Submission on the Draft Economic Diversification and Investment Strategy

Introduction

I provide this submission on behalf of the Tourism Industry Council Tasmania (TICT), the peak industry body for tourism in Tasmania and the united voice of our visitor economy.

TICT is a signatory to Tasmania's 2030 Visitor Economy Strategy, in partnership with the Tasmanian Government. This joint governance framework represents a unique and enduring partnership between industry and Government to plan for the future of Tasmania's visitor economy, including examining and proposing the policy settings required to support its sustainable growth and long-term contribution to the State.

TICT welcomes the opportunity to provide feedback on the draft Economic Diversification and Investment Strategy and strongly supports the development of an overarching economic strategy for Tasmania. There is significant value in establishing a clear, long-term framework that can guide economic development, investment, infrastructure and policy decisions across government and provide greater certainty for industry, investors and communities.

Tasmania has, for many years, benefited from strong sectoral strategies in areas such as tourism. Through successive T21 strategies and, more recently, the 2030 Visitor Economy Strategy, government and industry have been able to establish shared objectives, agree on priorities and create a framework through which decisions can be made over time. At a whole-of-economy level, Tasmania has not had the same clarity of long-term direction.

The Economic Diversification and Investment Strategy has the potential to fill that gap. However, TICT believes that for it to do so effectively, the final Strategy needs to articulate a clearer and more ambitious vision for Tasmania's economic future over the next 10 to 20 years.

The Strategy should establish what Tasmania wants to be known for, what kind of economy the State is seeking to build, where Tasmania has genuine and defensible competitive advantages, and the areas in which we have the greatest opportunity to succeed nationally and internationally. Importantly, it should also provide a framework for determining how finite public resources, infrastructure investment, regulatory effort and policy attention should be prioritised when competing interests inevitably arise.

In TICT's view, this is the fundamental purpose of a long-term economic strategy. It should provide Tasmania with a clear economic "North Star" against which future decisions can be assessed and explained.

TICT's recommendations

1. That the final Strategy set out the economy Tasmania is seeking to build over the next 10 to 20 years, and the associated action plan for how it will be achieved.

2. That the final Strategy name the visitor economy among the competitive advantages Tasmania will build on, consistent with the draft's first decision-making principle.

3. That the final Strategy commit to sustaining investment in tourism demand-driving activity in real terms over the life of the Strategy.

4. That the coordinated investment facilitation system and streamlined front door proposed under Priority 1 be among the first initiatives progressed and be extended to carry a project from initial engagement through planning, approvals, construction and operation, with a named lead officer for the life of each project and published indicative timeframes at each stage.

5. That worker accommodation in high-visitation regional communities be brought within the Strategy's work on the supply of land for industry and well-located housing under Priority 4.

6. That the final Strategy carry a Northern Tasmania proposition that sequences the North's committed visitor economy assets and names the enabling settings each requires.

7. That year-round visitation be included as a practical productivity initiative under Priority 3.

8. That a standing implementation group with industry representation, including TICT, be established to consider each action plan before publication and to oversee monitoring and review.

A clear long-term economic direction for Tasmania

Economic diversification should not be interpreted simply as increasing the number of industries operating in Tasmania. For a small jurisdiction with finite resources, the more important task is to identify where Tasmania possesses genuine competitive advantages and to ensure those advantages are supported by the policy, investment, infrastructure and regulatory settings required to realise their full potential.

This is the draft's own first decision-making principle, to build on Tasmania's comparative advantages. TICT agrees with it and asks that the final Strategy apply that principle by naming the visitor economy among those advantages.

Tasmania cannot compete with larger jurisdictions on scale alone. Our strengths lie elsewhere: in our renewable energy assets, premium agriculture and food production, natural and cultural environment, people and communities, island identity, creativity and the strength of the Tasmanian brand. The visitor economy is one of the clearest ways in which those attributes are converted into economic activity.

The final Strategy should therefore go beyond identifying broad priority areas and set out a stronger view of the economy Tasmania is seeking to create over the next two decades. This would provide a much clearer basis for decision-making across government and help ensure that individual policy and funding decisions contribute to an agreed long-term objective rather than being made in isolation.

Such a framework becomes particularly important when government is required to make decisions between competing priorities. There will always be more potential projects than available funding, competing demands on infrastructure and land, and different views about where government effort should be directed. A clearly articulated economic vision provides the basis for those choices and enables government to explain why particular sectors, projects or investments have been prioritised.

It would also provide greater certainty to the private sector. Investors need to understand not only the opportunities that exist today, but the long-term direction of the State and the policy environment in which they will be operating. A strong economic strategy should therefore act as both an internal decision-making framework for government and an external statement of confidence about Tasmania's future.

