

2016-17

TAS BUDGET  
SUBMISSION

# Future Economy Future Jobs





# Future Economy | Future Jobs

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# Future Economy | Future Jobs

## Executive Summary

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Tourism plays a critical role in the Tasmanian economy, by driving economic growth, creating employment opportunities and contributing to regional development across the State. Tourism's direct and indirect share of employment in Tasmania is the highest of any state or territory in Australia – 6.5% and 16.2% respectively – accounting for 1 in every 15 jobs State-wide. The numbers speak for themselves – to invest in the tourism industry is to invest in economic growth across the State. The Premier of Tasmania, the Hon. Will Hodgman MP, acknowledged the importance of tourism to Tasmania by adding Tourism directly to his own portfolio of responsibilities, a move recently emulated by the Premier of Western Australia, the Hon. Colin Barnett MP.

The Tasmanian Government has done well to foster the State's natural tourism strengths: natural landscapes, food and produce. The industry has also been served well by a growing interest in nature-based tourism from domestic and international visitors, and tourism marketing campaigns that serve to bring these to a wider audience. This has been a major factor in the growth of interest and demand in Tasmania from domestic and international visitors.

However, Government cannot afford to be complacent. This is particularly important at a time when domestic and international competitors are waking up to the economic development potential of the visitor economy and are subsequently setting up the requisite regulatory and legislative framework as well as the provision of public funding for marketing and infrastructure. A strategic approach to growing demand will be required to realise the ambitious target of doubling overnight visitor expenditure to \$4.39 billion by 2020.<sup>1</sup> Tasmania should maintain the momentum it has worked to create and accelerate visitor expenditure growth if it is to achieve its 2020 objectives and maintain the growth in visitation it has strived to build.

The Tourism & Transport Forum Australia (TTF) calls upon the Government to ramp up its efforts in supporting and investing in destination marketing, attracting additional aviation capacity, and developing a business and major events strategy, to drive demand. Serious investments should be made in the future of the tourism and transport sector to support more jobs and stimulate growth. The Tasmanian Government is to be applauded for its demonstrated commitment to tourism and is urged to maintain momentum and match its ambitions with policy and funding commitments and a partnership approach between Government and industry.

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<sup>1</sup> Tourism Tasmania & Tourism Industry Council of Tasmania, *Tourism 21: Joint strategic business plan 2011-2013*.



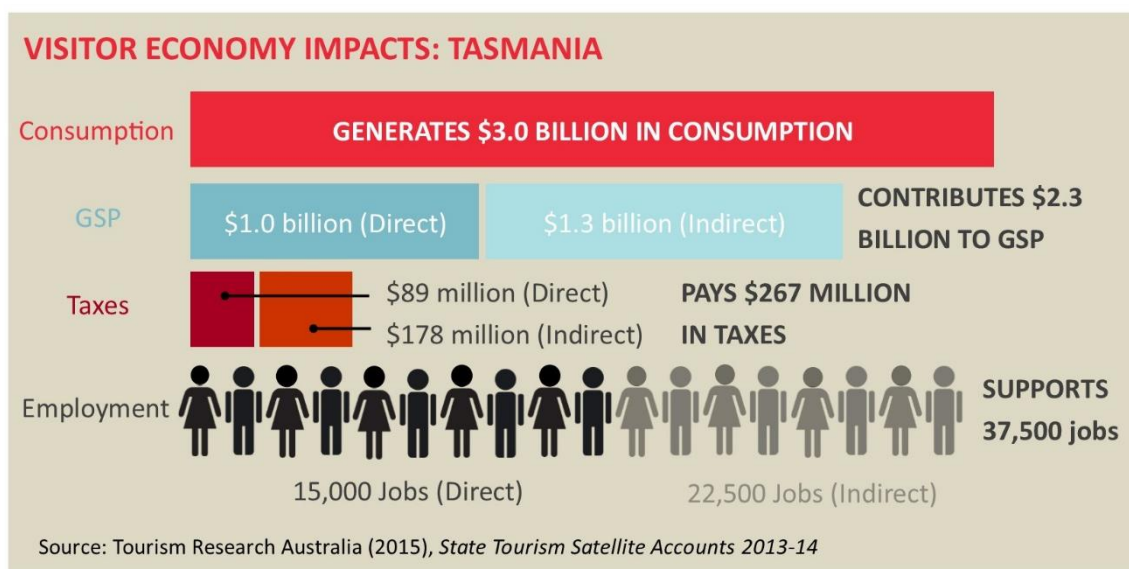
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## Importance of the Tasmanian visitor economy

