

**THE LEGISLATIVE COUNCIL SELECT COMMITTEE ON TOURISM IN TASMANIA MET ON THURSDAY, 28 OCTOBER 2010 AT HENTY HOUSE, LAUNCESTON.**

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**Ms KIM SEAGRAM**, STILLWATER, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**Ms SEAGRAM** - My name is Kim Seagram and I am actually Canadian, as you can probably tell from the accent. I was working for Canadian Pacific Hotels and resorts in the Rocky Mountains, which I absolutely loved as a career. I was determined to become one of the first female general managers in their operation. I was working through the Chateau Lake Louise and the Banff Springs Hotel when a young Tasmanian gentleman came over on a ski holiday and I fell madly in love and ended up moving to Tasmania.

**CHAIR** - Did that happen to be Rod Ascui?

**Ms SEAGRAM** - Yes. He dragged me down here. So I arrived in 1992 into a place where I thought, 'My God, why doesn't the rest of the world know about this?' I came from a very mature tourism destination, and because I had gone from operations management into sales management and then I had been pulled into the marketing side of things, I guess I just went in with guns firing. We had a tiny little café and we had a little vineyard at the time. I was elected onto the Vineyards Association of Tasmania board and asked to start up the marketing arm of that. I did that for about a decade. That was really exciting, because it was the very beginning of the wine industry. It was scary to the other guys in the industry because I went out with a sort of North American sales pitch and they didn't quite know how to take me at first, but after a while they embraced me warmly. We worked on the smell of an oily rag, as you do down here. You try and get as much punch as you can with what you do, and we did some really incredible work over the years.

I helped the Vineyards Association of Tasmania morph into Wine Industry Tasmania, which basically meant it went from a research and development organisation into a marketing-focused organisation, and helped them get some money through a number of different channels. Then I basically said goodbye and realised that my calling was actually in the tourism side of things. I had worked on the National Wine Tourism Strategy, had sat on the Australian Wine Tourism Alliance, and realised that was where my real love lay.

Meanwhile during this period we opened up Stillwater restaurant in 2000 with Rod and our original business partners. That has recently changed ownership, so Rod and I are still in there but we have brought in some fabulous young people who have been working with us for a while, so a bit of a change in management and a slight change in direction. We are really focusing on that local produce and really promoting the State as a premium place to get the food and wine experience. We opened Black Cow bistro in 2008, starting what we want to progress into the future, which is being able to take these fabulous young things who work for you but who get into that middle management level and have nowhere to go from there, so we basically want to give them an opportunity.

In 2007 I was asked by Paula Wriedt to sit as a director on the Tourism Tasmania board after I had been at a Brand Tasmania Council function that I was hosting that night. I am the deputy chair of that organisation and have been on that council since 2002. I also chair the local Launceston, Tamar and the north zone marketing group, so as you can see I work on many different levels from operator all the way through to strategic. I really do love the big picture stuff. I like having a really firm vision as to where we are going and being able to really tackle it and address it head on.

We are just about to celebrate our tenth birthday at Stillwater, although because we have just had the reopening and things like that we are not going to do anything formal and glitzy. We opened Stillwater in 2000 because we realised there was a local market that was going to Melbourne and Sydney for food experiences because they weren't getting them down here. We also realised that we had a lot of visitors coming down wanting to sample some of the best produce in the country, and of course some of the best wines, and we realised we had to create a showcase for what we do down here, so we did. We now are at the stage where regularly where our clients will actually ring us and make a booking, and then ask where to stay and how to get down there, so it is really nice to have created something that does create a draw in the market.

**CHAIR** - Could you tell us how you see tourism faring at the moment, compared with last year and other years, and any reasons for any variation.

**Ms SEAGRAM** - Within our own operation, somewhere between 16 and 60 per cent of our turnover is actually visitor dollars at Stillwater, depending on the year. We have seen a slight increase on last year, which was a record year for us. However, the reviews around the traps are very mixed at this point in time. We have seen a drop in holiday visitors, however we have seen an increase in visiting friends and relatives, and business is still holding relatively strong. The holiday numbers are down 11 per cent, but the AHA are reporting about a 1 per cent rise in occupancy of beds. So the mix is changing slightly at this point in time. I do have to say that we survived the global financial crisis beautifully. We really kicked some goals during that period. We also saw the same thing during SARS, 9/11, bird flu, you name it. The moment there was something out there that made the rest of the world feel uncomfortable, we became that safe and slightly overseas destination, which is something we always have to keep in the back of our minds.

**CHAIR** - Last year was a record year - 2009?

**Ms SEAGRAM** - In our own operation, yes.

**CHAIR** - You have noticed a decrease this year?

**Ms SEAGRAM** - In our restaurant we have not seen a decrease; we have seen an increase in turnover. Actually we have seen a shift in market, which I think is really starting to mirror the shift in what is happening with our inbound visitors. We have seen a lot of Asian inbound visitors - Singaporeans, Hong Kong and some mainland Chinese people. I actually had one woman who walked in and saw me drying dishes behind the bar who then started squealing with delight. She pulled a piece out of the magazine that she had been reading. The journalist had been in having dinner with me, so he had a picture of

me in there and so she recognised me, so I had to have my picture taken with her. I felt like a celebrity. That just happened about a month and a half ago.

Our UK and US markets, our major international markets, are on a significant decline right now. Having just been to North America, I can report that Canada is actually faring reasonably well, but in some towns in the United States every third house is for sale. It is absolutely depressing over there right now. We are faring so well compared to what is going on over there. I talked to my cousin who is in the insurance industry in the UK. He said financially it is gobsmackingly horrible over there right now. So they have not come out of the recession; whether they go into a full double-dip recession, whether it gets worse, who knows.

**CHAIR** - So to what do you attribute the increase in Asian patronage of your restaurant?

**Ms SEAGRAM** - We have certainly been stepping into those markets over the last couple of years, because they were not key markets originally. The Japanese market has always been a good significant supporter of ours, however we have seen a fall-off in that market as well because that economy has been severely impacted as well.

**CHAIR** - When you say 'we' do you mean Tasmania or Stillwater?

**Ms SEAGRAM** - Australia as a whole, actually. In fact mainland Australian has seen more of a dip than Tasmania because Tasmania has always been seen as slightly different for the Japanese market. It actually got to the point about a year and a half to two years ago where they weren't even going to do the beer-and-beaches things up on the mainland. They would just hop from Melbourne and come straight over to Tasmania for the wilderness experiences.

**Mr GAFFNEY** - With the increase in the Asian market - and I think a lot of people recognise that is one we need to further develop - do you think the Tasmanian industry is actually set up to cater for it? We have had some comment that we are not really catering for that market, due to our monoculture, I suppose, or our lack of linguistic help and those sorts of things. Do you see there is a role there for Tourism Tasmania or for this industry to actually focus on the Asian market more?

**Ms SEAGRAM** - I think we do need to focus on the Asian market more. We have to be very careful about the balance between catering for the Asian market and not being what we are - being something that is contrived. Having worked at the Chateau Lake Louise and having worked with the Japanese market throughout the 1980s and seeing incredible growth in our visitation over there, they are a much more mature traveller right now. They are much easier to deal with. Things like the Australian-Japanese public relations company based in Hobart have done a fantastic job in making sure that the guests feel much more comfortable here, because they will pre-organise menus that they know that the Japanese clients will like so they will not have to lose face et cetera. I think privately a lot is being done in that market, which I think is important.

When you are talking Asian markets you are talking Korea, China, Japan. There are so many languages, so many different cultures that to try to cater for each of those different cultures is just making a huge millstone for your neck.

**Mr GAFFNEY** - We have seen a few more film crews from Asia coming over regularly now, and Circular Head Council did a DVD in Chinese that they have been marketing. So those inroads starting to happen. Is there is a role there for Tourism Tasmania to take a leading role?

