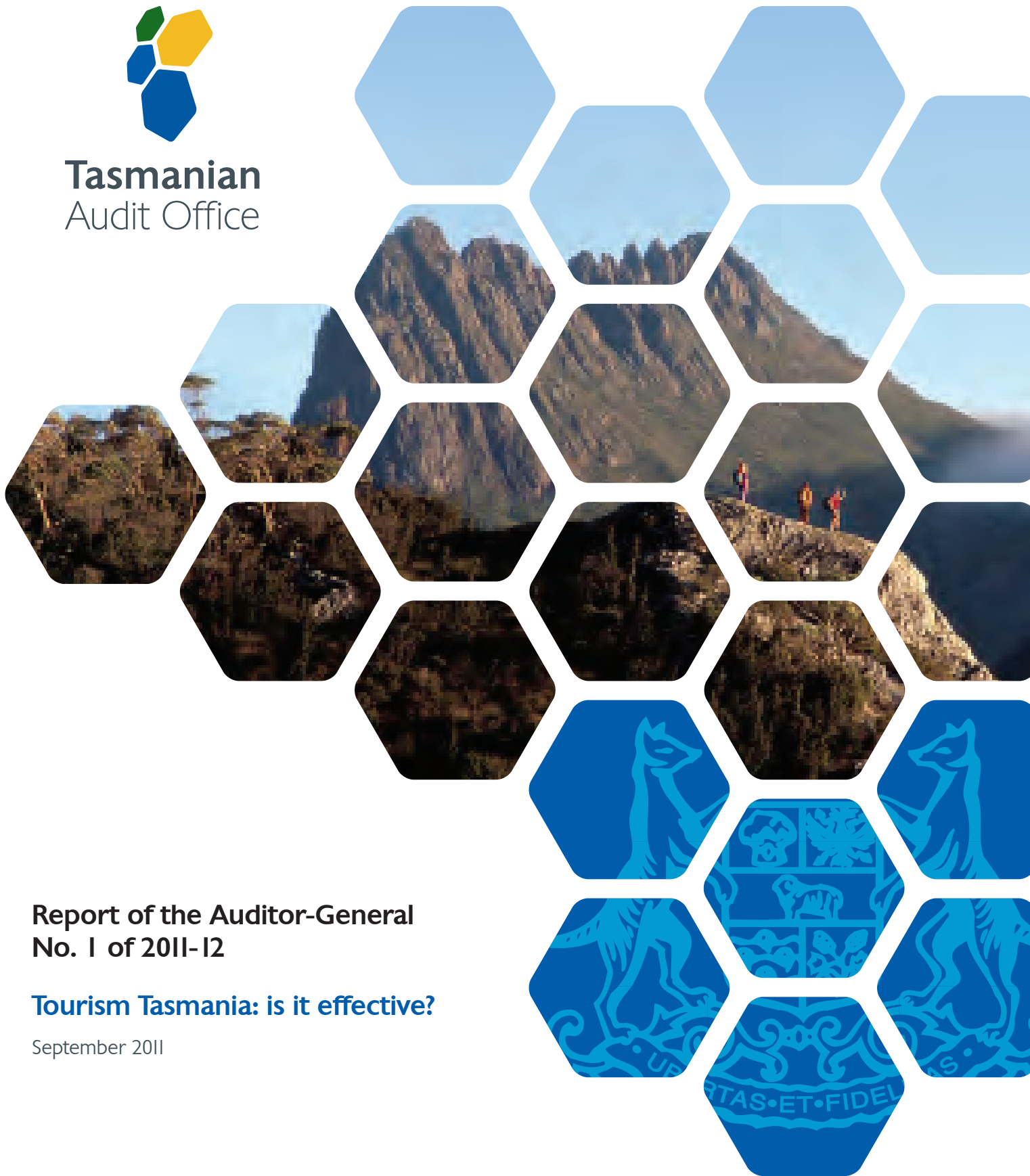




Tasmanian
Audit Office



**Report of the Auditor-General
No. 1 of 2011-12**

Tourism Tasmania: is it effective?

September 2011

THE ROLE OF THE AUDITOR-GENERAL

The roles and responsibilities of the Auditor-General, and therefore the Tasmanian Audit Office, are set out in the *Audit Act 2008*.