### Generating jobs and growth

Tourism is one of our future economy industries that has the potential to collectively add hundreds of billions of dollars to the Australian economy over the next 20 years.<sup>2</sup> Tourism has the capacity to be more than a mere backfill for the jobs vacuum left by declining mining investment, the perennial slowdown in manufacturing and generate hundreds of millions of dollars in taxation revenue.

Like other future economy industries such as agribusiness, funds management, international education and technology-based services, tourism is well-positioned to take advantage of the incredible growth in demand from Asia's burgeoning upper to middle-class.



Tourism generated more than 37,500 jobs in Tasmania and accounted for 15,000 of these directly, representing roughly 1 in every 15 jobs State-wide in 2013-14.<sup>3</sup> Already a major contributor to the Tasmanian economy, the visitor economy can make an even greater contribution to the State's future prosperity. Tourism's share of jobs on a direct and indirect basis is the highest of any state or territory in Australia – at 6.5% and 16.2% respectively. The Tasmanian Government has demonstrated its awareness of the employment potential of tourism and it is urged to continue to make and encourage the critical investments required to build on the State's recent successes.

<sup>2</sup> Deloitte (2013) *Positioning for prosperity? Catching the next wave*.

<sup>3</sup> Tourism Research Australia (2014) *State Tourism Satellite Accounts, 2013-2014*.



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While Tasmania's natural tourism advantages have served it well, there is more to be done if it is to unlock the full potential of the industry and keep up with the efforts of competitor jurisdictions around the country.

## Opportunities and challenges for TAS

TTF commends the Tasmanian Government for its commitment to supporting the growth of the visitor economy; notably via the increase in funding for Tourism Tasmania to grow its tourism marketing work. Building on the additional \$12 million over four years delivered in last year's budget, the Hodgman Government provided an additional \$3 million over three years to take the total contribution in 2015-16 to \$25.9 million, increasing to \$26.2 million in 2016-17. Not unexpectedly, government funding for tourism in Tasmania lags behind the funding levels in the bigger mainland States. However, it is important that Tasmania's tourism marketing and infrastructure funding remains targeted and competitive with other jurisdictions.

Tasmania is performing well, with healthy growth in both domestic and international visitor expenditure in the year ending December 2015 from the previous year;<sup>4</sup> but this requires further Government support to be ready for the next phase of growth opportunities presented by growing international traveller numbers from Asia and beyond. Government's focus should be on activating important demand generating factors, such as investment in tourism marketing, growing the business events market and ensuring that nature-based tourism infrastructure in Tasmania maintains the highest standards for visitors. Maintaining these building blocks will set Tasmania up strongly for decades to come.

Tasmania's vast array of natural assets present significant opportunities for the State and should be afforded high priority. This requires maintenance of existing visitor infrastructure and the development of new visitor infrastructure and products. This should be supplemented by appropriate increases in destination marketing funding; with the objective of placing Tourism Tasmania in a competitive position against other jurisdictions. Tourism Tasmania should be given the resources to build on campaigns already in market and strengthen programs through partnerships with industry.

Building a substantial business events market should also form part of the Government's strategy to increase visitation. This drives high-yield visitation to ensure that Tasmania reaches its target of attracting 1.5 million visitors (include expenditure target if talking about yield) a year by 2020. Attracting more and business events helps enhance Tasmania's reputation as an events destination.

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<sup>4</sup> Tourism Research Australia (2015), *International and National Visitor Surveys - December quarter edition 2015*



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Maintaining funding for these activities and recognising opportunities for renewal of infrastructure will facilitate this growth.