**Ms SEAGRAM** - To help foster would be a possibility. Certainly the Brand Tasmania Council has *The little Tassie fact book*, which we have translated into Japanese because we did have a lot of people going into that market. Again, the Japanese are highly aware of the pristine nature of our food and wine, which is fantastic, so we have an inroad there.

**Mr GAFFNEY** - Wagyu beef.

**Ms SEAGRAM** - Yes. However, we had journalists in from Beijing at the beginning of winter. I had about 12 of them and I was doing a wine tasting in a wine bar with them and it was mind blowing. They had been in State for a week, they had a fantastic guide with them who is very savvy on the wine and food side of things, but there were three journalists from Beijing who would not eat our raw fish or our oysters because they have such safety concerns in their own country for these products. It was only on that last day when I am putting all these incredible bits and pieces to go with the different wines that they actually tasted it and you could just see the light go on. They just lifted and they got so excited about it.

**CHAIR** - In view of your involvement with Tourism Tasmania could you tell us what the emphasis is in marketing, what it has been for the last year and any changes that have taken place that you are aware of in marketing to cover the decline in holiday visitors to the State?

**Ms SEAGRAM** - We certainly have not had TPP funding and things like that to get us television programs and give us the extra to be out there as much as wanted to be.

**Mr FINCH** - Which funding was that?

**Ms SEAGRAM** - TPP. That was the sale of the Sydney ferry, and then the Government promised the funds would be driven back into tourism. Actually the program that Felicia spearheaded and that Tourism Tasmania administered was incredibly and effectively well spent. A number of private operators were allowed to put forward requests for funds for either the marketing or the infrastructure development side of things. I would say probably about 95 per cent of all of those dollars spent got a huge return. Then some money was left aside for us to do some television advertising which we have not been able to afford.

Tourism Tasmania is hamstrung at this point in time because they have decreased from about 184 to about 92 people, so almost halving the workforce, but the operational on-costs are fixed. Those cannot be changed, therefore any decrease in the budget means a decrease in the actual spend on the marketing side.

**CHAIR** - A decrease in numbers in Tourism Tasmania from 184 to 92?

**Ms SEAGRAM** - Yes.

**CHAIR** - Is that largely a result of disbanding of Tas Temptations.

**Ms SEAGRAM** - No, that only saw the loss of 30 people because a number of them were kept in the contact centre. Because Felicia started this very early on in the piece, knowing she had an organisation that was rather top heavy, it was predominantly through attrition. Positions were not filled once people left and then people were promoted from within to fill those positions. It is probably working as lean as it ever has and the people working in there are doing an incredible job.

**CHAIR** - How would you describe the quality of the Lumina project and the outcome of that?

**Ms SEAGRAM** - Everybody complains that tourism in the winter drops off so significantly, so Tourism Tasmania decided to start to address that. The Lumina project was actually put out there to tell the rest of the world that we do not shut up shop in winter; that there's lots of stuff going on and there are reasons to come down. That, again, was the first of its kind. We have taken some significant learnings from it and, in fact, at our next Tourism Tasmania board meeting we are actually finding out all the statistics in and around the Lumina campaign and we will be able to refine it.

Certainly, from discussions we've had, we are trying to lean towards a bit more of an arts, food, wine, and cultural edge to Lumina as opposed to just a broad umbrella with all the festivals and events underneath it. But through programs like this, BOFA, which is the Breath of Fresh Air film festival - I don't know if you guys knew about it up here at all - helped to get its first legs up and running this year and will be supported through Events Tasmania next year. Again, another really fantastic little festival that will be able to start growing and pulling people down.

**CHAIR** - Do you receive e-mails from Advance Tourism, Mr Norm White?

**Ms SEAGRAM** - Oh, our friend, Norm White; yes.

**CHAIR** - He has been critical of the quality of the advertising done by Tourism Tasmania. Comparing it with advertising done by the ACT and, I think, Queensland or the Northern Territory, he is suggesting that theirs is brighter and more attractive and the content is more eye-catching than that done by Tasmania. Do you have a view on that?

**Ms SEAGRAM** - I would like to give a bit of background on Norm White because he's been critical of absolutely everything. I am going to be very candid here. Norm White is now in his mid seventies and he is sitting at home without a lot of tourism contracts at this point in time. He was quite grumpy that he did not receive contracts that he expected to. He is quite bitter about that. The first communication I got from Advance Tourism was actually when I had just received all the TVS statistics. This was about two-and-a-half years ago. They were sitting on my desk showing that we had had an 8 per cent increase in numbers, a 14 per cent increase in yields and our numbers or our nights had gone from 8.4 to 9.2. So I was really quite excited about how we were travelling.

Then I got this thing from Norm White saying that we'd had a decade of decreasing tourism and Tourism Tasmania was doing horribly and they should be modelling after Tourism Queensland. I knew that Tourism Queensland had just suffered a 30 per cent

drop and two airlines had just pulled out. So, I thought, what on earth is he talking about? So I started digging a little bit deeper and found out a little bit more. He has personally attacked me. He attacked the entire Tourism Tasmania board three weeks ago saying that Wayne Kirkpatrick was the only one who had any destination management experience and everybody else on the board was useless.

He was personally attacking everybody except Felicia; he tried to quarantine her from his criticism. I really do not respect the man because I actually received, about three months ago, a communication from him that started an absolute diatribe saying how horribly Tourism Tasmania was doing but then when you read through the document - and I thought I'd really get in depth in this document - he had forgotten to eliminate Tourism Victoria out of there and put Tourism Tasmania in. So at that point in time, we found out that he was attacking Tourism Victoria and Tourism Western Australia at the same time. So, he started being quite discredited, in my mind.

As for the branding, we are not bright and colourful and beachy and beautiful. We are wilderness; we are fabulous little villages; we are incredible heritage and history; we are incredible food and wine. Maybe we are just a little bit cosier; maybe we are just a little bit warmer and friendlier; maybe we are just not bright and colourful.

**Mr FINCH** - Just on that point, Mr Chair, in a comment this morning on ABC radio, he was saying that, of the \$3.5 million that's purported to be spent by Tourism Tasmania, through partnerships on the mainland, he is not witnessing that in the marketplace out there.

**Ms SEAGRAM** - If he did not see the Lumina campaign he is blind.

**Dr GOODWIN** - He is talking about the spring campaign I think.

**Ms SEAGRAM** - Then he is not reading the newspaper because it has been out there as much as we can get it. We sent out an incredible little publication with all the Fairfax publications, literally just three or four weeks ago, just after I came back from holidays.

**Mr GAFFNEY** - Melbourne mainly and Sydney?

**Ms SEAGRAM** - Melbourne and Sydney and I think it also went into Brisbane as well.

**Mr GAFFNEY** - I think that was part of the criticism - not from him, I did not hear the interview this morning - that it was a little bit late. We spoke with some of the operators at Cradle Mountain last week and they thought that the advertising for that was a little bit late getting it out there. One of the suggestions they had is that Tourism Tasmania should have the capacity to plan for future tourism advertising more quickly because as tourism operators they are finding that their busy season is upon them and they were asking, 'What do you have? What are your specials and sales that we need by tomorrow so that we can advertise?' So they thought that if they had a longer lead-in time, they would not be under so much pressure. One of the issues that we found that they were having is that the lead time in was not good enough or could be improved.

**Ms SEAGRAM** - Certainly and that is something that can be taken back to the team as well. I have no idea how the internal lead times went with that particular campaign; it is just not something that I am privy to.

**CHAIR** - Some of it that they said was not done until mid September, which was rather late for the spring advertising.

