

(No.)



Parliament of Tasmania

LEGISLATIVE COUNCIL SELECT COMMITTEE

TOURISM IN TASMANIA

Members of the Committee:

Hon. Kerry Finch MLC
Hon. Mike Gaffney MLC
Hon. Vanessa Goodwin MLC
Hon. Doug Parkinson MLC
Hon. Don Wing MLC (Chair)

Committee Secretary: Mr Tom Wise

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Chairman's Foreword and Executive Summary

Tourism affects everyone in Tasmania whether they realise it or not. It is a major contributor both to the Tasmanian economy and to employment. Fluctuations in visitor numbers have flow-on effects in the Tasmanian economy.

It has been estimated that 6.1% of Tasmanians are directly employed in tourism. If indirect employment is added this increases to 11% and represents 25,000 Tasmanians.

For the year ending September 2010 visitor expenditure in Tasmania amounted to \$1.53 billion with the average spend per visitor amounting to \$1,676.

The majority of businesses directly involved in tourism are in the small business category with 85% employing 5 people or fewer. It has been estimated that more than 70% have an annual turnover of less than \$250,000.

In the last 18 months there has been a decline in the tourism industry in Tasmania, in common with other parts of Australia, largely due to difficulties which are external to Tasmania and beyond the control of the State Government, Tourism Tasmania and those involved in the local tourism industry. These difficulties include the effects of the Global Financial Crisis and the strengthening of the Australian dollar making it attractive and more affordable for Australians to travel overseas rather than domestically.

Although the factors responsible for this decline are extraneous and beyond local control, there are actions which can be taken locally to reduce the severity of the decline.

Greater use of the internet for marketing and online bookings is a measure that is being utilised by many Tasmanian businesses, but not enough. Tourism Tasmania conducts a Digital Coach Program which provides assistance by way of instructions for businesses wishing to take advantage of this service.

A major factor which influences the growth and development of the tourism industry in Tasmania is the standard and quality of service. Whilst there are many businesses which provide a high standard of service, there are regrettably too many in which the standard needs to be improved. This does influence the impressions and attitudes of visitors to this State.

The Committee's attention was drawn to the disturbing practice of some businesses failing to observe their advertised opening times. There were also complaints about the difficulties experienced by visitors in finding restaurants and other eating establishments open during public holidays.

It is acknowledged that such businesses can often ill-afford to open on public holidays due to the burden of paying excessive penalty rates – examples of which are given in the body of this Report. This problem needs to be addressed.

Attention should also be given to the threshold level for payroll tax as it acts as a deterrent to small businesses expanding and increasing staff numbers.

Access will always have a major impact on the growth and development of tourism in Tasmania, whether by sea or air. The Committee received evidence that in 2009 86% of visitors who arrived in Tasmania came by air. With the introduction of budget airlines resulting in keen competition, Tasmania is currently well served in terms of airline schedules and fares. Any weakening of the present level of competition resulting in a reduction in services and an increase in airfares would have a highly detrimental effect on our tourism industry.

Evidence was received that the government-owned TT-Line *Spirit of Tasmania* shipping service between Devonport and Melbourne brings about 120,000 visitors to Tasmania each year, who spend around \$300 million in this State. It was estimated that in terms of visitor numbers the ferries run at about half capacity on a yearly average. If they were to operate at full capacity a further \$300 million could be injected into the Tasmanian economy.

As a Government Business Enterprise the TT-Line is required to be profitable and to run on a commercially viable basis. There is a strong body of opinion that if the requirement to operate profitably were removed, the TT-Line would have more flexibility to increase passenger numbers, resulting in far greater expenditure in this State.

The Tasmanian Government's financial support is crucial to the success of tourism in Tasmania. The promotion of resorts and hotels by national and international chains in other States has the effect of marketing not only their establishments, but also tourism in their States. With fewer resorts and hotel chains operating in Tasmania a greater responsibility for promoting tourism rests with the Tasmanian Government.

In the 2009/10 State Budget the amount allocated for tourism was reduced by \$4 million. There was such an understandable negative reaction from the Tourism Industry Council of Tasmania and the industry generally that the lobbying which ensued resulted in the \$4 million being reinstated.

In the current economic climate, where the State Government is forecasting widespread budget cuts, it is imperative that there be no reduction in real terms in funding for tourism. Tourism is one area of government operations where it is necessary to spend money in order to make it. But if expenditure in tourism is decreased, it follows that there will be a decrease in visitor numbers which will have an adverse impact on the economy.

Every Tasmanian should be made aware that they can play a meaningful role in promoting tourism by adopting welcoming, friendly and helpful attitudes to visitors.

The Government can show leadership in this respect by ensuring that it gives the priority to tourism that the industry deserves. This should be done in the provision of adequate funds and also the recognition of the importance of tourism to our economy at the level of Ministerial appointments.

In New Zealand the industry is appreciative of the fact that the Prime Minister is the Minister of Tourism. This has given a significant boost to the profile of the industry. Similar recognition was given to the importance of the tourism industry in Tasmania when the late Premier Jim Bacon assumed the portfolio of tourism. Whilst it is not essential for the leader of the Government to be the Minister for Tourism, the Committee believes that tourism should be the major portfolio responsibility of whoever holds that Ministry.

Tasmania's largest domestic markets are Victoria and New South Wales but there has been recent growth in other domestic markets.

The Tasmanian Visitor Survey results for the twelve-month period up to 30 September 2010 showed that the total number of visitors on scheduled air and sea services was 912,800, down from 920,700 the previous year. Of these visitors 793,900 were from mainland Australia - an increase of 1% on the previous year.

In terms of marketing the State, Tourism Tasmania introduced Zone Marketing in July 2008 which replaced the previous regional marketing system where the State was divided into three regions. With Zone Marketing the State is divided into five regions and this new system has been subject to quite some criticism. Tourism Tasmania has acknowledged the validity of much of the criticism, especially that which relates to inadequate communication. Some witnesses expressed concern about the boundaries whilst others spoke in favour of the new system.

The Committee shares the views of those witnesses who expressed concern that Tourism Tasmania is within the State's public service bureaucracy. Those holding that view believe that this constrains Tourism Tasmania from marketing the tourist potential of this State to the fullest extent.

There is strong support for removing Tourism Tasmania from the public service and establishing it as a marketing body, similar to the system which exists and operates so effectively in New Zealand.

In providing its strong support for this proposal, the Committee believes that the available funds for tourism in this State would be more effectively utilised if this change were made.

In terms of maximising Tasmania's tourist potential there are a number of other ways in which this can be achieved including niche marketing, the

promotion of adventure and nature-based tourism and with online marketing, all of which are detailed in the Report.

The continued promotion of existing icon attractions is to be encouraged and the Committee sees considerable merit in developing other icons which have the potential to increase tourist numbers.

One recommendation is a tourist rail service operating between Devonport and Wynyard. The schedule need not be a daily service but a regular one which could coincide with cruise ships visiting Burnie and also some *Spirit of Tasmania* sailings.

The Committee discussed this proposal with a number of witnesses including representatives of the Don River Railway and the Burnie City Council which owns a number of rail cars that could be upgraded to provide the services.

The Committee also supports a proposal to establish a cable car to the summit of Mount Wellington, subject to it being appropriately designed and located away from residential areas. Cable cars operate effectively in places such as Cape Town, South Africa; Banff, Canada and the Great Wall of China without visual or environmental degradation.

Another potential icon which has the support of the Committee is the Three Capes Track which is currently being developed on the Tasman Peninsula.

Skills training in tourism and hospitality is readily available in Tasmania through Government and private institutions. Maximum use should be made of these to ensure high standards of skills and service throughout the State.

New Zealand is recognised as a leader in tourism and this Committee has benefitted considerably from the information obtained by the three Members who visited that country in February.

The importance New Zealand places on tourism as an economic driver is reinforced by the fact that the Prime Minister is also the Minister of Tourism.

A culture exists throughout New Zealand of widespread individual and community support for the industry. Local government provides generous funding for promotion. As a result tourism ranks with the dairy industry as the two leading industries in New Zealand.

A feature of their tourism organisational structure is the fact that Tourism New Zealand is a marketing body governed by a Board comprising only private enterprise members with no representative from the Government bureaucracy.

Tasmania would benefit by adopting a similar model because, freed of expensive bureaucratic requirements, more funds would be available for marketing and promotion.

There is potential, as well as interest on both sides of the Tasman, for direct air links to be re-established between Tasmania and New Zealand. This should be pursued as a priority.

I express my appreciation to all Members of our Committee for their commitment and thoroughness during our enquiry.

They join me in expressing our appreciation to all who have given evidence, provided written submissions or assisted our deliberations in any way.

Our Committee is grateful to our Secretary, Mr Tom Wise, for his efficiency and dedication. We wish to thank also Mrs Jill Mann, Mr Nathan Fewkes and Ms Roey Johnson of Hansard for their valued assistance.

**Parliament House, Hobart
3 May 2011**

**Don Wing MLC
Chair**

Conclusions

The Committee concludes, in relation to tourism in Tasmania, that:

1. The tourism industry is a major contributor to the Tasmanian economy and it follows that all Tasmanians are affected when visitor numbers decrease significantly.
2. While there is excellent data gathered by Tourism Tasmania on visitor numbers and attitudes, there are shortcomings in the availability of information about the contribution made by tourism to the Tasmanian economy, especially relative to other key industry sectors.
3. Every Tasmanian has a role to play in the tourism industry, either directly as part of a tourism operation or indirectly as in contact with visitors in day-to-day casual situations or in business conversations.
4. Strengthening of the Australian dollar is boosting international travel by Australians to the detriment of domestic travel.
5. The value of the Australian dollar is having an adverse impact on international students undertaking studies in Australia, although in Tasmania numbers have increased.
6. The recent Global Financial Crisis has had an adverse economic impact on tourism and on many Tasmanian businesses.
7. The internet continues to have a significant impact on tourism, resulting in the need for new destinational marketing strategies, the use of online booking websites and the growth of social online media as a marketing tool.
8. Many Tasmanian tourism operators are yet to embrace the internet and this is likely to adversely affect the viability of their businesses and also limit the potential for growth in tourism.
9. Although there are examples of high quality customer service standards throughout Tasmania, there is room for significant improvement in many areas.
10. Penalty rates of pay and payroll tax thresholds are acting as a disincentive to the development and growth of tourism in Tasmania – especially in regard to opening times and employment.
11. Tasmania is generally well served by domestic airlines, with the number of seats available having increased significantly since the introduction of low-cost airlines.

12. Upgrading of Hobart and Launceston airports has enhanced Tasmania's image as a tourism destination as well as the visitor experience.
13. Devonport Airport could attract a greater number of travellers if it were given more marketing exposure.
14. TT-Line is very important to Tasmania both for its passenger capacity and its freight transport role. However, its ability to maximise passenger numbers is inhibited by the Government Business Enterprise obligations to make profit its prime objective.
15. With the changing structure of the Tasmanian economy, the tourism industry is increasingly important to the State.
16. Tasmania's built and cultural heritage has been identified as a competitive advantage with untapped tourism potential.
17. There is significant potential for growth in Tasmania's tourism markets despite the recent downturn in visitor numbers and the challenges posed by the strengthening of the Australia dollar.
18. The State Government has a vital role to play in supporting the tourism industry to ensure that the greatest possible economic benefit is achieved for the State.
19. The reversal of the decision to reduce tourism funding in the 2009-2010 State Budget ensured that there was no adverse effect or implications for the tourism industry.
20. It is clear that the Global Financial Crisis and the high value of the Australian dollar have had significant negative impacts on Tasmania's capacity to attract international visitors from traditionally strong overseas markets, such as the United Kingdom and North America.
21. Tasmania's largest domestic markets are Victoria and New South Wales, but there has been recent growth in other domestic markets including the Northern Territory, ACT and South Australia.
22. The zone marketing concept has been problematic, with some tourism operators critical of the lack of consultation and feedback during the implementation of the concept.
23. From evidence received across the State it was obvious that some of the organisations responsible for zone marketing were more successful than others.
24. Tourism Tasmania has recognised and publicly acknowledged the shortcomings of the zone marketing concept and has initiated a review.

25. Tourism Tasmania has acknowledged the need for better communication and more effective engagement with the tourism industry.
26. It seems clear from evidence given to the Committee that, as a result of the independent “non-bureaucratic” structure of Tourism New Zealand, there are major advantages in the way it carries out its statutory roles.
27. The current structure of Tourism Tasmania within the State bureaucracy inhibits its capacity to respond quickly to changing markets and to maximise the tourism potential of Tasmania.
28. A greater focus on specialist niche markets would attract additional tourists to Tasmania.
29. The backpacker sector represents an opportunity for further development as a specialist niche market.
30. There are opportunities to exploit nature-based and adventure tourism in Tasmania and to draw on the lessons learned from a recent review of adventure tourism in New Zealand to ensure the safety and viability of current and proposed ventures.
31. Due to financial pressure and uncertainty in the forestry industry, the capacity of Forestry Tasmania to continue to maintain its tourism-related infrastructure has been severely constrained.
32. Unless Forestry Tasmania is able to find an alternative source of income to maintain its infrastructure, some of the existing nature-based attractions will be lost to the tourism industry.
33. Icon attractions are important to draw tourists to Tasmania.
34. While there are already icons in this State, there are opportunities to develop additional attractions to keep tourists in the State longer and to pursue new markets.
35. There is little doubt that the North-West Coast region needs another major icon attraction to develop and grow its tourism sector.
36. Previous proposals for a Mt Wellington cable car have not been successful, mainly due to public opposition to the particular design of the development and the location of the base terminal in suburban Hobart.
37. A Mount Wellington cable car, properly designed and planned, has the potential to greatly enhance the appeal of Hobart and Tasmania as a tourist destination.

38. The Three Capes Track will be a major icon attraction for the Tasman Peninsula and for the whole of Tasmania.
39. It is vital that skills training in tourism and hospitality meets the needs and expectations of employers.
40. There is a need to ensure that people in regional areas can continue to access skills training in tourism and hospitality.
41. The new mobile training facility established by the Skills Institute has helped to improve the training opportunities in rural and remote Tasmania.
42. Tourism accreditation schemes are beneficial in encouraging tourist operators to meet appropriate standards in their business and to enable customers to better understand the standards to expect from tourism businesses.
43. The existing TICT accreditation scheme operating in Tasmania is well regarded and to some extent has provided the impetus for the new national accreditation scheme for Australia.
44. New Zealand represents a largely untapped market of 4.5 million people for the Tasmanian tourism industry.
45. A major impediment to Tasmania taking full advantage of the close proximity of the New Zealand market is the lack of direct flights between the two destinations.
46. Since the 1980s, when direct flights were available between Hobart and Christchurch, the airline industry has changed significantly with the growth of low-cost carriers around the world.
47. Three low-cost airlines now service Tasmania, with two of them also operating flights from mainland Australia to New Zealand.
48. The trans-Tasman route is widely regarded as almost an extension of "domestic air travel" rather than an international route.
49. The concept of a direct air link between New Zealand and Tasmania has strong support on both sides of the Tasman Sea, but especially in New Zealand.
50. Opportunities exist to pursue the establishment of direct air-links between Tasmania and New Zealand.
51. The final decision to establish an air link is a commercial one to be made by the airlines operating in Australia and New Zealand.

52. The use of high-profile Tasmanians and other individuals to promote the State should be selective and targeted.

Recommendations

The Committee recommends that:

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.
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.
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.
4. The Tasmanian Government urgently reviews the impact of payroll tax and implements measures to minimise any disincentives to increased employment.
5. The Tasmanian Government re-assesses taxes and charges, regulatory requirements and planning laws with a view to encouraging further investment in tourism-related projects.
6. As airport infrastructure is not a “core” responsibility of TasPorts, it should consider shedding its role as owner of the Devonport Airport.
7. The Tasmanian Government enables TT-Line to make the maximising of passenger numbers its primary objective.
8. 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.
9. Tourism be the major portfolio responsibility of whoever holds that portfolio.
10. The Tasmanian Government continues to provide financial support to Tourism Tasmania at least at current levels, in real terms.

11. 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.
12. 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.
13. Tourism Tasmania undertakes further analysis of the zone marketing concept to highlight the strengths and address the weaknesses.
14. Tourism Tasmania develops a strategy to improve its level of communication and engagement with the industry.
15. Tourism Tasmania undertakes an aggressive expansion and promotion of its Digital Coach 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.
17. The Tasmanian Government comprehensively reviews the technical, operational and financial aspects of the current accommodation booking system on the *discovertasmania.com* website.
18. Tourism Tasmania develops a dedicated marketing strategy to capitalise on the State's niche marketing advantages.
19. The Tasmanian Government, through Tourism Tasmania, undertakes a review of the backpacker sector to maximise its potential as a niche market.
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.
21. 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.
22. The Tasmanian Government actively pursues the appropriate development of a Mount Wellington cable car.
23. The Tasmanian and Commonwealth Governments expedite the construction of the Three Capes Track.

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.
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.
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.
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.
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.
29. 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.
30. 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.
31. 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.

Introduction

1.1 APPOINTMENT AND TERMS OF REFERENCE

On Tuesday, 2 September 2009 the Legislative Council resolved that a Select Committee be appointed, with power to send for persons and papers, with leave to adjourn from place to place, to inquire into –

- (1) The impact tourism has on the Tasmanian economy.
- (2) The factors which influence the development and growth of the tourism industry in Tasmania.
- (3) The extent to which the Tasmanian Government should support the tourism industry and the effect and implications of the reduction in government funding in the 2009-2010 State Budget.
- (4) The origin and number of tourists who travel to Tasmania.
- (5) The most effective means of maximising Tasmania's tourist potential.
- (6) Whether it is feasible and desirable to enlist Tasmanians with high profiles interstate and overseas to promote Tasmanian tourism.
- (7) Other matters incidental thereto.

And that Mr *Finch*, Mr *Gaffney*, Mr *Martin* and Mr *Wing* be appointed as Members of the Committee.

The Committee met for the first time on Wednesday, 3 September 2009 and Mr *Wing* was elected as Chair.

The Committee was dissolved when the Legislative Council was prorogued on 12 February 2010 for the purposes of the State Election which was held on 20 March 2010.

The Committee was re-established by the Legislative Council on 4 May 2010.

The re-established Committee membership as determined by Order of the Legislative Council was Mr *Finch*, Mr *Gaffney*, Dr *Goodwin*, Mr *Parkinson* and Mr *Wing*.

The re-established Committee met for the first time on 4 May 2010 and Mr *Wing* was re-elected as Chair.

1.2 REASONS FOR ESTABLISHING THE COMMITTEE

In moving that the Committee be established, the Hon. Don Wing MLC told the Legislative Council that he believed tourism was one of Tasmania's most important industries. He stated:

*'As to how important, different people have different views, but I regard it as one of the most important industries and having enormous potential. The intent of this motion is to appoint a select committee and to support tourism in this State; to seek ways of promoting tourism in different ways from the present, if appropriate; to seek ways of overcoming any problems facing the tourism industry and individual operators; to seek ways of assisting tourism to reach its full potential, and, above all, to be positive and helpful, not negative.'*¹

Mr Wing also drew attention to what he believed was the most significant issue in the proposed Terms of Reference for the Committee he was seeking to have established.

He told the Council:

*'As to the terms of reference, I think term of reference (3) is probably one of the most significant and that is the extent to which the Tasmanian Government should support the tourism industry and the effect and implications of the reduction in government funding in the 2009-10 State Budget. Tasmania relies more on State Government financial support than most, if not all, other States.'*²

Mr Wing went on to say:

*'I would be interested to know the views of people in the industry about the cutback in funding in this current State Budget and to know what the general feeling is in the industry about the extent to which the State Government should support the industry. I think everybody appreciates the nature and extent of the Government support but there was a reduction slightly in excess of \$4 million.'*³

Mr Wing also proposed that the Committee examine how best to maximise the State's tourism potential, noting that:

'Term of reference (5) seeks to investigate the most effective means of maximising Tasmania's tourist potential and I am very conscious that everybody in the industry and in Tourism

¹ D. Wing, *Legislative Council Hansard*, Tuesday, 1st September 2009.

² *Ibid.*

³ *Ibid.*

*Tasmania are doing their utmost to achieve that now. Members of the public are given the opportunity to express views and there may well be some interesting and helpful suggestions coming forward.*⁴

He also suggested that the Committee investigate the marketing potential of high-profile Tasmanians in promoting the State nationally and internationally.

He said that:

'As to term of reference (6), whether it is feasible and desirable to enlist Tasmanians with high profiles interstate and overseas to promote Tasmanian tourism, I know that some consideration has been given to this by the industry and Tourism Tasmania. I believe there is great potential for us to use Marcus Ambrose, who is doing exceptionally well in motor racing in many different parts of the United States, to the extent that he now has a very high profile in quite a few of the States in the United States of America.

I would like to see some high-profile Tasmanians overseas and also interstate, not only in sport but anybody who is a Tasmanian with a high profile either in another State or overseas encouraged to assist in promoting tourism, and also investment and industry in Tasmania. I would like to see our people interstate and overseas being prepared to do this for the love of Tasmania.

*People could be influenced who hardly know where Tasmania is but who know these people. It could create an interest and cause them to come here. We do not have a large number of visitors from overseas but it has been increasing. I am not sure what the current percentage is, but we have the potential to increase that and it seems to me to be one way of doing that.'*⁵

The Hon. Kerry Finch MLC told the Legislative Council that:

*'When I first saw this motion that the member for Launceston put forward I asked contacts in the tourism industry what they thought and most of them said that they already know the facts but those are the facts about viability and profitability of individual operators. They know all about that. But we need an overview of this important industry ...'*⁶

Mr Finch also drew attention to the belief within the tourism industry that *'there cannot be too much support or promotional funding.'*⁷

⁴ Ibid.

⁵ Ibid.

⁶ K. Finch, *Legislative Council Hansard*, Tuesday, 1st September 2009.

⁷ Ibid.

He went on to say that:

*'There has to be some optimum level of support that is sustainable. Let us discuss that, let us investigate that. Should different government agencies, such as Parks and the Environment, get involved with new and improved developments? Savings from Tas Temptations, should that be kept for marketing purposes? I think that would be something that could be explored.'*⁸

Mr Finch supported the suggestion that the Committee investigate *'the origin and number of tourists who travel to Tasmania.'*⁹

He said that:

*'While the industry and the Government have a good idea of this, small businesses that are not directly in the industry could use more detailed information and there could be factors that assist in appeal. Bear in mind the trickle-down effect of visitors to the State; everybody benefits in the State.'*¹⁰

Mr Finch also supported the comments by Mr Wing in relation to the tourism marketing potential of high-profile Tasmanians.

He told the Legislative Council that:

*'I think there is great potential for ambassadors to promote Tasmania generally. I do not think there has been an argument built, though, to present to the Premier or the tourism department how important that could be and how it could be developed and presented so that it could be funded and supported. We have heard about Ricky Ponting, Marcus Ambrose, Mark Webber and his involvement with Tasmania, the Tasmanian devil - the importance of that cartoon.'*¹¹

In supporting the establishment of the Committee the Hon. Greg Hall MLC made particular reference to the standards of customer service within the tourism and associated hospitality industries.

He said:

'I think that in Tasmania we have issues that the committee would look at in terms of service delivery. The service delivery generally around the waterfront of Hobart and parts of Launceston is good. Melbourne is streets ahead again, for

⁸ Ibid.

⁹ Ibid.

¹⁰ Ibid.

¹¹ Ibid.

*example, in terms of restaurant service and all that sort of thing and also some of the accommodation prices. I think of paying accommodation recently for committee work in Burnie and a couple of other places. We were in the middle of winter and probably in a three star establishment. Sometimes you can get the same price in Melbourne or Sydney at this time of the year, so that is the competition we have.*¹²

Mr Hall also drew attention to the fragmented nature of the tourism industry in Tasmania and the difficulties associated with a sector that largely comprises small operators.

He said:

*'I hope the committee does look at the way that individual tourism operators work. I could describe a lot of them, from local government experience, as rugged individuals, a bit like farmers. We set up a tourism association and all sorts of things, they paid their subscriptions for a year and by the next year only 20 per cent of them had put their money where their mouth was. Some of those things can be very disappointing.'*¹³

The value and importance of the proposed Select Committee was summarised during the debate by Mr Finch, who noted that *'the Member for Launceston's motion poses a number of questions about Tasmania's tourism industry that I believe need looking at.'*¹⁴

He went on to elaborate by stating:

*'I know that industry operators have a wide range of information already but it mainly looks at profitability and sustainability. The rest of us need to know more so we can support the industry better, so that we can have a better understanding of the issues and talk more about the issues that affect the industry. We need to know what attracts visitors and also what puts them off. I think this will be a very valuable select committee review. I believe the report will be helpful to the Government, the tourism industry and the operators.'*¹⁵

¹² G. Hall, *Legislative Council Hansard*, Tuesday, 1st September 2009.

¹³ *Ibid.*

¹⁴ K. Finch, *op.cit.*

¹⁵ *Ibid.*

1.3 PROCEEDINGS

The Committee was appointed on Tuesday, 2 September 2009 and called for evidence in advertisements placed in the three regional daily newspapers on Saturday, 13 September 2009, with a closing date for submissions on Friday, 30 October 2009. In addition, invitations were sent to key stakeholder groups and individuals.

Twenty-four written submissions were received into evidence and the Committee also received 14 requests to present verbal evidence.

As mentioned above, the Committee was dissolved when the Legislative Council was prorogued on 12 February 2010 for the purposes of the State Election which was held on 20 March 2010.

Prior to the prorogation the Committee met on two occasions and held public hearings on one occasion, taking evidence from eight witnesses.

Following its re-establishment on 4 May 2010, the Committee met on 28 occasions and held public hearings on 18 occasions, taking evidence from 142 witnesses.

Within Tasmania, 150 witnesses gave verbal evidence to the Committee at public hearings, with only one of these witnesses giving evidence in camera. In addition, the Committee heard verbal evidence from 29 individuals during on-site inspections and information-gathering visits around the State.

In all, the Committee gathered evidence at 33 locations in Tasmania, namely: Bay of Fires, Bicheno, Binnalong Bay, Bridport, Burnie, Coles Bay, Corinna, Cradle Mountain, Derby, Derwent Bridge, Devonport, Don, Elizabeth Town, George Town, Hobart, Latrobe, Launceston, Nubeena, Parramatta Creek, Port Arthur, Pyengana, Queenstown, Scottsdale, Smithton, Sorell, St Helens, Stanley, Strahan, Swansea, Table Cape, Ulverstone, Weldborough and Wynyard.

The Committee acknowledges with appreciation that many witnesses travelled to these locations to give their evidence.

In addition, three Members of the Committee, Mr Wing, Mr Finch and Dr Goodwin, travelled to Sydney and Melbourne, gathering information and evidence from seven witnesses over four days. They also travelled to New Zealand, taking evidence from 25 witnesses in Wellington and Christchurch over four days.

All witnesses are listed in Attachment 1.

In total, the Committee met on 30 days and held formal public hearings on 19 of those days. The Minutes of these meetings are set out in Attachment 4.

Committee Members also undertook 22 on-site inspections and information gathering tours, eight of which were interstate or overseas.

Documents received into evidence are listed in Attachment 3.

Term of Reference 1: *The impact tourism has on the Tasmanian economy.*

At the national level the economic importance of tourism was highlighted in the *State of the Industry 2010* report published by Tourism Research Australia in November 2010. This report found that:

*'Tourism contributed \$32.8 billion to the Australian economy in 2008–09. This is more than agriculture, forestry and fishing (\$29.6 billion) and electricity, gas, water and waste services (\$29.2 billion). Tourism also provides around half a million jobs for Australians and disperses income and expenditure around the country with 46 cents in every dollar of tourism expenditure being spent in regional Australia.'*¹⁶

According to the same report, *'in 2008–09, domestic tourism contributed \$23 billion to the Australian economy, or nearly 2% of Australia's GDP ... [and international visitors] ... contributed \$9.5 billion to Australia's GDP.'*¹⁷

The latest available statistics show clearly that tourism also has a major impact on the Tasmanian economy. This impact is even greater than it is for tourism at the national level and relative to other Australian States.

In verbal evidence to the Committee, the then Chief Executive Officer of the Tourism Industry Council of Tasmania (TICT), Mr Daniel Hanna, said:

*'In terms of tourism and the economy, tourism's contribution to the Tasmanian economy in terms of share of gross State product is higher than in any other State in Australia. We often think of Queensland as being the tourism State. In fact, our share of gross State product related to tourism is higher here than it is in Queensland and, indeed, every other State as well. Directly it is just under 5 per cent of gross State product. But if you include what is indirect, 8.5 per cent of gross State product is related to tourism.'*¹⁸

Mr Hanna also told the Committee that the tourism industry made a similarly important contribution to employment in Tasmania, with *'the share of total employment down to tourism is the highest of any State in Australia.'*¹⁹

¹⁶ Tourism Research Australia, *State of the Industry 2010*, November 2010, p. 6.

¹⁷ Ibid.

¹⁸ D. Hanna, *Transcript of Evidence*, 13 November 2009, p. 5.

¹⁹ Ibid., p. 6.

He went on to state:

*'So just as its share of the economy in gross State product is higher, so it is with employment. A total of 6.1 per cent of all Tasmanians are directly employed in tourism. If you include indirect employment, it rises to over 11 per cent. Those jobs are in a range of different industries. So we know that those jobs, nearly 25,000 directly and indirectly, will be in sectors like retail, accommodation, cafes and restaurants, but also in sectors you may not think of, such as manufacturing, education, road transport and other clubs, pubs, taverns and bars.'*²⁰

Mr Hanna also argued that almost every Tasmanian business was involved in the tourism industry in one way or another, pointing out that:

'The range of businesses that are what you might call the tourism industry is extremely large and extremely diverse. We try to count them and estimates are it is around about 2,000, but that's only what you might call the businesses that see themselves as part of tourism or for whom tourism is a major part of their activities. In fact nearly every business in Tasmania benefits from visitors either directly or indirectly, and that's one of our key arguments.

It's not just a combination of operators, it is not just tour and transport operators, it's not just restaurants and what you might call the traditional tourism industries; it is retailers, it's butchers, bakers and a range of other services such as service stations and supermarkets.

*Then indirectly of course there's the huge range of businesses that service those businesses such as tradespeople, financial services, lawyers, accountants and so on. When you go through the whole supply chain, you realise that almost every business in Tasmania is in tourism in some way ...'*²¹

All Tasmanian businesses, whether directly or indirectly involved in tourism, benefit in some way from the millions of dollars spent by visitors, whether they travel to the State for holidays, for business or to visit family and friends.

The latest available statistics on visitor expenditure in Tasmania reveal that, for the year ending September 2010:

- *'Visitor expenditure in Tasmania grew 4% to \$1.53 billion. Average spend per night increasing 2% to \$181 per night and the average spend per visitor increasing 5% to \$1,676.*

²⁰ Ibid.

²¹ Ibid, p. 2.

- *Expenditure by interstate visitors increased 4% to \$1.31 billion for the year ending September 2010.*
- *Furthermore, the average spend by each interstate visitor increased by 3% to \$1,646 and the average spend per night also increased 5% from \$190 to \$199 per night.*
- *Expenditure in Tasmania by international travellers for the year ending September 2010 increased 1% to \$277 million (including package expenditure).*
- *The average spend per international visitor in Tasmania grew from \$1,915 to \$1,953 in the year ending September 2010. The average spend per night [by international visitors] decreased from \$100 to \$94 dollars per night including package expenditure.*
- *Total spend by overnight intrastate visitors decreased 18% [from \$284 million for the year ending September 2009] to \$232 million for the year ending September 2010.*
- *Total day travel expenditure increased 4% [from \$426 million for the year ending September 2009] to \$442 million for the year ending September 2010 when compared to the year ending September 2009.¹²²*

Reinforced by the findings of the national *State of the Industry 2010* report, Tasmania's tourism industry plays a significant role in local economies throughout the State. Mr Hanna highlighted the regionally diversified nature of tourism when he told the Committee:

*'We know from our research, another key feature of our industry is its domination by small and micro-businesses. Around 85 per cent of all tourism businesses employ five people or fewer and we know that more than 70 per cent have an annual turnover of less than \$250,000. So these are, by and large, very small micro-businesses and a lot of them are in regional areas.'*¹²³

This opinion is supported by the recent Regional Tourism Review by KPMG, which reported that *'the Tasmanian tourism industry is characterised by a large number of small operators.'*¹²⁴

According to the Review:

'Data as at May 2010, provided by Tourism Tasmania indicates there are:

¹²² Tourism Tasmania, *Tasmanian Tourism Snapshot: Year Ending September 2010*, pp. 1-3.

¹²³ *Ibid.*, p. 6.

¹²⁴ KPMG, *Regional Tourism Review, ... The Way Forward*, August 2010, p. 15.

- *Accommodation businesses (20 rooms and over): 176 plus 18 with 20 camp sites and over*
- *Accommodation businesses (6-19 rooms): 255 plus 3 with 6-19 camp sites*
- *Accommodation businesses (5 rooms and under): 756 plus 1 with 5 camp sites and under*
- *Tour businesses: 241*
- *Attractions: 390 plus 70 golf courses, 8 markets and 72 natural attractions*
- *Hire Companies (including depots): 105.¹²⁵*

The diversity and economic impact of such small businesses throughout Tasmania reinforces the observation that almost all Tasmanians are connected either directly or indirectly with the tourism industry. As a result, it is important that all Tasmanians recognise the economic value of tourism to the State and their part in maintaining and enhancing that economic value. As the Minister for Tourism, the Hon. Michelle O'Byrne MP told the Committee:

'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.'¹²⁶

Conclusions:

- The tourism industry is a major contributor to the Tasmanian economy and it follows that all Tasmanians are affected when visitor numbers decrease significantly.
- While there is excellent data gathered by Tourism Tasmania on visitor numbers and attitudes, there are shortcomings in the availability of information about the contribution made by tourism to the Tasmanian economy, especially relative to other key industry sectors.

²⁵ Ibid.

²⁶ M. O'Byrne, *Transcript of Evidence*, 13 November 2009, p. 5.

- Every Tasmanian has a role to play in the tourism industry, either directly as part of a tourism operation or indirectly as in contact with visitors in day-to-day casual situations or in business conversations.

The Committee recommends that:

- 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.
- 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.

Growth and Development

Chapter 2

Term of Reference 2: *The factors which influence the development and growth of the tourism industry in Tasmania.*

As the evidence presented to the Committee has demonstrated, the past 12 to 18 months have been difficult for the tourism industry in Tasmania. If there can be a positive aspect to these difficulties it is that they bring into sharp focus the key factors that influence the industry in this State.

The most significant of these current difficulties are external to Tasmania and beyond the control of the State Government, Tourism Tasmania and those involved in the local tourism sector. However, there are also a number of factors that can influence and impact on the development and growth of tourism which are the responsibility of the Tasmanian Government and the State's tourism industry.

The Australian Dollar

The available evidence makes it clear that the major factor influencing the development and growth of tourism in Tasmania in recent times is the strengthening of the Australian dollar and the effects of that situation.

Australians are now finding it much cheaper than usual to travel overseas and are doing so in increasing numbers. This is to the detriment of the domestic tourism market in Australia.

Whether it be the operators of small tourism businesses in Tasmania, the major accommodation chains, tourism industry representatives or Tourism Tasmania; the increasing strength of the Australian dollar is regarded as the principal cause of many of the challenges facing tourism today.

Strahan-based tourism operator Mr Andrew Dishington told the Committee that:

'The Australian dollar, I think, is the main thing. It is not attractive for people to come to Tasmania from overseas at the moment because of the dollar - they come here and their dollar isn't worth as much - but for Tasmanians, it has never been a better time to go overseas. If you are ever going to go overseas, now is the time. Everyone I speak to is going overseas. A fellow rang me last night and he said he had just been to Fiji and he is off to America. His sister has just got back from Italy, his brothers have come back from Bali - they just don't do anything in Tasmania anymore. When that happens, tourism will suffer.'

*There is nothing much we can do about it, apart from ride it out.*¹²⁷

Launceston tourism operator, Mr Peter Neilson, presented a similar view to the Committee, stating that:

*'A question I was asked the other day was, 'Do you feel nervous about the future?' I said to this person, 'Today I do feel nervous' because we are starting to feel the effects of global implications to tourism in Tasmania, particularly air fares at this stage - the dollar rate at the moment. Up to March, I think it was, this year - and these figures are off the top of my head - our increase in inbound passengers into Australia was up about 8 per cent. Our increase in Australians travelling overseas was up 25 per cent and that simply was because of cheap airfares and 'The Aussie dollar is looking good so I will get more value for the buck when I'm overseas'. I believe that affected Tasmania more than it has ever affected Tasmania and I see that some of these events that are happening now are starting to put deeper grooves into the tourism industry economies.'*¹²⁸

Another Launceston-based tourism operator Ms Kim Seagram of Stillwater restaurant gave evidence along the same lines telling the Committee that:

*'The rising dollar has a significant impact, of course, as you know. Offshore destinations are going to become much more cut price. Bali is offering a two for one right now – I just had some friends who were heading over there for a wedding - so the competition overseas is rising as well, and because Australia is getting more expensive - we were an expensive destination to start off with, now we are more so - we are going to feel some pain.'*¹²⁹

The Manager of Hobart's frontline Tourist Information Centre, Ms Anne McVilly, shares those concerns, but is optimistic about the future. She told the Committee:

*'I think these are tough times but they are tough times across Australia. The propensity to travel internationally has never been greater, with the Australian dollar so strong and cheap international flights. We have weathered worse storms and I am sure together we will weather this.'*¹³⁰

International students in Tasmania have also felt the effects of the rising dollar.

²⁷ A. Dishington, *Transcript of Evidence*, 20 October 2010, p.2.

²⁸ P. Neilson, *Transcript of Evidence*, 27 May 2010, p. 57.

²⁹ K. Seagram, *Transcript of Evidence*, 28 October 2010, p. 14.

³⁰ A. McVilly, *Transcript of Evidence*, 29 October 2010, p. 35.