The visitor economy as a driver of economic diversification

TICT strongly believes that the visitor economy should play an increasingly important role in the diversification of Tasmania's economy.

Diversification should not require Tasmania to diminish those industries in which the State already has a strong and demonstrated competitive position. Rather, it should involve building a broader and more resilient economy by continuing to grow established areas of strength while developing complementary industries and new opportunities alongside them.

The visitor economy is particularly important in this context because of the breadth of its contribution. It attracts expenditure into Tasmania from interstate and international markets, supports thousands of small and family businesses, creates employment across the State and sustains activity in communities that may otherwise have limited opportunities for economic diversification.

It also has strong connections with other parts of the Tasmanian economy, including agriculture, premium food and beverage, transport, aviation, retail, arts and culture, events, education, sport and regional development. Growth in the visitor economy therefore has the capacity to support activity well beyond businesses traditionally identified as part of the tourism sector.

Importantly, tourism is also one of the industries in which Tasmania has a natural competitive advantage that cannot readily be replicated elsewhere. Our environment, produce, culture, communities and island identity are central to Tasmania's appeal. Decades of investment by government and industry have also built a strong destination brand that has value not only to the visitor economy, but to Tasmania more broadly.

For these reasons, tourism should not be regarded simply as one sector competing with others for attention within an economic diversification framework. It should be recognised as an enabling or platform sector that contributes to regional development, transport access, investment confidence, workforce attraction, Tasmania's external brand and the overall attractiveness of the State as a place to live, work, study, visit and invest.

The economic return from the visitor economy

TICT makes this submission with the State's fiscal position in view. The Budget carries a substantial savings task across the forward estimates, and no sector should come to this Strategy asking only for more. That makes the framework this Strategy establishes more important, not less. Where public money is committed it should be committed to activity that generates revenue, exports and private investment in return, and the visitor economy should be tested against that standard on the same terms as every other claim on the Budget. On that test, the economic case for continued investment in Tasmania's visitor economy is strong.

Tourism Tasmania data provided to industry demonstrates both the scale of the sector and the return generated from public investment. In 2024–25, the Tasmanian Government invested approximately $84.7 million in tourism demand-driving activity, including destination marketing and events.

Over the same period, tourism generated approximately $500 million in revenue through rates, taxes, Spirit of Tasmania and Parks Pass expenditure by visitors. This represented approximately 6 per cent of total government sector revenue and equates to $5.91 in government revenue for every $1 invested by Government in tourism.

These figures demonstrate that investment in tourism should not be viewed simply as discretionary expenditure or industry assistance. Well-targeted investment in demand generation, access, events and visitor infrastructure can produce substantial returns to the Tasmanian economy and to government itself.

TICT therefore asks that the final Strategy commit to sustaining investment in tourism demand-driving activity in real terms over the life of the Strategy. Marketing Tasmania as a destination is a function no individual operator can perform, and reducing it in real terms reduces the export income the Strategy exists to grow. TICT accepts that this commitment must sit within the State's fiscal position, and is willing to work with Government on where the visitor economy can deliver more from the same investment.

It is also important to recognise that Tasmania's success as a visitor destination has not occurred in isolation. Destination marketing, aviation and sea access, major events, investment in parks and infrastructure, and the continued development of new tourism products and experiences reinforce one another. Together, they create the conditions for increased visitation, private investment and business confidence.

This ecosystem has broader benefits for Tasmanians. Strong visitor demand can support air routes, services, hospitality, cultural activity and amenities that would otherwise be more difficult to sustain in a small population. It can also strengthen confidence in regional communities and encourage further investment.

Any assessment of the economic contribution of the visitor economy should therefore consider these wider benefits alongside more conventional measures of output and productivity.

Regional economic development

The visitor economy has particular importance to regional Tasmania and should be recognised as a key mechanism through which economic activity can be distributed beyond Hobart.

Forty-six per cent of Tasmania's tourism businesses are located in regional areas, well above the national average, which sits at 30 per cent. Tourism is the core economic driver in two of the Tasmania's five tourism regions and accounts for a disproportionately large share of the East Coast and West Coast economies, with both consistently identified among Australia's most tourism-reliant regions.

In 2023-24, tourism represented approximately 20.7 per cent of the East Coast economy and 13.5 per cent of the West Coast economy. The sector contributes to one in 3 filled jobs on the east coast and one in 10 filled jobs on the west coast.

At the same time, compared to other capital city tourism regions, the tourism sector in Tasmania's Hobart and south region contributed the highest proportion to its regional economy.

