

**THE LEGISLATIVE COUNCIL SELECT COMMITTEE ON TOURISM MET AT HENTY HOUSE, CHARLES STREET, LAUNCESTON ON THURSDAY 27 MAY 2010.**

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**Mr PETER BUTTON**, LAUNCESTON CITY COUNCIL, AND **Ms LOUISE CLARK**, LAUNCESTON CHAMBER OF COMMERCE, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

**CHAIR** (Mr Wing) - Welcome. Thank you very much for being here.

**Ms CLARK** - I am the executive officer of the Launceston Chamber of Commerce, which is a well-established organisation in Launceston and the northern Tasmanian region. Obviously part of our focus is sustainable economic prosperity for the region, and tourism definitely falls into that. My appearing with Peter has come about because as a chamber we are working very closely with council on various issues. In the last week or so we got a group of stakeholders together to discuss some of the points outlined in the terms of reference and tourism issues generally in this region. Those stakeholders included the chamber, council, the zone marketing group, the Launceston Tamar Valley Tourism Association, and Katie Masters, who runs the tourism information centre for council. Peter has written a submission in relation to some of the discussion we have had, which is a little bit different to some of your terms of reference but gives you quite a good picture of our thoughts on tourism in this region.

**CHAIR** - And that's what we want to hear. The terms of reference are so wide that they include most aspects of it.

**Mr BUTTON** - I am the Director of Development Services for Launceston. I started there some four months ago. My wife and I moved down to Tasmania late last year for a lifestyle change. We bought a small bed-and-breakfast property in Port Sorell and moved in there in December. Fortunately, or unfortunately, the then general manager of the Launceston City Council got wind of where I was through human resource selection processes. He tracked me down and said he wanted me to start work over here. So in trying to get out of local government I've fallen back into it again. Be that as it may, it's an interesting experience and I am enjoying working with the council and stakeholders such as Lou.

As a background, the comments made in the submission are not officially endorsed by the council. It hasn't been to the council but I have had discussions with the general manager and the relevant aldermen and they fully support the comments made. They are comments made, as Lou said, because of meetings we've had with stakeholders and as a result of constant submissions and comments we get in our dealings on tourism in this region. I have tried to couch them in productive terms rather than having a swipe at any government agency, either State or Federal.

**CHAIR** - Would you be otherwise inclined to do that?

**Mr BUTTON** - Never. Being a tourism operator myself, my attitude is to take a collaborative role with the agencies rather than whinge, bitch and whine about other

people, blaming other people for our dilemmas, but rather getting in and bending our backs, as we do, with the chamber. That is what we've tried to do locally as well.

On the bottom of the first page there is a bit of background. I have worked as a senior manager of local and State government in a range of regions across New South Wales, Victoria and Queensland. I have been a manager and senior operator but I have also run or been involved in tourism in a number of ways. The first thing that my wife and I ran was a B&B in the Whitsundays and we are in the process of selling at the moment. When we lived in the inner city of Brisbane we were instrumental in running a home stay program for European students and their families. We have had something like 80 students staying with us over three years - not all at once. That was not only for an educational program but also in terms of tourism for inner city Brisbane. As some of you would appreciate, being a manager of planning in government and particularly in local government you have to be cognisant of the impacts of your decisions on tourism and economic development. Recently after joining this particular position, economic development and tourism fell into my lap. It was being managed by another director who left along with the GM. We have a new general manager and his decision was to flick all that material into my domain as well. So I have both professional and a personal background in tourism.

My strengths are working in regional and local community-based economic and tourism development, so my planning has been an aside. It has been my forte in terms of employment but my focus has been on this area of work. So it is through that experience and interest that I make the observations, plus what Lou and I talked about earlier.

The first point in the submission is that we are doing some good collaborative work in the Launceston area at the moment. Some examples of that are the MOU between council and the University of Tasmania to work on a range of issues that benefit the region - things like the Harmony Day events. At the moment we are working with the medical industry and GP Workforce to attract medical professionals to this region, not just to Launceston but also to northern Tasmania, and also to promote northern Tasmania as a great place to live, work, play and visit as well. So it is not just about getting one or two individuals; it is really about broadening that base and selling this region for the benefits that it has.

Our alderman who is the chair of our economic development committee has recently written to the four airlines suggesting that airline stewards when they are flying into Launceston avail themselves of the services provided by a tourist centre and bookings desk at the airport, which the council has established. We are really trying to promote this region. Again, I insist that it is not just the city of Launceston. Launceston cannot survive without the region and the region cannot survive without Launceston - it is a collaborative effort. It is important to stress that.

The second point is the involvement of the Hawthorn Football Club and the council's massive involvement in the Aurora Stadium and nearby Queen Victoria Museum and Art Gallery. This is a clear indication of what council has been doing in local area investment in sports and cultural tourism. In the last couple of days I have been working with aldermen and staff, and with Rick Sleeman from Complete Sports Marketing, on one segment of our economic development strategy, looking at the whole issue of sports tourism. We are also negotiating to get somebody in to look at cultural tourism and then

segmenting leisure tourism into normal tourism and food and wine tourism. We are looking at each sector of tourism and how we as council in the region can really promote that area of work.

**Ms CLARK** - The arrangement we have with Hawthorn playing four rostered matches at Aurora stadium plus a pre-season game is extremely important in terms of economic contribution to the region. It is not just about a contribution to Launceston because when they come it extends across the whole region in terms of economic benefit. We also have a very strong events calendar, as both Don and Kerry would know, here in the north with things like Festivale, the Launceston Cup, Agfest, football and pennyfarthings. There is a whole range of events so that event tourism is extremely important to this region as well.

**Mr BUTTON** - Following on from what Lou was saying, council next Monday will hopefully decide on the allocation of some \$300 000 to a range of events occurring over the next 12 months, based in Launceston but affecting the region. They are small, local events through to the regional and things like Targa and some of the bigger events as well. Council is working very closely with the chamber and other bodies on that.

I guess our focus is on generating repeat visitations to the region. Currently the statistics tell us that is estimated at approximately 72 per cent which, when you look at other States, is one of the highest percentages of repeat tourism in Australia. So we can really say we are doing a great job in Tasmania in terms of repeat tourism. We are doing very well.

**CHAIR** - Is there any split-up of that to show how many of those are visiting friends and relatives?

**Mr BUTTON** - There is some data out of Tourism Tasmania. In preparing this this morning I have not been able to give you the material but I am happy to follow that through - what is visitor/friends, what is conference tourism and what is just pure leisure tourism.

**CHAIR** - It is very impressive that it is so high.

**Mr BUTTON** - It is.

**CHAIR** - It would be interesting to know what the breakdown is.

**Mr BUTTON** - Yes. It was interesting talking to Rick Sleeman yesterday about sports tourism, for example. With sports tourism, on average the spend is \$230 per person per day in a local area compared to pure leisure tourism which is in the high \$190s. That is really interesting. I am doing some further study on cultural tourism. This region has a lot of richness in terms of its food, its wine and its heritage and I think we could really be promoting that a lot more strongly than we do. With sport and with culture, food and wine, really you are looking at the higher end of the demographic range and the big spenders so to speak and so that is what we need to look at in terms of generating more funds into the region.

One of the things we are trying to do is to attract more tourism and welcome people. If you remember back in the old Gold Coast days with the meter maids, we are not quite going in that direction but we are looking at trialling for a month, having a staff member greet

people who come in from the airport and say, 'Welcome to Launceston and the region. If you are a visitor here is a kit of information you might need and there is a booth over there if you want help with accommodation, cars and whatever'. We are going to trial that for a month to see what that generates and whether it is effective or not. I think that we seem to have lost a lot of pure customer service stuff and you just expect people to go and do their thing through the Net or through wading through a sheaf of brochures.

**Ms CLARK** - We had quite a lengthy discussion with the other stakeholders about customer service and it is about everyone being good at customer service, from the taxi drivers who pick people up at the airport and who know which is the best restaurant to go to in town to someone working in a shoe store and a visitor comes in and asks for directions. I think we sometimes forget that. There was a lot of discussion around how perhaps we need to put better resources into educating people about customer service and that does not just include those people who work purely in hospitality and tourism.

**Mr BUTTON** - There are some other examples. This morning we were discussing with a number of restaurant operators the idea of a brochure that you give to people when they come into the airport or get a hire car with a list of eateries, a list of places and their star rating or some sort of indication of cost. This place is well renowned for food and wine; you might get your local visitor guide but when you are shuffling through that between the platypus and God knows what else you get lost in terms of the information about eateries. For the people who come to Tasmania one of their first priorities is where are the best places to eat and drink. So it is about doing some really simple, really practical stuff along those lines.

**Ms CLARK** - Even simple things like promoting, and this has been raised a few times I know, CityProm and the chamber. When we have long weekends, for example, we as locals might know what is open and what is not but visitors and tourists don't. Obviously because a very high percentage of our businesses here are small businesses and locally-owned businesses that can't necessarily afford to open on a Monday public holiday or a Sunday, it is really important that somehow we get that communication out there, that you can go to Seaport and get coffee, wine, breakfast, lunch and dinner or you can go to Evandale on a Sunday and the cafes and restaurants will be open. There is an issue around communication as well, I think.

**CHAIR** - Christmas Day.

**Ms CLARK** - Exactly. The Jailhouse Grill is open 365 days a year, I think - those sorts of things. It's really important that we get those communications out there.

**Mr BUTTON** - From my observation there's a huge variation in service level and quality of our visitor centres in northern Tasmania. For example, Launceston operates a centre down the road with 12 staff at an annual cost of \$310 000. That is quite a big spend for a council with a population base of 60 000-odd. I am not necessarily lauding Launceston for it but that's an example. You look at other centres around the area - the small one at Deloraine, which is quite effective; the one at Latrobe down near the platypus and the one at Devonport right on the river bank. There are really good quality ones, but the range of services and the quality they provide vary quite dramatically.

**CHAIR** - So the Launceston City Council pays for all the staff in the tourism office?

**Mr BUTTON** - Correct.

**CHAIR** - That is a big undertaking.

**Mr BUTTON** - It is; in fact it has been quite a large hole in the budget. With our new tourism manager, Katie Masters, and refocusing of our effort, in three months she has been able to turn that around to be, we expect, by the end of next month a break-even, which is quite amazing in terms of us putting on the book an easy system.

**CHAIR** - What is the budget for that?

**Mr BUTTON** - It's about \$550 000 per annum. That is about what we'll be budgeting for next year. We have set targets with the staff to say, 'This is the level of bookings we expect for you to perform both here and out at the airport'. We are already beating those targets by about 60 per cent.

**CHAIR** - Are they bookings made directly, not online?

**Mr BUTTON** - They are made either at the counter or through the book-easy system through our Launceston travel centre.

**Ms CLARK** - Which is online.

**CHAIR** - I would be interested in the comments you each have about the appropriateness of the location of that centre.

**Ms CLARK** - That's an ongoing discussion, Don.

**CHAIR** - So I take it there's some dissatisfaction with the location?

**Ms CLARK** - There is. Council has been looking at a new location and Macquarie House in Civic Square has been mooted. Council has applied for some Federal government funding but we're not confident that that will come to fruition, which opens up the debate again about where that tourism information centre should be located. There are a number of other issues in the city which link into that and one of those is the transit centre down here at Harvey Norman and some issues with Metro. We have had some initial discussions about a transit centre and where a transit and tourism information centre should be located in the city.

**CHAIR** - I take it that it wasn't a free decision to move from the former St John Street/Paterson Street?

**Ms CLARK** - That happened before my time at the chamber and obviously before Peter's time at council and, without really knowing, I think that was a forced move. Obviously with the location now there is no parking if you're a tourist. Effectively you would have to park your car somewhere and walk and you may not get a park in Cimitiere Street to be able to access it easily. Obviously it's right next to the Redline bus depot but it's also a little bit off it. If people are coming from the airport into Launceston they come straight through Bathurst Street, but then they have to turn off and go into the city and try

to find the information centre. If you are driving along it does not quite hit you as to where the location is. The site mooted by various stakeholders around the city is the car park opposite Launceston College, where Officeworks is currently, opposite Irish Murphy's. That would be a very good site for a transit centre, with tourist information, cafe, Metro buses, park and ride and Redline.

**Mr BUTTON** - And facilities for bike riders who want to commute to work by bike, and have showers and lockers.

**CHAIR** - Was the previous location better than the present one?

**Ms CLARK** - In a sense it was because it was right in the city and you are always going to get people to come in. When you go and visit a city the first port of call is to get yourself right into the centre of the city and find your bearings. I do know from people like Steven French, who used to be involved with Gateway, that there was quite a deal of angst when it moved to its current location. Certainly people would not want to see it move right out of the city. There should be some discussion about a transit and tourist information centre if we are looking into the future and long term.

**Mr BUTTON** - With point (f), 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 Aussiehosts style of program which would involve some accreditation. The issue, though, is that it needs to be driven by the State. To be done by private enterprise allows people to opt in or out. To get our quality of tourism experience up and consistent really needs to be driven by the State in very strong partnership with local government to make it work.

**CHAIR** - How do you compare that with the situation in Queensland?

**Mr BUTTON** - We had an accreditation program in Queensland but we also had a much more coordinated tourism network there. When we were in the Whitsundays we had Whitsunday Tourism which was jointly funded between the Federal, State and local government. It was a core group of people. There were some 250 operators. Yes, it was dominated by your Coral Seas, Hayman and Hamilton islands, but with the small operators they made huge attempts to get them involved. They would have a monthly meeting and you would get 200 to 300 people turning up. It would be very much a social networking function but there was always an educative component there. They had a range of subcommittees that really drew people in and drew the effort together. It was quite good.

**Mr FINCH** - Is the Aussiehosts program the same program that was here in Tasmania about 15 or 20 years ago?

**Mr CLARK** - Yes. The chamber used to do Aussiehosts a long time ago, but about three years ago they updated their program and it required a significant spend on behalf of the

chamber to access that program. At that time the chamber probably was not getting enough people participating in order to warrant spending that kind of money in order to update. Also, because there are quite a number of organisations that do customer service-style training, the chamber made a decision that they would not run with it anymore. I have not heard of it running anywhere else in the State.

**Mr BUTTON** - There are similar models to Aussiehosts that operate in other States, particularly in South Australia. They are very strong on that area of work.

**Mr FINCH** - And the State Government should take more of a role in supporting a program like that with industry?

**Mr BUTTON** - Yes. I think what they are doing with the TICT program, the Tourism Industry Centre Tasmania accreditation, is very good. It was interesting in preparing the accreditation documentation. You think, 'Oh God, how many more business plans and risk management plans do I have to prepare in my lifetime?', but in hindsight going through it does educate you, brings you up to date and brings to the forefront what you are there for. You are not there just as a bit of a hobby; it really is a business and it does carry the reputation of the State in whatever you do. I think that is really important. The TICT program is great but it needs to be followed up with an annual accreditation system on customer service. Some are great; others not so good.

**Dr GOODWIN** - One of the targets seems to be to get repeat business to Tasmania. I suspect that a lot of focus with taxi drivers and people not working directly in the tourism industry is just on the here and now, and perhaps they do not have that long-term focus or recognise the importance of repeat business and how you get it. I suspect you are right in that there does need to be that raising of awareness and focus on the importance customer service. That is not the whole answer for getting repeat business -

**Ms CLARK** - No, but it is part of it as well.

**Mr BUTTON** - A good example is at the airport tourism booth. The girls were reporting to me this morning that there are a number of taxi operators who actually talk to the girls at the front counter and say, 'I am available to do discount fares to take people longer distances than into Launceston'. So if people come to the booth they will say to go and get Charlie or Bob and they will do a better deal for you. The locals are starting to wake up to that repeat business idea, but it is very ad hoc.