Our major responsibility is to conduct financial or 'attest' audits of the annual financial reports of State entities. As defined by the Act State entity includes all public sector entities including those established under the *Local Government Act 1993*. It includes an agency, council, Government Business Enterprise, State-owned Company, State Authority, Corporations established by the *Water and Sewerage Corporations Act 2008* and the governing body of any corporation, body of persons or institution that are appointed by a Minister or by the Governor. We also audit those elements of the Treasurer's Annual Financial Report which report on financial transactions in the Public Account, and the consolidated Whole of Government financial report.

Audits of financial reports are designed to add credibility to assertions made by accountable authorities in preparing their financial reports, enhancing their value to end users. Also, the existence of such audits provides a constant stimulus to State entities to ensure sound financial management.

In the main accountable authorities prepare financial reports consistent with Accounting Standards and other mandatory professional requirements in Australia. On occasion reports are "special purpose financial reports" such as the Public Account Statements. In all cases our audits are conducted in accordance with Australian Auditing Standards.

Following a financial audit, we issue a variety of reports to State entities and reports periodically to the Parliament. In combination these reports give opinions on the truth and fairness of financial reports, and comment on compliance with certain laws, regulations and Government directives. They may comment on financial prudence, probity and waste, and recommend operational improvements.

We also conduct performance audits and compliance audits. Performance audits examine whether a State entity is carrying out its activities effectively and doing so economically and efficiently and in compliance with relevant laws. Audits may cover all or part of a State entity's operations, or consider particular issues across a number of State entities.

Compliance audits are aimed at ensuring compliance by agencies with directives, regulations and appropriate internal control procedures. Audits focus on selected systems (including information technology systems), account balances or projects.

Performance and compliance audits are reported separately and at different times of the year, whereas outcomes from financial statement audits are included in one of the regular volumes of the Auditor-General's reports to the Parliament normally tabled in May and November each year. In doing so the Auditor-General is providing information to the Parliament to assist both the House of Assembly and the Legislative Council in their review of the performance of executive Government.

Accountable authorities are provided with opportunity to comment on any matters reported. Where they choose to do so, their responses are detailed within the reports.



2011

PARLIAMENT OF TASMANIA

**REPORT OF THE
AUDITOR-GENERAL
No. 1 of 2011–12**

Tourism Tasmania: is it effective?

September 2011

Presented to both Houses of Parliament in accordance with the provisions of Audit Act 2008

© Crown in Right of the State of Tasmania September 2011

Auditor-General's reports are available from the Tasmanian Audit Office, Hobart, although in limited supply. This report, and other Special Reports, can be accessed via our home page (<http://www.audit.tas.gov.au>).

For further information please contact:

Tasmanian Audit Office

GPO Box 851

Hobart

TASMANIA 7001

Phone: (03) 6226 0100, Fax (03) 6226 0199

Email: admin@audit.tas.gov.au

This report is printed on recycled paper.

ISBN 978-0-9808688-8-3



1 September 2011

President
Legislative Council
HOBART

Speaker
House of Assembly
HOBART

Dear Madam President

Dear Mr Speaker

REPORT OF THE AUDITOR-GENERAL

No. 1 of 2011–12

Tourism Tasmania: is it effective?

This report has been prepared consequent to examinations conducted under section 23 of the *Audit Act 2008*. The objective of the audit was to form an opinion on the effectiveness of Tourism Tasmania with respect to: promotional campaigns and advertisements; implementation of planned strategies and initiatives; and websites.

Yours sincerely

H M Blake

AUDITOR-GENERAL

Contents

Foreword	i
Executive summary	2
Background.....	2
Detailed audit conclusions	2
List of recommendations	3
<i>Audit Act 2008</i> section 30 — Submissions and comments received	6
Introduction	10
1 Were promotional campaigns evidence-based?	14
1.1 Background	14
1.2 What information was used to support promotional strategy?.....	16
1.3 Was evidence used to support decisions about individual promotions?	18
1.4 Conclusion.....	20
2 Were proposed business strategies implemented?	22
2.1 Background	22
2.2 Were strategies in a form to facilitate implementation and evaluation of progress?.....	22
2.3 Did Tourism Tasmania implement New Directions?.....	23
2.4 Conclusion.....	27
3 Was the <i>Discover Tasmania</i> website effective?	30
3.1 Background	30
3.2 Was the design of the website effective?	30
3.3 Had the website been well received by tourists?.....	33
3.4 Did the website meet industry needs?	33
3.5 Conclusion.....	34
Independent auditor’s conclusion	36
Recent reports	40
Current projects.....	42

