Submission to the Economic Diversification and Investment Strategy: Consultation Draft

Prepared by Tourism Tasmania

Introduction

Tourism Tasmania welcomes the opportunity to comment on the Economic Diversification and Investment Strategy Consultation Draft and supports the Government's ambition to establish a long term, whole of economy framework, including its objectives of growing private investment, lifting productivity and strengthening regional participation.

Tourism is one of Tasmania's clear economic strengths, forecast to grow at 3.9% CAGR to 2030, providing economic and social benefit across every region of the state. Tourism Tasmania supports the Strategy's ambition for a more diversified economy and sees the visitor economy playing its part in that future alongside other industries. This submission sets out where the draft Strategy's current treatment of tourism could be strengthened to reflect that role and provides evidence to support the suggested changes.

A note on terminology: this submission uses the term visitor economy interchangeably with tourism. Visitor economy more accurately captures the full scope of visitation to Tasmania, including holiday travel, business travel, major events, and visiting friends and relatives travel, rather than referring only to leisure tourism, and Tourism Tasmania recommends the final Strategy adopt this broader framing.

Four areas are addressed below.

First, the **draft Strategy's vision statement does not yet name what is distinctly Tasmanian**. The current vision, "a thriving and dynamic Tasmanian economy that creates opportunity for every region and every generation," could describe the ambition of most Australian jurisdictions. Tourism Tasmania suggests it draw more directly on what is unique to the state: its natural environment, pace of life, food and produce culture, and the brand recognition built over decades, all of which underpin a prosperous future economy.

Second, the **draft Strategy's framing of tourism has not kept pace with the sector's recovery**. The Minister's Foreword still describes the sector, in the context of the pandemic, as evidence of vulnerability: "how vulnerable to external shocks we could be as a small island economy dependent on tourism." This was accurate at the time but has not been updated to reflect the sector's recovery and scale since, consistent with the Tasmanian Government's Economic Statement (July 2025), which describes tourism and hospitality as cornerstones of the economy.

Third, **social licence is an increasingly important factor in economic strategy**, arguably more so in a place like Tasmania, where community sentiment toward development is closely tied to the character of the state itself. Tourism's social licence with Tasmanians exceeds that of other significant industries, and this is relevant when the Strategy considers where to direct effort, consistent with its own principle of building on Tasmania's comparative advantages (page 12).

Fourth, **access by air and sea underpins nearly everything about the Tasmanian economy**, including the state's ability to export and import, not tourism alone, and should be recognised prominently and early in the Strategy. The Tasmanian Access Strategy 2040, which names this Strategy among the documents it aligns with, does not currently appear in Figure 1's cross economy tier (page 5). Tourism Tasmania recommends it be added there and referenced clearly in the Strategy's introductory sections, addressed further under Priority 6.

The scale of the visitor economy is not marginal. Independent economic analysis prepared for Tourism Tasmania (Nova Economics, April 2026) found that in 2023–24 tourism directly contributed $1.9 billion, or 4.8%, of Tasmania's Gross Value Added, a higher direct share than in any other Australian state or territory, and supported one in six Tasmanian jobs when direct and indirect employment are combined (50,800 jobs, including 22,800 direct), on par with Manufacturing and Education and training, sectors the Strategy already treats as being of first order importance. The visitor economy is also Tasmania's most regionally dispersed industry, addressed further under Priority 4.

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The remainder of this submission responds to the specific matters the Strategy raises for consultation under each of its six Priority Areas.

Priority 1: Unlocking private investment

This priority seeks views on strengthening market facing investment engagement, delivering a coordinated investment facilitation system, and establishing more predictable pathways for major projects, consistent with the Economic Statement's commitment to a new Economic Future Act.

Tourism meets the tests the Strategy itself sets for public intervention: coordination failure and shared asset provision. Government investment in destination marketing, national parks and major events creates benefits that spread across operators, regions and supply chains, benefits no individual business could capture alone, precisely the "wider economic or social benefit" the decision making principles describe (page 12), not a subsidy to individual operators.

