

UNCORRECTED PROOF ISSUE

Wednesday 30 June 2010 - Estimates Committee A (M. O'Byrne) - Part 1

LEGISLATIVE COUNCIL

ESTIMATES COMMITTEE A

Wednesday 30 June 2010

MEMBERS

Dr Goodwin
Mr Hall (Chair)
Mr Harriss
Mr Wilkinson
Ms Forrest

SUBSTITUTE MEMBERS

Mr Gaffney

IN ATTENDANCE

Hon. Michelle O'Byrne MP, Minister for Health, Minister for Tourism
Department of Health and Human Services

Mr David Roberts, Secretary, Department of Health and Human Services

Ms Penny Egan, Chief Financial Officer

Ms Alice Burchill, Deputy Secretary, Care Reform

Mr Des Graham, Executive Director Policy, Information and Commissioning

Mr Simon Barnsley, Managing Director, Business Services Network

Mr Craig White, Chief Health Officer

Ms Fiona Stoker, Chief Nursing Officer

Mr John Kirwan, CEO, Northern Area Health Service

Mr Michael Pervan, CEO Southern Area Health Service

Ms Jane Holden, CEO, North West Area Health Service

Mr Dominic Morgan, CEO, Ambulance Tasmania

Mr John Crawshaw, CEO, Statewide and Mental Health Services

Mr Roscoe Taylor, Director Population Health

Department of Economic Development and Tourism

Felicia Mariani, Chief Executive, Tourism Tasmania

Adam Sproule, Head of Office of Chief Executive

Craig Watson, DEDTA Corporate

Ministerial Office

Norm Andrews, Head of Office

Peter Robinson, Adviser

Ken Campbell, Adviser

Phil Souter, Adviser

Anne Cameron, Adviser

The committee met at 9.30 a.m.

CHAIR (Mr Hall) - Good morning, Minister, and welcome to Estimates on your first time in this chamber, I believe.

Ms O'BYRNE - Indeed.

DIVISION 1

(Department of Health and Human Services)

CHAIR - I would ask you to introduce the people at the table at the moment.

Ms O'BYRNE - Thank you, Mr Chairman, for the opportunity to be here today. Can I introduce on my right today, Mr Norm Andrews, in his almost penultimate day. Norm finishes on Friday, he is my chief of staff until Friday. So he will be the subject of much derision and blaming for the next - I think we get six months after you go, Norman, under normal provisions.

On my left is the CEO of Tourism Tasmania, Felicia Mariani, fresh from her very successful negotiations in the US to deliver us the International Cool Climate Wine conference.

I have just a couple of brief opening remarks. I think it would be fair to say that tourism in Tasmania is still tracking reasonably well. We have had some positive results in our latest TV ads for the year and we even took some of our senior figures in the tourism industry a little by surprise. The national story does not reflect ours. We were preparing ourselves for less than favourable news, but we were extremely pleased with the results.

Our total visitor numbers, our total visitor nights and our spending all rose, despite the fact that interstate we are seeing overnights and trips falling. The total amount of spending across Australia is remaining reasonably stagnant, so we were quite pleased to see a rise.

We have had to deal with a range of challenges, like most destinations, and the GFC clearly being a very big part of that. We have a growing outbound tourism from Australia and a declining domestic tourism nationally.

We continue to lay a strong platform for tourism to flourish and become more sustainable, and I want to thank Felicia and all the team at Tourism Tasmania for the work they do, the way they work with our industry and the effort they have put in, particularly over the last year. There is an awful lot of hard work that goes into driving change behaviours and creating an opportunity for greater recognition for our state. As a result of all their hard work and that of our tourism

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industry, we have provided a growing pool of visitors to the state, which all of our tourism operators compete for.

We have a range of new experiences coming on-stream, which we are happy to discuss if the committee wishes, which will position Tasmania as an internationally significant destination.

I appreciate that, despite our growth, it has been a difficult year for some tourism operators. Visitor increases are something that we drive for the state. They do not necessarily trickle down to every single operator and we need to work with those operators to maximise their opportunities.

There is a lot more work to be done. It is an incredibly changing and dynamic industry, it can move into other fads quickly, and we need to be able to identify any of those potential changes and do the work around it. It is influenced by external factors, by the financial crisis, by behaviours in other major destinations.

It is widely recognised in marketing circles that it is not about necessarily how much we spend but how smart we spend it, how targeted we are. I think we have used the resources of Tourism Tasmania to great effect, and the Tourism Industry Council Tasmania has certainly agreed with that.

Our current tourism strategy has been bolstered by the \$28 million-plus tourism funding package that we announced in the State Budget and we are well placed to continue our nation-leading performance in the coming years. I have spoken to the chair, and seek the indulgence of the committee for just a moment.

Back on 28 March 1974, Mr Bill Tonks started as a tourist officer for Tourism, some 36 years ago, and he is going to be finishing work, this is his final day. I want to take a moment to thank him for his work. He has worked for the Tasmanian Government Bureau in Sydney, Adelaide and Hobart. He has worked on the front counter selling the Tasmanian travel story to tourists. He came back to Tassie in the early 1980s, he had a short stint in the Hobart Travel Centre, then he moved to the head office in a corporate role. It is worth nothing that back in the 1980s tourism had approximately 500 staff and 10 travel centres around Australia, so it is a completely different picture from now.

He is a very loyal, but I understand horribly frustrated, Richmond supporter. I understand most of that frustration takes place on the golf course. And he is heavily involved with the Meadowbank Water Ski Club.

Despite the fact that he has been involved in tourism for that many years, he only went on his first overseas holiday last year, to the US and Canada. We will miss him at Tourism Tasmania. The staff are very sad that he is going, he has been such an absolute work horse.

I understand he will spend a bit of time travelling out of Australia over the next few years, and I am sure he will be talking up Tassie at every single moment. I thank the chair for your indulgence.

CHAIR - Thank you.

Mr HARRISS - The Minister will buy him a few drinks tonight.

Ms O'BYRNE - We are not drinking until tomorrow night, Mr Harriss.

CHAIR - Thanks, Minister. Before we get to the output, I might start with a couple of overview questions.

The first question relates to the election promises: has the Budget delivered on 100 per cent of Labor's election promises for tourism? Given the Treasurer said that only three-quarters of the promises could be delivered overall in the Budget, how do you stand in tourism? Is there any not delivered in this Budget that was promised?

Ms O'BYRNE - Clearly, as a Government overall we have delivered on 75 per cent of our promises. We aim to deliver on all of them over the four years. We have had to deliver for our newer Cabinet colleagues some of their particular commitments as well.

Tourism has fared extremely well under this, except in one area, which is a commitment we made to Business Events Tasmania. You would probably know them better as the Tasmania Convention Bureau. I believe the additional amount we were hoping to give them was \$300,000. We have given them an additional \$540 000 out of our own budget. We almost majority fund this organisation, which is an unusual scenario. They get only a quarter or less of their revenue from their membership base. They have a new CEO who is working on a business plan, and we will sit down with him when the business plan is done and will work with him through some opportunities.

It is unusual for the State Government to fund such a large part of an organisation and for industry not to fund at least half of it by itself. We want to work with them to increase their revenue capacity.

Mr WILKINSON - I know I am looking at the glass half full when I say this, but as a result of the \$300 000 that is not being given to that convention bureau, what work do you believe they will be unable to do that they would like to do?

Ms O'BYRNE - This is not money they would have necessarily anticipated. We have given them more money than they have previously had, just not quite as much as we would have, in an ideal world, liked to have given them. We want to work with them about maximising those opportunities. The \$540 000 is a three-year commitment for 2009-10, 2010-11 and 2011-12.

Mr WILKINSON - That is each year?

Ms O'BYRNE - Yes. Plus there is an additional \$60 000 that we allocate for an enhancement funding. So we give them \$600 000 in total. They received a state grant of \$170 000 for the Meet in Tasmania incentive scheme, which brings the total funding for 2009-10 to \$770 000.

The key objectives of that are to build strategic alliances for mutual benefit of both parties, enhance business attraction and tourism conversion, so that is pre and post conference facilities that we might be able to develop. The other thing we need to do is align them better to the zone marketing messages, so that fits in neatly with the business event targeting they might do.

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In 2009-10 we had a good opportunity for them because we had a successful joint bid for hosting the ATEC Symposium, which I am happy to talk about if members are interested in that. Of course, it provided a great opportunity for them to position well. When we lobbied for the ATEC Symposium, which we worked with them, it cost \$125 000 for us to participate in the bid. There is a fee to bid for these sorts of events, and we funded that. It probably ended up costing around \$200 000 to run the ATEC Symposium, which is a really good opportunity for them.

We want to work with them and to see their capacity to bring tourism grow. We were not able to give them everything we would have liked to. We want to work with them on their business plan, because it is an unusual model that government would fund so much of an organisation that is a business events organisation.

CHAIR - Could I also ask, as a follow-up, about something the Treasurer referred to in his Budget speech, which is a direct input from the Greens. Can you put a tab on anything that they got out of this from their input into the Budget at all?

Ms O'BYRNE - In terms of the tourism budget?

CHAIR - Yes.

Ms O'BYRNE - There were certainly some shared values. I probably could not give you a tab off the top of my head, I am afraid. There were certainly some similarities in policy announcements. That is \$300 000 out of the \$30-odd million budget. I think we did quite well, I was reasonably pleased with our tourism outcome.

CHAIR - Regarding the agency cost reduction requirement and the cost reduction savings that are being achieved through the implementation of a range of employment management strategies, including vacancy control, early or phased-in retirement, leave without pay and targeted voluntary redundancies, the question is: how has tourism implemented these agency cost reductions and can you provide a summary to date?

[9.45 a.m.]

Ms O'BYRNE - I think the most significant one was the call centre operation in Launceston, which members may be familiar with. We have an update on that. We had to make some decisions.

You would be aware that we effectively ran a call centre operation from Launceston. The reality is that the industry itself moved on from us, and we were funding an extremely expensive operation that was getting a very small amount of calls coming through and being part of our workload. We made a very difficult decision last year to do that. We had a total of 36 staff who received voluntary separations during the period 31 May 2009 to 31 May 2010. We are a much leaner operation now in tourism, as you would know.

I mentioned in my comments about Bill that we once had 500 staff; we now have 94 FTE positions. In 2005-06 we had 206 FTEs, we now have 94 FTEs. For us, it has come down to working smarter.

CHAIR - The middle management review savings target, has that been achieved by tourism as part of that?

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Ms O'BYRNE - The Department of Economic Development and Tourism did a whole of agency approach in terms of middle management. We picked up our share with the Launceston call centre decision. Overall, the agency, I believe, met all its targets. Tourism is structured somewhat differently, but we have certainly met the savings that we anticipated we would.

CHAIR - The final one on that theme is SES reduction.

Ms O'BYRNE - Once again, it was a global agency, and I understand that the agency as a whole met its global requirement. I think we may have lost an SES position in Launceston.

CHAIR - How many SES reductions in personnel were there?

Ms O'BYRNE - The SES requirement was across agencies. I understand the agency met its SES requirement. We have probably lost one SES position in the last few years, through an amalgamation of positions, but it was a global approach of the department.

Mr WILKINSON - You mentioned 206 FTEs in 2005-06, which is now down to 94.

Ms O'BYRNE - Yes. We lost 36 in Launceston, plus there were 12 positions through voluntary redundancy in head office.

Mr WILKINSON - What I was looking at is that this time last year there were comments, 'Look, we are into hard times because of the GFC; as a result of those hard times we have to pull our belts in, each agency has to look at cutting costs.' There was a notional figure of 800 positions. In relation to tourism, what were the numbers of FTEs in 2008-09 compared to now?

Ms O'BYRNE - There were 136 FTEs in 2008-09. I went to the call centre, two blocks from my office in my electorate, and personally advised them that we were closing them down. I think we took some hard decisions in tourism.

Mr WILKINSON - The reduction from 136 to 94 was as a result of the call centre in Launceston, was it?

Ms O'BYRNE - No. We lost positions in head office as well. The call centre in Launceston was clearly an area that we were losing money on. It is a difficult thing to make a decision to close something that had been in operation for some time. The call centre decision was made because we were losing money substantially on running that facility.

Mr WILKINSON - It was a good decision business-wise that should have been made?

Ms O'BYRNE - It was a good business decision that we were probably going to have to make anyway, and the GFC simply happened at the same time. Our tourism numbers have not taken the hit that other places did, so you would not see a GFC reaction necessarily on that particular call centre.

We had a change in the way people do their bookings; instead of ringing up and talking to somebody in Tasmania, they are using the internet. The world of accommodation booking and holiday bookings has changed significantly, and we simply were not responding. We did keep a small unit that allows us to work with providers, to ensure we can maximise their opportunities.

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Mr WILKINSON - I think I know the answer you will give me, but 94 FTEs now and 136 last year, so I would imagine there would have been more the year before. It has been a constant dwindling of FTEs. Are there enough people employed now to do the work that you are required to do?

Ms O'BYRNE - Certainly we are seeing that our tourism numbers are not only holding against the national trend but growing. The difference in tourism is not necessarily about having lots more money and lots more people; we need to be strategic about where we have our conversations, when we have them, where we do our marketing and how we present it. The key for us is about working smarter, and I think tourism does that well.

Mr WILKINSON - I suppose the conclusion could be that we were not working smarter five years ago.

Ms O'BYRNE - I think the world is changing as well. As we have moved into a digital economy we have not needed the face-to-face engagement that we needed previously. There has been a combination of things, and one is the transition between direct phone conversations and the digital economy, which has meant we are able to target larger markets with a smaller actual outlay. It is effectively about being smarter.

I cannot read anything Felicia just wrote down for me then, so I will ask her to read that.

CHAIR - If it is fairly brief.

Ms MARIANI - Sorry. I do have awards for penmanship.

Ms O'BYRNE - Felicia continually claims to have received awards for penmanship. Can I have it on the record that I am unsure who may have given her those awards.

Ms FORREST - Out of the Weet-Bix packet.

Mr WILKINSON - Self-assessment.

Ms FORREST - Self-praise is no praise.

Ms MARIANI - In November 2006 we launched a new strategic direction, which was called 'New directions for our island'. That new direction responded directly to changes in the way tourism was being researched, purchased and marketed right across the world. That is what shaped our restructure.

We did not set about to get rid of a certain number of jobs or to try to cut corners here or there, rather recognising this was the new strategic direction and this was the shape of organisation that we needed in order to deliver that. That is what the 136 FTEs was ultimately based on. The 94 FTEs over that subsequent year largely, as the Minister has rightly noted, was purely a business decision in terms of the cessation of our wholesale operation. It was a business that was projected over the subsequent three years to lose roughly \$3 million a year, and that just was not sustainable going forward. It was not linked to meeting any targets, it was linked to a business decision.

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Mr WILKINSON - It is a question that may have been asked to you before, but I think it is a worthwhile question, and that is: given a clean slate, what would you like to see in tourism that you do not have now and that you do not have now maybe because of a lack of resources because you have to cut your cloth to suit your costs?

Ms O'BYRNE - This is an unusual thing for a minister to say, and can I assure you I do not say it in any other portfolio and every other portfolio I have ever had, 'Please give me more money.'

