



Tourism Industry Council Tasmania

Chairman's Report for the 2007 year

I have great pleasure in presenting the Tourism Industry Council of Tasmania Chairman's Report for 2007.

The tourism industry in Tasmania continues to show strength in an uncertain national and international environment. Our industry is now worth \$2 billion per year to the Tasmanian economy and our importance to the state is well recognized by Government and the wider population. The total spend from international and interstate visitors is now over \$1.3 billion per annum, increasing by 5% over the total spend in 2006.

This industry remains very competitive as Tasmania battles with not just the range of other destinations in Australia and in our region, but also the multitude of alternatives for the disposable income of potential visitors to Tasmania. It is important to remember that Tasmania does not just compete with other destinations for the tourist dollar. We also compete with electrical equipment, home renovations and new cars; and we are affected by things such as petrol prices, the strength of the Australian dollar and higher mortgage payments. We have to always remember that we are part of a world economy that leaves us exposed to issues that are beyond our control to affect.

But the good news is that there are many things that we as an industry can do to maximize our returns and establish the right environment for future growth. Many of these things have been the focus of the TICT during 2007 and will remain so during 2008.

One thing that the tourism industry and the TICT have been very successful in doing over recent years is raising the profile of the industry among Tasmanians. A survey conducted by EMRS of 1,000 Tasmanians during 2007 confirmed that:

- 44% of Tasmanians believe that tourism has made the greatest contribution to the growth of the Tasmanians economy in recent years. The second highest response was forestry on 24%;
- 51% of Tasmanians believe that tourism has the potential to make the greatest contribution to Tasmania’s economic development in the next five years. The second highest response was forestry on 23%; and
- 97% of Tasmanians believe in the importance of a healthy Tasmanian tourism industry for Tasmania in the future.

I would like to take this opportunity to thank my colleagues on the TICT Board. I believe that we work very well as a Board and that the contributions at our meetings are of a very high quality. What I find particularly pleasing is that Directors are bringing issues to the table for discussion, engaging in a robust debate, and then acknowledging and supporting the final decisions.

I would also like to acknowledge the outstanding contribution made by the TICT staff in the last year. There have been quite a number of changes during 2007 but the team has worked extremely well and produces a huge amount of quality work when you consider that it is just four people. I would like to specifically thank the current team of Daniel Hanna, Jan Horton, Janine Uhlman and Cameron Ward. In addition I would like to acknowledge and thank former staff Daniel Leesong, Ellissa Branch and Jonathan Taylor for their contributions.

I shall now turn to some of the highlights and achievements of 2007.

Tourism 21

During 2007, there was a substantial amount of effort directed towards finalizing a new Strategic Business Plan. The Tourism 21 strategy has been a very effective model for industry planning and growth since 1997 and forms a partnership between the tourism industry and the State Government.

The new three year Strategic Business Plan was launched in December by Minister for Tourism, the Hon Paula Wriedt, and myself. We have now sent a hard copy to all operators and during 2008 TICT and Tourism Tasmania will refine an implementation plan that will keep the strategies in Tourism 21 “alive” until 2010.

The new Tourism 21 incorporates ambitious targets and strategies that will see the industry grow to a \$2.7bn per annum by 2010 and \$4.3bn per annum by 2017. This new strategy recognizes that this will only be achieved if Tasmania can grow its market share compared to other States and Territories. Accordingly, the aim is to grow from receiving the current 4.2% of all interstate trips to 6.5% by 2017. Similarly, the aim is to grow from receiving the current 3.0% of all international trips to Australia to 5.0% by 2017.

The strategies that will be employed to achieve these ambitious targets focus on the following key areas:

- The Tasmanian Brand
- Communicating with Customers
- Improving Access
- Tourism Investment
- Creating New Experiences
- Moving to Digital Distribution
- Building Working Partnerships
- Satisfying our Customers
- Finding the Right People

Pulp Mill

Consistent with our tradition of tackling the tough issues, the TICT considered the proposed Bell Bay Pulp Mill and how it might affect the tourism industry. Rather than respond to this important issue in a piecemeal way, the TICT undertook a range of activities to inform itself of the likely impacts of the mill including:

- A comprehensive survey of all accredited tourism operators
- Extensive consultations with tourism operators in the Tamar Valley
- Information available in published reports by ITS Global, Sweco Pic and Ekono
- Presentations from both sides of the debate

In summary, the TICT concluded that there are opportunities for the Tamar Valley pulp mill and the tourism industry to co-exist. Therefore, if the Mill proceeds, the tourism industry would require some issues to be addressed to minimise the actual and potential negative costs to operators and the industry. These included:

- A tough compliance regime that incorporates accepted world best practice emissions standards and an independent environmental protection authority (EPA) that conducts regular monitoring and reporting of emissions levels, with a particular focus on all odour emissions that may impact on tourism operators.
- A significant investment in improving rail access from the source of the resource to the pulp mill site to reduce the strain on roads and to reduce the exposure of tourists to resource transport.
- An ongoing assessment of Tasmania’s brand health and, if necessary, investment in brand protection activities to maintain the “clean and green” image that Tasmania has worked hard to develop.

I believe that the position taken by the TICT reflects our professional and practical approach to these issues. When many other groups were reverting to ideological positions, our organisation was consulting and focusing on delivering practical solutions.

State Government/Tourism Tasmania Relationship

TICT continues to enjoy a strong relationship with the State Government and our State Tourism Organisation, Tourism Tasmania.

During 2007, the TICT provided regular briefings to the Minister for Tourism and the Minister’s office and raised many issues for Ministerial consideration. The TICT also regularly briefed the Liberal Opposition, the Greens and independent members of the Legislative Council regarding tourism issues. This non-political approach is a hallmark of the activities of the TICT.