The evidence is quantified. In 2024–25, the Tasmanian Government invested $84.7 million in tourism demand driving activity, generating $500 million in fiscal revenue, a net return of $415 million (Nova Economics, April 2026). Treasury's own CGE modelling of a forward 50% change in state government tourism investment by 2029–30 finds a Gross State Product impact of around 1% of the Tasmanian economy in either direction, and a swing of over 5,000 full time equivalent jobs - around 65% of them outside tourism itself.

The current investment pipeline, including two new Spirit of Tasmania vessels, the Macquarie Point Precinct stadium, and new event infrastructure in the north and south, shows that public investment in demand generation gives private capital the confidence to follow, the crowding in effect Goal 1 is designed to achieve. Independent research into destination competitiveness indicates that long-run success depends on simultaneous investment in access, product quality, environmental management and destination branding, and that focusing on one dimension alone can create negative outcomes, such as congestion or image damage where marketing outpaces infrastructure (Nova Economics, April 2026). The same logic applies in reverse: new capacity needs to be matched by demand generation to convert into visitation, spend and economic return.

Tourism also functions as the state's most visible shopfront for investment attraction. Tasmania's brand converts directly into loyalty (89% of interstate holiday visitors intend to return, one of the strongest advocacy signals of any Australian destination), and anecdotally many investors, skilled migrants, international students and prospective residents first encounter Tasmania as visitors. The Tasmanian Access Strategy 2040 recognises this overlap, noting that growing international markets is "a shared priority across government, spanning tourism, trade, international education and broader economic development." Tourism Tasmania recommends this priority's investment prospectus work be formally coordinated with international education strategy and destination marketing activity, rather than run as parallel workstreams, given all three depend on the same brand and connectivity.

On investment facilitation, tourism investors and proponents report an experience consistent with wider industry feedback: fragmented responsibility across agencies, inconsistent advice, and projects losing momentum for years without resolution. The draft Strategy itself acknowledges that current pathways "involve overlapping regulatory processes without a truly integrated framework, creating uncertainty around timelines" (page 19), and invites views on what an integrated pathway should achieve. Tourism Tasmania recommends legislated or statutory timeframes for each stage of approval, an enforceable default where timeframes are missed, a single accountable case manager for the life of a project, and improved coordination across all portfolio legislation relevant to visitor economy infrastructure, reducing duplication and cost for proponents. Regulatory settings should also reflect Tasmania's business size profile, addressed under Priority 3.

Major project approvals should also assess impact on other regionally significant industries, including the demand these projects place on regional worker accommodation, addressed further under Priority 4.

Priority 2: Accelerating growth and innovation

This priority is oriented principally toward research commercialisation and capital access for scaling businesses, and tourism's relevance here is narrower than elsewhere. Where it does apply is in digital adoption and commercialising Tasmania's research strengths into visitor facing products, for example the Antarctic gateway sector's tourism and education linkages, and the connection between agricultural research and Tasmania's growing agritourism offering. Tourism Tasmania's own investment in AI and technology, addressed under Priority 3, is a further example of innovation adoption within a traditional service sector.

Tourism Tasmania's market development and marketing activity is built on a substantial base of domestic and international research developed over many years to understand visitor behaviour and source markets. This market intelligence is a Tasmanian asset that could be drawn on for broader benefit. Tourism Tasmania recommends this priority recognise existing market research capability, including its own, as infrastructure to build on rather than duplicate. Tourism Tasmania does not propose this priority be restructured around tourism but notes these linkages as relevant to the Strategy's broader innovation agenda.

Priority 3: Lifting productivity

This priority asks directly for "practical initiatives to lift productivity in Tasmania's largest service sectors, including care, construction, retail and tourism" (page 28):

- Regulatory efficiency reforms, as evidenced by the 2025 Agritourism Regulatory Review Report, sit in both state and federal jurisdictions, and are often not fit for purpose for Tasmanian tourism businesses. Much regulatory framework is designed for businesses of scale and volume, while the majority of Tasmania's 6,576 tourism businesses are small or micro enterprises. Compliance costs and approval processes calibrated for larger operators fall disproportionately on small operators regardless of actual risk. Tourism Tasmania recommends regulatory reform test proposed settings against Tasmania's actual business size profile, rather than assuming settings designed for scale translate efficiently to a small business economy.
- Digital capability and AI adoption is not a future consideration. For tourism, AI is already reshaping booking, marketing, rostering and guest facing operations, and Tourism Tasmania has invested, and continues to invest, in AI and technology to future proof its own operations and the broader industry. This priority should reflect that adoption is already underway, not an emerging consideration.
- Enabling infrastructure, including ports, airports, the Spirit of Tasmania, and event and conferencing infrastructure, recognised as productivity investment in its own right, not only as demand generation or access infrastructure.
- Workforce capability, addressed further under Priority 5.

