Wilderness and the north-west coast, we have brought those zones together with QantasLink. So the promotion of Devonport Airport is through QantasLink because they are the ones coming into that airport. We do not necessarily promote the airport; we work through the access provider who is delivering the capacity into Devonport. As an example, the north-west coast just entered into a promotion with QantasLink. They are going to have a feature article in the in-flight magazine with a whole range of product that is there and Western Wilderness will come in a subsequent issue and will do something similar. I know that Qantas Link is, from the records and information that we have, performing quite well and that they are very happy with their capacity into Devonport. They are looking at more promotions that they can do with us. Qantas Link, as I understand it, by mid 2010 will be operating the Q400, which is the larger aircraft. So all of their aircraft into Tasmania will now be Q400s by mid next year, which means 74 seaters instead of the 50 seaters and new equipment, which is good.

Mr GAFFNEY - I think it is quite exciting what is happening up there. For a number of years there did not seem to be any enthusiasm to lift the profile as much.

Ms O'BYRNE - I guess it comes back to fact that Tasmania has now changed from being a place that is desperately trying to get into people's marketing portfolios into one where those distributors are now saying, 'Tasmania is a really good product that we need to have on our books.' That does change the relationship in the way that individual ports are dealt with as well.

Tourism Tasmania's main job it to get people to Tasmania. We need to market Tasmania and that is why we now have the zone marketing, so that we can then provide those opportunities regionally. But it is not for Tourism Tasmania to choose a destination. In fact, the campaign we are doing at the moment, A World Apart, Not a World Away, with the world-class experiences, we are not saying these are the best places. International and independent bodies are saying these are best places. We are very conscious of the need to ensure that our job is to get people here to build the capacity with the industry here. But it does then come down, once again, to the business acumen of those people.

Mr GAFFNEY - A good example of that and I understand the position, is that our Australia Day ambassadors last year were Sergeant Frank Gilroy and Gus Mercurio and to get to Tasmania, they flew into Launceston because when they went to get their tickets they were told there were two airports, Launceston and Hobart. That comes up frequently. Instead of getting off in Devonport or Burnie, they were told that the only places they could get to were Launceston and Hobart.

CHAIR - That has been happening for years, hasn't it?

Ms O'BYRNE - In fact, Launceston was never on the list once, it was only Hobart. So we are slowly growing people's understanding of the access points.

Mr GAFFNEY - But it is growing.

Mr FINCH - The comment was made earlier, Minister, about people's experiences in Tasmania of the infrastructure and the sites to see and what we have to offer. We do have those and we are building those. But a lot of it is about their people experience, the people they meet. They are bowled over by the fact that we deal with tourists differently to other States, or where they come from, and they find us really friendly and that we deal with them well.

With this hospitality portfolio that you now have and with this impending responsibility, do you see this opportunity, or do you think there is a need for more training of people? That is where people get to meet us Tasmanians - when they come to and get served in a restaurant, or when they pull in to buy a newspaper or when they stop for a morning coffee and those things. Those people in the hospitality industry are the important link to our tourists.

Ms O'BYRNE - Yes, absolutely. The faces of most tourism experiences are not necessarily the experiences that you might get but the person you met who drove you there, the person who signs you in, the person who might have taken you on a tour, but also the person who brought you breakfast that morning. We have had a number of discussions from the tourism perspective but also with hospitality representatives, both from the employer's side and the union's side, about what we need to provide people. I think this is free-thinking at the moment, so I have had some general conversations. Norm is going to be worried I am free-thinking in front of the committee.

Laughter.

CHAIR - Like you always do.

Ms O'BYRNE - Not everyone recognises the hospitality industry as being a career, but we have elements of the industry who see this as a very serious career. They train very hard, they get a lot of accreditation, they work very hard and they stay within it. We also have an aspect of the industry that is seen as transitory and so our job is really to work not only with those who see it as a career to continue to build their capacity, but also with those who see it as a thing that they do until they finish uni or until they get their next job or until they do whatever. It is about providing those training experiences. Talking to people in the industry yesterday there are lots of training experiences, but the problem is that we then seem to train them and they go off and do other jobs. So it is about trying to entice people to stay within that industry. If you are a senior waiter in a restaurant in Paris you are extremely highly regarded; if you are a senior waiter in a restaurant in Burnie I am not convinced that you would necessarily be extremely highly regarded.

Mr GAFFNEY - They do not have senior waiters to worry about.