List of Tables

Table 1: Promotional campaigns reviewed.....	18
Table 2: Strategies: understanding the market.....	23
Table 3: Strategies: responding to the market.....	24
Table 4: Strategies: stimulating the market	25
Table 5: Strategies: opening the market.....	25
Table 6: Strategies: satisfying the market.....	26
Table 7: Strategies: seeking feedback.....	26
Table 8: Strategies: organisational effectiveness	27

List of Figures

Figure 1: Number of visitors to <i>Discover Tasmania</i> — Dec 2007 to Dec 2010	33
---	----

Foreword

Tourism Tasmania's 2010 to 2013 Statement of Corporate Intent notes its role is to:

Lead the industry to jointly deliver marketing and development programs that drive benefits for Tasmania from domestic and international tourism.

This performance audit assesses three aspects of Tourism Tasmania's performance in achieving its role by auditing responses to three questions:

- Were its promotional campaigns evidenced-based?
- Had its business strategies been implemented?
- Was its *Discover Tasmania* website effective?

We were interested in auditing Tourism Tasmania's effectiveness because, in economic terms, tourism contributes \$850m, or 3.7 per cent, of our State's Gross State Product and the tourism sector directly employs around 13 200 Tasmanians.

Overall it was concluded that:

- Decisions relating to overall strategy were at least partially based on available evidence but that better reference was needed to previous campaigns, focus groups and visitor surveys and clear and measurable objectives were needed.
- Tourism Tasmania's strategies, as noted in its 2006–09 corporate plan and in other strategic documents, while largely implemented, were often lacking in clarity.
- A number of areas were identified in which Tourism Tasmania's *Discover Tasmania* website did not meet best practice although this website was increasingly meeting the needs of business and tourists.

The recommendations made in this Report are aimed at further enhancing Tourism Tasmania's effectiveness in Tasmania's key tourism sector.

H M Blake

Auditor-General

1 September 2011

Executive summary

Executive summary

Background

Established under the *Tourism Tasmania Act 1996*, Tourism Tasmania is a statutory authority within the Department of Economic Development, Tourism and the Arts. The role of Tourism Tasmania is to ‘lead the industry to jointly deliver marketing and development programs that drive benefits for Tasmania from domestic and international tourism’.

In economic terms, those benefits are substantial with tourism contributing \$850m or 3.7 per cent of the Gross State Product.

With an annual budget of \$30.7m in 2010–11, Tourism Tasmania aims to add value to tourism through marketing and advertising that increases awareness of the State in mainland Australia and overseas. It also supports and promotes events, provides industry development and aims to improve access for tourists by working with airlines and other transport services.

The objective of our audit was to form an opinion on the effectiveness of Tourism Tasmania with respect to: promotional campaigns and advertisements; implementation of planned strategies and initiatives; and websites.

In doing so, we focused on programs used to market the state as a tourist destination. We looked at strategic planning documents for 2006–10 and reviewed actual performance from July 2008 to December 2010.

Detailed audit conclusions

Were promotional campaigns evidence-based?

Decisions relating to overall strategy were at least partially based on available evidence. In particular, both the introduction and subsequent replacement of zone marketing appeared to be in response to surveys and reports.

On the other hand, planning documentation for individual campaigns generally lacked reference to previous campaigns, focus groups and visitor surveys. Also, campaigns lacked clear and measurable objectives and closure reports reflected an inability to objectively assess achievement.

Were proposed business strategies implemented?

We found that the 2006–09 corporate plan’s (namely *New Directions*) strategy and other strategic documents were often lacking in clarity. Nonetheless, we were satisfied that Tourism Tasmania had largely implemented its strategies.

Was the Discover Tasmania website effective?

