

# A devil of a job for Tassie

Former chief of Tasmanian tourism **JEFF KELLY**, now a Canberra-based consultant, says there are lessons for Canberra to learn from Tasmania's tourist revival in the Bacon years

**J**IM BACON became premier of Tasmania in 1998. In early 2004 lung cancer forced him from office. What was achieved in those six years changed Tasmania forever.

Bacon's leadership was unique: he had a contagious enthusiasm for Tasmania, he had a clear vision of what he wanted to achieve and was totally focused on carrying it through to fruition. He was hugely loyal to people and ideas and was unwavering in his support.

When the Bacon government came to office the problems were daunting - a declining population (the death knell for any small economy); investment was at an all-time low; the second worst business confidence in the nation; double digit unemployment; fears that the state was headed for bankruptcy; plummeting property values and building activity stalled.

Six years later, on the eve of his resignation, the new Tasmania was characterised by a growing population, record investment levels, unemployment at a 20-year low, the first balanced budget in 100 years, record increases in property prices, the best business confidence in the nation, building activity the highest in 25 years, and Tasmania on track to eliminate state debt by 2007.

The best way to tackle perceived disadvantages is to make virtues of them.

The old cliché - Tasmania is a small island of 65,000sqkm - was dropped and replaced with: Tasmania is an archipelago consisting of 334 islands stretching from the Antarctic to halfway across Bass Strait.

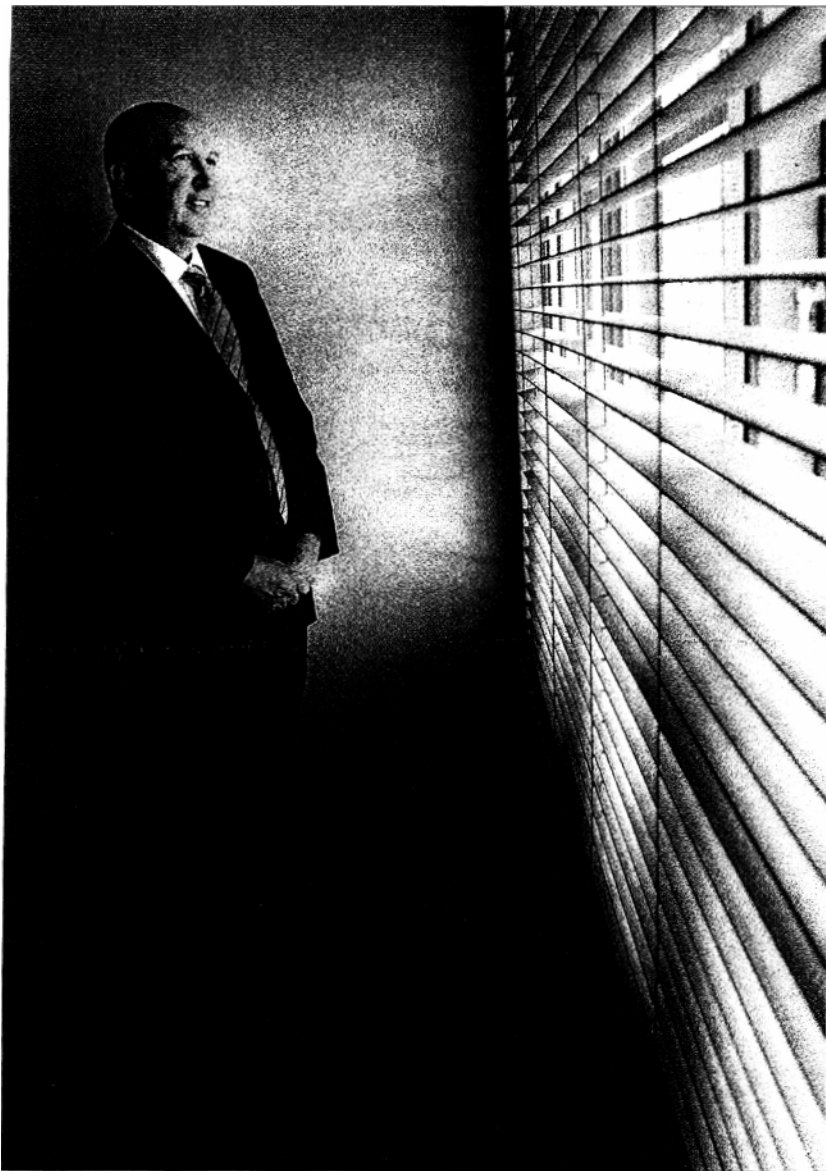
It is very cold in Tasmania, yes, compared with other parts of Australia. This is where the arts, museums and galleries, wine and food, and Screen Tasmania come in. There is no better time to hold a literary festival or a gourmet festival or a short film festival than in the dead of a cold dark winter - it adds to the romance and the sense of place.

A virtue of being small is it allows functional areas in government departments to be combined to add value to outputs. With the premier as minister, the Department of State Development consisted of industry development, Tourism Tasmania, small business, export development and marketing, Events Tasmania, Arts Tasmania, arts@work, Screen Tasmania, Antarctic Affairs, Museum and Galleries, Sport and Recreation.