As the Acting Dean of the Faculty of Business at the University of Tasmania, Dr Martin Grimmer, pointed out in his verbal evidence:

*'The other issue is the strength of the dollar. At the moment for a student coming from China, if you convert the Australian dollar to Chinese Renminbi (RMB), studying a program in Tasmania is twice as expensive as it was at this time last year.'*³¹

His colleague Dr Robert Hecker provided further detail to the Committee, stating:

*'Parents save to send their children but by the time it comes up they simply cannot afford to send them. It is a very large expenditure. Fees for postgraduate courses are about \$2,150 a unit. If you are doing eight units that is about \$21,000 a year, and that is just fees without living expenses. So a student coming here contributes something like \$35,000 to \$36,000 a year into Tasmania. So international students are important across the board.'*³²

The Minister for Tourism, the Hon. Michelle O'Byrne, also pointed to the exchange rate as a challenging issue for Tasmania:

*'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. 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.'*³³

More recently, the Chairman of the Tourism Tasmania Board, Mr Bob Annells drew attention to this on-going issue. He told the Committee:

'... we have to deliver the product experience and the differentiation to make people say it is worth the effort and the cost, because this is not a cheap destination, particularly today compared to the overseas destinations. Again, historically, we have played in the space of the eight- to 10-day holiday and even longer but that space has now been absolutely dominated by the short haul international market. We saw that coming and we have dealt with it, particularly now that we are dollar-for-dollar with the US. You can go to Bali for \$2,000 for a fortnight

³¹ M. Grimmer, *Transcript of Evidence*, 28 May 2010, p. 40.

³² R. Hecker, *Transcript of Evidence*, 28 May 2010, p. 40.

³³ M. O'Byrne, *op.cit.*, 13 November 2009, pp 1-2.

*and stay in a five-star hotel with your family, including air fares. We cannot compete on price; we have to compete by driving people to have a real demand to come here ...*³⁴

Industry representatives supported this view. Mr Daniel Hanna, told the Committee in January 2011:

*'So we would have to say 2010 was a very disappointing year. That would definitely be the word we would use. ... there is probably the feeling around the industry that 2011 is going to be a pretty tough year too. A lot of those things are around global and national economic and other trading conditions - the strong dollar, pretty hefty competition and some amazing outbound aviation deals as well.'*³⁵

This confirmed earlier evidence given to the Committee by Mr Hanna that:

' ... the state of the Australian economy is vital as well and people are feeling comfortable and they will increasingly travel. When the dollar is strong they will look to head off-shore. When aviation competition is really strong and fares are down that is another stimulus. A lot of those things have been working against Australia because we have had a strong dollar. We have had significant aviation competition. We have had also, importantly, a lot of investment in the region. Look at the amount of money being spent in Dubai, Singapore and Macau, and in a range of other places in our region that are now increasingly easy to get to, and then markets are opening up like Vietnam as well.'

The three Committee Members who travelled to Melbourne and Sydney in early 2011 received similar information from tourism industry representatives they met. Mr Robert Henke, Operations Manager of YHA Ltd and Secretary of the Backpacker Operators Association of New South Wales, said:

*'2010 was the worst year for many years for the backpacker industry because of the strength of the Australian dollar. It is now 30 per cent more expensive to come here for our European market. Smaller operators experienced a drop of 20 per cent in occupancy.'*³⁶

All of the evidence from within Tasmania and interstate has been confirmed by the findings of the national *State of the Industry 2010* report released on 15 November 2010. The executive summary of the report notes that:

'The tourism industry has been affected by the strength of the Australian dollar, coupled with a strong Australian economy,

³⁴ B. Annells, *Transcript of Evidence*, 29 October 2010, pp 19-20.

³⁵ D. Hanna, *Transcript of Evidence*, 20 January 2011, p. 1.

³⁶ Committee Members met Mr Henke in Sydney on 2 February 2011. The quote comes from notes taken at the time.

and increased international air capacity. This has increased opportunities for Australians to travel overseas, while at the same time reducing the competitiveness of Australia as a destination for international visitors.

The opening up of new tourism experiences in many destinations and the growth in aviation capacity globally (particularly low cost airlines in the intra-Asia market) have also increased the competitive pressures facing the industry. The GFC continues to dampen economic activity in a number of our key traditional markets (notably in Europe and the United States), although less so in Asia which is becoming increasingly important to the Australian tourism industry.³⁷

The body of the report provides even greater detail about the significant influence of the strong Australian dollar and its flow-on effects. The report states:

'Movement of the Australian dollar has been a leading influence driving inbound and Australian resident travel, particularly for leisure travel (holiday and visiting friends or relatives). ... a generally depreciating Australian dollar was associated with a stronger performance of Australia's inbound leisure segment from the late 1980s to around 2001, while growth was less pronounced for Australian overseas leisure travel.

However, the strengthening of the Australian dollar since 2001 has weakened the price competitiveness of Australia as an international destination, contributing to lower growth in international leisure travel to Australia. At the same time, the strengthening of the Australian dollar has made outbound leisure travel more price competitive, and along with strong growth in international aviation capacity, has contributed to strong growth in outbound travel particularly since 2003.

The 39% growth in total international aviation capacity since 2003 has featured very strong growth in direct capacity to Australia from Asia and the Middle East (from a low base). ... However, it is the strong growth in Asian carriers to Australia, particularly from China (127%), Indonesia (116%), Malaysia (44%) and the European hubs of Hong Kong (58%) and Singapore (37%) that is more supporting growth in inbound and outbound travel.³⁸

³⁷ Executive Summary, *State of the Industry 2010*, 15 November 2010, pp. 3-4.

³⁸ *State of the Industry 2010*, 15 November 2010, pp. 8-9.

The Internet

Another factor which has had an increasingly important influence on the development and growth of tourism in Tasmania is the use of the internet both as a marketing tool and as a means for travellers to arrange every aspect of their holidays and other travel.

As Mr Graeme Wood, the founder of the *Wotif* website, pointed out to the Committee in his verbal evidence:

*'On the demand side - that is, the customers out there - there is still obviously a fairly strong drift towards online business. Conventional ways of marketing are becoming harder and harder to develop results.'*³⁹

A similar view was put by the managing director of tourism accommodation business, *Stay Tasmania*, Mr Linden Jago, who told the Committee:

*'The current format and the huge swing in the last five years has been to the online environment and if you are not in that space then your business is suffering - and you probably have heard that to be the case right around the State. But that is the modern trend and the greater use of the Internet and online environment means that the process is simplifying. Tourism Tasmania recognised that some time ago and they have been active in that marketplace, but it is a very competitive marketplace so the results are very hard to achieve.'*⁴⁰

Mr Geoff Buckley, the CEO of the Tourism Industry Council of New South Wales commented on the growing use of the internet by tourists. He told Committee Members who travelled to Sydney in February that *'consumers are now able to shop around online and look for reviews and ratings of accommodation on websites such as TripAdvisor.'* He said the age profile of tourists who use sites such as TripAdvisor was from 25 to 65 years of age, although *'the youth market is tending to make increasing use of social media sites such as Facebook and Twitter to share tourism-related information.'*⁴¹

Mr Robert Henke informed Committee Members that backpackers are increasing their use of the internet for their bookings. He said:

*'Marketing is online because that is where they live. Marketing for Australia is done using [industry] partners, but backpackers don't use the partners, they do it themselves. IT is the way of the future.'*⁴²

³⁹ G. Wood, *Transcript of Evidence*, 16 July 2010, p. 44.

⁴⁰ L. Jago, *Transcript of Evidence*, 29 October 2010, p. 4.

⁴¹ Three Members met Mr Buckley in Sydney on 2 February 2011. The quotes are from notes taken at the time.

⁴² Three Members met Mr Henke in Sydney on 2 February 2011. The quote is from notes taken at the time.

The Committee also heard evidence in New Zealand about this shift to greater use of the internet by tourists to research and arrange their travel bookings.

As Mr Mark Wells, the Chief Executive of New Zealand's Youth Hostels Association, told the Committee:

*'I am not sure how much you travel as individuals but if you are like me you go online to book your flight because you know that is the cheapest way and you research your accommodation and book it directly. That is just the way of the world now.'*⁴³

Mr Wells also highlighted the importance of tourism operators recognising this massive change in the way people use the internet for tourism and travel. He said that:

*'... if you're not in that space you're being left behind - absolutely. I think one of the key things is to do the research with your markets and your prospective customers - how they make their travel decisions and their travel bookings, particularly if you're working predominantly with the youth market. They're actually travelling with laptops now or mobile phones that have applications What's more, when you're in that space you need to recognise that if you don't provide the best experience possible for the person you're going to find business really difficult in the future.'*⁴⁴

Unfortunately, it appears that a large proportion of Tasmanian tourism-related enterprises have not yet fully embraced the reality of the growing importance of the online environment and this may be having an adverse influence on the development and growth of tourism in Tasmania.

This is being viewed with concern by others within the industry, including those in regional areas of the State.

Mr John Dabner, the manager of the Tall Timbers Hotel in Smithton, told the Committee that:

*One of the key things in regional areas that a lot of operators need to do is get online. Online is the way to go for bookings now; you need to be online. I was very alarmed at [a] conference where [it was] stated that 700 -750 operators do not even have a website. I was staggered at that. There are only approximately 450 who have bookable product in the State online. That was staggering to me because that is the way of the world: you have to be online and you have to be able to take bookings online.'*⁴⁵

⁴³ M. Wells, *Transcript of Evidence*, 17 February 2011, p. 48.

⁴⁴ *Ibid.*, p. 49.

⁴⁵ J. Dabner, *Transcript of Evidence*, 16 July 2010, p. 16.

Launceston-based restaurateur, Ms Kim Seagram, made a similar point, telling the Committee that *'a lot of these smaller operators do not even have an e-mail address, let alone a website where one can book online and things like that.'*⁴⁶

Another regional tourism operator, Burnie hotelier Mr Steve Kons, also expressed his concerns at the low number of tourism operators who provide online booking and information services. He told the Committee that:

*'Digital uptake is one of the areas that is of concern on the Coast in particular. Less than 60 per cent, from what I have read, actually have online booking for their places.'*⁴⁷

Mr Ken Stronach, Manager of the Stewarts Bay Lodge at Port Arthur on the Tasman Peninsula, was another tourism operator who saw a need for the local industry to embrace digital marketing. He informed the Committee that:

*'... there needs to be a greater focus on digital advertising, generally. There will always be a need for a Tasmanian major website but I do think that there is a great need - we were talking today about regions down here, particularly - for a Tasman Peninsula website - a really good one.'*⁴⁸

The TICT gave the most comprehensive analysis of the core issues in relation to the internet when its former CEO, Mr Daniel Hanna, told the Committee:

*'Probably like most State tourism industries, there is a range of different businesses. Some have embraced the digital online world - clearly our customers have. More and more consumers of tourism products and visitors to Tasmania are using the online environment, not just to research their holiday but increasingly to compare products and then book and pay. So if you are a tourism operator and you are not in the online environment then you are not able to be seen or booked by an increasingly larger and larger section of the customer base. We have some leaders in the industry, probably quite a few hundred, who have embraced it wholeheartedly and have a very professional strategy. We have a range of others who you might say have their toe in the water and then there are other businesses, unfortunately, who have not engaged at all with the digital, online world. With some that is a deliberate choice and I guess that is okay, that is their business strategy but some have really just avoided the question entirely and they are the ones we are worried about.'*⁴⁹

⁴⁶ K. Seagram, *Transcript of Evidence*, 28 October 2010, p. 14.

⁴⁷ S. Kons, *Transcript of Evidence*, 28 October 2010, p. 16.

⁴⁸ K. Stronach, *Transcript of Evidence*, 26 August 2010, p. 15.

⁴⁹ D. Hanna, *Transcript of Evidence*, 20 January 2010, p. 14.

Mr Hanna went on to say that Tourism Tasmania recognised these problems and was taking action to overcome them. He told the Committee that:

*'Tourism Tasmania has a very good program, what they call the Digital Coach Program, which is about providing personalised help for some of these businesses to get them into the digital and online world. We as an industry group are, I guess, very strongly recommending that if you are fair dinkum about being in the tourism industry you need to be in the digital and online world. You need to be able to be seen by visitors and potential visitors and you need to be able to be booked as well as a minimum. We know that there are still far too many tourism businesses who are not there yet, many hundreds. We just have to do whatever we can to get as many as possible over the line. We will never get every business, but it is a good opportunity for a place like Tasmania to get a competitive advantage. If we can have a greater share of our industry than other States, it is a very easy way to promote your destination and your business.'*⁵⁰

Quality of Service

A critical issue raised in evidence to the Committee was the quality of service within the tourism sector and more generally within other Tasmanian business sectors that rely on and interact with visitors to the State.

The issue was outlined by the Director of Development Services with the Launceston City Council, Mr Peter Button, who also has had experience as a tourism accommodation operator. Mr Button told the Committee:

*' ... there is a greater need for resources to educate tourism operators about customer service and increasing their customer service. I am not just talking about accommodation providers, restaurants or tourism facilities. It is also about your taxis, buses and retail shops. The quality of customer service varies greatly from my experience here, from people who will go out of their way to people who just say, "We don't give a stuff. You go find it yourself; the tourism centre is down there". It is extremely poor and quite varied. Some are excellent. I would be suggesting an "AussieHost" style of program which would involve some accreditation. The issue, though, is that it needs to be driven by the State.'*⁵¹

Southern Tasmanian tourism operator, Mr Robert McNab, of Richmond, told the Committee:

⁵⁰ Ibid.

⁵¹ P. Button, *Transcript of Evidence*, 27 May 2010, p. 6.

*'It is that quality of being able to offer that higher level of service and I think that all of us recognise that and we have just got to get down that path. The complaints that I hear generally relate to service and the quality of service they receive. When I was in the accommodation business I had one customer who said they had driven from the Port Arthur region and come to Richmond looking for somewhere to stay because when they had arrived at the place they were booked into, they observed the proprietor hanging the sheets straight off the bed onto the clothesline, giving them a bit of a bash with a broomstick and putting them back on the bed. ... That person was lost to us forever, rightly or wrongly, by the perception of what they saw. The message there is that those bad experiences multiply. It's a classic business situation that one bad customer tells a whole heap of people; good customers don't tell as many. It is really the service levels that people complain about.'*⁵²

The Tasmanian Hospitality Association also expressed concerns about the quality of customer service in the State, with the CEO, Mr Steve Old telling the Committee:

*'I think Tasmania can be a little bit hit and miss in relation to hospitality and service we provide. There are some areas that we are really good in and there are some where we are not so good. The top levels are very good but there is still some bottom level where we have to bring them closer together.'*⁵³

Ms Kim Seagram, of Launceston, expressed a similar opinion.

*'We are lovely at being warm and welcoming, that is just the nature of the Australian people and Tasmania even more so. We just need to continue to add that level of professionalism on top of it. It is going to be a journey.'*⁵⁴

The owner of the Nubeena bakery, Mr Andrew Griffiths, who has 20 years experience in tourism and hospitality, told the Committee:

*'I still find that the service that you get in various places that tourists go into in this State is substandard. It is a real 'don't care, who can be bothered' type of attitude.'*⁵⁵

However, the TICT told the Committee that, according to feedback from visitor surveys, there was only a two per cent rate of people who are not satisfied with the visitor experience in the State. In November 2009 the organisation's CEO, Mr Daniel Hanna, gave verbal evidence:

⁵² Ibid., p. 26 & 27.

⁵³ S. Old, *Transcript of Evidence*, 16 July 2010, p. 4.

⁵⁴ K. Seagram, *Transcript of Evidence*, 28 October 2010, p. 12.

⁵⁵ A. Griffiths, *Transcript of Evidence*, 26 August 2010, p. 33.

*'If you were to look at the areas that some of those complaints are based on, they are the areas that we work with businesses very closely on improving - that is, around cleaning and maintenance, customer service and accuracy of advertising.'*⁵⁶

However, Mr Hanna pointed out that, despite this low rate of visitor dissatisfaction, more work needed to be done to lift standards even higher:

*'We know that our destination has very high satisfaction and I think an extremely high level of repeat visitation is paramount. It doesn't mean that we do not need to focus on continuing to increase those standards, and particularly as we are getting more high-yield products into the market now. That needs to work at the training and work force development end as well. We need to be getting the right people into our industry to work and we need to be arming them with the right skills, particularly around customer service. By and large we are doing that, but there's more work to do.'*⁵⁷

Margate tourism operator, Mr Bill Chestnut, also highlighted the importance of developing a commitment to a better quality of service delivery.

*'We really need to develop a culture of quality, quality in terms of satisfying customers' needs. We need to talk about and we need to write about it. So basically the message is to talk about quality, write about it, have meetings about it, and I know people are not going to know where to start - I have been there and done that. When quality guru Joseph Juran - who is no longer alive - came to Australia from America and one of the people in the group said, "My company won't do such and such". Dr Juran said, "Wait for things to get worse - then they'll do it". If you talk about quality often enough people will start to think about it and believe in it and they will start to follow some of the ideas of it.'*⁵⁸

However, it should be noted that a similar environment exists in some areas of the mainland with Committee Members being told by Ms Lorraine Duffy, the CEO of the Hotel and Motel Accommodation Association of Australia, that a shortage of skilled workers had led to a decline in service standards.⁵⁹

Mr Todd Blake, CEO of Tourism Alliance Victoria, also told the Committee Members that *'skilled labour is hard to find and retain.'* Mr Blake said *'standards of service at the top end are getting better, then you have the rest and the gap between the two is getting bigger.'* He said the reasons for the shortage of labour included the decline in overseas student numbers as a

⁵⁶ D. Hanna, *Transcript of Evidence*, 13 November 2009, p. 6

⁵⁷ *Ibid.*, p. 29.

⁵⁸ *Ibid.*, p. 65.

⁵⁹ Three Committee Members met Ms Duffy in Sydney on 1 February 2011.

result of immigration policy changes, changes in tourism study opportunities and recent industrial relations changes.⁶⁰

Opening Times

Current tourism industry operators also raised the related issue of businesses not being open at advertised times. Richmond tourism operator, Mr Robert McNab, told the Committee.

*'We still hear those stories about people who go somewhere and it is closed despite the fact that they have done all their research. They have been on the website which says, 'Open 10 o'clock to five o'clock' and they get there at half-past four and the business is long closed for the day because there was not anybody else around as a visitor or whatever. We just need to change the culture in some of those things and I think that we need to therefore direct resources in that way.'*⁶¹

A similar message was reinforced in evidence by Mr Bill Chestnut, who said:

*'One of the problems with a lot of tourism enterprises, particularly the smaller ones here, is that they fail on expected quality. The number of times I have had a person come to the garden saying, 'I went all the way down to such-and-such' - without mentioning names - 'and it was supposed to be open. It says in the book, it's two o'clock on Thursday afternoon and they say they'll be open and they're closed', and people get so annoyed. If you go to a business when it says it will be open, you expect it to be open. I know it's difficult. Margaret and I are open seven days a week from 1 September until the end of May. We like to close Christmas Day but last Christmas day - Christmas 12 months ago - we had three Dutch tourists knocking on our front door saying, 'Everywhere else in Tasmania is closed. Can we walk around your garden, please?', and we did that.'*⁶²

The issue of opening hours was raised directly with the Committee Chair by Mr and Mrs Dennis Moroney of Newcastle (NSW) who visited Tasmania between late December and early January 2010.

'Regarding our visit to Stanley: we were there Dec 17 – Dec 19, 2010. We went touring around the area Dec. 18 and that was when we experienced closures apart from the Tarkine Forest Experience. Regarding dining out, we had dinner at the Stanley Hotel on Dec. 17 but the other venues we wanted to try were

⁶⁰ Three Committee Members met Mr Blake in Melbourne on 3 February 2011. The quotes are taken from notes made at the time.

⁶¹ R. McNab, *Transcript of Evidence*, 20 January 2011, p. 20.

⁶² Mr W. Chestnut, *Transcript of Evidence*, 20 January 2011, p. 64.

shut on Dec. 18. A Stanley service station proprietor was quite upset when Dennis mentioned that should anyone show interest in the ... brochure he had on the counter, he'd better mention that it was inaccurate and that [they] were closed from Dec 15-27 inclusive. He said this was typical of Stanley, that places were closed at the most popular tourist times & this really annoyed and upset him. In Launceston there were a disappointing number of cafes, coffee shops and restaurants closed between Boxing day and Jan 4, 2011.⁶³

Venue closures in Launceston also attracted public interest through Letters to the Editor of the Examiner newspaper in early January 2011.

In a letter published on 6 January 2011, interstate visitor Mr Trevor Weeding wrote:

'Having spent the New Year weekend in Launceston, my partner and I were amazed at the number of businesses that didn't open at all on Saturday – including a pub near our accommodation and a restaurant that was open on Friday, but closed at 7.30 pm on Saturday (the signage promises "open for lunch and dinner"). Launceston is a beautiful city in a beautiful part of Australia, but businesses seemed generally understaffed and, in some cases, not open at all on what is essentially a holiday long weekend.⁶⁴

A letter from another interstate visitor [J. Kelly] was published the next day:

'My partner and I travelled to Tasmania from Boxing Day and left on January 2. our greatest disappointment was with the city of Launceston itself. The accommodation was great, however, much is to be said about the decision of some stores, cafes and restaurants to close during the Christmas period. Desperate to eat something different than what our hotel accommodation offered on January 1 for dinner we drove around the city CBD for 45 minutes looking for something, anything to eat. Everything, bar a pizza shop and a few cheap Asian eateries, was closed. To see the bewildered looks of other tourists walking around what was essentially a ghost town is an understatement.⁶⁵

Several days later Launceston City Council Alderman Rob Soward wrote:

'I received a number of phone calls from people asking if I knew why some Launceston businesses chose to close at a time of year when large numbers of visitors are in the city. It is a time when potential tourist dollars are waiting to be spent and people

⁶³ D. & M. Moroney, emails dated 10 January 2010.

⁶⁴ T. Weeding, *Letter to the Editor*, Examiner Newspaper, 6 January 2011.

⁶⁵ J. Kelly, *Letter to the Editor*, Examiner Newspaper, 7 January 2011.

*are wanting to dine out. People understand business owners have families themselves and need holidays but it beggars belief when these same business owners bemoan the low trade levels. They then call on the council, government or business groups to spend loads of money on marketing to get people into the city.*¹⁶⁶

Tasmania's reputation as a visitor destination suffers like all other tourism destinations when visitors have poor experiences and choose to highlight them publicly. Ultimately every business that benefits from visitor expenditure in the State pays a price for the damage done.

Penalty Rates

Evidence was received by the Committee that increasing staff costs was a prime reason why many tourism businesses cannot afford to open on public holidays and weekends. As noted above, this has a significant impact on the visitor experience in the State.

Unlike some of the other issues mentioned, the issue of penalty rates for staff employed on public holidays and weekends is one which is within the control of governments in Australia.

Compelling evidence was given to the Committee on this issue in January 2011, with the Chairman of the TICT, Mr Simon Carrant, stating:

*'Another factor which is a national problem is the industrial relations situation, the two-speed economy. We will be paying \$6 for coffees within two years. I have various friends who have restaurants and with one in particular his wage costs jumped 35 per cent last year. He was not able to raise his prices that much. My daughter works at his restaurant down here and when she was 17 she was getting \$27 an hour and he still had not got to the point where he had to get to where she will go up to \$30-odd an hour. In the northwest the whole town was kind of shut because they could not afford to be open because it was the day after Christmas day ... and the washer-upper had to be paid \$50 an hour! The local publican opened his pub and his wages bill was \$2,500 and for that day he had something like a \$1,000 loss. He knew that that was how it was going to be. He could not put the price of his meals up by the amount that he should have, so here is another thing that is impacting on our service industry.'*¹⁶⁷

Any objective assessment of these arrangements leads to the inevitable conclusion that current penalty rates of pay are not only a disincentive for

¹⁶⁶ R. Soward, *Letter to the Editor*, Examiner Newspaper, 10 January 2011.

¹⁶⁷ S. Carrant, *Transcript of Evidence*, 20 January 2011, p. 4.

employers to take on additional staff and opening times, but they also seriously damage Tasmania's reputation as a tourist destination by making it financially unviable for businesses to operate at times when many visitors are in Tasmania.

Mr Carrant was supported by the Acting CEO of the TICT, Mr John Deeprise, who succeeded Mr Daniel Hanna on 10 January 2011. Mr Deeprise told the Committee:

*'It is an issue that we have raised at our tourism conferences for the last two years. It did not get much traction the first year and the abolition of WorkChoices had not hit until January this year and the increase in power prices, rates and all the rest of it was hobbling along and it did not really hit home to the operators until the bills arrived. They have started arriving in the last 12 months and they have put substantial costs on their operations so labour is one part and the availability of labour is another part and the cost increases are becoming quite dramatic. I think a \$6 coffee is going to be generous. It will cause severe shake-outs and I do not know what the outcome will be, but a bit of chaos, I have to say. The provisions of the Workplace Act under Fair Work Australia become national and they revert to the State agreements in place of anything else. But the minimum hours of work is one of the issues, as are standardised penalty rates at the weekend where there were different penalty rates in different workplace agreements. The basis of that is that they were negotiated between the employees and the employers and everyone was quite happy about it. Suddenly they have been torn up and a new wages regime has been forced upon them. In many cases the employees do not like it because they are not getting the work.'*⁶⁸

Mr Carrant again presented a specific example of where these new arrangements had a direct and negative impact on employment in the tourism industry, especially for young people.

*'What has happened with the awards et cetera has caused a huge shift. If you didn't have a workplace agreement in place and you had to renegotiate a new one, you're stuffed. You have no flexibility, you cannot even employ people for under three hours. For instance, at Peppermint Bay we used to employ kids, but not anymore. They would come in for two hours to help clean up or wash up.'*⁶⁹

⁶⁸ J. Deeprise, *Transcript of Evidence*, 20 January 2011, pp. 5-6.

⁶⁹ S. Carrant, *op. cit.*, p. 5.

Penalty rates were raised also by Tourism Tasmania's Acting CEO, Mr Rowan Sproule, who told the Committee:

*'... this was an issue that was raised in the State of the Industry report. Hopefully you people have had an opportunity to look at that report. You will note that productivity was an issue that the people who wrote this report highlighted as one of the major elements of looking further forward, that if Australia is to grow as a tourism destination we would have to increase our productivity. In particular we are talking about human resources and other elements of that. I hear Simon and the industry council's views and I also hear the same comments from a range of tourism and hospitality operators across the State and, interestingly, I also hear it from other industry sectors. It is not just a tourism issue but it has hit hospitality services strongly, particularly for operators who are probably running marginal businesses in terms of high demand and high turnover.'*⁷⁰

Ms Kim Seagram also provided similar evidence about penalty rates to the Committee late in 2010:

*'Okay, two things: penalty rates and payroll tax are two major impediments to myself and to our industry. Penalty rates, our award that we have everybody signed to is about to finalise in the near future, we will then have to go onto the award system. We will then have to pay time and a half on a Saturday, double time on a Sunday and double time on public holidays. There was talk about penalty rates applying to those working after 7 o'clock. When does everybody go out and dine? After work and on the weekends. People in the hospitality industry know that they have to work those hours - it is just commonsense. It is very, very frustrating. When I arrived here 18 years ago everybody shut on Sunday because you could not make a quid. You could not make it pay, let alone make a profit. Our industry now has a 2.8 per cent nett profit margin, industry-wide. Anybody who is in the hospitality industry must be nuts because it is better to put the money in the bank and do what you want to do.'*⁷¹

The Launceston Chamber of Commerce also recognised penalty rates as a disincentive to employment growth. The organisation's then Executive Officer, Ms Louise Clark, told the Committee:

'That has probably become more of an issue from a Federal point of view since the Fair Work Act was introduced and obviously hospitality has to meet some big penalty rates on Sundays and public holidays. So that is a disincentive, I guess,

⁷⁰ R. Sproule, Transcript of Evidence, 20 January 2011, pp. 54-55.

⁷¹ K. Seagram, Transcript of Evidence, 28 October 2010, pp. 13-14.

to some of those businesses to open and operate on public holidays and long weekends.⁷²

Mr Todd Blake told Committee Members that ‘*Sunday penalty rates are a killer.*’ He said:

*‘Many labour intensive premium restaurants don’t open on Sundays. Why should core operating hours be penalised for the tourism industry? There needs to be a levelling out of rates across the week. Kitchen hand penalty rates on Sunday are \$42 an hour. Why open? That’s why it is difficult to get a restaurant to open on a Sunday.’*⁷³

Ms Lorraine Duffy, told Members that ‘*penalty rates that are part of the new national hospitality award [Hospitality Industry (General) Award 2010] are costing members more to run their businesses.*’⁷⁴

These comments reinforce the view of the Queensland Tourism Industry Council in its 2009 submission to the Senate Standing Committee on Education, Employment and Workplace Relations on the Hospitality Industry (General) Award 2010. The submission states:

*‘... QTIC proposes that the Hospitality Industry (General) Award 2010 (HIGA) is too blunt an instrument, which does not take into account the diversity of operations in the tourism and hospitality sector. The hospitality industry in Queensland is comprised of a number of diverse sectors, which all have unique operating and staffing requirements. The trading hours of restaurants, for example, are generally limited to evenings and are significantly different from the hours required of staff working in the accommodation sector – which often trade 24 hours a day.’*⁷⁵

Payroll Tax

The threshold level at which payroll tax becomes payable by small to medium businesses was also raised in evidence as a concern for tourism-related businesses wishing to increase staff numbers. Ms Kim Seagram spoke to the Committee about the negative impact of the current payroll tax provisions on tourism in Tasmania:

‘Because we have developed this incredible model that we are taking these young kids in and letting them buy into the business and opening up new operations that they can take on

⁷² L. Clark, *Transcript of Evidence*, 27 May 2010, p. 9.

⁷³ Three Committee Members met Mr Blake in Melbourne on 3 February 2011. The quotes come from notes made at the time.

⁷⁴ Committee Members met Ms Duffy in Sydney on 1 February 2011. The quote comes from notes made at the time.

⁷⁵ Queensland Tourism Industry Council, *Submission to the Senate Standing Committee on Education, Employment and Workplace Relations on the Hospitality Industry (General) Award 2010*, April 2009, p. 4.

and become part of Stillwater and Black Cow and things like that, we want to do the next one because we have some really fabulous young ones within. We want to keep them in the group, we want to give them that next opportunity to keep them in the State. If we open up one more thing that employs two more people, we will be subject to payroll tax, and all of a sudden that 2.8 per cent margin goes down the toilet. You can't win. The super rising as well, that is going to impact. It is just going to become nonviable to be a small business owner. it is very frustrating, because I want to be open almost 24/7, I want to be there and available for the public, be it locals or visiting. I want to give as much service as I can to the community and to the visitors, and that is going to be stopping me because my husband is going to say 'We cannot make this pay on Sunday. We cannot make this pay on a public holiday' when everybody is in town visiting everybody, and so we are just going to have to shut. That is what we are facing at this point.⁷⁶

The TICT has recently provided an update of its payroll tax policy to the Committee. The newly-appointed CEO, Mr Luke Martin, told the Committee in an email that the TICT had concerns about suggestions that payroll tax should be expanded to include more of Tasmania's small and medium businesses.

'The Tourism Industry would be strongly opposed to any tax reform that has the affect of putting further labour cost pressure on operators. This includes any proposal to broaden the payroll tax base by lowering the payroll threshold from its current \$1 million per annum, as has been suggested in some of the recent debate as a way of increasing the number of employers contributing payroll tax. Expanding the payroll tax base by reducing the threshold to say \$500,000, for example, would mean suddenly a lot of medium sized accommodation operators, restaurants, motels, bars etc, all with much tighter business margins, would have to meet the additional labour costs. We know operators are already feeling strain under the new Federal Award and we have recent anecdotal evidence of cafe and restaurant operators in some of our busiest tourism centres prematurely introducing winter trading hours (closing early on Sundays and Public Holidays) because they can no longer afford to carry the additional labour costs from penalty rates. Adding the burden of payroll tax will only enhance this pressure and will ultimately be a barrier to investment and cost jobs in the industry.'⁷⁷

Mr Martin pointed to the issue of seasonality and the large proportion of casual workers employed in small to medium tourism businesses.

⁷⁶ K. Seagram, op.cit., p. 13.

⁷⁷ L. Martin, email dated 12 April 2011.

*'There is also an issue with the seasonality and casualisation of the tourism and hospitality industries making it difficult for smaller operators to comply with the payroll tax regime. A lower payroll tax threshold would be opening the door to employers trying to keep their payroll to a minimum by employing more casual workers rather than full-time employees.'*⁷⁸

He also challenged suggestions that a broader payroll tax base would encourage new investment in tourism-related ventures.

*'The arguments from the TCCI, for example, for expanding the payroll tax base to make Tasmania more competitive for investment is not relevant to the tourism and hospitality industries. It's hard to imagine any tourism operator making a business decision to increase their investment in Tasmania over another jurisdiction on the basis of our more competitive payroll tax regime.'*⁷⁹

Mr Martin concluded by telling the Committee that *'... the overwhelming majority of the industry does not currently pay payroll tax and would resist any changes in the payroll tax structure that resulted in our smaller operators having to start paying the tax.'*⁸⁰

Access

An obvious and major factor impacting on the development and growth of Tasmania's tourism industry that was raised repeatedly with the Committee was the question of visitor access to the State, whether by air or sea.

The Minister for Tourism, the Hon. Michelle O'Byrne MP, who appeared before the Committee on its first day of public hearings, pointed to the role increased capacity had played in boosting Tasmania's visitor numbers of the past decade:

*'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.'*⁸¹

⁷⁸ Ibid.

⁷⁹ Ibid.

⁸⁰ Ibid.

⁸¹ M. O'Byrne, op. cit., p. 10.

The importance of access was also highlighted by Mr Daniel Hanna, who also appeared on the first day of hearings:

*'Clearly access is always going to be a number one issue for an island destination like Tasmania. We simply have to ensure appropriate access through enough seats, enough capacity, at the right price and at the right time. We are very fortunate, and we are probably better serviced now than we have ever been. We have the four major carriers coming in; we have two very well-run airports, and very importantly, and this is where again the State Government can play a positive role, we have a ferry operator who is delivering a large number of visitors who arrive by sea. We know they spend and they visit more regional areas when they are here. If you are looking at a supply site role, that is where government can play a clear role - with sea access in government hands. We know that air access is controlled by private corporations and we are at the whim of markets, but at least if the State owns and operates some of the capacity to get people in and out, and I think that was demonstrated during the pilots' strike, that is extremely important.'*⁸²

The importance of access is also evident in other island communities such as New Zealand. Mr Paul Bingham, who is a tourism operator, regional tourism representative and an Air New Zealand Board member, summed up the importance of air access for island tourist destinations in one sentence: *'Air links are the lifeblood of tourism, as you know.'*

One Tasmanian witness who raised the importance of air access in particular was the Financial and Commercial Manager for Launceston Airport, Mr Michael Cullen, who told the Committee:

'I think essentially the submission from Launceston Airport focuses on aviation and the importance that air access plays to tourism in Tasmania not only the tourism benefits it has but also the wider economic benefits that air access provides to the State. In 2009, for example, 86 per cent of visitors who arrived in Tasmania came by air, which again emphasises the critical importance that access to both cheap fares and frequency into Tasmania play. I guess the other thing that we would like to point out is that probably aviation and air access into Tasmania has changed significantly over probably the past eight to 10 years with the introduction of the low-cost carrier revolution. That is the introduction of Virgin Blue, Jetstar and Tiger Airways into the market. Really what that has created is, as I said, the frequency and the ability for people to access low fares into Tasmania. Our passenger figures from around about 2002 to the present day have grown more than 100 per cent on the

⁸² D. Hanna, op.cit., 13 November 2009, pp. 16 – 17.

*back of the introduction of those carriers. They have certainly played a significant role in physically getting people into Tasmania and promoting the tourism aspect.*¹⁸³

Mr Cullen also made an important observation about the benefits of increasing airline capacity into Tasmania.

'So I think that our general view is that there are greater economic consequences or benefits that the Tasmanian economy can derive from additional air access and that it might not necessarily need to just be the airports and the airlines who sit together and negotiate these deals. There are greater economic consequences that we need to incorporate.'

Air access was also highlighted by Mr Linden Jago who told the Committee:

*'Access has been an issue more particularly with the airlines and reducing the number of flights into Tasmania. Obviously we have seen building numbers when airfares and different airlines made access easier and cheaper. We are very much dependent upon those airlines maintaining and increasing their flights. I believe that if we are able to increase the attractiveness of the State by targeting those markets we have discussed; the airlines will come on board and increase flights as they are doing over this summer. The CEO of Jetstar said the number of flights has increased to eight daily flights now as a base, and some would wish to see an increase on that. If we are able to promote the State, attract more numbers, it goes without saying then they will open up with access.'*¹⁸⁴

Concerns about the distribution of air access into Tasmania were put to the Committee by the Executive Chairman of the Cradle Coast Authority, Mr Roger Jaensch, who said:

*'There are two or three factors that are at the core of the challenge of tourism growth in a region like ours, and they include access, seasonality and demand In terms of that access question, we have seen the beginnings of recognition of the fact that the tourism growth in Tasmania is unevenly distributed, that the big growth over the last while has been in the low-cost airlines flying into Hobart and Launceston for people who are spending less on their travel for a shorter stay.'*¹⁸⁵

Concerns were also expressed to the Committee specifically about Devonport Airport when it met local tourism operators, industry representatives and local government representatives at Latrobe on the North-West Coast in July 2010.

¹⁸³ M Cullen, Transcript of Evidence, 27 May 2010, p. 27.

¹⁸⁴ L. Jago, Transcript of Evidence, 29 October 2010, p. 7.

¹⁸⁵ R Jaensch, Transcript of Evidence, 20 October 2010, pp 21 & 22.