The whole idea of promotion concerns a number of us. You have individual operators who are spending upwards of \$2 000-3 000 a year on UDL brochures, web sites and marketing. As a small or medium operator you are getting bombarded daily through the Internet with offers of marketing. It can be bamboozling for the smaller operators. The bigger ones are fine. The Hotel Grand Chancellor or the country clubs have resources to manage marketing and they do it really well, but your one- and two-person operators are really smokescreened by a lot of this and get caught out. That is why you get such a high turnover at that end of the business; they spend because they think they have to. They do not have good business planning expertise about what they are doing. They are good on the day-to-day, but the long term, where they are wanting to take their business, is fairly light on. I will give you an example of the work done by Susan Parravicini from Latrobe. She got a lot of credit at a function I attended on Sunday. I have never

met the woman but she is doing some excellent work. She works out of Latrobe Council but she is focusing on the smaller businesses and trying to support them.

**Mr FINCH** - Are you suggesting that the State Government should take more of a hand in supporting small businesses, specifically their marketing?

**Mr BUTTON** - I think that is useful. I am not one to ask the State to give handouts to small businesses but I think some of their support programs are great. So instead of everyone producing their own UDL brochures or having their own individual web sites, they work with people like Darren from Autech on iPhone applications. It seems like every second person in this State has an iPhone or turns up with one. There are all sorts of applications you can put on, so as soon as your phone turns on after you have come off the plane it says 'Welcome to Latrobe' or Devonport, and pop in here get a free coffee. There is some interesting stuff. Simple things like a CD or DVD of what is available can be put in rental cars, or you give them to people and say, 'Okay, if you are going to bring your own car on the boat, while you driving along, listen to this and it will tell you a bit about the history of the area.'

**Ms CLARK** - 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. Peter mentioned in the submission last week that the Five Days of Innovation Festival was held here and one of the forums that festival held was a social media forum but a couple of days previously Tourism Tasmania had hosted a social media forum for tourism operators because obviously, promotion by way of social media is becoming a very big deal. 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.

**Mr BUTTON** - The other issue is about retail spend. Apparently about 90 per cent of our retail spend is in fact visitor spend in this region at the moment which I find amazing. How do we increase that spend? One of the things we have done with the chamber is, a couple of local businesses are saying - and again, they are one- or two-man businesses - they cannot survive on their own, they need support. So this guy got together with others from the chamber, talked to 30 other businesses and they are putting together one document with a list of 30 of the smallest businesses around Launceston -

**Ms CLARK** - That is CityProm that is doing that with.

**Mr BUTTON** - Yes, CityProm. What council is doing through Katie Masters is just organising the print. For \$2 000 or \$3 000 you can get a little brochure for boutique things like wool boots or specific Tasmanian produce. That sort of stuff, again, is very important.

We talked about training and education. I will quickly go through opening hours during weekends and public holidays when major festivals and events are on. We have a fair degree of businesses that do open but it concerns me that, again, it is left up to the individual business to get their intelligence together on that. There is opportunity, I think, for the State to work with the Federal Government on taxation support or even

some form of employment subsidisation to open longer hours to tourism. I think that is the way you are going to generate your funding and your income support into the town.

**Ms CLARK** - 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, to some of those businesses to open and operate on public holidays and long weekends.

**CHAIR** - I understand you have another commitment to go to. What time do you need to leave here?

**Ms CLARK** - Yes, it is on the third floor. So, probably in about three or four minutes. It is a tourism-related commitment.

**CHAIR** - Yes. So we would like to hear more from you of course, it is very valuable. Would you be prepared to come back at a future date?

**Ms CLARK** - Absolutely, because one thing we have not mentioned in this and perhaps we would like to have a discussion about is conferencing.

**CHAIR** - Yes, I have a note to ask you about conventions.

**Ms CLARK** - Yes, we would like to talk about that and that is probably a slightly longer conversation as well.

**CHAIR** - There quite a few other things I think we would like to ask you about and to hear from you. But just before you go, that is an extraordinary figure, approximately 90 per cent of retail spend is from visitors. Is that general around the city?

**Mr BUTTON** - Yes, just in this particular city area. I do not know what it would be like in Devonport or Latrobe. I think probably not as high but it would be getting up fairly close to that.

**CHAIR** - How is that being estimated?

**Mr BUTTON** - It would be through ABS statistics and also through some research by Tourism Tasmania. It is fascinating.

**CHAIR** - It is amazing. All right, that is an appropriate place to stop so that you can get to your other commitment on time. Thank you very much for being here.

**Mr PARKINSON** - I would just flag this for when we come back. I see mention here of a memo of understanding between the council and UTas. I would be interested in your thoughts on the impact of overseas students on tourism as an issue when we meet again.

**Mr BUTTON** - I would also like to raise the whole issue of the planning system in this State.

**CHAIR** - And the effect it has on -

**Mr BUTTON** - On tourism and economic development. Having been involved in the planning and local government reform in Victoria and more recently in Queensland, I think it is about time the State took a lead on that in Tasmania. I am not necessarily saying amalgamations are the be-all and end-all, but some serious work needs to be done if we are to retain and build our economy.

**CHAIR** - I think we need to allocate at least an hour for a future session and maybe a little longer. So thank you very much it has been really interesting and good luck with your next meeting on tourism.

**Ms CLARK** - Thank you we might need it.

*Laughter.*

**THE WITNESSES WITHDREW.**

**Mr TONY PECK, TOURISM OPERATOR, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.**

**CHAIR** - Welcome. We look forward to hearing your views on tourism in Tasmania, particularly in view of the wealth of experience you have in that area.

**Mr PECK** - I have read through the six stages so I will just make a comment on each one. Number one, the impact of tourism in Tasmania on the economy. That is an enormous call. Tourism over the years in Tasmania has been very proactive in doing things. Up until December of last year we received just over one million people. Just under one million people came through as tourists and visitors; then the cruise ships and navy ships took it to about 1 015 000. That was worth \$1.473 billion to the State's economy.

Ten years ago we received 500 000 people. In 10 years we have doubled the intake. I would like to see strategies put in place now to double it again in 10 years. I do not know what strategies we have in place to do that, but that would be the great challenge. A person arriving in the State and spending \$1 is really worth \$2 because they did not take it off anyone here, so they are dropping it into our economy - which I call 'new money'. That is why I think tourism is so important to this State and to other places and countries. The farmer probably gets his wool cheque a couple of times a year but tourism generates money instantly. When the hotel pays the housemaids weekly wages, they go out and buy shoes for their children or whatever, so it is instant turnover of ready-made money.

The revenue the State gets from that \$1.473 billion is pretty substantial. It was estimated several years ago that it was about 23 cents in every \$1. Now we have GST plus all the other things associated with paying your way through the system. The State has said we should do more. I appreciate that a State government has limited resources but I think investment in tourism is a very good investment. If those numbers can be pushed up higher, the State's return goes higher. The economic value of tourism to Tasmania is significant.

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. Using Launceston as an example, it runs the travel and information centre here and we have just opened up a manned booth at the airport. It covers most flights, probably excluding late night flights, but it is still visual. You can get things and the bookings are starting to go up. A lot come in just on spec. They are not booked, therefore they have an opportunity to lock them in and keep them longer or whatever.

I remember that a past director did not believe in winter advertising. I think that was a pity because we can make a lot of Tasmania in the winter. You have a lot of Queenslanders coming down to see snow and what have you.

We have just launched the Lumina program. In the Virgin Blue book there are two lovely big pages on the program - which is great - but we seem to do advertising with no call to action. Only one out of the nine ads has a phone number. The rest have a web site, and that is fine, but if you go to the web site it is a bit messy to get through. If someone read about the Hawthorn games there surely should be a phone number there to book it. I think we are missing out on that direct action call.

**CHAIR** - Is that funded by Tourism Tasmania?

**Mr PECK** - Yes; this is the winter program. I have been to the past minister and to the current minister to point some of these things out. We seem to not really get the call to action in what we are doing, which is a pity. Since the State decided to discontinue Tasmania Temptations - that is their call because I realise it costs a lot of money to run it and I understand all that - we don't really have a place where you are called to action. We have our call centre that answers questions about Tasmania and sends you out a brochure, but they don't do any bookings.

What we must do, and I am sure we are doing it to a certain extent, is work through all the main booking agencies such as Flight Centre, Harvey Norman, Travelscene American Express and all that and do those programs with those people. If you look at the *Herald Sun*, you will see that every Sunday there is a travel paper inside called *Escape*. I get that fairly regularly. We have had lots of Tasmanian editorials in there but there is no backup advertising to go with it. I pointed out to the minister that their advertising agency does not go with the *Herald Sun*. Now the *Herald Sun* is 4-5 million people at our doorstep and they are very progressive in doing that sort of advertising. When you look at our figures up until January, Victorian visitors dropped 5 per cent. We have gone from 365 300 at the end of December 2008 to 346 800 in 2009; that is a 5 per cent drop. We all should hang our heads in shame because we have dropped 5 per cent of a market just 50 minutes away in an aeroplane.

The airlines advertise fairly strongly. I know Tourism Tasmania talked to the airlines, but the comment I get from the airlines is that the flavour of the month seems always to be the *Spirits*. That is appropriate because we own it and what have you, but I think the airlines would like a bit of attention and help. Tourism Tas has not a Queensland budget where they can throw more money at that operation, but I think we should be looking more closely at that percentage drop from Victoria.

**CHAIR** - Would you say that we are more dependent on government funding than in Queensland, where a lot of the promotion of their resorts and facilities is done by national and international companies?

**Mr PECK** - True; they have a bigger volume of that sort of business. Private enterprise here puts in too, which is very important. So it should; it just can't sit back and not do that. New South Wales went up by an enormous amount, 35 per cent, and no doubt there are reasons for that. Queensland is down, South Australia is down, Western Australia is down, ACT and Northern Territory are up, so therefore it is important and we need to do it. Sometimes we look too much at the big picture and forget what's happening on the ground and we need to focus ourselves a little bit on that. I think it is important we do that.

**Mr FINCH** - Are those figures for the last year, Tony?

**Mr PECK** - Yes, ending December 2009. That is the latest we have and they give comparison with December 2008.

**Mr FINCH** - It's interesting that we have had a drop of 5 per cent.

**Mr PECK** - Out of Victoria, but an increase from New South Wales.

**Mr FINCH** - Why would that be? Was there any extra marketing or anything that we did?

**Mr PECK** - We did go into New South Wales, and some private enterprise did too. However, it is from a lot lower number base. In Victoria, to December 2008 we had 365 300 and then we dropped back to 346 800. In New South Wales, in December 2008 it was 149 000 and it went to 201 000. That gave a 35 per cent increase, 52 000 people, so a thousand a week extra were coming in from New South Wales. About 70 000 dropped out from Victoria. We need to look at that and ask why has that happened. If you look at the internationals, we can understand why they dropped from America - the economic climate, economic forecasts et cetera. It is interesting to look at those figures.

**Mr GAFFNEY** - I thought it was to do with the strengthening of the Australian dollar so that a lot of Victorians weren't going overseas.

**Mr PECK** - I appreciate that but that is all over Australia. If that strengthened, everyone will get that all round Australia. International visitors were down 8 per cent and that is probably because of world economies. The highest visitation comes from the UK; it went down from 28 200 to 21 900. America is down, New Zealand is down, but Germany, Scandinavia and some other countries are up - just a small amount because their base was small to start with.

Getting back to the economy of tourism, it employs a lot of people. It is calculated that about 26 000 are employed by tourism.

**CHAIR** - Is that directly and indirectly?

**Mr PECK** - No, just directly. Besides being a challenging industry, you potentially have 26 000 experts out there who reckon they know what they are doing. It is a challenging thing for all areas to come together. That is why it is important to get cohesion from State down to regional and local government level. Also important are the changes we have had in local government. Several years ago the Launceston City Council took over the tourist information centre. Originally that was run by the State but that came with a grant, a bit over \$120 000, to help subsidise it because a travel information centre will not make money. It generates as much business as it can in commissions to help subsidise the losses but it never will make money because it is there for the important thing: about 91 per cent of the people walking through the doors of a travel information centre are there just to get information. The other 9 per cent will buy something, and the beautiful thing about that is we try to book them to stay another night and that means it holds them in the State and in the region a little longer so they spend more money in the region and that is important. We are starting to have a bit of a battle now with Tourism Tasmania as to whether they are going to keep that grant going and I think that is very

important because if they didn't that would be a dire strait for the Launceston City Council as it puts a lot of money in to run that centre with the help of that grant.

**CHAIR** - I see, so that is an annual grant and not just an initial establishment?

**Mr PECK** - It was an annual grant indexed when we took it over for so many years. Over time they thought that they might change it all and give grant on grant on grant but we feel that it is important because when they originally handed it all over to the regions and the councils around the State, I would say the State saved a lot of money, and it would have gone into the millions. Whether it is appropriate that the State runs it or the local government runs it or whoever runs it, I think it is important to recognise its value.

**CHAIR** - What is the current annual amount?

**Mr PECK** - It is about \$120 000 and it is indexed. It started off at \$100 000 but over the years it has gone up a little bit.

**Mr GAFFNEY** - They do that, though, for the bigger visitor information centres in the State, don't they?

**Mr PECK** - Absolutely.

**Mr GAFFNEY** - It goes to Hobart, it goes to Devonport and there are about seven or eight, I think, that get that same sort of funding.

**Mr PECK** - Correct. All I am saying is that in my mind I am adamant it should continue because it does play a vital role in the whole process of tourism. I know we are going to the magical world of IT and the Net but I think when the decision was made to cease with Tourism Tasmania Temptations it left a big hole out there because the travel agents around Australia with one phone call were straight into the system, did their bookings - bang, bang, bang. I realise that it was costing some money but it did generate a lot of money for the State and I think that is where a hole has been left. You can argue against or for that decision and that is in the past and that has happened and I will not go there but I think it is important to recognise now that we have to work very closely with those big chain retail agents because they are out there in the network, they are out there selling everything and it is important that our packages and things go with those people because, as I said earlier, that is very important.

**CHAIR** - The chain agents you are referring to, are you?

**Mr PECK** - Yes. If you are living in the suburbs of Melbourne, Sydney or wherever and you see an ad somewhere or see something, you can make a phone call or go and ask questions and say, 'I want to do a package holiday to Tasmania, that one seven days or that one 10 days, how do I go about it?' and the travel agents are hooked in with various people who run all those packages in this State and therefore they sell.

**CHAIR** - Would there be any reduction in the number of people using travel agents or any significant reduction now that online booking is available?

**Mr PECK** - I think in some areas online booking is very successful but the main aspect of, say, the Flight Centre - and they have just announced they are going to make nearly \$200 million this year - is their retail outlets which sell travel.

**CHAIR** - So there are still a significant number of bookings made through travel agents on the mainland?

**Mr PECK** - Absolutely.

**CHAIR** - I thought it might have dried up.

**Mr PECK** - No. Some people are not comfortable with online but a lot are. The younger ones coming up are starting to get a lot of confidence in that, but some people want to ask more questions - what is this, what is that like, has the room a view, can I do that?

**CHAIR** - Does Tourism Tasmania service those agents?

**Mr PECK** - They have scaled back on their mainland representation and therefore they have probably gone into it and they believe the web site is better used. It is, I am not denying that, but I think face-to-face stuff is a bit like selling a house. It is no different in how human nature reacts to various things. One of the basics is that we have to start saying, 'Hey', some simple little things that we do not do anymore. The Launceston City Council still does our city pins, and I brought one for one each of you.

**CHAIR** - Do you still hand them out all around America?

**Mr FINCH** - I need a new one.

**Mr PECK** - The point I want to make here is, going back about 10 years, the State put out a little Tassie pin. You probably recall that, Mr Chairman?