**Ms SEAGRAM** - The particular publication went out in mid-September. Having just finished the Lumina campaign, they did not want to overlap both campaigns and cause confusion. I think they wanted Lumina to finish up in August and then start the spring campaign in September.

**CHAIR** - I think there was the feeling that to be promoting Tasmania in spring you needed to do it a few months earlier so there could be forward bookings rather than last-minute ones.

**Ms SEAGRAM** - Yes and I think there is also the thought that if you are conducting a really good winter campaign, you will get travel through into spring and spring campaigns are not necessarily for spring visitation; spring campaigns are out there in the spring time saying, 'Hey, come and visit,' whether it is the spring, summer or into the autumn - it is just keeping Tasmania out there. So it is not necessarily our saying, 'Okay, this is our spring campaign,' because it is called the Secrets campaign.

**CHAIR** - Are you able to comment on the extent of forward bookings at the moment?

**Ms SEAGRAM** - I can only comment personally on ours and some anecdotal stuff that I have. Our forward bookings are looking really solid. I was just talking to the president of the Trout Guides and Lodges Association, Tasmania, Gary France, who sits on the zone marketing group. Their forward bookings are looking quite solid which is interesting because they really rely heavily on internationals particularly. He said that their forward bookings are looking good.

I talked to someone who is privy to information on the Cradle Huts and Bay of Fires Walk and although the Bay of Fires walks are down, Cradle Huts walks are significantly up right now which is interesting because they cost more and they take longer to do. So if you think about it in this time where everybody is saying, 'We only have a short time away and we do not have much money,' it goes against the trend.

**Dr GOODWIN** - Can I ask a question about the zone marketing and how you think that is travelling because we have had some feedback from operators who are not really convinced by the concept of zone marketing or that it is working well in Tasmania? So I am interested in your feedback.

**Ms SEAGRAM** - I would have to say it was probably launched before it was ready but there was a little bit of a political impetus to get it out into the market before it was a full-grown baby. So I think that is where we stumbled in the beginning and I am quite candid to say that. However, since then we have gained momentum significantly. It is actually something that we are starting to get the operators to get their minds around and certainly the people who sit around the board table with me at the zone marketing. We really have to think about it from a consumer's perspective because our government boundaries in the

State do not make any sense when you cut the east coast in half and things like that. By breaking the State down into five chunks that actually make sense to tourists and that actually have unique selling points in each zone that fit well underneath the umbrella says to the visitor coming down, 'Stay longer, because there is much more to experience' rather than just, 'One State and you can do it all in one hit'. It also says that there are reasons to come back and if you are absolutely mad passionate about food and wine come up to the north but next time make sure that you take the east coast in as well.

I guess it is really trying to appeal to the consumer as opposed to working with the natural government boundaries that we have in the State. At this point in time we are really starting to get some traction. I am not saying that everybody has embraced it holistically but the publications are being well supported by industry and by councils and other RTAs to get them up and running and we are trying to get people to understand that with zone marketing they are not just buying into a publication which they have done for so many years, they are actually buying in to an entire year of campaigns and support and different publications.

**Dr GOODWIN** - A follow up question related to a previous comment you made about the spring campaign and about it actually being more about keeping visitors coming to Tasmania and not necessarily in spring. Is that explained to tourist operators the purpose of some of these campaigns because I wonder whether they -

**Ms SEAGRAM** - You have hit the nail on the head here and one of the things that we are doing within Tourism Tasmania and in fact just at our last board meeting two Fridays ago we sat down and we are about to embark on what we call our 'engagement strategy' and that is a really formal communication strategy. I did write a couple of things about that here.

Communication has been raised fairly regularly and we need regular, effective and timely communication going out. The engagement strategy actually seeks to overcome communication and engagement issues between Tourism Tasmania and operators, staff, industry partners, stakeholders, the travel trade and everybody else as well. So rather than what has been done in the past - probably not as effectively as it could have been done - we are actually looking at a much more holistic point of view and I think in the next six months you are going to see something really exciting coming out.

**Mr GAFFNEY** - Being an island State obviously getting people here is really important and we have had many, many operators talk to us about the importance of the TT-Line in Devonport. Can you give us your slant on that or how you see the marketing of that experience and how that impacts on industry?

**Ms SEAGRAM** - They operate very much as a separate entity to anything that I am involved with. From what I see they are doing an excellent job doing what they do. They still only pull about 4 or 5 per cent of the visitors who come into the State. Although they are important, you have to put it back into perspective, most of the people are doing the fly-drive thing still, as they always have.

**CHAIR** - Only about 4 to 5 per cent of visitors so about 18 per cent come by sea, are the others Tasmanians and visiting friends and relatives?



**Ms SEAGRAM** - Yes.

**CHAIR** - That is interesting. That is a very low figure, isn't it, 4 to 5 per cent?

**Ms SEAGRAM** - It is what I remember off the top of my head. I am trying to look at a bar graph in my brain right now and that is what I am getting. The significant portion is definitely the fly-drive market.

**CHAIR** - As it is our sea road, does that not disturb you that the numbers are so low at 4 to 5 per cent?

**Ms SEAGRAM** - The TT-Line has had their own agenda and I know they have really focused on transporting freight in the past and I know there have been significant difficulties from family, friends and visitors whom I have talked to about actually being able to get a car onto the boat. They have been able to get themselves on the boat, not a problem, but a car is a drama and why do you take the boat? You take the boat because you want to take your car. If they were wholly and solely a tourism-operating vessel, yes, I would say that was a significant concern, but that is how they want to run their business and they feel it is very important to -

**CHAIR** - As a government business enterprise they have responsibility to operate commercially: do you think that is right or should they not have that obligation? Should they be able to reduce fares significantly and attract more people here?

**Ms SEAGRAM** - Charles Griplas has done an incredible job of trying to bring a tourism focus into the operation and you really do have to give him credit for that. I think it is real moot point as to what you actually want from it. The visitors who come via the ship have a tendency to stay longer. They bring their own cars with them. Some of them bring caravans, so how much extra are they contributing to the community? They will be staying at caravan parks, they might be shopping for groceries and going to the odd experience, but it is nowhere near the contribution of that fly-in passenger who actually has to stay, rent, and buy everything while they are down here. So you have to look at returns.

**CHAIR** - Yes, we have heard quite a bit of evidence to similar effect.

**Mr FINCH** - Kim, how do you market yourself to attract those international visitors to come to Launceston and Stillwater?

**Ms SEAGRAM** - I work really closely with Tourism Tasmania and this started years ago when we first opened up. We are a firm supporter of the visiting journalists program. We are absolute advocates of the 'famil' programs they run and the Team Tasmania work they do. As an operator we could not get into those international markets; we would not have a hope. We would have no voice in them but in working with Tourism Tasmania we do have that voice. Saying we have this great restaurant so come down and visit us is one thing, but saying we have this great restaurant and this great attraction, and look at this fabulous hotel and there is all this you can do, then all of a sudden you create an incredible pull. Maybe their original reasons were that they want a really good food and wine experience, but it is only going to be supported because they can stay somewhere nice and do something great and everything else.

**Mr FINCH** - So do you have an advantage through being on the board of Tourism Tasmania?

**Ms SEAGRAM** - I think I had more of an advantage when I wasn't because I feel I have to play very fair and have to pull back all the time now. I was probably more promotive when I was just an operator doing the job that I do as well as I can do it. I got incredible support but now I feel that I don't want to enter that conflict of interest area.

**Mr FINCH** - We heard some earlier evidence about Tasmania being very good at niche marketing.

**Ms SEAGRAM** - It is that whole-experience side of things. That is what a lot of people on the mainland have forgotten, that people don't just want to flop on a beach and drink a beer in the evening and have a nice time. They want to experience and learn and come away feeling a little bit enriched, having a little bit of extra knowledge in their head and also pursuing their passion. We know there are people who are absolutely passionate about fishing, golf, cars, motor cycles, heritage and history. I met some girls going down to Port Arthur because they worked in the penal system in the States and they wanted to check out another penal system. You have your passion in different areas and I think that niche marketing, that experience marketing we are doing right now is being effectively done.