The Tasmanian Government still faces the challenge of boosting growth in international visitation. Tasmania possesses all of the natural strengths that attract international visitors to Australia. Positioned to capture the tourism opportunities arising from the emerging middle class in Asia, international aviation access should form a critical part of the economic development strategy for TAS. Growth in international visitation is fundamental to unlocking the State's economic potential. It is investment in demand-growing factors such as tourism infrastructure and destination marketing that will create opportunities for Tasmania to connect with the growing world travel market.

## Liveable and Productive Cities, Accessible Regions

Critical infrastructure for visitors and residents alike underpin the liveability and appeal of cities and urban environments. They also drive destination demand and ensure sustainable tourism growth.

TTF has three key tourism infrastructure policy goals:

1. Promoting investment by Government in critical infrastructure
2. Increasing the involvement of private operators in the planning and delivery of critical infrastructure
3. Improving the visitor experience, particularly through the development and upgrade of visitor facilities.

In Tasmania, where domestic visitation makes up a high portion of the visitor economy, the maintenance and renewal of existing infrastructure and identifying opportunities for new infrastructure will be key to building future visitation. Prioritising and progressing significant infrastructure not only enhances the liveability of cities for its residents, it also makes cities more appealing to visitors.

TTF welcomes the Tasmanian Government's ongoing support for nature-based tourism. Given the importance of the natural environment in generating visitation to the State, national park infrastructure funding is a key priority for sustainable tourism growth and visitor management. Growing the appeal of nature-based tourism infrastructure by striving to maintain world-leading standards can also help disperse visitors more widely, spreading the benefits of the visitor economy beyond metropolitan destinations. Tasmania's nature-based assets have been a driving force of regional tourism, an area which the Government should continue to focus its efforts on.



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## Towards 2020 and Beyond

In 2009, Governments at the Federal, State and Territory levels saw the potential to grow Australia's tourism industry and signed up to ambitious targets to double overnight expenditure.<sup>5</sup> While each State and Territory has its own corresponding target, under the *T21 Tasmanian Visitor Economy Strategy 2015-2020* the TAS target is to attract 1.5 million visitors, which is expected to generate \$2.5 billion in spending a year to Tasmania by 2020.

While the aftermath of the GFC slowed progress towards these targets in the early phase, global travel has since more than rebounded and Australia is now reporting stronger growth. The latest data shows that over the year to September 2015, overnight visitor expenditure in Australia increased to \$91.7 billion. This includes domestic overnight expenditure increasing by almost 6% and international visitor expenditure increasing by 15.2%.<sup>6</sup> By comparison, TAS's overnight visitor expenditure growth has exceeded the Australian average growth on both fronts – with domestic overnight expenditure increasing 14.1% and international visitor expenditure increasing by 21%.<sup>7</sup> With an overall growth rate of 15% in terms of its visitor expenditure for the year ending September 2015, Tasmania's growth represented the second best in the country, outpaced only by Victoria.

The Tasmanian Government's support for the visitor economy is showing in the numbers. While this performance is commendable, it should still do more to increase its market share in its next phase of growth. It is important for TAS to continue to be innovative and creative in its approach to growing the visitor economy.

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<sup>5</sup> [http://www.tourism.australia.com/documents/corporate/2020\\_Tourism\\_Industry\\_Potential.pdf](http://www.tourism.australia.com/documents/corporate/2020_Tourism_Industry_Potential.pdf)

<sup>6</sup> Tourism Research Australia (2016), *International and National Visitor Survey Results to September 2015*

<sup>7</sup> Ibid.