A major concern expressed by all was air access to the region, in particular the ownership of the airport by the Tasmanian Government Business Enterprise (GBE), TasPorts. As the owner and operator of the State's sea ports, it was suggested that its performance in managing a non-core asset like the airport was less than adequate.

Ms Kim Robinson from the Devonport Chamber of Commerce told the Committee that the airport needed a major upgrade to attract low-cost airlines. She said this in turn would lower the airfares available to and from the North-West Coast.

The General Manager of Devonport City Council, Mr Ian McCallum, also expressed concerns about TasPorts' ownership of the Devonport Airport. Mr McCallum told the Committee there was a lack of marketing and promotion of the airport by TasPorts and Tourism Tasmania. He said this was having a negative impact on its viability and the number of passengers who were using it on a regular basis. Mr McCallum also suggested that local ownership of the airport should be considered and that local councils in the region should at least join together in marketing and promoting it more effectively.

The General Manager of Latrobe Council, Mr Gerald Monson, shared this view, describing air access to the region as '*a big challenge*.' He also expressed concerns about the current airport ownership structure and the lack of effective marketing.⁸⁶

As an island, Tasmania also has the option of access by sea and this too was a common factor in the evidence presented to the Committee at hearings around the State.

Mr Jaensch was one of several witnesses who highlighted the important access role played by the government-owned TT-Line, which operates the *Spirit of Tasmania* shipping service between Devonport and Melbourne.

Mr Jaensch told the Committee:

'The concept we would like to promote where the State certainly has a role is to do with the TT-Line and the Spirit of Tasmania services coming into our region. We have no problem with the TT-Line board and management and what they're doing. We've found that the current CEO and his team are more adventurous and more prepared to experiment and tweak this business to make it work than some of their predecessors have been. He's been doing a lot of very interesting work with sales and discounts and special promotions throughout the year, which have extended the shoulder season quite strongly, and we've been impressed that they're taking that approach. However, those ferries bring around 120,000 visitors to Tasmania each

⁸⁶ This North-West Coast meeting was held at the Axemen's Hall of Fame in Latrobe on 19 July 2010.

*year and those visitors spend about \$300 million. When you look at these ships they are very full for the busy part of the year and rather less full for the quiet season. In terms of their overall capacity they're running at about half capacity on an all-year average. We own that business and it can carry twice as many people as it does right now. It can bring another \$300 million into our State.*⁸⁷

Mr Jaensch went on to suggest that the measure of whether TT-Line was operating successfully should not be its financial performance or profitability.

*'Tasmania owns the TT-Line as a commercial business; it's a government-owned business. We don't own it because Tasmania needs the revenue from ticket sales on those ships to contribute to its budget. We own it because it is important Tasmania has some ownership and control over a surface transport link to mainland Australia. We would be really interested to see what happened if this business, its performance and its mandate were driven by how many passengers it could carry, not how profitable it could be. Its profitability should be measured in terms of the overall benefit to Tasmania of the cargo it brings here and people in particular. At the moment, it is balance sheet, it is annual report, report on its profitability as a commercial enterprise selling tickets to people to travel. That actually does not matter as much as whether it is doing its job in bringing as many people as possible and facilitating a linkage.'*⁸⁸

He gave further evidence later along the same lines, telling the Committee:

*'That might mean that we give the thing permission to run at a loss for part of the year and pick up in other parts of the year, I do not know and again I do not want to try to prescribe how a business should be run. What I would like to do is just get back to a set of principles that the Government, the shareholders can give as a direction to the company to say that this is what we are going to measure your performance by. This benefit to Tasmania overrides all other considerations and within that, balance the mix of your cargo, play with your yield management, muck around with fares, specials, promotions or whatever you need to do to maximise this objective which is the benefit to Tasmania particularly associated with leisure visitors.'*⁸⁹

Mr Daniel Hanna made a similar suggestion when he presented evidence about the TT-Line to the Committee.

⁸⁷ R. Jaensch, *Transcript of Evidence*, 20 October 2010, p. 24.

⁸⁸ *Ibid.*

⁸⁹ *Ibid.*, p. 34.

*'The other point I would make about TT-Line is that we often need to look beyond just the financial results and look instead at what it delivers in terms of tourism activity. We know that people that it brings by sea spend nearly \$300 million in the State. That is not reflected in their financial statements or their financial reports which are purely related to how the company has performed. That absolutely has to be in the mix and be part of the consideration when governments are looking at the overall effectiveness. The other thing I would say on TT-Line is that it is a great example, one of the few, of cooperation between Federal and State governments. The State owns the infrastructure in terms of the two ships and runs the operation, while the Federal Government provides a rebate through the Bass Strait Passenger Vehicle Equalisation Scheme. That scheme has been shown to be probably the best regional development program ever that I can think of.'*⁹⁰

Mr Steve Kons also suggested that the whole State would still benefit even if the profit was not the prime objective of TT-Line. He said:

*'Maybe it should not be looked at as a profit-making enterprise and it should be break-even at best. If it loses a little bit of money it flows through to the rest of the economy anyway. It is a sea road so the Commonwealth has an obligation to support it. I know they have done costings on what alternatives would cost and this is the cheapest option and potentially needs more Federal support. We should not be the second-best cousins on this. We should have the same cost; for whatever it costs Melbourne to Sydney for a 900-kilometre road we should have the same support to get people down here.'*⁹¹

Tourism operators in regional areas of Tasmania, particularly in the North-West and West Coast regions, gave special mention to the importance of TT-Line to their operations.

Mr Linden Jago, whose company operates tourist accommodation premises at a number of regional locations in Tasmania, including Cradle Mountain, told the Committee:

'In regard to TT Line, again, promoting the State in a holistic approach by Tourism Tasmania and other agencies should include TT Line so that it is all coming for the benefit of the State. I do not know what their marketing budget is, but if there is some rational and common approach it can only do better for the State as a result. Historically I think the numbers by boat are about 17 per cent of visitors to the State, which decreased

⁹⁰ D. Hanna, op. cit., 13 November 2009, p. 16.

⁹¹ S. Kons, *Transcript of Evidence*, 28 October 2010, p. 24.

*somewhat but, through clever marketing by the current CEO, is being maintained and has put a very positive spin on the boat.*⁹²

Representatives of the Federal Hotels Group, another organisation with tourism properties in regional Tasmania, including Cradle Mountain and Strahan, also spoke of the importance of the sea access to the State provided by TT-Line.

Mr Bernard Dwyer, the Director of Tourism for the Federal Group in Tasmania, told the Committee:

*'... the TT-Line is absolutely crucial to tourism on the west coast and the north-west coast as well. Over the years the success of the numbers on the TT-Line has almost been a direct comparison to the numbers that come down to the west coast as well. It is very crucial for this part of the State and the northwest of the State as to how successful the TT-Line is in bringing passengers and tourists through which has increased, as you are probably aware, over the last two years. There was a change in focus on the TT-Line in January 2009, I think - I might be a year out - where they really started pushing the passenger numbers and the numbers have increased significantly since then. It has been the right time for feeding into what we now know as the GFC.'*⁹³

The Acting Manager of the company's operation at Strahan on Tasmania's West Coast, Mr Rodney Stendrup, endorsed these comments:

*'You are quite right, the Spirit of Tasmania is vital to this part of the world and the north-west. We are a fair way away from Hobart and Launceston and if people fly into those cities and pick up a car and are on a relatively short stay, we tend to fall by the wayside. They tend to go to the east coast more than come this way, whereas the people who bring their own vehicles on the vessel are more likely to come west. We are a lot easier access for them than coming from Launceston or Hobart.'*⁹⁴

Mr Stendrup elaborated on these remarks later in his evidence to the Committee:

'I think it is really vital that we keep that access and availability there for people at all times. I think that is where the TT-Line is really critical. As we said before, the more people who come to Tassie, the more people who bring their own cars, they will stay longer and they will travel. Different areas will be pushing very strongly their own barrow - the bed and breakfasts, the resort or

⁹² L. Jago, *Transcript of Evidence*, 29 October 2010, p. 7.

⁹³ B. Dwyer, *Transcript of Evidence*, 21 October 2010, p. 2.

⁹⁴ R. Stendrup, *Transcript of Evidence*, 21 October 2010, p. 2

*whatever - but in real terms the more people who come here the better everyone will do. There is absolutely no doubt in my mind about that. That is where I think the TT-Line has such a critical role to play because it is an area that we as a State have some control over. It is not a Jetstar or a Virgin or a Tiger or something that if the numbers aren't there they just pick up stumps and just go away. I think their contribution is absolutely vital. Strahan, particularly so, because people will hire cars, but they need to be here for a length of time to include Strahan on their itinerary. If they are here for a short stay then that will be the major cities and maybe the east coast. If they are here for bit longer they will probably sneak up to Cradle Mountain and the north-west. We are just about the last cab off the rank because of the relative remoteness and the length of time it is if you are coming from Hobart.'*⁹⁵

Some witnesses raised concerns about TT-Line giving preference to freight over passenger vehicles and the high cost of travelling with caravans and campervans.

For instance, Mr Roger Jaensch said:

*'I have heard, as you have, a number of anecdotes and circumstances where people believe that freight has displaced passenger capacity. I have also been in a room where people involved in the management of the TT-Line have categorically dismissed that that is the case and that there is no transfer between decks, if you like, of that capacity. I do not have a way of knowing what is real and what has been the product of a particular circumstance of somebody on a day with their car or whatever, so I do not know. What I do know, and the point that I made earlier in my evidence, is that we do not own that shipping service because we need another freight operator. There are others who are operating in that space. If there is conflict between those different parts of the business and if that is there because it is required to make that business's books balance because that is what its job is as a commercial entity that the Government owns, that is the thing we need to look into and to change what is important to the management so that the passenger capacity is maximised at all times.'*⁹⁶

Ms Kim Seagram also highlighted concerns about visitors being unable to transport their cars on the TT-Line vessels.

'The TT-Line has had their own agenda and I know they have really focused on transporting freight in the past and I know there have been significant difficulties from family, friends and

⁹⁵ Ibid., p. 10.

⁹⁶ R. Jaensch, Transcript of Evidence, 20 October 2010, p. 34.

*visitors whom I have talked to about actually being able to get a car onto the boat. They have been able to get themselves on the boat, not a problem, but a car is a drama and why do you take the boat? You take the boat because you want to take your car.*⁹⁷

The CEO of TT-Line, Mr Charles Griplas, was adamant in his evidence to the Committee that freight is never given preference over passengers or their cars. He said:

*'I have said publicly several times - including I think at the June conference of the tourism industry - that we absolutely do not substitute freight for passengers. I have said that publicly and will continue to say that. We do not do it.'*⁹⁸

Mr Griplas reiterated this point in further evidence to the Committee:

*'In terms of freight, I have said publicly again that there is no freight substitution – absolutely not. We are predominantly a tourist vessel in the tourist sector but we equally have a responsibility for our freight guys. If we did not have that freight component at the speed that we travel - and the two other competitors in this market are unable to provide anywhere near the service we provide - you would not have a thriving aquaculture industry that is then able to travel on our vessel and export globally. You would not have a viable market industry in terms of stone fruit, broccoli, onions et cetera, so you do have that dual responsibility. Because of the way that the vessel is configured and designed we are predominantly a passenger vessel but we have an equal responsibility for freight, and I do not walk away from that.'*⁹⁹

While it would appear that access to Tasmania by sea and by air has improved significantly over the past decade, there are opportunities for expansion and some of these are discussed later in this Report.

However, it is vital that the State Government, tourism industry organisations and individual tourism operators remain vigilant to ensure that the current air and sea access capacity is at least maintained and, where possible, improved.

Conclusions:

- Strengthening of the Australian dollar is boosting international travel by Australians to the detriment of domestic travel.

⁹⁷ K. Seagram, *Transcript of Evidence*, 28 October 2010, p. 9.

⁹⁸ C. Griplas, *Transcript of Evidence*, 29 October 2010, p. 3.

⁹⁹ *Ibid.*, p. 9.

- The value of the Australian dollar is having an adverse impact on international students undertaking studies in Australia, although in Tasmania numbers have increased.
- The recent Global Financial Crisis has had an adverse economic impact on tourism and on many Tasmanian businesses.
- The internet continues to have a significant impact on tourism, resulting in the need for new destinational marketing strategies, the use of online booking websites and the growth of social online media as a marketing tool.
- Many Tasmanian tourism operators are yet to embrace the internet and this is likely to adversely affect the viability of their businesses and also limit the potential for growth in tourism.
- Although there are examples of high quality customer service standards throughout Tasmania, there is room for significant improvement in many areas.
- Penalty rates of pay and payroll tax thresholds are acting as a disincentive to the development and growth of tourism in Tasmania – especially in regard to opening times and employment.
- Tasmania is generally well served by domestic airlines, with the number of seats available having increased significantly since the introduction of low-cost airlines.
- Upgrading of Hobart and Launceston airports has enhanced Tasmania's image as a tourism destination as well as the visitor experience.
- Devonport Airport could attract a greater number of travellers if it were given more marketing exposure.
- TT-Line is very important to Tasmania both for its passenger capacity and its freight transport role. However, its ability to maximise passenger numbers is inhibited by the Government Business Enterprise obligations to make profit its prime objective.

The Committee recommends that:

- 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.

- The Tasmanian Government urgently reviews the impact of payroll tax and implements measures to minimise any disincentives to increased employment.
- The Tasmanian Government re-assesses taxes and charges, regulatory requirements and planning laws with a view to encouraging further investment in tourism-related projects.
- As airport infrastructure is not a “core” responsibility of TasPorts, it should consider shedding its role as owner of the Devonport Airport.
- The Tasmanian Government enables TT-Line to make the maximising of passenger numbers its primary objective.
- 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.

Term of Reference 3: *The extent to which the Tasmanian Government should support the tourism industry and the effect and implications of the reduction in government funding in the 2009-2010 State Budget.*

There is little doubt that support from the Tasmanian Government is essential to ensure a vibrant and growing tourism industry in this State. Governments in every Australian State and virtually all other countries around the world with any interest in tourism, provide some level of support to their local industry. It is a highly competitive sector that relies heavily on continuous marketing and promotion to attract visitors. As shown earlier in this Report, the economic benefits of tourism to Tasmania are obvious and the State Government has an important role and responsibility if those benefits are to be maintained and expanded.

Since this Committee began its inquiry, a process of structural change within the Tasmanian economy has become apparent and has gathered pace. It is apparent that Tasmania will come to rely more on tourism for its economic growth, particularly in relation to employment.

The traditionally important forestry industry is undergoing a significant transformation that has already seen the closure of some timber-related operations, resulting in the loss of hundreds of jobs. Other manufacturing and processing businesses with a long history in Tasmania have finally shut down after years of declining production and employment.

For example, in the south of the State, the closure of shipbuilder Austal in September 2010 resulted in 116 workers losing their jobs. On the North-West Coast, the closure of paper mills at Wesley Vale and Burnie in 2010 cost more than 400 jobs and left just one paper mill still operating in Tasmania. The shutdown of the McCains vegetable processing plant at Smithton cost a further 200 jobs.

The situation has not improved since then with Gunns Ltd announcing in October 2010 it would close its Scottsdale sawmill leaving at least 85 workers without jobs and Devonport-based carpet manufacturer Tascot Templeton shutting down in December 2010 with the loss of 150 jobs.

In May 2010 Mr Richard Dowling, the then Chief Economist with the Tasmanian Chamber of Commerce and Industry, stated:

'It's clear that around 1,500 jobs had been shed just in the past 12 months within the Tasmanian manufacturing sector; that is unprecedented. Since the statistics have been recorded

*manufacturing has never been through such a major upheaval in Tasmania and certainly it looks like there's some more danger in the pipeline. So, it is really a crunch time for the manufacturing sector in Tasmania.*¹⁰⁰

While the local tourism industry has also been undergoing a very difficult period, with falling numbers of “holiday” visitors in the past year, there remains potential for renewed growth and employment opportunities into the future.¹⁰¹

In many ways, Tasmania is better placed than some other tourist destinations within Australia and the greater Asia-Pacific region.

As an example, the founder of the internet accommodation-booking service Wotif, Mr Graeme Wood, told the Committee:

*'If you look at all the things that people can do in Tasmania, the things that stand out - and I heard the end of the heritage talk; that is an obvious one - the culture and heritage parts of the market are both large and can be tapped. Anything to do with nature-based tourism and natural areas remains one of the great growth areas in international tourism.'*¹⁰²

The National Trust of Australia (Tasmania) made the same observation in a letter from Mr Chris Tassell, the organisation's Managing Director:

*'Tasmania's built and cultural heritage constitutes one of the two key competitive advantages for the state's tourism industry, (the state's other such advantage being temperate wilderness) within the principal visitor markets of south-eastern Australia. Multiple surveys and studies by Tourism Tasmania, the commercial sector and even other competing Australian visitor destinations have reaffirmed the primacy of these two Tasmanian competitive advantages over the past decade.'*¹⁰³

The untapped tourism potential of Tasmania's built and cultural heritage was also highlighted by Mr Peter Smith, the Director of Heritage Tasmania. Mr Smith told the Committee that:

'... people are interested in knowing how Tasmania's heritage compares to other places, and my usual answer to that is that we have a significantly higher proportion of pre-1830 heritage than other places in Australia or New Zealand. That is why I

¹⁰⁰ R. Dowling, *ABC Radio 'PM Program'*, 12 May 2010.

¹⁰¹ The most recent Tasmanian Visitor Survey (Year ending September 2010) shows that, while there was only a small drop in total visitor numbers to Tasmania (down 1%), the total number of visitors coming to the State for a “holiday” declined 12%. The total “leisure” visitors (which includes those visiting family and friends) to Tasmania in the 12 months to September 2010 was down by 5%. For further information see the *Tasmanian Tourism Snapshot, Year ending September 2010*, p. 5. This data can be found on the Tourism Tasmania corporate website at the following address: http://www.tourismtasmania.com.au/__data/assets/pdf_file/0008/46727/snapshot_sep10.pdf.

¹⁰² G. Wood, *op. cit.*, 16 July 2010 p. 45.

¹⁰³ C. Tassell, Letter dated 17 January 2011, p. 1.

*think that convict story and that colonial story, in terms of the collections, the properties, the stories, the records, et cetera, is incredibly important and anything we can do to tie that theme together more, so that those people who have an interest in it can better engage with it, the better.*¹⁰⁴

He continued by saying:

*'... one of the appeals, I think, for people coming to Tasmania is that we are a real place. Our heritage is used on a daily basis. It is a place where people go to get their mail, or go to the local pub, as well as being attractions, so in some ways I think as locals we very much undervalue our heritage, yet visitors coming from the mainland or overseas have this sense of really intact precincts.'*¹⁰⁵

In addition, Mr Smith also sees potential for growth in tourism through the link between Tasmania's heritage assets and the growing interest in family history.

*'Part of the work in tourism that I think would be desirable for us to explore further is what are those themes that are particularly unique and important about Tasmania?... One of the things we have a lot more potential to do is that we are starting to notice that people are coming to Tasmania as visitors, but they are coming as informed visitors. They have a sense of who their relatives were and what their connection was to Tasmania. We are increasingly trying to create opportunities to assist them to make linkages with the real places that their ancestors came to. So there are informed visitors and we are keen to do some more work in relation to helping them not only engage with their own personal past, but do it through stories of place as well. I think that is a really interesting development for Tasmania.'*¹⁰⁶

He told the Committee there were further opportunities for tourism in previously unrecognised cultural and heritage assets in Tasmania.

'... part of the recognition of what heritage is about in Tasmania is yes, there are some icons that people visit as a must-see on the must-do list, like Port Arthur, Cataract Gorge or Sullivans Cove, but there might be more obscure places that are just as important. ... one of the things I think would be desirable for us to do more on is in relation to some of those understated attractions, the places that people go to, in great numbers often, but are not perceived as heritage sites or heritage precincts. ... for instance, ... Sullivans Cove. ... It is the site of the earliest permanent European settlement in Tasmania. It is also a collection of amazing and very early convict and colonial

¹⁰⁴ P. Smith, *Transcript of Evidence*, 16 July 2010, p. 40.

¹⁰⁵ *Ibid.*, p. 38.

¹⁰⁶ *Ibid.*, pp 35 -36.

*buildings, but it's a space that is also very much loved by Tasmanians and visitors as well. You could say the same for the Cataract Gorge or the experience of exploring the Heritage Highway as you go off the main highway and explore the towns and villages along the way.*¹⁰⁷

Mr Daniel Hanna relayed to the Committee that his organisation believed the State's tourism sector had significant potential for growth:

'In terms of our growth prospects I think the industry is absolutely united that we have very strong growth prospects into the future. We have grown strongly in the past, we do not think that was an accident and we do not think the growth has ended. In fact, we believe that we can continue to grow and possibly grow even more strongly into the future.

More recently, Mr Hanna has reinforced the potential for growth in Tasmania's domestic markets:

*'There is potential in a lot of Australian markets. You are picking winners with your products, and you have to pick winners with the markets you target as well. For Melbourne, or Victoria generally, because it is so easy to travel here, access is so good, it is very affordable to get here and they are a market that probably understands Tasmania anyway - there are a lot of cultural and family links - are good to focus on. New South Wales is probably number two. Having direct flights is very important. Queensland has a direct air link now. It is limited and it could grow. I think there is real opportunity there.*¹⁰⁸

As discussed previously in this report, a number of factors influencing the current downturn in tourism around Australia are beyond the control of anyone in this State. However, it is clear that an opportunity exists now to lay new foundations and begin the move forward to a period of renewed growth.

To a large extent, the tourism industry itself has a major role in that process and there is also a significant role for all Tasmanians in recognising that every one of us is part of the tourism industry. If we, as a community, want to enjoy the financial and employment benefits of tourism, then we must all make our individual contributions.

Nonetheless, there is simply no question that the Tasmanian Government must provide the active leadership and fundamental impetus to maximise the tourism potential of Tasmania. Even something as simple as the profile given to tourism within the Government's Cabinet structure can send very positive messages.

¹⁰⁷ Ibid., pp. 37 – 38.

¹⁰⁸ D. Hanna, op. cit., 16 July 2010, p 81.

For instance, the New Zealand Prime Minister's additional responsibility as Minister of Tourism has had a major impact on the industry.

As the Chief Executive Officer of the Tourism Industry Association of New Zealand, Mr Tim Cossar, told the Committee:

'In particular the initiatives of this current government under Prime Minister John Key have been fundamental in terms of profiling our industry to New Zealanders and ensuring that the policy settings are more favourable towards tourism as an industry and in simply being understood in New Zealand mainstream society. The last two-and-a-half years have been proof of having a high-ranking minister taking on that portfolio, particularly the Prime Minister, giving it a really significant lift up and boost in terms of where it sits in the economic development debate.'

It is appropriate to note here that a similar situation existed in Tasmania where a previous Premier, the late Mr Jim Bacon included tourism among his portfolio responsibilities.

In addition to such high-level recognition, the contribution from the Tasmanian Government must ensure adequate financial support, innovative policy development and, most importantly, meaningful engagement with small, medium and large participants in the local tourism sector.

State Government financial support for the tourism industry has been a contentious issue from time to time, with some in the industry concerned about the uncertainty created by the perceived negative attitude within some sections of the bureaucracy towards tourism.

For example, Mr Steve Old told the Committee:

*'I just know that from my experience that Treasury's view on tourism is that they don't believe tourism brings in the benefits that we and the industry certainly believe it does generate. I think it is reasonably common knowledge that about 10 or 15 years ago there was a push from within Treasury to close down Tourism Tasmania, or whatever it might have been. Luckily the Government has not seen it the same way, but I think tourism does struggle to get money, budget-to-budget, and it has to prove its worth to the economy, yet we continually call ourselves a tourism State. It seems amazing to me that we have to continually try to push for tourism to get more money et cetera.'*¹⁰⁹

It was certainly a major disappointment to the tourism industry that the Tasmanian Government cut \$4 million from its tourism budget in May 2009,

¹⁰⁹ S. Old, *Transcript of Evidence*, 16 July 2010, p. 11.

but to the Government's credit the folly of this decision was soon recognised and full funding was restored in late 2009, soon after this Committee was established.

As Mr Hanna pointed out in his first appearance before the Committee:

*'In terms of the current resources - and you may have heard us publicly making comments about this, and we obviously welcome the \$4 million that was re-injected into tourism announced by the Premier last month - that means that tourism appropriation is just over \$30 million at the moment. It is about \$30.3 million.'*¹¹⁰

Following last year's State Budget Mr Hanna again gave evidence to the Committee as follows:

*'As I presented late last year, there were real concerns around funding. If something was not done with regard to tourism funding, we would really not be able to promote much at all. We would lose market share. We would lose voice. So we were looking for a commitment to back over \$30 million a year again, just returning it really to historical levels. We have just had a State budget. The Labor Government largely delivered on those commitments they made in the election process. In terms of funding, they probably delivered on 90 to 95 per cent of the tourism commitments. The most important ones that we were really happy with, were the commitment to tourism resources, back up above \$30 million a year again, to allow the destination to be adequately promoted in key markets, and also the commitment to the Three Capes Track.'*¹¹¹

More recently, Mr John Deeprise told the Committee that the tourism industry recognised the difficult financial situation facing Tasmania, but believed that tourism provided a special opportunity for employment and economic growth for the State.

*'In overall terms, I think the tourism industry recognises that the finances of Tasmania are as tight as they've ever been. We're not asking for or demanding anything at the expense of any other industry, but we really do believe that the funding, if it is to be maintained, can generate some terrific benefits for the State. We are the one industry, even though we had a little bit of a hiccup last year, that hasn't been laying off people in the hundreds and thousands. We haven't had major structural changes and all through the difficulty of the global financial crisis I think we can hold our heads high as a growth industry'*¹¹²

¹¹⁰ Hanna, op. cit., 13 November 2009, p. 9.

¹¹¹ D. Hanna, op. cit., 16 July 2010, p. 73

¹¹² J. Deeprise, *Transcript of Evidence*, 20 January 2010, p. 17.

Mr Simon Carrant, emphasised the need for funding certainty for tourism, telling the Committee:

*'The reality of the amount, if you talk to the people who should know, should be enough. We need to maintain that funding. It needs to be maintained in real terms as well. It gets eroded again and again by more and more administrative clobber and bureaucratic penalties from having to conform to the public service rules, so to speak.'*¹¹³

Mr Daniel Hanna, reinforced the economic benefits of the State Government's financial support for tourism. He said that:

*'Every extra dollar you spend on stimulating demand through marketing promotion will have a positive impact. It will flow through to additional visitors and market share and that generates more jobs and flow-on. It is a very strong, positive investment and you get a very good return as a State on that investment.'*¹¹⁴

In light of the current slowdown in tourism and the closure of many other industries in Tasmania, as noted above, it is critical that the Government now publicly commits to maintaining at least its current level of financial support for the State's tourism sector.

Conclusions:

- With the changing structure of the Tasmanian economy, the tourism industry is increasingly important to the State.
- Tasmania's built and cultural heritage has been identified as a competitive advantage with untapped tourism potential.
- There is significant potential for growth in Tasmania's tourism markets despite the recent downturn in visitor numbers and the challenges posed by the strengthening of the Australia dollar.
- The State Government has a vital role to play in supporting the tourism industry to ensure that the greatest possible economic benefit is achieved for the State.
- The reversal of the decision to reduce tourism funding in the 2009-2010 State Budget ensured that there was no adverse effect or implications for the tourism industry.

¹¹³ S. Carrant, Transcript of Evidence, 20 January 2011, p.17.

¹¹⁴ D. Hanna, op. cit., 20 January 2011, p. 17.

The Committee recommends that:

- Tourism be the major portfolio responsibility of whoever holds that portfolio.
- The Tasmanian Government continues to provide financial support to Tourism Tasmania at least at current levels, in real terms.

Tourist Numbers and Origin

Chapter 4

Term of Reference 4: *The origin and number of tourists who travel to Tasmania.*

One of the many advantages of Tasmania being an island is the ability to monitor more easily the number of visitors to the State. There are only five significant points of entry into mainland Tasmania, compared with the dozens available to visitors to other States and Territories. Tourism Tasmania has taken advantage of this situation by using its quarterly Tasmanian Visitor Survey (TVS) to gather comprehensive data about tourists who travel to the State.

The benefits that flow from the availability of this data were outlined to the Committee by the Minister for Tourism, the Hon. Michelle O'Byrne. When giving verbal evidence soon after the Committee was established, the Minister stated:

*'Our research capabilities in Tasmania, particularly using the Tasmanian Visitor Survey, is viewed with envy by every other State. 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.'*¹¹⁵

The Minister went on to elaborate on the reasons why the TVS provides such accurate data:

'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. 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.

.... Our data is much better. 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

¹¹⁵ M O'Byrne, *Transcript of Evidence*, 13 November 2009, p. 2.

*their experience, but also in terms of targeting markets that we have.*¹¹⁶

Ms O'Byrne said that, based on this data, Tasmania focussed its marketing efforts in traditional mainland markets which continue to dominate the State's visitor numbers.

*'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.'*¹¹⁷

Mr Daniel Hanna emphasised the need to continue the strong marketing effort in these key markets.

*'We must focus on our key markets in terms of stimulating demand. Victoria, New South Wales and Queensland remain, and I would think will also continue to be in the future, our three key markets and we have to focus heavily on those.'*¹¹⁸

The latest visitor survey data reinforces the validity of these perceptions about Tasmania's key domestic markets.

The most recent TVS results were released in mid-December 2010 and covered the 12-month period up to 30 September 2010. According to this latest data, the total number of visitors to Tasmania on scheduled air and sea services during the year was 912,800, down from 920,700 during the previous year. Of these visitors, 793,900 were from other Australian States (up 1 per cent on the previous year).

There were 141,800 international visitors to the State (down 1 per cent) and 84,800 cruise and navy ship visitors (a decline of 21 per cent). The total number of visitors who arrived by air was down 2 per cent to 791,800 and total arrivals by sea were up by 4 per cent to 134,300.

The Finances and Commercial Manager of Launceston Airport, Mr Michael Cullen, told the Committee:

*'In 2009 ... 86 per cent of visitors who arrived in Tasmania came by air, which again emphasises the critical importance that access to both cheap fares and frequency into Tasmania play.'*¹¹⁹

¹¹⁶ Ibid., pp 27-28.

¹¹⁷ Ibid., p. 38.

¹¹⁸ D. Hanna, *Transcript of Evidence*, 13 November 2011, p. 9.

¹¹⁹ M. Cullen, *Transcript of Evidence*, 27 May 2010, p. 27.

The total number of visitors to Tasmania from all sources was 997,600, a decline of three per cent on the previous year.¹²⁰ The following table, adapted from the *Tasmanian Tourism Snapshot: Year Ending September 2010* shows the origin of interstate visitors to Tasmania over that period, as well as the figures for the previous year.¹²¹

Tasmania: Interstate Visitors, 2008-2010					
State of Origin	Oct 2009 to Sept 2010		Oct 2008 to Sept 2009		Yearly change (%)
	Number	%	Number	%	
Victoria	352,700	44.42	355,100	45.26	-1
NSW	186,100	23.44	193,700	24.69	-4
Queensland	112,400	14.15	111,800	14.25	0
South Australia	55,300	6.96	46,000	5.86	+20
Western Australia	42,800	5.39	39,900	5.08	+7
ACT	22,100	2.87	18,400	2.34	+20
NT	9,100	1.14	6,400	0.81	+42
Total visitors	793,900		784,500		+1

The following table, also adapted from the *Tasmanian Tourism Snapshot: Year Ending September 2010*, shows the origin of international visitors to Tasmania over that period, as well as the figures for the previous year.¹²²

Tasmania: International Visitors, 2008-2010					
Country of Origin	Oct 2009 to Sept 2010		Oct 2008 to Sept 2009		Yearly change (%)
	Number	%	Number	%	
UK	19,500	13.75	26,200	18.24	-26
NZ	14,800	10.43	13,400	9.33	+10
Japan	5,500	3.87	5,300	3.69	+3
Other Asian Countries	38,200	26.93	34,600	24.09	+10
USA	16,900	11.91	19,500	13.57	-14
Canada	4,100	2.89	7,900	5.50	-47
Germany	9,100	6.41	8,500	5.91	+7
Other European Countries	25,300	17.84	20,600	14.34	+22
Other Countries	8,400	5.92	7,500	5.22	+12
Total Visitors	141,800		143,600		-1

¹²⁰ Tourism Tasmania, *Tasmanian Tourism Snapshot: Year Ending September 2010*, pp. 1-5.

¹²¹ *Ibid.*, p. 7. The percentage figures in italics have been added to this table and do not appear in the Tourism Tasmania original.

¹²² *Ibid.*, p. 8. The percentage figures in italics have been added to this table and do not appear in the Tourism Tasmania original.

Extensive research data relating to tourism in Tasmania is available on the Tourism Tasmania website. The Committee appreciates the assistance of Tourism Tasmania in providing the above data and other valuable information for this report.

Conclusions:

- It is clear that the Global Financial Crisis and the high value of the Australian dollar have had significant negative impacts on Tasmania's capacity to attract international visitors from traditionally strong overseas markets, such as the United Kingdom and North America.
- Tasmania's largest domestic markets are Victoria and New South Wales, but there has been recent growth in other domestic markets including the Northern Territory, ACT and South Australia.

The Committee recommends that:

- 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.
- 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.

Maximising the Potential

Chapter 5

Term of Reference 5: The most effective means of maximising Tasmania's tourist potential.

The Committee travelled extensively throughout Tasmania and spoke with more than 150 people, some of whom represented organisations and tourism groups and many offered suggestions as to how to boost tourism and address the recent downturn in Tasmanian tourism. While the proposed solutions were many and varied, there were some common themes as to the most effective means of maximising the State's tourist potential.¹²³

It should be noted at the outset that some of these suggestions were prefaced by criticism of Tourism Tasmania. As discussed later in this chapter, much of this criticism has been acknowledged by Tourism Tasmania over the past six to nine months.

As mentioned previously, three Members of the Committee also travelled to Melbourne, Sydney and New Zealand.

Zone Marketing

One of the primary areas of criticism was the way in which Tourism Tasmania communicated with, promoted and consulted smaller operators outside the major cities of Hobart and Launceston. There were many comments about the "lack of communication and consultation" opportunities with Tourism Tasmania. A particular feature of the criticism was disenchantment with aspects of the zone marketing concept which was adopted to promote regional tourism.

Zone marketing replaced the previous regional marketing approach where the State was divided into three regions. Tourism Tasmania explains zone marketing in a series of *Frequently Asked Questions* (FAQs) posted on its corporate website:

'Research undertaken by Tourism Tasmania showed that the previous regional divisions did not make sense to holiday makers. The research, Lighthouse Report One, also showed that consumers knew little more about Tasmania than it's clean green image, some quality food and wine products, wilderness and nature. In other words, they didn't know what else Tasmania had to offer, nor where they could find it. Telling customers about Tasmania's coastal and beach experiences,

¹²³ In addition to the formal evidence gathered by Members of the Committee from the witnesses listed in Appendix 1, a number of informal conversations with interested people were held from time to time.

fine dining, unique shopping, arts, culture and heritage is therefore the important next step in the marketing of Tasmania. Separating these drivers into logical chunks - or zones - provides a better way to communicate these drivers to consumers.....

By aligning activities across the State, it is more likely consumers will hear the message. Put simply, one big domestic campaign effort can have more impact than many small campaigns. Most importantly, this new marketing strategy will see the money committed to marketing activities by the zones matched on a dollar-for-dollar basis by Tourism Tasmania. Tourism Tasmania will match those collective dollars up to a maximum of \$100,000 a zone. So, if a marketing zone is able to raise \$100,000 within its area, it will have a marketing budget of \$200,000 to promote its zone. Whatever amount is raised within the zone, that amount will be doubled by Tourism Tasmania.....

Each Zone Marketing Group prepares a Zone Marketing Plan. How this is delivered is up to each group. They can choose to use elements of an existing RTA or LTA plan and add new elements while deleting others, or commence entirely from scratch. Tourism Tasmania provides each group with a prospectus of Tourism Tasmania's marketing activities for the next 12-18 months so the group can plan in a way that leverages these major communications and promotions. Tourism Tasmania can also supply a template and a facilitator for the marketing plan. Once completed, the plan is lodged with Tourism Tasmania and the RTA.¹²⁴

An important aspect of the zone marketing approach criticised by smaller operators in particular, related to consultation and feedback, a matter also addressed by Tourism Tasmania in its FAQs.

'Tourism Tasmania worked in partnership with the industry via peak bodies, RTA's and regional industry workshops to build the detail around the form and function of the program. Tourism Tasmania works with industry to ensure the program is a comprehensive partnership between government and industry and has support, ownership and carriage within industry. All views and suggestions should be directed through an RTA, either directly or via the relevant LTA, or to the Chairperson of each Zone Marketing Group.¹²⁵

The criticism of zone marketing was especially strong in regional areas such as the West Coast.

¹²⁴ Tourism Tasmania, *Zone Marketing FAQs*, see Tourism Tasmania corporate website:

http://www.tourismtasmania.com.au/marketing/national/zone_marketing/zone_marketing_faqs

¹²⁵ Ibid.

For example, Strahan tourism operator Mr Chris Short told the Committee:

*'I believe that we should scrap the zone marketing groups and we should have that three-tiered approach. We have an organisation that is split into marketing the State internally, a second prong that markets the State nationally, and then a third prong that markets internationally. They are all woven together, rather than having zones where you are too small to create this divisive little area of one zone fighting another zone for the tourism market. All it is doing is just diluting the pie when we need to make the pie bigger.'*¹²⁶

Another Strahan tourism accommodation operator, Mrs Carolyn Fry, was also critical of the implementation of the zone marketing concept.

*'Tourism is fairly rigid and they are fairly rigid as far as the zone committee is concerned. We were fairly legless; we are getting fairly outspoken now. The goalposts change constantly, which means the opportunities for us to make things happen are limited. ... I'm passionate about the idea but, to quote Julia Gillard, we have lost our way badly ... Hence, the whole of the State is saying, 'Get rid of the zones because it is all rubbish, it doesn't work.' The original concept was great, but it is gone.'*¹²⁷

The Mayor of the West Coast Council, Councillor Darryl Gerrity, expressed concerns about zone marketing.