The reality for tourism is not necessarily about more money, it is about being able to target and market really well. If I had to pick, I think we need to do some work because we will always need to grow our skills and capacity in developing our digital marketing techniques, because that will continue to change. Whether we need more money to do that, I am not absolutely convinced.

The key with marketing is about how we leverage other players off what we spend. We could spend our entire budget on marketing but it really would not be as effective, because you need the buy-in from other people. Lumina is an example I can give you, which is our current state campaign.

Lumina is our Winter of Festivals. We traditionally have a very quiet period in tourism over winter. For years the industry has been saying, 'When will you market winter?' The response, for years, has always been, 'When you open.' It has been one of those nexus points where we cannot get an agreement about whether you market a product that is not there or whether you market for product that is not there or whether you open up product and then market it accordingly.

We have asked the industry to take us a bit on faith in terms of our first ever winter marketing campaign of Lumina. It is over 100 festivals, some that are already taking place and some that are new, to package up an event around winter.

Mr WILKINSON - Is that for this winter?

Ms O'BYRNE - It is currently running for this winter. Have you been to Sydney airport at all? You cannot get past this massive sign.

CHAIR - We do not have time to travel.

Ms O'BYRNE - Mr Chairman, I suggest you take your committee just to see it. I will give you the Lumina calendar.

Mr WILKINSON - Do you want it back?

Ms O'BYRNE - No, I have a couple of those. The initial campaign period is March to 20 June. The advertising activity directs consumers to the website, where they can research against either the type of event or what have you got going in the last week of June, if you happen to be on holidays down there. You can create a calendar of events or a holiday planner. You can follow events on Facebook, you can follow events on Twitter.

This particular document was delivered into the marketplace via the print version, it was online, on television and outdoor activity. We produced 800 000 copies of the calendar, which

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were inserted into the Sydney and Melbourne markets. We had 200 000 copies distributed locally.

Our online activity to date has been 16 million page impressions, which is the ads; when you get on to a website, the ad will come up and rotate through. The print advertising circulation is 2 686 044 people. We got that figure from the Audit Bureau of Circulations for December 2009, so it is a very precise figure to be sourcing. The television advertising reached 4 228 626 viewers across regional Victoria, New South Wales and Tasmania. Victoria and New South Wales are probably our key target markets.

The Tourism Tasmania contribution is just over \$1.7 million, but we got everybody else to buy into it. This is where the smart things come, because it is not just us putting out ads that nobody might see. Everybody else then has a bit of skin in the game.

CHAIR - Everybody else being?

Ms O'BYRNE - Everybody else included 'Spirit of Tasmania'. I will go through the list, and I am happy to give you figures if you want. They range from \$7 000 through to \$350 000 commitments, which Qantas Holidays put in. There was Tiger Airways, Virgin Blue, Hobart Airport, Launceston Airport, Qantas Holidays, zuji.com, discoveraustralia.com.

CHAIR - Could you table that, please, Minister?

Ms O'BYRNE - Yes. Some of the figures might be commercial, but I am happy to seek advice and, if I can, table it before we finish today.

CHAIR - Yes, if you would let us know.

Ms O'BYRNE - Yes. Also Quickbeds, Viva! Holidays, Webjet, Festival of Voices, the Australian Shakespeare Festival, Junction, Festival of Broadway and Hobart Comedy Festival. We ended up with almost \$2.7 million investment.

Ms FORREST - So far, nothing north of Bridgewater has been mentioned.

Ms O'BYRNE - Sorry?

Ms FORREST - Virgin fly into Launceston, but there is nothing for the north-west coast or the west coast.

Ms O'BYRNE - We attempt to partner with every opportunity we can. Whilst that is true in terms of airlines, we mentioned Qantas --

Ms FORREST - Rex fly into the north-west. Were they approached?

Ms O'BYRNE - Yes. Qantas and --

Ms FORREST - They did not participate?

Ms O'BYRNE - We are trying to work with them for the next seasonal campaign. We approached them and they declined to participate at that time. That was QantasLink. We are also

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talking about organisations like Qantas Holidays, Discover Australia and Escape Travel, who all have partnership relationships with tourism ventures and opportunities in that area.

Lumina is the first one we have done. It was pulled together in a reasonably short time because we were responding to a direct need from industry that they wanted to fill their winter beds. We anticipate it will grow and become a larger statewide event over the next few years.

This was the first one, pulled together in six months, and to deliver almost \$1 million of partnership advertising in that period of time is quite good. It also meant they have all got skin in the game, they have all got a reason to market it beyond the stories that we have. That is one example. We do that kind of marketing all the time.

CHAIR - The proof will be in the pudding at the end of this winter as to how successful it has been.

Ms O'BYRNE - Yes.

CHAIR - I recognise, coming from a regional area, you see at the end of May, in Deloraine, for example, which is a tourist town, suddenly the tourists drop off, they disappear.

Ms O'BYRNE - It almost becomes a self-fulfilling prophesy. You have a bit of a dip in tourists, everybody shuts up shop, so tourists just keep driving through and they do not stop.

CHAIR - Yes, they do.

Ms O'BYRNE - We have asked the industry to commit and put in this time, so that when we bring people here the places are not closed. We know there are areas of Tasmania that regularly close down in the winter season because they do not get enough business. They go off on their own holidays. We understand those decisions.

Ms FORREST - They cannot afford to have staff employed if they have no customers.

Ms O'BYRNE - This is the thing, that industry does decline a little bit. But their argument has been that they want us to grow the tourism market. We can grow more people here, and it is about working in partnership.

[10.00 a.m.]

Ms FORREST - If I can take a point there, while the TVS shows some growth in all areas, that is not what I hear in my electorate.

Ms O'BYRNE - I did make that point.

Ms FORREST - People are coming, and probably in reasonable numbers - it has not been a huge decline - but they are not spending. While the figures may reflect a relatively positive picture for Tasmania, it is not the whole of Tasmania.

CHAIR - That is right.

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Ms FORREST - A lot of the marketing is about the state, which is great, you have to get people to the State, but other jurisdictions seem to focus on product and product at a local level. We are not seeing that in Tasmania to the degree we see it in other jurisdictions.

Most of the products in Lumina, and other things that have been done in the past, list upmarket choices. Tasmania comes across as catering only to the high income earners and does not want the mid yield or low yield travellers, with the possible exception of the grey nomads.

Ms O'BYRNE - A couple of things to raise there. The first is that Lumina is a three-year investment. This is the first one that, as I said, we pulled together over six months.

The second point is that in my opening statement I mentioned the fact that, whilst the numbers have increased on a statewide basis, there are certain providers who have not seen the benefit of those, and we want to work with them. We have a particular issue that many of our providers, particularly our smaller ones - and they are more likely to be in regional communities - do not even have a web presence, let alone the capacity to do any kind of realtime booking on the web. That is why we have invested so significantly in things like digital coach and our training, because a lot of these people are simply missing out on where the market is and people cannot find them.

That is one of the reasons we developed the zone marketing strategy, that we started in May 2008, which is a collaborative approach to the way Tasmania is marketed as a destination. We know that people thought, 'Come to Tassie, do it in a day, do it in a week, zip around.' We want to change that perception - that is what zone marketing is about - to the fact that there are five distinct regions - easily five, but five is what you can market reasonably - of Tasmania and all of them have a completely different thing to offer. We have zone brochures and I am happy to circulate them to you.

CHAIR - While you look for those, following on the same theme as Ruth: people tend to have short time frames for holidays, they tend to do the iconic circuit of Hobart, Port Arthur, et cetera. Like Ruth, in my regional area, which is a big rural electorate, the tourism operators I talk to have had a very lean summer and most of them are really struggling. One of the problems we have is that, in terms of casual rates, we are probably some of the highest in the world, so it makes it difficult for them to compete.

Quite rightly, if I were them, I would probably close down the business for a couple of months. It is a bit like farming, there is no money in it in the middle of winter.

Ms O'BYRNE - That is why we want to work on building the winter period, to give them that sustainability all year round. That is why we are working on this particular plan.

Ms FORREST - All this rhetoric around the 'Spirit', getting people to turn right off the 'Spirit', is just not happening.

Ms O'BYRNE - I can give you some figures on that.

I need to also remind you that Tasmania is doing extremely well in a time when markets across Australia are in serious decline. If we had the kind of dips that other states have had, I would be absolutely distraught about tourism in Tasmania.

We have a time when people are flying outside the country, so outbound tourism is on the rise, you can get your el cheapo flights to lots of places. Also, our domestic market has been declining. In the face of that, we are still getting more people here.

The job is for us to partner with all our regions and our providers to make sure they are getting a share of it. We do not expect them to do it on their own, nor should they expect us to do it on our own. This is about partnership and working together, which is what we are working to develop.

For 2009 for the marketing zones, the Hobart and surrounds zone had visitor expenditure up 2.8 per cent, around \$735 million; Launceston, Tamar valley and the north zone was up by 0.5 per cent at \$307 million; the north-west coast zone grew significantly, it was up 8.9 per cent to \$165 million in visitor spend; the western wilderness zone was down to \$137 million, and that is something we want to work with them on; and the east coast zone was also down. So we are getting a broader amount of people coming in, we are getting a bigger spend.

The other thing is that I take issue with the fact that there is a belief we are only hitting the high end. We obviously want high yield tourists because they spend lots and that is really good for us. But at the same time we market a whole host of opportunities because we know we need to meet the range. To say that we do not want low end unless they are grey nomads would be a misunderstanding of the way we target.

We work extremely well particularly with targeting organisations. We might go to motoring clubs, who are not necessarily high yield, or to fishing clubs or tapestry clubs - we probably have a list of the specialty ones we go to - and they give us a broad range of people, and that means we need to provide a broad range of experiences.

When we were doing G'day USA two years ago we were pitching the types of accommodation in Tasmania. Yes, we talked about the very exciting Saffire coming online, yes, we talked about those iconic experiences of the Maria Island walk and Cradle Mountain, but we also talked about the backpackers in Launceston and the family accommodations that exist, because we need to meet the entire mix.

The media might not always tell the story about how we are targeting, but we are certainly targeting to bring those sorts of opportunities as well. Lumina is the start of advertising winter for the first time, marketing winter, the first time we have ever done it. We put it on pretty quickly to get a product of this size done.

We are holding our numbers, in fact we are growing our numbers as a state. We are positioning extremely well to continue to build and we look forward to building those capacities further.

The comment about QantasLink and the services into the north-west airports, we want to work with them, we are actively working with them. They chose not to participate in the first one.

CHAIR - Do you find small tourism operators per se actually put in? Could I paint the scenario to you. If I go back to council days, we formed a tourism advisory group board and set up an organisation and paid for those individual tourism operators, paid their levies for the first year to be part of that organisation. Unfortunately, they are a little bit like farmers in some

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respects, that they can be rugged individuals and they tend not to support their own industry. In the second year, very few of them joined the organisation again. Do you find that is an issue in this state?

Ms O'BYRNE - I think it probably was. I would argue it is changing because the industry is better understanding and we are working with them to better deliver on their skills and responsibilities as engagement.

We will always have the time where someone sets up a B&B at their house and they only want to run it for 12 weeks over certain months because that suits their lifestyle. That is always really hard to market. Then they say, 'Well, nobody came.' We will always have an element of that sort of thing.

The other thing to remember is that the bulk of our tourism industry is small, the bulk of our suppliers is small. We have a few larger players, but the bulk are small businesses that are running and it is pretty hard to work to keep their numbers up.

CHAIR - And the margins are tight.

Ms O'BYRNE - The margins are tight. Occupancy is probably better now than it has been, but everyone goes into tourism wanting 100 per cent occupancy; very rarely does anyone actually ever get 100 per cent occupancy. I think the state average occupancy rate is around 65 to 70 per cent across the state. Some of them are doing better and some of them need to do more work.

One of the reasons we are doing the work in terms of their web presence is that the research we are doing is about what it is that people want when they come here, what are they looking for, how are they looking to get here? We need to make sure we are meeting a demand, not just setting something up because it is a nice thing to do. The web presence is particularly important, because even if people do not use the web to book - and the bulk of them do - they will find you on the web.

Ms FORREST- Can I go down that path for a minute. The majority of the regional operators are small; there are a couple of biggies out there, but not many.

Ms O'BYRNE - Most of the industry across the state is small.

Ms FORREST - One of the issues for the small operators is that they do not have the capacity to send people off to training things to maximise their web exposure. They do not have people that they can free up to be involved in committees or to actively engage with Tourism Tasmania. So how do you intend to address that? Do you have regional staff out there visiting these little operators? How are they supporting them?

This is the problem. It is easy for the federals of the world to send delegates to these sorts of things, to be have a number of staff focused entirely on their web based presence and a number of staff focused entirely on capturing their market, their advertising the whole thing. Little individual operators just cannot do it.

Ms O'BYRNE - Can I just say that all of our forums and all of our information we provide regionally; absolutely we have regional staff. In particular, digital coach, which is the one we

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have just started, which has had a huge take-up, we go to the business. We go to the business in order to provide that sort of support. So we are doing that. We have always recognised the demand.

Ms FORREST - Do you have a breakdown of how many businesses you have visited in each region? Could you provide that?

Ms O'BYRNE - We can give you the numbers of the amount of people who have hooked up for it. They can choose to come to something if they wish to come to it, they can do it online or we go to them.

Tourism Tasmania has developed very strong relationships with the industry and we understand the pressures of smaller businesses, we always have. That is why we have been developing programs such as digital coach. We can get you some numbers on the roll-out.

Ms FORREST - I would like the number of businesses, whose businesses have been visited and where they are.

Ms O'BYRNE - That might be a little hard. If I can highlight that I might not necessarily be able to get that in terms of the deadline that the committee might require, if you would be comfortable with that. It might actually take a little bit to get. It is not that we do not want to get it for you, but I just want to highlight that it may be somewhat difficult to get it in the timeframe.

Ms MARIANI - There are a number of levels here. First of all, as the Minister has indicated, the digital coach program is one level. That has only just launched, it has only been out there for a couple of months. We can get to the committee the results, which is very early days.

We have somewhere between 250 and 300 operators that have engaged with the digital coach program. Some of those have engaged in group meetings and some of those have engaged in online forums, because the whole thing is online. You can go on to communities. The other industry members, who are operators in the area and who are across this stuff, are acting as coaches as well, so they have online digital forums that they can enter into. In fact, these people can come right to their home or to their business, if that is what they prefer to happen. We can get a summary of that.

Ms FORREST - Yes.

Ms MARIANI - The other side of that, which is what the Minister is talking about, which is extremely detailed - and it would take some time to go back - is that we operate with coordinators in all the regions. We have an industry development coordinator in the south, we have one in the north and one in the north west. Those people work directly with industry operators on a day-to-day basis. That is their job every day. The analysis of who they have met with and who they have talked to would probably be impossible because they do not keep a record of every person they have spoken to. Their role is to get out there and engage at the local level. We have had those people in-market working in the regions for many years now. That is just part and parcel of what they do as part of their day-to-day job.

Ms FORREST - We still hear about lack of support. I guess I am looking for some confirmation that this -

Ms O'BYRNE - Can I suggest that, whilst it might be hard to provide to the committee, if individual committee members would like us to coordinate a meeting with our regional staff, that might be useful in terms of an offline conversation, so they can talk about the sort of work they do, because it would be slightly in each region. We are happy to facilitate that.