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## Recommendations

### TTF Recommendations – Tasmanian Budget 2016-17

#### Grow demand for travel

##### Maintain tourism marketing funding

- Commit to maintain funding in real terms over forward estimates for Tourism Tasmania to invest in destination marketing and development

##### Attract domestic and international air services

- Support growth in visitation from key international markets and new direct international flights into Hobart
- Work with domestic carriers to increase aviation capacity and access at Tasmania's key airports
- Advocate for pilot phase of lightweight, integrated border agency clearance model at Hobart Airport

##### Continue support for major events

- Support the implementation of the Tasmanian Government Events Strategy 2015-2020

##### Grow business events market

- Maintain funding for attracting business events to Tasmania in accordance with the Events Strategy 2015-2020 and identify opportunities to develop new infrastructure
- Allocate funding for the construction of a Convention and Exhibition Centre in Tasmania

#### Boost visitor economy investment

##### Support nature-based tourism infrastructure

- Increase funding commitment for high priority maintenance and infrastructure renewal in Parks and Reserves and identify opportunities for new infrastructure
- Commit to funding the final stage of the Three Capes Track
- Maintain funding commitment for work on critical nature-based assets such as the South Coast Track, Freycinet National Park and Cradle Mountain
- Increase funding for the Regional Revival Fund

##### Support cultural tourism

- Maintain forward funding and investment plans for the growth of cultural tourism in Hobart

#### Improve the visitor experience

##### Support visitor access

- Continue to implement the Access 2020 Five Year and Sea Access Strategy 2015-2020

##### Improve rental vehicle regulation harmonisation

- Engage the Federal Government to harmonise State and Territory taxes and regulation for the rental vehicle sector





# Future Economy | Future Jobs

## Grow demand for travel

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### Maintain tourism marketing funding

#### Recommendation

- Commit to maintaining funding in real terms over forward estimates for Tourism Tasmania to invest in destination marketing and development

Tourism Tasmania's destination marketing effort plays a critical role in generating visitation to the State. A strong investment in marketing under the current Government has corresponded with record visitor numbers. High international awareness following Chinese President Xi Jinping's visit in late 2014, a Lonely Planet listing under 'Top Regions to Visit in 2015' and renowned tourism marketing campaigns have all contributed to driving demand.

The work of Tourism Tasmania is an example of the importance of running carefully crafted campaigns to highlight a destination's strengths to target markets. Destination promotion by an agency such as Tourism Tasmania provides creative and consistent messaging to prospective visitors and adds to the Tasmanian brand. Campaigns such as 'Go Behind the Scenery' and 'Restaurant Australia' have been seen to drive domestic and international demand for holidays in the State. Such campaigns encourage touring in Tasmania with a focus on food and wine, walking, heritage, art and culture experiences.<sup>8</sup>

While other States grapple with a shortage of accommodation supply, TTF commends the Tasmanian Government for working with the private sector to attract investment to make accommodation more accessible and affordable for visitors to Tasmania. To help the Tasmanian accommodation industry thrive, the Tasmanian Government should build aggressively on its existing efforts to grow domestic and international visitation to Tasmania by boosting demand-driving activities: cooperative marketing strategies, increased investment in destination marketing, attracting business events, and investing heavily in nature-based tourism infrastructure. This is the best way to ensure that new accommodation supply is met with equivalent demand.

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<sup>8</sup> Tourism Tasmania (2015) *Go Behind the Scenery – Spring 2015*.



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Recent research indicates that an additional \$1 million in marketing expenditure at a national level generates an additional \$15 million in total inbound economic value.<sup>9</sup> To achieve Tasmania's target of growing visitor expenditure to \$2.5 billion per year by 2020, funding should be increased to build on campaigns already in market and build exposure in emerging Asian markets.

Increased investment in a destination's brand is critical to creating a gateway between a destination and source market. Tourism marketing can draw attention to major events and attractions, stimulating tourism investment and aviation capacity to the State. An increase in funding for Tourism Tasmania's marketing activities will provide further flexibility for investments in digital infrastructure in partnership with industry. Digital platforms are likely to play a key role in attracting visitors, particularly from priority Asian markets. Digital infrastructure can also play a role in improving the visitor experience; for example the creation of a digital application with tailored itineraries for some of Tasmania's major nature-based attractions. Innovative approaches to stimulate interest in the market should be embraced.

