



Tourism Industry Council Tasmania

Submission to

the Tasmanian Government's

2017 State Budget Consultation

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## About TICT

Tourism Industry Council Tasmania (TICT) is the peak body that represents and acts for the Tasmanian tourism industry.

The Council is a not-for-profit organisation that promotes the value of tourism in the Tasmanian community. TICT provides a strategic direction and united voice for the sustainable development and growth of the Tasmanian tourism industry and in advocating policy on behalf of the industry.

TICT has a large, representative based board, bringing together various industry sectors. This includes representatives of accommodation and hospitality operators; visitor attractions, experiences and tour operators; transport operators, ports, and tourism-related industry associations.

TICT is a signatory and partner with the Tasmanian Government on the dual industry-government strategies guiding the growth of tourism and the visitor economy in Tasmania;

- *T21 – The Tasmanian Visitor Economy Strategy 2015-20*
- *Parks 21: Joint Action Plan for Tourism in Protected Areas in Tasmania 2015-20*

## Introduction

The 2017 Tasmanian State Budget presents an opportunity for the Tasmanian Government to consolidate the progress achieved under our 'T21' agreement in building the foundations to reach our target of 1.5 million annual visitors to Tasmania in 2020.

Since coming to office in 2014, the Tasmanian Government has shown through modest but strategic investments in visitor demand generating activities and infrastructure priorities, the capacity to effectively stimulate and manage visitation to the State and into regional communities.

Critical investments made in past budgets boosting Tourism Tasmania's destination marketing and access development activities, and upgrading visitor infrastructure, particularly in our Parks & Reserves, has been critical in maintaining the strong visitor growth to Tasmania over recent years.

The investment in tourism and hospitality supply side activities directed through the Department of State Growth and the T21 process has enabled strategic interventions to be made in industry development and capacity building; including readying the industry for Asian engagement, customer service training, and adopting a shared approach to local destination planning through Destination Action Plans.

## T21 – The Tasmanian Visitor Economy Strategy 2015-2020

In June 2015, TICT and the Tasmanian Government signed *T21 - The Tasmanian Visitor Economy Strategy 2015-20* – an ambitious five-year partnership agreement to achieve the shared industry-government vision of 1.5 million annual visitors to Tasmania in 2020. The T21 partnership is widely recognised as the leading example in Australia of industry-government cooperation in the planning and growth of tourism and the visitor economy.

Over the past 18-months, government and industry through the leadership of the *Premier's Visitor Economy Advisory Council* and the *T21 Steering Committee* have achieved positive progress in embedding the cross-agency approach to tourism and the visitor economy in the Tasmanian

Government, and raising the awareness of the visitor economy and the T21 process with key stakeholders, and the broader community.

In 2017, it is critical PVEAC and the T21 model delivers significant and meaningful outcomes for government and industry to demonstrate the value of the partnership to both partners in progressing key priorities for Tasmanian tourism.

In November 2016, PVEAC endorsed a short action list of priorities for 2017;

- Supporting the Destination Action Plan-process in engaging local industry and community in destination planning and growing local visitor economies;
- Actioning the *'Tasmanian Visitor Engagement Strategy (November 2016)*
- Progressing a major reform agenda around workforce skills and labour in the tourism and hospitality industries including priorities identified in the *'Tasmanian Tourism and Hospitality Workforce Development Plan (December 2016)*.

TICT endorses these priorities as major focus of the T21 framework in 2017. We believe developing skills and capacity within the Tasmanian nature tourism sector should also remain a key priority for industry development.

The Tasmanian Government has allocated \$1 million in the forward estimates to the Department of State Growth to support tourism 'supply side' priorities. TICT believes these resources should be directed through the T21 process and specifically directed to priorities identified by the T21 Steering Committee and endorsed by the Premier's Visitor Economy Advisory Council.