This discussion should also be read alongside the sector's actual weight: tourism's direct Gross Value Added is on par with Manufacturing and Education and training, and exceeds Professional, scientific and technical services, sectors this priority already treats as central to productivity (Nova Economics, April 2026).

Priority 4: Activating our regions

Tourism's regional footprint is one of Tasmania's most direct levers for this priority's goal of connecting regional strengths to state level priorities. Tourism is Tasmania's most regionally dispersed industry: 46% of its 6,576 tourism businesses are located in regional areas, well above the 30% national average (Nova Economics, April 2026). It is the core economic driver of two of Tasmania's five tourism regions, the East Coast and West Coast, both consistently ranked among Australia's most tourism reliant regions, contributing 20.7% and 13.5% of their regional economies respectively in 2023–24, and accounting for over one in three filled jobs on the East Coast and over one in ten on the West Coast. Around 72% of interstate holiday visitor nights are spent outside Hobart.

The East Coast and West Coast should not, however, be treated as interchangeable. The West Coast's entire tourism economy runs on just 78 businesses, generating $46.0 million in direct Gross Value Added, 13.5% of the regional economy, a small number of businesses carrying an outsized load alongside an established mining and forestry base and a small, remote population; its constraints centre on workforce, housing and access reliability. The East Coast has 230 tourism businesses generating $126.5 million and 20.7% of its regional economy, more visitor experience and hospitality led, with constraints centred on seasonality, accommodation supply and dispersal beyond a small number of well known sites. Both sit apart from Hobart and the South, which holds 54% of the state's tourism businesses (3,515) but where tourism is a smaller, if still nationally leading, 4.9% share of a more diversified economy.

This divergence is widening, not narrowing: tourism business counts in Hobart and the South grew around 1% a year over the four years to June 2024, while regional Tasmania lost 76 tourism businesses over the two years to June 2024 (Nova Economics, April 2026). A single, state wide activation model would miss this. Tourism Tasmania recommends the final Strategy recognise that Tasmania's tourism dependent regions face materially different, and in some cases diverging, economic conditions, with activation settings responsive to that difference rather than applied uniformly.

Recent developments in Northern Tasmania, including the closure of the historic James Boag brewery and broader pressures on manufacturing employment, illustrate why this matters, though they should not lead to a pessimistic view of the region's future. Investment in the UTAS stadium and precinct, the Tasmania Devils, agritourism and Tasmania's food and beverage offering, new business events infrastructure in Launceston, and the new Spirit of Tasmania vessels together offer a strong platform for the region's economic transition, if treated as an interconnected proposition rather than separate projects, and matched by the destination marketing investment discussed under Priority 1.

Housing and worker accommodation shortages are a major constraint across regional Tasmania for many industries, not tourism alone, all competing for the same limited stock. This affects the visitor economy specifically: accommodation that would otherwise be available to visitors is increasingly taken up by workforces from large, project based developments in energy and industry, tightening both visitor accommodation supply and the rental market tourism's own workforce relies on. As raised under Priority 1, Tourism Tasmania recommends major regional developments, energy, industrial and large tourism projects alike, be required to include a worker accommodation plan as a condition of approval: this is a shared, finite resource, and one sector's growth should not come at the expense of another's.