**Mr FINCH** - So Tourism Tasmania is focusing on taking up those opportunities?

**Ms SEAGRAM** - They have been working on those niches significantly. They have been helping places like Great Western Tiers to develop their cycle tour routes. I was meeting with Paul Sproule and a cycling events operator who is looking at bringing something fabulously exciting here next year in the November period when we are not back to full tourist numbers - based in Launceston.

**CHAIR** - Are golf tours being promoted?

**Ms SEAGRAM** - We have the fabulous Elizabeth Sattler over in Melbourne right now as a PR agent for both Barnbougle and Lost Farm that has just opened up at Bridport. My husband went up and played last week and he had a smile on his face when he came back, so he was very happy. The feedback they have been getting is fantastic. For example Liz sits, when she can, on a zone marketing board and she sent a list of about seven different publications that she managed to get Barnbougle in. Again, she was working in the private sector, very closely with Tourism Tasmania, doing some international stuff with them into the American market, so that public-private partnership is very effective.

**CHAIR** - From whom can we learn about tourism and tourism promotion? Any other State, any other country?

**Ms SEAGRAM** - We have always said that New Zealand does sell incredibly well, but they are going through a major slump right now. In fact they are offering huge discounts for domestic Australian tourists to go over and visit at this point. It is that cheap-and-cheerful side of the market that has been affected significantly because that is where the

budgets have significantly tightened. The caravan parks, three-star hotels and motels and things like have really been hit hard. I got a document last week saying how badly New Zealand tourism has been hit. They used to contribute significant funds into both tourism and wine marketing. I always had to compete with them on the wine marketing side of things and you could never win. They had a lot of money behind them because they are a country and we are a State.

I do not think there is any magic pill or panacea. You have to look at what you do within your own backyard and do it incredibly well. For the operators who are not doing well, get them to look hard at their operation. Does it need a refresh? Do they need to get out in market more? Do they need to build new product? One of the things the national long-term tourism strategy has highlighted is that we do not have enough new product to draw people in. Fortunately we have MONA coming on board, and possibly Lake House at Cressy that Rod Sherrard is developing, and Saffire has just opened, so we have some new stuff and can constantly be in the marketplace saying we are refreshing, doing something exciting, so come and see what we are doing.

**Dr GOODWIN** - On that point about operators needing to look at their business and the need to refresh, how much support can they get from Tourism Tasmania around that? Is there that expertise that can be passed onto operators?

**Ms SEAGRAM** - It is really delicate. It is very hard for somebody from Tourism Tasmania to walk into an operation and say you need to paint the place and fix it up, because that will not be taken well from the operator's perspective.

**Dr GOODWIN** - Maybe not, but maybe it is needed. Maybe operators are looking for that sort of on-ground advice, because where else do they get it from? If they are so focused on making a crust and looking after their business, dealing with the day-to-day stuff, where do some of these small operators get that help from?

**Ms SEAGRAM** - I have been a small operator. We had a tiny little café, a tiny three-hectare vineyard and we used to work seven days a week. I know you get really focused on it but you also have to focus on the fact that you are a business. If things are getting tired and crusty you have to walk away. That is one of the things that I have always advocated: if you are quiet in the winter and are going to close down your hours a bit, then go to Melbourne or Sydney because it is cheap to get over there now and see what the rest of the world is doing. At least get out there and refresh yourself and come back with new ideas and new views. Tourism Tasmania intervening in the actual business side without being asked could be seen as stepping on toes.

**Dr GOODWIN** - But if they are asking, is that support is available for them?

**Ms SEAGRAM** - Yes. Basically the person who is set in each region to support the operators in their industry development is the person able to do that. They are also the person, when a new operator opens, who gives them all the information. Here is how you market, who you go to and things like that. How they actually find that person is usually just through word of mouth, going to the community and things like that.

**Dr GOODWIN** - Are those regional people quite proactive, getting out and connecting with their operators and doing the grass roots?

**Ms SEAGRAM** - Rebecca King used to do that in our little region up here. I am sure you guys know Rebecca King from the Tamar River Cruises, Rob Cassidy's daughter.

**CHAIR** - We have heard evidence critical of the standard of service in some facilities in Tasmania - not yours because yours has a very good reputation for excellent service. There has also been criticism of the Drysdale House hospitality course. Would you care to make comment about the general standard of service in Tasmania and the standard of Drysdale House?

**Ms SEAGRAM** - I have got to say it has come quite a way in the 18 years I have been here. When I first arrived here and I had a surly woman looking at me saying, 'Yes, please,' I did not know what she wanted. I think we have come a long way. I think there is always room for improvement. We work with our kids all the time at the restaurant to get them up to where we want them to be. But they also go off and come second and place as finalists in national competitions. So I think if you are really serious about it you can do incredibly well down here.

**Mr FINCH** - Are we serious enough, Kim?

**Ms SEAGRAM** - I think we could be more serious. However, I was just reading an article from the *Courier Mail* yesterday and if you wanted to look it up it was an article being very highly critical of the tourism service in Queensland, so I do not think it is an isolated case. Probably Australia-wide we need to pick up ourselves. We are lovely at being warm and welcoming, that is just the nature of the Australian people and Tasmania even more so. We just need to continue to add that level of professionalism on top of it. It is going to be a journey. We are never, ever going to be perfect. If we did have good institutions helping us with the training side of things, then that would help. Drysdale over the years has, in my opinion, had its highs and lows. They are about to put the new facilities in on Paterson Street. It will be interesting because they are going to have absolutely brand new facilities to do something really exciting training-wise in there.

**CHAIR** - We have been told that the Tasmanian Hospitality Association, the former AHA and Restaurant Association, refused to have their employees trained at Drysdale House because they are not catering in their training for the actual hospitality industry.

**Ms SEAGRAM** - There has been a problem and I do not know what is going on in Hobart right now, I only have interaction with what is going on in Launceston. The last young lass that we had on work experience with us had actually been Drysdale-trained and she was really quite good. She did not have the polish and everything that would come with time, but within two days we had her on the floor interacting with customers and things like that. We were much more impressed than we have been in the past. Again, resourcing people, be it trainers, be it waiters, be it whoever, is hard here. We have a fixed population, so we have to have people that are really passionate about what they do or you just do not get the quality.

**CHAIR** - Penalty rates still a problem?

**Ms SEAGRAM** - Don't even go there. Okay, two things: penalty rates and payroll tax are two major impediments to myself and to our industry. Penalty rates, our award that we

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

That brings me on to payroll tax. Because we have developed this incredible model that we are taking these young kids from in and letting them buy into the business and opening up new operations that they can take on and become part of Stillwater and do Black Cow and things like that, we want to do the next one because we have some really fabulous young ones within. We want to keep them in the group, we want to give them that next opportunity to keep them in the State. If we open up one more thing that employs two more people, we will be subject to payroll tax, and all of a sudden that 2.8 per cent margin goes down the toilet. You can't win. The super rising as well, that is going to impact. It is just going to become nonviable to be a small business owner.

**Mr FINCH** - Is anybody getting it right? Is it different in other States? Are there variations that are working?

**Ms SEAGRAM** - I honestly don't know what's going on. That is the side of things that my dear husband handles and I let him deal with that. I just know it is very frustrating, because I want to be open almost 24/7, I want to be there and available for the public, be it locals or visiting. I want to give as much service as I can to the community and to the visitors, and that is going to be stopping me because my husband is going to say 'We cannot make this pay on Sunday. We cannot make this pay on a public holiday' when everybody is in town visiting everybody, and so we are just going to have to shut. That is what we are facing at this point.