**CHAIR** - Absolutely.

**Mr FINCH** - A green one?

**Mr PECK** - Yes, but there was a small gold one and that was very striking. It was plain and it was just the map of Tasmania. Every time I go overseas I ring the minister's office or someone's office and say, 'Hey, can I get any pins?' 'No, we do not do them anymore'. What a pity. They are just a simple little thing and they are the greatest talking point from premier to premier, from minister to minister and from just tourist to tourist.

**CHAIR** - I know the good effect it had when you offered them to so many waitresses in America.

*Laughter.*

**Mr FINCH** - I got one off Jim Bacon. I went to a committee, my first budget, and he had one on and I said, 'I want one of them, it is a fantastic little map of Tasmania', and he gave it to me.

**Mr PECK** - I think the simple things are the better. I wrote a few years ago when Peter Simmons was the Chief Executive Officer of the TT-Line and that is when we had the ship coming out of Sydney. I wrote to him and suggested it would be a good idea to put the 132010 number on the side of the ship; coming out of Sydney Harbour and flowing back out of Sydney Harbour you would have people looking and getting on the phone. He wrote back and said, 'We decided to keep the ship clean'. I said, 'Every ferry, every ship and every major airline around the world has a web site or a phone number on their boat or whatever they have' -

**CHAIR** - *Virgin* have their web site.

**Mr PECK** - Yes. I thought that was a pity. Someone suggested it might be that they did not want to upset the travel agents. Every bit of advertising the TT-Line does is all directed at self-bookings through them. They are always promoting that number everywhere they go. So I thought, 'What an opportunity to have the number on the boat'. But anyhow, they decided it that way.

Also I think we should consider, Mr Chairman, how many interstate or overseas letters would the State send out? Probably on the bottom of the envelope you should have, 'Visit Tasmania' and the 13 number on the outside of the envelope. Simple little things. We need to get back to basics. We can take the guru's and advertising's advice on all these great things, and we do not have the money to do the big five-star things in this little State's budget. We do some, there is no question about that, but I think it is important that we have to be clever and smart at what we do. This is why we decided that the Launceston City Council put in a manned booth at Launceston Airport; people come in there and ask the questions. They all could have been able to get it online but, no, they did not, they are coming and asking the questions, what to do and where to go, and the State benefits from that, which is very important.

I think we need to have a bit of a look at how we go about doing all our business and my message to Tourism Tasmania is to have a strategic plan, and I am sure they do but just get down to those little, simple, basic things and what is very important because, as I said earlier, it is really a valuable industry and it is very important that we should do it. Last year, as we know, they cut back some budgets but then they put some money in for this winter campaign which is very good and I congratulated them for doing that but I think it is important to assess where we are going with it and how we go about it.

**CHAIR** - We do not have any Tasmanian travel centres in any cities on the mainland, do we? What are your views about that?

**Mr PECK** - The reason they closed them down is that they were not making any money. That is a very logical reason. But there again, they did promote Tasmania. I think you could probably do it with an agency. There is one shop in Park Street, South Melbourne. The owners live in Devonport and all they do there is sell Tasmanian produce. Maybe we could do a multiskilling thing there somehow, I do not know. They sell all Tasmanian products.

**CHAIR** - Where is that?

**Mr PECK** - Park Street, South Melbourne. All they sell is Tasmanian product. Before our resources were in big high-rent areas; in Melbourne -

**CHAIR** - Collins Street?

**Mr PECK** - Yes, Collins Street. We owned that building for a while and then we sold it and then rented part of it or something. That is fine, I guess that was a business call. But because we do not have Tassie Temptations anymore - they would just be a retail travel agent, I would presume - I do not know how that would work. Going back many years ago we did the road shows and the consumer shows. Tourism Tasmania did it jointly with all the industry and what have you. I have been on many of those all over Australia and New Zealand and they were very good.

Some operators still do some of those themselves - they join together and still do them, which is important. Also, we are in a very competitive business. Tourism is a very competitive business therefore we have to be clever. Tasmania is recognised. It is a recognisable holiday or place to visit. It is my belief it is easy to sell and it is easy to upsell.

If I were in Sydney or Queensland I would say to a customer, 'Are you thinking of going to Tasmania?' They would say, 'Oh yeah, we will go down there one day.' I would ask, 'How long are you going for?' 'Oh, three or four days.' They have in their mind that you can do it in three or four days. I would say, 'Fine, okay.'

I would then get the Tassie map out of the brochure and say they could fly into Hobart or Launceston - it does not matter which - but just use Launceston as an example. I would write two nights there and then say, 'In summer time you would go down to the east coast and have one or two nights there, Port Arthur a night and Hobart three.' I would then go around to Strahan on the map and suggest a couple of nights there. By then I am up to 10 nights. I would then ask what would they cut out? They would say that they did not think that they wanted to cut anything out. Therefore it is very easy to sell and upsell.

That is why one-on-one is very important when you are selling travel in anything. It is easy to upsell Tasmania. I always say that to travel agents. If you do not upsell and try to get them to come longer they will come back. We get them at the reception desks and the accommodation places where they say, 'If I had known, I would have come and stayed longer.'

I say to the travel agents, tell them to go, if they don't that is their call. When they come back they cannot blame you but otherwise they will come back and say, 'You should have told me, I would have stayed longer.' That is our big challenge and we have had that challenge all the time. It is very important.

**Mr FINCH** - I just want to double back to your call to action for the moment. With the loss of Tassie Temptations what happens now? If I were to go to Tourism Tasmania and say to them that I am concerned about the fact that we do not have this opportunity for people to come and do their one-stop shopping for their holiday, what would they say to me? Do they have an answer to that? Do they say they should go to this web site or they

are channelled through that area, or is it a confused picture out there in navigating your way to a Tassie holiday or a Tassie break?

**Mr PECK** - Since we have lost that Tassie Temptations, a direct line would solve everything.

**Mr FINCH** - How did they access Tassie Temptations?

**Mr PECK** - What mainly happened with Tassie Temptations was they would go to their travel agent and the travel agents industry loved it because one phone call to Tassie Tempts meant they had done all their work - booked the flight, the hire car the hotels and everything. A few days later it would come back all confirmed - there is the itinerary, send me a cheque, keep your 10 per cent or whatever it was, thank you very much. So Tassie Temptations was a very simple operation. But Tassie Temptations was losing money. I appreciate that, I understand that. Now what happens is that if they are not going to book on the web - and some do - you need to direct them to their favourite travel agent. They have generally changed now - there are still a few independents - but the Flight Centres, Travelscene American Express, Harvey World Travel are the big multi chains. Any chain will have that on board. They will have their programs to sell. So they sell it into the system. For instance, if they sold a Pure Tasmanian holiday the travel agent then just books it and it goes through to those people and does it all. Instead of using Tassie Tempts they will go to the provider who has the call centres - the Innkeepers, the Tas Villas of the world - and put it all together.

**Mr FINCH** - Those travel agents have got to be savvy as to which operators in Tassie can put the packages together for them.

**Mr PECK** - Yes.

**Mr FINCH** - That takes a lot of education, doesn't it?

**Mr PECK** - Correct. That is why it is important to do the travel agents education, which the industry does. I quite often go into a travel agent and I know a lot of them very well - I ran a travel agency in Launceston, or my wife did, for 20 years.

**CHAIR** - And did it very well.

**Mr PECK** - So we were in the group of the Travelscene American Express and I got to know a lot of travel agents around Australia. When I go into a travel agent I find that you have the most junior ones selling domestic travel. When they get a bit better and a bit smarter they go up to international travel. If you have the really savvy ones selling domestic, one phone call to Tassie Tempts or whoever, you have sold it and you can make a lot of money. But the juniors are a little bit unsure about all that. They say, 'Oh yes, you are probably right' and I say, 'I know I am right.'

To come back to your question, Kerry, we need to constantly remind travel agents how to sell Tasmania. What happens is that people are told if they go down to Tassie in the winter time they will find it is pretty free - 'I won't book, I will just tell them they can do this or I will buy them an open-dated accommodation pass so they can go anywhere.' I say, 'That's fine, but you do not know when the football match is on in Launceston or

something is on in Hobart and it fills up that weekend and that is the weekend they are there so please always consider booking.' It is very important to lock it up if you are not sure what is happening locally on the ground. That education of travel agents is very important and it must continue.

**Mr FINCH** - On IT, somebody is sitting in front of a computer, Tony, and they want to discover Tasmania. What do they punch up and what do they get?

**Mr PECK** - Have you been into the Tourism Tasmania web site?

**Mr FINCH** - No, I haven't.

**Mr PECK** - It's clumsy in my opinion. It's all different things and you have different headings. I think the problem is that IT people invent it, do it and run it. A lot of airlines are the same: you go into some US airlines to book and it's clumsy, but you go into Alaska Air and it wins an award every year because it is so simple - just bang, bang. Some people do it very well and some people do it not very well.

I think we have all probably been into web sites and thought, 'Oh my God, this is clumsy, I am going all over the place.' I think we have to get smarter with our web sites and smarter on bookings because generally what happens is that if you do go into Tourism Tasmania web site you have links to Innkeepers and so on and then you will go and book in there. They also have their own web site and everyone is fighting to get their own up there. What you call your website makes all the difference on Google. If you are clever and put in a few right words you can get your web site up as number one on Google. The competition is so fierce that it is better to be in the first two or three that come up.

**Mr FINCH** - Tourism Tasmania what are they promoting? This call to action that you are talking about, would that work? Do they have a [www.TasmaniaTourism](http://www.TasmaniaTourism)?

**Mr PECK** - They have that, but they are not really selling a package. You have to go into the other areas.

They have a little call centre which is left from Tassie Temptations here in Launceston. About 12 people work in that call centre, which answers the phone on their 1300 number. But all it does is just answer your questions. If you are a customer in Sydney and want to know about Tasmania, they will just talk to you and answer the questions you ask; they can't book anything.

I guess to convert that into a booking straightaway would be difficult, because who do you give it to and what do you do? Generally the call is about information. So therefore I think we are at a stage where we need to finetune all that and sort it out because if people ring up they must be pretty keen. Somehow we have to work out a simplistic way to convert that. It is very important.

**CHAIR** - Are we educating the travel agents? What is happening there?

**Mr PECK** - I think that is a continuous job. I think we can do more work there. We do some. A lot of individual companies in Tasmania go out and talk to travel agents. It is a very time-consuming, expensive and slow job because they are also busy people. Most

of the busy travel agents want you to make appointments. We do journalist trips in - travel agents bring them into the State, which is all a part of the message that this is an important thing to do.

**Dr GOODWIN** - Tony, are you talking about the Tassie Connect booking system we have? It is supposed to be an online booking system that allows you to book your holiday in Tasmania in real time?

**Mr PECK** - 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.

The other question, 'Should we use famous Tasmanians or internationals?' - I have already mentioned that to the current minister about, say, Ricky Ponting or Marcos Ambrose. My understanding is that Marcos Ambrose has been approached but I don't know how much work they have done with him. I know he was in the State over Christmas and he brought out a TV crew from America. I think Tourism Tasmania was a bit involved in that.

**CHAIR** - They are dealing with him now; they have come to some arrangement.

**Mr PECK** - Which is good, and I am pleased to hear that. I socially mix with him every summer. He said he is happy but I guess his management people have figures and he has a short-term earning capacity in his business. I think that is important. The thing with the American market, though, is that they traditionally have only two weeks' holiday. That is why it is just Sydney, Ayres Rock, the Barrier Reef et cetera, and to get them to come further down is a pretty tough battle. The business we are getting in Tasmania generally is an enormous amount of repeat business, which is tremendous. People have been before and they are coming again and I think that is very important.

The Tourism Board was brought in several years ago; I think Ray Groom brought that in when he was Premier. I think we should have a good look at it now because it is \$500 000-plus to run it. At the end of the day the minister is responsible; if something goes wrong the Minister for Tourism is responsible. I am sure they do well but I'm not sure we are getting our money's worth. I think we should be looking at that and asking, 'Are we getting our money's worth here from the Tourism Board?' The alternative to that is - and I mentioned it to the minister - you could have some pretty passionate Tasmanians on there in an advisory capacity. At the end of the day you just want information to do what you do. Our chairman is interstate and he says, 'You get better ideas', but I don't know, I think you get passionate Tasmanians in the tourism industry who have been here a long time and know it pretty well. Maybe the board is doing a better job than I think it is, but we don't see a lot of them.

**CHAIR** - Are you able to say what the impression is in the industry about the board?

**Mr PECK** - You don't hear much about them, you don't see a lot of them. Maybe they are doing behind-the-scenes work but I believe what guidance they give - you have a whole department and no doubt they bring up suggestions to the board and the board endorses it

and the minister signs off on it - I presume that's the way it works. I think if those recommendations from Tourism Tasmania went through an advisory committee you would get the same object, but probably at a far less cost than we are doing. I think the intention was probably good at the time to bring it in but I think they've passed their use-by date now, and that is my opinion. I am thinking of the money. It is a lot of money that it costs to run that sort of establishment. That is fair and appropriate and I understand that but, if Tourism Tasmania and the minister see good value out of it, I would not go any further with that, but I think it needs to be looked at.

**Mr FINCH** - I think it's interesting that somebody with your vast experience in the industry is not cognisant with how the board is operating. I would have thought that you'd be the sort of person they would be communicating with constantly.

**Mr PECK** - You don't see a lot of them.

**CHAIR** - Do you know the composition of the board?

**Mr PECK** - No.

**CHAIR** - Do you know the number of people on it?

**Mr PECK** - I am not too sure, to be honest.

I think the winter programs are good. I think we can really market Tasmania very well over the winter. It is a pity in the past that we have not done that. I am really glad that program was out at events. I think we need to be a lot smarter with events. I think we need to look at the calendar for the whole year round and say we have a hole there and there, so let us come up with events. It is not all that difficult to create something. Around the world there are crazy events but some are very clever. A grape festival or jazz festival; St Helens does it very well and various people do things very well. You can just keep thinking of ideas - a cooking festival or a chefs' festival; you can just go on and on. We could have a beer festival. We are famous for beer in Tasmania.

**Mr FINCH** - I have a bit of a sense that Events Tasmania are supporting smaller festivals. Certainly our Batman Bridge festival is going to apply to see if there is some support and I think we got wind that somebody else was given a grant. I think it might have been the Relbia wine festival at Joe Chromy's. I think they received a bit of a grant because it was something that could develop and grow.

**CHAIR** - Tom Jones?

**Mr FINCH** - No, not the Tom Jones thing. It was a little festival where they put a band on and sampled the different wines and food from the Tamar Valley.

**CHAIR** - The other way to attract people is to encourage more conventions to be held here. How do you think we are situated in northern Tasmania as far as convention facilities are concerned?

**Mr PECK** - The Launceston Travel Information Centre has been very fairly successful in getting conventions. We just received one for next year. The convention bureau has

changed their name to something to do with events. Launceston City Council provided \$15 000 a year to run it all. They had a part-time lady here in Launceston who did two or three days a week. Since then they have made a decision to discontinue with that lady and concentrate on Hobart, and that is fine. So the Launceston City Council made a decision not to continue with that \$15 000 because we feel we could get better value doing things for our area. You can spend your money in your own backyard better than anyone else can. I do not think that decision went down too well. Anyhow, we have made that decision because we think we can do things and we have proved the point that we can.

I think the convention business is a tremendous business for Tasmania. It is very hard to get it to start, to go and talk to a convention and convince them to come to Tasmania. The beautiful thing is that if you have been involved with any convention, once they have done it, wherever they are in the State, they absolutely love it and potentially there are a lot of customers to come back again. But it is a very competitive business because they could go to all sorts of places around Australia and even overseas. Overall, Tasmania does pretty well. Up until December 2009 we went up with conventions quite considerably, which was tremendous.