*'There is a bit of confusion at the moment with the zone marketing philosophy. That is confusing, along with the touring routes. Zone marketing, in my view, has fragmented the industry and it's not along the traditional lines of tourism that have been marketed in the past and that have worked.'*¹²⁸

The West Coast region was not the only area where doubts about zone marketing were expressed to the Committee. Ms Kate McCarthy, Tourism and Community Development Officer with the Tasman Council, told the Committee:

*'There is certainly a sense that some people feel that the zone marketing was inflicted upon them, that they were not consulted at all and that the Tasman being marketed as Hobart and surrounds with Port Arthur as the prime destination or attraction for the region, plus it is a one-day trip.'*¹²⁹

In the North-East of the State, tourism operators and local government representatives were also critical of Tourism Tasmania's implementation of

¹²⁶ C. Short, *Transcript of Evidence*, 20 October 2010, p. 53.

¹²⁷ C. Fry, *Transcript of Evidence*, 20 October 2010, pp. 28 & 32.

¹²⁸ D. Gerrity, *Transcript of Evidence*, 20 October 2010, pp. 2-3.

¹²⁹ K. McCarthy, *Transcript of Evidence*, 26 August 2010, p. 57.

zone marketing. In George Town, a major concern was the zone boundaries which split the North-East region between the northern and east coast zones. The Committee was told that, as a result of this artificial division, *'the North-East seemed to be a forgotten area'* in relation to zone marketing.¹³⁰

Similar evidence was presented at Scottsdale where local tourism association representatives told the Committee that, in terms of zone marketing, *'Tourism Tasmania doesn't seem interested in the North-East.'* It was suggested to the Committee that zone marketing needed to give greater attention to smaller regions and the niche attractions they contain, such as Barnbougle Dunes golf links, the Trail of the Tin Dragon and the Bay of Fires in the North-East.¹³¹

Ms Kim Seagram, a Tourism Tasmania board member, was another tourism operator who told the Committee there were problems with the zone marketing strategy.

*'I would have to say it was probably launched before it was ready but there was a little bit of a political impetus to get it out into the market before it was a full-grown baby. So I think that is where we stumbled in the beginning and I am quite candid to say that. However, since then we have gained momentum significantly.'*¹³²

However, as Ms Seagram's comments highlight, not all tourism operators are totally critical of Tourism Tasmania or the zone marketing concept. Another Launceston-based tourism operator, Mr John Bailey, told the Committee that:

*'There is also great communication now between the zone marketing group from Tourism Tasmania, the local tourism associations, whether it be Meander, ourselves and Dorset, and also Tourism Tasmania and Events Tas. There is communication happening now, probably the first time I have known in my five or so years in the tourism industry. For me I think our zone strategies are infinitely logical. When you look at the way Queensland and Victoria promote, as examples, it is a very sensible approach in my opinion.'*¹³³

North-West Coast accommodation operator, Mr John Dabner, was also strongly supportive of zone marketing and of Tourism Tasmania itself. He told the Committee:

'I guess from our point of view we fully support Tourism Tasmania and what Felicia and her crew are doing. We think they do a fantastic job and compared to other States, they are doing fantastically in relation to our tourist numbers. Regarding zone marketing, we think it needs to stay. It is an

¹³⁰ Meeting with George Town Council and tourism representatives, 23 August 2010.

¹³¹ Meeting with Dorset Council local tourism association representatives, 23 August 2010.

¹³² K. Seagram, *Transcript of Evidence*, 28 October 2010, p. 7.

¹³³ J. Bailey, *Transcript of Evidence*, 27 May 2010, pp. 46 & 47.

*issue of regional dispersal, but we think Tourism Tas needs to maintain the zone marketing stuff and they need to be supported in that.*¹³⁴

To its credit, Tourism Tasmania has recognised and publicly acknowledged the shortcomings in its zone marketing strategy, as well as in the way it has engaged and communicated with the tourism industry, especially in regional Tasmania. For example, in a letter addressed to ‘industry colleagues’ dated 3 November 2010, the Chairman of the Board of Tourism Tasmania, Mr Bob Annells, wrote that:

‘Tourism Tasmania has received more than its fair share of critical comment in recent times.

Much of the criticism has been about inadequate communication between, and engagement by Tourism Tasmania with the industry, particularly informing them about major policy and operational changes effected by Tourism Tasmania, as well as the marketing programs and the research that informs them.

*.... if in some cases we have not performed as well as we would have liked or you were entitled to expect, then I can only, on behalf of the Board, apologise.*¹³⁵

Less than a week before writing this letter, Mr Annells had given evidence along similar lines. He said:

*‘One of the only benefits of the downturn in numbers has been the criticism that has really made us focus that perhaps we have lost our communication credibility with the industry and we have lost engagement. We have taken people out of the field. We have done a whole range of things and, without intent, the net effect has been that we have lost engagement with the industry. So the board is seriously considering and will input a range of measures to try to redress that to some extent, but we will not be going into retail or wholesale. Those things are gone, but we have to find ways to regain some credibility with the industry because they, like us, are suffering some reform fatigue.’*¹³⁶

Mr Annells outlined these measures in the industry letter of 3 November 2010, where he wrote:

‘To achieve this, Tourism Tasmania will:

¹³⁴ J. Dabner, *Transcript of Evidence*, 16 July 2010, p. 17.

¹³⁵ R. Annells, *Letter to Industry Colleagues*, 3 November 2010, pp. 1 & 2.

¹³⁶ R. Annells, *Transcript of Evidence*, 29 October 2010, p. 15.

- *put more resources on the ground to meet with individual tourism operators, understand their business better, and listen to their ideas and concerns*
- *use both traditional and new communication channels to better explain what Tourism Tasmania is doing and how businesses can get involved*
- *be more open and responsive to all feedback and ideas about how we can do things better. I am particularly disappointed to hear that some people don't feel comfortable raising issues with us and I want to make sure that changes*
- *let tourism operators know who does what within our organisation, and who they can contact with questions or issues of concern*
- *better share the research that Tourism Tasmania has about the market and the behaviour and decision making of our visitors, and*
- *provide more comprehensive and timely advice to operators as to our marketing initiatives, including cooperative opportunities.*¹³⁷

The Acting CEO of Tourism Tasmania, Mr Rowan Sproule, also acknowledged the criticisms that had been levelled at the organisation over the past year or so. For example, in relation to the contentious zone marketing strategy, Mr Sproule told the Committee in January 2011 that:

'So we have been at it for two-and-a-half years now and there has been a number of criticisms raised from industry. We hear in the marketplace that we think it's working okay but there are some issues about its implementation which, of course, we have to go back and review. I will loosely say there has been some confusion with industry in terms of how that is organised at regional levels and the fact that there is a new group of people that are doing a fantastic job that are actually outside of the existing regional tourism structures has been an issue. By providing more opportunity for people to participate in campaigns, we have certainly heard feedback that it's too expensive to be involved. So our review of the zone is in the market right at the moment in terms of what I call the 'consultation phase' with the appointed consultants. We actually got Deloitte to do the work for us, not because they are a great accounting company but because they are a great consulting group and they have brought tourism experts in from other places to work with us on it. They are doing it independently

¹³⁷ R. Annells, *Letter to Industry Colleagues*, 3 November 2010, pp. 1-2.

*and that consultation program with a range of both individual operators and the regional and local tourism groups around the State is happening right at the moment.*¹³⁸

It is clear to the Committee that, for the zone marketing strategy to work effectively, there will need to be changes made and it is expected that the current review will identify what those changes should be. However, it is also beyond doubt that, as Mr Annells has acknowledged, there will have to be better communication and more effective engagement between Tourism Tasmania and tourist operators around the State, especially those smaller operators in regional areas.

Mr Daniel Hanna, told the Committee:

*'The principle of what you might call local area marketing partnerships is a good one, where government puts in some money, it is matched dollar for dollar by the industry and they have some flexibility at a local level to market and promote their region. There has certainly been some implementation issues around that, I do not think it has been as successful as anyone would have hoped. Naturally we, as an organisation, will have a fairly strong contribution to the review. I do not think anyone thinks that we should throw that approach out; you have to be prepared to stick with it, but clearly it is going to need some changes.'*¹³⁹

Tourism Tasmania and the State Bureaucracy

Another related change that must be considered as an effective means of maximising Tasmania's tourist potential, is removing Tourism Tasmania from its current position within the State's Public Service bureaucracy. Tourism Tasmania's operations are almost exclusively immersed in the private sector environment, but its effectiveness and flexibility is restricted by its current structure as a government department bound by all the protocols, regulations and red tape associated with that structure. A number of witnesses drew attention to this when giving evidence to the Committee.

Tourism industry representatives in Tasmania commented that the current structure of Tourism Tasmania does not serve the organisation well in its ability to respond quickly to changing market trends.

In January 2011 Mr Simon Carrant told the Committee:

'You could change the model. We could take the funding to market the State and deliver it a different way. That would require a fairly big change in the way we do things - take

¹³⁸ R. Sproule, *Transcript of Evidence*, 20 January 2011, p. 54.

¹³⁹ D. Hanna, *Transcript of Evidence*, 20 January 2011, p. 13.

*Tourism Tasmania out of the public service sector and make it essentially a marketing company. Changing the model is something that we have spoken about successively over the last 10 years with the Government at various times. there is an awful lot of top heavy public sector costs imposed on that organisation which you would not have if you ran it as a separate kind of entity. As a simplistic notion it is saying the Government allocates x amount from its budget Estimates of, say, \$30 million or whatever and it hands it over to a company which is a whole board appointed by the Government, et cetera, in a similar way as it is now and their whole modus operandi is completely changed then.*¹⁴⁰

The Chairman of the Tourism Tasmania Board, Mr Bob Annells was candid in acknowledging some of the problems that flow from Tourism Tasmania being part of the State bureaucracy.

*'Partly the issue for me will be we need to resolve our actual structural position within government - and this was discussed with you by the TICT way back when they came last November; their view about the independence of Tourism Tasmania versus it being part of the Department of Economic Development. I do not have a problem with being part of the Department of Economic Development as long as the intent of the Act, which clearly says the board is responsible for the operation of Tourism Tasmania, is given proper credence in the way in which we operate within the department. That fluctuates from time to time; it is not easy to do and in fairness to the secretary of the department, the way it is set up at the moment has inherent difficulties in it which make it even more difficult for us to attract the right calibre of person to come to our chief executive position, not least of which is we have the problem as well that we are so far below the salary rates for chief executives of State tourism bodies ...'*¹⁴¹

Some individual operators were also critical of Tourism Tasmania's position within the State Public Service structure and whether this represented the best use of the money available for marketing the State.

For example, Mr Linden Jago, the managing director of a company that owns and operates several accommodation properties in Tasmania, told the Committee that:

'... as an operator, I can't see how we could survive without a department like Tourism Tasmania. But I think their role could be modified in some ways and indeed simplified with the various developments that are going on with MONA, TMAG and

¹⁴⁰ S. Carrant, *Transcript of Evidence*, 20 January 2011, p. 9.

¹⁴¹ R. Annells, *Transcript of Evidence*, 29 October 2010, p. 23.

*obviously the TT-Line, which is an incredibly important resource to Tasmania. They are all doing their own thing and with alignment and a better spend of the money, it is my view that we could be smarter about doing business and getting it out here, which fundamentally comes back to the point that if there is a limited budget and limited resources, it is a matter of simplifying what we do to make the funds more available to market the State. The primary concern of a lot of my colleagues in the industry is that what is available should be freed up to spend more on marketing.*¹⁴²

Mr Jago elaborated on this point, telling the Committee that:

*'... if you follow my matter about targeting the marketing and making more available to spend, yes I would look at Tourism Tasmania where there has been an even stronger threat of reducing the numbers. If it is a choice between making available money to spend promoting the State or supporting the bureaucracy then it is supporting the State through promotion of the State.'*¹⁴³

Strahan-based tourism operator Mr Chris Short also expressed doubts about the current structure of Tourism Tasmania as a government organisation. He told the Committee:

*'... it is very hard to have a government body make itself responsible and accountable because you have a big hierarchy under you, you have everyone that works under you protecting zealously their position and their roles and so forth, so to drill down to find problems in an organisation like that it is pretty hard to do internally.'*¹⁴⁴

Mr Carrant further remarked on the type of business model he had in mind.

*'It is not private enterprise, it is still a government enterprise - more along the lines of, say, the TT-Line which is essentially run as a private enterprise company. The Government says you have to make a commercial return and the directors go out and away they go.'*¹⁴⁵

An existing working model such as this already operates successfully in New Zealand and is discussed in much more detail later in this chapter.¹⁴⁶

¹⁴² L. Jago, *Transcript of Evidence*, 29 October 2010, p. 2

¹⁴³ *Ibid.*, p. 4.

¹⁴⁴ C. Short, *Transcript of Evidence*, 20 October 2010, p. 49.

¹⁴⁵ *Ibid.*

¹⁴⁶ See pp. 105 –108.

Niche Marketing

Evidence to the Committee highlighted another potentially effective means of maximising Tasmania's tourist potential, namely a greater focus on niche marketing.

Wotif founder Mr Graeme Wood was particularly strong in his support for this approach to be adopted by Tourism Tasmania. He told the Committee:

*'So let me explain why I think niche markets make more sense, especially if we are talking about penetrating those markets online. The advantage of the online business is that people with special interests tend to cluster together online and can be found therefore. So if you want to talk to Scottish fly fishermen you will find websites, blogs, newsletters and online journals where they all congregate, so you can therefore find ways to - I wouldn't use the word 'infiltrate' - get to know them. You could run off a list of hundreds of niche markets that could be of interest to Tasmania. The more I talk through this or think through it the more obvious it becomes that you need to become very strategic about where you are investing. If you look at all the things that people can do in Tasmania, the things that stand out - and I heard the end of the heritage talk; that is an obvious one - the culture and heritage parts of the market are both large and can be tapped. Anything to do with nature-based tourism and natural areas remains one of the great growth areas in international tourism.'*¹⁴⁷

He further emphasised the value of niche markets by telling the Committee:

*'On the demand side - that is, the customers out there - there is still obviously a fairly strong drift towards online business. Conventional ways of marketing are becoming harder and harder to develop results. In that online business, the niche markets I see constantly are the easiest to address.'*¹⁴⁸

Mr Wood also pointed to the large markets in the Asia-Pacific region as having great potential for Tasmania.

*'Outside the obvious niche markets there are very special interest groups that can be attracted if there is something very special going on. There is definitely pent-up demand in the world in general and there are certainly emerging markets with a lot of money - think of China and India. Each one of those markets is very special and different and needs to be understood at great depth to become effective.'*¹⁴⁹

¹⁴⁷ Ibid., pp. 44-45.

¹⁴⁸ G. Wood, *Transcript of Evidence*, 16 July 2010, p. 44.

¹⁴⁹ Ibid., p. 45.

Others operators also highlighted the value of these specialist niche markets as a means of maximising Tasmania's tourism potential.

Ms Kim Seagram told the Committee:

*'It is that whole-experience side of things. That is what a lot of people on the mainland have forgotten, that people don't just want to flop on a beach and drink a beer in the evening and have a nice time. They want to experience and learn and come away feeling a little bit enriched, having a little bit of extra knowledge in their head and also pursuing their passion. We know there are people who are absolutely passionate about fishing, golf, cars, motor cycles, heritage and history.'*¹⁵⁰

Mr Steve Kons, who has developed premium accommodation in Burnie, emphasised the need for Tasmania's niche marketing to be *'a little bit different'*, when he told the Committee:

*'Everyone wants the niche tourists that spend big dollars because they have the best product and we are not alone; everyone is doing the same thing. I have experienced that in the past with previous roles that I have had - we do have a good brand, but so does everybody else. We have a good product, so does everybody else, so we have got to say we are in there in the melting pot of everybody competing at the same level. So we have just got to find something a little bit different.'*¹⁵¹

The broader tourism industry, through its representative body the Tourism Industry Council of Tasmania (TICT), also recognised the importance of niche markets in maximising Tasmania's tourism potential. Mr Daniel Hanna told the Committee:

*'We have a range of unique selling points. ... they are the key parts of our brand, our outstanding natural environment, our heritage, arts and culture, food and wine, but also things like our fantastic tourism products and experiences - things you can do when you are here. Some of our events are unique, and there are our world-class niche experiences such as Barnbougle Dunes for golfers. All of those things combined have helped Tasmania build an extremely strong brand. We have a very strong brand presence in interstate and overseas markets.'*¹⁵²

Mr Hanna also acknowledged that more needs to be done to maximise the benefits of niche markets:

¹⁵⁰ K. Seagram, *Transcript of Evidence*, 28 October 2010, p. 10.

¹⁵¹ S. Kons, *Transcript of Evidence*, 28 October 2010, p. 18.

¹⁵² D. Hanna, *Transcript of Evidence*, 13 November 2009, p. 8.

*'We will need to work on developing niche markets and that is where we can make a difference internationally, rather than trying to send the general message about Tasmania into all overseas markets. We can zero in on people who have specific interests for which Tasmania has a competitive advantage.'*¹⁵³

A particular niche sector that falls into this category is the backpacker market. As mentioned earlier, 2010 saw a big drop in backpacker numbers coming to Australia as a result of the Global Financial Crisis and the rising value of the Australian dollar.

However, there are valid reasons why this niche market remains important. Mr Robert Henke told Committee Members:

*'The backpacker industry in general is much more important to tourism than people think. It is worth \$4.7 billion a year nationally and backpackers stay longer and they spend twice the average amount of money spent by tourists in Australia. Many of them come to this country on 12-month working visas, taking jobs, like fruit picking, that Australians don't seem interested in. Importantly, they spend the money that they earn in Australia.'*¹⁵⁴

Mr Henke said there had been a noticeable increase in domestic backpacker numbers as a result of developing adventure and nature-based tourism ventures. He also saw the backpacker market as having great potential for Tasmania.

*'Tasmania can bring adventure back into Australian tourism, particularly for tourists living in the large urban centres overseas. The focus needs to be on Tasmania's unique advantages, such as its history, environment and wildlife. The best way to target them is online because they overwhelmingly use the internet and social media for arranging their trips and staying in touch with friends and family. They also need to be offered good quality accommodation, because the market has become "softer" and many now prefer more luxurious accommodation.'*¹⁵⁵

Nature-based Tourism

A related tourism niche that was identified strongly in evidence was nature-based tourism, which many witnesses saw as an opportunity that is not being fully exploited in Tasmania. The State's '*outstanding natural environment*'

¹⁵³ Ibid., p. 9.

¹⁵⁴ Committee Members met Mr Henke in Sydney on 2 February 2011. The quote is from notes taken at the time.

¹⁵⁵ Committee Members met Mr Henke in Sydney on 2 February 2011. The quote comes from notes taken at the time.

was mentioned by many witnesses as one of Tasmania's 'unique selling points'.¹⁵⁶

While there are already a number of popular tourism experiences based on the natural environment, there is significant potential for more development of attractions in this area.

Mr Ken Jeffreys, General Manager of Corporate Relations and Tourism with Forestry Tasmania, gave evidence to the Committee about the very successful nature-based tourism experiences centred on Tasmania's extensive forests.

*'FT [Forestry Tasmania] manages about 1.5 million hectares of State forest and about 53 per cent of that land is in reserves. On that 1.5 million hectares, we operate about 70 visitor sites. This is just straight recreational sites, picnic areas, walking tracks et cetera. We maintain about 6,500 kilometres of road at a cost of about \$4 million a year. I do not have a figure on the number of walking tracks that we have around the State nor the distance of those walking tracks, but it is a significant asset. We also provide, in conjunction with Parks and Wildlife, a commercial visitor service licence. So we have about 70 to 90 small businesses, depending on renewals annually, that use State forest assets to conduct their own businesses - tours, eco adventures and those things.'*¹⁵⁷

Within these forests Forestry Tasmania has developed, increasingly in conjunction with private operators, a number of successful tourism experiences which Mr Jeffreys outlined to the Committee.

*'In terms of our portfolio, Forestry Tasmania's commercial tourism sites, Tahune [Air Walk] opened in 2002 and since then we have had about one million visitors through there. we are also trying to convert Tahune from a day visit from Hobart into an overnight stay, which I think the whole Huon region is trying to achieve. We are doing that by putting in some fairly basic accommodation. We are calling it the 'AirWalk Lodge'. It's a bit better than backpackers but it's not four-star or five-star. Tarkine Forest Adventures is a different kettle of fish. We opened that in 2004. It is now operating with a new lease of life because we have leased the site to a family operator. Hollybank Treetop Adventures, again, the same, they had a difficult run from June through to December but they have had a record breaking run since then. Hollybank is operated as a joint venture. We have 50 per cent equity with Australian Treetop Canopy Tours and from our perspective that is the model that works best.'*¹⁵⁸

¹⁵⁶ D. Hanna, *Transcript of Evidence*, 13 November 2009, p. 8.

¹⁵⁷ K. Jeffreys, *Transcript of Evidence*, 20 January 2011, p. 68.

¹⁵⁸ *Ibid.*, pp. 69 – 70.

As Mr Jeffrey indicated, FT is reviewing its approach to tourism ventures and will enter into more joint ventures for the many other potential tourism experiences available in Tasmania's forests.

*'We do not think we are the right people to continue to develop tourism ventures. We think we have sufficient as they are but we want to become an enthusiastic landlord. We think there are many, many sites on State forests that can be developed when their time is right and we would like to be enthusiastic helpers of private developers coming in and using those sites.'*¹⁵⁹

However, Mr Jeffrey also drew attention to an issue of concern that would impact on the ability of FT to maximise the nature-based tourism opportunities that are apparent in Tasmania.

*'I think the committee would be well aware that forestry industry is going through a very difficult time at the moment and I can say that in the old days of Forestry Tasmania, maintaining those assets was relatively easy because of the cash flow coming through. Things have tightened up quite significantly in the past two years. In the recent floods we lost two bridges over the Mother Cummings Rivulet and the other over the Meander River. This is the only road access to the Meander Falls track, Split Rock track, Dixon's track, Stone Hut track, Croft track, Bastion Cascade track and the Meander picnic area. They are popular walking tracks. In the old days of FT we would have had crews already in there planning how we would replace those bridges. This time we can't afford to do that. We are now in a position where we will need to carefully assess whether we need that infrastructure - and it's unlikely that we will need that infrastructure for forestry activity. We will need then to consider whether, with the resources we have at hand, we can replace those bridges.'*¹⁶⁰

Mr Jeffrey said that in future FT would need another source of income to enable on-going maintenance of its nature-based tourism assets.

'Things have changed quite dramatically and it is sad that that's happened, but the old days of Forestry Tasmania going in and repairing assets are gone, unless there is some other source of revenue that we can access. We are applying to the Tasmanian Government for community service obligation funding but I am not sure whether that will be successful. I am aware that there are very tight rules around community service obligations. If you look around Australia, you will see that the cost of managing national parks works out at something between \$20 and \$30 a

¹⁵⁹ Ibid., p. 71.

¹⁶⁰ K. Jeffrey, *Transcript of Evidence*, 20 January 2011, pp. 68 & 69.

*hectare. If we have 500,000 to 600,000 hectares that we manage in the same way you manage national parks, you can do the calculations yourself. It is a fairly substantial contribution that Forestry Tasmania has made over a number of years and unfortunately I can't see that the organisation will be able to continue to do that.'*¹⁶¹

Mr Linden Jago highlighted the value of Tasmania's environment and nature-based tourism.

*'The surveys tell us that people are attracted to Tasmania because of our environment and I think there is a lot of strength in continuity of those marketing rationales - that we have a thread, we should stick to that thread and that is the key objective. Wilderness is obviously the core.'*¹⁶²

Mr Graeme Wood emphasised the great potential of nature-based tourism experiences for attracting more international visitors.

*'Anything to do with nature-based tourism and natural areas remains one of the great growth areas in international tourism. Recently I was at a wilderness camp and there was a German family there. They were on a two-week holiday; they'd come to Australia for two weeks and they spent most of that time in remote areas. They reminded me that there are, I think, 80 million Germans and, for any of them interested in things such as forests, there aren't any real forests left in Germany. They struggle to find places to go, so they come to Australia and South Africa to see wilderness areas. They paid a lot of money for that trip and they stayed in some nice places and some not-so-nice places, but I think that is typical of the market that can be attracted here. If you dissect the nature-based bit, it gets into trekking, kayaking and all the things people do in the great outdoors.'*¹⁶³

Minister Michelle O'Byrne also identified nature-based tourism as a key aspect of the visitor experience in Tasmania.

'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. 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

¹⁶¹ Ibid., p. 69.

¹⁶² L. Jago, *Transcript of Evidence*, 29 October 2010, pp. 2 & 3.

¹⁶³ G. Wood, *Transcript of Evidence*, 16 July 2010, p. 45.

*are there. 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.*¹⁶⁴

Tasmania's special advantages in nature-based and adventure tourism were also acknowledged interstate by tourism industry representatives in Melbourne and Sydney who met Committee Members in early February 2011.

Mr Todd Blake, CEO of the Tourism Alliance Victoria, said '*Tasmania is good at nature based tourism ... which provided a reason for repeat visits to the State by tourists.*'¹⁶⁵

Mr Robert Henke said '*adventure travel should work well for Tasmania, particularly for urban tourists, with wilderness being a big attraction for people living in urban environments.*' He described the Overland track as 'iconic' and said the abundant native wildlife was a special feature of any visit to the State. Mr Henke also compared Tasmania with New Zealand in terms of adventure tourism, suggesting it '*could become the Queenstown [NZ] of Australia, if not better.*'¹⁶⁶

Mr Geoff Buckley told the Committee Members that '*Tassie is in a unique position to be distinctive in relation to nature-based tourism.*' He also noted the tourism potential of the Three Capes Track, which is discussed later in this report.¹⁶⁷

Nature-based and associated adventure tourism is a major selling point for New Zealand and Tasmania could learn from its success in attracting visitors.

As Mr Tim Cossar told the Committee:

*'Landscape in its broader context and nature are probably the things that drive [visitors] the most. But that area generally, whether the people are walking it or not, is an area that a lot of visitors to New Zealand will go to because it just represents what New Zealand is.'*¹⁶⁸

Mr Cossar also pointed to the large area of New Zealand set aside in reserves and national parks, a situation similar to Tasmania.

'About 33 per cent of New Zealand's land mass is under conservation estate. They provide and allow our members with concessions upon which they can operate on the public conservation estate. They would arguably be the largest

¹⁶⁴ M. O'Byrne, *Transcript of Evidence*, 13 November 2011, pp. 28, 29 & 38.

¹⁶⁵ Three Committee Members met Mr Blake in Melbourne on 3 February 2011.

¹⁶⁶ Three Committee Members met Mr Henke in Sydney on 2 February 2011.

¹⁶⁷ Three Committee Members met Mr Buckley in Sydney on 2 February 2011.

¹⁶⁸ T. Cossar, *Transcript of Evidence*, 15 February 2011, p. 62.

*tourism infrastructure player in New Zealand, if you look at the public estate as being tourism infrastructure. A lot of our operators' and members' success comes off the back of the deals they have with the Department of Conservation relating to their concessions.*¹⁶⁹

The industry's relationship with the Department of Conservation is a major focus for Mr Cossar's organisation.

*'We spend an extraordinary amount of effort managing the relationship between the Department of Conservation and our concessionaires to ensure the department has more favourable settings and is more predisposed towards understanding the sector. Our role over the last five or six years has been trying to get the Department of Conservation and the tourism industry working hand in glove so they're not seen as one or the other. They are not combatants; they are part of the same of the deal. It has been a rollercoaster ride, as you would well imagine, but it has also been an area where we have made some substantial changes in the way the department relates to private sector thinking and deals with concessions, particularly the way they grant concessions over a longer extended life period. This allows business to invest with more confidence on the public conservation estates.*¹⁷⁰

This co-operative approach by the industry and government agencies to the development of nature-based and adventure tourism ventures is one which should be emulated here in Tasmania.

Mr Cossar also drew the Committee's attention to a review of adventure tourism in New Zealand.

'... currently we have a process underway in New Zealand called the Adventure Safety Review. On the back of some ... concerning instances of death or injury in the adventure safety industry, the Prime Minister announced a review of the adventure tourism industry again. We worked with government on that and it was the Department of Labour that led that review process. At the moment we are in the middle of acting on all the review outcomes that we are putting in place; a registration system for future tourism operators that did not exist. There will also be a compulsory auditing system for adventure tourism operators that only in part existed prior to the review. So we have one part of our industry which you probably look at as being intrinsic to our national brand and national identity that is going through probably what we would call one of the biggest changes that any part of the tourism industry will ever see.

¹⁶⁹ Ibid., p. 36.

¹⁷⁰ Ibid., pp. 36 – 37.

Businesses have to be registered and then be safety audited and not just customer accredited; it is a full safety audit. That affects all the adventure tourism operators in New Zealand, from horse-riding through to kayaking and bungy jumping, if they are not otherwise regulated. It also affects all the outdoor schools and all the outdoor recreational [operations].¹⁷¹

He added that the review was essential in ensuring that the strength of adventure and nature-based tourism continued to be a major drawcard for New Zealand tourism.

'I think the review outcomes are all about ensuring that we continue to position ourselves at the leading edge of that and do not leave that part of our national identity or our tourism brand to chance. It was a huge challenge for us as an association. At times you have to take a deep breath because there is an immense amount of training and work that has to go on to get a culture change.'¹⁷²

The Committee believes that the Tasmanian Government should carefully examine the outcomes of this New Zealand review and adopt any measures that would ensure the future safety and viability of nature-based and adventure tourism in the State.

A number of factors have already been identified in this Report as having an impact on the development and growth of Tasmania's tourism industry. Key among these factors is the growing power and influence of the internet and also the lack of a high quality service culture in Tasmania. Both these factors provide opportunities as means to maximise the State's tourism potential.

Online Marketing

In relation to the internet and its influence on tourism, evidence was received by the Committee about two such opportunities where improvements could be made to enhance that potential.

First, evidence presented to the Committee appears to warrant an aggressive expansion and promotion of Tourism Tasmania's Digital Coach program, as well as a faster rollout of the National Broadband Network in Tasmania to ensure all tourism businesses have access to the best online facilities that are available.

For example, Mr Daniel Hanna said:

'Tourism Tasmania has a very good program, what they call the Digital Coach program, which is about providing personalised

¹⁷¹ Ibid., p. 38.

¹⁷² Ibid.

*help for some of these businesses to get them into the digital and online world. We as an industry group are, I guess, very strongly recommending that if you are fair dinkum about being in the tourism industry you need to be in the digital and online world. You need to be able to be seen by visitors and potential visitors and you need to be able to be booked as well as a minimum. We know that there are still far too many tourism businesses who are not there yet, many hundreds. We just have to do whatever we can to get as many as possible over the line. We will never get every business, but it is a good opportunity for a place like Tasmania to get a competitive advantage. If we can have a greater share of our industry than other States, it is a very easy way to promote your destination and your business.'*¹⁷³

As Acting CEO of the TICT, Mr John Deeprise, elaborated further on this issue, telling the Committee:

*'We will always have, out of [around] 2,000 operators in the State, a proportion that do not want to embrace any form of mainstream marketing, any form of digital marketing and that is their decision. You cannot force people to do anything. But I think in fairness to Tourism Tasmania on this occasion, they have put every facility in front of people to do it and I think the last step that we are going to go is perhaps the development of an off-the-shelf, very simple little web program that people can enable because not everyone is as technically competent as some of the experts in the field, and I think that is going to be a good result.'*¹⁷⁴

Ms Kim Seagram, also spoke highly of the Digital Coach program:

*'The Digital Coach program that we are working on with Tourism Tasmania right now is fantastic. Everybody who has signed up to it and gone through it said it is the best thing they have ever done. Okay? They have finally come into the twenty-first century and they are up and running. So the more people we can get through this program, the better.'*¹⁷⁵

Another witness who highlighted the need for education and training for tourism operators and their staff, especially about online marketing, was Mr Graeme Wood, who said:

'My wish list would be business training for those people as well, a look into the sorts of entrepreneurial skills they would need - so this is not just to teach you how to cook sausages, this is how to teach you to start and manage tourism

¹⁷³ D. Hanna, *Transcript of Evidence*, 20 January 2011, p. 14.

¹⁷⁴ J. Deeprise, *Transcript of Evidence*, 20 January 2011, p. 14.

¹⁷⁵ K. Seagram, *Transcript of Evidence*, 28 October 2010, p. 14.

*businesses. You would need of course to teach them about online marketing and marketing generally. That is not impossible and it could be one way to address a whole lot of problems.*¹⁷⁶

Dr Martin Grimmer, commented on the benefits of the National Broadband Network in relation to Tasmanian businesses and to the University itself:

*'It will help enormously. In terms of the ability to provide flexible programs we are hampered by Internet speed and also bandwidth - so the amount of data that can be transmitted. It will make a very big difference. We can then start to seriously consider doing things like live broadcasting of lectures to people's own computers, but at the moment it would be too unreliable to do that. Even within the university, videoconferencing, as the chair has found out, can be unreliable as well at the moment. If we increased the size of our optical fibres, or whatever one has to do to for improving it ...'*¹⁷⁷

Another witness who was supportive of Tourism Tasmania in the work it is doing to educate tourism operators about the internet and its opportunities was Ms Louise Clark. She told the Committee:

*'I think that comes back to education as well and certainly Tourism Tasmania are doing some work in that area in terms of targeting the small tourism operators and hosting educational forums. It is those smaller tourism operators who may not necessarily have the skills or be au fait with technology who need some assistance with that. So certainly Tourism Tasmania are doing some work in that area which is really positive.'*¹⁷⁸

The second area of potential online improvement raised with the Committee was the restriction that applies to booking accommodation through the Tourism Tasmania website, discovertasmania.com. The limitations relate to the agreement that Tourism Tasmania has entered into with the provider of the software, V3, that is used to facilitate the online booking process.

In evidence to the Committee, West Coast tourism operator, Mr Mike Fry, explained in some detail the resulting difficulties for smaller operators. He said:

'Regarding Tas e-Connect and V3, when that first came up once again Tourism Tasmania had made their decision without consultation with the industry and had chosen V3 as their marketing partner. I had a really long session with Felicia [Mariani – the CEO of Tourism Tasmania].... I said, "You have tried, through Tourism Tasmania, to influence operators to take

¹⁷⁶ G. Wood, *Transcript of Evidence*, 16 July 2010, p. 48.

¹⁷⁷ M. Grimmer, *Transcript of Evidence*, 28 May 2010, pp. 37-38.

¹⁷⁸ L. Clark, *Transcript of Evidence*, 27 May 2010, p. 8.

up the V3 front-desk system as much as you can. That system is based on trying to get as many operators as possible to put as much of their on-line business through their system so that they can skim off the commissions – which vary. You have not allowed any tourism operator to put a booking button on the Discover Tasmania website unless it is a V3 booking button which you have contracted and is part of this agreement that you have with V3. ...”. To give you an example, of the number of operators that are linked in with Tas e-Connect - and some of them have gone through the back door and not actually through the V3 system but through Discover Australia and Roamfree - out of the 177 accommodation listings in Hobart only 55 are linked with Tas e-Connect. In Strahan there are 39 listings and only seven are connected with Tas e-Connect; Launceston, 25 out of 78; Devonport, five out of 30; Burnie, six out of 24; Cradle Mountain, three out of six; New Norfolk, eight out of 20; Swansea, seven out of 20 and Coles Bay six out of 35, yet Tourism Tasmania keeps saying how successful the Tas e-Connect program is.¹⁷⁹

Another tourism operator based in Southern Tasmania, Mr Colin Hatcher, who also operates *channelmanager.com.au*, an online booking facility for other accommodation operators, was also critical of the current arrangements on the *discovertasmania.com* website.

In a written submission to the Committee he said:

‘The V3 is a complicated system to learn and use. When the Government gave the contract to V3 the name was changed from Booktasmania to V3 Front Desk System and a massive government sponsored campaign was mounted to get all operators onto that system. This campaign has failed. We believe this inability to get more businesses onto the system is one of the reasons for poor tourist numbers in Tasmania.’¹⁸⁰

Mr Hatcher also wrote:

‘It’s our opinion the V3 has not provided what they said it would provide for Tasmanian tourism businesses. The OBX [Tas e-Connect online booking system] was supposed to be for all operators in Tasmania through Discover Tasmania but of the 2,000 odd hotels, motels, B&B’s, guest houses etc there are only about 320 that can be booked on the Discover Tasmania web site. It is clear that this 320 odd hotels listed is a very small percentage of the 2,000 Tasmanian operators that were supposed to be listed for bookings. In addition V3 charges an additional 5.8% commission on every booking that gets

¹⁷⁹ M. Fry, *Transcript of Evidence*, 20 October 2010, pp. 37-38.

¹⁸⁰ C. Hatcher, *Submission to Legislative Council Committee Enquiry into Tourism Tasmania by www.channelmanager.com.au*, 19 January 2011, p. 3.

*generated from sites like Wotif, Quickbeds etc which means all bookings from those sites are subject to 15.8% commission.*¹⁸¹

In addition to this evidence, a Launceston-based operator, Alderman Tony Peck, was also critical of the Tas e-connect accommodation booking system. He told the Committee:

*'Yes, that's there but it's not easy to do. I suggest that the people who invented it go and do a booking. You can get there, but it's fairly cumbersome. I am not an IT person, I'm just a user, but I've seen slicker operations than the one we have. I think we have invested a lot of money in all this and we should be getting value for money out of it.'*¹⁸²

In light of this evidence, and even allowing for the fact that Mr Hatcher may be regarded as a potential competitor for the V3 system, there does seem to be sufficient grounds for a comprehensive review of the technical, operational and financial aspects of the current accommodation booking system on the discovertasmania.com website.

Icon Attractions

An opportunity to expand the tourism industry in Tasmania is the development of icon attractions throughout the State.