Mr WILKINSON - Interestingly enough, when you look at the areas and you look at the winter periods, I know in America, Hill City, for example, which has the Mickelson Trail, Mt Rushmore, et cetera, pretty well closes down over the winter months. There are places in America that do that and the ski fields pretty well close down over the summer months.

Ms O'BYRNE - That is like the argument about North Dakota and South Dakota. South Dakota wants to take 'south' out of its name because they think people do not go there because it is cold, because North Dakota gets more people. But North Dakota has significant tourism infrastructure which drags some of the swell.

Mr WILKINSON - It is interesting because what I am saying is that it is a hard market, I would have thought, to tap into, your winter market. Therefore it would seem to me - and I am no expert in the area - that you have to look outside the square, to coin a well-worn phrase, in order to get those people here. Are we doing that? It would seem that we are - the website is very impressive - but could we be doing anything else? If we could be doing anything else, what could we do?

Ms O'BYRNE - I guess it is one of those things that you need to create a different picture about what people have. Whistler is an example of that. They derive more revenue in the summer months from mountain biking than they do from skiing. If you ask anybody what Whistler is famous for, it is clearly for skiing. A lot of it is about that perception analysis as well.

That is why a lot of the work we do is with the people who are planning to come to Tasmania or to come to Australia: what is it they are expecting and how do we find ways to meet that? We need not only to meet their expectations, we often have to do more than that. A lot of that work comes in our relationships and research that we do. Tourism Tasmania spend a lot of time on research, identifying how we meet the demand of market, as opposed to, 'This is what we have got, how do we sell it?' It is a little bit of both.

You are absolutely right, there will always be people for whom things might be going well but not necessarily going well for them, and we need to work with them. Whether it is how we tell their story, whether it is something to do with how they tell their story or whether it is about the product itself, we are always happy to work with them. That has been the driver of our zone marketing, to say, 'You should not come to Tassie once and do a circle and go. You should come to Tassie at least five times, because all our regions have something special.' It is about marketing.

[10.15 a.m.]

Ms FORREST - Perhaps you should talk to your federal colleagues about the fair work changes that have impacted significantly on the capacity of people to have employees. That is another area, minimum hours and things like that. It does not work in small rural communities, it does not work.

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Mr GAFFNEY - Minister, you have mentioned Lumina is the first year of a three-year program.

Ms O'BYRNE - Yes.

Mr GAFFNEY - What evaluation process do you have in place to measure the impacts and outcomes of this first year and when will there be an industry report ready for us to see how it is going?

Ms O'BYRNE - We target two things with Lumina. We are targeting internal domestic tourism because we want Tasmanians to recognise they should not stay home because it is cold, they should come and do things.

The other, of course, is the national marketing. Our national wholesalers will compile data about the bookings they take and the engagement and interest they have had and they will feed that back to us. We are capable, through our website and through the Lumina website, of tracking those sorts of things.

It is still running, so we will probably not be in a position until August or September to report back on the success of it. Bear in mind that this is stage 1 of at least three years, and we will be hoping to grow the numbers.

There will always be fluctuations. We might grow our numbers but the numbers nationally might take a massive dip. If we remain steady, we need to be able to make those kinds of analyses as to whether or not we have been impacted by other marketing implications as well.

Mr GAFFNEY - I am aware that some regions have winter programs that they have had for a number of years.

Ms O'BYRNE -Yes, which in many cases we have been able to incorporate and in many cases we want to work with them to incorporate. Not of all of them have been picked up in the first tranche, but we really want to.

Mr GAFFNEY - A couple in my electorate, the Chocolate Winterfest and the Jazz Festival in Devonport, have their own markets. I am wondering - it might be outside the period of Lumina - how you get that into the wider community, because it is quite specific.

Ms FORREST - Burnie Shines is another one.

Mr GAFFNEY - But that is in October.

Ms FORREST - Yes, it is outside this period.

Mr GAFFNEY - It is way outside.

Ms FORREST - Yes. It is still winter, though, in October.

Mr GAFFNEY - It is spring. Spring is 1 September.

Ms FORREST - In October it is winter up there!

Ms O'BYRNE - Every single event we have, whether it falls within that period or outside that period, has the capacity to load their information into the Lumina Festival - so there can be other events you might do in Tasmania that do not necessarily correlate with these dates - or on to the Discover Tasmania website.

Mr WILKINSON - Can I get back into some oversight, because a lot of questions can be asked under output 3.1.

Ms O'BYRNE - I keep forgetting we still have to go to output.

Mr WILKINSON - What board and committee savings have been made by tourism, if any?

Ms O'BYRNE - We have the board of Tourism Tasmania and within that there are subsets that tend to try to meet by phone hook-up as much as possible. The savings that we have got out of that are that previously they used to meet around 10 times a year, and now they are meeting around six times a year and using telephones as a more effective way of touching base.

Mr WILKINSON - That is working in accordance with the way it should be working?

Ms O'BYRNE - It seems to be, yes. We have not heard anything. I do not think anyone has any particular concern.

Mr WILKINSON - It is no different from the way it was previously working, other than they are not seeing each other day in day out?

Ms O'BYRNE - In reality, I think when you ask people to meet 10 or 12 times a year, it is a significant buy in their time. The people on our Tourism Tasmania board are generally from industry, so they are really busy people, and if we ask them to engage too much, they get to a point where they say, "I want to do it but it is not working." From what I understand, six meetings has got people a lot happier about their capacity to contribute.

CHAIR - Minister, we are basically still on the overview stuff, before we drill down into 3.1.

Mr HARRISS - Before you go there, Mr Wilkinson has raised the matter of board savings.

Ms O'BYRNE - At this stage it is meeting costs.

Mr HARRISS - Is there a quantifiable measure to that? Did you have a budget that said that for a number of meetings it will cost us this, and we have pruned them so we save another figure?

Ms O'BYRNE - Once again, the way Economic Development and Tourism dealt with those savings was to do a global agency approach. Of course, the Tourism Tasmania bit of that would have been a little smaller.

We are happy to take that on notice and get information from the global perspective of the department, if that is useful for you. I do not have it with me today but I am happy to get it for you.

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Mr HARRISS - It is something that ought to be quantified.

Ms O'BYRNE - We might be able to get it before the end of today.

Mr HARRISS - The Treasurer went down that track with every department last year, and I think it is incumbent upon us to monitor that to see what the outcomes were.

Ms O'BYRNE - Yes. Tourism is a subset of a broader department, but we are happy to seek the information from the secretary. If we can get that today, we will table it today, otherwise we will add it to the list of questions.

Ms FORREST - Minister, I understand that Tourism Tasmania commissioned KPMG some time ago to do some research into attitudes in certain areas of tourism.

Ms O'BYRNE - Regional community attitudes?

Ms FORREST - Yes, I think it was regional community attitudes. Has that project been completed? If not, why not, what is the hold-up? Was the process interrupted by a tourism consultancy in Melbourne making critical comments about Tourism Tasmania?

Ms O'BYRNE - Sorry, what is that one again?

Ms FORREST - Has it been interrupted at all by any external forces, perhaps?

Ms O'BYRNE - I do not know if you are in a position to elucidate on what they may be. Not that I am aware of.

There are a couple of reviews going on, and it might be easier if I explain. We are doing a community attitudes review, which is how communities themselves view being part of tourism industry.

Ms FORREST - Who is doing that?

Ms O'BYRNE - Tourism Research Australia is doing that one. There is a broad assumption that communities love being part of the tourism industry, but increased traffic and different people coming into their community is not always something that they embrace, and we need to work with them.

The KPMG regional review is a review of the three regional tourism associations with Cradle Coast, NTD and Totally South. They have initiated a review to look at ways to improve the way industry and the government work together to grow regional tourism. They were appointed in February to conduct the review and it is under way. It will be completed later this year.

A steering committee has been formed to oversee the review, which has membership from Tourism Tasmania plus the three associations plus local government and TICT. We think it is designed to build on the success of regional tourism in Tasmania but also to look at where better connects and opportunities might be. They will produce an issues paper as a result of the review, and then we would expect there will be discussions between individual organisations involved in tourism over a couple of months.

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I am not familiar with whether or not there was a problem or a delay.

Ms FORREST - When are we expecting the issues paper?

Ms O'BYRNE - The issues paper should be delivered in the next month, then there will be community consultation around that issues paper. The review process will not finish until towards the end of the year. Offline, I am happy to have a further conversation with you about whatever that other concern might be. I am not familiar with it.

Ms FORREST - It has not been stymied in any way; it is still ongoing? That is the question.

Ms MARIANI - Absolutely.

Ms O'BYRNE - We have not heard that it is not. If you have anything you want to talk to us about, we are very happy to take that feedback.

Ms FORREST - You have said there are two reviews. There is the KPMG one.

Ms O'BYRNE - We do research all the time. Tourism Australia is doing research into regional community attitudes to tourism. The KPMG one is one where we are part of a steering committee, which is based on how the industry and tourism works together, how we create better opportunities, how the three regional bodies sit, how they engage with their membership and how they engage with us.

Ms FORREST - Are there any other reviews going on at the moment that Tourism Tasmania is involved in?

Ms O'BYRNE - We do research all the time. Felicia might be able to give you a picture of the current work we are doing. We do stuff with airport markets, we do a lot of reviews.

Ms FORREST - Do you have a list of the reviews that are being undertaken?

Ms O'BYRNE - They are not necessarily reviews, they are ongoing research projects and marketing.

Ms MARIANI - There is a difference between reviews and research; research is not a review. The only other review I can think of that we are about to embark on is the review of the zone marketing activities, and we have not even started that process yet. That is the only other review that is on the cards.

Ms FORREST - Is that being done internally; it is not using consultants?

Ms MARIANI - No, that is not using consultants at this point in time. We will obviously be bringing somebody in to help us coordinate the whole thing, but the actual zone groups have just nominated two people from each zone group to be part of this. We are having our first steering committee meeting with them at the end of this or the first week of August, that we are pulling all these people in. Two people from each of the five zone groups have agreed to participate in the review with us, and they will form a steering committee. But we have not even started that process yet. That is the only other review that is on the cards; that is it.

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Ms O'BYRNE - That does not mean that organisations might not be doing their work. Events Tasmania is reviewing its processes and its corporate plan and will then come to us.

Ms FORREST - Besides the KPMG one, are you using any other consultants in Tasmania to undertake any other research or reviews?

Ms MARIANI - Not at this point in time. We are using KPMG right now for the work we are doing, as the Minister has said, on a regional review. We have not yet determined our strategy for how we will approach the zone review. We will be determining that with the steering committee. We have not firmed up any of that yet, to be able to make the comment on that one.

Mr WILKINSON - In relation to consultancies, how many have we had over the last year, how many are you expecting to have this year and are they consultants from within or without Tasmania?

Ms O'BYRNE - We have a value on the consultants we have paid but we do not necessarily have a number. I am sure that is not difficult to get. If the committee needs it, we can probably get that reasonably quickly.

As of 31 May 2010 we had spent \$199 000 on consultants. That is including all sources of funds. That is a decrease from May 2009, which was \$396 023, so we have cut our consultancy expenditure. We can get you a break-up if you need it. I do not know if you are interested in that, or just global figures.

Mr WILKINSON - Any account that you get, you say, 'Gee, has the money been well spent.' Some monies are better spent than others. Some reports, you think, 'Gosh, are they in the same place that I am in?' How have those consultancies assisted in any way and as a result of the consultancies have we acted on any of the recommendations?

Ms O'BYRNE - We have not used very many external consultants at all. The bulk of the consultancies in the figure I gave you, the \$199 000, would be work done in our product development, regional development area. That is to allow us to continue working to develop product and experience and to target better, and we would use that pretty much in conjunction with a lot of our operators, I would imagine.

We are quite comfortable with the outcomes we have had from it. I do not think anything has come back that we have been unhappy about.

Mr WILKINSON - In the end, have they told you anything you do not know?

Ms MARIANI - Sometimes.

Laughter.

Ms FORREST - It is always a good day when you learn something.

Ms O'BYRNE - I learn stuff every day.

Ms MARIANI - It is always good to reaffirm.

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Mr WILKINSON - Reaffirm what you do know.

Ms MARIANI - Reaffirmation is the word.

Ms O'BYRNE - The industry does change very quickly.

[10.30 a.m.]

Mr GAFFNEY - If you are still on the overview, you mentioned the airports and the importance of the airports and the ports to tourism.

Ms O'BYRNE - Yes.

Mr GAFFNEY - I am wondering what the situation is with the Devonport Airport, because that was up for sale, and where that timetable is going.

Ms O'BYRNE - As we are advised, the Tasmanian Ports Corporation has released a statement indicating it intends to retain ownership of the Devonport Airport. TasPorts has indicated they will work with local government stakeholders in the region to develop the airport. The bid by Devonport Airport Consortium, DAC, to purchase the airport, which was supported by Devonport, Latrobe, Kentish and Central Coast councils, was not successful. The Devonport Airport Consortium and the mayors of Devonport and Latrobe - you are not still mayor, are you? -

Ms FORREST - Conflict of interest.

Ms O'BYRNE - have expressed concern publicly that investment in the airport will not be adequate if the airport remains under TasPorts' control. That is the advice that we currently have on it.

Mr WILKINSON - He is the council.

Ms O'BYRNE - I know. I was about to say, I am not answering his question as a member from council, I am answering as a member from Legislative Council, so I am trying to be careful.

Mr GAFFNEY - It is in my electorate.

Ms O'BYRNE - Yes, I know.

Mr GAFFNEY - So it is a concern for me.

Ms O'BYRNE - That is the advice we have received.

Mr GAFFNEY - My question to this group would be: do you believe, with extra enthusiasm into the Devonport Airport, there would be a greater market value of people coming to that airport for the north-west coast, which is ailing? At the moment it has been stated by TasPorts that it was not their core concern and there was less emphasis placed on that as a market destination than there would have been if it was run by a Devonport consortium. As far as tourism goes, we do not believe TasPorts is putting enough work into it to make it a market destination.

Ms O'BYRNE - I probably cannot comment on behalf of TasPorts because they are not part of my brief, and we all try to remain within our portfolios at any opportunity.

I guess what I can talk about is the way that we normally work with airports to do marketing. We work very carefully, particularly with Hobart and Launceston airports. We develop research that we can put to airlines about why they should fly to Tasmania, about what it is in Tasmania that is good for them as a market, which will give them really good capacity on their flights. Airports themselves also go out and actively market those areas.

In the case of the Devonport Airport, we have developed a very strong relationship with QantasLink. We work directly with QantasLink to develop that market. I can tell you the way we operate in order to try to deal with that.

You are right, airports are really important players in driving demand because they need to be able to develop relationships with the airlines, because it is the airlines coming in and making cases for the airlines to come in that delivers the growth. That is why we are working directly with QantasLink.

Ms FORREST - Would you agree, though, that the majority of tourism operators or tourism promoters on mainland Australia, and even within Tasmania, ignore the fact that Burnie and Devonport airports exist? A number of people come into the state who have no idea that there is an airport anywhere on the north-west coast. Aside from all that promotion that goes on, they do not know there is one there at all. People will fly into Launceston for the destination of Circular Head or wherever, not knowing that they can fly in and out of the coast.

Ms O'BYRNE - Yes. It is an issue that you will find regional airports around Australia will argue that people do not always know about their particular airport, and people fly into larger centres and drive to their area.