Ms O'BYRNE - This is possibly part of the lack of skills progression. So I think that we need to work across the industry with building not only the training experiences and opportunities, of which there are many, but also to get people to understand that this is a valued career that you might want to stay in for many years. And we need to work with industry on that. We have had some conversations with the union and with the AHA and

with restaurant caterers about those kinds of challenges. We have also looked at the provision of courses within university to ensure that they are actually meeting the needs as well. So we are having those conversations now. What we also have, and this is probably the thing that recognises that this is a national issue, is the Jackson Report into the National Long-term Tourism Strategy. The long-term tourism strategy that we have now started work on will actually have a component that focuses predominantly on skills: how we build skills; how we make those skills relevant, and how we keep people in the industry. There are different ways to do that. Whether it be in terms of remuneration - I think that is one thing that needs to be looked at - or whether it be in terms of the training actually being fully transportable - and we are working through that. If you work in the building industry in Victoria and you move to the building industry in New South Wales your long service leave travels with you. Maybe they are conversations that we should be having that actually make the industry something that you want to stay in because it is not bad to swap jobs. We want people to move around and experience different things but we need to make sure that they are building towards the capacity of the industry.

CHAIR - We need more builder labourers here serving in restaurants and the like?

Ms O'BYRNE - It is not quite the point that I was making. It is about saying that if I start work as an 18-year-old doing kitchen hand work, how do I go from that person to being a sommelier in a really high-class restaurant? What is the pathway that takes me through that?

I will not mention individual companies, but there are some partners in the industry at the moment who actually provide really good traineeships and also some that, because of the nature of their size, are not able to do that. We probably need to work with them to share that capacity.

Mr FINCH - That was the next thrust of my questioning. In respect of those employers and the people who own and run the infrastructure it is important for them to be part of this as well so that as these people are trained and move on and do other jobs in different areas and develop and grow as people that the employers have the mentality of how important that hospitality is to the tourism industry.

Ms O'BYRNE - Certainly the larger players are very well aware of that but we need to recognise, too, that a lot of our hospitality industry and our tourism industry, consists of very small operations. It is how we provide the connect for those people and that is a harder thing to do.

Mr FINCH - That brings me to accreditation. Can you apprise me now of the accreditation system that we have in Tasmania and what sort of take-up we have of engagement with accreditation as far as those smaller operators are concerned?

Ms O'BYRNE - As I said, under the national accreditation system there are some 3 000 businesses that are accredited, about 1 000 of those are actually Tasmanian businesses. Tasmania has been leading the way in accreditation within Australia. I think that you have Daniel Hanna appearing this afternoon -

CHAIR - Later this morning.

Ms O'BYRNE - Daniel actually might be able to give you a bigger picture because they run the accreditation system within their framework. We have a higher percentage take-up of accreditation than any other State.

Ms MARIANI - I believe the closest one to us is actually WA. I think they might have about 600 of their operators accredited. But when you think about the size of our industry - we have about 1 900-1 700 operators across the whole State. New South Wales or Queensland or WA for that matter, have much greater numbers but a very small percentage of those numbers are actually engaged in accreditation. I do not think that Queensland is even on the accreditation bandwagon, Queensland and New South Wales do not even engage. We do actually support the accreditation program through Tourism Tasmania, we actually provide funding to the TICT in order to be able to run the accreditation program, and through our marketing activities we do show preference to people who are accredited versus non-accredited.

Mr FINCH - Okay, good. Thanks.

CHAIR - Are you able to provide us with the results of visitor satisfaction surveys - not necessarily today but sometime - showing the main tourist views of the buses in tourism, and some of the likes and dislikes?

Ms O'BYRNE - In terms of what is provided, the TVS data that we do is nation-leading, it is really very good and that does have elements of that within it. One of the points I wanted to make is that when you see the National Visitor Survey figures you will notice that they differ significantly from Tasmania's interpretation. As I said before, that's probably because we have a much better capacity to get the information because we are bordered by sea, so we can get people at arrival and departure points a lot easier. When the National Visitor Survey figures come out, they actually include a line that says, 'If you're looking at Tasmania because the way our data collection is conducted, you need to refer to the TVS'. So if you're going to be looking at statistics, you will see differences between TVS and NVS.

The National Visitor Survey picks up about 500 people, which doesn't really give you a very good picture.

Mr FINCH - Over what period, or just 500 people?

Ms O'BYRNE - Five hundred people a year the NVS will pick up from Tasmania, so their data on Tasmania is extremely limited, whereas we have the capacity to get far better data and we would get at least 9 000 interstate visitors picked up at airports and seaports. So just to let you understand that when you see the TVS data, you will see some differences. Our data is much better.

