

LEGISLATIVE COUNCIL SELECT COMMITTEE REPORT ON TOURISM IN TASMANIA
TASMANIAN GOVERNMENT'S RESPONSE

AUGUST 2011

*Tabled by
Hon. D. Parkinson MLC
30/8/11
D. Parkinson
30/8/11*

Recommendation	Response
<p>1 The Tasmanian Government improves its data collection and analysis to demonstrate more fully the economic value and importance of tourism to the State, especially in comparison with other key industry sectors.</p>	<p>The Tasmanian Government currently collects data on the economic contribution of the tourism sector through Tourism Satellite Accounts (TSAs). These TSAs identify direct and indirect gross value-added, gross economic value and employment of the tourism sector, this information is produced independently of the Government. In addition to TSAs, Tourism Tasmania's Business Intelligence and Research Unit provides the Government and the tourism industry with both primary and secondary research and analysis.</p>
<p>2 An awareness campaign be conducted to impress upon all Tasmanians the importance of tourism to our economy and employment, as well as the role they can play in promoting Tasmania and in welcoming and assisting visitors to our State.</p>	<p>Tourism Tasmania provides ongoing communication to the public about tourism's contribution to the State economy. Regular and ongoing communication is considered an effective strategy for achieving long-term recognition and acceptance in the Tasmanian community about the value and benefits of tourism.</p>
<p>3 The Tasmanian Government pursues, through the Council of Australian Governments (COAG) and relevant Ministerial Council meetings, a review of penalty rates of pay and associated workplace restrictions for the tourism industry.</p>	<p>For decades, penalty rates have been a feature incorporated in worker entitlements in recognition of work undertaken outside standard working hours, such as late at night or on weekends or public holidays.</p> <p>The Hospitality Industry (General) Award under the Commonwealth Government's Fair Work Australia system, which sets the minimum benchmark for hours and rates of pay, provides some flexibility for employers and employees to negotiate penalty rates, overtime, leave loading, allowances etc.</p> <p>The Tasmanian Government has no plans to pursue a change to the Commonwealth's policy at this time.</p>
<p>4 The Tasmanian Government urgently reviews the impact of payroll tax and implements measures to minimise any disincentives to increased employment.</p>	<p>Payroll tax can be seen by business operators primarily as a cost driver, however, it is also an efficient and equitable means of ensuring that businesses make a financial contribution to the cost of public services. At present, relatively few tourism operators in Tasmania pay payroll tax due to the size of their business ventures. Further raising the tax-free threshold or otherwise reducing the payroll tax collected from an individual sector would narrow the tax base and potentially lead to equity claims by other sectors for an exemption/concession.</p>

<p>5</p> <p>The Tasmanian Government re-assesses taxes and charges, regulatory requirements and planning laws with a view to encouraging further investment in tourism-related projects.</p>	<p>Using the tax system is not an equitable or efficient way of encouraging investment in a particular sector, and tourism should be treated equitably relative to other sectors in accordance with the competitive neutrality objective of government.</p> <p>Through the Regional Planning Initiative, State and Local Governments are identifying strategic directions across a range of issues, including tourism, which will help ensure planning schemes encourage tourism-related projects in strategically appropriate areas.</p>
<p>6</p> <p>As airport infrastructure is not a "core" responsibility of TasPorts, it should consider shedding its role as owner of the Devonport Airport.</p>	<p>There have been previous unsuccessful attempts by the Tasmanian Ports Corporation (Tasports) to divest itself of the Devonport Airport. Notwithstanding this, this Airport is an asset which is a net contributor to Tasports' profitability and cash flow, and as such it is considered to be in Tasports' commercial interest to continue ownership and operation of the facility. Unless a suitable buyer is prepared to pay an acceptable price, the Government supports Tasports' continued ownership of the Airport.</p>
<p>7</p> <p>The Tasmanian Government enables TT-Line to make the maximising of passenger numbers its primary objective.</p>	<p>This recommendation is problematic for a number of reasons:</p> <p>Firstly, the TT-Line carries a significant volume of sensitive freight and provides the fastest crossing of Bass Strait and is the only time-critical freight service to and from Tasmania for producers transporting goods by sea. A reduction in the TT-Line's ability to carry freight would impact negatively on the Tasmanian economy and adversely affect a number of Tasmanian businesses, in particular agricultural and fishing exports.</p> <p>Secondly, as a commercial operation the TT-Line is able to self-fund the annual maintenance of its vessels and accumulate funds for future vessel replacement or refurbishment. Seeking to maximise passenger numbers would require TT-Line to discount passenger prices to below commercially sustainable levels. At the very least, TT-Line would then be dependent on Government funding of around \$8 million per annum to maintain its vessels to appropriate safety standards, and this could require significant equity injection at the time of vessel refurbishment or replacement. Due to TT-Line's largely fixed cost base, it could also require an annual operating subsidy from the Government to remain solvent.</p> <p>This effective subsidisation would provide a competitive advantage to TT-Line over domestic airlines, breaching competitive neutrality principles. There is a significant risk that domestic airlines would exit the Tasmanian market in such a circumstance.</p>