We have identified it as an issue and we are doing work, we are doing trade education, with our wholesale operators, so they are aware of the airport. Certainly in the conversations that I have been engaged in and the tourism events I have been engaged in, we have not concentrated on flying to one city, we have pointed out there are a number of access opportunities, because it is diversity of access that delivers us an opportunity for growth as well. I do not disagree with you as well, which is why we work with our trade.

Ms FORREST - It seems the focus has always been, with the cheap airlines, going into Launceston and Hobart airports.

Ms O'BYRNE - They are commercial decisions that are made by airlines, based on what their revenue can be.

Ms FORREST - As long as they are promoting that there are more options.

Ms O'BYRNE - That is one of the reasons we work directly with QantasLink, to assist them in promoting their flights into the north-west coast. We know that is an issue and we want to work with our airline partners to deliver there as well.

Mr GAFFNEY - Going on from that to the 'Spirit of Tasmania' - and we know the important role that plays - what input does the tourism group have on recommending subsidies for different groups that might want to come in, whether it is for large events, for motor homes or that sort of thing?

Ms O'BYRNE - We run an annual grants program, which is not necessarily about going on any particular airline or sea service. We attract around 100 groups to Tasmania for national championships, special interest or touring events. They bring over 30,000 visitors to Tasmania through the year and they inject around \$30 million annually into the Tasmanian economy.

Events development programs have included master classes, workshops, practical skills classes, webinars, forums and scholarships. They are designed - it is probably more working with the events sector - to get them to be able to work with that.

The touring incentive that we offer encourages national and international car and motor cycle clubs, cycling touring groups and other touring events to host their next event in Tasmania. The Your Club Our Island program encourages small event groups and clubs to visit Tasmania during the months of May to September - once again, trying to hit our winter quiet period.

The 2011 Events Tasmania grants program opened on 1 February 2010 and closed on 14 May, and we are currently assessing the applications for that. We try to work directly with interest groups to bring them to Tasmania and provide facilities around that. We would do that regardless of their mode of transport here, although clearly the motor cycle and car clubs have a preference for travelling by sea, as you can imagine, given what they need to bring with them. It is unlikely they will pick up a Lotus or something while they are here!

Mr GAFFNEY - If we are still in overview, I would like to ask about Tourism's role and support for a number of different TV programs that may be coming to the fore, such as lifestyle programs and fishing programs. What role do you guys play in promoting those?

Ms O'BYRNE - Lots and lots of roles. I am not sure if you are familiar with the Discover Tasmania program that we have run a couple of times, which has been an extremely successful campaign.

We do a number of things, and I will ask Felicia to expand on them. One is the fact that we did the Discover Tasmania program. The key with that is that we own the content of that. That was a significant investment for us, but everything that was filmed we can use for other things. We also work specifically in other people's programs. We are part of the Jack Hanna program in the US and the 'Bringing It Home With Laura McIntosh' program. If people are looking at providing an opportunity, we will work with them.

The key for us - and I will get Felicia to expand on some of the programs - is that we need to know that the market in which the product will be displayed is the market that we anticipate will come here on or will work here.

We have been asked on a number of occasions to fund a particular television program, sometimes at completely astronomical costs, without knowing whether or not they have a promotion agreement for them, whether or not they have sold the product; and if they have sold the product, we need to know where they have sold it. It is no point if they are hitting a market that will simply not give any return for us. They are the sort of parameters we look at. I will hand over to Felicia to talk about some of the programs.

Ms MARIANI - There are two extensions. The Discover Tasmania series that the Minister just spoke about, there was an initial series we produced two years ago, and then we did a

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subsequent production last year, which we did in conjunction with Southern Cross TV. When we did that, we had a guarantee of when this program would be aired; we knew what time, we knew what station, we knew what it would be sitting between in terms of programming. That is an important element, as the Minister said, in understanding whether this is value for money in the creation of it.

The other real bonus out of Discover Tasmania, both series 1 and series 2, is again, as the Minister said, we own all that content. So it is up on our website. We have used it, as a matter of fact, as part of the Lumina campaign. Virgin Blue is a partner in Lumina. We retrofitted a lot of the footage from the Discover Tasmania TV series and aired it for a month on the Virgin flights domestically. All Virgin flights in the month of May had a cutdown version, a three or four minute video, that ran on the Discover series. Virgin Blue used that content in their in-flight programming.

Separate to that, we have used that, as I said, on our website and we have used it internationally as well. So there was a lot of traction we got out of that investment in the creation of that series.

The other done we have done, which was a very nominal investment but enormous return, was our participation in the SBS program *Gourmet Farmer*. That was probably one of the most successful relationships, and it kind of happened after the fact; they came to us after they had already produced it. All we did was to try to put some work around it to leverage it. It has been a tremendous asset for us. SBS has already on-sold the program to UK TV and it will be airing over the course of the next year in the United Kingdom.

Separate to that, we are talking to them about the next level of the creation of series 2 of 'Gourmet Farmer', which really starts to highlight the agrarian lifestyle of Tasmania. This was a gentleman from the mainland who came down and bought a farm in Cygnet, and SBS has made a film series around his learning how to become a farmer in Tasmania. He went out and spoke to a lot of other producers in his area, to learn how to do things as best he could.

It was a fantastic piece of work for us to really get traction, particularly in the Victorian and New South Wales markets. Again, it was something that they had already done, but they came to us and asked how we could work with them to leverage it. We put competitions around it and we did a lot of PR around the whole thing. Next year we are talking about working with them and integrating more with them on the actual content and development of the program.

CHAIR - It was a good show. He often learnt the hard way.

Ms MARIANI - Yes, he did.

Mr GAFFNEY - Were you approached to be involved with the program?

Ms MARIANI - No, they came to us after. That was one of the reasons, to be honest with you, there was no reason for us to invest in the production of it, because it was already made, it was going to air.

As the Minister said, we have to look carefully at how we get involved in these things. We are approached probably every week by someone with a brilliant idea who wants us to fund what

is essentially a commercial enterprise, with no guarantee that this thing is ever going to see the light of day.

SBS actually came to us with the definitive program already scheduled to air. We did not invest in the production of it but we did invest in the promotion and how we could build some profile for Tasmania around the event.

Mr GAFFNEY - One area that has been highlighted to me is the heritage value of Tasmania, the number of buildings we have in Tasmania of heritage value, and linking that with the tourism and accommodation markets. Is the Tourism Council in discussion with the heritage? I know we have the Sapphire experiences, which are terrific, but there are a lot of others out there wanting to get into that niche market for people interested in heritage.

Ms O'BYRNE - If you look at Tasmania's significant point of differences - Felicia is going to write them in her appalling handwriting again, so we will see how that goes - for tourism, they are clearly wilderness, but they are also cultural tourism. We have one of the largest collections of heritage buildings in Australia. We have international award winning facilities, whether it is at the top end of your market, such as the Port Arthur experience, that are replicated all the way through Tasmania.

One thing - this is within the Parks portfolio, but we have an engagement in it - is that the convict heritage story is part of a World Heritage nomination for convict listing and there are six sites in Tasmania. Five of the 11 sites are in Tasmania. I say six because Woolmers and Brickenden, which is the fifth site, are considered as one. We anticipate, should that nomination be successful, we can tell a really important story about convict heritage in Tasmania.

When people think of convict heritage in Tasmania and the tourism experience, they very much think about Port Arthur. The reality is that Port Arthur was a very small part of the convict story in Tasmania and the heritage story we can tell. The bulk of people were in fact assigned convicts, so they were on regional community properties around the state, so there are a lot of stories to tell in that.

We work closely on targeting the sorts of organisations that have an interest in colonial heritage. That would be buildings such as Franklin House, Entally, that sort of journey, where people can come and have an experience based around that.

[10.45 a.m.]

We particularly target that area, because when you look at marketing, we do not want to market something that (a) we do not deliver on and (b) is similar to what everyone else does. We have to look at points of difference, which is particularly our cultural tourism, everything from our buildings to our museums, gallery experiences and art experiences, which people have packaged up extremely well.

A lot of the investment in tourism is very much about being in beautiful old buildings that tell a story of colonial times in Tasmania. I think it is an extremely important market. Villages like Ross and Richmond have built themselves around being a heritage town.

CHAIR - Just one quick question, Minister, then we will move on to 3.1. Something which is topical at the moment, if I could ask for your comment as Minister for Tourism --

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Ms O'BYRNE - Why do I think something is coming?

CHAIR - It was on the front page of the *Mercury* this morning, and the e-mails started flowing through last night, and that was the story on the east coast alleged pollution from nitens, et cetera. That has been completely debunked by the independent committee.

Ms O'BYRNE - I believe it was debunked by Roscoe Taylor immediately.

CHAIR - It apparently did quite a lot of damage. For you as Tourism minister, how do you react to something like that and what will you do to try to turn around that negative perception? *Australian Story* did that and it was broadcast nationally.

Ms FORREST - Two episodes of it.

Ms O'BYRNE - Yes, before any verification of the information.

CHAIR - In my view, it was quite disgraceful the way that was done.

Ms O'BYRNE - I noticed a piece in one of the papers today that the final line was how dreadful it was this story got so much coverage, when it was not true. I thought, gee, that was interesting, coming from the people who covered it.

Ms FORREST - Never let the truth get in the way of a good story. That is the media's approach, isn't it?

Ms O'BYRNE - It is really difficult doing that sort of perception management. This is something we might want to cover in my other area today, I am happy to talk about the health response, and the Director of Public Health will be available to talk about that.

CHAIR - Yes, with that hat.

Ms O'BYRNE - From a tourism perspective, you are right, perception is quite difficult to manage and perception is as important as reality in those sorts of marketing areas.

We have certainly been in touch with the zone group, and that is an issue that has played out a little bit there. I have had personal representations as well from people saying, "We are worried that it is impacting on tourism numbers." It is hard to quantify whether or not it has, because it was around the same time as we had a softening in the market in Tasmania. I do not know that we have definitive data to say there has been a real impact. Having said that, the conversation is there.

Mr GAFFNEY - The mayor says that they have tracked that and it has.

Ms O'BYRNE - What I am saying is that at the same time there was a softening in the market anyway in that period. That was elsewhere as well, it was not confined to the east coast. So it is hard to identify which portion of that would have resulted from this.

I think those stories being told without verification are extremely damaging and I would caution against anyone heading down a sensationalist path without verifying those sorts of realities. We need to work with the community to continue to grow their experience.

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At the same time that was going on, Maria Island walks won a national award and I think Bay of Fires might have won another national award as well. Maria Island won *Gourmet Traveller* and Port Arthur won the other one for *Gourmet Traveller*, but Bay of Fires won another one recently as well, and I cannot remember who from. So there are really positive stories going out at the same time, and our role is to continue to build those.

I guess that is probably the time to talk about our visiting journalists program.

Mr WILKINSON - I would like to talk about Maria Island, if I might.

Ms O'BYRNE - In terms of tourism?

Mr WILKINSON - Yes, tourism. There is always a difficulty getting across to Maria Island.

Ms O'BYRNE - Yes. That is a Parks issue.

Mr WILKINSON - Yes. I know it is a Parks issue.

Ms O'BYRNE - I no longer have Parks, but I have dealt with this issue before.

Mr WILKINSON - It is a Parks issue but it is a tourism issue as well. We have a spot on the east coast, and a lot of people say, 'Can you take me over to Maria Island?' I say, 'Well, if you want to, there is a ferry just up the road at Triabunna.' But it becomes expensive if there is a family, and a number of people do not go there because of the difficulty of getting to Maria Island. Is Tourism Tasmania doing anything to assist there?

Ms O'BYRNE - We are working with Parks, who are the lead agency in this area. The Orford Chamber of Commerce have made quite clear their concerns, and in my former lifetime I was concerned about access to the island from the Parks perspective. Certainly there is a view that tourists and locals are somehow inhibited from visiting the island, and I think the regularity of the service is the key in that.

It is one of those difficult ones. In a way, you do not want to make access so easy that you have an unsustainable amount of people on the island as well. Whilst you do not want to completely open up access, you need to have regular access, so it is that line in between.

Visitor management on the site has tended to be pretty well ad hoc. There has been no real guide to the infrastructure provision we have over there, there has been no strategic approach to the visitor experience. As I understand, Parks are currently working on a Maria Island Spring Bay tourist plan, and I believe we are putting information into that. They will be engaging someone to conduct market research, develop a business plan and quantify infrastructure and service requirements, in consultation with the Chamber of Commerce. They need to do that particularly in a way that is environmentally sustainable.

You could immediately create a million plans for Maria Island, but it is a national park and you need to be extremely careful about whatever visitor infrastructure you put there and you want to make sure it remains somewhere that is a bit peaceful. As I understand, we will be working with them on the work that they have undertaken.

I would ask you to refer more detailed information on the report to the Minister for Parks tomorrow. That might be the way. Certainly, numbers have dropped and I think numbers have dropped because of access, if I had to pick what it is.

The other issue for Maria Island is that the Darlington precinct is part of the convict serial nomination. Should that be successful, there will be a demand to go there, and we will need to ensure that people can get to the island to experience it. I would imagine Parks would be considering the numbers that they would allow to access the island at any given time anyway. The beauty of the island is it is serene and peaceful and quiet and there are not thousands of other people. It is about how they build up a service to be sustainable without damaging the nature of the island, I would imagine.

I would ask you to refer some of those conversations to the Parks minister, who is leading that. It is very hard, because I used to be Parks Minister, so I want to say heaps of stuff that I probably should not. It is inappropriate to do so.

Mr WILKINSON - I hear what you say.

Ms O'BYRNE - But I agree.

Mr WILKINSON - You do not want a lot of people over there because it might spoil it. I accept that.

Ms O'BYRNE - But you need to have a consistent service.

Mr WILKINSON - If you are going to promote it as a tourist area and a place to see, you have to have the ability to get over there.

Ms O'BYRNE - Yes, you have to have the ability to get there.

Mr WILKINSON - Otherwise you don't promote it.

Ms O'BYRNE - Yes. Some of the drop-off has been in school groups as well. A lot of the visitor numbers would have been historically school groups. I went there in grade 10 and it is still one of the school trips that I remember the most.

I believe there has been a decline in school groups. Clearly, while it is important for school groups to have the opportunity to go there, we also want to provide the opportunity for tourists who do not necessarily have the capacity to book six months ahead, as would normally be the case for school groups, which would plan their trip pretty early and lock in the service.

Mr WILKINSON - The ideal part of it is for people coming from, say, Japan, China, places like that, who think kangaroos are running down the main street. We know they are not, but by going to Maria Island you have the immediate opportunity of seeing the wildlife in their natural state, and they fall over backwards when they see it.

Ms O'BYRNE - Not just the Japanese market, the US market. The fact that people can actually hold a Tasmanian animal or get really close - we take it very much for granted - is a significant drawcard for us, the accessibility of our wilderness and wildlife; particularly for those

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tourists who like to be in a city and feel safe, they can very quickly get out and see native wildlife. You are right, you cannot buy the sort of experiential response that you get from that.

Mr WILKINSON - Even though they have culled a lot of kangaroos over there in recent times.

Ms O'BYRNE - I am no longer Parks minister, and I will defer to the Parks minister on that, but that is about sustainable populations as well.

Mr WILKINSON - I understand that.