Also you might notice the difference, therefore, between what is said in TVS and the tourism satellite accounts. Tourism satellite accounts are designed to give us a picture of the impact on the economy and the onflow of tourism industries, so it picks up the supermarkets and the pharmacies and all of those things. You will also see a little bit of difference in their figures, predominantly because their sample size for Tasmania is, once again, reasonably small. I think the TICT actually disputed last year's figures from the tourism satellite accounts.

Having said that, what TSA does is international well-recognised methodology, it is good methodology, it's just a bit small for us. If we had nothing else, we would use it, but we know we can collect better data and that's why we do the TVS and spend the money on the TVS. It also allows us to do far better research into what our market opportunities are, what our challenges might be, what people may have found wanting in their experience, but also in terms of targeting markets that we have.

When we go to the airlines we don't say 'Please fly', we say 'Here's a business case that identifies the potential market and how many people fly on this particular flight if you put it on, and what timing you need to be at'. So we use it very much for our business case for the airlines for our aviation strategy.

CHAIR - I realise you won't be able to give a lot of detail off hand, but I am just wondering if you or Ms Mariani are able to give us any indication about the main features that tourists like about Tasmania, and some of the main dislikes. I remember in past years one of the main dislikes was road kill, and things like that.

Ms O'BYRNE - Not much we can do about that.

CHAIR - The friendliness of people and scenic beauty were featured consistently as some of the things that people like most.

Ms O'BYRNE - I think it depends very much on the research that you look at. We certainly had some that rate wilderness experience up here, and some that put it somewhere else. I don't know if we have a document that we can provide you with, I am just seeing what might give you that information best.

Clearly, one of the reasons we are doing the work on regional community sustainability of tourism is that we know that the local experience that people get and the interaction with community and local stories is extremely important to them. We know that we are very well-placed as a nature destination, as a soft adventure destination - risky without being too risky. People do like the isolation, remoteness and exoticness of Tasmania.

CHAIR - And heritage.

Ms O'BYRNE - Our built heritage. We have a significant collection of built heritage. When we were in the US we were doing some work with the bridal magazines and they quite liked the fact that Tasmania is heart-shaped.

Largely there has not been very much change in the likes and dislikes people might have, the friendly people are still the number one thing they like about Tasmania and the dislikes seem to vary, but we can get you that documentation.

CHAIR - Thank you very much. The incorrect perception by people in some mainland States about Tasmanian weather, to what extent is that seen as a barrier and what are we doing to try to overcome that?

Ms O'BYRNE - We regularly remind people that we have less rainfall than Sydney and more sunlight.

Mr FINCH - And climate change is helping a bit.

Ms O'BYRNE - That's part of it as well. If you look at 10 years ago, every picture you saw of Tasmania was of a cosy couple huddled in front of a fire because it was freezing outside. The pictures that you see now are of adventure tourism with people outside, so a lot of it is that physical picture we present. We don't present a lot of miserable, cold-weather shots, we show people that those opportunities are there.

CHAIR - Difficult to find them.

Ms O'BYRNE - We can't find shots with miserable weather, particularly up north at the moment.

The other thing that we have marketed recently in our last autumn campaign, if you travel to northern Australia the seasons are not particularly distinct. People love seasons; they love the fact that there are colour changes. Autumn and spring in Tasmania are particularly stunning so the autumn campaign we ran was about the changing colours of autumn. We were able to provide beautiful pictures of wonderful, sunny days and fabulous colours around the State. Whilst we don't say, 'By the way, it doesn't rain as much as you think it does' -

CHAIR - Or it's not as cold as you think it is.

Ms O'BYRNE - the images that we show are showing that those things are different - we have people doing adventure tourism and clearly having a really good time. Having said that, some people like the alpine experiences they get when they go to some of our mountain country as well, so we need to be aware of that.

Mr FINCH - Those bikies had stunning weather all the time they were here, so they'll be ones who will think Tassie in November is terrific.

Ms O'BYRNE - Once again, the return visitation indicates that there is more to Tasmania than most people expect when they first visit. A 72 per cent repeat-visitor rate in 12 months is extremely significant - a portion of that of course is family but we know that a lot of those families stay in hotels because they want to stay in fabulous places now and they all go out to great restaurants, so they all build that economy as well.

In the National Visitor Survey - and this is in answer to a question before - the only State that had any improvement in their interstate visitors was Victoria at 1 per cent. Everyone else had declines - WA had a 20 per cent decline.

Mr FINCH - Are they the domestic figures?