Given its relatively small population and revenue base, it is not surprising that Tasmania lags behind the bigger mainland States when it comes to tourism marketing funding, with the ACT the only jurisdiction to allocate less tourism marketing funding. Tourism Tasmania requires additional support to stay competitive. This need is even greater in the face of other jurisdictions increasing their investment in destination marketing.

Only with adequate resources can Tourism Tasmania continue to deliver compelling destination brand work and compete with interstate and international destinations. TTF encourages the Government to substantially increase current funding levels in subsequent budgets over a longer period, ideally over the forward estimates. This will also offer the State certainty in further growing existing and new opportunities.

In this context, the Government may also wish to look for new domestic and international private sector partnering opportunities with key tourism operators to deliver enhanced marketing funding outcomes.

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<sup>9</sup> Tourism Australia (2014) *Submission to the Productivity Commission research paper, Australia's International Tourism Industry*.



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## Attract domestic and international air services

### Recommendation

- Support growth in visitation from key international markets and new direct international flights into Hobart
- Work with domestic carriers to increase aviation capacity and access at Tasmania's key airports
- Advocate for pilot phase of lightweight, integrated border agency clearance model at Hobart Airport

There were 211,800 international arrivals to Tasmania in the year ending December 2015, a 20% increase from the previous year.<sup>10</sup> To boost these numbers and attract higher-yield visitors, the Tasmanian Government should focus its efforts on attracting direct international flights into Hobart. Growing demand for these services will require further investment in tourism marketing and working with industry stakeholders so that Tasmania evolves into an ideal destination to host conferences, visit, study, work, do business or transit through.

To be sustainable, tourism marketing campaigns employed to attract new carriers should be balanced equally with an overall focus on maintaining existing capacity and expanding routes of existing carriers at Tasmania's key airports. Strong domestic links and connectivity are critical to pushing tourism into regional areas. This is particularly important for Tasmania where visitor expenditure for the 2014/15 period was equally split between Hobart and regional Tasmania.

TTF supports the strategies developed under the *Access 2020* strategy as part of developing domestic and international air capacity. Demand-generating activities such as innovative and creative destination marketing campaigns featuring Tasmania's key destinations, coupled with partnerships with agencies and airlines from key international markets should supplement the *Access 2020* strategy.

Further, the Tasmanian Government should look to work closely with Federal Government to streamline such regulatory issues to enhance competition, ultimately benefitting long term growth. The introduction of a flexible customs, immigration and quarantine process for international air passengers in Tasmania that will more accurately reflect processing costs specific to Tasmanian airports will alleviate the burden on airports across Tasmania and increase their competitiveness. TTF calls on the Government to facilitate the process of getting these regulations in place.

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<sup>10</sup> TRA (2016), *International Visitor Survey results to December 2015*.



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This regulatory framework, combined with projects such as the extension of the Hobart Airport runway and the Launceston and Hobart passenger terminal investments, will equip Tasmania with the soft and hard infrastructure necessary to welcome international flights.

## Continue support for major events

### Recommendation

- Support the implementation of the Tasmanian Government Events Strategy 2015-2020

Major events play a critical role in the visitor economy as they incentivise high-yield visitation to Tasmania. A robust calendar of sporting and cultural events exist in Tasmania, including the V8 Supercars, regular AFL games and more recently MONA FOMA. A strong and consistent events calendar mitigates the seasonality of tourism demand, improving certainty of patronage for tourism operators, and provides a strong incentive for private sector investment in joint event campaign funding.

Not only do these events drive potential demand, events also give consumers the additional incentive of a specific timeframe in which they must travel or miss out on the opportunity. In 2014-15, approximately 70,000 interstate and international visitors came to Tasmania specifically to attend one or more of the 80 supported events.<sup>11</sup> Creating visitor demand from key international markets through tourism marketing and major events also has the added advantage of further supporting the business case to attract international aviation access.

Annual events help to generate predictability of visitation during specific periods throughout the year. This certainty can assist in strengthening the visitation base to provide greater appeal for the development and extension of air services. To build longevity, Government should support the development of existing campaigns and events as well as acquire longer term initiatives and develop them into annual highlights on the Tasmanian calendar.