Ms O'BYRNE - This may not be the place to raise this, but we have received a number of suggestions about taking in more food for the kangaroos, which I do not think would have long term dealt with any of the issues on the island.

Mr WILKINSON - They are getting big enough, as it is, over there.

Ms O'BYRNE - I think so. Also, they are a Bennett and they are an introduced species anyway.

Mr GAFFNEY - You were going to mention the journalists.

Ms O'BYRNE - Yes, the Visiting Journalists program. We find that is probably one of our better ways to act upon our marketing strategy. I have the Air Canada magazine - this is like show and tell - which was sent to one of the clerks of the house. This was the result of a visitor journalist program. We got not only the front page but it starts off and talks about a massive program on what they call fantasy island.

CHAIR - Is that the Islington Hotel?

Ms O'BYRNE - Yes, that is the Islington. It goes around the State. I will pass it around, so that you can look at it while we are talking.

These programs create an awareness, an interest and a desire to visit Tasmania. They are about showcasing what we have to offer as a holiday destination to key media outlets and journalists.

It is interesting that, whilst we pay to bring journalists out as a marketing technique, some of the newspapers in the US do not allow you to pay for journalists to come out. Our Visiting Journalists program is about pitching and convincing them that it is a good story, because they are not allowed to take what they consider to be freebies. There are a number of really good outlets that we have to create different relationships with, rather than pay for them to come out.

The editorial coverage you get in newspapers is seen to be of a greater value than an advertisement, because if someone has written an article about it, it has greater value than if we put in an advertisement which says the same thing.

Unpaid media clearly broadens our market. Domestically, we contract a national public relations agency called Media Moguls and we work with our contracted marketing agencies in

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North America, the UK, Germany, Singapore, Hong Kong and Japan, which are our core marketing targets. I do not know if you want to go a little bit further into that.

The return on our investment in the visitor journalists program, we believe that every dollar we spend in the visitor journalists program delivers us \$157 worth of return. If you add up 2008-09 and 2009-10, we think we have been able to recoup some \$56 million worth of value from our visitor journalists program.

I will pass this around as well, because it is quite lovely and I do not want to take up too much time. It is a bit of a brag book that is produced for us. These are the sorts of things we get from the visitor journalists program.

As I said, those articles carry a weight that an advertisement does not carry. A lot of money is spent on television advertising, but it really does not give us a proper return. You need to be marketing in places where people see that there is almost a truth value in it, that this is someone else's experience, so it has been useful for us. We focus very heavily on the visitor journalists program as a way to give credible engagement. I am happy to pass that around while we go on to other questions.

CHAIR - I think at this stage we need to move on to 3.1. We will do that for a couple of minutes, then we will break.

Expenses by output

3.1 Tourism -

Mr WILKINSON - According to the Tasmanian visitors survey, the total number of visitors to Tasmania decreased by 1 per cent to 994,700. Can you tell me when was the last time we saw a decrease in the total number of visitors?

Ms O'BYRNE - We had a dip, but what we did not have a dip in was the total amount of people who come in on scheduled air and sea services. What we had was a dip in the cruise industry.

Mr WILKINSON - Cruise and Navy ships, 23 per cent.

Ms O'BYRNE - Yes. That actually reflects pretty much what is happening internationally as well. Since 2008-09 they have experienced significant growth. Passenger numbers increased 21 per cent in 2009 over the previous year. It was anticipated that we would see a change in the growth due to the global financial crisis, particularly the markets we have coming in on cruise ships. That has certainly had a dip, and that is the international and national experience, not just ours. Also, you get to a point with any cruise ship contract where you have the same people on the same boats going everywhere, so you cannot take them to the same place. That is something we deal with regularly. But the international dip is important for us.

Mr WILKINSON - They say that, but is that correct? The Cunard Line, for example, it was disappointing when I read in the paper that they will not be coming into Hobart any more.

Ms O'BYRNE - It will come in again, though, that is the point. I can give you the information. We do not have the final numbers for 2009-10, but the preliminary data indicates a

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23 per cent decrease in cruise ship passengers from 102 400 for March 2009 to 79,800. We do not anticipate there will be much of a change from our preliminary data, we think that is probably right.

[11.00 a.m.]

The main contributor was the reduction in the number of cruise ship vessels that came to a Tasmanian port, down from 47 to 35. However, a number of them visited more than one port, so they came in once but they will go to a couple of ports.

In the 2009-10 season there were 66 port calls scheduled, with 33 visits into Hobart, 21 to Burnie, five to Port Arthur, three to Coles Bay, two to Devonport and one each to Port Davey and Flinders. They change the itinerary of cruises, including the around the world cruises, to provide new ports and to keep past guests returning, because most of them have a clientele that continues with them regularly, so they do vary. At the same time, though, other cruise ships will vary theirs as well, so it fits together.

Mr WILKINSON - When you say most of them have a clientele, are you saying that the same people are on that boat, more than people who are on the cruise for the first time?

Ms O'BYRNE - They would have a market of people who live there. There are significant people, yes.

Ms MARIANI - Internationally, in particular, there are people who that is all they do.

Ms O'BYRNE - They go on ships all the time.

Ms MARIANI - They travel around on cruise ships and they regularly have their favourite ships that they travel with. So you need port variation. It is the same for any product. Every product needs to vary its offering from time to time, to keep its clientele engaged, and the cruise ships have to do the same thing.

Mr WILKINSON - In relation to Tasmania, there would have been surveys, I would imagine, of where people come from. Taking the Cunard Line, for example, because that was topical recently, are you saying that the majority of people who came to Tasmania on the Cunard Line were regular visitors to Tasmania on the Cunard Line?

Ms O'BYRNE - They would not make their decision just on Tasmania, they make decisions on their national cruise ship movements. There would be a percentage who would have been to Tasmania before, but they probably would have a larger percentage who would have been to Sydney, which is where they go first, and they might decide to go to Melbourne, which would then change where their flow-on is. They are decisions they make. But it varies.

We already have 55 port visits booked by 17 different cruise ships for 2011-12, so we have a reasonably strong start already. We are seeing that the industry trends appear to be that there is an increase in Australian home porting. Carnival Cruises and Orion are increasing the number of ships operating in Australia. They generally carry a higher proportion of Australian passengers, and they are less likely to prepurchase shore tours. They are a different kind of tourist. A lot of international tourists will book X, Y, Z tours once they get to Hobart. Australian tourists are not like that, they like to get off the boat and go for a wander and find their own stuff. They behave quite differently.

We are working on a review to assess the cruise ship market into the future. That is an internal review, that is not something that we are paying for anyone else to do.

Mr WILKINSON - That was my next question, if I might stop you for a minute.

Ms O'BYRNE - We will keep working on it.

Mr WILKINSON - If you could draw breath just for a second. What I am trying to say is that there has been a decrease, and I understand that what we are talking about in relation to the decrease is the GFC, change of route, et cetera.

Ms O'BYRNE - Before you go to that, can I point out that the decrease is based on last year. We had a 500 per cent increase on 1997-98, so we have been growing the cruise ship markets substantially. When we see a decrease, it is off a very strong base. I just want to make that point.

CHAIR - Yes, but allow Mr Wilkinson, please, Minister, if you would not mind, to follow his theme.

Ms O'BYRNE - I am happy to provide that information.

CHAIR - I know that, but the members have to get their point across as well.

Mr WILKINSON - What I am really saying is that we are doing something to endeavour to monitor the decrease, to bring it back to an increase, and can I ask what we are doing?

Ms O'BYRNE - We are working particularly with the major stakeholders in the state, which is Tasports, Hobart City Council, Burnie City Council, shipping agents in particular are useful for us, TICT and tourism operators. We, of course, work with the cruise ship companies themselves, to try to make sure we can provide product that is a value to the people that they have coming in.

We also work with shore excursion companies as well as the cruise companies, to run families and ensure national and international agencies are aware of the variety of operators. We work directly with travel agents, I guess, in that sense, so that they can tell that story.

We have provided advice to Tasports on the essence port facilities, what it is that cruise ships require, so the port itself is amenable and the cruise ship companies get everything they need when they come in.

Mr WILKINSON - In relation to that, I believe there is not a good cruise ship depot in Hobart. There has been some talk that will be upgraded. It has been 15 years now there has been talk that it will be upgraded and it will be as some people believe it should be. What is happening with that?

Ms O'BYRNE - The cruise ship companies themselves do not tend to talk so much about that. I will seek some advice on what is happening with that, because I do not know that I am aware off the top of my head. The sort of things they want are cost effectiveness of a facility. They want efficiencies in providore and services, they want to be able to get their replacement goods; they are the sort of things they care about; also, the passenger satisfaction, which is the

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experiences they get. They are the sorts of things we would normally get from them. I am not sure that we have had feedback saying that our port is not pretty enough.

Mr WILKINSON - It is certainly pretty, it is just the actual facilities.

Ms FORREST - They are going to fumigate visitors to Burnie anyway. That should deal with that.

Ms O'BYRNE - The conversations they might have with regard to the facilities would be something that they would go directly to Tasports on. I am not sure that we have that information. It might be appropriate to direct that to the appropriate Minister.

Mr WILKINSON - There are very few cities around the world where you can pretty well come into the mouth of the city itself, walk off the boat and in a couple of minutes you are in the city.

Ms O'BYRNE - I have not been on a cruise ship into Hobart. My husband is a marine engineer, and he refers to Hobart as one of the prettiest ports that you ever sail into. He says it is absolutely stunning.

CHAIR - Minister, at this stage, to give you a chance to lubricate your throat, we will adjourn for 10 minutes and go and have a cup of tea.

The committee suspended from 11.06 a.m. to 11.23 a.m.]

CHAIR - Thank you, we will resume again. Mr Wilkinson.

Mr WILKINSON - In terms of visitor numbers, Tasmania's largest market holiday travel decreased by 8 per cent. Can we put that down to anything or is it just the softening that has occurred in other parts of Australia?

Ms O'BYRNE - We have noted that at the same time as we have had a decrease in Victoria, we have had increases in our other markets. We are not sure why that is, so we are doing some work at the moment to try to identify what it is about that market that might be different, that might have had that sort of response. It might be that there has been other particular targeted marketing that might have gone into that area at the time.

We are doing some work at the moment, and once the results are available we are happy to share the information around that. It is interesting because it is not a consistent drop, so we think it is possibly something within that market itself that we need to target and work on.

Mr WILKINSON - As you stated, there is a blip on the radar in relation to conventions, 8 per cent down last year. What are we doing to try to overcome that?

Ms O'BYRNE - A lot of the convention changes were about the global financial crisis because a lot of organisations were changing the way they were doing business events in particular; they were doing things in-house or they were not doing things at all. That is the work we have been doing with Tasmania Business Events. It is also one of the reasons we did ATEC.

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ATEC is a great opportunity for us to really focus our minds into the wholesalers as a destination, for exactly that sort of reason.

Whilst we had a decrease, we have probably still remained as the least excessive decision to make. Organisations who are making decisions about where to spend their business conventions have chosen to come to Tasmania because it looks a bit less extravagant. Whilst we have had a decrease, the decrease across mainland states has actually been in double digits. They have had a larger decline than we have.

We will clearly to continue to work on building our conference market and continue to work with Business Events around that. But one of the ways that organisations dealt with the global financial crisis was to restrict a number of things, and one of them was whether or not they went away for conferences. Also, companies used to use it as an incentive based thing as well, and a lot of them dropped the incentive base. I would anticipate that will pick up again, but we will continue to work in that market.

Mr WILKINSON - No doubt you have the figures on who is coming to Tasmania the most. I note there is a drop-off with New South Wales and Queensland. Number one, are we able to say why that drop-off has occurred?

Ms O'BYRNE- No, that is one of the reasons we are doing the piece of work. We are trying to see, beyond the fact that the domestic market has shrunk and beyond the fact that outgoing tourism has grown, if there is anything about product or product placement that we need to work on. That is what the piece of work will be about.

Mr WILKINSON - When we look at our figures, how are we faring compared to the rest of Australia?

Ms O'BYRNE - Better.

Mr WILKINSON - We are faring better, are we? There is no other state in Australia that has figures like ours as far as percentages are concerned?

Ms O'BYRNE - There are two sets of stats that are done, the national visitor survey and the Tasmanian visitor survey.

Mr WILKINSON - I thought you were going to say there are the stats that you tell us and the stats that you keep in-house. Not really, I am just being facetious.

Ms O'BYRNE - Unfortunately, you would find them out pretty quickly anyway, so we may as well go with them, remove the discovery bit.

We participate in the national visitors survey, but you often find the national visitor surveys are a couple of per cent different from our Tasmanian visitor surveys, and that is because, by the nature of our border, we can track our numbers to a degree that is something more significant than can be done in other places. So I needed to give you that.

The overnight visitors by state and territory for different states: for New South Wales they dropped 5 per cent; for Victoria they dropped 3 per cent; Queensland dropped 3 per cent; South Australia remained stagnant, there were 64 people different in the total; Western Australia grew

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by 2 per cent; Northern Territory grew by 1 per cent; and ACT dropped by 8 per cent. Overall in Australia there was a drop of 3 per cent, but Tasmania grew by 17 per cent. That is from March 2009 to March 2010.

Mr WILKINSON - It grew by 17 per cent?

Ms O'BYRNE - Yes. This is the NVS, so there is always a fluctuation of figures. Our figures are better. The NVS, when it comes out, acknowledges that our figures have a bit more to them. Also, the NVS sample size for Tasmania is quite small. This will give you a picture roughly of what is happening around Australia.

Mr HARRISS - Is that a document you could table?

CHAIR - Yes, rather than read it.

Ms O'BYRNE - I would always caution you, though, to look for the TVS figures if you are looking at getting really good data on the Tasmania-specific things.

Mr WILKINSON - It is the TVS that we look at?

Ms O'BYRNE - The TVS are the Tasmanian Visitor Surveys. By the nature of our borders, they are quite robust. The NVS has different sorts of sample sizes, but it is the only thing that we can get that has a bit of a picture of what is happening nationally. That is why there is a slight difference. It is not that either model is flawed; it is just the nature of the data they collect.

Mr WILKINSON - Where are our major visitors coming from?

Ms O'BYRNE - In Australia, from Victoria, New South Wales, Queensland - the eastern seaboard. Although there is a bit of work happening with South Australia.

Mr WILKINSON - Of course, there used to be direct flights, I think Virgin had direct flights from Hobart to Adelaide.

Ms O'BYRNE - Still do.

Mr WILKINSON - Still do?

Ms O'BYRNE - No, Tiger now has the direct flight.

Mr WILKINSON - A couple of years ago Virgin had those as well.

Ms O'BYRNE - Yes. A lot of the companies made decisions about their routes based on capacity in the light of the GFC. That was not necessarily altering so much for us but was altering in some of their other markets. The impact on the service reduction to Queensland was extremely significant. We saw some adjustments, but our adjustments tend to be quite seasonal anyway.

Mr WILKINSON - How are we going with Queensland, with the hotter climates over summer? In other words, come and cool down in Tasmania.

Ms FORREST - Are we marketing that aspect?

Mr WILKINSON - Yes, are we marketing that?

Ms FORREST - 'Come for a cool change.'

Mr WILKINSON - A lot of people in Queensland - one of my boys is up there - say it is too hot up there in summer.