Ms O'BYRNE - I can give you those figures - it's the interstate visitor performance under the National Visitor Survey, bearing in mind that our data is a bit better for Tasmania. New South Wales declined by 7 per cent; Victoria was up by 1 per cent. In most of our conversations with Victorians they argued that they're holding steady. Queensland was down 10 per cent, South Australia was down 4 per cent, WA was down 20 per cent,

Northern Territory was down 3 per cent; ACT was down 2 per cent. That is June 2009 compared to June 2008.

Mr FINCH - And Tassie is where?

Ms O'BYRNE - We wouldn't use the NVS, we would go to ours which had a 7 per cent increase.

Mr FINCH - Before we leave the subject of the Tasmanian Visitor Survey, can you give me some idea of how that works on the ground? Is it a physical questionnaire, is it online, is it handed to operators?

Ms O'BYRNE - You would have seen as you go through airports the person who asks you questions. There is some information that I would prefer to give you in camera about some of the sources of information we have, and I am happy to do that. At Launceston airport, for instance, you would see the person who is taking surveys and asking questions face to face. People tend to be far more honest face to face than they are necessarily over the phone, so we think that's probably the best way of getting that data. We also work directly with our industry partners and operators. There are online surveys as well. Once again, people need to want to engage to be online so those online ones are generally from people who've had a strong enough experience to want to share it, whether that be good or bad.

Mr FINCH - Are they your own people or do you contract that work out?

Ms O'BYRNE - We contract that work out. They are casual staff for Tourism Tasmania.

Mr FINCH - Does that work go on constantly through the year?

Ms O'BYRNE - Yes, it does.

Mr GAFFNEY - Just looking at some of the adventure tourism places we have.

Ms O'BYRNE - Well probably softer adventure. It would be a little bit of an adventure but probably not -

Mr GAFFNEY - I am looking at the Tahune and Dismal Swamp, but it is not Dismal Swamp any more, is it?

Ms O'BYRNE - Tarkine adventures?

Mr GAFFNEY - Yes, but nobody knows that either, do they? That is a bad piece of marketing; I like Dismal Swamp because that is something happening there.

Ms O'BYRNE - Yes, but you have lived up the north-west and know Dismal Swamp differently.

Mr GAFFNEY - Yes, and then you have Hollybank where they have abseiling and the Abt rail. I know that that will be focused more in the zone marketing.

Ms O'BYRNE - Individual operators also market as individual operators. One of the things that is really crucial to understand is that, because the State Government takes a marketing role, any industry that just thought that was the end point of their marketing probably needs to have another look at their business case. Any business, regardless of what it is, needs to do its own marketing. What we provide is cooperative opportunities to market. You can join with us and we will match funding that you put into the zone marketing. But any industry that is interested in doing any other type of marketing will work within the terms of partnership opportunities whether they be with us or whether they be with another provider. It is really important to remember that businesses have an obligation to market themselves as well as any business would.

Mr GAFFNEY - Do you have a branch of your tourism group that actually goes out on the front foot with say, new ventures, like the whales and the seals? For new ventures coming on board does Tourism Tasmania have a proactive arm about going out and assisting? For a long time some of those would have started at scratch, worked their way up from one boat to two boats to three and then it is, 'This is a venture, we'll come and have a cooperative here', whereas if they had started up -

Ms O'BYRNE - One of the reasons that we do a lot of the data preparation or the research is so that we can actually work with prospective investors and also people who are interested in growth about where their market opportunities might be. We work with any operator that has a desire to open something new for the first time or to extend their business. We do that through the data that we collect. If they have a plan that does not fit any of our target markets but is just a nice idea, we will tell them that. That does not preclude them from doing it but we will provide that advice. We will also tell them what an effective market is, what the experiences those people have identified they want so they may be able tailor their experience to meet that.

For instance, we know at the moment that people are doing shorter stays so we are working with providers and telling them about how they might market that, how they might access people who want to do short stays, and they are taking short stays not because they do not want to be here longer but a lot of people are a little bit nervous about being away from work for a very long period of time in a global financial crisis in case they find out that their work coped very well without them. That is a big part of the research, particularly in Sydney and Melbourne, that that corporate market that we play very well to - the affluent market, the younger adult affluent market - do not want to be seen to be expendable, so their breaks are shorter. They are not going overseas for six weeks, they will take six shorter breaks at home. If we can get them down to each zone then we will be pretty happy with that.

CHAIR - Could you tell us what marketing is done to attract international visitors? Despite the global economic downturn some figures that we have been given indicate that the international visitors were down only 4 per cent last financial year, which is very good compared to what one may expect. What marketing do we do? What efforts do we make to attract international tourists who came in numbers of about 149 500 last year?