**Recommendation 1: (Department of State Growth)**

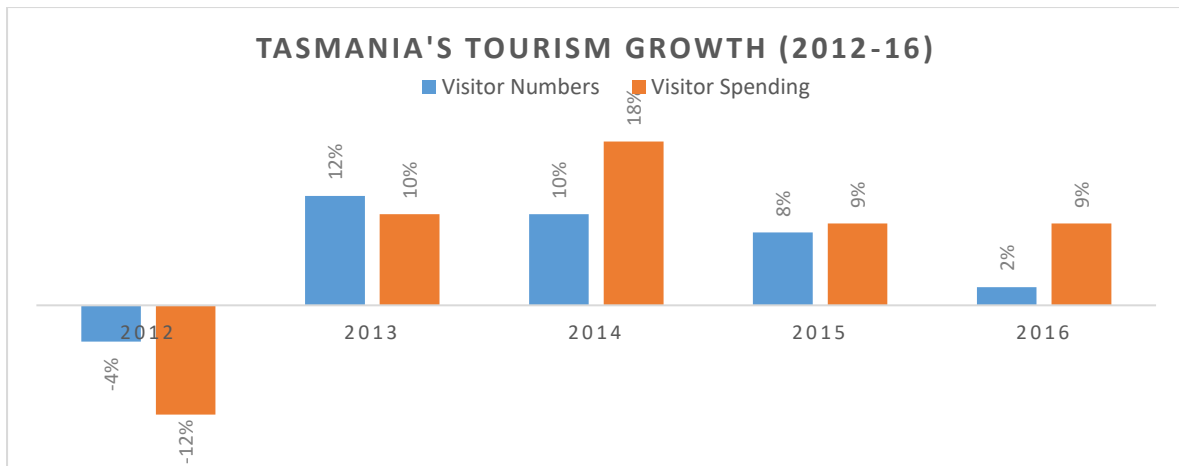
*That the \$1 million tourism supply-side funding in the 2017/18 forward estimates be directed to strategic tourism industry-development priorities as identified by the T21 Steering Committee and endorsed by the Premier's Visitor Economy Advisory Council.*

### Tasmania's Access fuelled 'Tourism Boom'

Tasmania's much lauded 'tourism boom' began in late-2012 with the injection of significant additional air capacity into the State, through a 19% increase in capacity over the 2012/13 summer period predominantly by the Qantas Group through its Jetstar and QantasLink subsidiaries.

This additional air capacity, met with existing unmet visitor demand for the State and a general change in Australian travel consumer behaviour from outbound to domestic travel following a softening of the Australian dollar, stimulated further demand for the State, resulting in a sustained four-year period of growth in total visitor numbers and expenditure.

Our recent growth continues a long-standing pattern in Tasmanian tourism of access to the island stimulating visitor growth, with all significant historic up-surges in visitor growth to the State following injections of new air or sea capacity.



***(End of Financial Year Results for Total Visitor Numbers and Total Visitor Expenditure – Tasmanian Visitor Survey June Snapshots, 2012, 13, 14, 15, 16).***

Since 2012, total visitor expenditure in Tasmania grew from \$1.319 billion pa for the year ending June 2012, to \$2.05 billion pa for the year ending June 2016.

This represents an extraordinary 55% increase in the amount of visitor spending circulating the Tasmanian economy each year compared to just four-years ago, or, another way of looking at it, the \$800 million of additional export value tourism has generated for the state since 2012 is the equivalent to the total export value of the dairy and seafood industries.

Behind this impressive growth lies the real impact of an expanding visitor economy – the significant injection of economic activity, private investment, new jobs and community confidence emulating from such strong visitor growth to the state.

The increased visitor spending has stimulated investment and job creation across the Tasmanian economy, with 37,000 Tasmanians now directly (18,000) and indirectly (19,000) employed through tourism. Over 3,500 tourism-related jobs have been added to the Tasmanian economy since 2014.

Today, there are six hotel developments across the Hobart and Launceston CBDs either already under construction or with development approval, with a combined value of \$200 million, along with a pipeline of projects under various stages of development promising to underpin commercial construction in the State for the remainder of this decade. While there is a plethora of smaller but equally important private investments that have been made across the state directly from the growth in visitor activity and spending.

### [Stimulating Access to Achieve our T21 target](#)

The latest Tasmanian Visitor Survey results suggests we are today on track to achieve our shared target of 1.5 million visitors by the YE 2020. However, slowing growth in visitor numbers in 2016 and the projections of similar small growth in 2017 really does expose the ambition behind the T21 target and the need for both industry and government to not rest on our laurels.