The first task that confronted the new department was to conduct audits of 16 key industries including the tourism industry - something else places like Tasmania and Canberra can accomplish that larger states cannot.

More than 230 recommendations were put into place from these audits, and eight industry councils were established.

Tourism already had a Tourism Industry Council and a board established through legislation with representatives from the industry.



Tasmanian tourism's former chief Jeff Kelly tells of the turnaround in the fortunes of the Apple Isle.

Photo: MELISSA ADAMS

Tourism also had a plan: Tourism 21. Launched in June 1997, it was a three-year plan to provide a springboard for improvements to Tasmanian tourism performance, competitiveness and capacity.

For the first time a state government and the tourism industry agreed on a joint blueprint for growth, with precise targets, strategies and deadlines. It ushered in a new era of partnership and a determination to create a world-class tourism industry in Tasmania.

Drawing so many functional components together in one department allowed much better coordination of effort and significant value-adding. There was greater ownership and pride in successful outcomes.

There was also a huge amount of inter-organisational learning. For example, if you want to know

how to run an event on a shoe-

string, go to the arts area, they are masters at it - they have to be.

We also found the chief executives of each functional unit did not have the burden of government pressing down on their resources; this was handled by the secretary of the department.

Did all this work, and can you make a difference to things like tourism numbers? The figures suggest you can. Tourist spending in Tasmania increased from \$557 million in 1998 to \$1.02 billion in 2003; and Tasmanians directly employed in the industry increased from 19,500 in 1998 to 22,480 in 2003.

Infrastructure projects worth in excess of \$400 million suddenly materialised, when previously you could not get anyone interested in building anything in Tasmania.

The Treasury view is that governments should not invest in industries in any shape or form

companies, teaching and research institutions and institutions for collaboration.

That is not to say that governments should not make hard decisions and cut off funding from one area and allocate it to another with better prospects. Government is about making difficult decisions. If it is easy or there is a dollar in it, then the private sector should be doing it.

It is not always bad that budgets get cut. It can often focus departments on reassessing priorities or finding better ways of adding value.

A word of caution, however. Areas like tourism can survive a cut in one budget because they ride the wave from the year before. About halfway through the second year, without proper government investment, things start to unravel, and at that point you leave a gap in the production pipeline that takes a long while to fill.

There are many examples of how issues hit Tasmania hard and left a lasting legacy.

- The pilots' strike in 1993 - it stopped investment in its tracks. For years, crippling the accommodation industry and leaving business owners with no money to reinvest in their properties.

- The Port Arthur massacre - difficult when you are selling the virtues of Tasmania as a safe place.

- Ansett going bust - if you can't get tourists in and out of the state you have a problem ... a big problem.

These problems were specific to Tasmania. And Canberra will have its own. What we found in Tasmania was that the old model did not help.

Tasmania moved to the new model, with government, industry, research institutes, educational institutes and collaborative institutes working in partnership.

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To find a direction for Tasmania we went everywhere in the world where small economies had been successful, and found out why and how they had gone about it.

After that the real skill is in knowing what will work in your environment and what needs to be done to adapt a good idea so that it will work locally.

In the 1990s, Professor Porter had a great deal to do with New Zealand. Tasmania and Canberra can learn much from what came out of his work there.

In essence, Professor Porter said prosperity was determined by productivity, and productivity growth is as much a function of raising product value as it is of improving the efficiency with which traditional products are produced.

The path to higher value is not necessarily about turning our backs on traditional industries and going for high technology industries. You can be very prosperous in tourism if you can double the spend per tourist.

These days we are all aware of the power of brands, whether it be Brand Tasmania or Brand Canberra.

In most industries the goods or services are exported - hopefully after the product has proved itself in the domestic market. Tourism is not like that; with tourism, the customer is exported to the goods or services.

A new operator in the tourist industry can open for business and an hour later the first customer can be an international visitor or an interstate visitor.

In other words, the new operator is immediately in the export market. If they muck things up they can have an impact on the brand. The brand in tourism is vital, and its values

have to be protected. That requires collaboration between the industry and government.

Two other really important areas where partnership is required. First, the encouragement of clusters. There is more to a cluster than a loose network of industry players; a cluster must comprise everyone who has input in any way to a particular industry.

Second, there is leadership and in particular the role of facilitating change. This means dumping the old model of business and government working alongside each other and establishing a model where government, industry, research institutes, educational institutes and collaborative institutes work together in partnership.

And through this new model there is a [need to](#) refocus. In the past the emphasis was on removing barriers to growth, cutting red tape or removing poor work practices.

That model is largely outdated. The challenge now is to lift productivity. If we can't, growth will stall, we will simply run out of human resources.

Growth has already started to cough and splutter - we haven't much time.

*(This article is an edited version of an address given by Jeff Kelly to the State of Tourism 2006 conference in Canberra on September 13.)*

Jeff Kelly has an MBA, specialising in international management, and a BA in Social Sciences, majoring in Economics and Law. In 2002, he was appointed secretary of the Tasmanian Department of Tourism, Parks, Heritage and the Arts. He returned to private consulting in 2004 after the death of premier Jim Bacon. He now lives in Canberra and runs his own executive search and consulting company, Ford Kelly Executive Connection.

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