**CHAIR** - What about the facilities in this area? Do we need some tailor-made?

**Mr PECK** - To put that investment in is high, so that is the juggling act you need to do. The Grand Central has a nice big area there now, they built that lovely big room, and they can handle so many small conventions. You need to target what conventions you can handle. The Albert Hall is good for the service club or the big Apex or something where they want the basics and they do not want to pay a lot of money, but if you have 500 bankers they would want a lot more equipment and it would not be suitable. You need to target the ones you can attract and what you can look after. I know the ones in the north absolutely rave about it, which is a plus for us, therefore that is a very good market, a tough and competitive market, but one we must chase all the time.

**Mr FINCH** - Federal Hotels do that, don't they?

**Mr PECK** - Very much so. I think Tasmania is very fortunate to have Federal doing what they do in that promotion. The guy who used to run Tassie Temptations, Len Cuff, now heads up Federal's marketing and call centre. In my opinion they could not have a better guy. They have a real switched-on guy who understands the industry. That is good for Tasmania because Federal, with their Pure Tasmania brand, are very successful and that is important. They have a bit of grunt behind them; with all their gambling activities they have some money on the promotion side, where a lot of other people probably do not have those funds. Len is very conscious of what it is all about and I think Federal does a great job.

**Dr GOODWIN** - Are there any accommodation capacity issues at particular times of the year up north? I know there are in the south.

**Mr PECK** - You will always have the peaks. When I was younger I drove camping tours in Europe for four years. We always used to do a little trip to Paris at Easter and it was always full, so you will always have those peaks and to level them out is very frustrating and difficult. An example is the AFL football in Launceston when just about everything

is booked out, which is tremendous because it is winter time. You could not get a better time for that to happen - in the off season. I was in the lift one day going up to one of the luncheons and I was speaking to a couple. They were from Adelaide and had come to the football and were staying on for seven days. That is fantastic and that is what it does. A lot of people do that. The economic value of a football game to Tasmania and particularly Launceston, and other games in other parts of the State, is so important and it is very important to keep it.

The debate is about whether we have our own team or not, but we should stick with what we have and what we do well because it is so important to the area. The airlines are just starting to realise it too because there is a problem with getting people in. Last time they put an extra airplane on. The *Spirits* are very important but we need to talk to the airlines too. I know we do talk to them but we need to encourage them for all the things they do for us.

**CHAIR** - Encourage them to do what?

**Mr PECK** - Well, just face-to-face talking because more than 80 per cent of our visitors still fly in and the rest come by the *Spirits*. They are all very important. I know Tourism Tasmania talks to airlines and offers them incentives to do things and what have you, and the Launceston Airport does the same thing. It does try to help the marketing of airlines but it is also a very competitive business. Going back about two years ago, Qantas almost forgot about Tasmania but they have now consolidated. They realise they are starting to make a bit of money out of Launceston, and probably Hobart too. An ad from four years ago said, 'Massive Sale Ends January 2006 - Adelaide, Sydney, Canberra, Brisbane, Cairns, Perth' but it does not mention Tasmania. I pointed that out to the minister. I was really worried about that. I went and saw Paula Wriedt. I showed her that ad. I thought, 'Dear oh dear, are we talking to them? We have to get Hobart and Launceston in there'. That was very important. Then you have the Escape booklet. We have the editorials in the paper here which is great, fantastic, but the ad underneath it is Hamilton Island.

*Laughter.*

**Mr PECK** - We have to do better than this.

**Mr FINCH** - Call to action.

**Mr PECK** - I get frustrated with it. There is one of the *Spirit*. Great, at least the *Spirit* did put an ad in there.

**CHAIR** - You have a good filing system there.

*Laughter.*

**Mr PECK** - But the airline has Hobart and then Gold Coast. So they will do it. I am sure that we are talking to them but we have to talk to them harder.

**Mr FINCH** - And not take them for granted, is that it?

**Mr PECK** - Here is Virgin, these are fairly old ads but I keep them, and at least they have in 'around Australia' Launceston and Hobart, which is fantastic. If I were the minister I would write a letter and congratulate them for doing it. We have to work with them.

**Mr FINCH** - Public relations.

**Mr PECK** - Yes. The Launceston Information and Travel Centre opened at Launceston Airport only a few months ago. The Launceston City Council is a 10 per cent holder in the airport. When it originally took it over some 10 years Australian Pacific Corporation came to council and asked, 'Would you consider being a 10 per cent holder? We want the community to be involved in our airport'. The council made a pretty wise decision and invested \$1 million in the airport. Since then we have got about \$3 million back and it has been the best investment that we have ever made. We have a tremendous return on our money but they like to link in. On behalf of the council I sit on the airport board and hear about all the things that happen there so that they can get the community input which is very important. They are all the time talking to the airlines because they are concerned that if business drops off they will take a flight off, and they help them with marketing but they have to generate enough money to pay for the airport et cetera too.

Therefore there are opportunities with what they do. We are working all over but I think that it is important that the airlines bring in that high 80 percent of our passengers and we need to really be in their pocket.

**Mr FINCH** - The airlines' noses are a bit out of joint about the increase that they were going to make with the passengers coming into Tasmania. How did you view that, Tony?

**Mr PECK** - In price?

**Mr FINCH** - No, that the airport wanted from the numbers coming into the airports in Tasmania, both Hobart and Launceston.

**Mr PECK** - Hobart was a bit cheeky with their suggestion. I think that was trying on because -

**Mr FINCH** - Up to \$12, wasn't it?

**Mr PECK** - I think Launceston was about \$1.20 or something. I guess from a simplistic point of view Hobart Airport was bought for a lot of money and I think that now they are having problems in budgeting and doing things and this is what they are doing. I think Jetstar made the comment that they just would not fly to Hobart. I think that is trying it on. That is pretty dangerous tactics just to try them on. How much are you going to increase it? We went up just a fraction to help to pay for the new terminal, which all has to be passed own the line. I think that we are up to about \$1.40 per passenger.

**Mr FINCH** - I thought it might have been higher than that.

**Mr PECK** - We would not go much higher. We would be battling to get much more. We do that in conjunction with the airlines, we talk to them and get an agreement and what have you.

**Mr FINCH** - You think that it is about \$1.40 per passenger across the airlines?

**Mr PECK** - The old system used to be tonnage and all that, how much the airplane weighed and landing charges. That has all been wiped; it is just per passenger. That is even. If you have a full airplane, you have the money in the bickie tin; if you have a half full airplane, you have that money in the bickie tin. They wiped all the landing charges and all those charges and now charge per passenger. It is a user-pay system, in other words.

**Mr FINCH** - I would like to get your opinion, Tony, because I think you are strategically placed being on the Launceston City Council and having a vested interest in tourism here and being a good observer of what goes on. Can you give us your opinion of how you feel about this issue of the visual impact on the Tamar River? Dennis Radden from Tamar River Cruises has contacted me in respect of his concern about the impact on his business of the silt build-up in the Tamar. You hear a lot of people saying that it is a natural way that it is going to go, that it's returning to nature, but it's not because we have changed the course of the river; it is unnatural. Have you sensed any impact on tourism opinion of what is going on in Launceston? Do you think we are less visually interesting because we have mud rather than a nice surface of water?

**Mr PECK** - I think as the mud builds up it impacts on that business, which is very important. If you go around the world to a lot of rivers, a lot of rivers are a bit like the Tamar with the mud. You are right, we need to get a system in. You do not get a lot of comment, but you are getting some comment, 'What are you going to do with your river?' It does affect Seaport and other businesses but, as a layperson observing it all, it is no question that they need to do the dredging so all that can continue. When the original levees were put in the Launceston City Council got a small amount of money to do the maintenance there and then the State put in some money to do the dredging. We put in a fair bit of money to do the dredging and West Tamar put in a very small amount.

It is now coming to a point where the bigger picture has to be looked at. This is a fairly big exercise to fix, and I think we all appreciate that. It is right there and it is our front door. Probably 50 years ago it was the back door; you would throw everything in the river. Now it is the front fence; everyone wants a river view. But at the end of the day we are not the legal identity for the river. If you want to do anything on the river, you don't go to the Launceston City Council, you go to the State agencies. If you want to start up a business or do anything, it is a State-controlled environment. A few months ago the council made a decision to say to the State, 'Mr State Government, we don't own the river. We're all there caring and doing but we don't have the financial resources to fix this issue about dredging'. It is in the lapse now and I think the State is considering its options. If they are the legal owners of the river, they don't have a lot of options. It all comes down to money and I guess that is the budgetary concern. If the money is not there, I don't know what we are going to do.

**CHAIR** - Thank you very much for that. Do you have any concluding comments?

**Mr PECK** - I think this is a great idea. I hope the State looks at your recommendations seriously, whatever they are. They will have budgetary constraints on them to implement them but I think they can do a lot of things with not a lot of money. I think we can be smarter and cleverer with what we do. It starts all the momentum and that is very important. Thank you for having me.

**CHAIR** - Thank you very much. We appreciate your views and your enthusiasm.

**THE WITNESS WITHDREW.**

**Mr MICHAEL CULLEN**, FINANCE AND COMMERCIAL MANAGER, LAUNCESTON AIRPORT, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**CHAIR** - Thank you for the submission that we have received. You have a transcript of the evidence so you might like to refer to some particular passages of that.

**Mr CULLEN** - Certainly, yes. You would probably like to also note that I am here today appearing on behalf of Pamela Graham, the General Manager of Launceston Airport, so if there are certain aspects of her submission that you might require further clarification on, I might ask that I take some of those questions on notice.

**CHAIR** - Yes.

**Mr CULLEN** - Certainly I work very closely with Pamela in terms of business development and engage with her and a range of tourism stakeholders so I hope I have the experience and knowledge to answer some of the questions.

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.

**Mr FINCH** - The local what did you say?

**Mr CULLEN** - It is called the low-cost carrier revolution - that is what we call it internally. 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 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.

With that it has also created some competitive issues in terms of how we can continue to grow our business because we are now not only competing with domestic ports - so everyone else in Australia - but also international ones. These carriers have created subsidiaries that fly to New Zealand and South East Asia and while the airfares specifically aren't comparable, the overall total package is very comparable when you talk about Vietnam for example. You can fly to Vietnam, you can have cheap accommodation and cheap services et cetera, so I guess that total package gets

considered now against the Tasmanian package. So now we have to compete not only, as I said, domestically but also internationally to maintain services and competitiveness.

**Mr FINCH** - When you say 'compete', do you mean as an airport or do you need to help the airlines compete in a price sense?

**Mr CULLEN** - It is two-pronged I guess. One aspect is that we need to compete aggressively with the airlines to maintain our services and to attract and grow new services. In a second sense, I guess, I am talking from a wider tourism aspect but it is more challenging now for Tasmania because there is the availability of those international products out there which are a lot more accessible than they were, say, four or five years ago. Australian dollar performance et cetera has improved that as well. There are two aspects.

One of the aspects in terms of competing more aggressively for services is that low-cost carriers are very much focused on pricing, on yields, on making sure that the services are performing to their set financial standards. So that creates a significant problem - perhaps not a problem, but a lot of sensitivities or reviews about certain profitability. Tasmania being the nature that it is, we have probably three months of the year where seasonality does result in some services going down in terms of both loads on the services -

**CHAIR** - Not physically, I hope?

**Mr CULLEN** - No.

*Laughter.*

**Mr CULLEN** - I hope they remain up in the air!

Their load factors reduce which means they need to price differently and it generally means that a lot of work needs to be done in terms of attracting people into the State during the winter period. That is definitely challenging.

We are also facing competition in terms of price points. Other State tourism authorities, such as Queensland, South Australia and Victoria, who have probably large investment funds, can go out there and support the airports when they are meeting with the airlines and say, 'If you are going to bring on this service we can give you, say, \$100 000'. That might result in an extra daily service between the Gold Coast and Melbourne, for example. If we extrapolate that down to a Launceston example, if we could have that type of support or funding, it would probably translate into say extra direct services that we do not have at the moment from airports in places such as Perth and Adelaide into Launceston and that may result in, say, 30 000 extra visitors at \$1 500 to \$2 000 per person. That is a \$45 million to \$60 million injection into the economy. 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.

**Mr GAFFNEY** - I am interested, from a State perspective, does the board of the Launceston Airport speak with the Hobart, Devonport and Burnie airport boards about a State understanding about who attracts and how you can help each other?

**Mr CULLEN** - Yes. We engage with Tourism Tasmania as a team perspective, I suppose. A good example is that we recently went to the largest airport-airline gathering in the Asia region. It was held in Adelaide. It is a concept called Roots Asia. So representatives from Hobart Airport, from Launceston Airport and Tourism Tasmania went as a group and basically talked about our key priorities and what we need to talk about to the airlines. We had those discussions and those meetings. So we certainly have a coordinated effort but, at the same time, we have to recognise that we have different shareholdings, so we have different sensitivities in terms of our commerciality. Certain pricing agreements would be different in Hobart than they are in Launceston.

**Mr GAFFNEY** - Thanks for that.

**Mr CULLEN** - Yes, competition is probably one of the biggest things we face and accordingly we believe it is justified that in Tourism Tasmania - and they do a fantastic job and we have a really strong, positive working relationship with them - there should be a role of a dedicated aviation policy adviser who can provide some strategic assistance in terms of looking at those overall economic contributions that air services play in the economy. But that adviser should also be working with the airports plus other stakeholders - the Launceston Chamber of Commerce and the Launceston City Council, for example, in a Launceston context - where they can bring together an overall package, if you like, as to how we can pitch for more services to come into and out of Launceston and Tasmania. So we certainly think that is an important aspect as well.

Also, if you are looking at opportunities, we see that international opportunities are certainly out there in terms of accessing the Chinese and Malaysian markets. I think, Pamela raised that point in her submission. I think, though, that it is worth noting that we need to do some significant product development before that market will continue to grow. If you look at it, you will see that the market share of Chinese and Malaysian visitors who come into Tasmania sits between 1.5 per cent and 2 per cent of the Australian total, which is probably a reflection that the Chinese visitor is probably someone who needs an organised tour with a Chinese-speaking guide or something like that. But I think it is really important that we do some development work there with those markets market in the Asian region because what we are seeing at the Melbourne Airport, which is our sister company, is that the Chinese passenger is now basically up there with the UK and New Zealand visitors who have always been, historically, far above anybody else. So, at Melbourne Airport, for example, they are implementing some Chinese way finding which helps them guide themselves through the airport. So it is, I guess, recognising that those markets will require further investment in the next five to 10 years as that market continues to mature and, again, that may be a reflection that Tourism Tasmania funding needs to reflect that growth potential in those markets.

**CHAIR** - So for several years - and it may still be the case, but I think not - there were direct flights from Singapore to Hobart. Perhaps Singaporeans would come into Hobart and then fly out of Launceston and would be able to fly in reverse. Is that still happening?

**Mr CULLEN** - International services are currently do not operate into Tasmania. So there is not a direct service that comes into Tasmania. Launceston Airport is not an international airport, so they cannot accept international services, but Hobart Airport is. What we find, rather than having direct services, we acknowledge to the airlines that we have fantastic airports in Melbourne, Sydney, Brisbane and, to a degree, Adelaide as well and what we really need to focus on is making sure that someone in Malaysia can see that they can book a service from Malaysia all the way through to Launceston, rather than having those direct services. So it is about visibility with international connections rather than having those international connections coming into Tasmania. The indication on the passenger numbers or visitation numbers that we have is that there is not sufficient demand for direct services at the moment for international flights.

**Dr GOODWIN** - You mentioned the need for an aviation policy adviser but in the evidence that Tourism Tasmania gave to this committee last year they mentioned that they had secured the services of an aviation specialist. Is there a distinction between what that person does and your role?