**CHAIR** - It is a real concern.

**Ms SEAGRAM** - Huge.

**CHAIR** - The time is up now. Kim, would you like to make any closing comments?

**Ms SEAGRAM** - I guess I am just concerned that we are going to start pandering to the micro end of the industry because there are some smaller operators out there that are feeling the pain right now, and I fully understand their pain. Certainly with Tas Temptations closing - and you guys understand the reasoning behind that; you are comfortable with the decisions that were made there - they are going to experience some hardships over the next little while.

**CHAIR** - I think, in response to your question, it is fair to say that we haven't had criticism of the closure of Tasmanian Temptations. It is realised that in this IT age more bookings are being made online.

**Ms SEAGRAM** - Yes, but a lot of these smaller operators do not even have an e-mail address let alone a website where one can book online and things like that. The Digital Coach program that we are working on with Tourism Tasmania right now is fantastic. Everybody who has signed up to it and gone through it said it is the best thing they have ever done. Okay? They have finally come into the twenty-first century and they are up and running. So the more people we can get through this program, the better. We have pilot programs going constantly. We are out there constantly saying, 'Come to us, come to us,' and it is just a matter of the operator gaining confidence enough to say, 'Okay, I've got to go that next step because that's the way I am going to reach my market'.

The rising dollar has a significant impact, of course, as you know. Offshore destinations are going to become much more cut price. Bali is offering a two for one right now - I just had some friends who were heading over there for a wedding - so the competition overseas is rising as well, and because Australia is getting more expensive - we were an expensive destination to start off with, now we are more so - we are going to feel some pain. On a really positive note, we are one of the few destinations in the world that enjoy 65 per cent repeat visitation, and that has even gone up to 72 in the past. When people come down here they love us and they come back. I don't think we can lose sight of that.

**CHAIR** - What are the main things that they like about visiting Tasmania?

**Ms SEAGRAM** - The people. They just feel as if they are welcomed, they feel as if they are a part of the place, they feel as if they have a new home. That is why a lot of them turn around and pack their bags and come down here.

**CHAIR** - Scenic beauty?

**Ms SEAGRAM** - Scenic beauty, unspoiled, uncommercialised, back to the way a lot of people feel life should be, and they can't experience that where they are from now.

**CHAIR** - What things don't they like about Tasmania? What do they see as disadvantages?

**Ms SEAGRAM** - Probably cost and distance from market. We are not a cheap destination to go to. It is not cheap to do business in Tasmania; therefore you do not get cheap experiences because we just wouldn't survive. So whatever we do, we have to do well. We do not have economies of scale either. I have always said that whatever we do we have to do incredibly well because that is the only way we are going to make an impact.

**CHAIR** - Thank you very much. It was a very good session and we appreciate your sharing your expertise and views with us. Thanks very much, Kim.

**Ms SEAGRAM** - Not a problem at all.

**CHAIR** - Good luck with your ventures.

**THE WITNESS WITHDREW.**

**Mr STEVEN KONS** WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**CHAIR** - Welcome, Steve. We look forward to hearing your views on how tourism can be further boosted in Tasmania and your personal experience and involvement.

**Mr KONS** - I have been renovating the hotel in Burnie, as you know, for a long time, but some of the issues that have struck me in my travels overseas have been that there is a lack of support financially for tourism in Australia. For example in Greece, where I was two years ago, government supports and subsidises tourism and actually puts meaningful dollars into it. I think the Greek example is 50 per cent of capital costs, so that is a hefty level of support, and that is one reason why their tourism does so well.

**Mr FINCH** - That is specifically from government?

**Mr KONS** - Yes, a direct financial contribution, picking winners, that sort of thing, and I think that is what you have to do.

I have always been a staunch supporter of the Liquor Licensing Commission and the way they used to do those inspection reports in the past. I have purchased property previously where they used to go around and highlight every deficiency in a property, whether it was a broken tile or a damaged window. I think that is one of the things lacking. A lot of tourism operators I have spoken to have commented the same to me, that there seems to be a lack of consistency in the inspection regimes. You are getting a lot of fly-by-nighters opening up. Providing it is within the planning scheme of the council, they can just put up a shingle and away they go as back-packers' accommodation or bed-and-breakfast. What I would personally like to see is the return of the days when liquor licensing, or a body such as theirs, probably professionally funded and funded adequately, actually goes around to every premise, because I think the reputation of the whole tourism industry is not the five stars that we have in some of the larger places, but it filters right through. If you have a bad experience in one place you generally can the rest of the region or the State, so we need a consistent approach by professionals, adequately funded to have a uniform vetting process. If you don't meet those standards you get a time frame to meet them, otherwise you are not allowed to operate. So it has to be a bit tougher than it has been in the past. We are all targeting the same market. There has been a level of complacency with operators as well. There has been a lack of reinvestment in properties in Tasmania.

In Burnie, for example, and the larger properties with 30-plus rooms, hardly any money has been spent on those for the last 20 years that I am aware of, and I presume it is uniform across the State. New ones come in, they spend the money, and money that is put aside for depreciation does not get reinvested in there, so we are starting to get a very tired product. The differentiation is not from the bottom to the top; it is either the haves or the have-nots. It is either good accommodation or it is poor accommodation. The middle-ground stuff is there but is heading towards the back end of it.

Everyone else in the world thinks they are a great tourism destination and have the best product, and that is what we are competing against. We not only have to convince ourselves but we also have to convince the other people who are actually buying the product to sit back and say that Tassie as a tourism destination is definitely wrong. Every other place in the world has the same attitude as we do, therefore I think we have to pull our finger out and smarten our game up and actually start thinking that the easy times have been and gone. Tourism in Tasmania is going to get tougher now,

particularly with the strong Australian dollar and the product that we are offering. We have to make sure we are offering something which is good, to a standard that is high, and it has to be overseen by professionals to make sure it does happen.

Among other things we have to do is digital uptake, which is also an area of concern. I had a phone call just now from a company. I chased Telstra three times in the last three weeks to get a wireless connection. It was hopeless, being flung from one person to the other. Maybe it needs a dedicated area of tourism, so if you are going to start a business or you have a business then you can go in there and get instantaneous advice. I have reached it with the digital tourism thing through Tourism. It is great. I got the letter, everything's fine, but I am being told that over the next 18 months or whatever we will work towards my getting up to speed. I don't want 18 months; I want the information I need within 30 or 60 days. A chat line and those sorts of things with operators' problems is not where I am at. I want to be able to pick up the phone, go to Tourism and say, 'I'm starting a business. These are all the things that I want and I want them done straightaway'. Digital uptake is one of the areas that is of concern on the coast in particular. Less than 60 per cent, from what I have read, actually have online booking for their places.

**Mr FINCH** - The digital uptake of operators?

**Mr KONS** - The operators have bookings and promotion of their places as well. Maybe it needs to be better. I have a web page; I think it's fantastic but there's no one there that you can actually say in Tourism, well, we're going to have a look at all web pages across the State, offer positive suggestions on how they can be managed and upgraded. Perhaps it might mean a common standard that people can say, 'All right, I want to set up my web page; I'll go along and just give them my pictures of my accommodation'. They'll get slotted in there, so that it's uniformly consistent.

**Mr FINCH** - Yes. Then you put Telstra in there Steve; what was your main gripe about Telstra? Was it that when you wanted the digital support -

**Mr KONS** - No, I'm looking at wireless Internet; it shouldn't take three or four phone calls to actually get someone to contact me back to say we'll send someone up there to explain to you what we can offer. So, if it's happening to me - and the chances are I probably know the channels a bit better and can get to them more easily than others - then you can imagine what is happening to other people.