In addition, approximately 72 per cent of interstate holiday visitor nights are spent outside Hobart, demonstrating the ability of the visitor economy to take external expenditure directly into communities across the State.

Tasmania also benefits from a high level of visitor advocacy and repeat visitation, with 89 per cent of interstate holiday visitors indicating they intend to return to Tasmania. This provides a strong foundation upon which to continue growing the value of the visitor economy through increased regional dispersal, longer stays, repeat visitation and stronger year-round demand.

The role of tourism in regional diversification extends beyond direct visitor expenditure. Tourism businesses contribute to the viability of local hospitality, retail, transport and service sectors and can support the continued provision of amenities valued by local communities. In many parts of Tasmania, this contribution is fundamental to regional economic resilience.

A region in which tourism is a fifth of the economy carries concentration risk in the same way as a region dependent on a single mine or mill, and the Strategy is right to be alert to it. The answer is not less tourism in those regions but a broader base within it: year-round demand rather than a short peak, business and events markets alongside leisure, and the food, beverage and creative industries that grow off the same visitor base. TICT also accepts that growth has to be earned with the people who live in these communities. Tasmanians are carrying real cost of living and housing pressure, and an industry seeking policy support should be able to show what it returns to the places that host it. TICT asks that the East Coast and West Coast be early candidates for the identification of regional strengths and catalytic infrastructure opportunities proposed under Priority 4.

However, further growth is increasingly constrained by issues that sit outside traditional tourism policy. Workforce availability, housing and worker accommodation, infrastructure and seasonality are becoming material barriers to investment and expansion.

Tourism and hospitality businesses continue to report that they would invest, expand and employ more people if they could access the required workforce. In a number of regional communities, the availability of suitable accommodation for workers has become a significant constraint. Worker accommodation should be treated as economic infrastructure as well as housing. TICT is not asking government to build it. The binding constraint is the supply of appropriately zoned and serviced land, the planning pathway to develop it, and the barriers that prevent operators building accommodation for their own workers on land they already hold. TICT asks that worker accommodation in high-visitation regional communities be named within the Strategy's work on the supply of land for industry and well-located housing under Priority 4, which can be addressed at low cost to the Budget. The industry accepts that visitor growth adds to housing pressure in the communities that host it, and operators housing their own workers is part of the answer.

Similarly, the industry's efforts to grow visitation outside traditional peak periods are closely connected to workforce retention. Stronger year-round demand provides businesses with a greater capacity to offer ongoing employment, while a more stable workforce allows regional destinations to provide the consistent level of service required to support year-round visitation. These issues need to be considered together within the implementation of the Strategy.

A Case Study: Northern Tasmania and future economic opportunity

The importance of a clear long-term economic vision is particularly evident in Northern Tasmania.

Recent developments, including the decision by Lion to cease brewing operations at the historic James Boag brewery in Launceston and broader pressures on manufacturing and traditional employment, highlight the structural economic change occurring in parts of the State.

These developments are significant for affected workers and communities, but they should not lead to an overly pessimistic view of the North's economic future. Northern Tasmania has substantial opportunities to develop a more diversified economy, and the visitor economy can play an important role in that transition.

The North has committed assets and prospective ones, and the Strategy should treat them differently. The UTAS Stadium redevelopment is under construction, and the new Spirit of Tasmania vessels begin commercial sailings from Devonport from 31 October 2026. The Tasmania Devils enter the AFL in 2028, but Hawthorn's home fixtures at UTAS Stadium end after the 2027 season and the Devils' Hobart venue will not be available for some years after that. Business events infrastructure in Launceston, agri-tourism and further development of Tasmania's food and beverage offering are at an earlier stage. The resulting gap in northern event visitation is specific and solvable, and the Strategy should identify the events and business events programming needed to hold northern visitation and accommodation demand through the transition.

The opportunity lies in considering these developments as part of an interconnected economic proposition rather than as a series of separate projects.

Sport and events can generate visitation and profile. Business events infrastructure can attract new markets and support accommodation, hospitality and retail. Agri-tourism can connect Tasmania's premium produce directly with the visitor experience and encourage regional travel. Improved sea access has the potential to support self-drive travel and dispersal across regional Tasmania.

TICT asks that the final Strategy carry a Northern Tasmania proposition that sequences these assets deliberately rather than treating them as separate projects, and that names the enabling infrastructure, workforce, housing, regulatory and investment settings each requires, alongside other industries.

None of this diminishes what the end of brewing at James Boag's means for the workers directly affected and the businesses around them. The longer task, alongside that, is to build the industries and economic ecosystems capable of sustaining Northern Tasmania over the next generation, and the visitor economy is one of them rather than a substitute for the others.