Under the leadership of Bob Annells (Chairman) and Felicia Mariani (Chief Executive Officer), the TICT has developed an even stronger relationship with Tourism Tasmania during 2007. The relationship has developed to a point where we are genuine partners in developing and facilitating the growth of the tourism industry in Tasmania.

Accreditation

The TICT is a licence holder for the National Tourism Accreditation program. Due to a consistent and concerted push by the tourism industry and the State Government (through Tourism Tasmania), the accreditation program in Tasmania has been more successful than in any other jurisdiction in the country. During 2007, the number of accredited tourism businesses continued to remain strong at well over 1,000 (the highest of any State or Territory). TICT, with assistance from Tourism Tasmania, devotes significant resources to the accreditation program.

While the program has had strong take-up and is growing in terms of customer recognition, it was recognized during 2007 that there were opportunities to make the program even more effective. The TICT regularly talks to the industry and there was a clear desire by operators to have an even better program.

In late 2007, an internal review of the program was conducted by our Chief Executive Officer. His review outlined 15 recommendations to build on the current program around three major themes:

- Using accreditation to improve quality and raise industry standards
- Increasing take-up of accreditation by the industry
- Improving customer recognition of accredited businesses displaying the “tick”

The review was accepted by this Board and the TICT will devote significant resources during 2008 to implementing the recommendations of the review. The TICT will work closely with operators, Tourism Tasmania and other stakeholders to continue to improve on what is already the most effective tourism accreditation program in the nation.

Awards

The TICT ran another very successful tourism awards Gala Dinner in 2007. The event was attended by over 500 guests and showcased the award winning properties for 2007. The awards in Tasmania have been very successful in Tasmania over a number of years and this is due to the ongoing commitment of so many people who give their time to judge the submission received. I would also particularly like to express my thanks to Richard Dax for his tireless work as the Chair of Judges over many years. Richard is handing the reins over to Sarah Lebski from 2008 but I would like to acknowledge his commitment to making the awards in Tasmania a great success.

In keeping with our commitment to improve all aspects of our operations an internal review was conducted of the awards process in 2007. In consultation with the Chair of Judges, our Chief Executive Officer reviewed the awards and made a total of 12 recommendations to make the program even more effective from 2008 and beyond.

The recommendations of the review centre around making it more attractive for tourism operators to enter the awards by providing active assistance and encouragement to operators. In addition to this, the review highlighted the importance of recognizing and rewarding winners to a greater extent throughout the year and ensuring that all award winners receive strong recognition from their customers for their achievements.

During 2008, these recommendations will be implemented by the TICT, in consultation with the Chair of Judges and our strong awards supporters.

Federal Election – BSPVES

In 2007 there was a Federal Election and a new Rudd Labor Government was elected. The TICT actively lobbied both the Labor Party and the Coalition for an increase in the Bass Strait Passenger Vehicle Equalisation Scheme rebate.

The scheme was introduced by the Howard Government in 1996 and is of paramount importance to the Tasmanian tourism industry and economy. The scheme provides a rebate against the fare charged by a ferry operator to transport a driver plus passenger vehicle by sea across Bass Strait.

The BSPVES is acknowledged as one of the primary reasons for the success of the strategy to improve sea access to Tasmania and the significant growth experienced in our industry since the introduction of Spirits I & II in late-2002.

In 1996 when the rebate for a family sedan was set at \$150, the estimated running cost was 39.87 cents per kilometre. The current cost of running a family saloon has increased to 70 cents per kilometre. Based on this, the cost of traveling 427 kilometres on a national highway would be \$299.

The TICT submitted to both parties that the rebate should be increased to \$180 to move towards matching the increase in costs over the preceding decade. Furthermore, the TICT advocated that the scheme should then be indexed to the CPI into the future, to ensure the level of assistance provided by the scheme remains relative with the comparable cost of traveling similar distances on the National Highway network.

The extensive lobbying conducted by the TICT during late 2007 was successful and both parties committed to increasing the rebate to \$180 and then each year by the value of the CPI. The TICT looks forward to the introduction of the increased rebate during 2008 and for continued strong sea and air access to the State.

Financial Position

I am very happy to report that the TICT is now in a solid financial position. Just a few short years ago our position was a precarious one but due to the hard work and strong decisions made by the Board and our staff, we now have a solid base to deliver on the challenges ahead.

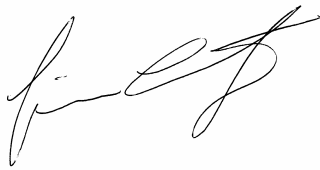
The strong surplus during 2007 was a one-off due to a number of circumstances. In particular our three months without a CEO during 2007 delivered a reduction in expenses.

This surplus has allowed the TICT to build up some equity to invest in activities that will benefit the tourism industry into the future. In particular, the implementation of the accreditation review recommendations will require resources during 2008 and this build up of some equity will allow the TICT to make the necessary investments.

It makes the work of this Board that much easier when we have a solid financial position on which to base our activities. While monitoring the financial position of the TICT remains an important function for the Board, it is pleasing that we do not have to devote significant levels of concern to this issue. This will allow us to get on with the job of tackling the issues faced by our industry and working to grow and achieve the ambitious Tourism 21 targets that we have set for ourselves.

I would like to lastly thank my fellow Directors for the (unpaid) time that they devote to the TICT. I know that the TICT Board Directors are busy people but it is great to see such a strong attendance at Board meetings throughout the year.

Thank you.

A handwritten signature in black ink, appearing to read 'Simon Currant', written in a cursive style.

Simon Currant
CHAIRMAN