**Mr CULLEN** - We work with Garry Saunders, who is appointed as an aviation consultant. His role is primarily to look at the statistics and numbers side of things rather than policy and strategic development. I would like to make that distinction that it's more under a policy framework and also that bringing-togetherness of the discussions, meetings or interactions that we would have with our airlines and airlines partners, so it is the coming together in that person, almost like a project manager-type role.

**Mr FINCH** - Michael, for your company or operation - and we are talking about international flights - it might be more advantageous to bring them through Melbourne airport anyway and then we get the opportunity to perhaps be an add-on.

**Mr CULLEN** - Absolutely, without a doubt that is the case and that is what we have always pitched, that Melbourne is the gateway to Tasmania because it is a 45-minute flight away. There is significant investment that needs to be made into making an airport an international airport and there are certain rules and regulations in terms of runway lengths, terminal facilities, Federal customs and immigration et cetera, so we have never pursued that and probably in our future we never will because of the close proximity to Melbourne Airport. I don't know how many international service connections they have per day but when you think of anywhere in the world you could probably fly there through or from Melbourne Airport, so we just promote those links into and out of Tasmania from Melbourne.

**Mr PARKINSON** - You mentioned the Chinese. From your perspective what is being done and what can be done to encourage the Chinese to come to Tasmania?

**Mr CULLEN** - I am not sure exactly what is being done on the promotional side of things. The experiences I draw on are the meetings we had in Adelaide with the Chinese carriers - Air China, China Southern, for example. It was their first introduction to Tasmania so I think there is not a lot of information out there at the moment about Tasmania. Tasmania is probably seen as something separate to Australia to a degree from the Chinese market. I think first and foremost that promotion and marketing work needs to go into the Chinese market and for them to start understanding what we know. At the moment they are really exploring Sydney Harbour Bridge, the Great Barrier Reef, the icons of

Australia, before they make their way down to Tasmania. I think the second thing that needs to happen in the Tasmanian market is product development. As I said, there need to be organised tours and Chinese-speaking interpreters or tour guides. At the moment the Chinese market isn't at the stage where they could probably do that. There is certainly an element of the Chinese market that can do it by themselves but I think the language barriers are too great at the moment for them to be doing a lot of the self-organised tours.

**Mr PARKINSON** - It would be a pretty good market, wouldn't it?

**Mr CULLEN** - Absolutely, and that is what is being realised at the moment in Melbourne. As they grow in terms of their economy and as their middle class continues to expand, there is a significant market that can be tapped into.

**CHAIR** - There are quite a few Chinese students at our tertiary institutions and schools and if their families could be encouraged to come down it would be quite a boost.

**Mr CULLEN** - Yes. I understand they are the figures we see in the Chinese visitation on some of their Asian visitations - those non-traditional markets I guess you'd call them - that they are coming down to visit the students in the universities here as well.

**CHAIR** - And for their graduation ceremonies.

**Mr CULLEN** - Yes, that is very important.

**Mr FINCH** - How many visitors are coming to Australia from China? I missed that before.

**Mr CULLEN** - I am not sure what the total figure is. In terms of what comes through Tasmania, I think it is around 5 000 so it is certainly not significant. The total figure into Australia I'm not 100 per cent sure about.

**CHAIR** - Is that Chinese only?

**Mr CULLEN** - Yes, that's right. International visitation sits at about 130 000 per annum into Tasmania.

**Mr PARKINSON** - Do we know much about the sorts of things the Chinese are interested in so far as tourism is concerned? For example, I don't assume they would go and look at the steelworks in Wollongong. I imagine they would be interested in nature.

**Mr CULLEN** - Absolutely.

**CHAIR** - They could be interested in buying it.

*Laughter.*

**Mr CULLEN** - That is very true. The feedback I can draw from here is again from the Chinese carriers that a lot of the Chinese are living in very built-up suburbs and cities and the green side has a strong appeal. Certainly Tasmania has a lot to offer the Chinese

visitor because that is what they are after. They are after the green, the trees, the water et cetera.

**Mr PARKINSON** - Nature.

**Mr CULLEN** - Exactly.

**Mr GAFFNEY** - What are the threats on the horizon to the Launceston Airport or industry that you most aware of or things that you can see?

**Mr CULLEN** - I think probably one of the most important things to note is that we operate in a pretty aggressive, competitive landscape. In Tasmania we have four airports and three within very close proximity of each other. I think that that does pose some challenges at times. If you look at other States there are certainly not those competitive pressures given the size of our markets so I think that that certainly provides some challenge. To a degree I believe we are over the worst of the global financial crisis in terms of what effect that had on the airlines and what effect that had on our seating capacity. Certainly during the initial phase or the middle phase of the GFC we did see some seat reductions into Tasmania, more so focused from Hobart Airport but there certainly was some loss of seats into Launceston so again that creates a twofold issue, one is in tourism in that there are fewer cheap seats for tourists to come into Tasmania but also there is the reverse effect that locals as well are limited in their travel options and they might not be able to do business on a certain date because a certain flight time has been moved and they might not be able to get back from Melbourne until 9 p.m. which is really unsuitable so there is a twofold affect there, I guess.

In terms of looking forward, though, I think that certainly, as I said, the GFC from the airlines' perspective is probably behind us or to the best degree is behind us. We have received some indication that there is a number of aircraft coming into the Australian market from the major carriers, being Jetstar and Virgin Blue, and that hopefully Tasmania should be benefiting from some of those services but again it is almost like putting out a business case to pitch for those extra flights and those extra services so again that reinforces that we need a strong, committed team effort and certainly incentives and enough subsidies that we can offer these airlines. The airports certainly go in and offer incentives and subsidies but, as I said previously, we believe it is probably not necessarily just the airports' role to play in attracting those services.

**Mr GAFFNEY** - Following on from that, it is interesting now when I buy a ticket that the actual flight seems to be cheap but there are all the extra fees and taxes. How does that work?

**Mr CULLEN** - A lot of airlines price on the basis that they are required to show an all-inclusive fare but then they have add-ons. So you will see when you buy your ticket that it is the ticket price plus taxes. They call them airport charges or airport levies, if you like, and that is just them recovering the commercial arrangements that we have in place for them using the airport facilities. Add-ons, again, are a company-by-company decision. Airlines like Qantas, for example, will show an all-inclusive price and will not have any add-ons or any fees. But then an operator like Tiger Airways will have the base fare. If you want luggage, it is an extra \$10; if you want pay with your credit card, it is an extra \$4; and if you want to select a seat, it is an extra \$10 et cetera.

So there are not necessarily any rules and policies out there in relation to that but it varies from airline to airline based on their commercial or financial models, I suppose.

**Mr PARKINSON** - Do you find yourself competing with other airlines? You mentioned competing with the airline services. I take that to mean that you are competing with your charges for services. Does that mean you are trying to keep them in Launceston below what your sister company charges in Melbourne or what another company charges in Sydney? Can you tell me a bit more about that?

**Mr CULLEN** - Yes, absolutely.

**Mr PARKINSON** - I remember Jetstar, for example, threatening recently not to come to Launceston over something but I have forgotten what it was.

**Mr CULLEN** - It was Hobart Airport; they are currently going through negotiation with their airport pricing. Certainly pricing is a component of the competitiveness but also airlines are looking at those things outside of the pricing. So it is marketing incentives, it is initiatives and things like that. Generally in those bigger markets they will build the airport price into their overall pricing scheme. The extra costs, for example, for operating from Melbourne or Sydney are usually incorporated into the ticket price so it is not as important. We are pitching more against airports of a similar nature - Sunshine Coast, Newcastle, Townsville et cetera. They are probably similarly priced airports but the difference is that they probably have more from their tourism authorities thrown in to attract people. They recognise the economic benefit so it is more focussed on that side of things. But certainly price is an important point of consideration.

**Mr FINCH** - I have never flown with Tiger and they seem not to have an operation as stabilised as Virgin and Jetstar. Can you advise the committee of their operation into Launceston airport?

**Mr CULLEN** - Tiger Airways is probably the epitome of what a low-cost carrier means. It means keeping airfares to the consumer very low but it also means keeping their operational costs low so they can offer those low prices. Rather than having, for example, full-time staff like Virgin at the airport to process check-ins, they will have a contractor who comes in and operates their airport services. They are all about ancillary revenues as well, so if you want a really low airfare then you can pay for that, but if you want all these extras then you can pay for those as well. They have similar operating requirements in terms of check-in times as other low-cost carriers and they essentially operate a consistent fleet of A380s throughout the Australian market. It is very similar in nature to any other low-cost carrier. Probably where they have a bit of negative public image is through concerns from consumers about their follow-up of feedback from issues that have been raised.

**Mr FINCH** - What about their late times?

**Mr CULLEN** - Exactly, cancellation of services and amendments to tickets - things like that. We have received information that it is sometimes difficult to contact the airline. I believe they are undertaking improvements to fix that problem but it is all to do with the

size of the call centre, and that comes back to a cost factor. For them to keep prices low they need to keep their costs as low as possible. If you pay a low price, don't expect premium products. That is the key message.

**Mr FINCH** - What are their numbers like, Michael?

**Mr CULLEN** - They perform relatively well because the price is very low. If you do get there two hours before you are meant to check in and you go through the process and procedures that they have in place then certainly it is the same as operating on any aircraft, which means you need to invest a bit more of your time to, in turn, pay less for the service. They are performing relatively well into Launceston and I believe they are performing relatively well in the Tasmanian market. They also have some extra services between Hobart and Adelaide. We obviously do not have those direct services so I believe that they generally are happy with the Tasmanian market.

The other point in stimulating tourism into Tasmania is events marketing. What we see through sponsorship of AFL matches in Launceston, and V8 Supercars at Symmons Plains, is always a very large increase in our passenger movements. To a degree we also see that when we have large national conferences. Last year Rotary came into Launceston airport with a thousand delegates. That is another area where tourism can be boosted in Tasmania, certainly promoting to the larger markets through supporting those national events. Melbourne is an example of doing it very well. They have some big, iconic events in Melbourne. We are not in a position to have the right product mix to pitch for some of those events but there are a number of events out there which could be held in Launceston, Hobart or anywhere in the State. That is certainly an opportunity for us to focus on - the convention market as well.

**Mr GAFFNEY** - On the events calendar, take for example the World Masters Games in Sydney last year. There was a huge number of people. Do the airports here think about doing any marketing? There did not seem to be much follow-through or any effort from Tourism Tasmania to capture any of the people who wanted to stay for another couple of weeks and have a look around.

**Mr CULLEN** - That's right, yes. When there is a large event, usually the operator will come to the airport and say the event is on, and in line with other commercial agreements there is a range of marketing initiatives we can engage with. I guess the airport generally sits to the side in terms of promoting those events. Probably the strategic focus of Tourism Tasmania or the zone marketing areas should be focusing on those more so than the airport. We take that view because we incentivise heavily with the airlines to fly into the State, so the investment is being made from attracting that service first and foremost, and then the subsidiary job of these tourism operators is to be undertaking those marketing initiatives. There are probably some benefits in our doing that but again it is just a matter of the financial models and allocating our scarce resources to derive the greatest benefit.

**Mr GAFFNEY** - One last question. I come from the north-west coast area. Devonport Airport charges \$1 for as long as you want to park your car there. I have often heard people from Devonport who travel complain that the cost of the Launceston Airport parking is quite high. How do you set and manage those charges? How does that work? I know you have other companies that use that; how does that work through the airport?

**Mr CULLEN-** Our car park charges are reviewed and scrutinised against CBD rates, for example, other airports such as Hobart Airport but also looking outside Tasmania. We certainly always look at our charges and try to keep a benchmark. Certainly some of those travellers tend to be longer staying travellers - it might be two or three weeks - so we have longer term parking or, if they are a more frequent traveller, we have some other products in place which we can offer them and which provide a cheaper pricing point.

I think the key point to make is that the airport made a more than \$20 million investment in building the terminal facility which is now completed and opened and certainly part of that financial model for us to justify putting that \$20 million in was ensuring that we could achieve revenue from all sources of the airport, not just the airfield. We do try to keep our air charges low to the airlines so that we can continue to attract them. It is not necessarily just the aeronautical revenue that can pay for that facility, but others sources that need to as well. But again we do always benchmark against other ports and against off-airport prices, such as CBD council-operated parking facilities and we consider the effect of taxis and make sure that the majority of people can still come to the airport, park their car for the average length of stay and return for less than it would them to get into a taxi and do that same thing.

**Mr GAFFNEY -** How do you work out your charges for the rental companies, how does that work?

**Mr CULLEN-** Again, that is benchmarked based on looking at where the market is sitting. We analyse a lot of other Australian airports and where their rental fees sit and we find that we are the consistently the lowest priced airport in Australia. Looking at those similar sized or similar operational type airports in Newcastle, Sunshine Coast, Townsville and Avalon, we always consistently make sure that we are at the lower end of the market.

Again, there are always commercial factors that will influence what that price is going to be, but we recognise the strategic importance that Launceston should play in terms of the fly-drive market. In turn, if we can keep our prices lower that will probably continue to attract and stimulate more growth in the car rental business than it would if we can price ourselves a little better than we can at Hobart Airport.

**Mr GAFFNEY -** This may be one of those questions that you may not be able to answer.

**Mr CULLEN-** I will try.

**Mr GAFFNEY -** I am wondering whether, over the last decade, there have been any significant increases in the car parking because of the upgrade or the rental cars and how do you handle that?

**Mr CULLEN-** In terms of car parking are you looking at revenue or car numbers?

**Mr GAFFNEY -** Perhaps both of those. I hear what you say about trying to keep it at the low end of the market and I am thinking well, 'Hello, Sydney Airport, it is going to be reflected in the low end of the market.'

**Mr CULLEN**- Absolutely, yes.

**Mr GAFFNEY** - So I just wondering what would be the increases over the last decade of those service charges to -

**Mr CULLEN** - The service charges for the past 12 years have remained, I believe, unchanged for car rental organisations in terms that there are components of fees. There have been increases over that period of time, but what they quantify in terms of our total revenue percentage, I could not tell you. Certainly our revenue has increased over time because we have had the passenger increase over the past 10 years. I think it has been more so from passenger growth that we have received our revenue uplifts rather than price changes in terms of car rentals. In terms of car park pricing, similar to McDonalds who increase their burger prices, we look at our car parking prices each 12 months and we review them relative to where the market sits. In terms of revenue growth, again, yes, there has been revenue growth but that has been in line and consistent with the growing passenger figures as well.

**Mr GAFFNEY** - Thank you very much.

**Mr PARKINSON** - What is the company name?

**Mr CULLEN** - The company name is Australia Pacific Airports Corporation. The local organisation is the Australia Pacific Airports Launceston and that is 90 per cent owned by Australia Pacific Airports Corporation and 10 per cent owned by the Launceston City Council.

**Mr PARKINSON** - Who owns Australia Pacific Airports Corporation?

**Mr CULLEN** - There are three shareholders. The major shareholder is AMP.

**Mr PARKINSON** - What other airports around the world does that company own?

**Mr CULLEN** - I do not believe it has ownership interests outside Australia. There are some ownership interests or commonality in our shareholdings with other Australian ports. So another component is Deutsche Bank, Hastings and they have some ownership in some Queensland ports as well. But I am not certain of what international ownership they might have.

**Mr PARKINSON** - That is interesting because I was at Gatwick Airport just outside of London a number of years ago now, and we were given a talk by the owners of Gatwick and at the time they said they owned, I think, an airport in Melbourne and one in Launceston.