The importance of icon attractions was raised several times in evidence to the Committee within the State and in New Zealand. Tasmania does have its iconic attractions with the most significant being the World Heritage listed Port Arthur Historic Site, Cradle Mountain, Freycinet Peninsula, Strahan, Cataract Gorge, the Royal Botanical Gardens and Salamanca Place. Barnbougle Dunes golf links and the recently-opened MONA (Museum of Old and New Art) in Glenorchy are emerging as icon attractions, as are the Woolmer's and Brickenden Estates in the North of the State, which have been included in the World Heritage Listing of significant Australian Convict Sites.

The importance of icon attractions was emphasised by the Managing Director of TT-Line, Mr Charles Griplas, who told the Committee:

'It is those iconic destinations, which is why I keep talking about destination attractiveness. You've really got to start building up these iconic locations like the Blue Mountains in Sydney or the Great Barrier Reef in Queensland. It is those sorts of iconic destinations or locales that work well. The convict sites now are getting heritage listing and there is an ideal marketing opportunity to promote that internationally, not just locally or

¹⁸¹ Ibid.

¹⁸² A.. Peck, *Transcript of Evidence*, 20 May 2010, p. 20.

*domestically. The more of those iconic locations that we get and promote the better.*¹⁸³

Mr Daniel Hanna also noted the importance of icon attractions to the whole tourism sector.

*'You lead with your iconic products, the things that have very high levels of appeal. Then, when people do travel to Tasmania they do not come just to experience one thing; they come to travel, they expect a tour and they want to go to multiple destinations. So just because you lead with a product on the east coast, it is not just the east coast that is going to benefit but also all regions around the State.'*¹⁸⁴

North-West Coast Tourist Railway

While there are major tourist attractions on the North-West Coast - such as The Nut at Stanley, Table Cape and the Tarkine - evidence presented to the Committee in the region suggested that the development of a tourism railway would become another Tasmanian icon attraction.

More than once it was suggested to the Committee that icon attractions increase visitor numbers and attract investment in more accommodation premises. This is perhaps highlighted by the fact that the North-West Coast accommodation is largely limited to small to medium hotel-motels and bed-and-breakfast operations.

For example, Mr Tim Cossar, gave evidence to the Committee about a success story in New Zealand that demonstrates the value of an icon attraction:

*'... one that we have seen is in central Otago with the development of the Central Otago Rail Trail, which is an old railway line that was closed down, abandoned by New Zealand Railways and then a group of enthusiasts and the Department of Conservation created a 150-kilometre rail trail from central Otago to pretty much the coast. It has been a stunning success story in tourism development. Local government has been right at the heart of that and it is a good case of how you can get tourism growth organically occurring without a huge burden on the community and where a rural community has been able to take advantage of the industry as well and use it for farm stays and to supplement their incomes. It has been a major economic success in that region.'*¹⁸⁵

¹⁸³ C. Griplas, *Transcript of Evidence*, 29 October 2010, p. 12

¹⁸⁴ D. Hanna, *op. cit.*, 16 July 2010, p. 80.

¹⁸⁵ T. Cossar, *op. cit.*, p. 45.

In a discussion with the Committee about tourist railway experiences, Mr Cossar also referred to the iconic TranzAlpine railway which crosses the South Island of New Zealand from east to west.

'That is probably the most tourism-related one and it has been pretty successful for a long period of time. That is really one that stands out. It is a core tourism product that has been taken into the international marketplace and sold.'

The potential for a North-West Coast tourist railway experience to be developed into an icon attraction had been raised with the Committee during its visit to the region in 2010. Among those who discussed the proposal with the Committee were Ms Kim Robinson, Marketing and Promotions Executive with the Devonport Chamber of Commerce and Industry; Mr Rodney Greene, the Director of Community and Economic Development, Burnie City Council; Mr Alan Leeson, Chairman of the Burnie Tourism Association; Ms Jenny Cox, Director of the Makers' Workshop, Burnie, and Manager of Tourism marketing and Events for Burnie City Council; Mr Ian McCallum, General Manager of Devonport City Council; Mayor Kevin Hyland, Wynyard-Waratah Council; Mayor Alwyn Boyd of Burnie City Council; and Mr Warren Woodberry and Mr Bill Housego of the Don River Railway.

Committee Members inspected the volunteer-run Don River Railway at Devonport and were impressed with the operation and its potential as a tourist railway venture. The key to the development of an icon attraction based on the railway depends on it gaining access to the main line between Devonport and Wynyard and on reasonable insurance costs.

The main line is now owned and operated by Tasmanian Railways (TasRail), a Government Business Enterprise (GBE), which took over the business in late 2009 from a private operator. It was this private operator which closed off the Don River Railway's access to the main line.

At Legislative Council GBE Committee hearings in December 2010, TasRail acknowledged the tourism potential of the railway and revealed it was consulting with the Don River Railway with a view to granting it main line access.

Then Minister for Infrastructure and Resources, the Hon. Lara Giddings MP told the GBE Committee:

'I should just make the point that we are working with the heritage railways across the State to try to address some of those issues. I think all of you, like me, have been lobbied and have a lot of sympathy for the Don River Railway, for instance, the Derwent Valley Railway and there is the Transport Museum at Glenorchy. You name it, they are everywhere around the State and they are all facing the same problem in terms of public liability insurance particularly. But there is a whole lot of other issues as well. TasRail has already met with a number of

*them, I believe, and has another round-table meeting before the end of this year to continue to look at those issues. Tourism Tasmania is also trying to help by investigating how it is that the Puffing Billies of the world are able to operate tourism railways and not be killed off by the huge public liability insurance. There might be opportunities that we can pursue that we can pick up from Victoria, for instance. There is a want to see what we can do to work with heritage tourism railways.*¹⁸⁶

The Chairman of the TasRail Board, Mr Bob Annells, told the same Committee hearing:

*'What we are trying to do in the first place is ensure that if we have assets that can assist these people, those renovating tourist or heritage or whatever, we have equipment. We could help by using the wheel lathe or providing our old wheel lathe to somebody if they do not have one. We have quite a bit of surplus equipment like sleepers and rail. There is not a lot of it, a lot of the surplus sleepers for example had creosote in them and were not suitable for use under the rail management branch. But we are having this round table. We are about to have our second meeting. Damien and his team are genuinely trying to help here but I must stress the task confronting TasRail just to get its freight business up is mammoth. We are diverting resources to try to help because we recognise the interest and people want us to help but there is a limit here because we have our own statutory and other responsibilities.*¹⁸⁷

Later in her evidence to the GBE Committee, Ms Giddings emphasised that the State Government was supportive of the Don River Railway's ambitions to developed a tourist rail venture built around the coastal journey from Devonport to Burnie and Wynyard.

*'... we have certainly and will continue to have a lot of sympathy with the Tourist Railway Society. As Bob indicated, that is why they are doing some work with them. We have asked for that work to occur. I do not know a person who does not love trains, to be honest. So for us it is going to be managing the expectations of these heritage railways while seeing through the work that is being undertaken if there is a way through the various issues. As to whether or not these groups actually are allowed to do anything on these tracks is an independent Rail Regulator decision, nothing to do with Government or TasRail, whether or not we can deal with the insurance issue.We are not shutting the door. The door is open, absolutely open, but there are a lot of issues that need to be resolved.'*¹⁸⁸

¹⁸⁶ L. Giddings, *Transcript of Evidence – GBE Hearing*, 2 December 2010, p. 13.

¹⁸⁷ R. Annells, *Transcript of Evidence – GBE Hearing*, 2 December 2010, p. 14.

¹⁸⁸ L. Giddings, *op. cit.*, p. 25.

A note of caution on the proposal came from Mr Roger Jaensch, who gave verbal evidence to this inquiry in October 2010. He said:

*'I believe that the State Government established a rail tourism project to look into some of the issues that heritage railways and tourist railways around Tasmania all have in common, which largely have to do with the fact that they're volunteer-based enthusiast groups who struggle with costs of public liability insurance and for a period, some fairly complicated arrangements for access to the railway line, which is now back in State ownership, so that has recently changed again. ... We note that the most visible successful rail tourism product in this State at the moment is part of a family of products down here [Strahan] that is run by a fairly large concern. It works as part of a package of products and as an attraction that fills a day of activity, amongst other things. They are very tricky things to run well and very, very expensive. Where I think our discussions have got to in the past is that there is certainly a lot of interest in these sorts of operations existing. At the moment the expertise to run the stock and the things like the Don Railway are run by enthusiasts volunteering in their own time. The transition from that to a business that is running every day to a standard providing a commercial, viable experience that pays for itself and is able to keep running. That is a big difference from an enthusiast group who run tourism as a sideline to their core passion.'*¹⁸⁹

Mr Steve Kons, was even more negative in his view of a tourist railway on the North-West Coast.

*'I think the place is too small. We probably need a population of 1.5 million to 2 million to make these things sustainable. It's the same everywhere. I don't think the freight trains are sustainable in this State either, When we start talking about these ideas you actually need people who have done it to say that it is a good idea. They need plenty of support; they are not sustainable. They are good ideas, they sound good, but until you put your hand in your own pocket you will not do it. So it would be great to have, Mr Wing, but we do not have the population and I do not think we have the numbers.'*¹⁹⁰

In spite of Mr Kons view, the Committee believes there is little doubt that the North-West Coast region needs a major icon attraction to develop and grow its tourism sector. The most obvious answer is the development of a tourist and heritage railway experience between Devonport and Wynyard.

¹⁸⁹ R Jaensch, op. cit., 20 October 2010, pp. 32 - 33.

¹⁹⁰ S. Kons, op.cit., 28 October 2010, p. 24.

The railway would add another niche marketing opportunity to promote Tasmania throughout Australia and internationally. Australia has an association of rail enthusiasts with almost 1,200 members and similar organisations exist overseas. In the past 30 years, the Australian association has organised around 90 overseas tours for its members to inspect and travel on heritage and other railways. However, the popularity of heritage railways around the world is not confined solely to members of such organisations.

According to the Heritage Railways Association in the United Kingdom, during 2009 heritage railways and museums in that country carried 6.7 million passengers and earned around \$125 million, the majority of which was derived from train journeys. Heritage railways in the UK directly employ 1993 people and also benefit from the work of 17,632 volunteers. The National Railway Museum at York is one of England's top tourist attractions, with nearly 750,000 visitors a year.¹⁹¹

Mount Wellington Cable Car

Evidence was also received by the Committee about the development of another icon attraction in Hobart, namely a cable car to the summit of Mt Wellington. Among those witnesses who supported the concept were the Manager of the Hobart Visitor Information Centre, Ms Anne McVilly, who told the Committee:

*'My personal opinion is I think it would be ideal. It is one of the top three most-visited attractions in Tasmania and you can only visit it when there's no snow and when there is snow it is probably at its most appealing. Having travelled the world, you see a lot of places where cable cars are done well; they are not an eyesore or an intrusion on the environment. I think it should be considered, but that is my personal view and I believe it is definitely not Hobart City Council's opinion.'*¹⁹²

Another who expressed support was the Mayor of the City of Clarence on Hobart's eastern shore, Ald. Neil 'Jock' Campbell, who said:

*'If it is done properly and thoughtfully, like the one at Cairns and Kuranda, and it is thought through, it will be a benefit. People say you will not be able to go up there in poor weather; well, maybe it is a two-stage one. The Cairns one is in three stages, from memory. You could go as far as the Springs and then the other leg. It is up to the designers to come up with that.'*¹⁹³

Previous proposals for a Mt Wellington cable car have not been successful, mainly because of public opposition to the particular design of the development and the location of the base terminal in suburban Hobart.

¹⁹¹ UK Heritage Railway Association website, www.heritagerrailways.com/facts.php accessed 11 April 2011.

¹⁹² A. McVilly, op.cit., 28 May 2010, p. 35.

¹⁹³ N. 'Jock' Campbell, *Transcript of Evidence*, 29 October 2010, pp. 22 – 23.

However, the Committee believes that the concept, if properly designed and planned, does have the potential to greatly enhance the attractiveness of Hobart, and Tasmania, as a tourist destination.

Another potential icon attraction mentioned a number of times by witnesses was the Three Capes Track which is being developed by the Tasmanian Government on the Tasman Peninsula. Mr Stuart Lennox, Manager of Strategy and Sustainable Use with the Tasmanian Parks and Wildlife Service, told the Committee:

*'The place has incredible natural brand values. It has stunning beaches, it has great walking tracks, and it has lovely temperate rainforest. It has the natural brand values that should make it quite outstanding - locals know this but visitors do not. What we wanted to deliver was Australia's iconic coastal bushwalk. We have some of the most iconic coastal scenery and we think that is a space that we can own. ... Tasmania has a strategic competitive advantage in walking because we are a really benign environment to walk in, in terms of the temperatures. It is generally a very nice temperature. I do think we need to continue to build on what I call our strategic competitive advantage.'*¹⁹⁴

Mr Lennox's evidence was reinforced by Mr Geoff Buckley, the CEO of the Tourism Industry Council of New South Wales, who, as mentioned earlier, identified the Three Capes Track as a high value experience that would help Tasmania in marketing itself as a distinctive destination.¹⁹⁵

Detailed evidence about the Track was given to the Committee during its hearings at Nubeena on the Peninsula, where there was strong support expressed for the project.

The Chair of the Port Arthur and Tasman Tourism Association, Mr Roger Self, told the Committee:

*'The feeling of tourism is very strong. We are looking forward to the major development of the Three Capes Track, which is an injection of some \$30-odd million. We cannot see any other major development in the near future down here. I think the Three Capes Track will put more of an injection into employment long range, and building of course, and \$30 million is better spent here than anywhere else. There is some resentment against the Three Capes. A few people down here get a little possessive perhaps and want the walking tracks for themselves. I can see a lot of positives with that Three Capes Track and I certainly hope we get it. If we have a development like that then something should be done or may be done about the road ... '*¹⁹⁶

¹⁹⁴ S. Lennox, *Transcript of Evidence*, 26 August 2010, pp. 42 & 43.

¹⁹⁵ Three Committee Members met Mr Buckley in Sydney on 2 February 2011.

¹⁹⁶ R. Self, *Transcript of Evidence*, 26 August 2010, pp. 1 & 2.

Ms Kathy Weidner, who operates a tourism accommodation business at Taranna on the Tasman Peninsula, said:

*'The upcoming Three Capes Walk is going to - not immediately - bring so much focus to this area. We find even now, through some of our guests who come to walk, that the Three Capes Walk is well and truly out there in walking clubs and walking groups - people who want to walk. It is out there, they know about it, they come and they ask about it. So that is going to be good for us but we need this visitor information centre to help that work.'*¹⁹⁷

Support also came from Mr Andrew Griffiths who told the Committee:

*'I am passionate about this particular area; I think it has huge, untapped capacity. I just cannot wait for Three Capes to get under way and the sooner it happens the happier I will be.'*¹⁹⁸

Ms Kate McCarthy, Tourism and Community Development Officer with the Tasman Council, said the majority of people in the region support the Three Capes Walk project.

*'There was probably initial angst about the Three Capes Walk when it was first mooted, in that people saw that there was probably no money for this community in it with the accommodation. Then KPMG, commissioned by Tourism Tasmania, did a financial study into the day walks and what that would mean to this community, which then brought the council on board. We would not sneeze at that. So you will still find that there are a few people who say they do not want this infrastructure building in the parks. They are not against the Three Capes Walk but they do not want the infrastructure built in the park. The vast majority of people would want the Three Capes Walk.'*¹⁹⁹

Tasmania's Parks and Wildlife Service (PWS) sees the project as having the potential to become Australia's premier coastal walk. The PWS website says:

'The vision is for the Three Capes Track to be Australia's premier coastal walk, taking in the stunning sea cliffs of the Tasman Peninsula, including Cape Raoul, Cape Pillar and Cape Hauy. The multi-day bushwalk is located in the Tasman National Park. It will travel east, with a boat leg across Port Arthur Bay, and finish at Fortescue Bay. The project is funded by both the Australian and Tasmanian Governments, with the Australian Government contributing \$12.5 million and the

¹⁹⁷ K. Weidner, *Transcript of Evidence*, 26 August 2010, pp. 29 – 30.

¹⁹⁸ A. Griffiths, *Transcript of Evidence*, 26 August 2010, p. 35.

¹⁹⁹ K. McCarthy, *Transcript of Evidence*, 26 August 2010, p. 61.

*Tasmanian Government \$12.8 million. It is expected that private investment in facilities could total an additional \$8 million. The first walkers are expected to embark on the track in November 2013.*²⁰⁰

Further details of the project were provided to the Committee by Mr Stuart Lennox. Of particular importance was the information provided about the tourism and other economic benefits that will be provided by the Three Capes Walk.

*'The economics of it ... is that we are saying now the total project cost is \$33 million and that is made up of \$25 million of public infrastructure, which is the track and the independent huts, and about \$1 million of private huts, boats and buses. If we start it today we think it is a \$33 million project in terms of cost. Syneca Consulting estimated back in April 2008 that it would generate about \$21 million in gross State product per year when fully operational. It would generate \$3.8 million of direct expenditure in the Tasman region. It is based on 60 people walking a day, over a peak season of 150 days So that is where the 10,000 comes from. But it is really important to note ... that that income generation is only directly related to the Three Capes Track project and those 10,000 walkers. ... The KPMG report that we did last year was modelled on Tourism Tasmania's Tourism 21 predictions and it had two ranges in its approach. They are suggesting ... I think an additional 50,000 – 80,000 day walkers in the region. Therefore, the economic benefit of that was somewhere between \$90 million and \$188 million, depending on the number of day walkers we eventually attract.'*²⁰¹

The PWS website contains a great deal more information about the Three Capes project, including links to the Three Capes Track Feasibility Study 2007, the Draft Tasman National Park Management Plan and the Great Bushwalking Scoping Study.

The Committee believes that this project will be a major icon attraction, not just for the Tasman Peninsula, but for the whole of Tasmania. It strongly urges the Tasmanian and Commonwealth Governments to expedite the construction of the track so that the undoubted economic and tourism benefits begin to flow as soon as possible.

Skills Training (Tourism & Hospitality)

As mentioned previously in this Report, the Committee received evidence about the standard of customer service within Tasmania, especially in those

²⁰⁰ Parks and Wildlife Service website <http://www.parks.tas.gov.au/?base=21484> accessed 14 April 2011.

²⁰¹ S. Lennox, *Transcript of Evidence*, 26 August 2010, p. 45.

areas that deal directly with visitors to the State. According to the evidence presented, a major contributing factor to this situation is perceived shortcomings in the skills training available in the State.

For example, Mr Steve Old gave evidence to the Committee that his organisation previously had difficulty with the skills training offered by the government education and training sector.

*'We have said to the Government that we have tried to work with the Skills Institute and Polytechnic and have butted heads with them for two years. I have done speeches at the old Drysdale TAFE in Collins Street and said, 'You need to listen to what our members want. The students don't come here to be told this is what you are going to teach and then you are going to send them out and employers just have to take them as you send them out. Employers say this is what we want and you need to train them to that standard'. We could never get to that standard from those discussions. So that is why we have moved onto a private provider that will deliver the service that our members are requiring.'*²⁰²

Mr Old went on to explain that inflexibility in the training on offer was at the heart of industry concerns.

*'The issue that Drysdale and TAFE have, as I understand from talking to my board over a number of years, is that the one thing they haven't done is move with the times. Times have changed. Employers demand more and more training on the job. They want to say, 'This is what I need my employees to do,' and they need a provider to go away and say, 'Okay, I understand what your business is about and what your requirements are. I am now going to tailor the training to what you need.' Unfortunately, the message we get back is that Drysdale is still saying, 'They come into our classroom, this is the course and this is how we run it and that's how they're going to be sent out.' They do a 9 a.m. to 4 p.m. course; it has this and this and this. Can they be flexible on that? No, they can't be flexible - 'This is our course' - it's that sort of mentality and we are trying to say to them that they have to change. They have to work with what the industry needs now.'*²⁰³

He elaborated further on this “inflexibility” as the rationale for his organisation engaging a national training provider to meet the needs of its members.

'As an industry we have tried to work with the Skills Institute and Polytechnics or whatever their names were before they changed. To be honest, for 12 or 18 months we butted our

²⁰² S. Old, op. cit., 16 July 2010, p. 6.

²⁰³ Ibid., p. 7

*heads against the wall and got nowhere. We have actually, as an association, now gone into partnership with a firm that is setting up offices in Tasmania – called Franklyn Scholar. We are using them as our RTO. They are the biggest private RTO in the country ...'.... as we have it now, Franklyn Scholar come in with our members now and do 24/7 training. So if John had talked to them and said, 'Look, the only time you're going to train my apprentices is from midnight to three in the morning,' Franklyn Scholar will say, 'We'll be there at midnight and train them from midnight to three, if that's what you want.' Whether we like it or not, that's the way the industry is going.'*²⁰⁴

Mr Old also explained to the Committee how important effective skills training was to the individual businesses in the tourism and hospitality sector.

*'It is a 24/7 industry and if we're going to promote training within the industry, for many years we have been and still are trying to encourage members to say that you need to train your staff if you're going to get better output. Phil Capon, one of our board members, has always said, the mentality is that people say if you train them they might leave, and Phil has always said, "If you don't train them they might stay."'*²⁰⁵

The need for skills training to match the needs and expectations of students and employers was also emphasised by Ms Elizabeth Valentine, the Chief Executive Officer of the Aviation, Tourism and Travel Industry Training Organisation in New Zealand.

*'I'm sure you have the same issue in Tasmania, where you've got a multitude of small to medium enterprises in the tourism attraction areas, there are some major players, but generally there are motels, hotels, cafes, bars and restaurants. Tourism attractions tend to be in the small to medium enterprise range. We are probably a little higher than you; we are probably sitting around 90 per cent [of tourism businesses with five employees or fewer]. There really are very few large players and lots of little players that make a lifestyle choice. The characteristics of that workforce is that they tend to not have a lot of fat in the businesses that they run. They find it difficult to send people off for days on end to courses, which is where the New Zealand and the Australian system really starts to have meaning in the tourism sector. So supported work-based training through the industry training system is one option.'*²⁰⁶

Ms Valentine also pointed to the flexible and comprehensive training regime that operated in New Zealand

²⁰⁴ Ibid., pp 5 & 8.

²⁰⁵ Ibid., p. 8.

²⁰⁶ E. Valentine, *Transcript of Evidence*, 15 February 2011, p. 2

*'In tourism, again it always works flexibly and it is a reason why we have sustained 39 industry training organisations in New Zealand. In tourism there is a really good blend of supported on-job training, provider or TAFE-based training right through from entry level, in fact pre-entry level in the schools. We have what we call a gateway program right through to advanced education at postgraduate degree level and I think that is something again that makes New Zealand quite unique. It just depends where the best delivery place is.'*²⁰⁷

While the criticism levelled at Tasmania's skills training regime by the tourism and hospitality industry may be justified, it appears from recent evidence presented to the Committee, that the flexibility message has now been heard by government-run training organisations.

In evidence given to the Committee in January 2011 by representatives of Skills Tasmania and the Skills Institute it was clear that the approach sought by the industry had been put in place. Mr Malcolm White, the Chief Executive Officer of the Skills Institute, outlined the changes from the old training model to the new system put in place in the past twelve to eighteen months.

*'There have been a number of changes in the way vocational education and training is delivered to the sector in the recent past. The former hospitality provider Drysdale House historically worked on a supply model of a conventional college arrangement of hospitality whereby students would come to the college to study diplomas, certificates and then into the workforce. That was certainly the model which TAFE Tasmania took over in 1998 when the former Drysdale Institute was amalgamated into TAFE Tasmania. Further major change occurred at the end of 2008 with the Tasmania Tomorrow reforms whereby the delivery which was in the Drysdale program was split between the Tasmanian Polytechnic and the Tasmanian Skills Institute. the focus of the Polytechnic is on students who are preparing for their careers and would come under what we would normally understand to mean by 'student'. The Skills Institute is a workforce skills development organisation so as such it is primarily concerned with the workforce of employers in Tasmania. As such, the Skills Institute has a strong focus on apprentices, trainees and existing employees of tourism hospitality operators.'*²⁰⁸

Mr White acknowledged that the previous model had produced some of the negative results raised by Mr Old, but that the new regime could now meet the expectations of the industry.

²⁰⁷ Ibid., p.5.

²⁰⁸ M. White, *Transcript of Evidence*, 20 January 2011, p. 28.

*'The events that led up to the AHA choosing a competitor over us are in the transcripts and certainly that was a period of very significant change associated with Tasmania Tomorrow and, as they noted, they were not happy and they exercised their free choice by choosing another registered training organisation in the competitive training market. That is their right and that is as we think it should be. We believe the comments that were put are more of historical nature. We believe that the way we operate now is very workplace-focused, very flexible and would meet their needs and in due course we would hope to have the opportunity of presenting, if they do choose to go to tender. We think we would be able to demonstrate to them that we would meet their contemporary needs.'*²⁰⁹

Later in his evidence, Mr White also told the Committee that the new approach by the Skills Institute reflected what business was looking for.

*'In terms of what Tasmania's employers want, which I believe is very important, in the early 2000s a survey was conducted by the former CEO of TAFE of what industry wanted from Drysdale in the years ahead. It was very strongly about skills for their industry with a mix of workplace and on-campus training. So the industry viewed it important to move to a far more work-ready cohort of people, so I think industry did lead away from Drysdale House. I personally think, in terms of our world, skills training is very much about productivity, business success and the economy.'*²¹⁰

Evidence indicated that the Skills Institute has broadened its reach to enable students and employers in rural and regional parts of Tasmania to access its training programs.

Ms Jane Richardson, Tourism and Hospitality Unit leader at the Skills Institute, told the Committee:

*'In 2010 we had over 1,000 enrolments for online, which is fantastic, as well as getting significant numbers in our classes. We hold classes across the State and also meet the demands of industry if they require a business - we will use Federal as an example - in a remote area at Freycinet Lodge. If they have said there is a demand for some of their staff to do RSA [Responsible Service of Alcohol], then we will go and deliver for them and we will also open it up to the broader community as well so that they can tap into that class. So they are not relying on having to come to Hobart, Launceston, Devonport or Burnie, where we have classes scheduled throughout the year; we can meet the demands for industry, which is fantastic.'*²¹¹

²⁰⁹ Ibid., p. 29.

²¹⁰ Ibid., p. 36.

²¹¹ J. Richardson, *Transcript of Evidence*, 20 January 2011, p. 31.

Mr White informed the Committee that the Skills Institute also used a mobile training facility for training in rural and regional parts of the State.

*'We were fortunate in receiving some Federal funds last year and we put the case to build the mobile training centre which we received just before Christmas. Its first deployment before Christmas was with Jane's group to train employees at Oatlands in the many businesses there, and I was fortunate enough to visit during its time there and saw the training being undertaken and was very impressed with the way Oatlands businesses embraced that opportunity. My hope is that that will continue apace this year and I think there are a lot of opportunities there. As an example, going into quieter months of year I would foresee it going to locations that have busy seasonal periods in tourism and all the staff, particularly those who have casual seasonal employment who their employers could not normally justify sending them to Launceston or Hobart, being able to have the opportunity to undertake training and get those important skills and accreditations ...'*²¹²

Ms Richardson added that, as a result of recent training sessions in rural and remote Tasmania, improving the training opportunities for those outside the major centres was now a priority for her unit in the year ahead.

*'We also went to Flinders Island at the end of the year to do some training. We were fortunate to have some TasSkill funding from 2009 that we utilised and we developed a program specifically for customer service and cafe skills and also ran a commercial RSA course, and the response we got from the community on Flinders Island for just being there and having those programs available for them was unbelievable. I really feel that those remote regions are not being serviced and my passion for this year is to really develop our business in those remote regions.'*²¹³

The structure of the Tasmanian Government training system can be a little confusing for those not familiar with it and it was useful for the Committee to have the detailed explanations provided by Mr White, as well as that given by Mr Keith Thompson, the Manager of Industry Strategy with Skills Tasmania.

Mr Thompson told the Committee:

'Skills Tasmania is the body which is charged with the responsibility for managing the training system and is the conduit for the government subsidy that goes into the training system, and that is to the tune of \$100 million a year. It goes to

²¹² M. White, *Transcript of Evidence*, 20 January 2011, p. 35.

²¹³ J. Richardson, *Transcript of Evidence*, 20 January 2011, p. 37.

*the Polytechnic as a funding agreement, it goes to the Skills Institute through apprentice and trainee funding, and that is essentially funded on demand for eligible people. The Skills Institute also wins tendered training and it goes to a lot of other private training organisations through contestable arrangements through various programs. As I said, that is in the order of \$100 million a year. It's a very substantial subsidy to training and tourism and hospitality does get a fairly substantial share of that; in fact, probably a disproportionately high share, you might say.'*²¹⁴

Mr Thompson was also able to provide evidence about the importance and scope of skills training in Tasmania, as it relates to tourism and hospitality.

*'The demand for training is largely driven by turnover of staff. There are very high turnovers in the industry and it relies on a constant stream of trained people coming in at the bottom. It is also probably an industry that not everyone sees as a career. For a lot of people it's a short-term occupation to support something else, whether it's education, travel or the like. So there is a large turnover but government sees it as a priority and it is on our list of priority industries for funding because it is an important export earner and an important work force entry point for young people. There are something like 1,600 apprentices and trainees in hospitality in tourism in training. It's a big number.'*²¹⁵

New Zealand

In February 2011 three Committee Members spent four days in New Zealand meeting tourism operators large and small, tourism industry representatives, government tourism agencies and Members of the New Zealand Parliamentary Select Committee on Commerce, which has responsibility for tourism matters. Members also had the opportunity to speak informally with individual New Zealanders and tourists visiting the country.

New Zealand is recognised internationally as a high-quality tourism destination that is well marketed at the national, regional and local level. It is also well-known as a destination with a high-quality customer service culture that extends from those within the tourism industry into the broader New Zealand community.

²¹⁴ K. Thompson, *Transcript of Evidence*, 20 January 2011, p. 33.

²¹⁵ *Ibid.*, pp 34 – 35.

This was highlighted in evidence given to the Committee by witnesses in Tasmania. For example, during meetings with tourist operators on the East Coast, winery and tourism operator Michael Dunbabin told the Committee he had visited New Zealand and ‘... they do their marketing well ... [and] you can learn if you are aware and pick up things.’²¹⁶

At an earlier hearing Mr Steve Old stated:

‘I also saw comments made last year where they think Tasmania stacks up very favourably against New Zealand. I have chatted to some people from the mainland who have been engulfed in tourism and stuff for 40 and 50 years and they believe it is actually the opposite, that New Zealand is a long way ahead of Tasmania in service standards.’²¹⁷

Another witness who compared service standards in Tasmania and New Zealand was tourism marketing manager Mr Michael Bailey, who gave evidence in Launceston as a representative of the local tourism association. Mr Bailey told the Committee that:

‘... when you look at the experience people have in countries like New Zealand where they have a true tourism culture, there is the opportunity for us in educating and trying to get this theme throughout our community.’²¹⁸

Mr Ken Stronach, the Manager of Stewarts Bay Lodge on the Tasman Peninsula, also told the Committee that he believed New Zealand always appeared to be a step ahead of Australia.

‘... it is interesting to note that New Zealand has had their best July on record in terms of in-bound business. Funnily enough, like the mainland, in Tasmania we tend to follow trends to a degree. We also tend to follow trends in New Zealand. When they have their highs and lows Australia seems to be a bit behind them. They are always more innovative than we are. They are much more reliant on tourism than we are as well and, traditionally, they market themselves really well.’²¹⁹

The Committee found that these perceptions are well-founded.

The evidence presented to the Committee during its visit to Wellington and Christchurch repeatedly highlighted several key measures that could be implemented in Tasmania and would provide very effective ways of maximising this State’s tourist potential.

²¹⁶ M. Dunbabin, 25 August 2010, Swansea.

²¹⁷ S. Old, op. cit., 16 July 2010, pp. 5 – 6.

²¹⁸ M. Bailey, op. cit., 27 May 2010, p. 53.

²¹⁹ K. Stronach, *Transcript of Evidence*, 26 August 2010, p.p. 13 – 14.

Looking to the New Zealand example, perhaps the most fundamental means of maximising Tasmania's tourist potential is the clear, unequivocal and public recognition of the economic benefits of tourism and high rate of return to all sectors of the economy that comes from the investment in tourism marketing. In New Zealand this begins with the Prime Minister also being the Minister for Tourism, a matter that earned praise from industry representatives.

Mr Tim Cossar, told the Committee:

*'... the initiatives of this current government under Prime Minister John Key have been fundamental in terms of profiling our industry to New Zealanders and ensuring that the policy settings are more favourable towards tourism as an industry and in simply being understood in New Zealand mainstream society. The last two-and-a-half years have been proof of having a high-ranking minister taking on that portfolio, particularly the Prime Minister, giving it a really significant lift up and boost in terms of where it sits in the economic development debate.'*²²⁰

Mr Cossar went on to tell the Committee that this recognition by the New Zealand Government had led to a greater interest from local government:

*'As a sector we are pretty happy with how that has worked and where tourism now rates not only in central government thinking but also increasingly in local government thinking. Local government was an area where we felt two or three years ago had some quite big disconnections with the tourism industry.'*²²¹

To give some context to the importance of government recognition and support of the tourism industry, Mr Cossar briefly outlined the economic value of tourism to New Zealand:

*'We are dealing with a really large industry - about \$61 million a day. It is about 18 per cent of New Zealand's foreign exchange earnings. If you break down the primary industries in New Zealand, that is pretty much going head for head with the dairy industry. The Government do take it as a pretty significant player. Just short of 200,000 jobs are created by the sector and so the Government is listening to us and has a really open mind to what the tourism industry has to say.'*²²²

New Zealand Government Agencies

The foundation for New Zealand's success as a tourism destination comes from central government and its tourism-related agencies. It should be noted

²²⁰ T. Cossar, *Transcript of Evidence*, 15 February 2011, p. 35.

²²¹ *Ibid.*

²²² *Ibid.*

that New Zealand has only two levels of government - national and local - whereas in Australia there is a another tier, namely State governments. However, for the purposes of comparison, in Tasmania the equivalent of New Zealand's "central government" is our State Government.

In addition to the leadership issues discussed above, the policy and marketing support for tourism is an essential part of the central government responsibility for tourism.

The structure of the government agencies involved in tourism in New Zealand has separated the policy and marketing roles, with the latter operating outside the traditional public service structure.

The Deputy Secretary of the Ministry of Economic Development (MED), Ms Liz MacPherson, explained this structure to the Committee:

*'We have two key components to the tourism government infrastructure in New Zealand. One is the Tourism Strategy Group, which is part of the Ministry of Economic Development. Following a recent review, the Government made the decision to essentially bring tourism right within the heart of the Government's economic strategy and have it as fully part of the Ministry of Economic Development. So we now have the Tourism Strategy Group, which sits within the Ministry of Economic Development, and its responsibility is to advise the Government on the policy issues which will help to grow tourism's contribution to the highly productive New Zealand economy and also to undertake and facilitate the research to underpin that. The other part of government infrastructure in New Zealand is the New Zealand Tourism Board, which trades as Tourism New Zealand. This is a separate crown entity set up under statute. The New Zealand Tourism Board or Tourism New Zealand is essentially able to be directed by Government through letters of expectation, recognising that the skills and expertise necessary to do this sort of work essentially have an industry structure associated with it, with a board sitting over the top of the entity itself. The Chief Executive of Tourism New Zealand works to the board.'*²²³

The roles and functions of Tourism New Zealand were outlined to the Committee by its Corporate Planning and Strategy Manager, Mr Simon Douglas:

'We were originally established under the 1991 New Zealand Tourism Board Act with a board of up to nine members appointed by the Minister, and the chair reports directly to the Minister. None of the board members can be serving public servants. So they are all from a mix of tourism industries, so

²²³ L. MacPherson, *Transcript of Evidence*, 16 February 2011, pp. 1 & 2.

*they bring tourism expertise. We try to get a good mix in the appointments process with MED to get tourism industry expertise, marketing expertise, governance and financial management to give us a good broad set of skills. The chair is appointed and all the members are appointed by the Minister. The chair reports to the Minister and my chief executive reports to the chair. The Ministry of Economic Development, through the Tourism Strategy Group, provides monitoring advice to the Minister on the performance of Tourism New Zealand. So technically speaking, it is quite clear we do not report through the Ministry of Economic Development but we work very closely with them to make sure that they have the necessary information to perform the monitoring function that they do to allow good reporting to the Minister.*¹²²⁴

In terms of funding and operations, Mr Douglas explained that:

'Tourism New Zealand have around 120 staff with a budget this year of around \$100 million New Zealand dollars. Our primary task is destination marketing so the Act compels us to promote New Zealand offshore as an international visitor destination. We have around 11 offices and eight of them are offshore in our key markets. Australia, Japan, Shanghai, UK and USA are our major offices and just over half of our staff are based offshore. Over the past few years we have actually rationalised the number of offices offshore and have moved very much to a hub and spoke system.

*The main functions we carry out are offshore marketing, basically your advertising and promotion of New Zealand under the 100% Pure New Zealand banner. So the bulk of our funding goes to destination marketing that in the old days would have been TV ads and newspaper promotions and cinema ads, that sort of thing. We are now moving much more into the digital space but it is still essentially the same thing - promoting New Zealand offshore under the 100% Pure banner. We work a lot with offshore trade. If you call advertising above the line, then below the line we do a lot of work with offshore trade and that involves working with wholesalers and retailers to develop our network of people out there who are selling New Zealand.*¹²²⁵

Tourism New Zealand also operates domestically, with a number of functions that support the local tourism industry, as Mr Douglas pointed out:

'Through the Qualmark quality assurance brand and through the i-SITE visitor information network that we have a role in, we have an onshore role essentially to ensure that the visitors that

²²⁴ S. Douglas, *Transcript of Evidence*, 16 February 2011, p. 2.

²²⁵ *Ibid.*, p. 3.

