



9 December 2024

TICT Submission to Government Business Governance Reform Draft Plan & proposed merger of TT-Line, TasPorts and TasRail

To whom it may concern,

I am writing to you as the peak industry body for tourism in Tasmania, the Tourism Industry Council of Tasmania (TICT), which provides a united voice for our industry and is a signatory to the 2030 Visitor Economy Strategy in partnership with the Tasmanian Government. This joint governance framework is a unique and enduring partnership which sees industry partner with Government to plan for the future of our visitor economy, including examining and proposing appropriate policy frameworks. The Visitor Economy's contribution to the broader Tasmanian economy is significant;

- One in eight Tasmanians are employed in the visitor economy – equating to 12% of all jobs.
- For every dollar spent in the visitor economy, another 83 cents is spent in the broader Tasmanian economy.
- Tasmania has some of the most heavily reliant regions in the country. For example, 55.3% east coast jobs depend on tourism.

State Tourism Satellite Accounts, 2022-23.

Given this industry impact, the TICT welcomes the opportunity to provide its feedback to the *Government Business Governance Reform Draft Plan*. It has been the tourism industry which has been impacted most significantly by the events which led to the Government's decision to undertake this review. The apparent inability of two of the state's Government Business Enterprises to work together collaboratively to deliver one of Tasmania's biggest infrastructure projects has resulted in lost opportunity for tourism operators across the state and brand damage. It has resulted in confusion, frustration and lack of clarity not only for operators who invested in their businesses on the belief this new infrastructure would be delivered but also the broader industry which was not kept informed or communicated with.

This situation has been well-documented and this submission does not intend to delve into this matter further, other than to point out that events of the past 6 months have also served to further strengthen the argument that government businesses like TT-Line are not just commercial entities, they have a broader purpose of serving Tasmania and its economic prosperity.

The tourism industry is firmly of the view that a business like the TT-Line should be considered primarily as a critical visitor economy driving enterprise with its aims, objectives and governance structured accordingly.



This submission responds to a number of the Draft Plan's specific recommendations as they impact the tourism industry, as well as responds to the Tasmanian Government's stated proposal to merge the TT-Line, TasPorts and TasRail.

While it is noted that the Draft Plan does not request feedback on this proposal, the TICT wishes to put its firm opposition to this ill-conceived proposal on the public record.

Importance of leadership, culture, accountability, GBE relationship with shareholder Minister

The TICT urges that the fundamental elements of governance, stakeholder relationships and culture must not be overlooked in the interests of broader reform.

Fundamentally, our Government Business Enterprises are expected by the Tasmanian community to work collaboratively together (taking into account obvious competition interests). Like any other business or workplace, if there is a challenge, the culture and leadership within the organisation should be one of transparency about that challenge, and willingness to collaborate with others to fix it.

This extends beyond the Government Business Enterprise to Shareholder Ministers. It is incumbent on the accountable Minister to foster a relationship with the Government Business Enterprise of transparency, trust and collaboration. This is a key performance indicator for the responsible Minister and this expectation should not be overlooked in the focus to reform GBEs.

Implementing the lessons learnt from the lack of collaboration between TT-Line/TasPorts and the Shareholder Minister must result in changes to culture, leadership, accountability and Ministerial oversight. This will foster improved trust from industry and community.

Placing Tasmania "first"

The Draft Plan outlines that *"the principle objectives of the Government businesses will be reconsidered to ensure that in addition to having a commercial focus, there is a better understanding by Government Businesses to consider the Tasmanian community and the need to act their long term interests."*

The TICT believes the core principles of the GBE structure remain sound. Ensuring they are able to operate commercially without the restraints of bureaucracy is critical with the relevant skills and expertise around the Board table to drive strategy and make decisions. In the case of the TT-Line this is particularly important given its need to respond rapidly to market conditions.

However, the TICT also supports the addition of a focus on Tasmania's long-term interests, as it should make it easier for leadership of the state's GBEs to include broader considerations



in their decision making about business activities. Two such examples that are relevant to the tourism industry are outlined below;

TT-Line

The visitor economy's contribution to Tasmania's broader economy is significant. Given how reliant the state's economy is on tourism, any impact or adjustment in access to Tasmania can impact our state disproportionately. Compounding this is the fact that Tasmania is an island and therefore our reliance on access is critical. TT-Line's ability to consider this impact in its decision making around passenger versus freight decisions, and its commerciality will make a significant impact. Currently, its focus on being commercial rightly drives decision making, however given the businesses impact on the broader Tasmanian community and its economy, it makes sense for its decision-making considerations to be broadened.