8	<p>The Tasmanian Government continually reinforces with the Federal Government the importance of the Bass Strait Passenger Vehicle Equalisation Scheme to ensure that the scheme is maintained at least at current levels.</p>	<p>The Bass Strait Passenger Vehicle Equalisation Scheme, delivered through the Commonwealth Government Agency Centrelink, assists in alleviating the cost of sea travel across Bass Strait for passengers accompanying an eligible vehicle. It assists with the cost associated with the transportation of passenger vehicles interstate across Bass Strait. The Tasmanian Government agrees with Recommendation 8 and supports its content.</p>
9	<p>Tourism be the major portfolio responsibility of whoever holds that portfolio.</p>	<p>The allocation of Ministerial portfolios and responsibilities is a matter for the Premier. When assigning ministerial responsibilities the Premier takes into consideration a number of matters, including the relative priority of various economic and social portfolios when making such decisions.</p> <p>The Government recognises the importance of tourism and has been a strong supporter of the industry. Since the Legislative Council Select Committee Report on Tourism was released, there has been a change in the composition of the Tasmanian Cabinet, with tourism now allocated as the major portfolio responsibility of the current Minister for Tourism, Scott Bacon MP. Mr Bacon also has portfolio responsibility for hospitality and veterans' affairs.</p>
10	<p>The Tasmanian Government continues to provide financial support to Tourism Tasmania at least at current levels, in real terms.</p>	<p>The Tasmanian Government is a strong supporter of the tourism industry and has injected millions of dollars into the industry. However, like all other areas of State Government expenditure, Tourism Tasmania needs to reduce expenditure over the next four years. To this end Tourism Tasmania is working with the Tourism Industry Council of Tasmania in relation of how best Tourism Tasmania can save money while ensuring that it is able to effectively promote Tasmania locally, nationally and internationally.</p>
11	<p>The Tasmanian Government, through Tourism Tasmania, substantially increases its efforts to attract more visitors from the Asia-Pacific region, especially from New Zealand which is a market of almost 4.5 million people only 3.5 hours away.</p>	<p>The 2011-12 State Budget allocated funding to continue marketing Tasmania locally, interstate and overseas, with \$3 million made available to maximise international visitation for tourism and leisure.</p>
12	<p>The Tasmanian Government, through Tourism Tasmania, continues to focus on the strong traditional domestic markets of Victoria and New South Wales and explores other emerging domestic markets.</p>	<p>Tasmania's traditional domestic markets represent the largest percentage of visitors to the State and are the main focus of Tourism Tasmania's marketing effort. Victoria continues to be Tasmania's largest domestic market, with the Tasmanian Visitor Survey indicating that in 2010 343 000 visitors to the State were from Victoria, 184 000 were from New South Wales and 112 900 were from Queensland.</p> <p>The number visitors to the State from the Northern Territory and Australian Capital Territory increased by 30 per cent.</p>