*we have promoted New Zealand to as a great experience get that experience when they land onshore, and we have a function in there. We also have quite a big New Zealand industry liaison role as we have the offshore networks to collect information about the trends and information. We have quite a big onshore liaison role where we keep the New Zealand industry informed and engaged in what we are doing and vice versa, to collect information about what they are seeing so that we can hone our activities. That is probably Tourism New Zealand in a nutshell.'*²²⁶

It seems clear from this evidence and the successful marketing and promotion of New Zealand tourism over several decades that, as a result of the independent “non-bureaucratic” structure of Tourism New Zealand, there are major advantages to the way it carries out its statutory roles.

Regional Tourism Organisations

Support for tourism at the regional and local level was highlighted in the evidence given to the Committee in Christchurch, a major regional hub for the industry in the South Island of New Zealand. The City of Christchurch has a total population of approximately 370,000 and the Council comprises 13 elected members, including the Mayor.

Local government support is not just philosophical, but is backed with money, marketing and real commitment.

This was best illustrated in the evidence given by the Chair of Christchurch and Canterbury Tourism (CCT), Mr Paul Bingham, who described to the Committee how his organisation operates and is funded.

'We are a company that will shortly be owned by Christchurch City Council. We were owned by an independent trust and those trustees were actually appointed by the council anyway but we are shortly going to be a CCO or council-controlled organisation. There is an independent board and that is made up with roughly a third tourism people, a third councillors and a third independents, and then we obviously have a CEO and the management structure under that.

*We are funded by the Christchurch City Council for probably about 60 per cent, which is about \$1.5 million, from ratepayer or council funding. They also from time to time come up with campaign funding of anything from \$250,000 to \$600,000.'*²²⁷

²²⁶ Ibid.

²²⁷ P. Bingham, *Transcript of Evidence*, 17 February 2011, p. 7.

Mr Bingham went on to explain that the organisation is also financially supported by local tourism operators.

*'I think 50 per cent or 60 per cent is council funding and the rest is from private business partner memberships such as people like myself, so we have 800 or 900 of those who put in \$1,000 a year or whatever, and we also own the Christchurch Visitor Centre. I do not know whether you have had a chance to have a wander down there but it is a really good example of a great visitor centre and it is profitable.'*²²⁸

The Members of the Committee later visited the Christchurch Visitor Centre and were impressed, not only with its size, but also with the variety of services on offer. These ranged from retail souvenir sections to booking desks where tours and activities could be arranged, as well as information services for visitors to Christchurch and the Canterbury region.

The Committee asked Mr Bingham to elaborate on the attitude to tourism by the Christchurch City Council and he responded by saying:

*'The Mayor, Bob Parker, is a former bed and breakfast owner, and really you only have to look at the numbers and it is a \$2 billion sector for Christchurch and Canterbury and that would be one of the top earning sectors. There are a lot of jobs and it supports a lot of the things that council are trying to do, like revitalising the inner city area here. There is always some debate about whether that is money well spent and marketing money can be viewed as a bit frivolous and what-have-you. There is also a number of new councillors who have just come on and some of them are quite commercially focused so we are expecting to get a good hearing from them, but we have that core funding of \$1.5 million-\$1.6 million and then there is this campaign funding that is up for debate every year.'*²²⁹

Evidence from Council representatives about its support for tourism matched the observations articulated by Mr Bingham. The Council's Program Manager for Strong Communities, Mr Alan Bywater, explained:

'I will go through a range of ways that we are involved in the sector. One of our main functions is that we fund Christchurch and Canterbury Tourism; we are not the only funder but we are a significant funder. I suppose that comes back to some of the public good that we perceive from the worth of the tourism industry and getting visitors here, so that's work that is funded through rates. We provide an annual grant and they have, if you like, a number of performance measures which they report on. In effect, I guess it's what value we and the

²²⁸ Ibid.

²²⁹ Ibid.

*ratepayer are getting for the money that we put in. They have, if you like, a regular amount and periodically they will come to us and make a bid for additional funding, often for particular campaigns and those sorts of things. We are currently looking at our annual plan for the next financial year and certainly CCT is looking at some additional funding for work to carry out campaigns to increase the tourism from mainland Australia.*²³⁰

Wellington City Council provides another example where local government is working enthusiastically to promote and expand tourism. The CEO of Positively Wellington Tourism, Mr David Perks, told the Committee:

*'Twenty years ago Wellington was a poetical backwater from a tourism perspective which New Zealanders looked forward to getting out of and internationals bypassed if they possibly could. So it was almost 20 years ago that the city's business community, together with the council, put a campaign together that had a jingle that went, 'Absolutely, Positively Wellington,' and you will still see those words around town. That is the city council's slogan on the rubbish trucks, rates bills, everything they do, and our organisation Positively Wellington Tourism was born out of that jingle.'*²³¹

Mr Perks went on to elaborate on the creation of Positively Wellington Tourism:

*'Positively Wellington Tourism came into being in 1995 when a lady called Fran Wilde was Mayor and Fran had been the MP for Wellington Central and was also Minister of Tourism for the Government in the early 1990s. She obviously realised at that time that, whilst she may have been a minister and member of parliament for Wellington, her product of Wellington didn't really fit the bill. So as Mayor of Wellington when she retired from Parliament she chose to look at investments in the tourism sector and, indeed, how we pay for that as a small city. Wellington still has a population of only 180,000 people.'*²³²

Today, funding for the organisation comes from the Wellington City Council and other sources, including the New Zealand Government. Mr Perks explained the funding arrangements to the Committee:

'... from Wellington City Council we have a budget of about \$5.8 million. One of the activities that we are involved in is promoting Wellington to Australians and of that \$5.8 million we can get \$1 million matched from central government so we get another \$1 million from central government for activity in Australia. Then as we go beyond there we carry out activities

²³⁰ A. Bywater, *Transcript of Evidence*, 18 February 2011, p. 20.

²³¹ D Perks, *Transcript of Evidence*, 16 February 2011, p. 1.

²³² *Ibid.*

*for the wider region so we get another \$500,000 from other local authorities that neighbour the Wellington region like Marlborough in the south island, and then we also run industry partnerships across domestic activity, Australian activity and convention bureau activity which together bring in about \$1.3 million, so our total marketing budget is about \$7.5 million.*²³³

According to Mr Perks, Positively Wellington Tourism employs 22 staff in marketing and another 15 in associated activities such as *'the city's information centre and the information centre on the inter-island ferry.*²³⁴

The result has been significant, especially among the residents of Wellington, as Mr Perks told the Committee:

*'There is a real pride in Wellingtonians about their city now and so the work that our organisation did in those first years, in terms of getting Wellington loved by its owners, so to speak, has been successful. We still carry on that work. We have a very active downtown promotion campaign which we call 'Know Wellington', which is about interfacing with Wellingtonians and letting them know all the new and exciting things that are happening in the city and that is a very important core activity that we will never give up on, because if Wellingtonians continue to love this place it makes it a lot more vibrant for our visitors, whether they are from a neighbouring town or the other side of the world.'*²³⁵

The Communications Manager for Positively Wellington Tourism, Ms Angela Moriarty, added a very significant point that is of great relevance to Tasmania:

*'That is quite unique for a tourism organisation because people see tourism as bringing people in from outside but we have a job to do as a marketing organisation but we also have 180,000 marketers working with us as well because they love this city, and I think that is really pivotal.'*²³⁶

The approach adopted by the Wellington and Christchurch City Councils is not unique in New Zealand, but the tourism industry organisation works closely with local governments to ensure they continue to recognise the economic importance of tourism at the local level.

Mr Tim Cossar told the Committee:

'One area that I touched on earlier is that in New Zealand local government is, as it will be I am sure in Tasmania, a pretty

²³³ Ibid, p. 3.

²³⁴ Ibid.

²³⁵ Ibid. p. 2.

²³⁶ A. Moriarty, *Transcript of Evidence*, 16 February 2011, p. 2.

*important part of tourism delivery and can play a vital role in terms of destination promotion but also destination management and ensuring that the experience that the visitor has is optimum and the infrastructure is right. As an industry we have been talking at local government level about money for marketing and increasingly we are talking about a range of other spheres and you will see the partnership priorities that we have laid out here are the sorts of things that we support as an association. Obviously the environment and the New Zealand tourism landscape is pretty critical because that is our brand when we talk about marketing, which is regional profile, and then the regulatory environment as well.*¹²³⁷

Mr Cossar also pointed out that the industry is working with other local councils where there is a need for greater support for tourism.

*'What we are doing at the moment is working with about 10 to 12 local authorities around New Zealand that are our target ones where we want to see shifts in this area in the way they adopt and embrace tourism, in the way they integrate tourism into their district planning processes and in the way they integrate it into their way of thinking so it is more in a bidding process of trying to get that shift so that tourism is clearly seen as central in their planning process.'*¹²³⁸

The generally strong support for tourism at the local government level in New Zealand has led to the development of vibrant and effective regional tourism organisations (RTOs) that play a major role in marketing and tourism promotion.

Mr Charles Ives, the Executive Officer of the New Zealand Travel Agents Association, outlined the background and structure of these bodies to the Committee:

'There are 72 TLAs or territorial local authorities and 29 regional tourism organisations. Regional tourism organisations really are a child of local government. The system pretty much started to develop in the mid-eighties. Before that there was a bit of a mishmash of, shall we say, public relations offices. It was run very loosely and I think there was a very great awareness that we needed to professionalise it, particularly for those who wanted to market offshore internationally. The Government got together with the then tourism publicity department, they put people out on the road - in fact I was one of them - to promote regional tourism, to talk to local government to get some cooperation. It has grown from there.'

²³⁷ T. Cossar, op. cit., p. 44.

²³⁸ Ibid.

Today we have 29 and, as I say, they can be aligned to a number of territorial local authorities, or maybe just one depending on their size. We tier them, so the tier one guys, of which there are six, are the bigger regions - Auckland, Rotorua, Wellington, Christchurch, Queenstown and Dunedin. The tier 2 guys are the secondary regions and the third tier is the very small regions. No one is the same, they are all different. Some of them have a destinational management function, some of them purely act as a DMO or destinational marketing organisation, primarily offshore. Domestic tourism does play a big part in attracting New Zealand visitors to these regions, but for the smaller regions the spend would be domestic and for the larger regions they would be more weighted towards international.²³⁹

Mr Ives explained that the funding for these organisations came from a variety of sources, but principally from local government.

'For example, Wellington has built a very good tourism base in terms of funding where they have a downtown levy, which means that all the local businesses pay into Positively Wellington tourism, and that works very well. Some of the other smaller organisations go out with a begging bowl, shall we say. In total, about 73 per cent is funded by local councils. Only about 4 per cent is funded out of memberships; industry, probably about 13 per cent, and a little bit more from others as well. ... About \$40 million at the moment is what they have to spend right across the 29 ... They spend about 35 per cent of that on marketing; human resources takes up about 30 per cent and then bits and bobs in between. So it's a fair chunk that they're spending offshore.²⁴⁰

He said additional funding was provided for specific marketing campaigns in regions, with the central government matching the funds provided by the RTOs, local government and other regional and local sources..

Funding of course is the major challenge, as it always is, and particularly when you find that councils change every three years it's a matter of going out and repeating that message about the importance of tourism to that regional economy.

We are into year two now of a fund - RTOs as a collective got together and talked to government about a marketing fund for offshore. The concept was put forward to put a fund - \$5 million was mentioned - which we would match dollar for dollar, primarily to be used for collectives of RTOs to market primarily in Australia. Over the last two years we have had eight

²³⁹ C. Ives, *Transcript of Evidence*, 15 February 2011, p. 54.

²⁴⁰ *Ibid.*, p. 55.

campaigns going together and two good things have happened out of that. First, it has raised the profile of those collectives, particularly around the gateways. There needs to be a gateway RTO present and there might be two or three other RTOs surrounding them that might have gone into this fund. For example, Wellington put up \$1 million and that was matched by \$1 million from government. That \$1 million came from council, the surrounding regions and from tourism operators within the region, so a variety of sources. They put several fairly effective campaigns into the Australian marketplace.²⁴¹

Mr Ives also emphasised that local interests play a major role in the structure and membership of these regional organisations.

'They are all constituted differently depending on what the local communities want, so they are very much community based to some degree. There are different types of stakeholders - local councils obviously, community leaders, tourism operators and so forth - run by a CEO and depending on the size they might have one or two staff, to the larger guys who might have 20 maximum. So they could be anything from a trust through to a council-controlled organisation - there are about nine council-controlled organisations at the moment - charitable trusts and so forth. One size does not fit all.'²⁴²

Unfortunately, the current regional tourism structure in Tasmania is not operating effectively in some parts of the State, with fragmentation of roles and responsibilities a major issue. Mr Tony Peck highlighted the problem in his verbal evidence to the Committee.

'The overall concept of tourism in the State: we are a little fragmented in how we organise it all. In all fairness, we are 500,000 people. We have a State tourism department which is very good - I am not saying anything about that - but then when you break it down through the system we have three regional bodies which get funded from local government and State government. It has not done all that well in that area. Then you have the local tourism associations around Tasmania doing the best they can do, generally through volunteers. Then you have local government, because they put money into tourism through the regional body.'²⁴³

The collapse of the southern-based RTO, Totally South, exemplified the problems with regional marketing and tourism promotion in Tasmania. Mr Robert McNab raised this specific issue with Committee. He said:

²⁴¹ Ibid.

²⁴² Ibid.

²⁴³ T. Peck, *Transcript of Evidence*, 27 May 2010, p. 11.

*'Unfortunately, in the south of the State, Totally South is no longer with us so we do not have a regional tourism body that represents the southern sector which was the key lobby group back into Tourism Tasmania. I think that we need to get a replacement lobby group in the south that can make the case in the same way that the Cradle Coast group lobby very hard on behalf of the north-west operators. Totally South used to do that role down here and they are no longer with us because the councils saw that they weren't getting value for the money that they were putting in and the remaining money, which came from Tourism Tasmania, wasn't enough to keep the organisation viable. The board, rightly so, made a decision to close it down because it would have continued to make a loss. We definitely need a replacement for that organisation to represent the interests in the south more fully to get the views of people into Tourism Tasmania.'*²⁴⁴

Mr McNab's praise for the Cradle Coast Authority was reflected in evidence from other witnesses. Councillor Darryl Gerrity said:

*'We do have the Cradle Coast Authority, which are probably leaders not only among the three authorities in the State but also in tourism. The Cradle Coast Authority is doing a lot for tourism and I think they are leaders in their field, along with the economic stimuli that they put into our nine member councils. They are not fragmented. They are consolidated. There is no real infighting I am aware of and I am the chief representative of that organisation. I use the word 'harmonious'; I do not know if that would be the word, but it does seem harmonious in working in the best interests of all the member councils.'*²⁴⁵

The Committee shares this view of the Cradle Coast Authority, regarding it as a potential model for the other two main regions in the State. Mr Roger Jaensch outlined the Authority's basic approach which has been a major reason for its success.

'... we have focused, pretty much, on the things that we can affect in our region and what we can do about that. That is being informed also by the approach that the authority takes to tourism development in our region. When the authority was created 10 years ago, the councils that owned it and created it previously owned a regional tourism marketing body. We took the decision when the authority was formed to continue with the marketing that we do have but to put a lot more energy behind creating more things to be able to market in our region because one of our competitive disadvantages here is that we do not have the density - the critical mass - of products and

²⁴⁴ R. McNab, *Transcript of Evidence*, 20 January 2011, p. 21.

²⁴⁵ D. Gerrity, *Transcript of Evidence*, 20 October 2010, p. 2.

*experiences to sell that some other destinations do. At the end of the day, people have to want to come here for good reasons. We need to create more reasons for people to come here.*²⁴⁶

Mr Jaensch provided further details on the specifics of its approach to marketing the North-West and West Coasts.

*'Over the last 10 years the Cradle Coast Authority has had lots of different roles in trying to grow tourism in our region. Early on in our first year of operation 10 years ago, you will recall, there wasn't a whole lot going on economically, particularly in the north-west. As we matured and worked into some longer-term thinking and had some different sorts of funding opportunities, we started work on developing new destinations and products for our region. Recently we've been working on the development strategies for the Tarkine area over the last three years and for indigenous tourism in our region, building off the Tarkine in particular. We have worked hard on things like this strategy for tourism based on the mining heritage of the west coast Each of these strategies has been developed as a project which has positioned us to take advantage of grants and funding opportunities and election promises and things like that, That's the sort of work we're doing a lot of to grow tourism for our region so that there is more to market and we can claim a greater part in the market for our local area.'*²⁴⁷

The Committee believes that a major review and re-organisation of regional tourism is required and that the Cradle Coast Authority and the regional structure adopted in New Zealand be used to develop a more effective blueprint for Tasmania.

Industry Accreditation

The more frequent use of the internet by travellers has led to the development of websites that specialise in rating and reviewing tourism related businesses, such as accommodation, attractions, restaurants and even destinations. The most prominent of these is *TripAdvisor*, which was mentioned by a number of witnesses in Tasmania, Melbourne, Sydney and New Zealand. Increasingly, tourists are using such websites to plan their trips and tourist operators are using them as a marketing tool and as a management tool to keep abreast of customer demand and expectations. In addition, as mentioned earlier in this report, tourists are also using the internet to book and pay for all aspects of their trips.

This important dimension to tourism in the 21st Century highlights another important marketing and management tool available to tourism operators, namely accreditation and rating of their operations. The success of websites such as *TripAdvisor*, which provide nominally independent user reviews and

²⁴⁶ R. Jaensch, *Transcript of Evidence*, 20 October 2010, p. 21.

²⁴⁷ *Ibid.*, pp. 22 & 23.

ratings of tourism businesses, has been driven in part by deficiencies in some existing rating and accreditation schemes. However, there is no doubt that an effective and credible accreditation system can be a marketing and management advantage for businesses competing in a very crowded market such as tourism.

In Tasmania, the Tourism Industry Council of Tasmania operates an accreditation scheme that covers around 1,100 tourism-related businesses in the State.

As Mr Daniel Hanna explained to the Committee:

*'One thing that our industry has done more than any other in Tasmania is embrace quality standards through accreditation. At the TICT we run an accreditation program which is really a better-business type of self-regulation. It is based on ISO principles. We have, at the moment, around 1,100 businesses that are accredited. That's not just the highest share of any tourism sector in the country, it is the highest raw number, the next-highest is Western Australia with 800 or 900 businesses accredited. Tasmania has a very strong track record and a commitment to quality standards through accreditation; we take it very seriously and it has developed over many years. It has been a partnership between the industry and government. ... I guess the reason accreditation is taken up so heavily is that tourism is not a highly regulated sector. There are fairly low barriers to entry, so to speak, and particularly looking at the removal of the accommodation licensing scheme in 2005 meant that there were even fewer regulatory barriers.'*²⁴⁸

Mr Hanna said the cost to businesses of participating in the scheme was very reasonable:

*'For small businesses we run accreditation and it is less than \$200 a year to be a part of. We know a lot of operators use that in their marketing, the tick symbol to show they're an accredited business, and more and more visitors are starting to look for the tick.'*²⁴⁹

Minister Michelle O'Byrne also mentioned the importance of effective accreditation in her evidence to the Committee and also spoke highly of the Tasmanian industry scheme.

'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

²⁴⁸ D. Hanna, op. cit., 13 November 2009, p. 6.

²⁴⁹ Ibid., p. 28.

*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.*²⁵⁰

Ms Felicia Mariani, then CEO of Tourism Tasmania, emphasised the very high participation rate by Tasmanian tourism operations in the TICT scheme. She told the Committee:

*' ... when you think about the size of our industry – we have about 1,900 ... 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.'*²⁵¹

Mr Hanna provided an update on the proposed national accreditation scheme:

*'I did make a lot of reference to the National Tourism Accreditation Program and how Tasmania had really taken a lead in trying to ensure quality and standards. The Federal Government has now got on board with that. They have developed a national tourism accreditation framework and they propose that all States and all sectors pretty much go down the road that Tasmania has been down now for many years. I guess that is some vindication for the strategy that the Tasmanian industry, in partnership with government, has taken over many years. Reflecting Tasmania's leadership, Simon [Currant] has agreed to be chair of the new organisation nationally - the Tourism Quality Council of Australia [TQUAL].'*²⁵²

Mr Currant provided some further information about the new national scheme:

'The Minister, Martin Ferguson, has been very keen on a national accreditation scheme for some time and he has provided funding for the scheme to be marketed and delivered. That is a huge change from what has been happening for the

²⁵⁰ M. O'Byrne, op. cit., 13 November 2009, p. 5.

²⁵¹ F. Mariani, *Transcript of Evidence*, 13 November 2009, p. 27.

²⁵² D. Hanna, op. cit., 16 July 2010, p. 59 - 60.

*last four or five years. There had been a lot of push from various Ministers that we would have a national scheme but nobody put any resources behind it. The essence of the scheme has to be that it is consumer-oriented. In that regard the consumer has to be told what it is so that when they come to buy a domestic product, whether they be an interstate or international visitor, as a quality-accredited product you know there are standards they have had to comply with. The other key part of it is that he has agreed that the Australian Tourism Data Warehouse, which is essentially the repository for all products in Australia, obviously ours included, is not going to promote products that do not get the tick. In other words, if you decide you are not going to go along with it and have some minimum standards then you will not be sold. That is also the case with the States and various States have adopted this. It has been tested by their CCC and they have said, 'Yes, you can do this and you can exclude people'. The change in this is that, firstly, we got dollars to market it; secondly, there are dollars to actually put the inspectorate et cetera together. What I am doing as chair is trying to herd a whole lot of cats into one scheme that has some minimum standards. I am not sure if it is a poison chalice yet but it is certainly challenging. The will is there in the Government. We need to have exactly the same commitment here and we are almost equal to every other State in terms of excluding those that do not get the quality tick. We have just one step to go.'*²⁵³

Mr Currant also informed the Committee that a rating system of tourism businesses would be a key aspect in ensuring customers understood what standards to expect from particular businesses.

'There will be gradings. An initial step is to have a level that the consumer can trust such that at least you have conformed to the basic things: you have insurance, an HR policy, are not poisoning people and you have a culture and a commitment to delivering an experience. That is the difficult thing now. There are a lot of bed schemes about and a lot of those have their own standards. Some of them need to embrace a few more, some of them have more than we would envisage. In this State I have championed for years that we need to ramp ours up further. In New Zealand, the best example is Qualmark and that is a very rigorous process for anyone to be involved in and it is a scheme which we are looking at as, at this stage, it has taken a bit for the New Zealand people to take it on board because it is very onerous on the operators. There are a lot of examples out there; we do not need to reinvent the wheel. This State can embrace it all too and Tasmanian tourism is working with the other States. Probably the standout in Australia is Western

²⁵³ S. Currant, op. cit., 16 July 2010, p. 60.

*Australia and it is only a half a step for Tourism Tasmania to embrace at that level.*²⁵⁴

The Committee notes that the TQUAL logo was launched to the industry in April 2011 at the Australian Tourism Exchange event.

The Committee Members who travelled to New Zealand in February 2011 were also impressed with the Qualmark accreditation system. Given the importance of this issue, and the pending announcement about a similar national system in Australia, the Committee believes it is important to record the details of the Qualmark system.

Mr Simon Douglas, the Corporate Strategy and Planning Manager with Tourism New Zealand, presented a comprehensive outline of the Qualmark scheme to the Committee in evidence taken in Wellington.

'A very potted history is that our Automobile Association, much like your AAA, used to run a star rating system. About 20 years ago they wanted to get out of it and the then New Zealand Tourism Board decided that some kind of quality assurance onshore was important to make sure that we were matching the promise we made with the delivery. So the Government took a 50 per cent ownership in the old AA star rating system and we now have sitting under Tourism New Zealand a subsidiary company which is 60 per cent owned by Tourism New Zealand on behalf of the public and 40 per cent owned by the Automobile Association and they run the Qualmark quality assurance program.

There are around 2,400 businesses currently in accommodation and activities including transport and things like adventure activities. Air New Zealand is a member, for instance, and a large number of the accommodation providers like hotels, motels, camping grounds, campervans and backpackers are members. They purchase or apply to have a licence in Qualmark so that they can display their Qualmark rating on the door and they are assessed. So all of the 2,400 businesses have had a Qualmark assessor on site who inspects the property or the activity according to quite a now well-defined checklist to look at all aspects of their business, from front of house to back of house, to make sure they are providing the appropriate level of service to the business, to make sure they are meeting all of the statutory obligations under occupational health and safety and tax to look at their business systems. It is not to provide business advice, so it is not a business mentoring system, but just to make sure that the business systems, back of house, support the delivery of the experience to the

²⁵⁴ Ibid.

*customer, and they receive a rating in the category they have applied for.*²⁵⁵

Mr Douglas said there are other benefits attached to membership of the Qualmark scheme:

*There are two interesting points to make about this. The first is that by being a Qualmark member you get preferential access to a range of Tourism New Zealand functions. As a Qualmark member you get priority listing on newzealand.com, our consumer website, and that confers a benefit on licence holders, and you also need to be Qualmark-rated as a business for Tourism New Zealand to take you offshore to our offshore promotions. So for Kiwilink functions where we take New Zealand businesses offshore and introduce them to the offshore wholesale and retail network you have to be quality assured to do that.*²⁵⁶

In relation to the cost to businesses applying for accreditation, Mr Douglas said:

*'The cost depends entirely on the number of staff you have and the sort of business you are running. It can vary considerably from a few hundred dollars for a motel or a small lodge operator up to a few thousand but not into the tens of thousands for the larger operators. That licensing revenue is a very important part of Qualmark's business case.'*²⁵⁷

He said the Qualmark scheme extended beyond accommodation and included tourist attractions:

*'Probably the bulk of members are in the accommodation space, so depending on what service you are offering you apply for a different category and then vertically five star down to one star ratings. Attractions are endorsed, so you either make the grade or you don't, but hotels, motels, backpackers have the traditional star rating.'*²⁵⁸

Mr Douglas also told the Committee that Qualmark enjoyed a good level of recognition in the broader New Zealand and tourism community.

'Yes, but we're always driving for more recognition. There is a reasonable level of recognition of Qualmark through consumers and one of the things we do through Tourism New Zealand's work in including the operators who are Qualmarked on newzealand.com, our consumer website, is promote awareness

²⁵⁵ S. Douglas, op. cit., 16 February 2011, pp. 4 – 5.

²⁵⁶ Ibid., p. 5.

²⁵⁷ Ibid., pp. 5 – 6.

²⁵⁸ Ibid.

*and the benefits of staying at Qualmark places. When we have trade visits onshore - familiarisation visits for offshore people to show them around - our clear preference is always to accommodate them, feed them and excite them at Qualmark-branded activities so that they become aware of Qualmark as a quality assurance mechanism. We do everything we can to promote it and I think there's a good level of recognition. That doesn't mean that every visitor always uses a Qualmark property, obviously, but our research shows that, on average, those visitors who use Qualmark properties are slightly more satisfied than those who don't use Qualmark properties or services when in New Zealand. I am told that the process of being accredited helps a business to improve and understand a lot more about the sort of quality visitors are looking for and to pick up their business to the next level, which all drives customer satisfaction.'*²⁵⁹

He also made the point that not all tourist accommodation operators sought out the highest, five-star, rating.

*'This is the interesting thing about Qualmark. When we grade a property you are not aiming necessarily at the fifth star. What accommodation providers, in particular, talk about is aiming at a particular level of service that they want to provide. So a three-star Qualmark property aims to provide a different level of service and number of facilities than a five star. What Qualmark does is to help them provide the best three-star experience that they can. Not every motel wants to be five star. Some of them aim at a price point that is below a five-star rate, but they want to make sure, really simplistically, that their three-star property has all the right kitchenette facilities, is impeccably clean, provides the appropriate level of out-of-room services, whether that is spas, pools, what have you. The Qualmark three-star rating doesn't mean that you are necessarily of a lower standard than a five star. It means that you are aiming to provide a different experience and the Qualmark rating means that you are providing that at the right level to get you three stars. So it is not quite like your Michelin approach where everybody aims for three stars.'*²⁶⁰

In relation to the process for accrediting a particular tourism business, Mr Douglas told the Committee:

'You apply to become a licence holder. You get an information pack sent out. You fill in the requisite information, including information about your service and what you provide. A certain amount of desk-based pre-assessment is done, then a qualified

²⁵⁹ Ibid., p. 7.

²⁶⁰ Ibid.

*assessor will visit your property and carry out an inspection, which generally lasts about three to three-and-a-half hours, so they will visit each corner of the business with you. They travel with laptops and the inspection actually is live, so the information they are collecting goes straight into the database. After that visit, the inspector will come back, complete the process and award a grading. Then at this stage, from that point, there will be an annual inspection, which is notified so the property will know that the Qualmark inspector is coming. Qualmark also runs a mystery shopper process, so you won't know that you have been inspected.*²⁶¹

Mr Douglas told the Committee that Qualmark had recently introduced an environmental accreditation award as part of the overall scheme.

*'Two years ago, Qualmark implemented an enviro award scheme. So running alongside the quality assessment, Qualmark licence holders can apply for a green mark. Similar to the procedure for the standard Qualmark rating, you are visited on-site and graded as enviro bronze, silver or gold and so you get a separate mark for that. Instead of gold and black it is green and black - surprise, surprise. We are trying to get more and more properties enviro rated so that they can display green credentials. The development of that scheme was funded through the Minister of Tourism's tourism strategy fund. Over three years, just over \$1 million was put in to help us develop that scheme, which involved looking around the world for the best scheme and picking the good bits. We now run a Qualmark enviro scheme alongside the rating system.'*²⁶²

The evidence presented to the Committee about the Qualmark scheme greatly impressed all Members. The Committee supports the principle behind the new Australian national accreditation scheme and looks forward to it matching the standard set by Qualmark.

Trans-Tasman Air Link

Tasmania's Minister for Tourism, the Hon. Michelle O'Byrne, informed the Committee that Tourism Tasmania was looking to expand the number of visitors to the state from New Zealand, which has a population of almost 4.5 million people. In 2009-2010 only 14,800 New Zealanders visited Tasmania.²⁶³

Ms O'Byrne told the Committee:

²⁶¹ Ibid., p. 8

²⁶² Ibid.

²⁶³ See international visitor statistics in Chapter 4 of this report.

'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.'

One of the major impediments to taking full advantage of this large untapped market on Tasmania's doorstep is the lack of direct flights to and from New Zealand. A number of witnesses highlighted this issue in evidence to the Committee.

For example, Mr Rowan Sproule told the Committee:

*'People don't like the time and effort they waste at airports waiting for connecting services. I'm sure we are all in that same boat, which is why there is a strong perception in those far domestic markets that it takes you almost a day of travelling to get to Tasmania, and if you get the wrong flights it could do that.'*²⁶⁴

Mr David Perks gave similar evidence from the New Zealand perspective:

*'Without a direct link to New Zealand I think it is quite a challenging destination to get to although I would think some of those traits that I am aware of in Tasmania would be extremely attractive to a wide number of New Zealanders. I am sure I would go if there was a flight directly there because it is the kind of place that I would find attractive, but it's too hard to get there.'*²⁶⁵

Another New Zealander, Mr Mark Wells, said much the same to the Committee:

*'I'm a regular visitor to Melbourne and every year we've thought about visiting Tasmania. This year we actually went there directly but we had to go through Melbourne, which was a bit of a pain.'*²⁶⁶

In the 1980s direct flights between Hobart and Christchurch operated for a number of years, but were discontinued for commercial reasons. Since those days, however, the airline industry has changed significantly with the growth

²⁶⁴ R Sproule, *Transcript of Evidence*, 20 January 2011, p. 57.

²⁶⁵ D. Perks, *Transcript of Evidence*, 16 February 2011, pp. 14 & 15.

²⁶⁶ M. Wells, *Transcript of Evidence*, 17 February 2011, p. 52.

of low-cost carriers around the world and the viability of the service should be re-considered.

Three such airlines now service Tasmania, with two of them also operating flights from mainland Australia to New Zealand. In fact, the Committee received evidence that suggests the trans-Tasman route is regarded almost as an extension of domestic air travel rather than an international route.

For instance, Mr Charles Ives told the Committee:

*'I think now with the airlines being able to almost treat the Tasman as a domestic run, so to speak with clearance either side, it has possibilities - whether it is out of Auckland or whether it is out of Christchurch.'*²⁶⁷

The same evidence was put to the Committee by Mr Ross Clapcott, Chief Adviser with the New Zealand Ministry of Economic Development:

*'Substantial efforts over the last little while have been around that Trans-Tasman environment which acknowledges that the trans-Tasman aviation environment is highly competitive. It is different from the long-haul environment, it is a regional destination - The market treats it as if it is domestic, currently. So you get the work that was launched after the last time the Prime Ministers of the two countries met in terms of accelerating and streamlining trans-Tasman travel and pursuing that.'*²⁶⁸

Support for the concept of a direct air link between New Zealand and Tasmania was strong in evidence gathered by the Committee on both sides of the Tasman Sea.

Ms Karen Rees, a TICT Board member, told the Committee:

*'I have been to New Zealand talking to wholesalers and their view was that it would be almost like switching the lights back on to have the direct air link and they were talking actively about it and suggested strongly that that is a possibility and that was seen as a very positive thing.'*²⁶⁹

Mr Simon Currant summed up the TICT view in one sentence:

*'Any new links to anywhere is worthwhile and supported by us.'*²⁷⁰

²⁶⁷ C. Ives, *Transcript of Evidence*, 15 February 2011, p. 63.

²⁶⁸ R. Clapcott, *Transcript of Evidence*, 16 February 2011, p. 10.

²⁶⁹ K. Rees, *Transcript of Evidence*, 13 November 2009, p. 29.

²⁷⁰ S. Currant, *Transcript of Evidence*, 13 November 2009, p. 29.

Mr Jock Campbell was another Tasmanian witness who supported the direct air link, telling the Committee *'I think that is an absolute must.'*²⁷¹

He also raised the possibility that any direct air link between Tasmania and New Zealand would benefit from eliminating passports for Trans-Tasman travel. He said:

*'I think this falls to ... the Federal Government to have this interchange where you do not have to have passports to go to New Zealand and vice versa.'*²⁷²

Mr Jayson Westbury, the CEO of the Australian Federation of Travel Agents, also supported direct air links between Tasmania and New Zealand when he met Committee Members in Sydney early in 2011. He told the Members that *'flights between Christchurch and Hobart would be a tremendous opportunity'* for the State.²⁷³

New Zealanders were even more strongly supportive of the concept. The CEO of the New Zealand Hospitality Association, Mr Bruce Robertson said:

*'I think that is absolutely critical. For New Zealand it is absolutely critical, but I suspect equally for Hobart. Air services are a key driver of tourism, but you've still got to have the product. Anywhere you can get an airline to fly I would say would be a good thing. It doesn't really matter in terms of the three major cities. Any one of them would drive tourism. The reality is it would drive tourism both ways.'*²⁷⁴

Mr Paul Bingham, a tourism operator who is a member of Air New Zealand Board, told the Committee:

*'The trans-Tasman scene has changed so much, even in the last 10 years, and there may very well be the demand. You absolutely need a direct service.'*²⁷⁵

Mr Blair Hartland was also supportive of an air link:

*'I think it is a great opportunity. I think if there was a Hobart-Christchurch or Launceston-Christchurch link, you would get plenty of South Islanders across there and, vice versa, we'd get quite a good inbound market out of Tasmania too.'*²⁷⁶

Mr Tim Cossar, the CEO of the New Zealand Tourism Association, told the Committee:

²⁷¹ N. 'Jock' Campbell, *Transcript of Evidence*, 29 October 2010, p. 18.

²⁷² Ibid.

²⁷³ Three Committee Members met Mr Westbury in Sydney on 2 February 2011. The quote is from notes made at the time.

²⁷⁴ B Robertson, *Transcript of Evidence*, 15 February 2011, p. 34.

²⁷⁵ P. Bingham, *Transcript of Evidence*, 17 February 2011, p. 14.

²⁷⁶ B. Hartland, *Transcript of Evidence*, 17 February 2011, p. 22.

*'It would not need to start with a daily service as I do not think there would be justification for it. Certainly I think it would be a priority one for you as a source market. I would have thought that New Zealand, given its size in terms of inbound arrivals into Australia would have to be a logical one.'*²⁷⁷

While this evidence about the potential benefits of a trans-Tasman air link is encouraging, it was recognised by various witnesses that the decision to establish an air link was a commercial one to be made by the airlines operating in Australia and New Zealand. Witnesses also gave evidence that more than one airline was actively considering the proposition.

Mr Daniel Hanna told the Committee:

*'In any of these things, because the airlines are private operators, it will be built on level of demand so we cannot dictate to them what they will do. If the business case is there, we, as a State, that is government and industry, have an obligation to present that business case in a very strong way. From what I know, there is certainly a prospect of a direct link again, and Auckland would be more likely than Christchurch, because that is where the big population base is in terms of people from New Zealand.'*²⁷⁸

Minister Michelle O'Byrne gave evidence to the Committee that discussions were already taking place in relation to flights between Hobart Airport and Christchurch:

*'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.'*²⁷⁹

Mr Jock Campbell also gave evidence of discussions being held between the owners of the Hobart Airport and airlines:

'Yes, and if the borders were opened up I think it would make it a lot more attractive for the likes of either Virgin or Jetstar and it is rumoured that at least one of them will fly to New Zealand in the fairly near future, perhaps within 12 months. two or three times a week is what I hear rumoured. The [Clarence City Council] general manager went to a presentation by the airport

²⁷⁷ T. Cossar, *Transcript of Evidence*, 15 February 2011, p. 22.

²⁷⁸ D. Hanna, *Transcript of Evidence*, 13 November 2009, p. 29.

²⁷⁹ M. O'Byrne, *Transcript of Evidence*, 13 November 2009, p. 35.

*corporation just in the last two or three weeks and there were indications that they were looking forward to that ...*²⁸⁰

The Committee was unable to confirm with the Hobart Airports Corporation whether or not it was in negotiations on this proposal.