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<sup>11</sup> Tasmanian Government (2015) *Tasmanian Government Events Strategy 2015-2020*





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## Grow business events market

### Recommendation

- Maintain funding for attracting business events to Tasmania in accordance with the Events Strategy 2015-2020 and identify opportunities to develop new infrastructure

The impact of business events such as conferences, conventions, exhibitions and trade fairs mirror the impact of major events on the economy, providing consistent visitation to the Territory. Business events are also the nexus between the visitor economy and knowledge economy, providing broader benefits in terms of skills, innovation and ideas sharing. The number of international conferences being held globally is increasing.<sup>12</sup>

Business events attract high-yield domestic and international visitors who spend more and stay longer than the average traveller. These visitors have the capacity to make an important contribution towards the State's overall visitation targets as well as driving demand during traditional shoulder periods. Major international conventions and exhibitions can position Tasmania as a global destination for investment and play an important role in driving increased trade, innovation and knowledge sharing across key industries. They can also be a key tool in supporting the strategic policy of Government by showcasing Tasmania's competitive advantages to a global audience.

The construction of a world-class Convention and Exhibition Centre should form part of the strategy to attract business events to Tasmania. This will be particularly important given the significant investment in business events infrastructure made in Sydney, Adelaide and Brisbane, and the ongoing investment in convention infrastructure in cities throughout Asia. By committing to build its own Convention and Exhibition Centre, Tasmania will be in a position to develop its own niche business events market and capture the many benefits that flow from this. The Melbourne Convention and Exhibition Centre for example, generated \$555 million in economic benefit to the State of Victoria in 2013-14.<sup>13</sup> A failure to identify such opportunities to build critical new infrastructure is a lost opportunity to capture market share of a high yield sector.

Government should look to increase the current budget allocation for the growth of the business events calendar in Tasmania and invest in major infrastructure to support this market. Due to the potential from high-yield delegates to fill hotels and venues in low periods, and the long lead times for winning major international business events, the business events sector is a highly competitive one

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<sup>12</sup> International Congress and Convention Association (ICCA): Global Experts in International Association Meetings

<sup>13</sup> Business Events Council of Australia and Ernst & Young (2015) *The Value of Business Events to Australia*



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that requires certainty in funding support. TTF urges the Government to increase Tasmania's competitiveness in this space by providing sufficient funding for the execution of the Government's Events Strategy 2015-2020 and identifying opportunities to build significant infrastructure to support future growth in this sector.



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## Boost investment in tourism infrastructure

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### Support nature-based tourism infrastructure

#### Recommendation

- Increase funding commitment for high priority maintenance and infrastructure renewal in Parks and Reserves and identify opportunities for new infrastructure
- Maintain funding commitment for work on critical nature-based assets such as the Three Capes Track, South Coast Track, Freycinet National Park and Cradle Mountain
- Support tourism in regional areas of Tasmania

Tasmania's international brand appeal is greatly enhanced by natural assets such as the Three Capes Track, South Coast Track, Freycinet National Park and Cradle Mountain. This should be taken advantage of; a study by Tourism Australia found consumers from some of Australia's key inbound markets viewed Australia's world-class beauty and natural environment as the third most important factor in selecting a holiday destination, behind only safety and value for money. Visitors who engage in nature-based tourism also tend to generate higher yield and stay longer: international nature-based visitors, for example, spend 13% more and stay 18% longer than the average international visitor.<sup>14</sup>

TTF commends the Government's initiative in creating an Expression of Interest (EOI) process to attract from private investors and tourism operators, new ideas that will enable Tasmania to become the environment tourism capital of the world. By encouraging private operators to create visitor experiences that are sensitive and appropriate, this innovative initiative will facilitate the development of new tourism opportunities in National Parks and Reserves. It is important that the process continue to be supported and maintained going forward.

