

2023/24 Tasmanian State Budget **Priorities Statement**

Tourism Industry Council Tasmania
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Contact:

Luke Martin, Chief Executive Officer

luke.martin@tict.com.au

0434 307 838

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 and non-partisan 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. Our current 23 Member board includes representatives of accommodation and hospitality operators; visitor attractions, experiences, and tour operators; transport operators, airlines and airports, Tasmania's four Regional Tourism Organisations, and tourism-related industry associations.

T21 - Tasmanian Visitor Economy Strategy

TICT is a joint signatory with the Tasmanian Government to the *T21 Tasmanian Visitor Economy Action Plan 2020-22* – the State's destination management strategy guiding industry and government's response to the COVID disruption on Tasmania's \$2.5 billion p.a. visitor economy.

Through the second half of 2022, TICT has worked closely with the Tasmanian Government through the T21 Steering Committee and the Premier's Visitor Economy Advisory Council, in preparing a new 'T21' tourism strategy for Tasmania. The new T21 will provide an overarching vision and direction for Tasmanian tourism through to 2030 and beyond, underpinned by a series of outcome-focussed three-year action plans prioritising government and industry actions, and investment.

As the Tasmanian tourism industry's peak body, TICT is committed to our T21 partnership with the Tasmanian Government in advising government on its funding priorities across the tourism industry and visitor economy. With the new T21 scheduled to be finalised before the end of this year, we expect it will set clear priorities for government investment over the forward estimates.

Some of our shared aspirations through the new T21 will require significant long-term government and industry investment, and in framing the 2023/24 State Budget, the State Government must consider the resourcing of the Department of State Growth and the Tasmanian Parks & Wildlife Service in ensuring these agencies are able to meet their agreed responsibilities under the new strategy.

Through this Budget Priority Statement, we have identified what are likely to be the critical priorities for the new Tourism 21 agreement:

- Securing Tourism Tasmania's budget for sustaining visitor demand and access
- Resources for the Tasmanian Parks & Wildlife Service
- Addressing our long-term workforce and skills challenges
- Fostering First Nations Tourism opportunities across Tasmania
- Attracting lucrative business events to Tasmania
- Business Insurance Relief and Reform
- Positioning Tasmania as a global leader in climate conscious travel

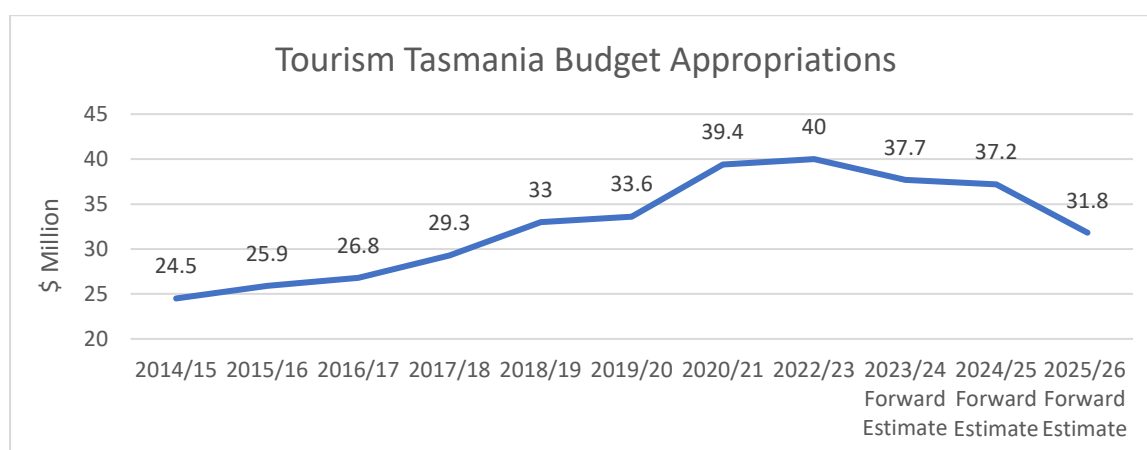
Budget Priorities:

Within the Tourism 21 framework, we identify clear priorities for government investment through the 2023/24 State Budget:

Tourism Tasmania Destination Marketing & Access Resources

Tourism Tasmania has an essential role in Tasmania's visitor economy, supporting the State's tourism brand, generating visitor demand for Tasmania, and encouraging visitor activity into regional destinations. In recent years, Tourism Tasmania has also taken a critical leadership role in access; growing aviation access to the State and connectivity across our regions and islands.

Since coming to office in 2012, the State Government has steadily grown Tourism Tasmania's resources for destination marketing. At one point under the previous Government, Tourism Tasmania's destination marketing resources bottomed out at \$10 million a year – less than the marketing budget of some Regional Tourism Organisations in Queensland and barely competitive with the resources of other State Tourism Organisations.