Investment facilitation and the experience of investors

TICT strongly supports the Strategy's focus on attracting private investment. However, Tasmania's ability to generate investor interest must be matched by its ability to successfully facilitate projects from initial engagement through to delivery.

Tasmania has a strong brand and remains attractive to investors seeking opportunities in tourism and the broader visitor economy. The experience reported to TICT by a number of investors and project proponents, however, is that the process becomes considerably more difficult after that initial interest has been established.

Proponents can be required to navigate multiple approval and regulatory processes across planning authorities, government agencies, infrastructure providers and regulators. In some cases, responsibility is fragmented and proponents are required to repeatedly explain a project as it progresses through different stages. Advice can be inconsistent, there may be limited continuity of knowledge across agencies, and timeframes for reaching a definitive outcome can become prolonged.

Some tourism investors report projects languishing for years without sufficient certainty as to whether, or on what terms, an investment will ultimately be able to proceed.

This creates a significant risk to Tasmania's future economic development. Capital is mobile and investors compare opportunities across jurisdictions. Prolonged uncertainty increases costs, undermines confidence and can result in otherwise viable projects becoming unviable or investment being redirected elsewhere.

The response should not be limited to legislative reform. While there may be opportunities to streamline statutory processes, the experience of investors suggests the issue is also one of organisational culture, coordination and accountability within government.

Tasmania requires a genuine end-to-end investment facilitation model that supports strategically important projects throughout the investment journey. This should include clear lead responsibility, continuity of knowledge, early identification of regulatory issues,

effective coordination between agencies, defined escalation mechanisms where issues cannot be resolved and greater transparency around process and indicative timeframes.

The Office of the Coordinator-General already carries investment attraction, project facilitation and red tape reduction, and TICT supports the coordinated investment facilitation system and streamlined front door proposed under Priority 1. The gap is not the mandate but its reach. Facilitation is concentrated at attraction and early engagement, and proponents report losing that continuity once a project enters planning, approvals, construction and operation. TICT asks that the facilitation function be resourced to carry a project the whole way through, with a named lead officer for the life of each project and published indicative timeframes at each stage.

The objective should be a regulatory system that is rigorous but also clear, efficient and outcomes-focused. The problem TICT is describing is not the standard of assessment. It is the absence of a single point of contact, inconsistent advice between agencies as well as decision-making, and the length of time an ordinary project can wait for a definitive answer.

Tasmania must aspire to be investment ready and an easy place in which to do business. Government should establish clear rules, protect the public interest and then actively facilitate responsible investment within those settings rather than allowing administrative process itself to become an impediment to economic outcomes.

The role of government in supporting economic activity

The Strategy also provides an opportunity to establish greater clarity around the appropriate role of government in supporting industries.

TICT believes that the long term objective should be to increase business resilience, through creating the operating environment in which businesses have the confidence and capacity to invest, innovate, employ people and build resilience themselves.

There are, however, important areas where government has a clear role because an individual business cannot reasonably deliver the outcome alone.

Destination marketing is an obvious example. Individual tourism operators will market their own businesses and products, but they cannot individually undertake the sustained destination marketing required to position Tasmania competitively in interstate and international markets. The benefit of promoting Tasmania as a destination cannot be confined to the businesses that pay for it. It accrues to retailers, transport operators, producers trading on the Tasmanian name, and to the State's ability to attract residents, students and investment. No operator, and no group of operators, can capture enough of that benefit to fund promotion at the scale required.

There is a similar role for government in supporting strategic events, transport access and catalytic infrastructure where the benefits extend across industries, regions or the economy and cannot be fully captured by an individual investor.

The Strategy should therefore provide a disciplined framework for determining where public investment is warranted. Government intervention should be strongest where it is addressing a genuine market or system failure, providing enabling infrastructure,

generating collective demand, removing unnecessary regulatory barriers or delivering wider economic and community benefits that the private sector cannot efficiently provide alone.

Shared ownership and implementation

For the Economic Diversification and Investment Strategy to have lasting value, it should not be regarded solely as a Tasmanian Government strategy. It needs to develop genuine ownership across industry and the broader community.

This is particularly important if the Strategy is to guide difficult decisions about infrastructure, land use, workforce, regulation and public expenditure. Stakeholders are more likely to understand and support those decisions where they recognise themselves in the long-term vision and have confidence in the framework through which priorities have been established.

Tasmania's visitor economy provides an established example of this approach. The 2030 Visitor Economy Strategy is supported by a joint governance framework between industry and the Tasmanian Government that recognises the respective roles of both parties and provides a mechanism for shared planning and accountability.