Industry highly commends the Parks 21 Memorandum of Understanding (MOU) which encourages visitor activities to be jointly developed by the parks management authority and the private tourism industry. Parks 21 aims to facilitate environmental, social and economic sustainable tourism activity and enhance the visitor experience in Tasmania's national parks and reserves, through a mutually-beneficial, cooperative MOU between Government and industry. Industry is highly supportive of such objectives and commends the Government for adopting a collaborative approach to promoting and growing nature-based tourism.

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<sup>14</sup> TTF analysis of Tourism Research Australia *International Visitor Survey September 2015*.



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Given the importance of these nature-based assets in generating visitation to the State, increasing funding for the requisite infrastructure should be a key priority for sustainable tourism growth and visitor management. While TTF commends the Government's 2015-16 budget commitment to invest \$8 million over two years for high priority maintenance and infrastructure renewal in Parks and Reserves, and \$13.5 million for further work on the Three Capes Track and South Coast Track, there is even more opportunity to maximise the contribution of nature-based tourism to the wider industry, which is so critical to capitalising on the economic benefits of this sector.

The year-round popularity of Tasmania's nature-based tourism attractions is contributing to increased pressure on visitor infrastructure on key parks and reserves. Tasmania's Cradle Mountain and Freycinet National Park are prime examples of regional destinations of international recognition and appeal. The Cradle Mountain Master Plan is an example of the government's commitment to developing visitor infrastructure that can meet contemporary market expectations and compete with other internationally recognised destinations. Without the development of such initiatives and continued investment in high priority maintenance and infrastructure renewal, the value of these major attractions as demand-drivers is at risk of losing appeal to visitors, and thereby demand for travel to the State and accompanying visitor expenditure flows.

## **Appropriate visitor infrastructure**

While TTF commends the Tasmanian Government for the EOI process in place for smaller scale, intimate experiences there still remains a need to ensure major visitation nodes (such as the Freycinet National Park, Cradle Mountain, the Three Capes Track and South Coast Track) have appropriate visitor infrastructure. Consistent funding is critical to maintaining private sector confidence and investment in the promotion and refurbishment of the State's tourism product. Initiatives such as the Regional Revival Fund (RRF), aimed at funding capital costs associated with infrastructure projects that drive economic growth and jobs for regional and rural communities in Tasmania, should be maintained and enhanced. In 2015-16 Government increased funding by \$5 million for investment in new projects under the RRF. There is more that needs to be done to create jobs and drive growth and opportunities for those in regional and rural Tasmania. Industry commends the initiative but encourages the Government to increase the existing investment so that a pipeline of projects can be developed.

Government should work with industry to identify innovative opportunities and partnerships to revive existing infrastructure and new infrastructure that will ensure that the nature-based tourism industry in Tasmania continues to remain competitive.





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## Support cultural tourism

### Recommendation

- Maintain forward funding and investment plans for the growth of cultural tourism in Hobart

Tasmania enjoys a wealth of cultural tourism products which make a valuable contribution to the overall tourism landscape, as evidenced by Government's ongoing funding support for the Queen Victoria Museum and Art Gallery and Tasmanian Museum and Art Gallery. Along with the Museum of Old and New Art, these cultural tourism icons and their associated visitor experiences offer a point of difference, differentiating Tasmania as an outstanding destination for cultural tourism product. Museums and galleries also form the daily visitor tapestry that complements major and business events, and provides a continuous attraction for visitors helping to fill beds, restaurants, shops and transport seats.

TTF commends the Government's investment of \$1.3 million over four years for the Queen Victoria Museum and Art Gallery, and the \$800,000 contribution towards the Tasmanian Museum and Art Gallery over two years. The sector should be provided with the funding certainty required to operate in a more sustainable operating environment and continue to innovate and build its product.

TTF urges the government to maintain forward investment plans for major arts projects and programs to enhance Tasmania's booming arts sector. It cannot afford to become complacent with its cultural offering. The Tasmanian Government should also consider ways in which it can better leverage tourism and events opportunities from these cultural tourism facilities. The State's visitor economy will be well served by having a diverse range of products and experiences that will ensure that it remains a destination of choice for international and domestic visitors, and that visitors keep returning.