(Please note funding in 2022/23 includes funds rolled over from Covid disruption in 2020/21).

With the ongoing uncertainty in the Australian travel market, and the rising cost of media buys in the national market, it is essential Tourism Tasmania's marketing resources are at least maintained at current levels across the forward estimates.

At the 2020 State Election, the Gutwein Government committed \$10 million over four years as part of its "Securing recovery and maximising Tasmania's Visitor Economy Future" Election Policy. These funds being honoured in the forward estimates are critical to enabling Tourism Tasmania to continue to drive visitor demand for Tasmania in the uncertain market conditions of the next 12-24 months.

Parks & Wildlife

The Tasmanian Parks & Wildlife Service (PWS) do an exceptional job with limited resources in managing Tasmania's extraordinary National Parks, World Heritage Areas, and other protected areas.

The reality is the Tasmanian Government could never spend enough in the conservation, preservation, and presentation of Tasmania's protected areas. The challenge is spreading available

resources as efficiently and effectively as possible and balancing the many competing needs across our reserve estate.

TICT is keen to work with the Tasmanian Government in progressing opportunities to increase resources for PWS. This includes a thorough reimagining of the Parks fee structure, particularly relating to interstate and international visitors, establishing a contemporary lease and licensing fee structure for commercial operators working within our Parks, and seeking additional investment by the Australian Government in the conservation and management of the globally significant Tasmanian Wilderness World Heritage Area.

TICT acknowledges the Tasmanian Government has committed to several important and much-anticipated visitor infrastructure projects across our reserve estate.

A number of these capital projects were announced in the 2016 and 2020 Tasmanian State Elections and are likely to be significant long-term destination demand drivers within their regions.

These projects include:

- Ben Lomond – Year-Round Destination (\$2.8m)
- Cape Bruny Car Park and Access Upgrade (\$1.7m)
- Cockle Creek Camping and Access Upgrade (\$3m)
- Cradle Mountain Experience – Cable Way Project (\$61 m)
- Edge of the World Revitalisation (\$2.75m)
- Flinders Island Camping Upgrade (\$900k)
- Freycinet National Park New Visitor Gateway (\$14m)
- Freycinet Peninsula Wastewater (\$8.4m)
- Freycinet Tourism Icons Project (\$7.2m)
- Hastings Thermal Pool Revitalisation (\$3m)
- Maria Island Re-discovered Project (\$6.8m)
- Mt Field National Park New Arrival Concourse (\$1.8m)
- Next Iconic Walk (\$40m)
- Tamar Island Wetlands Boardwalk (\$2.8 m)
- Tasman Arch and Devils Kitchen Revitalisation (\$1.3m)

The challenge for PWS, and the Tasmanian Government generally, is in meeting expectations from the tourism industry and local community stakeholders in delivering such an ambitious capital works program. The 2022/23 State Budget indicated that a number of these projects have already slipped back in terms of anticipated competition days, with some now forecast to be delivered beyond the next State Election.

As part of the Tourism 21 process, the Tasmanian Government has committed to work with industry in prioritising PWS capital projects the tourism industry considers most critical to local tourism industries and regional destinations over coming years. We believe the PWS capital works budget and strategy should be reviewed in alignment with this Tourism 21 discussion.

From the industry's perspective, we recommend the PWS capital works budget be reprioritised around the following critical projects:

South:

- Cape Bruny Car Park and Access Upgrade
- Mt Field National Park New Arrival Concourse
- Hastings Thermal Pool Revitalisation

East:

- Freycinet Gateway and associated wastewater upgrade

North:

- Ben Lomond – Year-Round Destination Project

North-West:

- Cradle Mountain Experience – Cable Way Project
- Next Iconic Walk on the West Coast

The Government also needs to consider general resourcing of PWS for planning and project management of its own capital projects, along with its capacity to assess complex private proposals for tourism activities within protected areas. Additional resourcing for the Agency is much needed to efficiently progress project assessments, design, and construction, along with policy priorities identified through the Tourism Master Plan for the Tasmanian Wilderness World Heritage Area.

Workforce & Sills

The Tasmanian Government is aware skills and labour shortages across the tourism and hospitality sectors remains the most critical challenge in our recovery out of Covid.

A recent major national Australian Tourism Industry Council survey found that 75% of Tasmanian tourism operators reported some skills shortages within their business, and 20% of respondents ranked their current workforce challenges at 'extreme'.

In July 2022, the Department of State Growth was tasked by the Premier's Visitor Economy Advisory Council (PVEAC) to work with industry stakeholders in identifying practical initiatives and priority investments to provide some short-term workforce relief for the sector this 2023/24 summer, along with a long-term plan to address future workforce needs across the visitor economy.