**Mr FINCH** - So, it's a two-fold thing. You want the operators to take it up more but you also want the support services like Telstra -

**Mr KONS** - To chase us down.

**Mr FINCH** - To respond to the needs and deal with it.

**Mr KONS** - To immediately chase us down. It's okay for us to be saying that we need that support but you need the people who are actually selling those services to target you. The registration went through for a business name; that should have run some notes to some people. I think it went through four weeks ago. It's the Ikon Hotel, by the way.



**CHAIR** - Oh right, that's good.

**Mr FINCH** - It's not two words - 'I Kon'?

**Mr KONS** - No, it's one word.

*Laughter.*

**Mr KONS** - It's highlighting myself as iconic.

**CHAIR** - That's very clever, for several reasons.

**Mr KONS** - I was in the lower House, Don, so -

*Laughter.*

**CHAIR** - You'd be qualified well in the upper House too.

**Mr KONS** - Tourism did respond to it straight away as soon as the business name was there with a pro forma from the minister saying, 'Congratulations and welcome to the industry' but the rest of the follow up was missing. I would have expected that maybe Tourism could have picked up the fact that he's opening a hotel, he's contacted us, here is a wad of information that he may need as a new operator to help him along - a package.

**Mr FINCH** - Where did you get the message from? The Tourism minister?

**Mr KONS** - Yes; Tourism and Economic Development. It was Lara, I think.

**Mr FINCH** - Okay.

**Mr KONS** - A start-up pack would be good.

**Mr FINCH** - That's something I've not heard anybody mention before but it could be where Michelle O'Byrne, the Tourism minister, might have activated something.

**Dr GOODWIN** - If it was Lara, it would be Economic Development.

**Mr KONS** - Yes, it would have been Economic Development.

**Mr FINCH** - What Steve was saying was that, because it's a tourism business, the tourism industry should be activated to get on board, make contact and be more supportive.

**Mr KONS** - Yes, well I've gone the trouble of registering the name, spending a million bucks, that sort of thing. The information is there; it would be good to say, 'Okay, you want to get onto getting a new web page; this is it - contacts within Telstra, contacts within Wotif.' How do I get in touch with those people to say I'm starting a business; how can I log into your network; those sorts of charges. A broad package of just a box of information to be given to anyone who sets up - even if it's just on the Internet.

**Mr FINCH** - Good idea.

**CHAIR** - For the purpose of the transcript, Steve, would you mind explaining what your development is? We've had the advantage of seeing it and it was really impressive at the stage that we saw it. It must be nearing completion.

**Mr KONS** - Yes, it's a conversion of an old hotel from 60 rooms down to 11. We're completely gutting the property and installing modern furniture and good artwork.

**CHAIR** - It's very spacious.

**Mr KONS** - Yes, predominantly. That's one of the big advantages of it - large bathrooms. Having lived away from home for a fair while you get to know that the needs are: large bathrooms, good mattress, good TV, plenty of lights, and within close proximity to other services. We should be opening within about a month.

**CHAIR** - Good luck with it. It's brilliant - very impressive.

**Mr KONS** - Thanks. Another thing is the type of licence that you get to sell through the mini bar. The cost is prohibitive for the revenue. Maybe it needs another category of licence.

**CHAIR** - What sort of cost is involved?

**Mr KONS** - I thought it was about \$200 or \$300. But the package is the thing that I am more interested in, so it is getting a good package handed to you as soon as you commence work: the licensing and checking of the venue. Self-accreditation is okay, but some people are going to abuse it and if that happens the whole brand and name can get tarnished.

**Mr FINCH** - You mentioned Wotif there, Steve, and we have had evidence from Graham Wood about his views of where the opportunities are for Tasmania. He talked a lot about niche markets, is that part of your focus? Have you got that to the front of your mind, or would you be thinking along Graham's line that maybe some niche markets might get you the clients that you need for like an 11-room hotel and do specialised work?

**Mr KONS** - It is. I mean I know the market on the north west coast is particularly overnight stays by reps. It is not mums and dads wanting to come along. That is a market for others, it is not for us; we are in the CBD. Everyone across the world is targeting the same market. Everyone wants the niche tourists that spend big dollars because they have the best product and we are not alone; everyone is doing the same thing. I have experienced that in the past with previous roles that I have had - we do have a good brand, but so does everybody else. We have a good product, so does everybody else, so we have got to say we are in there in the melting pot of everybody competing at the same level. So we have just got to find something a little bit different. I know the market that I am targeting and chasing down, and it is not going to be discounted, it is going to be value-added. It is one of the lessons I learned through retail - that you do not discount your price. If you have a good product you sell it at a fair price and you do not discount it. Instead of dropping the dollar value packs, you give give-aways, that sort of thing.

We do not want to end up in a tough economic climate where everyone is just trying to attack price and drop prices as much as they can. I have seen it at Strahan, a large operator there offering rooms at \$89 a night. That destroys the market for everybody else. It does not engender confidence that it is a good product - not only in that operator but others as well.

**CHAIR** - Do you have the same tariff for summer as winter?

**Mr KONS** - Yes, it is generally warm on the coast.

*Laughter.*

**Mr GAFFNEY** - Steve, I would like to hear your comments regarding penalty and award rates and how that has affects the industry. That has come up a number of times.

**Mr KONS** - I have not gone into the operations of it, but I know that the award we were under before, I think if you paid 25 per cent over the award you did not have to have all the problems of casual rates and all those sorts of things. So if the award was, say \$20, you would pay \$25 so it alleviated a lot of those issues of overtime and those sorts of things. I think it is a great model; it saves you all that trouble. When I ran bars, for example, it used to be that on a Friday until 6 p.m. there was one rate, then you had to pay an additional \$1.40 and then at 12 o'clock it changed, and then at 6 a.m. it changed again, and then on Sunday it changed yet again. A flat rate is good and that is probably the best way it should be dealt with. That is up to the Federal Government to work out how they are going to determine rates of pay.

Another comment made by a guy who used to own Maldini's, Dino, suggested that the problem we have in Australia is that it is part time. Everything is part time when it comes to the tourism and hospitality industries. In Europe and similar places you get your basic wage and on top of that you live off your tips, and you have got to provide good value service to survive above it. Here it is you go to work at 12, you knock off at 2 and it is just a job, it is not a profession. I think that is one of the things that tourism and hospitality have to realise - that it is a profession. It is not just a job where kids from school can go to or part-timers can fill their time in. It is a genuine profession and the people within it have to respect the fact that they are service providers and they have to be at a different level to just rolling up and doing their daily chores and moving on.

**Mr FINCH** - If I can just explore that flat rate again, or the rate plus 25 per cent - where is that in the mix for the tourism industry? Is that a suggestion that has been put forward at a Federal level?

**Mr KONS** - I am not sure, Kerry. I remember when we were doing the bar work at our place it was good because I did not have to sit there and adjust hourly rates for different hours. Everyone was getting more than the rest of the people within the area and they were happy that they were getting -

**Mr FINCH** - So you functioned under the regime?

**Mr KONS** - Yes. We functioned under that regime in the past. Now I think it is \$22 an hour plus super that I have been told by someone else in the industry is what I should be paying a cleaner so we will work it out something like that.

**Mr FINCH** - So you were able to do that?

**Mr KONS** - Yes, I am financially independent to be able to do it. There are other people who perhaps may struggle to get a business off and going, but we are in the fortunate situation of being able to divert employees to other things.

**CHAIR** - So you have touched on the standard of service. We have heard that the Tasmanian Hospitality Association refuses to use Drysdale House for training staff for hotels and restaurants. Do you have any views about that?

**Mr KONS** - Not on that. I do not know their reasons for not using them.

**CHAIR** - They feel that the Drysdale House course does not train people for the particular work that is involved in hotels and restaurants.