While the appropriate governance arrangements for a whole-of-economy strategy will necessarily be different, the principle of genuine partnership should remain.

Industry and community engagement should not conclude when consultation on the draft Strategy closes. The final framework should provide meaningful opportunities for external participation in action planning, implementation, performance monitoring and review.

This will be essential if the Strategy is to remain relevant over a 10-to-20-year horizon and provide continuity through changes in government, ministerial responsibilities, economic conditions and departmental structures.

Measuring the broader value of the visitor economy

TICT also encourages the Tasmanian Government to ensure the assessment framework underpinning the Strategy captures the broader contribution of industries such as tourism and hospitality.

Productivity and direct economic output are important measures, but they do not capture the full value generated by the visitor economy.

Tourism generates expenditure from outside Tasmania, supports jobs and businesses in regional communities, contributes to the viability of aviation and sea access, strengthens the Tasmanian brand and helps sustain services and amenities used by residents as well as visitors.

The attractiveness of Tasmania as a visitor destination can also influence broader perceptions of the State as a place to live, study, establish a business or pursue a career. This has relevance to Tasmania's workforce and population objectives and to the competitiveness of other industries seeking to attract skilled workers and investment.

Visitor activity can also contribute to community confidence and pride, particularly in regional areas. Vibrant communities, successful businesses and strong visitor demand create visible signals of economic confidence that can encourage further investment.

These broader effects should form part of the way Government considers the strategic value of the visitor economy within the Economic Diversification and Investment Strategy.

Prioritising the initiatives in the draft

The draft seeks views on the prioritisation of the potential initiatives listed under each priority. TICT's ranking is as follows.

Under Priority 1, unlocking private investment, TICT ranks first the coordinated investment facilitation system for major job-creating projects and precincts, with a streamlined front door. Second is the ongoing identification and review of statutory, regulatory and procedural barriers, with findings reported publicly. Third are more predictable and faster pathways for the rezoning of land.

Under Priority 4, activating our regions, TICT ranks first the rolling mechanism to gather information on the supply of land for industry and well-located housing, and second the identification of regional strengths, workforce needs, catalytic infrastructure opportunities and land use planning barriers, with the East Coast and West Coast as early candidates.

Under Priority 3, lifting productivity, TICT supports the initiative on practical measures to lift productivity in Tasmania's largest service sectors including tourism, and proposes year-round visitation and yield as the practical measures for this sector.

On the proposed Economic Future Act, TICT's interest is continuity. Any legislated pathway should require the Strategy's objectives, indicators and implementation reporting to survive changes of government, ministerial responsibility and departmental structure.

Where sequencing requires a choice, TICT would place facilitation and land supply ahead of new institutional structures.

Conclusion

TICT strongly supports the development of an Economic Diversification and Investment Strategy for Tasmania and believes there is a significant opportunity for the final Strategy to provide the long-term economic framework the State has lacked.

To realise that opportunity, the Strategy should be ambitious about Tasmania's future and clear about the competitive advantages upon which that future will be built. It should articulate what Tasmania wants its economy to look like over the next 10 to 20 years and establish a consistent framework through which governments can make decisions about investment, infrastructure, regulation and the allocation of finite public resources.

The visitor economy should be recognised as a central part of that future.

It is already a significant economic driver, a major contributor to regional Tasmania, an important generator of private expenditure and government revenue, and one of the areas in which Tasmania possesses a genuine and enduring competitive advantage.

Its contribution also extends beyond conventional measures of tourism activity. The visitor economy supports access, regional viability, Tasmania's external brand, workforce attraction, community confidence and the success of a range of related industries.

Accordingly, as Tasmania seeks to build a more diversified and resilient economy, the visitor economy should play an increasingly important role rather than a diminished one.

Realising that opportunity will require more than attracting visitors and investors. Tasmania must also create the conditions in which private investment can proceed with confidence. This means a more coordinated and accountable investment facilitation system, efficient and predictable regulatory processes, investment in appropriate enabling infrastructure and action on constraints such as regional workforce housing.

It also requires a disciplined approach to the role of government, with public resources directed toward those areas where government can deliver genuine economy-wide or community benefit while creating the conditions for private enterprise to succeed.

Tasmania has clear and enduring economic strengths. The task now is to be sufficiently ambitious about what those strengths can deliver and sufficiently disciplined to align policy, investment, infrastructure and regulation behind them.

TICT looks forward to continuing to work in partnership with the Tasmanian Government in the development and implementation of the final Strategy.

Amy Hills
Chief Executive Officer
Tourism Industry Council Tasmania