Ms O'BYRNE - The bulk of those were actually holiday visitations as well. We identify those markets where there is a desire to come to Tasmania and where there is interest in Tasmania and we have marketing partners in each of those areas. That changed a little bit, we lost probably a larger slice of North Americans but we picked up a lot of

Canadians. So we get that kind of flexibility happening as well, but we work with our providers on ground in each of our target market areas to provide that opportunity. We also partner predominantly with Tourism Australia in the markets that they identify. Having said that, last year, for instance, we engaged in G'Day USA. We were part of the G'Day USA agenda and of course we ran that market campaign but we also ran offshoot fringe events in our target market. So we spent more time in San Fransisco, for instance, than Tourism Australia would have because that is a market which we have identified has a lot of similarities in terms of experiences they want and experiences that we offer. We probably do not spend enough time in LA as - no we did not do too badly in LA this time - San Francisco and New York are two markets that are stronger for us. So whilst G'Day USA covers USA we pick those areas that have a particular response for us.

We have marketing publicity in the UK, Europe, Japan, Singapore, Hong Kong and Malaysia. Whilst the Japanese market has dipped, the Japanese being risk-averse travellers, our broader Asian market has grown. Out of the total Asian figure of 40 500, we had a dip in our Japanese numbers but a small growth in the rest of the Asian market.

We respond very much to on-the-ground in those areas. We partner with Tourism Australia predominantly, we do some work with the Federal trade body, Austrade, promoting some of our other opportunities as well. So with the Singapore art show, for instance, 10 Tasmanian artists were part of that and that is part of the tourism opportunity as well.

Ms MARIANI - I think the other important thing to note is that we have on-the-ground representation as well. Of those key markets the Minister identified we have a representative for Tasmania based in Tokyo, Hong Kong, Singapore, New York, representing the North American interest, and then we also have a UK-European representative..

CHAIR - So are they paid full-time staff?

Ms MARIANI - They are not staff. We contract those services externally. It has proven a much more beneficial way to go, whereas in light of the current economic crisis I know that many States across the country had to rethink their proposition because they had these people as permanent staff within the organisation based in those countries. They were paying them in the currency of the country with large infrastructure offices et cetera. When the value of the dollar went down to nearly \$0.50 not that long ago and the changes were felt across the globe as a result of the economic crisis, many of the States had to rethink how they were structuring their international representation. Many of them dropped some of the representation, they sold some of them, they closed some of the offices in some locations because it was becoming a very expensive venture because of the way their operations were structured.

We in fact were very flexible because our representation is not a full-time representative of the STO. They are contracted services, they have their own home offices so we do not have that infrastructure and cost. So our representation there was much better structured to be able to respond to the recent changes in the market.

CHAIR - So take New York for example, our representative there operates from home? How many hours a week?

Ms MARIANI - They have their own office. We are contracted to an organisation called DCI, which stands for Destination Consultants International. They are a marketing representation body and have an office. But our offices in Asia, Japan, UK, Europe operate largely as home offices so they do not have infrastructure costs.

CHAIR - So what does the organisation in New York do to promote tourism in Tasmania?

Ms MARIANI - There is a whole range of activities that they undertake.

Ms O'BYRNE - The visiting journalist program.

Ms MARIANI - There is a media component. Obviously, largely what we do is very media-based internationally, because it is expensive to engage in advertising so we do a lot of promotion through the visiting journalist program.

Ms O'BYRNE - And free media has a different head. If somebody reads an article it carries a bit more worth than an ad that has been paid for. So we try as much as possible to get article-based marketing in our international markets.

Ms MARIANI - The other side of what we do, as the minister said, is to work very closely with Tourism Australia. TA is the lead agency globally for all the States to get involved so they come out and organise quite a number of promotional activities then each State can come in and buy in at a smaller level than if you try to do it yourself.

We also do trade education, which is very important. We have a dedicated person who does nothing but trade education for Tasmania. She goes out and works with our key trade partners right across Canada and the USA to educate them on Tasmanian product and new products. Someone asked the question about the new products and we have new product workshops. There are online training programs they use as well because they can't get around to everyone. There is a very strong education program that we run on behalf of the industry to ensure that the retail trade in our international markets understands what Tasmania has to offer.

Ms O'BYRNE - And that can be targeted as well to particular media. When we were there the last time we went to places such as the *New York Times*, for instance, getting the *Times* is a really important thing. Also, *National Geographic* because of our soft adventure tourism, so it is also about targeting the media outlets that will deliver a conversion to us as well.