More recently, Mr Rowan Sproule expressed hope about the opportunities for direct flights from Tasmania to New Zealand, especially as a result of the recent approval of the commercial links between Virgin Blue and Air New Zealand..

*'... the notion of a trans-Tasman direct link shouldn't be ruled out. We actively supported through the ACCC the Virgin arrangement with Air New Zealand to have a code share on that sector. A lot of people said that would see a reduction in services but they were not looking at what we looked at. and we will work closely with Virgin on that. We have really good penetration in New Zealand at the moment with our Local Secrets campaign, which was a boomer there. Hobart Airport and Auckland Airport are keen to see if they can make the trans-Tasman link work and we continue to work on that front.'*²⁸¹

Perhaps the most significant piece of evidence taken in New Zealand on this issue was from Mr Paul Bingham who, as noted above, is a member of the Air New Zealand board. Mr Bingham told the Committee:

*'Air links are the lifeblood of tourism, as you know. One of the reasons I'm on that board is that we need a strong Air New Zealand and Air New Zealand needs a strong tourism industry; they go hand in glove. The bad news is that Hobart has never been talked about in my time on the board. That's not to say that it's not on management's radar, but it hasn't been brought up to us. The alliance with Virgin has been the sole topic and a huge driver for us for the last 18 months we have been working on it ...'*²⁸²

Despite Mr Bingham's reference to "bad news", he did undertake to raise the matter of a direct air link between Tasmania and New Zealand with the Air New Zealand board.

*'I will raise it. You would need to back it up with a commitment to fund promotion and development. It is great getting them here but we have to keep them here and to do that they have to make money and have demand - from both ends.'*²⁸³

²⁸⁰ N. 'Jock' Campbell, *Transcript of Evidence*, 29 October 2010, p. 19.

²⁸¹ R. Sproule, *Transcript of Evidence*, 20 January 2011, p. 57.

²⁸² P. Bingham, *Transcript of Evidence*, 17 February 2011, p. 13.

²⁸³ *Ibid.*,

The evidence outlined above makes it clear that an opportunity exists to pursue the establishment of a direct air link from the State to New Zealand.

As some witnesses pointed out, any decision to establish such a service rests ultimately with airlines. However, to reiterate evidence from Mr Daniel Hanna, *'if the business case is there, we, as a State, that is government and industry, have an obligation to present that business case in a very strong way.'*²⁸⁴

The Committee is of the view that the obligation to present a business case should involve State Government, Local Government and airport owners. In order to achieve maximum impact, a united and co-operative approach involving the New Zealand counterparts of all these Tasmanian organisations would be essential.

Conclusions:

- The zone marketing concept has been problematic, with some tourism operators critical of the lack of consultation and feedback during the implementation of the concept.
- From evidence received across the State it was obvious that some of the organisations responsible for zone marketing were more successful than others.
- Tourism Tasmania has recognised and publicly acknowledged the shortcomings of the zone marketing concept and has initiated a review.
- Tourism Tasmania has acknowledged the need for better communication and more effective engagement with the tourism industry.
- It seems clear from evidence given to the Committee that, as a result of the independent “non-bureaucratic” structure of Tourism New Zealand, there are major advantages in the way it carries out its statutory roles.
- The current structure of Tourism Tasmania within the State bureaucracy inhibits its capacity to respond quickly to changing markets and to maximise the tourism potential of Tasmania.
- A greater focus on specialist niche markets would attract additional tourists to Tasmania.
- The backpacker sector represents an opportunity for further development as a specialist niche market.

²⁸⁴ D. Hanna, *Transcript of Evidence*, 13 November 2009, p. 29.

- There are opportunities to exploit nature-based and adventure tourism in Tasmania and to draw on the lessons learned from a recent review of adventure tourism in New Zealand to ensure the safety and viability of current and proposed ventures.
- Due to financial pressure and uncertainty in the forestry industry, the capacity of Forestry Tasmania to continue to maintain its tourism-related infrastructure has been severely constrained.
- Unless Forestry Tasmania is able to find an alternative source of income to maintain its infrastructure, some of the existing nature-based attractions will be lost to the tourism industry.
- Icon attractions are important to draw tourists to Tasmania.
- While there are already icons in this State, there are opportunities to develop additional attractions to keep tourists in the State longer and to pursue new markets.
- There is little doubt that the North-West Coast region needs another major icon attraction to develop and grow its tourism sector.
- Previous proposals for a Mt Wellington cable car have not been successful, mainly due to public opposition to the particular design of the development and the location of the base terminal in suburban Hobart.
- A Mount Wellington cable car, properly designed and planned, has the potential to greatly enhance the appeal of Hobart and Tasmania as a tourist destination.
- The Three Capes Track will be a major icon attraction for the Tasman Peninsula and for the whole of Tasmania.
- It is vital that skills training in tourism and hospitality meets the needs and expectations of employers.
- There is a need to ensure that people in regional areas can continue to access skills training in tourism and hospitality.
- The new mobile training facility established by the Skills Institute has helped to improve the training opportunities in rural and remote Tasmania.
- Tourism accreditation schemes are beneficial in encouraging tourist operators to meet appropriate standards in their business and to enable customers to better understand the standards to expect from tourism businesses.

- The existing TICT accreditation scheme operating in Tasmania is well regarded and to some extent has provided the impetus for the new national accreditation scheme for Australia.
- New Zealand represents a largely untapped market of 4.5 million people for the Tasmanian tourism industry.
- A major impediment to Tasmania taking full advantage of the close proximity of the New Zealand market is the lack of direct flights between the two destinations.
- Since the 1980s, when direct flights were available between Hobart and Christchurch, the airline industry has changed significantly with the growth of low-cost carriers around the world.
- Three low-cost airlines now service Tasmania, with two of them also operating flights from mainland Australia to New Zealand.
- The trans-Tasman route is widely regarded as almost an extension of “domestic air travel” rather than an international route.
- The concept of a direct air link between New Zealand and Tasmania has strong support on both sides of the Tasman Sea, but especially in New Zealand.
- Opportunities exist to pursue the establishment of direct air-links between Tasmania and New Zealand.
- The final decision to establish an air link is a commercial one to be made by the airlines operating in Australia and New Zealand.

The Committee recommends that:

- Tourism Tasmania undertakes further analysis of the zone marketing concept to highlight the strengths and address the weaknesses.
- Tourism Tasmania develops a strategy to improve its level of communication and engagement with the industry.
- Tourism Tasmania undertakes an aggressive expansion and promotion of its Digital Coach program.
- 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 Tasmanian Government comprehensively reviews the technical, operational and financial aspects of the current accommodation booking system on the *discovertasmania.com* website.
- Tourism Tasmania develops a dedicated marketing strategy to capitalise on the State's niche marketing advantages.
- The Tasmanian Government, through Tourism Tasmania, undertakes a review of the backpacker sector to maximise its potential as a niche market.
- 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.
- 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.
- The Tasmanian Government actively pursues the appropriate development of a Mount Wellington cable car.
- The Tasmanian and Commonwealth Governments expedite the construction of the Three Capes Track.
- 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.
- 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.
- 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.
- 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.
- 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.

- 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.
- 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.

Term of Reference 6: *Whether it is feasible and desirable to enlist Tasmanians with high profiles interstate and overseas to promote Tasmanian tourism.*

Over many decades Tasmanians have achieved recognition and acclaim nationally and internationally in a wide range of fields, including literature, the performing arts, science, film and television, sport, medicine and a variety of academic and other fields. On a number of occasions in the past, some of these Tasmanians have taken part in tourism marketing campaigns for the State. It has been suggested that more use could again be made of high-profile Tasmanians to assist in promoting the State at a national and, particularly, at an international level.

This suggestion was discussed with a number of witnesses who appeared before the Committee at public hearings, with the reaction mixed. The cost involved in using any high-profile person in marketing the State and the need to identify the right person for the right market were among the issues raised.

The Minister for Tourism, the Hon. Michelle O'Byrne highlighted the importance of matching the personality with the market. She told the Committee:

*'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.'*²⁸⁵

Ms O'Byrne emphasised this point again later in her evidence to the Committee:

*'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.'*²⁸⁶

²⁸⁵ M. O'Byrne, op.cit., p. 36.

²⁸⁶ Ibid., p. 37.

In addition, Ms O'Byrne raised the issue of cost. She said:

*'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.'*²⁸⁷

While the Minister provided details of a number of Tasmanians and other prominent Australians who have assisted in promoting the State nationally and internationally, she also made the following very pertinent observation that:

*'... Tasmanians are very proud of being Tasmanians. Whilst they might not necessarily fit the marketing opportunity we need, most Tasmanians sell Tasmania every day.'*²⁸⁸

More recently, the Acting CEO of Tourism Tasmania, Mr Rowan Sproule, said that Tourism Tasmania had worked with other sports people in promoting the State, citing local golfer Matthew Goggin as an example.

*'We have been in discussions with a number of good Tasmanian golfers about their opportunities to work with us in the US and other markets. So to answer that question, that genre of campaign targeting is absolutely on the radar for us and we talked to a lot of people to be our advocates in different things. Mathew Goggin I think in the last G'Day USA which was in 2009 he actually competed – I have forgotten the name of the golf tournament around G'Day USA but it is one sponsored by TA and he actually played for Tasmania in that event. We have actually used them wherever it is relevant. I can go back over a long period of time and nominate many of them.'*²⁸⁹

He confirmed that this approach would continue to be followed by Tourism Tasmania, but noted the cost factor, telling the Committee that:

*'It is definitely part of our campaign mix, ... albeit the more famous someone gets I have to tell you the price to actually buy them to be an advocate for lots of destinations and lots of products grows enormously so we are always conscious about that.'*²⁹⁰

Mr Sproule also told the Committee that:

'... over the past 10 years or so Tasmania has actually used what we loosely call 'tourism ambassadors' and while they may not have sat at the front of campaigns, certainly they were our

²⁸⁷ Ibid., p. 36.

²⁸⁸ Ibid., p. 37.

²⁸⁹ Ibid.

²⁹⁰ Ibid., p. 52.

*advocates in the trade, on television and in a whole range of places offshore. In more recent times we have obviously used Mark Webber, who is not a Tasmanian, to actually deliver results in regard to the Mark Webber Challenge as part of the Fit for Tasmania with that kind of outdoor adventure activity.*²⁹¹

A recent example of the successful use of a high-profile personality for tourism promotion occurred in New Zealand after the earthquake in Christchurch in September 2010. Mr Paul Bingham told the Committee that in response to a decrease in visitor numbers from Australia at that time Canterbury and Christchurch Tourism launched a major promotion in Australia.

*'The message for us was, 'Hey, we're okay, it's not Haiti', which some of the media were mentioning in the same sentence. So we did a trip to Australia where we went over and fronted the media, We also spent about \$1 million on a campaign using Phil Keoghan from The Amazing Race. he went to school here in Christchurch and his parents live here. So we've used him as a bit of an ambassador and an endorser, and he's come up with 'the best kept secret', which I notice you've got on your website as well. We think it's had good website traffic. Our numbers are down but they might have been down more had we not done it.*²⁹²

The use of a local celebrity like Phil Keoghan seems logical given that *The Amazing Race* is a reality TV show which involves teams racing around the world competing in various physical challenges and New Zealand is known for its adventure-based tourism attractions.

Mr Bingham added a note of caution about ensuring that the high-profile personality matched the target audience.

*'Using third parties or celebrities is fraught with a wee bit of challenge. We actually used Andrew Mehrtens a number of years ago, the All Black first five, and we didn't do it again. Not that he was a problem, but it was just too rugby for our target audience.*²⁹³

A successful high-profile "ambassador" scheme is in operation in Victoria. Mr Todd Blake told Committee Members that the Club Melbourne Ambassador Program recognises the exceptional talents and achievements of around 200 leaders in academia, science and business, and draws upon the knowledge, prestige and voice of these leaders to promote Victoria as a major conference and exhibition destination.

²⁹¹ R. Sproule, *Transcript of Evidence*, 20 January 2011, p. 51

²⁹² P. Bingham, *Transcript of Evidence*, 17 February 2011, p. 4

²⁹³ Ibid.

According to Mr Blake the program operates in conjunction with the Melbourne Convention and Visitors Bureau and the Melbourne Convention and Exhibition Centre.

Ambassadors, such as Dr David Hill, President of the International Union Against Cancer, Professor Peter Doherty, 1996 Nobel Laureate and Current President of the International Union of Immunological Societies, and Sir Gustav Nossal, one of Australia's most celebrated medical scientists, communicate directly with colleagues and others around Australia and internationally to promote conferences and events being held in Melbourne.²⁹⁴

A similar approach has been adopted by Business Events Tasmania, whose Chief Executive Officer, Mr Stuart Nettlefold, told the Committee:

'In terms of listings of high-profile Tasmanians to promote business events, this is an opportune time just to update you on our Catalyst program ... Essentially it is an ambassador program, and it is a way for us to use local knowledge and networks within Tasmania to identify leads and opportunities to hold business events here in Tasmania, and we have three levels. We have a patron. We have secured as our patron Charles Wooley, who has an incredibly high national profile. We are then identifying 12 Catalyst ambassadors, so these are 12 people in our key industries such as education, finance, aquaculture, primary industry, forestry and innovation. I am currently talking to 12 high-profile business people around the world, locally, nationally and internationally'²⁹⁵

Further support for this "ambassador" approach came from Mr Graeme Wood, who told the Committee:

'There is certainly a role for clever thinking. There is the ambassador idea, if we are focusing on niche markets. If it was fly fishing and the target is Eastern Europe, I would be looking at a person who resonates with that market, probably not a famous Tasmanian but a fairly well-known fly fisherman who is the face of that campaign. If it is running races or cycling through the bush, find people appropriate to that market, an ex-Olympian or whoever, who personalises the message; he is the one who signs off on the e-mails that go out. That's a nice touch; if I'm a keen cyclist and I'm communicating with apparently an ex-Olympian then I'm interested. The idea of having a Ricky Ponting type I think is too general. I think you need multiples of these targeting those individual markets. My suspicion is that the broad-brush general media campaigns will struggle increasingly compared to the targeted, clever, one-on-one kind of campaign.'²⁹⁶

²⁹⁴ Three Committee Members met Mr Blake in Melbourne on 3 February 2011.

²⁹⁵ S. Nettlefold, *Transcript of Evidence*, 16 July 2010, p. 31.

²⁹⁶ G. Wood, *Transcript of Evidence*, 16 July 2010, pp 49-50.

A more cautious view about using high-profile Tasmanians was presented by the Tourist Industry Council of Tasmania (TICT). Mr Daniel Hanna said:

*'It has never been identified as high priority. There can be a role for it but the worst thing that we could do is try to grab the personality first and then look for a way to use them. It would be based on research in our key markets and if we identified that, for example, in one of our key international or even in a domestic market, that there was an opportunity that could be led by a particular personality, then you go out and pursue them. I think it would be completely the wrong way around if we said, here is a high profile personality, let us pay the money to get them and then what do we do with them now. That will lead to a waste of investment. It can have a limited role but it needs to be based heavily on research in those key markets to show if the personality would work and then who it might be and then go out and seek them, based on that.'*²⁹⁷

The Chairman of the TICT, Mr Simon Currant, was even more forthright in his views about the idea. He told the Committee that:

*'I have heard this NASCAR thing and Ambrose. You would have to raise a question immediately. Firstly, do the people who follow NASCAR racing want to come to Tasmania? Are there any of them who have the ability to come here? Does having a high profile in NASCAR translate to people coming to this State? I will go back to when Peter Hodgman was promoting the most ridiculous ambassadors to this State you could imagine and spending money and doing it - So it needs to be treated with a great deal of caution and it needs to be based on real research, not just someone's notion that because I happen to be a NASCAR follower, and that having Marcos Ambrose with a high profile in the US, is going to translate into any visitors to this State. That particular one is completely off-brand as well.'*²⁹⁸

Conclusions:

- The use of high-profile Tasmanians and other individuals to promote the State should be selective and targeted.

²⁹⁷ D. Hanna, op.cit., pp. 30-31.

²⁹⁸ S. Currant, Transcript of Evidence, 16 July 2010, p. 31.

The Committee recommends that:

- 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.

Incidental Matters

Chapter 7

Term of Reference 7: *Other matters incidental thereto.*

There are no incidental matters upon which the Committee wishes to report.

List of Witnesses

Appendix 1

ANDREWS, Mr Norm
ANNEAR, Mr Bruce
ANNELLS, Mr Bob
ATKINSON, Ms Dianne
AYTON, Ms Sandra
BADCOCK, Mr Paul
BARRY, Mr Andrew
BARWICK, Mayor Jan
BEAUMIER, Ms Suzanne
BENDER, Mr Peter
BENNETT, Mr Peter
BENNETT, Ms Jane
BONDE, Cr Jan
BOYD, Mayor Alwyn
BRADLEY, Ms Tracey
BROWN, Mr Stephen
BURT, Mayor Doug
BUTTON, Mr Peter
CADART, Mayor Bertrand
CAMPBELL, Mayor Jock
CAROSI, Mr Rocki
CHESTNUT, Mr Bill
CLARK, Ms Louise
COLE-COOK, Mr John
CORY, Cr Tim
COX, Ms Jenny
CRAWFORD, Mr Martin
CROWDEN, Ms Amarlie
CROWDEN, Ms Leslie
CULLEN, Mr Michael
CURRANT, Mr Simon
DABNER, Mr John
DAVIES, Ms Kathie

DAVIES, Ms Sheralee
DAX, Mr Richard
DEEPROSE, Mr John
DeVILLIERS, Mr Frank
DILLON, Mr Kevin
DISHINGTON, Mr Andrew
DOHERTY, Mr Len
DUNBABIN, Mr Michael
DUNCAN, Mr Greg
DWYER, Mr Bernard
FAMA, Mr Mick
FERENCZ, Ms Lynne
FRY, Mr Mike
FRY, Ms Carolyn
GERRITY, Mayor Darryl
GREENE, Mr Rodney
GREY, Ms Heather
GRIFFITHS, Mr Andy
GRIMMER, Dr Martin
GRIPLAS, Mr Charles
GUDE, Mr Alf
HANNA, Mr Daniel
HARDY, Mr Bob
HART, Mr Tony
HEALEY, Lyndall
HEALEY, Mr Jon
HECKER, Dr Robert
HENDERSON, Mr Jamie
HOGG, Ms Rachael
HOUSEGO, Mr Bill
HYLAND, Mr Kevin
JACOBS, Mr Julian
JAENSCH, Mr Roger
JAGO, Mr Linden
JARVIS, Mayor Barry

JEFFREYS, Mr Ken
JENNINGS, Mr Des
JONES, Mr Morris
JONES, Mr Ross
JONES, Mr Stuart
JONES, Ms Glenda
KENT, Ms Cally
KING, Mr Geoff
KONS, Mr Steve
LEESON, Mr Allan
LEGGE, Mayor Robert
LENNOX, Mr Stuart
LYNCH, Mr Graeme
MacCALLUM, Mr Ian
MALONEY, Mr Peter
MALONEY, Ms Wendy
MARIANI, Ms Felicia
MAYNARD, Mr Kevin
McCARTHY, Ms Kate
McLENNAN, Ms Wendy
McNAB, Mr Bob
McVILLY, Ms Anne
METCALF, David
METTE, Mr Owen
METTE, Ms Tish
MONSON, Mr Gerald
MORGAN, Mr Richard
MORGAN, Ms Margaret
NETTLEFOLD, Mr Stuart
NICHOL, Mr Howard
O'BRIEN, Jo-Anne
O'BYRNE, Hon Michelle
OLD, Mr Steve
PARRAVACINI, Ms Suzy
PARSONS, Mr Phil

PAULSON, Mr Peter
PEAD, Mr Graeme
PEARCE, Mr Dale
PECK, Mr Tony
POPOWSKI, Ms Sue
PURTON, Mr Greg
RAMSAY, Mr Greg
REES, Ms Karen
RICHARDSON, Ms Jane
ROBINSON, Ms Kim
ROCHE, Mr Peter
ROSS, Mr Andrew
SCOTT, Mr Tony
SEAGRAM, Ms Kim
SELF, Mr Roger
SHORT, Mr Chris
SIMPSON, Ms Sue
SINCLAIR, Ms Irene
SMITH, Mr Peter
SOUTER, Mr Phillip
SPROULE, Mr Rowan
STACEY, Ms Maria
STARK, Ms Catherine
STENDRUP, Mr Rod
STRONACH, Mr Ken
THOMPSON, Mr Keith
THORNE, Mrs Yvonne
THORNE, Ms Marion
TURNER, Mr Kevin
VANDER VLIST, Cor
VICKERS, Mr Phil
WALKER, Mr Clint
WALSH, Ms Claire
WEIDNER, Ms Kathy
WELLS, Mr Graham

WELLS, Mr Jamie
WELLS, Mr Lyell
WELLS, Ms Wendy
WENDT, Mr John
WENDT, Ms Louise
WHITE, Mr Malcolm
WHITNELL, Mr Mark
WILLIAMS, Mr Daniel
WINTON, Mr Greg
WOOD, Mr Graeme
WOODBERRY, Mr Warren
WOODWARD, Mrs Heather

INTERSTATE:

BLAKE, Mr Todd, (Tourism Alliance Victoria/Victorian Tourism Industry Council)
BUCKLEY, Mr Geoff, (Tourism Industry Council NSW)
DUFFY, Ms Lorraine, (Hotel and Motel Association of Australia)
HALE, Mr Peter, (Forum of Regional Tourism Organisations)
HENKE, Mr Robert, (Backpackers Association of NSW)
McLEOD, Ms Erin, (Tourism Accreditation Program Victoria)
WESTBURY, Mr Jayson, (Australian Federation of Travel Agents)

INTERNATIONAL (New Zealand)

ANDERSON, Mr Stuart, (Christchurch Casino)
BINGHAM, Mr Paul, (Christchurch and Canterbury Tourism)
BOND, Mr Garry, (NZ Tourism Guide)
BYWATER, Mr Alan, (Christchurch City Council)
CLAPCOTT, Mr Ross, (Tourism New Zealand and Tourism Strategy Group)
CONWAY, Mr Martin, (Christchurch Casino)
COSSAR, Mr Tim, (Tourism Industry Association of New Zealand)
DOUGLAS, Mr Simon, (Tourism New Zealand And Tourism Strategy Group)

HARTLAND, Mr Blair,
(Christchurch: "Puntin On The Avon", Tramway, Gondola and Grand Tour,
Thrillseekers Adventures Hanmer Springs)

IVES, Mr Charles, (Travel Agents Association of New Zealand)

MacPHERSON, Ms Liz, (Ministry of Economic Development New Zealand)

MORIARTY, Ms Angela, (Positively Wellington Tourism)

PERKS, Mr David, (Positively Wellington Tourism)

ROBERTSON, Mr Bruce, (Hospitality Association of New Zealand)

ROONEY, Mr Aidan, (NZ Tourism Guide)

VALENTINE, Ms Elizabeth, (Aviation, Tourism and Travel Training
Organisation)

WALLACE, Mr Simon, (Tourism Industry Association of New Zealand)

WELLS, Mr Mark, Youth Hostel Association of New Zealand

WIGGLESWORTH, Mr Roger, (Tourism New Zealand And Tourism
Strategy Group)

WILSON, Ms Elizabeth, (Christchurch City Council)

**MEMBERS OF THE NEW ZEALAND PARLIAMENTARY SELECT
COMMITTEE ON COMMERCE:**

DALZIEL, Ms Lianne (Chair)

CLENDON, Mr David

YOUNG, Mr Jonathan

LEE, Ms Melissa

CURRAN, Ms Clare

Written submissions taken into evidence

Appendix 2

Anglers Alliance
Australian Department Of Resources, Energy and Tourism
Burnie Tourism Association
Business Events Tasmania
Duncan, Mr Greg
Federal Hotels
Griffiths, Mr Mike
Hatcher, Mr Colin and Ms Jeanette
Hobart International Airport
King, Mr Geoff
Langlois, Ms Suzanne
Launceston Airport Pty Ltd
Launceston City Council
Moroney, Mulan And Denis
McNab, Mr Bob
Port Arthur Historic Site Management Authority
Qantas Pty Ltd
Ramsay, Mr Greg
Tasmanian Arboretum
Tourism Industry Council Tasmania
Trout Guides and Lodges Tasmania Inc.
TT-Line
White, Mr Norm
Wine Industry Tasmania

Documents taken into evidence
Appendix 3

WINE TASMANIA – *Submission to the 2011/12 Tasmanian State Budget*

ANGLERS ALLIANCE TASMANIA - *CD Recreational Fishing Development Plan*

TICT -

*Tourism Industry Council Tasmania Board 2009
Protocol Agreement*

Tourism 21 – Strategic Business Plan 2007-2010

Southern Jewel coloured hand-outs

Follow up information – October 2010 Sentiment Survey Results

Email dated 11 April from Luke Martin, TICT re Payroll Tax

TOURISM TASMANIA -

The Jackson Report on behalf of the Steering Committee – Informing the National Long-Term Tourism Strategy

Tasmanian Tourism Snapshot – Year Ending June 2009

Environmental Scan

Intervention Model

State of the Industry 2010’ – Report – Australian Government/Department of Resources, Energy and Tourism/Tourism Research Australia

TASMANIAN ARBORETUM (Phil Parsons) - *Supplementary Comments to Tourism Signage Evidence*

MR PHIL VICKERS - *‘A brief submission – ‘Premier and Cabinet Visit to West Coast’*

CRADLE COAST AUTHORITY -

Tarkine Tourism Development Strategy

Tarkine Tourism Development Strategy – Tarkine Aboriginal Tourism Plan

The North West Coast and King Island Integrated Cooperative – Marketing Prospectus

Cradle Coast Authority – ‘Living in a Wild World’ – Turning mining heritage into strong visitor experiences

Tasmania’s Cradle Coast Food & Beverage Strategy – 2005-2008

MR GREG DUNCAN – WALL IN THE WILDERNESS - *Derwent Bridge Development Plan July 1988*

LAUNCESTON CITY COUNCIL - *Submission*

MS KIM SEAGRAM, STILLWATER - *Notes*

MR ROBERT MCNAB, SADDLERS COURT GALLERY - *Submission notes and brochures*

SKILLS INSTITUTE (White/Richardson) AND SKILLS TASMANIA (Thompson) –

Guide to Publicly Funded Training – 2010
Supplementary notes

FORESTRY TASMANIA (Mr Ken Jeffreys) –

Sustainable Consulting Solutions – ‘Tahune Master Plan for Forestry Tasmania – April 2010
Speaking Points presentation

HATCHER, COLIN AND JEANETTE (channelmanager) - Submission

MARONEY, DENIS AND MULAN - Various emails and attachments

WELLS, WENDY AND JAMIE (Diamond Island Resort) - Email – formal submission

Papers and documents Tabled during travel in the North West (19-22 July 2010
and the North East and East Coast (22-27 August 2010)

ULVERSTONE

Ms Suzy Paravacinni –

The North West Coast and King Island – Discover Tasmania – Your Holiday Planner
Devonport and Cradle Country – Visitor’s Guide & Touring Map
Official Visitors’ Guide to the North West Coast 2009-10
Latrobe and Port Sorell guide

BURNIE

Burnie Tourism Association - submission

Boscobel – Glenda and Ross Jones - Brochure

Kaydale Lodge Gardens - Kaydale Lodge – Brochure

Research figures Apr 2009 – Mar 2010, picture sheet of Leven Canyon, Coast to Canyon tourism brochure, ‘Blooming Tasmania’ cover pages for 2006, 07, 08, 09 and 10, Booklet – ‘Your Guide to Blooming Tasmania 2009-10)
Tourism booklets – East Coast, North West Coast, Western Wilderness, Hobart and surrounds, Launceston, Tamar and the North

SMITHTON

Mr Geoff King - submission copy also in submission folder

Mr Clint Walker - talking points

Circular Head Tourism Association - Circular Head Marketing Activities and Partnership 2007–2010 – hard copy and CD

Mr Julian Jacobs - Stanley Hotel feedback form and guide to local produce

A visitor’s guide to Tarkine Tasmania

Tourism Brochure - Table Cape Lighthouse

GEORGETOWN

George Town Council - Promotional package

BRIDPORT

Ms Wendy McLennan

Tourism in Tasmania – Bridport

Minutes of business meeting, Thursday 23 September 2004

SCOTTSDALE

Tony Scott - North East Tasmania Tourism – Strategic Plan 2009-2014

ST HELENS

Peter Paulson -

The Blue Tier Discovery Trail

Strategic Intervention – p.41

Proposed Bay of Fires Interpretation Site

SWANSEA

Mayor Bertrandt Cadart

CD – “FRENCH MAYOR”

Magazine – LGAT News – June 2010

Mr John Cole-Cook

East Coast – Maria Island Tourism Development Proposal – July 2010’

Mick Fama

Photo of the wharf in storm conditions

Summary of Visitor Numbers to Maria Island National Park

Jo-Anne O’Brien and David Metcalf

Media Brief 6 – Tasmanian Tourism Industry Businesses have their say

Media Brief 7 – Tasmanian Tourism Industry speaks out

NUBEENA

Stuart Lennox

Three Capes Track

Roger Self

Tasman Peninsula – Activities, Food & Accommodation Guide

Important Announcement for Tasman Region Businesses

SORELL

Mr Bob Hardy – Sorell Fruit Farm

Japanese printed flier

Graph - Home location of visitors to Sorell Fruit Farm 2006-07 to 2009-10

Graph – Source of information of visitors to Sorell Fruit Farm 2002-2009

Visitor Survey 2009-10

Shanghai visit 2008

**Papers and documents Tabled during travel in
Victoria and New South Wales
1-4 February 2011**

TOURISM INDUSTRY COUNCIL OF NSW

Executive Summary Going for Growth – Six Key Actions to Grow Tourism in NSW beyond 2010

Going for Growth – Six Key Actions to Grow Tourism in NSW beyond 2010

AUSTRALIAN FEDERATION OF TRAVEL AGENTS

AFIA submission to Ministerial Council on Consumer Affairs – ‘Review of consumer protection measures in the travel and travel related services market in Australia including the role of the Travel Compensation Fund

**Papers and documents Tabled during travel In New Zealand
15-18 February 2011**

TOURISM INDUSTRY ASSOCIATION OF NEW ZEALAND

PACKAGE -

Power Point presentation papers

Local Government and the Visitor Industry – A Powerful Partnership

The Voice of the Tourism Industry – Annual Report 09/10

Email dated 15/2/10 – Today’s Tourism News

POSITIVELY WELLINGTON TOURISM

Partnership Wellington Trust – Annual Report 09/10

REGIONAL TOURISM ORGANISATIONS NEW ZEALAND

Tourism – A Regional Perspective

BLAIR HARTLAND

Punting International Numbers by Market Monthly)

*Gondola International Numbers by Market Monthly)April 10-Jan 11 **AND***

Grand Tour visitors by Market Monthly)Apr 09-Jan 10

HON LIANNE DALZIEL MP, Chair, New Zealand Commerce Committee

Briefing for the Incoming Minister of Tourism, Nov 08

House of Representatives, NZ – Information about the Maori Select

Committee Room G-006, Parliament House

LEGISLATIVE COUNCIL SELECT COMMITTEE**TOURISM IN TASMANIA****MINUTES OF MEETING****THURSDAY, 3 SEPTEMBER 2009**

The Committee proceeded to business at 10.15 am in Mr Wing's Rooms, Parliament House, Hobart.

Members Present:

Mr Finch

Mr Gaffney

Mr Martin

Mr Wing

In Attendance:

Dr Colin Huntly (Acting Secretary)

Chair Pro-Tem:

The Acting Secretary took the Chair *pro-tem*.

Order of the Council:

The Order of the Council having been previously circulated to Members, was taken as having been read.

Election of Chair:

The Chair *pro-tem* indicated that he would act as returning officer in the election of a Chair. Nominations were called for the role of Chair. The sole nominee was Mr Wing. There being but one nominee, the returning officer declared Mr Wing to be duly elected Chair. The Chair *pro-tem* thereupon yielded the Chair to Mr Wing.

Establishment Business:

The Committee **RESOLVED** as follows: **(TM/MG)**

- That witnesses be heard under Statutory Declaration.
- That evidence be recorded verbatim unless otherwise ordered by the Committee.

- That advertisements (as amended) be inserted in the **early general news** pages of the three daily Tasmanian newspapers on Saturday, 13 September 2009 and that receipt of written submissions be conditioned for closure on Friday, 30 October 2009.

- That the Secretary send invitations to make submissions to:
 - Tourism Tasmania (via the Minister)
 - The Tourism Council
 - Australian Hoteliers Association (Tasmanian Branch)
 - LGAT
 - Regional Tourism Bodies
 - Tas Ports
 - APAL (Owners of Airports)
 - TT Line
 - Airlines Servicing Tasmania
 - The Burnie Council (Owner of Burnie Airport)
 - Car Rental Association
 - Bus Driver's Association
 - Taxi Drivers Association
 - ITOT
 - Events Tas
 - Caravan Parks Association of Tasmania
 - Motor Home Association
 - Federal Hotels
 - AFTA
 - RACT
 - Tas Vacations
 - UTas
 - Arts Tasmania
 - Education Department
 - Department of Treasury and Finance
 - Eco Tourism Tasmania
 - Liberal Party
 - Tasmanian Greens

- TFGA
 - Targa
 - Antarctic Tourism
-
- That the Committee send a media release prior to Saturday 12 September 2009. This will be finalised between the Chair and the Secretary.
 - That the Chair be authorised to make all public statements relating to the Committee.

Future Program:

The Committee **resolved** to hold a public hearing of evidence from Tourism Tasmania and the Tourism Council on Friday, 13 November 2009 from 10 am till 4 pm in Committee Room 2 at Parliament House in Hobart.

Adjournment:

The Chair adjourned proceedings at 10.50am until Friday, 13 November 2009 unless Members were otherwise advised by the Secretary.

LEGISLATIVE COUNCIL SELECT COMMITTEE

TOURISM IN TASMANIA

MINUTES OF MEETING

FRIDAY, 13 NOVEMBER 2009

At 9.00 am in Committee Room 2, Parliament House, Hobart.

Members Present: Mr Wing (*Chair*), Mr Finch, Mr Gaffney.

In Attendance: Mr Tom Wise (Secretary)

Apologies:

The Committee **NOTED** that the Legislative Council had granted leave to Mr Martin until February 2010.

Public Hearings:

The Committee **RESOLVED** to proceed directly to the Public Hearings.

At 9.10 am the **Hon. MICHELLE O'BYRNE**, Minister for Tourism, Heritage and the Arts attended the Committee. Accompanying the Minister were her Chief of Staff, **Mr NORM ANDREWS**, her Tourism Adviser, **Mr PHILLIP SOUTER**, and the Director of Tourism Tasmania, **Ms FELICIA MARIANI**, each of whom made the Statutory Declaration.

The following documents were Tabled:

- *The Jackson Report: Informing the National Long-Term Tourism Strategy* (LCSC/TOU/17/Doc01)
- *Tasmanian Tourism Snapshot: Year Ending June 2009* (LCSC/TOU/17/Doc02)
- *Environmental Scan: Tourism Tasmania* (LCSC/TOU/17/Doc03)
- *Intervention Model: Tourism Tasmania* (LCSC/TOU/17/Doc04)

At 11.05 am the witnesses withdrew.

The Committee **SUSPENDED** at 11.06 am.
The Committee **RESUMED** at 11.25 am.

At 11.26 am **Mr SIMON CURRANT**, Chair of the Tasmanian Tourism Industry Council (TTIC), **Ms KAREN REES**, Member of the Board of TTIC, **Mr BERNARD DWYER**, Member of the Board of TTIC, and Mr **DANIEL HANNA**, Chief Executive Officer of TTIC were called and made the Statutory Declaration.

The following documents were Tabled:

- *Organisational Chart: Tourism Industry Council Tasmania* (LCSC/TOU/15/Doc01)
- *Protocol Agreement: Government of Tasmania and the Tourism Council Tasmania 2005* (LCSC/TOU/15/Doc02)
- *Tourism 21: Strategic Business Plan 2007-2010* (LCSC/TOU/15/Doc03)

The witnesses withdrew at 1.15 pm

Further Business:

The Committee **RESOLVED** to postpone consideration of further business and **SUSPEND** the Meeting till a date to fixed.

The Committee **SUSPENDED** at 1.20 pm.

The Committee **RESUMED** the Meeting at 3.15 pm on Tuesday, 1 December 2009 in Committee Room 3 at Parliament House, Hobart.

Confirmation of Minutes:

The Minutes of the previous meeting held on Thursday, 3 September 2009 were confirmed as a true and accurate record.

Business Arising from the Minutes:

The Secretary reported that newspaper advertisements calling for submissions on the Terms of Reference had been placed in accordance with the Committee's instructions.

The Secretary reported that written invitations to present submissions had been sent to the individuals and organisations specified by the Committee at the previous Meeting.

The Secretary reported that the Media Release requested by the Committee at its previous meeting had been prepared and distributed to all Tasmanian media on 10 September 2009.

The Secretary also reported that, following discussions with the Chair, a Media Advisory had been distributed to all Tasmanian media on 12 November 2009 informing them of the Public Hearings to be held the following day.

Submissions and Requests:

The Committee **RESOLVED** to receive the following Submissions and Requests:

- LCSC/TOU/01 - Mr Mike Griffiths (email)
- LCSC/TOU/02 - Australian Hotels Association (email)
- LCSC/TOU/03 - Auto Rent Pty Ltd-Hertz Tasmania (email)
- LCSC/TOU/04 - Mr Christopher Wells (email)
- LCSC/TOU/05 - Faculty Of Business, University of Tasmania (email)
- LCSC/TOU/06 - Wine Industry Tasmania (email)
- LCSC/TOU/07 - Ms Suzanne Le P. Langlois (email)
- LCSC/TOU/08 - Anglers Alliance Tasmania
- LCSC/TOU/09 - Spirit of Tasmania Pty Ltd
- LCSC/TOU/10 - Launceston Airport Pty Ltd
- LCSC/TOU/11 - Hobart International Airport Pty Ltd
- LCSC/TOU/12 - Port Arthur Historic Site Management Authority
- LCSC/TOU/13 - Qantas Pty Ltd
- LCSC/TOU/14 - Trout Guides and Lodges Tasmania Inc.
- LCSC/TOU/15 - Tourism Industry Council Tasmania
- LCSC/TOU/16 - Federal Hotels Pty Ltd
- LCSC/TOU/17 - Tourism Tasmania

- LCSC/TOU/18 - Mr North White

Other Business:

The Committee **RESOLVED** to invite the Tasmanian Greens, Forestry Tasmania and the Tasmanian Caravan Industry following indications by email that these organisations were interested in presenting evidence.