Priority 5: Growing our capability

The draft Strategy states that "over 90 per cent of employment growth in the next decade will require a post-secondary qualification, and AI, automation and other technological changes will continue to reshape the work Tasmanians do" (page 35). Tourism Tasmania understands, with respect to Jobs and Skills Australia's 2024 Jobs and Skills Report, that it reports the same 90 per cent finding but also finds only around half of that growth is in university qualified roles, the remainder taught through vocational education and training. This distinction matters for the visitor economy and other Tasmanian industries, including construction, that depend overwhelmingly on vocational pathways. Tourism Tasmania recommends the Strategy reflect this component with equal, explicit weight alongside university attainment, consistent with the Tasmanian Skills Plan's own priorities already referenced on this page.

As addressed under Priority 3, the framing of AI and automation as changes that "will continue to reshape" work understates the pace of change already underway across all businesses.

Workforce accommodation, addressed in full under Priority 4, is a binding constraint on tourism business expansion in several regional communities; this priority's workforce focus should recognise regional housing supply as a workforce lever in its own right, not solely a housing policy matter.

Priority 6: Strengthening infrastructure

As raised in the introduction, access by air and sea is foundational to the Tasmanian economy and community, and to every industry, not tourism alone. As an island with no land transport alternative, Tasmania depends entirely on air and sea access: around 92% of passenger movements are by air and over 99% of freight by volume by sea. Access underpins the visitor economy, trade and exports,

agricultural supply chains, the ability to attract and retain health and education workers, and the daily liveability of every region, consistent with the Tasmanian Access Strategy 2040's own description of access as foundational to almost everything the Government is working to achieve. This priority's current focus on land, energy and digital connectivity should give access a weighting consistent with that role.

Tourism Tasmania recommends the Access Strategy 2040 be added to Figure 1's cross economy tier and referenced clearly in the Strategy's introductory sections, as set out above. More fundamentally, economic growth and diversification cannot be delivered independently of access: every priority in this Strategy depends on the capacity, reliability and affordability of Tasmania's air and sea connections keeping pace with the growth being sought. Treating access as an outcome of growth, rather than a precondition for it, risks the Strategy setting ambitions the state's access network cannot support.

Summary

Tourism Tasmania supports the Economic Diversification and Investment Strategy and its ambition for a long term, whole of economy framework, and supports a more diversified Tasmanian economy in which the visitor economy plays its part: a complementary, resilient contributor alongside other industries.

Four points warrant particular attention as the Strategy is finalised: a vision statement that names what is genuinely distinctive about Tasmania; a description of tourism reflecting its current scale and resilience rather than a point in time, pandemic era assessment; recognition of social licence as an increasingly important factor in economic strategy, an area in which tourism holds a leading position; and early recognition that access by air and sea is a precondition for growth, not simply one more chapter of infrastructure investment.

Beyond these points, this submission proposes a number of specific amendments across the Strategy's six priorities:

- Legislated timeframes and improved cross portfolio coordination for major project approvals.
- Assessment of major project impacts, including workforce accommodation demand, on other regionally significant industries competing for the same housing stock.
- Testing of regulatory settings against Tasmania's small and micro business profile.
- A specific focus on progressing regulatory reforms with the Australian Government that impact Tasmanian businesses particularly given their scale.
- Recognition of the visitor economy's role and scale in the productivity discussion, consistent with sectors of comparable size already named in the Strategy.
- A consistent framing of AI and automation as changes already underway across Tasmanian businesses, rather than a future consideration.
- Reflection of the vocational education and training component of the workforce evidence underpinning the capability priority.
- Recognition of Tasmania's tourism dependent regions as facing different, and in some cases diverging, economic conditions.
- Inclusion of the Tasmanian Access Strategy 2040 in the Strategy's cross economy documents and introductory sections.
- Adoption of the term visitor economy as the Strategy's framing language, reflecting the full scope of visitation rather than leisure tourism alone.
- Planning and funding major visitor economy infrastructure investment together with the destination marketing activity needed to convert that capacity into visitation and economic return.
- Recognition of existing market research and data capability, including Tourism Tasmania's own, as infrastructure other sectors could draw on rather than duplicate.

Tourism Tasmania welcomes the opportunity to discuss this submission further, and to support the Department in finalising a Strategy that reflects the full contribution of the visitor economy to Tasmania's economic future. Tourism Tasmania is happy to share the research and modelling referenced here and looks forward to working with the Department as the Strategy is developed.