Indeed, insightful commentary from the CEO of Tourism Tasmania on the TVS data for the financial year ending June 2020, sheds light on the challenge for Tasmania in achieving the visitor growth rate needed to realise the ambitious 2020 goal:

*“... the muted rate of growth in overall visitor numbers this year, when combined with other statistics, shows that we are experiencing growing pains in some areas as we progress towards the industry and government’s visitor economy goals for 2020.*

*For example, the major airlines increased their capacity in 2015-16 on the major routes to Tasmania by a little over 170 000 seats or four per cent more seats than the previous financial year. However their passenger numbers rose by an even greater five per cent as the extra capacity was snapped up by visitors coming here and by locals travelling out of the state for business and leisure.*

*With the majority of available airline seats being filled and the Spirits of Tasmania continuing to attract more and more passengers on their extra services, we are seeing limited spare capacity being available to cater for future growth in international and domestic visitor numbers.”*

*Of course this constraint is recognised in the state’s Access 2020 Plan, which shows that we require around 140 000 more airline seats into and out of Tasmania every year until 2020 to ensure we can transport the growing number of visitors we want to attract. So there is still a way to go. “*

- *John Fitzgerald, CEO, Tourism Tasmania (CEO Commentary, Tasmanian Visitor Survey for the year ending June 2016).*

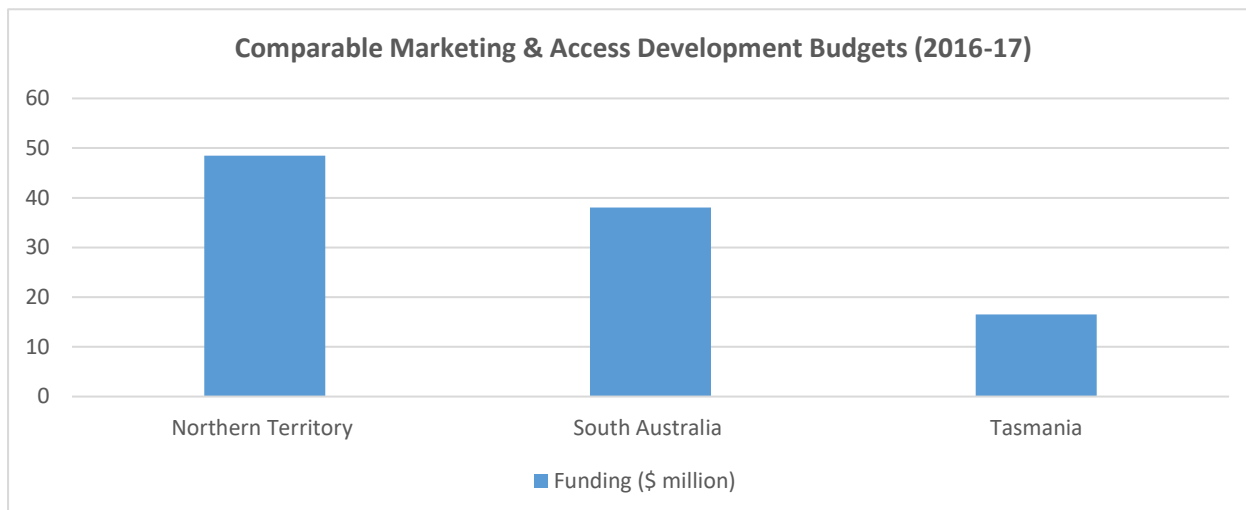
To achieve the goal of 1.5 million visitors for the year ending 2020, we need to maintain just over 6% average compounding growth - or an additional 75,000 visitors per year – every year from 2017 to 2020. Visitor growth to Tasmania over the past four years averaged 8% per annum – meaning this target is certainly achievable and realistic, if the state continues to generate the required access to the island.

### **Tourism Tasmania’s Marketing & Access Budget**

The Tasmanian Government is commended for restoring Tourism Tasmania’s marketing resources to a sustainable footing.

The Government came to office in 2014 with a promise to restore \$4 million cut from Tourism Tasmania’s annual budget by the previous government, and has honoured this commitment with \$16 million over the forward estimates. The Government has added to this investment through its \$3 million over three-years aviation access development fund to progress priorities from its Access 2020 strategy.