# Future Economy | Future Jobs

## Improve the visitor experience

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### Support visitor access

#### Recommendation

- Continue to implement the Access 2020 Five Year Air and Sea Access Strategy 2015-2020

As an island community, Tasmania is required to work harder to attract domestic and international visitors. The key to facilitating demand for travel to the State is the availability of affordable air and sea services. Visitation is at record levels and there is high demand for Tasmania's high value and high quality products, business and leisure activities.

Increased air access will be a key facilitator to continuing to grow demand for travel to and within Tasmania and realising the goals under the State's tourism strategy *T21 – The Tasmanian Visitor Economy Strategy 2014-2020*. Improvement in air access over the last three years has been the single largest driver of visitation to Tasmania, with an increase in the number of available seats on all air routes from Melbourne, Brisbane and Sydney.<sup>15</sup>

There is even more room for growth, with research by Tourism Tasmania revealing that the frequency and availability of direct flights act as market barriers to doubling Tasmania's share of domestic leisure visitors.<sup>16</sup> Industry has benefitted from the high rates of visitation growth experienced in recent times but Tasmania's maximum potential continues to be hampered by Tasmania's lack of international connectivity and insufficient domestic connectivity. Industry strongly supports the 2020 objective of increasing available seats and frequency of domestic flights to deliver a target of 700,000 new domestic airline seats by 2020, and increasing international visitation through improved connectivity to Tasmania and the attainment of a small number of direct flights from two Asia-Pacific hubs.

TTF commends the development of Tasmania's *Access 2020 Strategy*, built with the purpose of growing air capacity and cruise ship visitation. Passenger sea access to Tasmania is evolving and has the potential to increase yield for the state. 10% of Tasmania's visitor arrive by sea aboard the Spirit of Tasmania – these visitors bring their own vehicles, and on average stay longer, spend more and disperse more widely around the state than air passengers.<sup>17</sup> In the year ending June 2015, the number of passengers on Spirit of Tasmania increased by 7% on the previous year. The Spirit of Tasmania is

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<sup>15</sup> Tourism Tasmania (2015) *Access 2020: Five Year Air and Sea Access Strategy 2015-2020*

<sup>16</sup> Ibid.

<sup>17</sup> Tourism Tasmania (2015) *Tasmanian Visitors Survey, Year Ending June 2015*.



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therefore critical tourism infrastructure that shows signs of immense potential to positively impact the visitor economy. Industry commends the Government for committing to a goal of increased sea passenger access via TT-Line and committing to growing passenger numbers to Tasmania through increased daily sailings, the lowering of fares to grow sea visitors to Tasmania and for entering a Memorandum of Understanding (MOU) with TT-Line to collaborate more closely on further market stimulation activity.

Government should now invest serious efforts in realising the goals outlined in this Strategy, including ensuring that the enabling infrastructure is in place to make Tasmania a competitive destination that has the capacity to service future growth in visitation. The construction of the runway extension at Hobart Airport and the terminal upgrade work at Launceston Airport will only generate healthy returns if the Government undertakes serious efforts in stimulating and supporting demand in growth markets.

## Improve rental vehicle regulation harmonisation

### Recommendation

- Engage the Federal Government to harmonise State and Territory taxes and regulation for the rental vehicle sector

TTF acknowledges that Tasmania is the only State to recognise rental vehicles within their own regulatory framework. TTF, however, calls for the Tasmanian Government to work with Federal Government to develop a Federal framework for regulation and tax reform to ensure the industry has a framework that allows it to invest in the innovation required to drive the sector forward.

The rental vehicle industry abides by eight different State and Territory regulatory and tax regimes. Regulatory guidance and legislative instruments have been created without a clear national policy objective and lack the simplicity and flexibility required for a healthy operating environment.

For operators, this has stymied industry growth, hindered innovation, reduced workforce efficiency, made it difficult to determine the compliance task, created a significant administrative burden, and led to cost inefficiencies. For regulatory agencies, it has fashioned a significant knowledge gap, limited national data on the size, value and economic contribution of the industry, and created cost inefficiencies.