CHAIR - So with the organisation representing us in New York, what number of hours would you expect them to spend in promoting Tasmania?

Ms O'BYRNE - During 'G'Day USA' they ramp up and put additional staff on, so it would depend very much on the project they might be delivering at any given time.

Ms MARIANI - We have a base rate that we negotiate with them for a minimum level of servicing around trade education and basic things we want them to engage in that we know will occur in the course of the next 12 months. There are promotions that come up, as the minister was saying, with 'G'Day USA' we negotiated a project fee with them

to work at a different level for us. It varies but there is a base level of service that we engage them for.

CHAIR - Just to take one Asian country, Japan, who do we have representing us there? What about their experience and qualifications? How many hours a week and what would they do?

Ms O'BYRNE - We could probably provide that to you, I am not sure -

Ms MARIANI - I don't know his actual hours.

CHAIR - And what is the background of that person?

Ms O'BYRNE - We'd have to do that in camera.

CHAIR - Or perhaps in writing.

Ms O'BYRNE - We don't necessarily want the other States picking up every single one of our consultants. We recently lost our North American consultant to Tourism Australia, so we're very edgy about having our good people poached these days. We're happy to provide you with that information but we'd rather not hand it over to the other States.

CHAIR - If we focus on New Zealand, we're told that the numbers last financial year were up by 8 per cent, but there were only 15 900 visitors. Did we not have more potential to attract more visitors from New Zealand? What are we doing there to promote Tasmania?

Ms O'BYRNE - We've recently ramped up our engagement with New Zealand. We've had our Tourism Tasmania person over there a couple of times recently, and another one to go, working with their trade partners building their knowledge of the experiences over here. I think it is a market that we can substantially grow. New Zealanders are, once again, into the reef-rock-bridge kind of thing, which is odd given the similarities between particularly the south island and our own island, but that may be part of it as well. We have recently ramped up our engagement in New Zealand and we hope to see a return on that.

CHAIR - Are there any particular reasons why we're not getting more New Zealanders here?

Ms O'BYRNE - I think there are a lot of New Zealanders coming to Australia but I think they all go to beaches. The research we've done shows that the things that they're chasing, apart from fabulous beaches, are being in cities, the nightlife, going to the theatre. Sydney and Melbourne in particular have been very successful in attracting them. That is one of the reasons that we're now working with our partners over there to showcase particularly our fine wine and art experiences we can offer here. With the growth in cultural heritage tourism that we anticipate, we think we might see quite a shift and I think David Walsh's adventure in particular will shift our cultural tourism market quite substantially, so that will be an interesting assessment to make post his opening as to the differences we get and what areas that is targeting. Certainly Europe, the UK and the US are extremely excited about that. It's an issue that is getting a huge amount of media coverage; probably not as much media coverage down here but significant

international media coverage, so I think that will be one of the ways that we change that kind of imagery around Tasmania as a cultural destination.

Mr GAFFNEY - We're probably too similar; we are very similar to New Zealand.

Ms O'BYRNE - Having said that, Tasmanians go to the south island as well.

CHAIR - That was the matter I was going to raise next. Some years ago when visiting New Zealand with a previous committee we found that most New Zealanders felt that they did not need to visit Tasmania because it was so similar to New Zealand, but when people from New Zealand came here they noticed a big difference -

Ms O'BYRNE - That is the experiential marketing we need to do.

CHAIR - in our heritage, because our heritage buildings are much older than the ones in New Zealand and they found that an attraction.

Ms O'BYRNE - The other area that we do need to develop, in conjunction with our Aboriginal community, who are still very much developing the story as well, is we have the most ancient, continuing, existing culture in the world here. The community itself need to still embrace its own history and develop some of that. There are some great opportunities in Aboriginal tourism but it has to be authentic Aboriginal tourism. I think we have all seen poor examples done in other places of package tourism. Having said that, the community itself needs to be developing that at a rate that is comfortable with them. We have had some discussions with them through Tourism Tasmania about where business skills opportunities might lie.

CHAIR - We used to have direct flights between Hobart and Christchurch.

Ms O'BYRNE - I understand that there are discussions going on at the moment.

CHAIR - That is good, because they were not promoted when they occurred at either this end or the New Zealand end.

Ms O'BYRNE - I flew it.

CHAIR - So did I and quite few others but notwithstanding the capacity was about the 60 per cent, I think, and they were withdrawn. So what are the prospects of establishing direct flights in the future?

Ms O'BYRNE - There are discussions going on at the moment. That is a matter for the airport itself; it is negotiating directly with the airlines and we are providing for that. The other key to that, of course, is that it is reasonably expensive to get there and the changes or the greater affordability of flights would probably make a difference to low capacity as well.