Nevertheless, at \$16.5 million Tourism Tasmania’s annual marketing and aviation budget remains rudely deficient compared to comparable Australian destinations – just one-third of the Northern Territory’s and about half of South Australia’s.



It is testament to the strength of Tasmania’s reputation as a destination that visitor numbers have grown at the rate they have despite Tourism Tasmania’s limited capacity to stimulate visitor demand through destination marketing and supporting new aviation markets.

But looking ahead, clearly further demand stimulus is needed to generate the 6% annual growth in visitation required to achieve the T21 visitor target, and the 140,00 additional airline seats required each year to provide the capacity for this visitor growth.

As both the Tasmanian Government’s *Access 2020 Progress Report* (October 2016) and the *CEO Commentary, Tasmanian Visitor Survey for the year ending June 2016* illustrate there is still considerable work to do in achieving both the Access 2020 and T21 targets, and significant opportunity to further stimulate the Tasmanian economy through aviation access. This includes;

- Consolidating year-round the significant additional capacity added over the past four years to Tasmania’s key domestic routes of Melbourne, Sydney and Brisbane, and building the business case for further capacity on these principal routes;
- Working with the airlines on the potential to introduce new direct services to Tasmania from other domestic destinations including Adelaide, Perth and Canberra;
- Bedding down recent international code-sharing agreements, and the opportunity to establish further partnerships;
- Continuing to work towards the introduction of direct international flights to Tasmania.

The importance of securing the access capacity to support the ongoing growth of visitation to Tasmania and achieving the T21 target is not disputed. Nor is the significance of securing new airline services and routes – particularly an international service – for community confidence and economic activity within the State. The return on investment in supporting airline activity within the State – through cooperative marketing and destination market development - is now without dispute with the exceptional performance of the Tasmanian tourism industry over the past four-years.

TICT recommends the Tasmanian Government empower Tourism Tasmania to aggressively pursue new market opportunities by further strengthening its partnerships and investment with carriers.

Further restoring Tourism Tasmania's marketing and access budget strengthens the State's war chest to pursue the airline capacity needed to achieve the T21 target.

A relatively small but strategic investment in Tourism Tasmania's budget now, will generate immense returns to the State over coming years by sustaining the additional visitor spending, infrastructure investment and job creation of a thriving tourism industry and booming visitor economy.

**Recommendation 2. (Tourism Tasmania)**

*That Tourism Tasmania's Access Development Fund be increased to \$4 million in 2017/18, providing a total destination marketing and access development budget of around \$20 million per annum.*

### A contemporary approach to Parks management

Upon its election in 2014, the Tasmanian Government initiated a major reform agenda around the design and facilitation of tourism in Tasmania's World Heritage Areas, National Parks & Reserves. This reform agenda includes:

- The Government's 'Expression of Interest' process for new tourism ventures in Tasmania's World Heritage Areas, National Parks & Reserves, has been an outstanding success in terms of stimulating proponents to come forward with ideas for new commercial tourism ventures leveraging Tasmania's globally renowned nature reserve system.
- The long but important process of developing a new Management Plan for the Tasmanian Wilderness World Heritage Area that, among other critical outcomes, significantly better recognises and facilitates the legitimate and important role commercial tourism plays in providing public access and engagement with the TWWHA
- Commitment to the historic 'Parks 21' agreement between the Tasmanian Parks & Wildlife Service and the Tasmanian tourism industry, and developing a genuine partnership approach between Parks and the tourism industry in the business of providing sustainable, low-impact and meaningful visitor access to Tasmania's reserve system.

These are all significant long-term reforms with the potential to reshape the way we design, facilitate and respond to the growing demand to experience Tasmania's World Heritage Areas, National Parks and Reserves.

TICT recommends the next appropriate stage in developing a genuinely contemporary and balanced approach to the planning and management of Tasmania's reserve system, is a 'root and branch' look at the legislative framework overseeing Tasmania's reserve system and the activities of the Tasmanian Parks & Wildlife Service (PWS).

The *National Parks and Reserves Management Act 2002*, that oversees the activities and responsibilities of PWS, is still predominantly based upon the original *National Parks and Wildlife Act 1970* - meaning the legislative framework overseeing Tasmania's reserve system is nearly fifty years old!