13	Tourism Tasmania undertakes further analysis of the zone marketing concept to highlight the strengths and address the weaknesses.	In late 2010 Tourism Tasmania commenced an evaluation to consider the overall effectiveness of its zone marketing program, prior to the completion of its first three year period of zone marketing. The evaluation was undertaken independently by Deloitte and involved consultation with a range of stakeholders including Tourism Industry Council Tasmania (TICT) and Tourism Tasmania supported Zone Marketing Groups which comprise industry representatives. The analysis is currently being considered by the Tourism Tasmania Board in consultation with the Zone Marketing Groups.
14	Tourism Tasmania develops a strategy to improve its level of communication and engagement with the industry	In August 2010, Tourism Tasmania commenced a Stakeholder Communications Survey to measure the effectiveness of its communications and engagement with the State's tourism industry. The survey rated the industry's satisfaction with Tourism Tasmania's communication activities and methods, and identified preferred formats and media for receiving information. A number of actions proposed in the review have already been completed or are currently being implemented. These include providing additional grants information on the Tourism Tasmania's corporate website, providing more information about the its business support services, promoting the corporate website resources and services more widely to the tourism industry, and providing more structured opportunities for industry feedback. A follow up survey is proposed for mid-2012 to review the effectiveness of Tourism Tasmania's new and improved industry communication and engagement activities.
15	Tourism Tasmania undertakes an aggressive expansion and promotion of its Digital Coach program.	Tourism Tasmania developed the Digital Coach program two years ago in response to the relatively poor participation rate of industry in online marketing and distribution. The program has proven to be successful for those businesses that have been involved. In its first year 237 operators participated and a further 280 operators have been involved so far in 2011. However, despite a number of direct approaches, many businesses have chosen not to participate in the free program. Discussions have been taking place with the ICT to further promote the benefits of, and improve industry participation levels in the program.
16	The Tasmanian Government facilitates a faster rollout of the National Broadband Network in Tasmania to ensure all tourism businesses have access to the best online facilities available.	The rollout of the National Broadband Network is being managed through the Commonwealth Government Business Enterprise, NBN Co. The State Government is strongly committed to supporting the rapid rollout and subsequent take up of super-fast broadband. This support has involved a number of initiatives, including the development of opt-out legislation to help progress the rollout in a practical and efficient manner and the Digital Ready Program (including a Business e-Kit and the Digital Coach program) to promote take up of the technology.

17	The Tasmanian Government comprehensively reviews the technical, operational and financial aspects of the current accommodation booking system on the discovertasmania.com website.	The website discovertasmania.com provides a range of information and services including a booking exchange. The booking exchange service allows visitors to transact with individual tourism operators and their booking systems either directly or through a third party distribution point connected to the exchange. Tourism Tasmania is continually reviewing how to enhance its' and the local industry's capability in this important online environment.
18	Tourism Tasmania develops a dedicated marketing strategy to capitalise on the State's niche marketing advantages.	Tourism Tasmania's marketing strategy is based on a boutique or niche marketing approach, recognising that it is not possible for Tasmania to compete against large budget, mass market approaches. Campaigns and programs are designed to attract the attention of these prospects and facilitate sales by leveraging their affiliation with our nature, heritage, food and beverage and art/culture.
19	The Tasmanian Government, through Tourism Tasmania, undertakes a review of the backpacker sector to maximise its potential as a niche market.	Tourism Tasmania continually looks at how it can work better with local industry sector groups through a focus on 'experience marketing' as a key driver of travel to the State. Tourism Tasmania has recently facilitated the formation of a new backpacker industry sector group, the Backpacker Operations Network (BON). BON is responsible for strategic planning of the backpacker market in key areas of marketing and development. Tourism Tasmania provides additional support for the backpacker sector through regularly tracking backpacker visitation through the Tasmanian Visitor Survey as well as supporting the development of the BON website.
20	The Tasmanian Government gives favourable consideration to Forestry Tasmania's application for Community Service Obligation funding to maintain its infrastructure so that existing nature-based attractions remain accessible.	Under the <i>Government Business Enterprises Act 1995</i> , Community Service Obligations (CSOs) are functions, services or concessions performed by GBEs at the direction of the portfolio Minister and Treasurer that "would not be performed, provided or allowed if the Government Business Enterprise were a business in the private sector acting in accordance with sound commercial practice". It should be noted that, at present, Forestry Tasmania has no declared CSOs. The request for funding referred to in the Report and Recommendation 20 relates to activities undertaken by Forestry Tasmania in its non-commercial forest zones at the direction of the Forestry Tasmania Board, not the Government. A CSO funding request has been received by the Minister for Energy and Resources, however a decision is pending the outcomes of the Forestry Tasmania review.