CHAIR - Thank you.

Mr FINCH - I want to talk about point 6 in our terms of reference.

Ms O'BYRNE - We have not gone to any other points.

Mr FINCH - No, whether it is feasible and desirable to enlist Tasmania,-

Ms O'BYRNE - I thought I would get this question from someone else.

Mr FINCH - with a high-profile interstate and overseas to promote Tasmanian tourism.

Ms O'BYRNE - We work with our ambassadors quite regularly. The key though is that it has to fit our brand and our message. It is not worth just saying, there is a high profile person, let us whack a sticker on their racquet or on their whatever. We need to actually make sure that the group that they appeal to within their sport, and the message that they are selling, actually then provides a conversion for us, because there is no point marketing in an area where we are not going to get a conversion. There is generally a significant cost in dealing with some of them. Some of them are affordable, some of them are clearly not affordable in that they take up most of our budget for not necessarily a great return. We have had a couple of high-profile Tasmanians. We have worked with actress Rachael Taylor. She worked with us on 'G'Day USA' and 'G'Day Canada'. Matthew Goggin, as we mentioned before, worked with us in 'G'Day USA' as well. We are currently - and I am sure that Mr Wing will want to hear this - in ongoing discussions with NASCAR driver Marcos Ambrose - not necessarily for the sort of thing that may have been suggested because we think we could not afford to put a label on his car.

CHAIR - I do understand that.

Ms O'BYRNE - That would just be way beyond us, but there is an opportunity that we are discussing with him now that we think is quite exciting.

We also have other people who have connections to Tasmania. We work well with Luke Mangan, he is our celebrity chef. He has a restaurant in Sydney and he has got one in Japan and San Francisco. Ian Parmenter did good stuff for us for 'G'Day USA' and the Australian Tourism Exchange.

Mr FINCH - Is he a Tasmanian?

Ms O'BYRNE - No, he just likes Tassie. He likes Tassie product. That is the other thing - because we provide good food products we get these partnerships with different chefs. Eric Bana, we worked with him on the movie *Love the Beast*, which was predominantly filmed around Targa. Misaki Ohara is a Japanese celebrity photographer who has an ongoing relationship with us and showcases us in Japan. Jack Hanna, who is an extremely big wildlife TV presenter in the US, came down and did some programs on Tasmanian wildlife and we got some really good feedback from that. He has a great interest in the Tasmanian devil and one of the things that we have managed to do through 'G'Day USA' is leverage opportunities to raise funds for the Save the Devil program and Jack has been extremely helpful with that. You would be familiar with the work we do with Mark Webber, and we have the visiting journalists program, which regularly hosts high-profile individuals who get really good placement with their stories.

We also did a partnership with Adobe. When Adobe did its Photoshop Lightroom, when they developed their new product they came and tested it in Tasmania. They had 30

international photographers to come down and take photographs in Tasmania, which is great, because it is great marketing for us, and they tested the quality of the program. At the end of each day when they took their photos and did the workshop work that they wanted to do, they would then feed back in the changes that they wanted to make to the Photoshop package, which would then be fixed by the next day. So Adobe developed its capacity using 30 high-profile photographers in Tasmania. So we do those kinds of things quite regularly. If you look in the Adobe manual, you will see that they are there now.

Mr FINCH - So what you are saying, Minister, is that this is something that you do keep an eye on?

Ms O'BYRNE - We do, where opportunities exist. The key is that they have to relate to something that we can leverage off in greater tourism. There is no point in our targeting somebody who is simply not going to get us a conversion. It is great to spend money but if you do not get a conversion in tourists coming, then it is money not well spent. So we target very carefully the people who we work with but also the way in which they might produce our work. Luke Mangan would not be any use to us if he were not using Tasmanian product. It is the fact that he regularly talks about the fantastic Tasmanian seafood and honeys and wines that we get a really good outcome from him.

CHAIR - Have we talked with Ricky Ponting?

Ms O'BYRNE - Ricky is very expensive but we do love him. We figure he is marketing Tasmania every day he is alive.

Laughter.

CHAIR - I am very pleased to hear that you are talking with Marcos Ambrose and I know you have spoken with him before and I know his difficulties with corporate sponsorship.

Ms O'BYRNE - Yes, it is a different arrangement in his marketing.

CHAIR - I know from his family that he promotes Tasmania wherever he can and he has a Tassie devil mascot that he uses and always describes himself as Tasmanian and promotes it personally as much as possible.