**Mr CULLEN** - Yes. Formerly BAA, the British Airports Authority, had an ownership link into taking on risk when the airports were privatising in 1998. They certainly had some investment in the airports and took on some risk at that stage. They now do not have a shareholding in the organisation. They sold that shareholding, I believe, around two or three years ago and AMP took up the rights to take over those extra shareholdings.

**Mr PARKINSON** - Thanks for updating me on that.

**Dr GOODWIN** - I am not from this area, I am from Hobart and I have not been to Launceston Airport for some years. I am not really all that familiar with your expansion so it would be interesting to have a bit of an overview. Another question I had is in relation to air bridges. You do not have any air bridges?

**Mr CULLEN** - That is right.

**Dr GOODWIN** - Do you get many complaints about that from tourists? I think it is great to fly into Hobart Airport and to get off and smell the fresh air but in the middle of winter I imagine it would possibly cause some people some grief.

**Mr CULLEN** - Sure. I can overview the airport expansion. We are certainly very proud of the work that we have done; we think it reflects the modern and contemporary airport and it reflects the environment in which we operate. But the biggest achievement from a passenger's point of view is that we have what is a common user terminal. So you check in, basically, at one side of the airport along with all the other carriers. You arrive at one single location and you collect your bag at one single location. So it has removed the duplication that was previously in place with having Virgin Blue and Tiger operating from one side and Qantas from the other - one arrivals and departures over here and then a different arrivals and departures over there. So it has certainly removed that. We have also invested significantly in electronic and sophisticated infrastructure. So we have significantly advanced our fire evacuation system and we have a new fire management plan in place. We have significant expansion of our CCTV coverage, the expansion of hearing augmentation and other disability requirements. We also have put through there flight information display screens which, again, help passengers understand where the flight movements are and if there are any delays et cetera. But also we provide the full range of new retail facilities. A big thing for the local community was probably baggage carousels as well. It is a modernisation overall of the airport and we now have two levels as well. So we have a joint retail/check-in/arrivals area and then downstairs we have expanded gate lounges. So it provides more space and more facilities for the passengers.

In relation to the aero bridges, make no mistake, we are certainly a low-cost airport still and aero bridges result in increased operating costs. Unfortunately, the size and location of the airport terminal also prevents aerobridges from ever being installed because there are certain limitations on how far out they can go in terms of the movement that aircraft need and are allowed under Federal requirements. I am not an expert on that - Pamela is probably the better person to talk to you about that - but I understand that is the limitation. The limiting factor is that these guidelines or limitations do not provide or allow for aero bridges. But a second prong is that we are a low-cost port and similar to other ports like Hobart and the Gold Coast, we have to be consistent with that message. Feedback from tourism or visitors into Tasmania: we haven't provided anything specific or received anything specific in relation to that. I'm sure there probably is some talk about it, especially the Sydneysiders or Melburnians who are used to that privilege, but we certainly haven't received anything to that effect.

**Dr GOODWIN** - It might be part of the charm.

**Mr CULLEN** - Absolutely.

**Mr FINCH** - Thanks very much for your evidence today. It has prompted a lot of queries about the airport operation, which is really not in the terms of reference. As to community relations, we have talked about the car parking there but if somebody had an issue with the operations of the airport then do you have somebody whom people go to, a community relations body or an advisory body on issues concerning the airport?

**Mr CULLEN** - Yes. We have an open-door policy in relation to a lot of those issues. If something is raised we'll address it appropriately and if someone does come to us with an issue then we'll deal with it. In terms of car parking, we have operations officers on site 24 hours a day, seven days a week if anyone ever has a question. It might not be resolved in the initial case, but there is a mechanism there for people to provide feedback to someone, a staff member rather than a telephone or an automated recording system. So there is a first response and then a level internally as to how we deal with those situations or scenarios.

**Mr FINCH** - What sort of marketing budget do you have and how do you use that in conjunction with Tourism Tasmania?

**Mr CULLEN** - Our marketing budget is very small. In terms of percentage of revenue, it probably wouldn't even reach 1 per cent - that's how small it is. That being said, during the early stage of the low-cost carrier revolution, as we like to call it, where Virgin Blue and Jetstar were really taking off and their passenger numbers were increasing, as a percentage of revenue it was slightly higher because we were paying out more in terms of incentives. What we try to do - and probably the past 12 months have been a good example - is come together with Tourism Tasmania and seek to say, 'Okay, this is what we want. This is the service we want to get. We can contribute this amount' and then Tourism Tasmania can offer a dollar-for-dollar marketing campaign up to, say, \$100 000. We basically come in and pool our resources to a degree but it is that extra understanding about what those funds can be used for which is probably the biggest limiting factor at the moment with Tourism Tasmania. Some other regional councils or tourism authorities are able to be a bit more adventurous with those funds, so it can meet different models. For example, Tiger Airways would want different incentives to what Qantas might like to see. They might like their money invested more heavily in marketing whereas Tiger Airways probably want \$100 000 to make the service fly - pardon the pun. We come together but I think there are still limitations on what we can achieve at the moment.

**Mr FINCH** - In comparison to other airports, do you have any knowledge of what they invest in their marketing business plan?

**Mr CULLEN** - They probably invest similar amounts. Possibly some international airports might invest a little bit more because of the nature of international charges but generally incentives Australia-wide are pretty similar airport to airport. There are obviously some airports that have different ownership models that have different incentive arrangements in place, so they might be able to be a little more aggressive. In the Tasmanian context there is a very similar playing field to what, say, Hobart airport would do. Burnie and Devonport airports may have incentive arrangements in place, but they may not as well. It is probably part of the different pricing agreement that they come to with those carriers.

**Mr FINCH** - Working with Tourism Tasmania, is that part of your area of operation?

**Mr CULLEN** - It is, yes.

**Mr FINCH** - How do you find it?

**Mr CULLEN** - Absolutely fantastic, very proactive. Despite my harping on about needing this extra resource, they have been able to manage to a degree with their existing resources. That has meant that the staff of Tourism Tasmania have been jumping from what their key or core responsibilities are across to some of these things that I have been screaming out about. They have been very flexible, willing to meet with us and other airlines. They have been very proactive in organising and assisting in those meetings as well.

We have a very strong relationship with Tourism Tasmania. It is an observation the airport makes that there probably is a requirement to have someone in that core role whom we can rely on day in, day out, if we need to have a meeting with any of the carriers straightaway. But certainly they have managed well with their limited resources to date in that field.

**CHAIR** - How does the level of your landing fees in Launceston compare with Melbourne? Are they the same?

**Mr CULLEN** - I am not sure what Melbourne Airport's charges are but we would certainly be a lot less. Generally airport fees take into account a number of considerations: all the airfield maintenance works and probably some component of terminal works, so there is more complex infrastructure. The runways in Melbourne are a lot more complex and have different lighting systems. For example, they have a higher category lighting system which allows aircraft to land in different situations from Launceston. That then means different operating costs, which means they have to recover those costs differently et cetera. I am not sure what they are benchmarked at, but we certainly are lower than Melbourne Airport and I assume our fees would be lower than international airports,

**CHAIR** - What fees do you charge taxis?

**Mr CULLEN** - Currently it is \$2 per taxi for a pick-up only, not for a drop-off at the airport. That fee is primarily in place to ensure there is some form of level playing field with those operations. I think it was supported originally in 2005 by the taxi commission in order to provide some form of regulation for the operations at airports. Compared to other airports we are again at the low end. Brisbane airport has just moved to \$3 and I think Hobart Airport is at \$2.50-\$2.80. That is something we were not necessarily looking at. The infrastructure that we are required to provide for them is the justification of the \$2 charge.

**CHAIR** - What fees do you charge for hire cars and on what basis?

**Mr CULLEN** - It varies from operator to operator and essentially it is the recovery of a licence fee. If you hire a car from an airport, when you get your quote online or where you go to your travel agent, you will get a quote and it will set out what the components are of those charges. What they recover from you varies from operator to operator. We

obviously have commercial arrangements in place with those. It is a company-by-company decision as to what amount they recover of those fees we charge them. At the moment, the average sits from between 7.5 per cent to 9 per cent of your booking price. So if you have \$100 booking, for example, they are going to say, 'We're going to recover from you \$9 on top of that \$100'. But again it varies; there is a variation between each operator but they are based on our commercial agreements.

**CHAIR** - When you say it depends on the booking -

**Mr CULLEN** - It depends on the operator, not the booking type. It is the operator's policy, so if they think they should be recovering the fees we charge for them to use the carparks to park their vehicles in then some operators decide to recover those costs and some do not. It is again a policy decision based on their financial models, I suppose, about whether or not they recover those components.

**CHAIR** - I want to deal with what your charges are rather than the basis of the recovery. With parking of hire and drive cars, how do the parking fees compare with what the public pay, for example?

**Mr CULLEN** - We benchmark out the parking fees that we offer our car rental organisations, so what we get from the long-term car park, for example, per bay is based on economic reasoning. If we are going to take out a bay from the public car park, we need to be getting the same return that we would if it was still a public bay. So we basically say, 'That's our benchmark and the basis on which we need to offer it to you'. So we do a lot for like there. The rates are between the long-term and the short-term carpark, less than what we get from the short-term carpark but a little bit more than what we get from the long-term. So that is the level playing ground for pulling out an asset or an economic resource; we want that same return and that's the basis of the charges.

**CHAIR** - Again, not looking at the question of the recovery that the hire-and-drive companies might make from their clients, can you tell us in clear terms just how you charge, the amount you charge, the prices and the reasons?

**Mr CULLEN** - Yes, absolutely. They are subject to commercial confidentiality.

**CHAIR** - We can go into camera.

**Mr FINCH** - I am just curious about whether you have bedded in your alterations enough to conduct passenger surveys?

**Mr CULLEN** - Yes we have. What we are going to do is primarily also in response to some changes initiated by the white paper. You might have seen the white paper on aviation policy that came out last year on aviation in Australia but what we would like to do and what we have done previously is ask our customers about airport services and ask them to rate them between one and five. For example, check-in facilities - are they clean? - variety of retail services; the speed of the baggage carousels and so on. We will be engaging in those. We previously have not made those publicly available but from next financial year onwards that information will be made available on our web site. So we will basically have a benchmark which says this is what our passengers think of us and these are the areas of improvement and this is what probably the airport can do. To a degree I guess that, as the infrastructure managers, we can only push and promote in those certain areas but we would like to be a little more transparent about saying this is what people think of the airport and this is what we can improve on.

**Mr FINCH** - This might be a suggestion or a bad idea, I don't know. But would you do that in conjunction with Tourism Tasmania and perhaps have an opportunity, while people have the pen out and filling out a survey to do something that is likely to benefit the tourism in Tasmania.

**Mr CULLEN** - Absolutely, there are many ways of recording that and I think that we certainly have the tourism visitor survey recorders at the airport quite frequently so there is probably an opportunity to link in with those surveys.

**Mr FINCH** - Okay, and probably the last question from me would be the Launceston City Council initiative of putting a booth out there. How does that work?

**Mr CULLEN** - From our perspective it is fantastic because it provides that extra service level, I suppose, that previously wasn't there. So for visitors coming into Launceston, it is that extra manned, face-to-face interaction that people really do like, that they don't get from reading a brochure or looking at a computer screen.

So in terms of what their business case is and how successfully it is operating - I am not 100 per cent sure on that - from the airport's perspective and the feedback we have received from passengers, it is good to actually see a manned counter at the airport and it does look great as well.

**CHAIR** - Would you like to make any closing comments before we finish this session?

**Mr CULLEN** - Just to summarise, we are certainly operating in a competitive landscape - I think that is of key importance. Going forward, we need to have a strategic way that we can approach airlines to continue to grow tourism in Tasmania and also consider the wider economic benefits that air services add to this State and, through that, we believe that having a dedicated aviation policy adviser is something of critical importance.

**CHAIR** - Good, thank you. In closing, Mr Gaffney wanted to apologise because he has had to go out and put some money in the parking meter. Before we finish I would like to endorse Mr Finch's remarks about the quality of the upgrading of the airport. We are very

appreciative of that happening, and we thank you very much for being here and giving the evidence that you have. I must say that you represented your company's interests very well.

**Mr CULLEN** - Thank you very much.

**Mr FINCH** - Also to the way Pamela, in the office there, invited us out to brief us.

**Mr CULLEN** - Yes, I will pass that onto her, thank you very much.

**THE WITNESS WITHDREW.**

**Mr PETER NEILSON, Mr JOHN BAILEY AND Mr MICHAEL BAILEY, TOURISM OPERATORS, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.**

**Mr NEILSON** - I am here as an independent operator. Michael is here as he has already been involved with the joint representation to the LTA. He was involved in that presentation that was delivered to you, I think, by council.

**Mr GAFFNEY** - Yes, we had that this morning.

**Mr NEILSON** - Michael is also as marketing manager for Federal Hotels and Launceston property. John is here as an operator for the walk around Launceston ghost tours but also as a supplier to the industry. John also runs a printing company that handles brochures and distributes them all around Tasmania.

**Mr John BAILEY** - I have had discussions with Don on the backpacker business. I did start to put a few words together for this where it was operating last year, I think. Then I saw it was put in recession or something, so I forgot but I do now have a few words.

**Mr NEILSON** - Between the three of us we hold some good positions throughout Tourism Tasmania. I sit on the Tourism Industry Council of Tasmania as a board member and Michael, of course, is the chairman of LTA and John is vice-chair on that committee.

I am familiar with your letter, Mr Wing, on what the Council is all about and the investigation and how it was going to be handled. In response to that, Daniel Hanna's 28 page paper from the TICT covered succinctly the value of tourism to Tasmania. The value of tourism to Tasmania is still something that we battle to get across and recognised within government areas in particular. We have had some really good years, probably starting around 9/11 when we virtually saw an upgrade in the number of people coming to Tasmania because it was deemed much safer than places overseas. Then there was the introduction of the two ferries. We saw advantages during the bird flu epidemics in Asia where people were not travelling to Asia. We have also seen some decline just recently. Is it the GFC, a general downturn, deeper pockets and shorter arms or whatever?

I believe that tourism in Tasmania rides the sine curve rather seeing dramatic rises and falls. We tend to see a gentle wave that affects Tasmania, which I think is good for our industry. We need something like that simply because our industry is probably one of the more seasonalised of those in Australia. So we have our definite high season and our definite low season. A lot of people are doing things to try to bring in the edges of the shoulder seasons to fill up those gaps and all the rest of it. Of course, that is very much what we would like to do.

I think it starts at the top, and since we lost Jim Bacon we have a very different understanding of our relationship to government today. I think one of our main problems is Don Challen, to be quite honest. Don has never really supported tourism in any form and has never recognised it as a substantial industry in Tasmania. I think we were going through a period when Jim was in control, being Premier and Minister for Tourism. He was making decisions possibly without referring to Don Challen in maybe the normal

ways, but certainly making the decisions that really counted, such as the introduction of the two ferries when it was quite controversial. Of course, the TICT backed that up as well. But now, after Jim's departure, the portfolio for tourism has lost some of its importance and that is something we want rectify as an industry. There is no doubt about that. But it is very hard to change Don Challen and his ways and his understanding of what happens when the dollars come into Tasmania and how they flow through the community once they come through tourism operators.

If we are missing out on some support from Treasury, the Department of Economic Development has certain strategies for assisting tourism operators. Tourism Tasmania encourages new attractions, new tourism, new business and new activities for people to do when they come to Tasmania, but there is no strategy behind that in a Department of Economic Development sense. DED will be there and they will certainly help tourism, providing you have bricks and mortar. There are grants but if you are trying to put up something such as an attraction then there is very little assistance to be gained through DED. I actually brought this up when Paula, as Minister for Tourism, took over Economic Development. I told her about this small problem and she was going to do something about it, but it never happened and probably has not happened yet. So there is a relationship which does not quite mix for me in our government situations where the recognition does not go far enough. The DED is there very much to help exporters from Tasmania because they see exporters bringing dollars into Tasmania. The real argument is that tourism is an export industry because it is bringing money directly into the State. It is being delivered from the pockets of those people who want to spend it here, so DED should be recognising tourism as an export market rather than just something else which is hanging off and going along very well. It does not scream or bite and is not the squeaky wheel and that attitude is another reason why we do not get as much support as we should.