**Mr KONS** - It is flexible. Every business has an obligation to up-skill and train their own staff. You get a basic level of expertise and then it is up to you because every business has its own peculiarities on how they do things. I know with my business it is the same sort of thing. Everyone does everything. No-one is segregated to doing one job - for example, I will do the lot - I will serve, I will unload trucks, I will load trucks, I do everything. It makes me feel young so I do it.

**CHAIR** - In keeping with your appearance.

**Mr KONS** - Not as sartorial as yours!

*Laughter.*

**Mr GAFFNEY** - Steve, one of the things that have come up for the north-west coast, which has probably been suffering more than a lot of the other areas, is that there is not an iconic place.

**Mr KONS** - There is now!

*Laughter*

**Mr GAFFNEY** - There is now, but having 11 beds may not affect the thousands we need, and that is a bit of an issue for the north-west. Every other region seems to have a Bay of Fires, or a Freycinet, or Port Arthur or a Cradle Mountain but nothing seems to jump out at it and when the Government was looking at Dismal Swamp and that sort of failed, do you see anything on the horizon that could make something on the north west coast iconic for a tourism venture.

**Mr KONS** - I have seen a couple of programs on Austar and one of the things I liked was - and I was in the same predicament a couple of years ago - someone in their 40s who has got a good paying job, a couple of young kids, where do we go. It is difficult dragging

your kids along but there was a resort in Spain where you could go that cared for your kids and you could leave your kids at the resort where you were staying and do your own thing. We do not cater for that on the north-west coast. The industrial base is different. It is commercial and industrial and that is why the figures stack up that it is basically overnight stays for reps of companies and that is one of the core things of the north-west coast. It is not a tourism destination per se and we just have to look at our strengths. I know Amex with their clientele used to give that sort of stuff in detail to hotel operators in the past; that used to identify where their customers were from. So hotel X would get those details to say that over the past 12 months their customers had come from these areas and those details would probably be distributed within the whole of that industry. I know what market I am after and it is predominantly public service and reps but not holiday accommodation. I probably will get it because of the quality of the fit-out but that is just an add on.

**Mr GAFFNEY** - So with your hotel, are you looking at a four star?

**Mr KONS** - No, as I said, I am looking at whatever I feel like it is going to have.

**Mr GAFFNEY** - Will you go down through the accreditation scheme and the star rating?

**Mr KONS** - No. I would like it to be like that because a lot of places get away with a lot and you get devastated when you go to places that have some sort of rating or self-assessment and it is not accurate.

**Mr FINCH** - What do you think that your target market will do, using your place as a base? Do you envisage it as a base, or would it be a place that they would stay at on a tour around Tassie?

**Mr KONS** - Predominantly I will only target the overnight stays - it is not the family aspect of it. So it is a different sort of market. It is a market that is lacking at the moment. As I said, there has not been any reinvestment in tourism facilities for a long time and it is disappointing. It is there and you cannot attract new customers if you don't take your property to the next level. You have to continue reinventing yourself and doing it well.

**Mr FINCH** - If you are selling to somebody the idea is to coming to stay with you at Burnie, what would you encourage them to do in the region? What do you think will give them that experience that will be a lasting memory - some good Tasmanian experience based at Burnie?

**Mr KONS** - There are a couple of places within Burnie, for example, that are places I would like my clientele to go to. The Burnie Tourism Association is starting to form that basis where they are getting together in good groups, to start working and networking together much better, and someone helping us over the top with administrative support on a professional level. It is good to have the volunteers, but we probably need someone who does the admin professionally.

**Mr FINCH** - The Makers' Centre is a good addition to Burnie, isn't it?

**Mr KONS** - Yes.

**Mr FINCH** - Just to talk a little bit about marketing again, Steve: how are you going to get people, say on the mainland or internationally, to come to your place? Where will you explore and do your marketing to let people know about Ikon?

**Mr KONS** - Well I think in the first instance it would be Internet-based. I have someone currently working on a web page for me. We liked a few hotels on the mainland so we are having a look at their web page and changing it so we do not get done for plagiarism or copyright issues!

**Mr FINCH** - Shock, horror!

**Mr KONS** - It will be Internet-based and I want to have a good product there. I have asked for scans of the rooms, panning of the rooms and surrounding areas - all that sort of stuff to provide as much information as possible. When someone logs on to my web page to have a look at their particular room, they will be able to see what it looks like, the surrounds and a bit of other information that I think will be relevant to them. I will also test what I think should be in there; it is just not going to be me as the operator thinking, 'Hey, I have a great web page.' I will go out there and find a few industry people and just ask them what they think of this. I will ask them to be as critical as they can to make sure that what I produce isn't just what Steve Kons would like to stay at when he goes away. There is a broader market.

**Mr FINCH** - Internationally? Is that where you think that the web site might attract people? If you do get international people, is that where they are going find to you?

**Mr KONS** - I think it would be word of mouth with the internationals. The target area that I want is the local clientele. Mind you, I have 12 rooms, which is probably adequate for what I want. It avoids bus tours and all that sort of thing where they come in and 30 rooms get occupied and your normal daily clientele misses out. That is why we could have probably gone for more smaller rooms and been able to take buses but we wanted to avoid that market. That is the market in my view that will not be spending over \$100 a night for a room. We want people to come back again. I have worked out the market - and I think maybe the public service rates need to go up a bit; I don't know what they are for overnight stays, \$120 or \$130, so they probably need to go to another level to provide the better accommodation. A lot of those rates end up dictating the mid-range level of hotels. The mid range unfortunately has lifted and you can't build a hotel room for under \$200 000 from what I can gather and you have to have a return. There was one recently proposed in Burnie of 60 rooms with an occupancy of 70 per cent at \$150 a night. To fund that you would be paying for the interest bill and the cleaning costs per room. So they had a favour done to them by not spending that money because they would have gone broke very quickly anyway.

**Mr FINCH** - We are linked up to that rate and we can only agree with you. Do you get a sense that the intrastate market might be an opportunity for you as well?

**Mr KONS** - Yes, I think so. We get inquiries through the phone now, but we are only White Pages. They look at the White Pages, whether by the book or online and they see 'hotel' and they ring through. We don't get people asking about the rates; they just want to know if there is a room available, which is interesting.

**Mr FINCH** - Did you know what your rate was going to be?

**Mr KONS** - Yes. It should be more, but it will probably be about \$150. It should be closer to \$200.

**Mr FINCH** - From what we have seen of your establishment, \$150 is a good rate.

**Mr KONS** - They are down to \$89 at one of the other places in town, which is between 30 and 60 rooms. They have a large premises which is ruining the pricing. Our differential is going to be a substantially better quality product to justify the price, rather than sit there and try to compete with them on price.

**Dr GOODWIN** - Steve, I think you mentioned that you expect a lot of the market will be intrastate, with travelling representatives, bureaucrats and whoever. Do you think because this is going to be a quality product and there may be few quality products in Burnie - you mentioned that some of the facilities are looking tired, and that is probably true around the State - do you think what might end up happening is that you are going to end up attracting more tourists than you're expecting?

**Mr KONS** - I just want the rooms full. I'm keen to have a look at something else as well, if I get that going.

**Dr GOODWIN** - So you might be testing the market to see if there is enough market?

**Mr KONS** - Yes.

**Dr GOODWIN** - That is something that has been raised with us about Burnie, that there isn't a decent five-star facility for people to stay at.