<p>21</p> <p>The Tasmanian Government collaborates with Tasmanian Railway Pty Ltd, the Don River Railway and the tourism industry to develop, as a priority, a tourist and heritage railway experience between Devonport and Wynyard.</p>	<p>In the 2010-11 State Budget the Government allocated \$100 000 to support the development of sustainable heritage rail experiences in Tasmania. As part of this initiative, the key issue of mainline access is being addressed in partnership with TasRail and the tourism industry sector group Tourist Railways of Tasmania (TATRail). Don River Railway is a member of TATRail.</p> <p>In addition Tourism Tasmania is assisting TATRail in the preparation of a business strategy and supporting business plan. This will help TATRail to mitigate impediments to development and to maximise opportunities to build its skills in developing rail heritage experiences.</p> <p>It is noted that the carriage of freight is the primary function of the Tasmanian rail network. Currently the area of track between Burnie and Wynyard is non-operational and trains are not permitted to travel on it. Development of a tourist rail would require an upgrade of this line and a comprehensive assessment of the rail infrastructure (including bridges and level crossing devices) to confirm its suitability and safety for the proposed operations. Given the current budget environment and the investment required for this development, the Tasmanian Government is not able to support further action in relation to this Recommendation at this time.</p>
<p>22</p> <p>The Tasmanian Government actively pursues the appropriate development of a Mount Wellington cable car</p>	<p>Wellington Park is managed by the Wellington Park Management Trust established through the <i>Wellington Park Act 1993</i>. The Park is managed in accordance with the goals, objectives and policies contained in the <i>Wellington Park Management Plan 2005</i>.</p> <p>The Pinnacle Zone Site Development Plan 2001, prepared in accordance with the <i>Wellington Park Management Plan 2005</i>, specifically prohibits a cable-car development and has been incorporated in the City of Hobart Planning Scheme 1982 as the Pinnacle Zone Local Area Plan. Any cable-car development would require amendment of the Management Plan, the Pinnacle Zone Site Development Plan and the Pinnacle Zone Local Area Plan.</p> <p>In addition, any new use or development within the Park requires the approval of the relevant landowner. Depending upon the route of a proposed cable-car, this could involve the city councils of Hobart and Glenorchy, and a number of owners of private land adjoining the Park.</p> <p>The Trust is currently undertaking a major review of the Management Plan. The review will consider the existing management zoning framework, the development control and approval processes, and the extent of permitted activities within the respective management areas of the Park. The Trust aims to submit a draft management plan for review by the Tasmanian Planning Commission by 30 June 2012.</p>

23	The Tasmanian and Commonwealth Governments expedite the construction of the Three Capes Track	<p>The Three Capes Track is funded by the Commonwealth and State Governments the Track's planning, design and construction are subject to a jointly agreed Implementation Plan. The construction of the Track will be subject to various statutory approval processes – including a Reserve Activity Assessment and assessment under the Commonwealth Government's <i>Environment Protection and Biodiversity Conservation Act 1999</i>. Every effort is being made to ensure these assessments are progressed as efficiently as possible and, subject to all approvals being obtained, construction of the Track is scheduled to be completed by 1 October 2013.</p> <p>It should be noted that the Parks and Wildlife Service (PWS) is undertaking an upgrade of the existing Cape Hauty Track (which will form part of the Three Capes Track) involving the construction of an Australian standard Class 3 walking track. Approval for this has been granted and contracts for the track work, supply of construction materials and provision of helicopter services to supply the materials have been awarded. This work is scheduled to be completed by the end of December 2011.</p>
24	The Tasmanian Government invests additional funds to ensure that the training and skills development needs of the tourism and hospitality industry are maximised, especially in regional and rural areas of the State.	<p>Funding is currently available for tourism and hospitality training through a range of programs that are managed by Skills Tasmania. Such funding is provided through:</p> <ul style="list-style-type: none"> • traineeships and apprenticeship funding, known as User Choice • the Productivity Places Program (PPP); and • other programs which allocate funds on a competitive basis, for example the Workplace Skills Program. <p>The tourism and hospitality industry has attracted significant funding under the PPP, with around 12 per cent of funded places available under the Program. Around 80 per cent of funding for existing workers has been allocated to employer and industry association tenders. Many of the recipients are located in regional Tasmania.</p> <p>The Tasmanian Government also supports training and skill development for the tourism and hospitality industry through the Tasmanian Hospitality Skills Initiative. This initiative aimed to develop a more detailed understanding of the skills and training needs of the hospitality industry in Tasmania. The Government allocated \$100 000 for this initiative in 2010-11, and an additional \$100 000 was allocated in the 2011-12 State Budget for further training and capacity building in the hospitality industry.</p>