[11.30 a.m.]

Ms MARIANI - Sometimes you have to be careful with some of this stuff, because there are certain sensitivities around what you say about climate, in the current environment. As a matter of fact, just as an example, Tourism Queensland undertook a recent campaign which they took a lot of criticism for, following the hurricane that they had there. They said, 'Hurricane? What hurricane? We are open for business.' That was not welcomed by people who were devastated by that.

Sometimes you have to be really careful about what you do with climate kind of puns, if you will, because some of the locals take offence to that.

Mr WILKINSON - They were not calling their tourists the blow-ins?

Ms MARIANI - No. We stick to a consistent message. For the heat affected areas in Queensland, to come out and talk about coming for a cool change, if they are suffering and there are severe issues around drought because of the severe heat waves we tend to have right across Australia, you have to manage that carefully.

We have a very consistent message that we go out there and talk to these people about. We also know for a fact, from some recent work we have done, the comments and surveys conducted, in fact, 67 per cent of people already see our climate as a favourable reason to visit. Only 2 per cent of people said they would see it as a reason not to visit. I do not think we need to beat the dead horse, so to speak, in that regard. We need to balance the messages really carefully.

Mr WILKINSON - I hear what you say. Is that over summer and winter?

Ms MARIANI - It is overall.

Mr WILKINSON - Thank you. What about overseas, where are our major visitors coming from?

Ms O'BYRNE - I am going off the top of my head. UK, Germany, Hong Kong, North America, Japan. We are doing a lot of work in New Zealand and Germany. They are the key markets we work in. There are a lot of fluctuations in the European market as well. The northern American market, of course, incorporates Canada, so you might lose something through the GFC. There was a change in the North American market, but the Canadian market was quite strong, which we would still consider as the same group.

Mr WILKINSON - Am I right in saying there has been a drop-off of 5 per cent?

Ms O'BYRNE - In international visitors, yes. That is a not unexpected outcome of global financial conditions.

Mr WILKINSON - Again, how does that compare with the rest of Australia?

Ms MARIANI - We participate in both ASCOT, which is the Australian Standing Committee on Tourism, as well as the Tourism Ministers Council meetings, which are all the national STOs getting together.

Ms O'BYRNE - State tourism organisations.

Ms MARIANI - Sorry, yes, thank you. There was an interesting comment that came from a number of the outlying regions in Australia. Last year, as part of the global financial crisis, as the Minister said, all of Australia experienced declines in international visitation, except as we got into the last quarter ended December 2009. One thing that happened was that airlines started to become extremely competitive in their price points in international markets, particularly out of the North American market. You could fly from LA to Sydney for \$499 return. These were prices we have not seen for 25 years.

What I saw at the national meetings was a number of the outlying regions did not benefit from those air fares, because what you attracted was first-time visitors who had never come to Australia before, saw a cheap fare, said, 'You beauty, I'm off for a week.' They flew off to Sydney or Melbourne on the \$499 return air fares, but they did not disperse more widely across Australia.

There was an issue that even though the airlines were maintaining people on the seats, their load factors were still quite high, their yield was way down because of the prices they were selling, but here at the destination people were not necessarily travelling beyond the points of entry. They were coming for a one week or 10-day holiday, they were only coming to the point they entered into and then they left directly from there.

There is a bit of balancing that will happen over the next 12 months, because those fares will start to go up again. This is not sustainable for the airlines, \$499 and \$599 returns are not sustainable. The projections already are that airlines will start recoup some of those losses, those prices will go up.

CHAIR - They are already.

Ms MARIANI - We also work very hard with all of the airlines in terms of the Aussie AirPass. Both Qantas and Virgin operate an Aussie AirPass, which allows for three additional stops for a package price. We make sure that Tasmania is always in tier 1, so we are in the first package price.

CHAIR - I suppose that is the issue, if I could go on from what Jim is saying, that with the international visitation, we have two issues coming up, as you rightly say. I tried to book the other day, and the fares are already on the way up. I suppose also, there is our exchange rate at the moment, so we have a little bit of a double whammy effect, that it is a bit more expensive to come here than it was.

Ms MARIANI - Yes, it is.

CHAIR - What do you think about the coming year in terms of international visitors? Where do you think we will sit?

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Ms MARIANI - We all go by the Tourism Forecasting Council projections and their projections are that Australia will fare better in 2010-11 than it did in 2009-10.

CHAIR - Even given those two factors we just talked about?

Ms MARIANI - First of all, we have probably dispelled the myth about the cost of flying here because it has a kind of double whammy in terms of our exchange rate. Our stronger dollar means more people go out but it also means less people come in because we are a more expensive destination.

In terms of Australians travelling outbound, even when our dollar was 50c against the US dollar we were still travelling. There have been double digit increases in outbound travel for over 10 years now. It does not necessarily affect that side of things. It does affect coming in.

The reality is people travel today. It is about making the right proposition to them. If they want to get some place, they will go. Americans are still travelling to Europe, and their dollar was worth less for a little while over there against the UK currency. The whole issue of exchange rates factors into the equation. But at the end of the day, if the core proposition is right, if somebody wants to travel to a destination they will go.

The question is making sure we put the right offer in front of the right people at the right time. The airlines are going to do what they are going to do; we just have to focus on our product and our experience.

CHAIR - That is fair comment. I understand that.

Mr WILKINSON - We used to have a direct flight from Hobart to New Zealand, and that was about 60 per cent occupancy.

Ms O'BYRNE - I remember taking that flight many years ago.

Mr WILKINSON - There was that uptake of those flights with very little marketing. My humble view is: are we looking at it, can we get it going again? If not, why not?

Ms O'BYRNE - Ultimately the decision as to where airlines fly is their decision. We work very heavily on creating business cases that show it has value. We have been working with Hobart Airport in relation to a New Zealand opportunity. Hobart Airport will be leading that and we will provide whatever support they need, but it is about their relationship with airlines to deliver it. Certainly I understand that Hobart Airport is currently in discussions or currently working on a business case that we have participated in for a New Zealand flight.

Mr WILKINSON - That is good.

Ms O'BYRNE - Do we still have our international airport status here?

Mr WILKINSON - We do.

Ms FORREST - Yes, we do, we fly to Antarctica.

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Ms O'BYRNE - Yes, for the Antarctic flights.

Mr WILKINSON - In relation to the international airport status, it is amazing, when you come back in, let's say by Virgin, you just about have to do a fitness course from the time you get off the plane to the time you get to the terminal. I cannot believe there is not a better way of departing the plane or getting off the plane and getting into the terminal.

Ms O'BYRNE - In terms of an aerobridge?

Mr WILKINSON - An aerobridge would be ideal.

Ms O'BYRNE - They are airport issues whether they determine to maybe that kind of investment. They will negotiate that with airlines. If they think it is actually an impediment, they will make their own determinations on that.

Mr WILKINSON - There was a fellow who got off the plane two weeks ago and he had had eight bypasses, yet he had to walk that distance.

Ms O'BYRNE - I think if you have an issue, I am pretty sure, if you advise staff, they will organise transport for you.

Mr WILKINSON - I realise that. I enjoyed the walk. All I am saying is that it is a long way, especially in the rain.

Ms O'BYRNE - I understand the business case. Hobart is working on it. Launceston walked away from it and I do not think Devonport has any plans to do an aerobridge at this stage.

Ms FORREST - I have been saturated at Devonport Airport.

Ms O'BYRNE - I think we have all been saturated at airports. Having said that, when you arrive in Melbourne on some flights, you still have to do the walk to get to the terminal and then a significant walk internally as well.

Mr WILKINSON - In relation to the information that you are getting from New Zealand, do you also believe it would be a good proposition to have a direct flight from Hobart to Auckland or Queenstown or wherever it might be?

Ms O'BYRNE - We are certainly supporting the business case that Hobart Airport is putting forward to the airlines, yes.

Mr WILKINSON - That being the case with the business case, how many extra people do you believe would come into Tasmania as a result?

Ms O'BYRNE - I am not sure that we are in a position to know. That would be a commercial issue for Hobart Airport. I would not want to comment. It is very early. I stress that it has been a conversation for a while, it is progressing to putting some numbers together. Certainly they are conversations they have had.

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At the same time, we are working quite strongly in our New Zealand market as well. We have been really developing the New Zealand market.

CHAIR - Whilst we are talking about the Kiwis, two things they do very well are agriculture and tourism. It probably could have been an overview question, but I am quoting you from an article:

'A big difference in tourism in New Zealand and Australia is that in New Zealand from PM Key down the whole country sees tourism as a private sector industry.'

Then it goes on to say - and you might like to comment on this -

'Because we have a government-managed state tourism organisation managing domestic destination marketing, Australia's tourism is driven by a political and bureaucratic ethos, not a business ethos. It is also product driven, not market driven, like New Zealand.'

I think Ms Forrest mentioned something about that.

Ms O'BYRNE - Could I ask the source of the article, just out of interest?

CHAIR - Sure. The source of the article is Advance Tourism.

Ms O'BYRNE - Yes.

CHAIR - Does that make you grin for some reason?

Ms O'BYRNE - No, no.

CHAIR - It is an opinion expressed. Obviously I am bringing it forward because they do it very well in New Zealand.

Ms O'BYRNE - I think it is a worthwhile conversation. If you looked at Tourism Tasmania some years ago, we certainly were a government service delivery model. It was very much a public service approach to how we worked with industry. We have shifted that significantly. We are a much leaner organisation now but we are also a lot smarter and we partner with industry a lot better. It is about product development, it has to be about product development, but it is also about the image and the marketing. New Zealand also has its regional tourism bodies as well, but they manage it nationally extremely well.

I think we would have to say that the national tourism marketing campaigns over the last few years have probably not been the most successful, I think we are quite safely on record as saying that. 'Where the bloody hell are you?' just offended people. 'Australia in a different light' did not seem to work. The less said about Lara Bingle the better, we do not go that campaign at all.

We have worked really carefully with Tourism Australia to ensure that what they are selling is actually going to work. One of the things they spent a lot of money on was 'Australia' the movie. 'Australia', the Baz Luhrman and Nicole Kidman movie, was very much a tourism marketing technique, it was about bringing tourists to Australia. They asked all States to engage.

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We did not engage at their level because what they were selling was red dust, Darwin, Uluru, a whole lot of things that are not what Tasmania is about.

Ms FORREST - A totally ridiculous storyline.

Ms O'BYRNE - Hugh looked fantastic, but it was not working for us. We did not participate on a national level in that because the story that it told was not the story that Tasmania tells. We embarked on - I do not like to use the word 'ambush marketing' - but we did our own little thing, and we did get approval before doing it. We ran a rival media campaign, a movie called *Tasmania - Bigger Than Australia*. We did our own thing, which was all about coming to Tasmania. It got a lot of really good coverage; it made it to media in New York and London. It was effectively a social marketing campaign that people flicked around. We had a series of ads which cost nothing to do. One of the guys from the *Gruen Transfer* was part of thinking it up.

It is about saying that sometimes the national marketing story they give is not about us. Australia is just way too diverse. New Zealand does tell a reasonably compact tourism story. We tell a number of tourism stories, so we have to get that positioning right all the time. Our story is not that of the Northern Territory or northern Queensland.

In conversations with some of the New Zealand people, one of the points they make to us is that they think Australia does cooperative marketing better than they do. I guess the difference is we have a much broader marketing story to tell. Certainly there have been some rather unsuccessful national marketing campaigns.

The one at the moment seems to have a really good take-up. This is the one where they are asking you to tell your holiday story, and you do a little video and upload it and you tell your own holiday story. That seems to be having a good campaign.

We talked before that the value of the articles done through the visitor journalists program is about the validity that is assigned to somebody else's writing. There is a lot of validity assigned to somebody else's story. I think the history of TripAdvisor shows that. You will be on the web booking your holiday, and you will check TripAdvisor to see what other people said, because you do not necessarily want to know the spin, you want to know real people's experience. I think that current campaign will probably work a lot better.

Ms FORREST - LinkedIn has a trip section.

Ms O'BYRNE - Yes.

Ms FORREST - People put their travel plans on there, so that someone can come and break into your house while you are away.

Ms O'BYRNE - I am not so big on that. That is a broader issue about information that you decide to put in the public domain.

[11.45 a.m.]

Mr WILKINSON - Can I just put this scenario to you: there was a person I was speaking with, who I went on a bit of a trip with recently, in relation to adventure tourism. They were saying that there is not really a place within Tasmania, or within Hobart - I am Hobart-centric at the moment - where you can go to a place and say, 'I would love to go for a kayak down the

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D'Entrecasteaux Channel, but I would not mind mountain biking down there first and then going for a bit of a walk.'

This person is a travel agent, she comes from Canada, and she is living here at the moment. Her husband is here at the moment as well. They take trips down to the Antarctic, they are in China at the moment with earthquake relief, they are in Nepal, they are in Bhutan, they are in Tibet, you name it; they are real goers. They are saying that with, all the work they have done, there is no real one-stop shop within Hobart where you can arrange this pretty well on the spot.

Ms O'BYRNE - We would normally advise people to go to a visitor information service. I would be a little concerned if they were not able to do that at a visitor information service. We might have a conversation about that.

Ms MARIANI - Especially the Hobart one, which is the gateway to the rest of the state really. The Visitor Information Centre we have here in Hobart is fantastic, and they can book all that product right there. They can actually make the booking for you right there in the office.

Ms O'BYRNE - I would be surprised. I guess it is possibly the connector that they need to be sure they make.

Ms MARIANI - Maybe they were not aware there was a Visitor Information Centre right on Davey Street that they could have gone to do that.

Mr WILKINSON - That is what I was getting to.

Ms O'BYRNE - How people know that?

Mr WILKINSON - How people know it is there. Do people coming in off the ships know it is there? I have been on one cruise, and you get off at the terminal, 'Where do I go?' It is terrific to go to one place and tell them what you want to do and be able to do it like that.

Ms O'BYRNE - That is part of the education that we are continually doing with our wholesalers and agents, to make sure the information is there. Pretty much everything we put out would have Visitor Information Centre details on it, though.

Ms MARIANI - It is in all the brochures, it is on the website.

The other thing with the cruise ships, these guys are actually there greeting the cruise ships. I am not sure how much more they could do to get them into the Visitor Information Centre, because they now have a welcome program, where people are directed to go right up to the Visitor Information Centre. I would question where they were staying, what hotel, because every concierge in every hotel is aware, they refer people to the Visitor Information Centre all the time. I do not know, this seems a little bit odd, if he or she is a world traveller.

Mr WILKINSON - They both are.

Ms MARIANI - One of the first things you would do is go to the local Visitor Information Centre to find out what to do. I am not quite sure what else we could do. Certainly there is every measure taken to ensure that our visitor information network right across the state is promoted, so that people know that is their source to go to for information.

CHAIR - We will keep moving on 3.1. Mr Gaffney.

Mr GAFFNEY - Just on visitor information centres, I would like to know the amount of funding from Tourism that goes into visitor information centres, how many centres get funding and where they are.

CHAIR - If it is a big response, it might be one we could table.

Ms O'BYRNE - I do not think it is. I could probably give you some generics, unless Mr Gaffney needs further information.

We license them. They have the trademark i, as you would be aware. We license as a yellow i or a white i. There are 21 visitor information centres around the state. We do not own or manage any of them but we facilitate the management of the 'i' symbol. They are licensed under a national agreement that requires them to meet minimum standards and adhere to a code of conduct.