**Mr FINCH** - What are the initiatives that the Department of Economic Development could take?

**Mr NEILSON** - Cutting red tape. Whether that is a role for DED or not I do not know, but I think it should be. We have business consultants in DED and that should be one of their priorities, not just for tourism operators but also for everybody. They should be there to cut the red tape, or if I want to open a new business I could go to DED and they could tell me what departments I need to go to, or they could have specialised people within those departments that would be very aware of tourism activities and all the rest of it.

**Mr FINCH** - Does tourism have more limitations than any other business?

**Mr NEILSON** - I would not really know, Kerry, but let us look at fly-fishing operators. They have to have guiding experience and certification, Department of Transport certification for operating passenger vehicles, first aid, Parks and Wildlife passes and certification. There are probably even more that they have to go through and it is a can of worm at times.

**Mr FINCH** - They do not sound unreasonable, though.

**Mr NEILSON** - No, but if you could go to a one-stop shop and tick all these boxes and sign off only once, then that would be the way to do it instead of having to go to seven or

eight departments for different representations and all the rest of it. I have a new project coming up on the Tamar. The trouble I had with Parks and Wildlife, for example, is that they have their limitations because at about this time last year staffing levels dropped dramatically. I was told that they do not have the personnel to handle my application at this stage. Another reason is the noise signature. That is not a problem but there is no reason why we should not have been able to continue with that application subject to (a) and (b) being correct. I have talked to others in Parks and Wildlife and I've been told 12 months later, 'Nobody should ever have told you that they couldn't put it through because of lack of staffing'. I am sorry but furphies like that really upset me. For me to get out there to operate my small businesses - and I'm looking forward to a much larger one - you don't want people out there stunting the activities that you do, you want them to be out there assisting and being positive with what you're doing.

**CHAIR** - Not obstructing.

**Mr NEILSON** - Absolutely. Eventually it's to the good of a lot more people than just the operators of the business. I say if you are in tourism you're in the entertainment business because when people leave you, you want them to go away with a smile on their face, that they have enjoyed the experience, the accommodation, a meal or whatever it might be. That is what tourism is all about. I certainly think that we need to get more assistance through those departments where necessary, and maybe beginning with DED, to assist those people who are coming up with good ideas.

**Mr MICHAEL BAILEY** - In my role in both the LTVTA and Country Club Tasmania I have no dealing with DED so I can make no comment about that at all. I suppose where I see opportunity for the State - and there is no doubt that tourism is a critical industry for us as a State - is at the local government level. I see in my area of the Launceston Tamar Valley Tourism Association our four separate local councils. Some are fantastically supportive of tourism but others are quite backward in their thinking towards tourism as an industry. Trying to coordinate our groups in that market is quite problematic. As a State we have the wonderful statistic of, I think, around about 95 per cent of people on the mainland wanting to come to Tasmania at some stage in the future. The ordinary statistic that we have is only around about 30 per cent of people who say they're going to come to Tasmania on their next holiday, which is extraordinary. As a marketer the great battle won for the hearts and minds of the mainland is not coming right now. The opportunity there for us is, I think, the experience for the event to force people down to the State because we also know that someone who has come to the State once will come back again. I fully support Tourism Tasmania's approach on events. I think that's a really sound approach. Certainly the Hawthorn deal is a terrific one for tourism, not only for room nights in Launceston but also for getting that first visitation to the State. Business events are critical for us in this market as well. If we can get more business events, particularly in the north which has struggled a bit in the last few years, the better for us in getting people back down to this region again.

**Mr FINCH** - By business events, do you mean conferences?

**Mr MICHAEL BAILEY** - Absolutely - conferences, associations, even things such as the Hog Rally - the Harley Owners Group rally - which brought around about 1 200 people to the north. Once they experience this State we know they will come back again. I have come today from taking a visiting journalist around, a guy from Sydney who has

never been to the State before. He absolutely loved it and is going to bring his family down for a trip and is going to give us really good publicity for the region, which is really what we are after. That is where I see the opportunities for us. I think events such as Lumina are terrific thoughts. What I believe we need is greater coordination across events. I know Events Tasmania is working very hard to achieve that, to make sure there isn't a crossover of events, for example, Festivale with AFL on the same Saturday night, which was really unfortunate.

**CHAIR** - Each of them book the whole city out for accommodation, don't they?

**Mr MICHAEL BAILEY** - Yes. There had been talk about MSFest, which is a local concert, pushing into the Festivale weekend, which is extraordinarily stupid. Again, there are events that are brilliant for the region - Agfest and Targa. I don't know if it is more power or what Events Tasmania needs to have to ensure that these events are spaced out a little bit better. I know that they work really closely with the AFL roster and I think it was the AC/DC concert in Melbourne that threw them out for that time. But again, as you said, Don, with the situation on that night we could have had double the hotels in Launceston, double the restaurants.

**Mr NEILSON** - The Launceston Wooden Boat Festival was on that weekend as well, so three events in the same weekend. I went to all three.

**Mr MICHAEL BAILEY** - I think that's a huge opportunity for us as an association and for Country Club as a property to better understand events around our region. There are some amazing things happening - for example, the Deviot Art Fair which is a wonderful weekend of local art installations - and for us to start to pick up these and to run with them better, to leverage with them better, is going to work much more effectively for our region. I know from our property's point of view, we sell accommodation for Agfest, Festivale and MSFest in mainland-targeted packages, as well as the north-west coast and Hobart. They bring people to our region but we need to make sure there are no crossovers.

From my perspective regarding this great opportunity, I think our opportunity is to try to simplify it at local government. As Peter said, the planning of each local government is different. For an operator to try to set up in one municipality is a very different proposition to another. In our region to have one local council which is completely anti-tourism pretty much - they see their area as being heavy industry and not tourism based at all - is extraordinary and to simplify events across our region would be fantastic.

**Mr FINCH** - But, Michael, that is where it is important for you to be now Chair of the Launceston Tamar Valley Tourism Association. You can then play that role under the aegis of the Federal Hotels to pull that together and make it stronger and more understanding of the benefits.

**Mr MICHAEL BAILEY** - You are right. 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. There is a lot of desire and a lot of drive to make this better and to ensure that our terrific growth over the last few years continues.

**Mr FINCH** - Do you feel as if you are reinventing the wheel to a certain extent?

**Mr MICHAEL BAILEY** - I am lucky because I am so young in the industry, so I don't.

*Laughter.*

**Mr NEILSON** - What, as compared to me?

*Laughter.*

**Mr MICHAEL BAILEY** - That's right. I suspect others have seen these things coming. 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. I certainly see opportunities lying around ensuring that the visitation to Tasmania is useful for the operators, that events do not cross over and that we can give experience to the guests that they really should get.

**Mr JOHN BAILEY** - To follow through with what Michael suggested, with the LTVTA there are a number of things that we have in plan but they have certainly not been passed through the committee at this stage. We do plan on growing it quite considerably this year. If it doesn't work this year then it will be my time for retirement for sure because I am prepared to put a bit of time into it. We are really just not hitting the right people to get them into the State.

I have asked Tourism for a calendar of events. I haven't got it yet but I would like to think that I will get it fairly shortly. For the very same things that we have discussed - the duplication of events - we need to have a list of Tasmanian events and then if it is in cycling, as in any of the challenges that are on, we can then get an e-mail list through the cycling groups and bodies and e-mail all the cyclists around Australia and invite them to an event we have programmed, and this could apply to all sporting events.

The Masters Games that we spoke about previously at other meetings have been so successful. It is a fantastic group of people, enjoying what they enjoy doing. They meet every year, they have trained for probably 50 years and competed against each other and they look forward to the next event. There is no reason that you can't have swimming events through the season for various competitions and whatever there might be. I think that we miss out on a lot of that because people do not do the same planning they used to do. The stats are showing that they do not come over here for their normal 10-day tour around in cars. People with dough travel more instantaneously following their interest. That is an area of market that we do not cover anywhere near well enough.

**CHAIR** - That is the short stay for a particular purpose.

**Mr JOHN BAILEY** - Very short stays - two or three days. Really it is only a three-night stay.

**Mr FINCH** - John, just before you move onto another subject, I am curious about whether Events Tasmania have a focus on coordinating events or whether it is something that they should do.

**Mr JOHN BAILEY** - They do have a list of events and it is probably only majors. Obviously Targa is a major. Now, personally as far as I am concerned, Targa is not worth a cracker. It is not worth a brass farthing to me with the ghost tours - it is not my market. I accept that the ghost tours is only a limited tourism market, it is only a small percentage. But if you take the west coast for instance, the Targa people fill the west coast but the operators do not run their boats down the Gordon because there are no tourists there to run it for. The Targa people take out all their accommodation. The accommodation people do well out of Targa, but nobody else does. I am not knocking Targa, do not get me wrong on that because it is a wonderful event. So many of those car groups come over and they love it - just as Mike was talking about the motorbike guys. They are fantastic. A little story, have I got time here?

**CHAIR** - Yes, certainly we want to hear your views.

**Mr JOHN BAILEY** - One of my accounts that I deal with for accommodation was telling me about the Russian Ballet and how when the ballet was over here not so long ago they were all drunk, disorderly and very abusive and she called the police and had them evicted. They did not stay one night.

**CHAIR** - You mean people in the ballet?

**Mr JOHN BAILEY** - Yes, the Russian Ballet.

**Dr GOODWIN** - The dancers?

**Mr JOHN BAILEY** - The dancers, yes. True story.

**Mr NEILSON** - They're Cossacks, they're Russians - I mean, they are on the vodka!

*Laughter.*

**Mr JOHN BAILEY** - It is the comparison I'm putting because the Harley Davidson guys when they were here with 3 000 bikes or whatever were the best payers - they might have bought all the marijuana in the town but they paid good money for lots of things.

*Laughter.*

**Mr JOHN BAILEY** - They buy expensive things and they pay good money for good accommodation and they are perfectly behaved as compared with those ballet dancers.

**Mr FINCH** - The point that I am getting at and I am curious as to whether they do it now or whether it is some advice that we could give to Events Tasmania that they might drill down a little bit deeper into their coordination of events because there are some smaller events that are magically Tasmanian that would have appeal to tourists.

**Mr JOHN BAILEY** - There should be a calendar for every event in the State. Somebody must put it together - I would have thought it would be Tourism. But then it is a matter of telling people. And if we come back to the LTVTA group, I will be demanding it

from someone, so I guess it is the old story - if you make enough noise you get something happening.

**CHAIR** - So that anybody who is planning any event should automatically check with that central point to see what else is on to avoid clashes.

**Mr JOHN BAILEY** - True. I used to run the Woodbridge chopping carnival and -

**Mr FINCH** - Until you chopped your finger off?

**Mr JOHN BAILEY** - That is where I lost it. I lost that in a bet.

*Laughter.*

**Mr JOHN BAILEY** - That was obviously down south. The best woodchoppers were in the north of the island. It was very hard to get those good guys to go down south because, here again the same conflict, the chopping carnivals competed - north against south. If you put your bid in for a Tasmanian championship you would get it on rotation, so you would have it that time. But there was no coordination as to when these events took place. That is going back 25-30 years, so the same thing applies. There should be an events calendar.

**Mr GAFFNEY** - I think there is. I think Events Tasmania has a web site with most of them. There are certain criteria that have to be reached to go on that site, so not every one goes on because it becomes too unwieldy. So there is an Events Tasmania web site and each council has their own web site with their own local events. I'm not being disparaging here but there is a site that they're trying to enhance and improve and all the big events are included. I'm not saying that people have a look at it when they're coordinating their own events. That's the biggest problem we have, different service clubs want that event on that weekend regardless of what's on around them, so there's not a lot of coordination between the council areas.

**Mr NEILSON** - There is one, but it is the accuracy of it and whether it needs to be further developed. When putting your hand up for events you have to remember that about every six years it comes back to Tasmania because they basically go around the States. We should be getting better at it because we know that this is happening all the time. There should be a comprehensive list of what is going on. Maybe it should be over 500 people, over 200 people, over 100 people categories so that we can understand it a bit better.

**Mr FINCH** - And about an education process, that if you are organising an event check with Events Tasmania first in respect of what you're clashing with.

**Mr NEILSON** - I think they do put out tips.

**Mr JOHN BAILEY** - It's the smaller ones that we were thinking of targeting rather than the majors.

**Mr NEILSON** - And they're important as well.

**Mr JOHN BAILEY** - As to the backpacker business, I think the Government has always been anti backpackers. They have never really given us great support.

**Mr PARKINSON** - Why do you say that?

**Mr JOHN BAILEY** - At various meetings I have attended they have never rated a mention. It's a difficult market.

**CHAIR** - But it's a valuable one, though, isn't it?

**Mr JOHN BAILEY** - It is very valuable. I often tell the story of when we had the Metro backpackers in Brisbane Street. We had one person pay their account with a blackAmex card - and I suggest that nobody in this room would be carrying one of those. You have some very affluent, interesting and wealthy people who use that particular source of travelling around, particularly Europeans. I don't think we have done that area well as operators. I think that also is a bit of a hand-in-glove situation. Emotionally, after that fire we had, we didn't feel like tackling it again. It was not good losing a life and it was not good being targeted by a deliberate arson attack, so that was the reason we didn't continue with the business. It is still a very good business to be in and they do spend but not necessarily on their accommodation. I think maybe as an operator thing there's an opportunity there that hasn't been covered probably as well as it could have.

**Mr PARKINSON** - So what could the Government do more in favour of backpacker tourism?

**Mr GAFFNEY** - I have spoken about this and one thing is that we have a freight equalisation package for the *Spirits* to bring people over with caravans et cetera. If you say to a backpacker in Melbourne, 'You'll get a really cheap price to get across', they'll come and then they will be here for a long while because it is that getting across the Strait. 'I don't have a lot money. I can't really afford \$250', but if that was a cheaper price for backpackers to come across you'll have them here for three months.

**Mr JOHN BAILEY** - Some, yes.

**Mr GAFFNEY** - We have a backpackers place in Port Sorell that is run with the help of the city council, so I'm very aware of the backpacker industry from a local government level. It is just that getting them across the Strait that's the biggest problem.

**Mr NEILSON** - You should encourage our Devonport airport to lower their landing fees and you might get \$50 airfares like they do in Launceston.

**CHAIR** - One point is the cost of getting across Bass Strait but another is the lack of adequate public transport. I have talked to some backpackers and this has caused them to have difficulty in travelling around Tasmania, because of the lack of adequate public transport whereas on the mainland it is much better. They can move around easier.

**Mr JOHN BAILEY** - Tassielink has tried but you need a bus that goes around that you can hop on and hop off. We tried it ourselves, but it gets back to viability.

**CHAIR** - That's right, and our smaller population. I was speaking to a backpacker from Hong Kong recently who travelled around New Zealand and around Australia and he raised quite a few points that New Zealand are doing that we are not doing in Australia. He said there is a very good backpackers place down south-west of Melbourne but most others in Australia aren't up to the standard of the New Zealand ones. It is little things like different types of sauces in the backpackers' accommodation. They do their own cooking and they don't want to be buying condiments and sauces and carrying them all around the country. They buy the meat and vegetables and if they are Asian people in particular they like to stick with sauces so it is a big advantage when the backpackers accommodation caters for them. He mentioned a whole range of things.