This 'Tourism and Hospitality Workforce Action Plan' was endorsed by PVEAC in August 2022, with full support from industry peak bodies, TICT and the Tasmanian Hospitality Association.

A series of immediate positive initiatives are now being progressed from this Action Plan, using existing resources within the Department of State Growth. The Action Plan stresses additional budget resources will need to be committed to progress some of the longer-term priorities.

These initiatives include:

- Base funding of \$650,000 for Visitor Experience Training (VXT) in 2023-24

- Establishment of a Non-Accredited Training Fund within the Department of State Growth, to establish a dedicated, competitive grant process open to tourism and hospitality businesses, employers, and training organisations to support agile training options specific to the applicant's needs.
- Summer Job Accelerator Program - DSG to work with a community sector partner(s) (such as Beacon) to uplift targeted career promotion, development and job linking services for the summer in collaboration with Jobs Tasmania, THA and VXT.
- Funding to commission a Feasibility Study to explore a range of options to deliver or attract a world class tourism and hospitality learning institution, or pathway, for tourism and hospitality professionals to engage in world leading training within Tasmania.
- Pilot projects to progress innovative worker housing projects across the State, including potential partnerships with the University of Tasmania, a 'Tiny House' Village Pilot, and ensuring tourism and hospitality workers accommodation priorities are considered in the Tasmanian Housing Strategy.

Net Zero Destination

The Tasmanian tourism industry and the Tasmanian Government share a vision for the Tasmania to be a global leader in the conversion to carbon-conscious travel.

At the core of our new Tourism 21 will be a shared vision for Tasmania to be among the world's first carbon neutral (net zero) visitor destination by 2025.

Over the past three-years, TICT, with support from the Tasmanian Government has commissioned a series of important research projects to understand the pathway towards becoming a carbon neutral destination, along with the policy and capacity challenges we need to address in achieving this vision. This includes a major research project by Point Advisory, scoping the emission footprint of the Tasmanian visitor economy, and an exciting pilot project by Richmond Ellis on the carbon generated by 30 selected tourism operators' highly representative of the broader visitor economy.

This work has identified clear priorities for investment and action over the next three years in enabling the industry to establish a model for visitors to the State to make their stay within Tasmania truly carbon neutral, and for a significant number of tourism operators across the State to achieve net zero emission footprints.

In 2020, the State Budget included a \$1.5 million commitment towards the carbon neutral aspiration, with a specific focus on carbon auditing and emission reduction activities.

The work done over the past couple of years, particularly in understanding the opportunities for emission reduction and carbon-action across the sector, has identified some clear priorities for the investment of these funds.

- Tasmanian Government and tourism industry, through T21, commissioning independent modelling and policy advice on options for a 'conservation and carbon levy' payable by visitors to Tasmania, with options to consider an additional levy on-top of PWS fees, or the gateways to enter the State (Airport/TT Line)

- Tasmanian Government funding to establish an online one stop shop for ‘Positive Impact’ Tourism, including resources for businesses wanting to determine their likely carbon footprint (with an inbuilt calculator), resources on emission reduction initiatives, and information on potential third party carbon reduction projects. This website could form the basis of our T21 ‘Positive Impact Agenda’ and become the go-to resource for businesses wanting to engage in the T21 agenda and participate in industry resources around carbon, social engagement, sustainability practices, inclusive tourism, aboriginal tourism and so on
- T21 agreeing on a Framework for certifying and recognising Tasmanian Carbon Neutral Tourism Businesses. Agreement on the criteria for businesses to access the agreed landmark and certification that distinguishes these businesses in the market (potentially led by Brand Tasmania). Along with investment in a marketing strategy to raise awareness of this brand and the operators that are participating – incentivising businesses to commit to achieving the certification.
- A grants program to establish carbon reduction initiative, including emission offsetting and other ‘Positive Impact’ initiatives across the Tasmanian tourism industry – such as Local Carbon sector-wide reduction projects, waste reduction and other sustainability initiatives, or a Tasmanian-based carbon offset project.

First Nations Tourism

TICT shares the Tasmanian Government’s aspirations to support a growing Tasmanian Aboriginal Tourism Sector. This is a clear priority in the current T21 – Tasmanian Visitor Economy Action Plan 2020-21, and the Premier and Minister for Tourism has requested Aboriginal tourism be recognised as a top line priority in the new T21.

As part of the development of the new T21, the Department of State Growth is currently looking at priorities to invest in capacity building within the Tasmanian Aboriginal Tourism sector, including business and product development opportunities, and workforce.

TICT supports funding being committed to this area to support Tasmanian Aboriginal enterprises and invest in training pathways and opportunities in tourism for Tasmanian Aboriginal people.