25	The Tasmanian Government undertakes a major review and re-organisation of regional tourism and uses the Cradle Coast Authority and the regional structure adopted in New Zealand as its model.	A comprehensive Regional Tourism Review has recently been undertaken in conjunction with the State's three regional authorities (including the Cradle Coast Authority). Tasmania's regional organisations and key stakeholders are currently considering the results of the Review. Tourism Tasmania will also present a series of options or scenarios for consideration by the tourism industry and other key stakeholders, to support the development of a strong regional tourism model covering the State.
26	The Tasmanian Government, in close consultation with the Tourism Industry Council of Tasmania, expedites the introduction to Tasmania of the new Australian national accreditation scheme (TQUAL) for all categories of tourism.	Tourism Tasmania is actively supporting the introduction of TQUAL to Tasmania. It has been a long term advocate of this initiative at the national level, providing significant input to its establishment. The Australian Tourism Accreditation Program, which is administered in Tasmania by the TICT, has been granted a licence under the new TQUAL scheme. Tasmania has 1 000 tourism businesses accredited under this Program, or about one third of all businesses currently accredited under the national scheme.
27	The Tasmanian Government separates Tourism Tasmania from the State bureaucracy to enable it to operate independently and solely as a marketing company similar to Tourism New Zealand.	Like Tourism New Zealand, Tourism Tasmania is a statutory authority which operates independently of Government. It is administered by a skills-based Board with all but one of its eight Directors drawn from the private sector. The Tourism Tasmania Board is responsible for all decisions regarding the strategic direction and operations of Tourism Tasmania in fulfilling its functions and objectives as prescribed in the <i>Tourism Tasmania Act 1996</i> . The State Government does not make those decisions. It is considered that the Tourism Tasmania Board currently exercises the level of independence recommended by the Legislative Council Select Committee. However, as about 97 per cent of its funding is provided by the State, an appropriate level of accountability to the Tasmanian Government is required.
28	The Tasmanian Government establishes a Tourism Policy and Research Unit within the Department of Economic Development, Tourism and the Arts to provide tourism policy advice and research support to the State Government similar to the manner in which the Tourism Strategy Unit operates within the Ministry of Economic Development in New Zealand.	Tourism Tasmania's Infrastructure and Industry Development Unit provides tourism policy advice and research support to the Government proposed in this Recommendation. Key policy areas include, but are not limited to: <ul style="list-style-type: none"> • investment opportunities; • product development; • cultural tourism development; • industry learning and development; and • quantitative and qualitative research on visitors, existing markets and new/ emerging markets.

<p>29</p> <p>The Tasmanian Government takes a leadership role in working with the Tasmanian tourism industry, relevant local government bodies and major airport owners, together with their New Zealand counterparts, to develop a strong business case supporting direct flights.</p>	<p>The current assessed demand that airlines Jetstar, Virgin Australia and Air New Zealand, airports and Tourism Tasmania can identify does not provide a strong enough business case to warrant direct flights.</p> <p>Recent changes in service availability across the Tasman Sea through Jetstar and the code share arrangements between Virgin Australia and Air New Zealand currently provide the greatest opportunity to increase the number of New Zealand Visitors.</p>
<p>30</p> <p>That the business case supporting direct flights between Tasmania and New Zealand be completed and presented to the airlines before the end of this calendar year.</p>	<p>Refer to response to Recommendation 29.</p>
<p>31</p> <p>The Tasmanian Government, through Tourism Tasmania and Business Events Tasmania, establishes an expanded Tourism and Events Ambassador Program based on the Club Melbourne Ambassador Program model.</p>	<p>Tourism Tasmania currently has a number of domestic and international advocates for Tasmania as a destination, however none have been specifically appointed as tourism ambassadors.</p> <p>Tourism Tasmania's current resources and marketing strategies do not support the broad use of ambassadors for general purposes. However the short-term use of high profile personalities to support specific marketing objectives and resonate with its target markets is regularly considered.</p>