There is a general impression, correct I think, that they spend less on accommodation, but they tend to stay longer than most tourists and spend more than the average tourist while they are here.

**Dr GOODWIN** - Is it seasonal with them or do they come all year around?

**CHAIR** - Most of the year, and as John was saying they are very good, interesting people. A lot of them are students.

**Mr PARKINSON** - So is there dedicated backpacker accommodation in Launceston? There is in Hobart

**Mr NEILSON** - Yes. A lot of the backpacker accommodation in the regional areas gets filled in March through to May by the fruit pickers.

**Mr PARKINSON** - There are the YMCAs as well. They cater for some backpackers, don't they?

**Mr NEILSON** - Not in Launceston.

We also lack facilities in our caravan parks compared to caravan parks on the mainland. It gets embarrassing as to how little is being done or money being put back into caravan parks recently in our good seasons. On the mainland you can get a swimming pool and mini-marts and all sorts of things now in caravan parks. Let's face it, most caravan parks in Tasmania were owned by council back in those days. Because they were owned by council and had been developed many years ago it was always on a prime site, like Ulverstone. They were always good sites and, of course, councils have since got out and they have gone to developers, but the developers really haven't put the money back in. There needs to be a push of some sort through the Caravan Parks Association to upgrade their facilities and make things better.

We do see a lot of caravanners - mobile homes, grey nomads and others - and facilities could be certainly improved. With that, charges could be extended because I think a lot of people are disappointed when they come here to caravan parks.

**Mr GAFFNEY** - Peter, do you have a comment about the motor home disagreement at the moment or are there two sides of the coin here? I have heard some caravan operators saying the council has a free park down the road. There are 30 people with motor homes not paying a cracker for water or garbage. They don't spend a lot of money; they just go

to the supermarket and buy 10 kilos of spuds and go around the State for nothing. What is the feeling within the industry?

**Mr NEILSON** - If there is a commercial operation then council shouldn't be competing at all. If it is overflow situation in important times, like when the HOGs are here because that is when they opened up Aurora Stadium, then it is there. Normally what happens now, if it is the local footy field that opens up, there would be no grey- or black-water facilities or anything like that at those temporary places. So if you have somebody up the road who is supplying all that, paying their rates and their operational costs and all the rest of it, they really should get first dibs at the market, rather than promoting other people. They are almost self-contained; they can go there and stay for a couple of nights, save some dollars and then go down the road and maybe stay in a caravan park for those extra facilities like a shower or whatever it might be.

So if councils do get involved and start to compare their lower prices to the commercial operator then we have to be very careful because it is a commercial operator that carries the industry for the rest of the year, not just at those good times. So if it is an overflow situation, then yes we need to - no problems at all. But he is not full then I certainly do not like seeing council operating freestyle.

**Mr JOHN BAILEY** - On the other hand, I did sit next to a lady from Brisbane who was a grey nomad in a caravan. This was in the third row of the Princess Theatre. I thought it was interesting that they went to the theatre on their trip.

**Mr NEILSON** - They spend more time here, that is the other important point about it, but some people might find them annoying. If you were travelling from Hobart to Queenstown and you were stuck behind one of those things it really is annoying.

**Mr FINCH** - I do not think it is likely they do not spend much money, though, because they have to live, eat, drink their grog, and a lot do go to the local attractions.

**Mr NEILSON** - Vanessa brought up that petrol situation, something that I try to push every time because petrol stations and operators will tell you they are not part of the tourism industry. But if you took out all those hire cars that run around and everybody else who pops petrol in their tank, that is a couple of hundred million dollars.

**Mr MICHAEL BAILEY** - On the grey nomads, it would be a very rare day that we would not have at least two or three motor homes in our car park, and also people who are dining. The point that Peter raises about what is the tourism industry is a really good one. We do very poorly as a State in promoting tourism within Tasmania. A great example of that is the service station owners, who are part of the industry. Pretty much we all are part of the tourism industry. A great example I have of that is pulling into a service station behind a family in a four-wheel drive in the middle of Launceston about two weeks ago. The person was asking the lady behind the counter how long it took to get to Scamander - this was about 9.30 p.m. The lady said, 'I don't know, you just go that way'. You think, 'Oh my Lord', and grab this person aside and try to explain how far it is and that it is not a good idea to drive.

We do not promote the industry well enough in the State. There seems to be, in some pockets of our community, the view 'Oh, bloody tourists; we don't want to talk about

Tasmania because they will come down and wreck it'. All this is craziness when you look at the value of the industry. 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. I think that is a really important project - marketing and advertising to build the profile of tourism in our State.

**Mr JOHN BAILEY** - On my list are taxi drivers and bus drivers; they probably should also have some form of accreditation.

**Mr NEILSON** - I agree.

**Mr JOHN BAILEY** - It should be fairly heavily policed and aimed at lifting that person's standard

**Mr NEILSON** - They do have accreditation within the Department of Transport.

**Mr JOHN BAILEY** - Of course they have a driver's licence.

**Mr NEILSON** - What we are talking about is raising the respect of the tourism industry. We try to do that within the tourism industry. Here is a brochure called, 'If only they knew'. If you have not seen it, go to the Tourism Industry Council web site and you can download it from there. This is talking to operators out there and saying this is how beneficial we are, tell everybody about it', basically. It goes through here and explains the commodities that are provided and how we go through and the rolling down of dollars and those sorts of bits and pieces. It is a very interesting little piece. It is only a short piece. It was at the conference held in July at the Federal last year. It was in the lead-up to the election, so to speak, so there are some political suggestions in there as well.

**Mr FINCH** - You sent the web site address to Don Challen?

*Laughter.*

**Mr NEILSON** - I think it came back. It bounced back immediately.

**CHAIR** - With the prolonged pilot strike, a lot of people involved in tourism had not realised before that they -

**Mr NEILSON** - Yes, but the good years have happened now.

**CHAIR** - Yes, that is right; they have forgotten that.

**Mr NEILSON** - It is quite different now. Back in those days everybody knew that tourism was here when the pilot strike was about. That was 1989, if memory serves me correctly. We opened up the cable hang glider in Launceston in 1988 and so the next year we did not have any visitors. As we have gone down the track, we know that people band together - the industry gets together in the tough times not the good times. In the good times it is running along smoothly, everybody is happy and that is great. Probably one of the reasons that we do not have a better appreciation of tourism is that

we are not the squeaky wheel, as I said before. Even now with Forestry going down the track that it is and operators saying, 'What am I going to do? I have a truck and I owe so much on it' and we have government saying, 'We might be able to put together a plan that is going to help you get out of your situation', have you ever heard of any tourism operator that has said, 'We need financial help.'? You won't and there never will be.

**CHAIR** - There will be some who could have used it but it would not be available in the same way.

**Mr NEILSON** - No, but what I am saying is that it is an industry that looks after itself and the operators do not come bleating because it is a bad year or because of the pilots strike and things like that.

**CHAIR** - Let me put this to you. We had a former member, Peter Schulze from the west coast, who used to say mining was everybody's business and tourism had plenty of government money but mining did not get any government money. I would invite your comment in response to that.

**Mr NEILSON** - It does not get any government money; I am sure that it gets more assistance. It depends where the values are.

**CHAIR** - In terms of promotion, marketing and the like. Federal Hotels put more money to marketing Tasmania than our Government do.

**Mr NEILSON** - Exactly right. I understand because I have been talking to international mining companies - about tourism not about mining - and we did comment on the mining situation and their point was that to come to Tasmania to mine was almost like 'Forget about it' because of our rules and our regulations, our environment, our clean, green, and all the bits and pieces. It is much easier for them to go to Western Australia or Queensland and try to cut a deal for whatever it is.

For good or for bad we still have all our areas so maybe the difficulty that was encompassing mining was part of that as well because of the difficulty of setting up business and cutting red tape as we talked about earlier.

**CHAIR** - I am just thinking that governments have put a lot of money into Mount Lyell, for example, to keep it going from time to time when they have had difficulty.

**Mr NEILSON** - Absolutely, and look at ACL and the amount of money that has been put into that over the years, but you do not necessarily see it in the tourism industry. The money that goes into the tourism industry, particularly through Tourism Tasmania, can be accounted for and it can be analysed, and it can be seen that it is bringing more money back into Tasmania. It is not just a donation or grant that does not get anywhere. It is making money; it is an investment in Tasmania, I believe.

**Mr FINCH** - Are you suggesting Peter, and other members, that you do not get enough encouragement from the State Government? You talk about the intransigence of Don Challen to a certain extent in respect of the industry.

**Mr NEILSON** - I am sorry, I must have got the message across wrong - it is a big extent.

**Mr FINCH** - But a downplaying of the importance of the tourism industry as far as the Government is concerned. Do you think that they are factors that need to be assessed and rectified, if possible, to probably give more encouragement to the tourism industry and make you feel a little bit more wanted and not taken for granted?

**Mr NEILSON** - It may be that that is happening now, Kerry, with Michelle retaining the tourism portfolio and Michelle now being seen as a more senior politician within the ranks. I did understand at one stage that our Premier might have even taken over tourism as well, but Michelle is doing a good job and she deserves to keep that role. She did a very good job here with Tas Temptations when we had to go through that scenario, which I will touch on a little bit later, but we may be seeing a slight lifting. I know it is a long, hard road with Don Challen to convince him to look at us differently but, as I say, I think -

**Mr PARKINSON** - I would not be too hard on him, he is a public servant after all -

**Mr NEILSON** - No, I will be hard on him.

**Mr PARKINSON** - and he is not able to defend himself and his minister is the Treasurer so if you want to knock anybody, knock the Treasurer.

**Mr NEILSON** - Yes. It is the same thing with Aird, I think he does not have a fond acceptance of tourism either but it is because he has Don there with him. I think he has been sort of tainted.

**Mr PARKINSON** - I think you are being unfair to Don, he is a professional.

**Mr NEILSON** - He certainly is and I understand that he operates very well in all other areas but we have seen this all the time for many, many years. I am not talking 12 months or two years.

**Mr PARKINSON** - If you are saying that he has too much say that is another matter but the minister is the Treasurer.

**Mr NEILSON** - Yes, and as I mentioned earlier, when Jim was in as Premier things were happening differently.

**Mr PARKINSON** - It was a different treasurer.

**Mr NEILSON** - Yes, but it was still Don Challen.

**Mr MICHAEL BAILEY** - Can I answer Kerry's comment because I do not agree with that assertion. I think that from the LTVTA's point of view we have representation from Tourism Tasmania on the committee. I certainly have never had any issue with being able to contact Michelle or her staff if I need information or advice so I certainly am comfortable with the level of support that we receive through Tourism Tasmania and the stuff around that. I again have no dealing with DED so I cannot make any comment about that but certainly from my perspective and the support and access that we have to government I find that absolutely fair and reasonable.

**Mr NEILSON** - No, that is fine, I agree with that and in answer to that question, we are respected well within our own area so within Tourism Tasmania, within the Department of Tourism, but we do not influence others dramatically because everybody is interested in their own industries and how to promote and how to get there. With Michelle being seen, as I said, more senior now and taking on health of course there may be some changes that just might be able to help pull the lever and get things moving our way.

**Dr GOODWIN** - I do not know who did this survey but it was a survey of the community about the value they place on tourism and the importance of it to Tasmania and they recognise that it is significant. Was it the Tourism Industry Council?

**Mr NEILSON** - Yes, that was part of Daniel's presentation.

**Dr GOODWIN** - It was great that there is that recognition within the Tasmanian community so maybe it will eventually flow on to other areas.

**Mr NEILSON** - It should do. If the voters are saying it, the message should get through eventually shouldn't it, Vanessa?

**Dr GOODWIN** - You would hope so, yes.

**Mr NEILSON** - That was all part of that presentation that Daniel put together and a lot of it focused on that 'if they only knew' type thing and saying to the operator, 'We are seen as the leading industry which is going to take Tasmania forward into the future because we are renewable, we are recyclable and we are "everythingable"'. I think we will get there in the end but sometimes it is pushing the barrow or being the more silent wheel amongst others that is probably our worst problem.

**Mr JOHN BAILEY** - I think we have missed opportunities in using people, the real stars that we have had around. On a survey Dr Harry was the most trusted person in Australia and he moved here. I think I may have seen a letter from you about a similar thing, using the Ricky Pontings and Marcos Ambroses -

**CHAIR** - Which we are starting to now, but we should have been using David Boon and Danny Clark.

**Mr JOHN BAILEY** - Absolutely. Marcos Ambrose is an absolute gem. He draws hundreds and hundreds of thousands of people.

**CHAIR** - He goes to a different part of America almost every weekend.

**Mr JOHN BAILEY** - He told me the biggest race was getting in his plane to fly home. He had to race from the racetrack to get to the aeroplane so he could fly home. That was a bigger race than the race around the track.

**Mr NEILSON** - Some years ago Tourism Tasmania appointed two ambassadors. One of them was a country and western singer, but I can't remember her name.

**Mr FINCH** - Jean Stafford.

**Mr NEILSON** - Yes, Jean Stafford. There was another gentleman but I can't remember his name either.

The tourism industry is certainly changing for Tasmania now. A question I was asked the other day was, 'Do you feel nervous about the future?' Until probably 12 months ago I would have said no because, as far as I was concerned as an operator putting up quite a good product, getting my brochures out, advertising in the correct areas, helping on different associations et cetera, virtually made my little business run along okay. 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.

We are heading into the new digital booking systems and communications. Everybody understands its importance and relativity to how we need to communicate, organise our businesses so that people can get in contact with us directly, book directly and all the rest of it. As part of this strategy we saw the demise of our Tas Temptations operation here in Launceston some 12 months ago. I asked a question the other day of an international consultant who is here from the UK. She had been to New Zealand doing a job and was going home when Tourism Tasmania contacted her and she came over and spent a couple of days in Tasmania. This was not her first visit. I said to her, 'Do you believe that there will be a resurgence in travel agents?' and she said, 'Why?'. I said, 'Because we are all going digital, we are heading down Facebook and Twitter. For the few years that this has been happening now people have booked their overseas trip. It hasn't worked as well as they thought it was going to. The transfers weren't there or maybe the accommodation hadn't been confirmed.' She said, 'In that sense, yes, consultants will become more important. They will come back online'. I think it's a pity that we dropped Tas Temptations out of the scene, basically completely. Maybe we should have had a skeleton unit - that's my personal opinion - to keep it running because of what it had done in the past and the touchiness of new-age communications and what can easily go wrong.

**Mr FINCH** - Do we not have some people still working in Tas Temptations?

**Mr NEILSON** - They do but they are basically doing the promotional and marketing side of things rather than sitting on the phone taking bookings and talking to people. That is what this consultant said, that people want to get back to face-to-face or voice-to-voice contact rather than tapping it out on the computer or doing it through their hand-helds.

**Mr FINCH** - Can those people multiskill?

**Mr NEILSON** - Which ones?

**Mr FINCH** - The dozen that are there.

**Mr NEILSON** - We would have lost the systems to be able to handle it. It would take a lot to get it back up and going again. What was supposed to happen was that the residue of Tas Temptations was put up for sale and hopefully another wholesaler within Australia would have picked it up and carried it on in that shrunken stage but it was withdrawn from sale because nobody wanted it.

There are changes that are happening that affect our industry to a greater extent now than they have in the past. Looking internally, Tourism Tasmania is doing a review of not only regional associations but also all associations throughout Tasmania to see how we can bring them together so that they work together more effectively and appropriately without treading on each other's toes so that it becomes more of a cohesive industry, which I really welcome and hope that we'll get some good results out of that. Maybe we will get some information on that in the near future.

**CHAIR** - Thank you very much, gentlemen. We appreciate and value your being here and all the information that you have given us.

**THE WITNESSES WITHDREW.**