Ms O'BYRNE - Many Tasmanians do; Tasmanians are very proud of being Tasmanians. Whilst they might not necessarily fit the marketing opportunity we need, most Tasmanians sell Tasmania every day.

Mr GAFFNEY - With your hospitality hat on.

Ms O'BYRNE - Not that I have that hat yet and it is nothing to do with tourism is it?

Mr GAFFNEY - It could be, with the *Dying Breed* being so successful. Like, come and get well fed in Tasmania or something.

Ms O'BYRNE - The pieman, yes. I am always a bit worried about those images of Tassie, but whatever works.

CHAIR - You spoke about the targeting of the market. Could you give us an idea of the main targets?

Ms O'BYRNE - Domestically, we focus predominantly on Victoria and New South Wales and the eastern seaboard although we do have a growing opportunity with South Australia. Predominantly we want the people who are going to come and spend well, so younger and older affluence are a market that we target. So it is experiential opportunities for them. We are not a fly-and-flop market, which are those people who get on a plane, land on a beach and stay there. We have fantastic beaches but the fly-and-flop market is not one that we do. We go very much for the soft adventure tourism - affluence.

CHAIR - For itinerant travellers too. That is the main feature isn't it?

Ms O'BYRNE - Yes.

CHAIR - Could you, sometime, let us have details of the number of offices and staff you have in the department?

Ms O'BYRNE - Far less than we used to.

CHAIR - Also a comparison with the numbers before, if you have far less now, say, back two or three years ago?

Ms O'BYRNE - Even beyond that, Tourism Tasmania was a very bureaucratic entity at one stage. One of the things that we worked with the tourism industry about was making sure that we had people who were delivering what we needed to deliver and partnering well with industry and our numbers now are, Felicia, off the top of your head?

Ms MARIANI - There are 92 FTEs currently in Tourism Tasmania. Just about the time that I arrived here in the 2005-06 financial year, we were sitting on roughly about 206 full-time equivalents, I believe the figure was. Largely, over the past two years is where we have really realigned the business to a large degree. We developed the new strategy which we launched at the end of 2006 and over the course of the next two years, realigned the organisation. We made the decision to exit the mainland travel centres in 2007.

CHAIR - They have all been closed?

Ms MARIANI - Yes. There was only Sydney and Melbourne at the time and we chose to exit those in 2007. The decision to exit the wholesale operation that we announced in May represented a portion of the reduction from 206 to 92 but that was probably only about maybe 50 per cent of that reduction. What we have done throughout the organisation is managed the establishment really well. As people have left the organisation we have looked at whether we needed to replace them and we thought about other ways of providing those services. The management of the establishment played a very big part in how we have improved our numbers in the organisation and our efficiencies. When we started this process our salaries and overhead costs to the overall budget were about 48.9 per cent, I believe the figure was, and we are now sitting on a

figure at about 33.8 per cent of base appropriation. A two-thirds-one-third split is essentially the business model and that is what everyone works to - one third salaries and overheads and two thirds to program - so that is where we are sitting at now.

CHAIR - Thank you very much.

Ms O'BYRNE - Can I give you a little bit of information first before you wind up?

CHAIR - Yes.

Ms O'BYRNE - We were a bit worried that when I told you about the additional 1 million seats that that did not occur in the last 12 months. I do not think I said that but I am sure you would realise that we have 1 million additional air seats in the last 10 years. I am pretty sure that you all got that.

CHAIR - Yes, I understood.

Ms O'BYRNE - So the figure for repeat visitors in the next 12 months is actually 66 per cent. There is a higher repeat visitation figure but within 12 months it is actually 66 per cent.

CHAIR - And not 72?

Ms O'BYRNE - Sixty-six per cent of those people who visited Tasmania in the last 12 months were repeat visitors and I just clearly put that one on the record.

CHAIR - So we will delete 72 totally?

Ms O'BYRNE - Yes. There is a qualifier around that in that more people do but in the last 12 months it is 66 per cent.

CHAIR - It is still a very good figure.

Ms O'BYRNE - It is an extremely good figure and one that many States would be envious of, although I do mention once again that there are a lot visiting family and friends who often stay in hotels and go out to fabulous restaurants as well.

CHAIR - Would you like to go in camera or provide the other information in writing?

Ms O'BYRNE - Can I just quickly go in camera for just a couple of things, if that is okay, and then there are some things that we will provide in writing to you, but there is probably a conversation that we should have.

CHAIR - Ladies and gentlemen, would you mind just leaving the room for a couple of minutes? We just need to go in camera for a short time. We will be as quick as possible.