The Committee **RESOLVED** that corrected Hansard transcripts of all Public Hearings conducted by the Committee, excepting where evidence was heard in-camera, be published on the Committee's web-page in accordance with the usual practice.

With the concurrence of the Committee, the Secretary **TABLED** copies of a Media Release dated 10 September 2009 and a Media Advisory dated 12 November 2009, both of which had been issued in the Committee's name.

Adjournment:

The Committee **RESOLVED** to adjourn proceedings to a date to be fixed and advised by the Secretary.

At the 3.33 pm the Meeting was adjourned.

LEGISLATIVE COUNCIL SELECT COMMITTEE

TOURISM IN TASMANIA

MINUTES OF MEETING

TUESDAY 4 MAY 2010

The Committee proceeded to business at 2.15 pm in Committee Room 2, at Parliament House, Hobart.

Members Present:

Mr Finch, Mr Gaffney, Dr Goodwin, Mr Parkinson, Mr Wing

In attendance:

Mr Tom Wise (*Secretary*)

The Secretary took the Chair *pro-tem*.

Order of the Council:

The Order of the Council, dated 4 May 2010, re-appointing the Committee was read and noted.

Election of Chair:

Mr Parkinson moved that Mr Wing be nominated as Chair. Dr Goodwin seconded the motion. The motion was **CARRIED**. There being only one nomination, Mr Wing was declared elected.

The Secretary vacated the Chair and Mr Wing took the Chair..

Confirmation of Minutes:

The Committee **CONFIRMED** that the Minutes of the meeting of 13 November 2009 were a true and accurate record of the meeting.

Correspondence:

There was no correspondence.

Other Business:

The Chair welcomed the two new Members of the Committee, Dr Goodwin and Mr Parkinson.

The Committee **RESOLVED** that the Secretary write to all those who provided written submissions or given verbal evidence to advise them of the re-establishment of the Committee.

The Committee **RESOLVED** to travel to the North-West Coast, the East Coast and the West Coast to make inspections and seek information.

Discussion on a proposal to visit New Zealand was deferred to a later date.

The Committee **RESOLVED** to hold public hearings in Launceston on 27 May 2010 and Hobart on 28 May 2010.

Next Meeting:

The Committee **RESOLVED** to meet again in Launceston on Thursday, 27 May 2010.

Adjournment:

The Committee adjourned at 4.00 pm

LEGISLATIVE COUNCIL SELECT COMMITTEE

TOURISM IN TASMANIA

MINUTES OF MEETING

THURSDAY 27 MAY 2010

At 10.00 am in the Conference Room, 4th Floor, Henty House,
Launceston.

Members Present: Mr Wing (*Chair*), Mr Finch, Mr Gaffney, Dr
Goodwin, Mr Parkinson

In Attendance: Mr Tom Wise (Secretary)

Minutes:

Minutes of the meeting held on Tuesday, 4 May 2010 were
adopted.

Public Hearings:

At 10.15 am **Mr Peter Button** (Launceston City Council) and **Ms
Louise Clark** (Launceston Chamber of Commerce) attended the
Committee were called and made the Statutory Declaration.

The following document was Tabled:

- *Launceston City Council Written Submission dated 27 May
2010 (Tabled Doc. 1)*

At 11.00 am the witnesses withdrew.

Hearing In Camera:

At 11.05 am a witness made the Statutory Declaration and gave
evidence *in-camera*.

The witness withdrew at 11.45 am

Public Hearings (cont.):

At 11.50 am **Mr Tony Peck** (Tourism Operator) was called and made the Statutory Declaration.

The witness withdrew at 12.50 pm

The Committee **SUSPENDED** at 1.00 pm.
The Committee **RESUMED** at 2.00 pm.

At 2.05 pm **Mr Michael Cullen** (Launceston Airport) was called and made the Statutory Declaration.

The witness withdrew at 3.20 pm

At 3.25 pm **Mr Peter Neilson, Mr John Bailey and Mr Michael Bailey** were called and made the Statutory Declaration.

The witnesses withdrew at 4.10 pm.

Adjournment:

The Committee adjourned until Friday 28 May 2010 at 10.00 am in Committee Room 2, Parliament House, Hobart.

At 4.20 pm the Meeting was adjourned.

LEGISLATIVE COUNCIL SELECT COMMITTEE

TOURISM IN TASMANIA

MINUTES OF MEETING

FRIDAY 28 MAY 2010

At 11.00 am in Committee Room 2, Parliament House, Hobart.

Members Present: Mr Wing (*Chair*), Mr Finch, Mr Gaffney, Dr Goodwin, Mr Parkinson

In Attendance: Mr Tom Wise (Secretary)

Minutes:

Minutes of the meeting held on Thursday 27 May 2010 were adopted.

Public Hearings:

At 11.00 am **Ms Sheralee Davies** and **Mr Graeme Lynch**, Wine Industry Association Ltd were called and made the Statutory Declaration.

The following documents were Tabled:

- *Wine Industry Tasmania Ltd Written Submission* (Tabled Doc.1)

At 12.15 pm the witnesses withdrew.

At 11.45 am Mr **Richard Dax** (Anglers Alliance Tasmania Inc) was called and made the Statutory Declaration.

The following documents were Tabled:

- *Recreation Fishing Development Plan - CD format* (Tabled Doc. 2)

The witness withdrew at 1.05 pm

The Committee **SUSPENDED** at 1.10 pm

The Committee **RESUMED** at 2.15 pm

At 2.15 pm **Dr Martin Grimmer** and **Dr Robert Hecker**, University of Tasmania were called and made the Statutory Declaration.

The witnesses withdrew at 3.10 pm

Further Business:

The Committee **RESOLVED** to call Mr Steve Old and Mr John Dabner of the Tasmania Hospitality Association to give verbal evidence on Friday, 16 July 2010.

The Committee **RESOLVED** to consider options for travelling to the North-West Coast in July 2010.

Next Meeting:

The Committee **RESOLVED** to meet again on Friday, 16 July 2010.

Adjournment:

At 3.50 pm the Meeting was adjourned.

LEGISLATIVE COUNCIL SELECT COMMITTEE

TOURISM IN TASMANIA

MINUTES OF MEETING

THURSDAY 24 JUNE 2010

The Committee proceeded to business at 10.00 am in Committee Room 3, Parliament House, Hobart.

Members Present: Mr Wing (*Chair*), Mr Finch, Mr Gaffney, Dr Goodwin, Mr Parkinson

In Attendance: Mr Tom Wise (Secretary), Ms Mann

Business – Committee Travel:

The Secretary provided a briefing on the costs associated with the proposed Committee travel to New Zealand and mainland States.

The Committee **RESOLVED** to give priority to travel within Tasmania and the gathering of evidence about local tourism issues.

The Committee **FURTHER RESOLVED** to postpone consideration of international and interstate travel until after completing a program of travel within Tasmania.

The Committee considered options for gathering evidence within Tasmania.

The Committee **RESOLVED** to travel to the North-West Coast in the week commencing 19 July 2010 to gather evidence and inspect tourism ventures and delegated the Secretary and Mr Gaffney to organise a suitable program.

The Committee **FURTHER RESOLVED** to travel to Launceston, the North-East, East Coast, Tasman Peninsula and, if time permitted, the Huon-Channel region in the week commencing 21 August 2010.

Further Business:

The Committee **RESOLVED** to seek a private briefing from Daniel Hanna of the Tasmanian Tourism Industry Council in relation to the organisation's research.

The Committee **FURTHER RESOLVED** to invite Mr Graeme Wood, the founder of Wotif, to give evidence at the next hearings in Hobart in July 2010.

Next Meeting:

The Committee **RESOLVED** to meet again on Friday 16 July 2010, prior to the proposed Hobart hearings and briefing from Daniel Hanna.

Adjournment:

At 10.55 am the Meeting was adjourned.

LEGISLATIVE COUNCIL SELECT COMMITTEE

TOURISM IN TASMANIA

MINUTES OF MEETING

FRIDAY 16 JULY 2010

The Committee proceeded to business at 9.00 am in Committee Room 2, Parliament House, Hobart.

Members Present: Mr Wing (*Chair*), Mr Finch, Mr Gaffney, Dr Goodwin,

In Attendance: Mr Tom Wise (Secretary), Ms Mann

Minutes:

The Minutes of the meeting held on 24 June 2010 were adopted.

Correspondence:

Letter dated 31 May 2010 from Minister O'Byrne (Tourism) with additional information was Tabled.

Public Hearings:

At 9.15am **Mr Steve Old** and **Mr John Dabner** (Australian Hotels Association) were called, made the Statutory Declaration and were examined.

The witnesses withdrew at 10.12 am.

At 10.15 am **Mr Stuart Nettlefold** and Mr Tony Hart (Business Events Tasmania) were called, made the Statutory Declaration and was examined.

The witnesses withdrew at 11.04 am

At 11.05 am **Mr Peter Smith** (Heritage Tasmania) was called, made the Statutory Declaration and was examined.

The witness withdrew at 11.37 am.

At 11.40 am **Mr Graeme Wood** (founder of Wotif) was called, made the Statutory Declaration and was examined.

The witness withdrew at 12.50 pm

The Committee **SUSPENDED** at 12.55pm
The Committee **RESUMED** at 2.15 pm

At 2.20 pm **Mr Daniel Hanna**, (CEO, Tourism Industry Council of Tasmania), **Mr Simon Carrant** (Chairman, Tourism Industry Council of Tasmania) and **Mr Bernard Dwyer** (Board Member, Tourism Industry Council of Tasmania) briefed the Committee.

Other Business:

Travel:

The Committee **RESOLVED** that, following completion of its proposed travel within Tasmania, the Committee visit New Zealand to meet with, and take evidence from, representatives of the New Zealand Government with responsibility for tourism, representatives of the tourism industry, tourism operators and to inspect tourism operations.

The Committee requested the Secretary prepare a budget for the proposed travel and that approval for the travel be sought from the President and the Clerk.

Next Meeting:

The Committee agreed to meet again at a time and date to be fixed.

Adjournment:

At 4.07 pm the Meeting was adjourned.

LEGISLATIVE COUNCIL SELECT COMMITTEE

TOURISM IN TASMANIA

MINUTES OF MEETING

WEDNESDAY 20 October 2010

The Committee proceeded to business at 9.00 am in the Henty Room at Strahan Village, Strahan, Tasmania.

Members Present: Mr Wing (*Chair*), Mr Gaffney, Dr Goodwin,

In Attendance: Mr Tom Wise (Secretary), Ms Mann

Minutes:

The Minutes of the meeting held on 16 July 2010 were adopted.

Correspondence:

Correspondence previously circulated was adopted

Meetings:

Mr Wing and Mr Gaffney reported on their meeting at Cradle Mountain with the following local tourism operators: Mrs Dianne Atkinson, Lemonthyme Lodge; Mr Daniel Williams, Cradle Chalet; Claire Walsh, Discovery Holiday Parks, Cradle Mountain; and Mr Mark Whitnell, General Manager, Cradle Mountain Chateau. Dr Goodwin reported on her meetings at Derwent Bridge with Mr Greg Duncan, Wall in the Wilderness; and Mr Kevin Dillon, Lake St Clair Lodge.

Public Hearings:

At 9.08 am **Mr Andrew Dishington**, of Wild Rivers Jet Boat and The Shack, was called, made the Statutory Declaration and was examined.

The witnesses withdrew at 10.03 am.

At 10.04 am **Mr Phil Vickers**, of West Coast Heritage Ltd and the West Coast Pioneers Museum, was called, made the Statutory Declaration and was examined.

Paper Tabled:

- *A brief submission - 'Premier and Cabinet Visit to West Coast' – Sunday 19th September 2010 [Proposed truck route bypass]*

The witness withdrew at 10.43 am

At 10.45 am **Mr Mike Fry and Ms Carolyn Fry**, of Ormiston House, Strahan, were called, made the Statutory Declaration and were examined.

Paper Tabled:

- *Tas E-Connect Figures*

The witnesses withdrew at 11.37 am.

At 11.45 am **Mr Frank de Villiers and Mr Graeme Pead**, of Tullah Lakeside Lodge, were called, made the Statutory Declaration and were examined.

Paper Tabled:

- *Google Map – existing and proposed route*

The witnesses withdrew at 12.20 pm

At 12.35 pm **Mr Chris Short**, of Risby Cove, was called, made the Statutory Declaration and was examined.

The witness withdrew at 1.15 pm

The Committee **SUSPENDED** at 1.20 pm
The Committee **RESUMED** at 2.15 pm

At 2.17 pm **Mayor Darryl Gerrity**, of West Coast Council, was called, made the Statutory Declaration and was examined.

The witness withdrew at 2.53 pm

The Committee **SUSPENDED** at 3.00 pm
The Committee **RESUMED** at 3.55 pm

At 3.55 pm **Ms Cally Kent**, of Strahan Seaplanes and Helicopters, was called, made the Statutory Declaration and was examined.

The witness withdrew at 4.25 pm

At 4.27 pm **Roger Jaensch**, of Cradle Coast Authority, was called, made the Statutory Declaration and was examined.

Papers Tabled:

- *Tarkine Tourism Development Strategy*
- *Tarkine Tourism Development Strategy – Tarkine Aboriginal Tourism Plan*
- *The North West Coast and King Island Integrated Cooperative – Marketing Prospectus*

- *Cradle Coast Authority – ‘Living in a Wild World’ – Turning mining heritage into strong visitor experiences*
- *Tasmania’s Cradle Coast Food & Beverage Strategy – 2005-2008*

The witness withdrew at 5.35 pm

The Committee **RESOLVED** to suspend the Public Hearings until 9.15 am on Thursday, 21 October 2010.

The Committee **SUSPENDED** at 6.00 pm.

The Committee **RESUMED** at 9.10 am on **Thursday, 21 October 2010**

At 9.15 am Mr Bernard Dwyer, of Federal Hotels and Mr Rod Stendrup, of Strahan Village, Strahan, were called, made the Statutory Declaration and were examined.

The witnesses withdrew at 10.20 am.

Other Business:

The Committee **RESOLVED** to travel to Richmond and the Huon Valley in December, following the Legislative Council GBE Committee Hearings in December and that the Secretary ascertain Members’ availability for that time.

The Committee **RESOLVED** to travel separately to New Zealand and to the Australian mainland states in February 2011 or March 2011.

The Committee **RESOLVED** that the Secretary respond by email to Mr Norm White, thanking him for his email, noting his unwillingness to give verbal evidence to the Committee, but assuring him that the written material he has provided would be considered by the Committee.

The Committee **RESOLVED** that the Secretary ascertain the availability of the Leader of the Opposition to give verbal evidence to the Committee in Hobart on Friday, 29 October 2010 and, if he is available, to invite him to do so.

The Committee **NOTED** the advice of the Chairman that he would meet Tish and Owen Mete, the Managers of Corinna Wilderness Experience, on his return trip Launceston.

The Committee **NOTED** that Dr Goodwin and the Secretary would meet John and Louise Wendt at Derwent Bridge Chalets on their return trip to Hobart.

Next Meeting:

The Committee agreed to meet again in Launceston at 10 am on Thursday, 28 October 2010.

Adjournment:

At 11.05 am the meeting was adjourned.

LEGISLATIVE COUNCIL SELECT COMMITTEE

TOURISM IN TASMANIA

MINUTES OF MEETING

THURSDAY 28TH OCTOBER 2010

The Committee proceeded to business at 10.09am in the Conference Room, Henty House, One Civic Square, Launceston.

Members Present: Mr Wing (*Chair*), Mr Finch, Mr Parkinson, Mr Gaffney and Dr Goodwin.

In Attendance: Mr Tom Wise (Secretary), Ms Mann.

Minutes:

The Minutes of the meeting held on 20th October 2010 were adopted.

Public Hearings:

At 10.15 am **Ms Kim Seagram**, of Stillwater was called, made the Statutory Declaration and was examined.

The witness withdrew at 11.10 am.

The Secretary advised that a message had been received from Mr Greg Ramsay that due to a traffic incident he was unable to attend the hearing as schedule. However, he provided a written submission instead.

The Committee **RESOLVED** to note the message from Mr Ramsay and accept the written submission in place of his verbal evidence.

Tabled Document:

- Greg Ramsay, Ratho Golf – *submission circulated to all members 28/10/10 with apologies for his non-attendance at the hearing.*

Other Business:

The Committee proceeded to other business in private session to consider its future program of hearings.

The Committee **RESOLVED** to accept the proposed dates of 6th and 7th of December for visits to the Huon Valley and Richmond.

The Committee **RESOLVED** that, in accordance with Standing Order 191, three Members of the Committee travel to Brisbane, Sydney and Melbourne in late January 2011 to make inspections and seek information on matters within the order of reference.

The Committee further **RESOLVED** that the Secretary prepare a submission to the President seeking her approval for that proposed travel.

The Committee further **RESOLVED** that, due to the earthquake in Christchurch 4 September 2010, it would postpone its travel to New Zealand until the week commencing Sunday 13 February 2011 and that the Secretary prepare a letter to the President informing her of this resolution.

The Committee **SUSPENDED** at 12.05 pm.
The Committee **RESUMED** at 12.18 pm.

Public Hearings (cont.):

At 12.20 pm **Mr Steve Kons** was called, made the Statutory Declaration and was examined.

The witness withdrew at 1.00 pm.

The Committee **SUSPENDED** at 1.03 pm
The Committee **RESUMED** at 2.15 pm.

At 2.15 pm **Mr Phil Parsons**, The Tasmanian Arboretum, was called, made the Statutory Declaration and was examined.

The witness withdrew at 2.55 pm.

At 3.00 pm **Mr Alf Gude**, Tamar River Cruises, was called, made the Statutory Declaration and was examined.

The witness withdrew at 3.40 pm.

The Committee **RESOLVED** to suspend the meeting until 10.15 am on Friday 29th October 2010 in Committee Room 2, Parliament House, Hobart.

The Committee **SUSPENDED** at 3.50 pm.

Friday 29th October 2010

The Committee resumed at 10.15 am in Committee Room 2, Parliament House, Hobart on Friday 29th October 2010.

Members Present: Mr Wing (*Chair*), Mr Finch, Mr Parkinson and Dr Goodwin

Apologies: Mr Gaffney

In Attendance: Mr Tom Wise (Secretary), Ms Mann

Hearing In Camera:

At 10.15 am a witness made the Statutory Declaration and gave evidence *in-camera*.

The witness withdrew at 11.38 am.

Public Hearings (cont.):

At 11.42 am **Mr Charles Grippas**, Managing Director, TT-Line and **Mr Kevin Maynard** were called, made the Statutory Declaration and were examined.

The witnesses withdrew at 12.38 pm.

At 12.39 pm, **Mr Jock Campbell**, Mayor, Clarence City Council was called, made the Statutory Declaration and was examined.

The witness withdrew at 1.14 pm.

The Committee **SUSPENDED** at 1.15 pm.

The Committee **RESUMED** at 2.15 pm.

At 2.15 pm **Mr Linden Jago**, of Stay Tasmania was called, made the Statutory Declaration and was examined.

The witness withdrew at 3.01 pm.

At 3.02 pm **Mr Bob Annells**, Tourism Board was called, made the Statutory Declaration and was examined. Mr Annells was accompanied by **Ms Felicia Mariani** who had been sworn in at a previous hearing.

The witnesses withdrew at 3.58 pm.

At 3.59 pm **Ms Anne McVilly**, Manager, Tasmanian Travel and Information Centre was called, made the Statutory Declaration and was examined.

The witness withdrew at 4.30 pm.

Next Meeting:

The Committee **RESOLVED** to hold further public hearings in Hobart on the morning of 7 December 2010 prior to visiting Richmond to hearing evidence from Skills Tasmania and from Felicia Mariani in relation to the *State of the Industry 2010* Report.

Adjournment:

At 4.31pm the meeting was adjourned.

LEGISLATIVE COUNCIL SELECT COMMITTEE

TOURISM IN TASMANIA

MINUTES OF MEETING

THURSDAY 20th JANUARY 2011

At 8.45 am in Committee Room 2, Parliament House, Hobart

The Committee proceeded to business at 8.45 am in Committee Room 2, Parliament House, Hobart.

Members Present: Mr Wing (*Chair*), Mr Gaffney and Dr Goodwin.

Apologies: Mr Finch, Mr Parkinson

In Attendance: Mr Tom Wise (Secretary)

Minutes:

The Minutes of the meeting held on 28th October 2010 were adopted.

Correspondence:

The Committee **RESOLVED** to send an 'edited' version of the correspondence about trading hours in Stanley (provided by Mr Wing) to Mr Jason Clare at Stanley.

The Committee further **RESOLVED** to accept all correspondence including Mr Colin Hatcher's submission.

Public Hearings:

At 8.57 am **Mr John Deepröse**, Acting Chief Executive Officer, Tourism Industry Council of Tasmania was called, made the Statutory Declaration and was examined. **Mr Daniel Hanna and Mr Simon Current** were re-called.

- Data on pay rates (and penalty rates) will be supplied.
- New business model for Tourism Tasmania will also be supplied

Tabled Documents:

- *Report on tourism in Ireland in The Australian*
- "Accommodation licensing essential"

The witnesses withdrew at 10.03 am.

At 10.05 am **Mr Bob McNab (48)** Saddlers Court Gallery was called, made the Statutory Declaration and was examined.

Tabled Document:

Submission notes

The witness withdrew at 10.50 am.

The Committee **SUSPENDED** at 10.50 am

The Committee **RESUMED** at 11.05 am

Public Hearings (cont.):

At 11.07 am **Mr Malcolm White** and **Ms Jane Richardson** from Skills Institute, and **Mr Keith Thompson**, Skills Tasmania **(49)** were called, made the Statutory Declaration and were examined.

Tabled Document:

- *Guide to Publicly Funded Training - 2010*

The witnesses withdrew at 11.50 am.

The Committee **SUSPENDED** at 11.51 am

The Committee **RESUMED** at 12.00 noon.

Public Hearings (cont.):

At 12.02 pm **Mr Rowan Sproule**, Acting CEO, Tourism Tasmania, **(17)** Director, Strategy and Operational Performance, was called, made the Statutory Declaration and was examined.

- Summary of polling data on visitor expectations to be provided

The witness withdrew at 1.05 pm

The Committee **SUSPENDED** at 1.07 pm.

The Committee **RESUMED** at 2.00 pm.

Public Hearings (cont.):

At 2.03 pm **Mr Bill Chestnut (50)** (Inverawe Native Gardens), was called, made the Statutory Declaration and was examined.

Tabled Document:

- *Key Points Document*

The witness withdrew at 2.35 pm.

At 2.37 pm **Mr Ken Jeffreys, (51)** Forestry Tasmania was called, made the Statutory Declaration and was examined.

The witness withdrew at 3.10 pm

The Committee **SUSPENDED** at 3.10 pm.

The Committee **RESUMED** at 3.20 pm

Next Meeting:

The Committee **REQUESTED** the Secretary to prepare a first draft report to be distributed to Members prior to the visit to New Zealand by Mr Wing, Mr Finch and Dr Goodwin.

The Committee **RESOLVED** to meet on the following days to consider the draft report:

- Friday 4th March 2011 in Hobart (*all day*)
- Wednesday 9th March 2011 (teleconference) (*morning only*)
- Friday 11th March 2011 (teleconference) (*morning only*)
- Friday 18th March 2011 in Hobart (*morning only*)

Adjournment:

At 3.55pm the meeting was adjourned.

LEGISLATIVE COUNCIL SELECT COMMITTEE

TOURISM IN TASMANIA

MINUTES OF MEETING

FRIDAY 4 MARCH 2011

The Committee proceeded to business at 9.00 am in Committee Room 2, Parliament House, Hobart.

Members Present: Mr Wing (*Chair*), Mr Finch, Mr Gaffney and Dr Goodwin.

Apologies: Mr Parkinson

In Attendance: Mr Tom Wise (Secretary), Ms Mann

Minutes:

The Minutes of the meeting held on 20 January 2011 were adopted.

Tabled Documents:

The following documents were Tabled:

- *YHA New Zealand – Annual Report 2010*
- *Letter to the Editor – Mercury 28 February 2011 – ‘Support NZ tourism’*

- *Transcript of ABC Statewide Program – Mr Leon Compton interviewing Mr Phil Berry (Campervan and Motorhome Club of Australia)*
- *Wine Tasmania – Submission to 2011/12 Tasmanian State Budget*
- *Question on Notice No 29 (17/11/10) from Member for Windermere and response from Hon Doug Parkinson*

Draft Report:

The Committee further considered the Draft Report

The Committee **SUSPENDED** at 11.10am

The Committee **RESUMED** at 11.25am

The Committee resumed consideration of the Draft Report.

The Committee **SUSPENDED** at 12.55pm

The Committee **RESUMED** at 1.37pm

The Committee resumed consideration of the Draft Report.

[Mr *Finch* left the meeting at 2.29pm]

Next Meeting:

The Committee **RESOLVED** to meet on Friday 11 March 2011 at 9.00am for further consideration of the Draft Report.

Adjournment:

The Committee adjourned at 4.10pm.

LEGISLATIVE COUNCIL SELECT COMMITTEE

TOURISM IN TASMANIA

MINUTES OF MEETING

FRIDAY 11 MARCH 2011

The Committee proceeded to business at 9.00 am in Committee Room 2, Parliament House, Hobart.

Members Present:

Mr *Finch* (phone hook-up), Mr *Gaffney* (phone hook-up), Dr *Goodwin* and Mr *Wing* (phone hook-up)

Apologies:

Mr Parkinson

In Attendance:

Mr Wise (Secretary), Ms Mann

Minutes:

Minutes of the meeting held on 4 March 2011 were adopted.

Tabled Documents:

- Thank you letters to Wellington and Christchurch witnesses

Draft Report:

The Committee further considered the Draft Report.

[*Mr Gaffney* left the meeting at 11.22am]

Next Meeting:

The Committee **Resolved** to meet on Friday 18 March 2011 at 9.00am for further consideration of the Draft Report.

Adjournment:

The Committee adjourned at 12.05pm.

LEGISLATIVE COUNCIL SELECT COMMITTEE

TOURISM IN TASMANIA

MINUTES OF MEETING

FRIDAY 18 MARCH 2011

The Committee proceeded to business at 9.08 am in Committee Room 2, Parliament House, Hobart.

Members Present:

Mr Finch, Mr Gaffney, Mr Parkinson and Mr Wing

Apologies:

Dr Goodwin

In Attendance:

Mr *Wise* (Secretary), Ms *Mann*

Minutes:

Minutes of the meeting held on 11 March 2011 were adopted.

[Mr *Parkinson* took his seat at 10.05am]

Draft Report:

The Committee further considered the Draft Report.

The Committee **SUSPENDED** at 10.40am

The Committee **RESUMED** at 11.05am

Next Meeting:

The Committee **RESOLVED** to meet on Thursday 31 March 2011 at 10.00am in the Conference Room at Henty House, Launceston for further consideration of the Draft Report.

Adjournment:

The Committee adjourned at 12.09pm.

LEGISLATIVE COUNCIL SELECT COMMITTEE

TOURISM IN TASMANIA

MINUTES OF MEETING

THURSDAY, 31 MARCH 2011

The Committee proceeded to business at 10.20am in the Conference Room, Henty House, Launceston.

Members Present:

Mr *Finch*, Dr *Goodwin*, Mr *Gaffney*, Mr *Parkinson* and Mr *Wing*

In Attendance:

Mr *Wise* (Secretary), Ms *Mann*

Minutes:

Minutes of the meeting held on 18 March 2011 were adopted.

Draft Report:

The Committee further considered the Draft Report.

The Committee **SUSPENDED** at 11.45am

The Committee **RESUMED** at 11.51am

The Committee **SUSPENDED** at 12.46pm

The Committee **RESUMED** at 1.35pm

[Dr *Goodwin* left her seat at 3.35pm]

Next Meeting:

The Committee **RESOLVED** to meet on Tuesday 5th April 2011 at the conclusion of the Legislative Council Sitting (approx 6.00pm) in Committee Room 2, Parliament House, Hobart for further consideration of the Draft Report.

Adjournment:

The Committee adjourned at 3.55pm.

LEGISLATIVE COUNCIL SELECT COMMITTEE

TOURISM IN TASMANIA

MINUTES OF MEETING

TUESDAY 5 APRIL 2011

The Committee proceeded to business at 4.51 pm in Committee Room 2, Parliament House, Hobart

Members Present:

Mr Finch, Mr Gaffney, Mr Parkinson and Mr Wing

In Attendance:

Mr Wise (Secretary), Ms Mann

Confirmation of Minutes:

Minutes of the meeting held on 31 March 2011 were adopted.

[Dr *Goodwin* took her seat at 5.14pm]

Draft Report:

The Committee further considered the Draft Report.

The Committee **SUSPENDED** at 5.55pm.

WEDNESDAY 6 April 2011

The Committee **RESUMED** at 4.58pm.

Members Present:

Mr *Finch*, Mr *Gaffney*, Dr *Goodwin* and Mr *Wing*

In Attendance:

Mr *Wise* (Secretary), Ms *Mann*

The Committee continued its consideration of the Draft Report.

[Mr *Parkinson* took his seat at 5.04pm]
[Mr *Gaffney* left the meeting at 5.45pm]

The Committee **SUSPENDED** at 5.54pm.

THURSDAY 7 April 2011

The Committee **RESUMED** at 2.40 pm.

Members Present:

Mr *Finch*, Mr *Gaffney*, Dr *Goodwin*, Mr *Parkinson* and Mr *Wing*

In Attendance:

Mr *Wise* (Secretary)

The Committee continued its consideration of the Draft Report.

Next Meeting:

The Committee **RESOLVED** to meet again on a date to be fixed for further consideration of the Draft Report.

Adjournment:

The Committee adjourned at 5.05 pm.

LEGISLATIVE COUNCIL SELECT COMMITTEE

TOURISM IN TASMANIA

MINUTES OF MEETING

WEDNESDAY 20 APRIL 2011

The Committee proceeded to business at 10.03 am in Committee Room 2, Parliament House, Hobart.

Members Present:

Mr *Finch*, Dr *Goodwin*, Mr *Gaffney*, Mr *Parkinson* and Mr *Wing*

Apologies:

Mr *Gaffney*

In Attendance:

Mr *Wise* (Secretary), Ms *Mann*

Minutes:

Minutes of the meeting held on 5 April were adopted.

Tabled Documents:

- Email dated 3 March 2011 from Sheralee Davies, CEO, Wine Tasmania **(6)** --with requested additional information – additional details of Tasmanian Cellar Door Rebate and estimated cost of reinstating the initiative
- Email dated 11 April 2011 from Luke Martin from TICT concerning payroll tax
- Queensland Tourism Industry Council – *Submission to the Senate Standing Committee on Education, Employment and Workplace Relations on: “The Hospitality Industry (General) Award 2010 (HIGA)”*

Previous Correspondence:

- Thank you letters dated 7/6/10 to Melbourne and Sydney witnesses
- Letter dated 17/11/10 to Minister Thorp requesting permission for Tasmanian Skills Institute to appearing before a hearing
- Letter dated 17/1/11 from National Trust to Mr Wing

- Email dated 7/2/11 from Wendy Wells, Diamond Island Resort

Submissions:

- Channelmanager (Colin and Jeanette Hatcher) **(59)**
- Emails (various dates) and media reports (various) from Mulan and Denis Moroney **(60)**

Additional/Background information:

- Email from Kim Seagram **(37)** dated 3/11/10
- Email dated 4/11/10 from Phil Parsons, Tasmanian Arboretum **(24)**
- Cradle Coast **(32)** email dated 27/10/10 – ‘Zone Marketing Group Update’
- Email dated 20/1/11 from Jon Deeprise **(15)** with additional documents – ‘TICT October 2010 Sentiment Survey Results’
- Email dated 21/1/11 from Keith Thompson, Skills Tasmania **(49)** – ‘Notes of Clarification’
- Email dated 7/2/10 from Wendy Wells, Diamond Island Resort **(61)**
- Greg Duncan, Wall in the Wilderness **(34)** – ‘Derwent Bridge Development Plan – July 1988’

Draft Report:

The Committee further considered the Draft Report.

[Mr *Parkinson* left the meeting at 12.40pm]

The Committee **SUSPENDED** at 12.48pm

The Committee **RESUMED** at 1.15pm

[Mr *Parkinson* resumed his seat at 1.55pm]

Next Meeting:

The Committee **RESOLVED** to meet on Thursday 21 April 2011 for further consideration of the Draft Report.

Adjournment:

The Committee adjourned at 2.40pm.

LEGISLATIVE COUNCIL SELECT COMMITTEE

TOURISM IN TASMANIA

MINUTES OF MEETING

THURSDAY 21 APRIL 2011

The Committee proceeded to business at 1.09pm.

Members Present:

In Committee Room 2 - Dr *Goodwin* and Mr *Parkinson*
Conference Phone - Mr *Finch* and Mr *Wing*

Apology:

Mr Gaffney

In Attendance:

Mr *Wise* (Secretary), Ms *Mann*

Confirmation of Minutes:

Minutes of the meeting held on 20 April 2011 were adopted.

Draft Report:

The Committee further considered the Draft Report.

[*Mr Parkinson* took his seat at 1.50pm]

[*Dr Goodwin* left the meeting at 2.15pm]

The Committee **SUSPENDED** at 3.25pm

The Committee **RESUMED** at 3.55pm

Next Meeting:

The Committee **RESOLVED** to meet on Thursday 28 April 2011
for further consideration of the Draft Report.

Adjournment:

The Committee adjourned at 5.10 pm.

LEGISLATIVE COUNCIL SELECT COMMITTEE

TOURISM IN TASMANIA

MINUTES OF MEETING

THURSDAY 28 APRIL 2011

The Committee proceeded to business at 9.36am

Members Present:

In Committee Room 2 - Dr *Goodwin* and Mr *Parkinson*
Conference Phone (Launceston) - Mr *Finch* and Mr *Wing*
Mobile Phone - Mr *Gaffney*

In Attendance:

Mr *Wise* (Secretary), Ms *Mann*

Minutes:

Minutes of the meeting held on 21 April 2011 were adopted.

Draft Report:

The Committee further considered the Draft Report.

The Committee **SUSPENDED** at 10.50am
The Committee **RESUMED** at 11.05am

[Mr *Gaffney* - Phone disconnected (equipment failure) at
11.10am]

[Mr *Gaffney* – reconnected at 11.20am]

[Dr *Goodwin* left the meeting at 12.08pm]

[Mr *Gaffney* left the meeting at 12.10pm]

Next Meeting:

The Committee **Resolved** to meet on Friday 29 April 2011 for consideration of the Final Report.

Adjournment:

The Committee adjourned at 12.45pm.

LEGISLATIVE COUNCIL SELECT COMMITTEE

TOURISM IN TASMANIA

MINUTES OF MEETING

FRIDAY 29 APRIL 2011

The Committee proceeded to business at 9.35am

Members Present:

In Committee Room 2 - Mr *Gaffney*, Dr *Goodwin*, and
Mr *Parkinson*
Conference Phone (Launceston) - Mr *Finch* and Mr *Wing*

In Attendance:

Mr *Wise* (Secretary), Ms *Mann*

Confirmation of Minutes:

Minutes of the meeting held on 28 April 2011 were adopted.

Draft Report:

The Committee further considered the Draft Report.

[Mr *Parkinson* left the meeting at 10.46am]
[Mr *Finch* left the meeting at 11.30am]
[Mr *Parkinson* resumed his seat at 11.45am]

Next Meeting:

The Committee **Resolved** to meet on Monday 2 May April 2011 for approval of the Final Report.

Adjournment:

The Committee adjourned at 12.10pm.

LEGISLATIVE COUNCIL SELECT COMMITTEE

TOURISM IN TASMANIA

MINUTES OF MEETING

MONDAY 2 MAY 2011

The Committee proceeded to business at 10.05am

Members Present:

In Committee Room 2 -	Mr <i>Parkinson</i>
Conference Phone (Launceston) -	Mr <i>Finch</i> and Mr <i>Wing</i>
Phone – electorate office	Dr <i>Goodwin</i>
Phone – electorate office	Mr <i>Gaffney</i>

In Attendance:

Ms *Mann* (Acting Secretary)

Confirmation of Minutes:

Minutes of the meeting held on 29 April 2011 were adopted.

Draft Report:

The Committee **Resolved** that the Final Report be approved as follows:

Chairman's Foreword and Executive Summary – **approved with amendment**

Conclusions – **approved**

Recommendations – **approved with amendment**

Introduction – **approved**

Chapter 1 – **approved**

Chapter 2 - **approved**

Chapter 3 - **approved with amendment**

Chapter 4 - **approved**

Chapter 5 - **approved with amendment**

Chapter 6 – **approved**

Chapter 7 - **approved**

Appendix 1 - **approved**

Appendix 2 – **approved**

Appendix 3 – **approved**

Appendix 4 – **approved**

The Committee **Resolved** that the Chair present the Final Report to the President at 12 noon on Tuesday, 3rd of May 2011, in accordance with Standing Order 197.

Media Release

The Committee **Resolved** that the Secretary prepare a media alert to be forwarded today to all media advising of the formal presentation of the Final Report tomorrow in Launceston.

It was further **Resolved** that a further media advisory is to be prepared by the Secretary containing details of the Chairman's Foreword and Executive Summary, Conclusions and Recommendations

Adjournment:

The Committee adjourned *sine die* at 10.35am