There have been a few changes with some of them recently, as the growth and nature of technology has changed. They operate much more independently of Tourism Tasmania now than they used to. That structure was introduced in July 2008, with each regional tourism authority taking on a stronger coordination role. The current model has been developed in the form of a grant program called the TVIN visitor experience assistance program.

If I can let you know, there are two tiers. Tier 1 would be the major visitor centres. Hobart we have given \$150 000; Devonport \$130 000; and Launceston is subject to a different funding arrangement, which I think has to do with local government as well. We think it is probably similar to the Devonport one in terms of numbers, about \$130 000.

Tier 2 is the north west. The Waratah-Wynyard Council is in receipt of \$40 000; the Tasmanian Travel and Information Centre in Hobart for the south is \$40 000; and in the north the West Tamar Council is \$40 000. Is that the information you need?

Mr GAFFNEY - You support finically six?

Ms O'BYRNE - We do not. We fund them via grant, that they make application for. They are not something we own or manage. The tier 1s have a three-year funding agreement; the tier 2s apply for a grant for a particular project, experience projects they might run.

Mr GAFFNEY - Of the 21 centres, how many are yellow and how many are white?

Ms O'BYRNE - There are 21 yellow.

Mr GAFFNEY - Do you have any idea how many are white?

Ms O'BYRNE - We can get it for you.

Mr GAFFNEY - Is the process of going from white to yellow managed by Tourism Tasmania?

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Ms O'BYRNE - There is a national registration or a national roll for them. They need to get accredited to be able to meet certain services, so they would apply that way. Then we would give them grant assistance.

Mr GAFFNEY - Thank you.

CHAIR - Just a quick question, before I pass back to Mr Wilkinson. The Tourism Industry Council had three main priorities this year, and one of those was the Three Capes track. I know that is part of Parks.

Ms O'BYRNE - It is predominantly part of Parks, but we are working with that.

CHAIR - I support that, I think it is a great idea, being a walker, like Mr Wilkinson, and a couple of others around here. From a tourism perspective, that is very good.

Ms O'BYRNE - The reason we have done some work with Three Capes has been about ensuring that you get value for the tourism operators in the region. There was a concern that if people just come in and do a large walk, they will just come in and do the walk and leave. Some 70 to 80 per cent of the people who go to Cradle Mountain do not do the Overland Track; they do the little double 8 walk and small things like that. What Tourism was doing was identifying and leading some work with Parks to do day walks, in order to maximise the opportunities for the local community as well. That is a big part of our engagement.

CHAIR - A couple of questions I have there. As I say, I support it, but I know that one of your coalition colleagues does not. Mr Morris said that going through and blazing new tracks across our national parks is going to end up with another dispute like Tarkine Road. He said that is where we are heading with this. So you might have an issue there.

The question is: a report commissioned by the Tourism Industry Council - I think KPMG did this - estimates a walk would generate \$190 million a year. That seems to be an incredible amount to me. What is your take on that one?

Ms O'BYRNE - The model is very much based around the way that we assess the economic impact of Cradle Mountain. If you just have people flying in, heading out and doing one walk, you probably would not see a significant return. The key is that the bulk of people do not do that at Cradle Mountain. That is where the value comes in this one.

On the study they did, economic modelling shows that the additional day walkers who would visit the area would deliver up to \$188 million annually to the Tasmanian economy and 1,563 jobs by 2017. The Tasman Peninsula could benefit by up to \$43 million annually and 323 jobs. As I understand, they based a lot of that on the way value is returned from Cradle Mountain.

A lot of people come to Tasmania because of Cradle Mountain. They do not do the Overland Track, they do a short day up there or one night up there, but they then stay in other places, and that is where the visitor spend grows. The Cradle Mountain model is the one we would be looking at. It is also the model that shows that you can have sensitive development within a national park.

CHAIR - Of course, yes, I totally agree.

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Ms O'BYRNE - We will be working on that issue.

Mr WILKINSON - How is the Tasmanian Trail going?

Ms O'BYRNE - I do not get that one in tourism. I used to get it in sport and rec. I know about the Tasmanian Trail.

CHAIR - Next question from Mr Wilkinson.

Ms O'BYRNE - No, I am happy to talk about it.

CHAIR - I am aware that we are running down in time and we need to get through 3.1.

Ms O'BYRNE - It is a matter that is dealt with through Sport and Recreation Tasmania. Certainly if we are looking at the sort of tourists we are attracting - walkers and cyclists - the Tasmanian Trail has been part of that. As I understand, the focus now, from a tourism perspective, is to ensure that the sections of the trail are done in such a way where people get an accommodation and a community stay as much as possible, so that they will focus in there.

As to where it has got to with funding, you would probably have to check with the Minister for Sport and Recreation because they do that area.

Parts of it, particularly in the north west, are quite well developed; parts of it down south are quite well developed; the bits in the middle are a bit more hard core.

Mr WILKINSON - As a result of the land owners and getting access.

Ms O'BYRNE - There were issues with land owners in terms of insurance. I think a lot of those have been resolved but not all of them.

Mr WILKINSON - Thank you.

CHAIR - Any more questions on 3.1 before we move to 3.2?

Mr GAFFNEY - I have one question on caravan parks and caravan users. In 2009, Minister, you said, 'We have a current assessment going on in relation to caravan parks and users.' I am wondering whether that assessment has finished and where that paper might be.

Ms O'BYRNE - I am not convinced the work is complete yet. I do not think the work is completed yet. We have been working not only with local providers but with agencies that refer people. We do not have one. We can take it on notice and get an update for you. I apologise for that.

Mr GAFFNEY - Thank you.

CHAIR - Thank you. If there are no more questions on 3.1, 3.2, Events.

3.2 Events -

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Mr HARRISS - I note, Minister, the events attraction program of \$1.5 million extra in the Budget is the major contributor to this particular line item of an extra \$1.964 million. What sort of specific targets do you have in mind with regard to that extra allocation?

Ms O'BYRNE - The additional money is about being able to capitalise on international art opportunities or music opportunities or theatrical opportunities.

The reality with the time frame for a lot of those is that they can come upon you very quickly. If we, as part of our negotiations, became aware of a particular band having a window, we do not have a lot of time to come back, put in a request for additional funds, go to treasury and say, "Please give us some money," and then go back and still have the opportunity there. It really is an amount of money that allows us to safely go out and bid for those events, because they tend to be reasonably expensive.

The model where it has worked for us, and we have done it within our existing budget, is Elton John. It was an event that worked extremely well for us. In the broader market you need to have a degree of flexibility. So, knowing that we have the available resources there means that we can actively pursue them, without having the risk of getting almost to the point and then discovering that the Treasurer has not smiled upon us in quite the way we wish him to.

Would that be a reasonable assumption? Is there anything else you would like to add?

Ms MARIANI - It will also help us because, as the Minister said, there were some contract negotiations for things that are relatively new. For instance, we are going through the process at the moment with Targa Tasmania because that was a three-year contract and that was about to expire. We have V8 Supercars that are coming up.

You actually need to know, before you can sit down at the table and start to renegotiate a contract with these people, that you have the resources to fulfill. The \$1.5 million in particular was dedicated for the purposes of being able to confidently sit at a table and start to renegotiate the contracts to extend major events that have been very viable events for Tasmania and have actually contributed to the economic impact as well as the tourism visitor numbers. Without that money there was no way in good conscience we could sit at a table and start to engage in those discussions because there were no resources to commit to another three-year or five-year agreement with those types of events.

Ms O'BYRNE - And we do not have the flexibility to be in the market for other opportunities if we were not sure that we would be able to have the money for it.

Ms FORREST - Have you spent your full allocation each year?

Ms O'BYRNE - This is a new amount.

Ms FORREST - Right.

Ms O'BYRNE - I imagine so. If the Treasurer is listening, 'Yes, we will spend the full amount.'

Ms MARIANI - Yes, without a doubt.

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Mr HARRISS - That question applies to the current events budget.

Ms O'BYRNE - We spend the events budget pretty much, yes.

Ms MARIANI - Absolutely. The reality is the events budget, until this year, has been pretty flat, and this additional injection actually puts us in a better position not only to negotiate contracts, as I stated, that we needed to start looking at renegotiation of, but also for us to be able to start to actively seek out other types of events. One of the classic ones that has been really positive for us is the O'Neill Coldwater Classic. We did that the first year to see how it went.

Ms O'BYRNE - On the west coast.

Ms MARIANI - In fact it has worked extremely well. We want to engage in a long-term discussion about securing other types of Coldwater Classics for the state but you cannot do that if you do not have a budget sitting there so that you can actually sit at the table in good conscience and actually start those discussions. You cannot have the conversations and say, 'Wait here until I find out if can I get the money.' You have to have the money in your back pocket.

[12.00 p.m.]

Mr HARRISS - You have got an extra couple of million this year, round figures, but then it drops off for the out year. Would you be concerned, Minister, about the fact that the events budgeting for the out years sees a drop?

Ms O'BYRNE - That is primarily due to different projects that have been online that will end. I guess the MONA FOMA does not go through into out years.

Ms MARIANI - That is right.

Ms O'BYRNE - That would reflect in there.

Ms MARIANI - Yes. That is \$350 000 a year.

Mr HARRISS - Nor the national arts events program, that is not in for the out years either?

Ms MARIANI - No, because that was a one-off event.

Ms O'BYRNE - No, that is a regional arts conference being held in Launceston in August.

There are one-off events that we are able to find additional monies for or we can make application for additional monies, and of course then they move into the budget and move out of the budget in that sense.

Mr HARRISS - What are the major events that we currently have? What threats are there to those major events with regard to retention? In fact, during the last 12 months, have we lost any?

Ms O'BYRNE - We have not lost any. I would argue that most of them are secure. Targa Tasmania we have just managed to extend a little bit, with the Longford - not prologue - Revival, which is a three to four day event which will occur prior to Targa. That is about getting back to the whole Longford being the centre of motor racing as it is known in Australia. Are you familiar with this?

Mr HARRISS - I wonder who lives close by to that?

Ms O'BYRNE - I am happy to tell you about that one. That is an extremely exciting project.

CHAIR - It is indeed. We need to rebuild the old bridge back there so we can do the circuit.

Ms O'BYRNE - I think the bridge is the only issue with the flying mile.

CHAIR - Yes, it is a bit hard to get across.

Ms O'BYRNE - We will have access to part of the flying mile. Motor enthusiasts talk of Longford in hushed terms, so we are really hoping to capitalise on that. That is with Octagon. We have given an initial \$350 000 to them, which will be for events for 2011 to 2013. It is a new historic car event at Longford. We think it should increase the Targa experience stay by four nights, because people tend to come and do the whole Targa thing - at least they would stay for the northern part - for an additional \$3 million. We are pretty excited about the implication for growing Targa.

The Falls Festival, we have invested in infrastructure from other departments to assist in the continuity of that, which is a one-off. The Australian Police Emergency Services Games, we have bid for that in the last year. We might not get that, but that is cyclical, so it will come back again to us.

V8 Supercars we are in the process of renegotiating and we are reasonably comfortable that is progressing well. Wildside Mountain Bike is a really important event. The reality is that, particularly because of some of the personalities we have here, Wildside will always be an event that we are very strong in. The Australian Wooden Boat Festival we have provided additional support for. The Australian Shakespeare Festival is part of Lumina. We anticipate that will grow, but that is early days for them as well. The Festival of Broadway was part of Lumina.

I have a big list and you probably do not want them all, but some of the key ones would be the O'Neill Coldwater Classic.

CHAIR - I might get you to table it, if you would not mind. Could you table it?

Ms O'BYRNE - Yes, I can probably edit that list and table it for you.

CHAIR - Thank you.

Ms O'BYRNE - They can range from the one-off things, like there was work done on the Geale v Mundine fight. We would not anticipate bringing lots of boxing matches. That was significantly around the Launceston home boy doing a title of that level. Some of them are cyclical because they are events that we can bid for and some of them are things that we can make a commitment with. The A-League soccer, for instance, we have that happening again and that is pretty exciting.

CHAIR - If you could table that, thank you.

Ms O'BYRNE - Yes. We can tidy it up and submit it to you before we finish.

CHAIR - Yes, that is fine. Any more questions on 3.2?

If not, the AFL arrangement, as we move to Hawthorn Football Club. As you can imagine, I think, Minister, in our house, let me say, there has been quite a bit of tension with that. There has been a lot of debate. I do not think we need to go anywhere, unless any other member has any questions at all?

Ms FORREST - I think we have heard enough.

Ms O'BYRNE - What!

Ms FORREST - In our House, I am talking about.

Mr HARRISS - Just the one question, Chairman. The budget for 2010-11 is in there. For 2011-12 it is short of \$1 million.

Ms O'BYRNE - This is for Hawthorn?

Mr HARRISS - Yes. Does that indicate that either you are not expecting in the first out year from this one to be paying Hawthorn anywhere near the same amount of sponsorship, if indeed you secure a new contract with them, or will we see an increase to that 2011-12 budget after next year?

Ms O'BYRNE - That takes us through to where the timing of the contract actually ends. It is about the timing of the contract, as opposed to an overall payment for the year.

The most important thing is that I do not think it is appropriate to put in the Budget an amount of money before we negotiate it, on the basis that I really do not want Jeff to know how much we are prepared to spend. If he is listening, clearly we are sharpening our pencil to guess the best deal for Tasmania. But we are absolutely committed to the Hawthorn deal in Launceston.

Mr HARRISS - And other clubs in the south, that is not a problem.

Ms O'BYRNE - That would be a matter for the AFL and not part of any tourism sponsorship arrangement.

CHAIR - Good response.

Mr HARRISS - Tourism would not be prepared to enter into a similar arrangement with other clubs?

Ms O'BYRNE - The Premier has made it very clear --

Ms MARIANI - It is not tourism.

Ms O'BYRNE - It is not tourism. It gets managed as part of my portfolio in Tourism. We have a very strong relationship with Hawthorn because the sponsorship is about more than games. The sponsorship is about marketing and positioning, and we develop really good opportunities with them.

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If the AFL makes a decision in relation to playing other games, that will be a decision for the AFL and we are not anticipating providing incentive for that. The Premier has already said that.

Mr HARRISS - But you would acknowledge that if you had a similar partnership arrangement with anybody else, there would be a multiplier effect?

Ms O'BYRNE - I think that would be something we would need to look at in terms of the business case.

Mr HARRISS - But you have just said that there is a business case to be supported.

Ms O'BYRNE - There is a business case. There is a business case for Hawthorn, there is a business case for a Tasmanian team in the AFL, which of course is the ultimate aim of all Tasmanians, to have a Tasmanian team in the AFL. That business case is based around one venue. Clearly, should the AFL offer us an opportunity, we would need to sit down with them, based on what that would mean.

The Premier has said that, given the significant resources for football that we have put in place in the north, we are not anticipating putting significant resources for football anywhere else. We have clearly done it for cricket at the Bellerive level.

CHAIR - The Tasmanian icon program, any questions on that for the Minister?

Mr HARRISS - Just a snapshot. Who are we talking about currently as contributors to the icon program, and are other type icon events in the frame for advancing the program?