Sustainable Timber Tasmania (STT)

Sustainable Timber Tasmania if focused on its core remit and ensuring it operates against this remit as commercially as possible. However, as a significant land manager of forestry estate in Tasmania, decisions around how that estate can be facilitated to enable broader economic benefit should be considered. For example, there may be instances in which tourism already coexists on STT land (eg Tahune Airwalk) or where private entities may wish to traverse STT land (ie an access road) in order to facilitate a privately run commercial tourism experience. Currently, STT will make decisions based on its core remit and commerciality however an ability to take into account the activity's impact on the broader economy and State's long term interests may see STT more open to collaborating and facilitating tourism opportunity as part of its operations.

In summary, the TICT supports the Government's approach but notes that the challenge will be in how GBE's interpret this new 'interest' and the way in which the Government expects that to be weighted against commerciality.

Improving governance

The TICT supports the recommendation to *"legislatively require that the two Shareholding Ministers role cannot be undertaken by the same person."*

While the TICT understands the intent of the following recommendation '*...the Government will transition Boards over time to be at least 50 per cent Tasmanian*', this may result in unintended consequences. Continuous improvement and regular upskilling and learning by Tasmanian based Board Directors is essential to the health of an organisation. This is often achieved through having the ability to learn from the experiences of Directors who have had differing experiences interstate and can bring new ideas that have worked elsewhere. Ensuring this diversity of viewpoint and experience in diverse and larger organisations can still be delivered to Tasmanian entities will be essential.



In order to achieve this ambition, this process must be combined with a mentoring, upskilling and an attraction program to ensure more Tasmanians are able and willing to put their hand up to take on Board Director positions, ensuring there is the supply of appropriate governance skills within the Tasmanian community to oversee the broad range of Tasmanian GBEs.

Reviewing the Government businesses portfolio

The Government will also review the entire Government business portfolio to define a principles-based approach for the Government's ownership of businesses to assess whether the public ownership of each business remains appropriate and to identify any businesses which should be divested or restructured.

The TICT makes comment in relation to two entities. The TICT believes it is critical that the TT-Line remain a State Owned Company with its own skills based Board. By anyone's measure over many years, the company has operated a successful business and served Tasmania well as a passenger and freight service and should remain unchanged.

The Port Arthur Historic Site, (GBE) has undergone significant transition allowing it to continue to be a successful demand driver not only for the Tasman region but the entire State. It has been able to undertake this transition due to its Board structure and separation from the bureaucracy. The TICT would not support any move to place this entity back under the direction of a Department. This would be a backwards step for an organisation which is required to compete in an already challenging visitor marketplace.

As a GBE, PAHSMA has a specialist function – to conserve and protect its three World Heritage sites. To enable this, it must be commercially active to generate revenue, and in turn for the Tasmanian people. Its capacity to do this would be greatly limited if part of a government department.

The TICT's opposition to the proposed merger: TT-Line, TasPorts and TasRail

The TICT wants to place its strong opposition to this proposal firmly on the public record. There is no evidence presented that this proposal would have helped prevent the current problem and the TICT is not aware of an example of such a structure anywhere having been successful.

The berthing/infrastructure failure in this circumstance is unrelated to the day to day operation of the TT-Line, which as outlined, has worked effectively and seamlessly over many decades.

The TICT fails to understand how bringing together the interests of extremely different businesses with competing purposes, will ensure the interests of the visitor economy through TT-Line are protected. In fact, the only conclusion is that they will diminish in an organisation that is required to run port and rail infrastructure, while at the same time



undertaking passenger and freight services which are customer/visitor facing and required to meet changing market demands. This is separate and distinct from the needs of freight and logistics in the port and rail sector. A leadership team and Board could simply not successfully oversee such diverse businesses with the visitor economy remaining a key consideration.

The TICT believes the merger would only have significant and far-reaching detrimental impacts on the visitor economy at a time when the industry is being faced with significant pressures across the board. It believes this proposal is unnecessary and illogical and should not be progressed.

In summary

Improving accountability, transparency, culture and relationships at the Ministerial level should be a focus. The driving principles of the State's GBEs remain sound and ensuring they are able to work with agility and with commerciality, free from bureaucracy, must remain. The TICT welcomes efforts to ensure GBEs consider Tasmania's long term interests in addition to commerciality. It is currently unclear how this will apply in practice and the TICT looks forward to receiving more information about this. The TICT strongly opposes the proposal to merge TT-Line with two unrelated entities due to the negative impact this will have on the visitor economy at a time we can least afford it.

The TICT would like to thank you for the opportunity to comment and looks forward to continuing to take part in this process as it progresses.

Yours sincerely,

A handwritten signature in cursive script that reads 'ahills'.

Amy Hills

CEO, Tourism Industry Council Tasmania