**Mr KONS** - Yes, so far as hotels are concerned. There are plenty of bed-and-breakfasts that are good quality. I live up the road from a couple of those, the Duck House in particular. One has recently changed hands and they're going to be looking at an upgrade. It's good that new people have come in, taken over something that has been in the hands of the same operators for 20-plus years, and hopefully that will change. It's not expensive to get the good quality furniture and do those sorts of things. The opportunities are there and we probably need banks to change their attitude. They consider hotels and accommodation as specialist industries and won't lend more than 60 per cent. If you can get 60 per cent you're lucky. They have guidelines on those sorts of things. That's another detriment that isn't assisting the tourism industry and new players coming in. You have to rebadge what you're buying - it's not a hotel, it is a commercial premises. People will find it hard. At \$200 000 a room for 10 rooms you're starting to talk serious dollars to do them up and you need more than 10 to make it more viable.

**Dr GOODWIN** - Do you have any thoughts on Tourism Tasmania's zone marketing approach?

**Mr KONS** - No, I haven't studied that at all.

**CHAIR** - When we were in Burnie and inspected your premises we also inspected three rail carriages that were then based in Burnie, and probably still are. We have looked at the

potential of having a good-standard rail service between Burnie and Devonport - perhaps Devonport and Wynyard - not on a daily basis but linking up with the arrival of cruise ships and *Spirit of Tasmania*, with a dining carriage on it. Do you think there is any potential there?

**Mr KONS** - I think the place is too small. We probably need a population of 1.5 million to 2 million to make these things sustainable. It's the same everywhere. I don't think the freight trains are sustainable in this State either, simply because there isn't enough on the road to get it to happen. I know with Burnie's experiment with the trains it has, they spent close to \$500 000 and they've just been sitting there after they worked out that people were paying \$10 but it was costing \$20 to ferry them to Penguin and back. When we start talking about these ideas you actually need people who have done it to say that it is a good idea. For example, Greens politicians talk about getting trains and railways working, but those things are not feasible. If they were, then someone smart would come along and do them. They need plenty of support; they are not sustainable. They are good ideas, they sound good, but until you put your hand in your own pocket you will not do it. So it would be great to have, Mr Wing, but we do not have the population and I do not think we have the numbers.

**CHAIR** - TT-Line: do you have views about that standard of service and the costs, the ease of getting bookings? We have had criticism that people find it difficult to get bookings for themselves and their cars. They feel that there is an over-emphasis on freight.

**Mr KONS** - If I were running TT-Line I would sell the space to someone else and maybe finance it. One of the suggestions that I would make is something like Chas Kelly's boat. Ours is going to need upgrading within the next 10 years. We should sell how many kilometres there are, get them to reinvest and get a private-public partnership into the *Spirits*. The *Spirits* have been fantastic because they debunked the theory that demand will drive supply. That was the intention 10 years ago, that more supply into the State means that more people will come in. That is what happened; we doubled our tourism in 10 years simply because more plane seats were available and more seats on the *Spirit* were available. It is not traditional economic theory but it works for tourism. You create a competitive environment by having excess capacity. I do not know what the fees are. The last time that I looked at getting out of the State and taking my car over I thought it was much cheaper to just go to Melbourne, hire a car for three or four days and drive around. It would have been good if it were at the same level. Maybe it should not be looked at as a profit-making enterprise and it should be break-even at best. If it loses a little bit of money it flows through to the rest of the economy anyway.

**CHAIR** - On the basis that it is a sea road and should not be a government business enterprise with a commitment to raise a profit.

**Mr KONS** - It is a sea road so the Commonwealth has an obligation to support it. I know they have done costings on what alternatives would cost and this is the cheapest option and potentially needs more Federal support. We should not be the second-best cousins on this. We should have the same cost; for whatever it costs Melbourne to Sydney for a 900-kilometre road we should have the same support to get people down here.

**CHAIR** - On the basis of a national highway and the cost of that across Australia?



**Mr KONS** - Yes, Peter Brohier's idea. Maybe he has not been as good at selling them as he could have been but the concept and the idea are feasible and tangible and should be supported.

**Mr GAFFNEY** - You just started a new hotel, so do you then link up with a similar establishment down south or in Launceston so that you have a relationship with another?

**Mr KONS** - Yes, I think that is one of the ways that I will be going. I stayed at the IXL some time ago. I told them what I was doing up there and the concierge said it would be great for them to be able to direct people. If people say they are going to Burnie, you do not want, as a good hotel, to send people somewhere where the quality is significantly different from yours. You want to recommend something that is good. We need those sorts of networks. If we had a consistent approach to grading hotels across the State then I would be able to say that if mine was rated as a three then I could go to another three in Launceston or whatever and say I am pretty comfortable that it is going to be on a par. Currently this is a hiatus, from what I can gather.

**CHAIR** - Steve, any comments you would like to make before we wind the session?

**Mr KONS** - I look forward to seeing the report. I think you should not pull any punches but be as forthright as you can. Increase the public servants' overnight allowance.

*Laughter.*

**Mr KONS** - It is needed to support your tourism industry and the government is one of the major users of that industry. It is not only the government departments, the rest of industry as well, whether it is TV camera crews or whatever, they should know that \$100 is not going to buy you a good night's accommodation and you need that good night's accommodation to make sure you do a good job the next day. If I go to Europe I have had \$500, \$600, \$700 to \$1 200 a night for the room but it is good and you get what you pay for.

**CHAIR** - It should be.

**Mr GAFFNEY** - It depends on the quality of the film.

*Laughter.*

**Mr FINCH** - Where are we with that, Tom? I think it is about \$145 or something and you have to provide accommodation and three meals with that.

**Mr KONS** - You are talking about \$20 a meal at least, that is \$60 or \$70. So it takes it back to -

**Mr FINCH** - That \$89 down the road sounds pretty good.

*Laughter.*

**Mr KONS** - The way the Government should look at it is that the departments should have a look at the capital cost of a room and what return it is going to provide. These artificial

numbers that get put in there, they need reviewing. They are probably suitable for when it costs \$70 000 or \$80 000 for a hotel room and now we are talking about \$200 000, plus. I know that the bathroom has cost me \$15 000 just to fit out. The bed was \$4 500, the mattress was \$3 000 with linen and those things, for six rooms was \$12 000 to \$13 000. So it piles up and think maybe what I need to do is provide some detail to you outside of this session to say, 'This is what it cost me - \$600 for a fire door, \$13 000 for the locks on the bedroom doors, 13 or 14 of those.'

**CHAIR** - Would you like to give some evidence in camera?

**Mr KONS** - I will just write a letter to you highlighting for a 12-room hotel, what everything cost me, \$75 000 to Tascot for my carpets - those sorts of things. People have to realise that it is very expensive to do a place up.

**Mr FINCH** - Particularly if you want quality.

**Mr KONS** - Yes, for the 10 rooms: \$150 000 for bathroom fixtures and fittings; \$75 000 for carpets; \$600 for fire doors; \$11 000 for a smoke door; four pieces of artwork, \$20 000; couches at \$5 000 each; mattresses at \$3 000; beds at \$4 500 to \$5 000; and it just goes on. I will not even include the capital costs that have gone into it - \$40 000 or \$50 000 for plaster and I think I probably spent over \$1 million over a period of time to get my 11 rooms up.

**Mr PARKINSON** - You obviously did not pay Tascot enough for the carpet!

**Mr KONS** - I did get a good rate but I know what their margin was and they did all right. I did get a bit of support from the Commonwealth Government, they gave me a grant.

**CHAIR** - Thank you. If you would be good enough to let Tom have those details. Thanks very much, we do appreciate the fact that you came from Burnie, as you agreed to when we were inspecting your fine premises and we all wish you well with that venture. It is very good for tourism and for the State that you have invested that.

**Mr KONS** - It was fortuitous, I had another appointment to see a lawyer about an incident with the council. So I killed two birds with the one stone. I get my advice and then I get the apology from the bloke who lodged the complaint.

**CHAIR** - I declare the session closed.

**THE WITNESS WITHDREW.**