Clearly, community attitudes and values towards Tasmania's reserves have evolved dramatically over recent decades; Management issues around sustainable tourism visitation, commercial partnerships within Parks, cultural engagement issues with the Aboriginal community, and competing conservation challenges and priorities such as negating climate change, are all vastly different from when the original Act was developed in 1970, or even the more recent 2002 incarnation.

While best practice approaches to reserve management have changed, with examples interstate and overseas of alternative funding, legislative and structural mechanisms for the management and oversight of reserve systems, that could be adopted in Tasmania to achieve better outcomes.

TICT would suggest all stakeholders in Tasmania's Parks and Reserves Systems – conservation, cultural and tourism – would agree the legislative and structural framework for Parks needs review. Indeed, in 2013 the previous Government proposed establishing PWS as a statutory authority with the general support of conservation groups. However, that process proposed only a relatively minor tinkering of the governance arrangements of PWS, not a holistic review of its legislation.

The Department of Primary Industries, Parks, Water & the Environment, has shown through its approach to reviewing and contemporising Biosecurity legislation in Tasmania over the past two years a successful process of working with stakeholders on a 'root and branch' review of existing legislation and the design of a contemporary legislative framework for the future. A new General Manager in PWS, and the ratification of the new TWWHA Management Plan, provides the perfect timing for a similar process to be undertaken on the legislative framework for Tasmania's National Parks & Reserves.

**Recommendation 3 (Department of Primary Industries, Parks, Water & Environment)**

*That the 2017/18 State Budget initiate a review of the National Parks and Reserves Management Act 2002 as the first step in developing a contemporary legislative framework for the management of Tasmania's World Heritage Areas, National Parks and Reserves.*

### Supporting Parks Infrastructure

In its 2015/16 Budget the Tasmanian Government established an \$8-million two years 'Tourism Infrastructure Fund' for high-priority visitor infrastructure projects within Tasmania's Parks & Reserves.

It is TICT's view PWS has done an outstanding job in the allocation of these funds for maximum effect and benefit across Tasmania, with over 40-projects undertaken over the two-year period in all regions of the State. The funds supported a diverse range of projects from upgraded signage and toilets, improved safety barriers, enhanced pathways, picnic areas and car parking in National Parks and visitor reserves in regional parts of the State.

As an outcome of our *Parks 21* Agreement, TICT facilitated a consultation process with the tourism industry, through Regional Tourism Organisations and CVS-licensed operators, to determine the industry's priority projects of which PWS clearly worked through in allocating funding.



Clearly, Parks requires additional funding for a range of competing demands in conservation, land management, visitor infrastructure and product development. In this context, TICT proposes continuing the Tourism Infrastructure Program as a dedicated rolling fund for targeted visitor infrastructure priorities, enabling PWS to proactively respond to pressing needs in popular parks and reserves critical to the visitor economy of regional destinations.

**Recommendation 4 (Department of Primary Industries, Parks, Water & Environment)**

*That the successful Tourism Infrastructure Program for visitor infrastructure priorities in Tasmania's National Parks & Reserves be continued for a further two-years, with an \$8 million commitment over the 2017/18 and 2018/19 Budgets.*

### Cradle Mountain Master Plan

The Cradle Mountain Master Plan is the Tasmanian tourism industry's number one major visitor infrastructure priority. TICT welcomes the Tasmanian Government's commitment to the project through a \$15 million contribution earmarked in the 2016/17 Budget, and subsequent progress undertaken as part of the Government's Northern Economic Development Plan.

TICT believes there will be capital works underway to progress Stage 1 of the Master Plan in the 2016/17 Financial Year, and all stakeholders should be working towards that clear timeframe.

TICT believes the governance and planning of the whole project is critical to ensure the crucial State Government contribution is effectively invested in the non-commercial visitor infrastructure components of the Master Plan that will stimulate the private investment in the commercial elements of the Plan.

**Recommendation 5 (Department of Primary Industries, Parks, Water & Environment)**

*That the \$15 million committed to progress the Cradle Mountain Master Plan be directed to non-commercial visitor infrastructure upgrades at Dove Lake and to initiate the 'World Heritage Village' concept.*