Business Events Attraction Fund

Business Events are a high spending and strategic visitor market for Tasmania. Business event delegates spend more than leisure visitors, generally travel mid-week, and are seasonal in their visitation during otherwise quieter times for leisure visitation to the State. Business Events also have a strategic importance well beyond tourism, in showcasing Tasmania’s competitive strengths in research and other industries.

The Tasmanian Government’s Business Events Attraction Fund (BEAF) was established in 2019 with \$1.2M dedicated over 4 years. BEAF provided Tasmania with a competitive opportunity against other states and countries who were already operating with a similar fund. Additional funding was secured in 2021 taking the total fund to \$1.9 M.

Administered by Business Events Tasmania (BET), the fund allows BET to offer funding at the critical bidding stage to help secure strategically valuable national and international business events to the

state. Most recently, BET was able to utilise the fund to secure national corporate and association conferences to aid in the state's post Covid recovery.

The current funding expires in June 2025, but as it has been used for post-covid recovery less than \$200,000 remains of the total pool.

To date, \$1.7M of funding is committed for 76 business events representing over 21,000 delegates, 71,000 room nights and over \$70M in direct economic return to the state.

These business events will drive visitation to regional Tasmania, extend the seasonality of the visitor economy and offer benefits beyond tourism including talent acquisition, future trade and investment, knowledge transfer and showcasing Tasmanian industry on a global scale.

Due to the long-term nature of the bidding environment BET is currently working on securing business events for 2026. With the grant due to expire in 2025 and the \$1.9M fund close to exhaustion, BET are seeking certainty that additional funds are available and will extend beyond September 2025. TICT strongly supports the retention of the Business Events Attraction Fund (BEAF).

Insurance – Reduction in the Fire Levy

The Tasmanian Government is aware of the growing number of Tasmanian tourism operators reporting real difficulties in accessing affordable and adequate insurance coverage for their property and visitor activity.

Some long-term adventure tourism operators have written to the Government advising of their challenges in obtaining adequate public liability coverage. Other tourism businesses, particularly those in regional areas, have cited extraordinary increases in their premiums.

Over the past 24-months we have seen some outrageous spikes in the cost of property insurance for accommodation operators in regional areas. Some businesses are reporting 300% increases in premiums after being assessed as having a higher bushfire risk due to their forested and wilderness surrounds. We are aware some of Tasmania's most successful and celebrated tourism operators are choosing to self-insure or under-insure their properties.

The cost of business insurance has been an emerging serious issue for the Tasmanian tourism industry over several years, exacerbated by the disruption in the insurance market following recent natural disasters. In 2026, the Tasmanian Office of the Coordinator General commissioned some preliminary research into the problem, along with options to increase the availability and affordability of insurance coverage for this cohort of operators.

These insurance issues are obviously not unique to Tasmania, and tourism operators across the country have all been reporting similar experiences with the insurance market. In this context, in 2021 the Queensland Tourism Industry Council released a landmark report into Insurance Cover for the Tourism Industry. In preparing this report, the Authors sought input from across the Australian tourism industry, including from several Tasmanian operators who shared their experiences in obtaining insurance and completed a survey. This report is attached for reference.

The QTIC report cites the substantial component of the cost of insurance for tourism businesses made up by State and Federal levies and taxes. In Tasmania, State and Federal levies and taxes can

make up as much as 40% of annual premiums. These are all indexed to the cost of premiums, so as the insurers charges go up, so does the government levies and taxes.

Reducing or capping the State insurance levies appears to be the most immediate option available to the Tasmanian Government to offer relief for businesses with the cost of insurance. Given the substantial increase in insurance premiums over the past few years, it appears the State Government has benefited

The TICT board has considered the report, and believes the most practical response the State Government should consider in providing immediate relief for businesses impacted by the rising cost of insurance, is to reduce the Fire Levy payable on Commercial Insurance Premiums

Tasmania is one of only two States that charge a fire levy on Commercial Property Insurance. The levy is 28% and indexed, meaning its increasing with the premiums, which have risen years at a much faster rate than CPI.

The Tasmanian Government reducing the rate of the fire levy, or at a bare minimum, capping the levy, would be an immediate short-term relief on otherwise increasing premiums. Such a measure will benefit all operators and many other businesses across the economy.

TICT has identified Business Insurance Reform as one of industry's priorities for policy and structural reform through the new T21 Agreement.

The cost and accessibility of business insurance coverage is already a significant barrier to new investment in tourism and is set to diminish the competitiveness of our industry compared to other destinations across our region. Beyond immediate relief through capping or cutting the fire levy, we believe the Tasmanian Government needs to look at a holistic policy and legislative reform agenda around insurance coverage and affordability for Tasmanian businesses.