Ms O'BYRNE - At this stage there are only three. One of them is the Menzies Centre, which is administered through DHHS. We have the Tasmanian Symphony Orchestra and the cricket as our icon facilities. I do not believe there is any conversation about extending it to anywhere else.

We did establish a formal deed, which was a requirement of the Auditor-General, in compliance with Treasury instruction 709 of the grant management framework, which was about the conditions that agencies needed to meet around that. At this stage I am not anticipating that we are planning to extend the icons project elsewhere. I am sure people could always, if they believed that they were of such merit, make application to us. But at this stage it has always been the three and, as I am advised, will probably remain the three.

CHAIR - If there are no more questions on Tourism, Minister, thank you very much and thank you to your advisers and staff.

Ms O'BYRNE - I thank the committee for its time on Tourism and thank the Tourism staff and Felicia Mariani.

CHAIR - Thank you, Mr Gaffney, for coming in.

DIVISION 5

(Department of Health and Human Services)

Ms O'BYRNE - We could probably dispense with an opening statement, if you want to.

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CHAIR - Thank you. Welcome, Minister, to the health part, your other significant portfolio. I will ask you to introduce your staff at the table, please, for the purposes of Hansard.

Ms O'BYRNE - I will once again introduce Mr Norm Andrews, my head of office, and Mr Dave Roberts, who is the secretary of the Department of Health and Human Services. If others are required to come to the table, I will introduce them as they arrive.

CHAIR - Thank you very much. We have started Health. We only have a short time, as you know.

Minister, I would invite you to give a very short overview, if you want, then we will go into the overview from there.

Ms O'BYRNE - I was going to make an introductory statement. I might make you all happy and put that aside and leave it to a few words.

CHAIR - Yes.

Ms O'BYRNE - This is an extremely significant part of the State Budget. DHHS encompasses almost 40 per cent of the State Budget. It is a portfolio I have had for a short period of time. It is a portfolio that - I am not sure what it says about me - I have always wanted to have. There were some raised eyebrows just then. I want to put on record that the reason I want this portfolio is not because I think it will be easy - I think it is going to be one of the hardest things I have undertaken, because health is one of the hardest portfolios - but it is important because it is the only portfolio that touches every single person, and that is the reason I want to be involved and engaged in it.

I want to put on record my absolute high regard for the staff, whether they be in the administrative side or the hospitals I have visited, who have been generous with their information sharing to get me up to speed as much as possible. I want to make that point. I am happy to dispense with any further statement at this point.

[12.15 pm]

CHAIR - Okay, overview questions from members. Dr Forrest.

Ms FORREST - I cannot use that now.

Ms O'BYRNE - Can I also say that Ruth has been involved in health much longer than I have.

CHAIR - We might call her Professor Forrest.

Ms FORREST - Neither do I have a Ph.D.

Minister, the revised expansion by agency in Budget Paper No. 1 shows an additional \$9.3 million and \$63.3 million spent by DHHS. The notes suggest that this is primarily to enhance frontline services, \$46.8 million and \$30.3 million for that. Furthermore, in view of substantial funding increases in the operational units within this department in last year's Budget, why is this extra funding deemed necessary and why could these services not have been achieved

under the significantly increased allocations last year? There were huge increases last year to the Budget of each operating area.

Ms O'BYRNE - Yes. I am worried that I might be missing the point you are making, but the reality we find is that there is always going to be an increasing demand on our health services, whether they be the cost of health services or the ability to access health services. We have been experiencing significant pressure on most of our fronts, including infrastructure development, demand and demographic trends, workforce, and just general pressure on services.

I assume you are referring to the additional \$30.3 million? Is that the reference you are making?

Ms FORREST - Yes, and there is \$46.8 million for the next four years.

Ms O'BYRNE - That is mainly to address the impact of major services and demand pressure in emergency departments and area health services, which in turn is driving inpatients and elective surgery demand, that is around \$12 million. There is money that is related to costs in housing within the \$30.3 million.

The difficulty we have is that we have required additional funds to cover the Commonwealth dental health program, which has been delayed due to legislation to close the Medicare chronic disease dental scheme being blocked in the Senate. That is \$1.9 million that we anticipated we would get, and because it takes a while to gear up services to be able to provide the service - it takes a while to get staff on - we have invested, in light of that. As I understand, the coalition in the Senate oppose it, the Greens and cross-benches in the Senate oppose it on the basis it is not enough, therefore it is stymied there, so we have needed some additional facilities for there.

There has also been the impact of the salary negotiations for the medical practitioners, the allied health professionals and the Public Sector Union wages agreement. They are the sorts of things we have needed to address that have required additional support.

Ms FORREST - In view of the extra funding that has been allocated, particularly before you became Minister, in the last financial year, have all units operated within their allocations? If not, which ones have not done so and how much over budget were they?

Ms O'BYRNE - We would not have an outcome yet on the end of the financial year for all of them. The end of the financial year is in fact today. We would anticipate most being fairly close to budget, I would assume.

One of the challenges within that is that the budget we would have set at the beginning of 2009-10 would not be similar to the figure that they ended up with. That can be in light, particularly, of the additional funds we put in, but there is also specific purpose assistance that might come with Commonwealth initiatives as well, that are drawn down when the particular activities are undertaken. The amount they are given at the beginning is not always the same as the amount they would have ended up with, but I do not think we have the final end of year figures for the area.

Ms FORREST - The Treasurer has said time and time again, and I think the Minister formerly said, 'We expect all operating units to operate within their allocations.' Are you confident they have this year, in view of the huge increases they have had in their funding?

Ms O'BYRNE - It is always our desire that they do operate within their existing budget. That is certainly the reason the budgets are set.

However, I think we all recognise that there are a number of pressures on health, and that can mean that on occasion things do not come quite the way we want them to. One of the analogies I was given is that coming in on budget for a hospital is like landing a 747 on an aircraft carrier. I have great confidence in our area health services that they are very good pilots.

Ms FORREST - You expect them to come in within budget?

Ms O'BYRNE - I am hoping that they will be either on or close to budget, yes. That is my expectation. If it is not the case then clearly we will need to work with anyone for whom that is not the case.

Ms FORREST - All will be revealed in their annual reports.

Ms O'BYRNE - Indeed, there is no hiding from that.

The other thing to remember, of course, is that the figure they end up with at the end of the year can be in excess of the amount we originally gave them. That is not necessarily because they have behaved inappropriately, it can be because they have undertaken additional work that has got them additional funds. That can often be money we have got from the Commonwealth, a special purpose payment that has been drawn down for that work.

Ms FORREST - Have there been extra allocations under special purpose payments?

Ms O'BYRNE - Yes, there would be.

Ms FORREST - That was not in the Budget for last year?

Ms O'BYRNE - We got the additional money from the Commonwealth as well, additional Commonwealth funding.

Ms FORREST - That was allocated at the beginning of last year.

Ms O'BYRNE - Yes.

Ms FORREST - There have been additional allocations made.

Ms O'BYRNE - It is a matter of when they draw it down and when they perform certain works. That would be the variable, as I understand.

Mr ROBERTS - There have been a few additional amounts through the national partnership agreements, particularly the one on the ED, emergency departments. That came through and has been allocated variously throughout the year. There is elective surgery, which also would have been in addition to the original budget that they were set during the course of the year. They will have been consuming those funds throughout the year.

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Ms O'BYRNE - I think there are some specialist medications they may or may not use, and they are funded from the Commonwealth if they do use them. That is another area that can make a variation on budgets.

Mr ROBERTS - That would be a reconciliation that we do, and post-Budget we may adjust budgets a little bit to accommodate any transfers that happen interstate. So the actual final number will not be known for a few weeks yet.

I think it is fair to say we are very confident that the Department of Health and Human Services will balance its Budget this year. We recognise that we had some support earlier in the year, to the tune of \$30 million, to cover a whole range of things which the Minister has set out. They were very necessary things. For instance, the Launceston General Hospital has experienced an 18 per cent growth in its emergency department attendances throughout the year. With such large increases it would not be reasonable to expect them to accommodate such a large growth on the original budget. We recognise that there will be some changes throughout the year.

Agreement was reached between the Launceston General Hospital and the department on increasing funding for critical care, because that was a pressure point which emerged during the course of this year, which we have added to. The end budget and the start budget will be different; that is something we understand and recognise.

The other thing to reflect here is that this is the first year when we have operated as area health services. We did actually disaggregate the original primary care organisation prior to the beginning of this year. That has taken some time to work through the system and requires the operating units, certainly the area health services, to change the way they operate in practice.

I might expect the actual positions to be a little bit lumpy but I have confidence that the department will actually balance its financial obligations in every respect again this financial year.

Ms FORREST - This may be a question that needs to wait until the CEOs are here, but with the LGH, the increased pressures are well documented in the progress reports. Minister, do you have any idea as to why we are seeing such significant growth in one region in ED?

Ms O'BYRNE - I do not think we are seeing it in one region, I think the north west has had an increase as well.

Ms FORREST - Not to the same extent.

Ms O'BYRNE - It was not outlined in the paper. I think the issues have increased in the community, and connectivities are probably the only measure. Obviously doctor shortages make a big difference to presentations in emergency.

Ms FORREST - You are not talking about doctor shortages in the hospital?

Ms O'BYRNE - No. The GP shortage does make an impact in how people can get into the hospital. We have a large number of people presenting in the level 4 and 5 categories. I think that is across the state, but I think the LGH had a reasonably solid share of those.

One of the reasons they set up the fast track clinic there is so that when you come into emergency you can be diverted into a nurse-run facility predominantly. I think they bring in a

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doctor if it is necessary, but it is predominantly a nurse-run line of care. You do not have to come into the actual emergency department and therefore have to wait a significant amount of time because you have not been assessed as needing urgent care, or take the space of somebody who could have an urgent care need.

We notice that where there are GP shortages there are increased presentations to hospitals. It is one of the reasons we have looked very carefully at the model of putting in GP care clinics and growing the GP access in different ways. It is also about providing sustainable businesses for GPs as well, so that we can ensure that, as much as possible, people go to their own doctor.

If I can say - this is possibly a bit of a narrative, and I think it is a conversation that needs to be had perhaps outside of this arena - we also have a lot of people who are generally younger and who want to have their needs met immediately. Where my mum might have a sore shoulder or a sore neck or a headache, she will see how it is the next day and then make an appointment for the day after and then go to a doctor. We are noticing that people of a younger demographic have got an instant immediacy and are turning up at emergency. That is a bit of the level 4s and 5s as well.

Ms FORREST - Perhaps they could text ahead and see what the waiting time is.

Ms O'BYRNE - Yes. Or perhaps they could ring their mum, I do not know. It seems to be a behavioural pattern that we are going to have to address, the fact that people seem to want to have their needs met immediately. That does change it.

Ms FORREST - That must come back to public education.

Ms O'BYRNE - Public education, but also we are creating a culture that is about immediacy, 'I want something, I will get it immediately.' I do not know that that has historically been the cultural make-up of Australians, or certainly Tasmanians. That is something we will need to continue to address in the community. It is a conversation I would not mind exploring, but not taking the time of the committee today.

Ms FORREST - I want to go to the national health reform, but I think it is best to do that after lunch.

Ms O'BYRNE - That is a fairly lengthy packet.

Ms FORREST - Yes. I will take a slightly different path for one moment.

Late payment of accounts has been an issue in the Department of Health for many years. Can you provide details of accounts paid outside the stated terms of their account? It was 46 per cent last year, we were told. Can you advise how many penalties have been imposed by Treasury for the late payment since the implementation of this Treasury initiative in May last year?

Ms O'BYRNE - I can certainly provide that detail. I will look and see whether it is appropriate detail that we would table.

We make every effort to ensure that all trade creditors are paid within terms. However, that is not always the case. Some creditors, such as patient rentals and patient transport reimbursements, are set at one day terms. One day terms are not always achievable. Some are seven day terms and 14-day terms, so by the very nature of how some of the creditors' accounts

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are set, we can often be over-boundary without having implemented any delay at all. Sometimes they fall on a weekend or a public holiday. There are some we need to pay by cheque, which are processed only on a weekly basis.

I caution that the amounts we give you that are over-boundary, it is very difficult to pay accounts that are issued as a one-day creditor program or seven days. We are happy to get you the data on that.

Some 49 per cent of invoices are paid outside terms, but that is a technical measure only, given the reasonably high measure given by the system rules. For instance, if we have one-day terms, which could be for transport services or small creditors, or seven to 14 days, just the delay in getting the account through the system and back again, one day is almost unachievable.

Ms FORREST - How many penalties have you paid?

Ms O'BYRNE - I would have to seek advice on that.

Ms FORREST - You will provide that information to us?

Ms O'BYRNE - Yes, I am happy to provide that.

Could I introduce Penny Egan and bring her to the table.

[12.30 p.m.]

Ms EGAN - The Treasury instruction is that we would have to pay those penalties to those individual creditors. We have not had any that we have had to pay at this point. Any interest that is added to an invoice, that they have put on the invoice to us, yes, we would pay that, but we have never physically done the reverse.

Ms FORREST - The individual person who is owed the money might impose the interest charge?

Ms EGAN - Correct.

Ms FORREST - On what basis do they do that?

Ms EGAN - If we are late with our payment.

Ms FORREST - How can it be then that you have not paid any Treasury penalties if you have paid interest on overdue accounts?

Ms EGAN - If they are legitimately overdue then we would pay the interest. But under the Treasury instruction we would physically have to go through all our invoices and make our own assessment of whether we should be paying people. We are not actually paying people outside of what they have charged us.

Ms O'BYRNE - That comes back to some of the accounts being one-day accounts, so you automatically get into a position of being overdue.

Ms FORREST - Who makes the assessment of whether or not you should pay a penalty?

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Ms EGAN - That is made by the department. We have to go through and assess 250,000 invoices each year.

Ms FORREST - The Treasury instruction is not working then, clearly, in that regard. The instruction was that if accounts are paid outside the terms, there is a penalty to be imposed, paid to that particular creditor, an amount based on the overdue nature of the account. The terms were not considered, which may be a failing of the Treasury instruction perhaps. There are accounts that are paid beyond their terms, even perhaps the 30-day or 45-day accounts.

Ms EGAN - They are not totally outside. They might be outside the terms, as the Minister said, because they are one day or 14 days. We are not into excessive times. Certainly we do not have creditors demanding of us around late payments.

Ms O'BYRNE - That is an issue you might need to direct to the Treasury.

Ms FORREST - Yes. Perhaps then, from the department, from the Minister, I would like to have some details of the number of overdue accounts that have gone beyond their terms - not so much the one-day and seven-day ones, because I appreciate the challenges with that - certainly the ones beyond 14 days - 30 days, 45 days and 90 days.

Ms O'BYRNE - I am sure we could look at that for you.

Ms FORREST - We have sought that information in the past.

Ms O'BYRNE - Bear in mind that a lot of ones that we would get out of the \$250,000-odd we have are those smaller ones.

Ms FORREST - I accept that. I am interested in the ones that are going well beyond the 30-day period.

Ms EGAN - I would be surprised if there are many.

Ms O'BYRNE - Will we be able to do that within the timeframe of this committee? We will try.

CHAIR - Thank you. That has been answered. Minister, from a healthy lifestyle point of view, some of us need to have a nose bag. We will adjourn now until 1.45.

The committee suspended from 12.33 p.m. to 1.45 p.m.