We identified a number of areas in which the website did not meet best practice. Nonetheless, steady increase in uptake by business and visitors indicated that the *Discover Tasmania* website was increasingly meeting the needs of business and tourists.

List of recommendations

The following Table reproduces the recommendations contained in the body of this Report.

Rec	Section	We recommend that Tourism Tasmania ...
1	1.3.1	... uses focus groups, survey data and campaign closure reports explicitly in planning new campaigns.
2	1.3.2	... more clearly defines measurable campaign objectives and that closure reports are based on performance against those objectives.
3	2.2	... adopts ‘plain English’ in its strategy documents.
4	2.3.1	... improves documentation of processes and activities undertaken when implementing its strategic plans.
5	3.2.1	... simplifies the <i>Discover Tasmania</i> website’s homepage in line with best practice standards.
6	3.2.2	... aligns the <i>Discover Tasmania</i> website to best practice design standards.

Audit Act 2008 section 30 — Submissions and comments received

Audit Act 2008 section 30 — Submissions and comments received

Introduction

In accordance with section 30(2) of the *Audit Act 2008*, a copy of this Report was provided to the Department of Economic Development, Tourism and the Arts (as the host entity for Tourism Tasmania). A summary of findings was also provided to the Treasurer and the Minister for Tourism with a request for comment or submissions.

The comments and submissions provided are not subject to the audit nor the evidentiary standards required in reaching an audit conclusion. Responsibility for the accuracy, fairness and balance of those comments rests solely with those who provided a response or comment.

Submissions and comments received

Department of Economic Development, Tourism and the Arts

Thank you for your correspondence dated 12 August seeking my comments prior to the publication of the performance audit report for Tourism Tasmania.

Together with the Board of Tourism Tasmania, I note the recommendations of the Report into aspects of Tourism Tasmania's operations covering its previous strategic plan for the period 2006 through 2009, and actual performance from July 2008 through December 2010.

In particular, I note your overall observation that in the main Tourism Tasmania implemented its strategies; albeit you have identified areas where improvement can be made.

I understand the Chair of Tourism Tasmania's Board, Mr Grant Hunt is also responding to you under separate cover. I wish to advise that I concur with and support his comments with respect to the Report findings.

I understand the Board and Management of Tourism Tasmania have found the Report most useful in identifying areas for improvement.

Tourism Tasmania

Tourism Tasmania notes the recommendations of the Report by the Auditor-General into aspects of Tourism Tasmania's operations covering its previous strategic plan for the period 2006 through

2009 and actual performance from July 2008 through to December 2010. In particular we note your overall observations that in the main Tourism Tasmania had largely implemented its strategies albeit you have identified areas where improvement can be made.

In particular I would offer the following comments in respect of your findings:

- You observed that we are largely evidence based in using base data, commissioned studies and a range of market-based information to support much of what we do in marketing including targeting our core audience and determining strategic approaches including medium used.
- You also noted that fully verifying the success of every campaign in isolation that we undertake is somewhat problematic due to the impact of external factors also influencing market response, let alone the lead time between being motivated by campaigns and actually taking a holiday to the destination. In that regard we agree with your observation that even the best founded campaigns need indicators or benchmarks at every step prior to launch to ensure the highest chances of success are reached.

You suggest additional elements which would assist in that regard such as focus group work, detailed past campaign review and visitor feedback. I can advise that since January 2011, such matters are progressively being enhanced with more complete campaign closure reporting occurring, the establishment of detailed campaign testing prior to launch (covering to date both the 2011 Autumn and Spring campaigns) and we are endeavouring to put in place benchmarks and performance indicators, including well researched targets as a means of further highlighting campaign outcomes.

In regard to the latter, while Tourism Tasmania is using similar tools to measure performance as other Australian state tourism organisations, we would contend that an island destination such as Tasmania could do more in this regard to provide improved certainty on the market response to our campaigns and we intend to do that for all market focussed activity looking ahead.

- In regard to other strategies examined it was pleasing to see the high level of satisfactory outcome achieved across the examined activity albeit we acknowledge the areas for improvement noted, particularly the need for plainer English and certain process documentation to maximise our adoption of project management methodology for our bigger projects. That work is a priority for further development in the current budget year.
- Your officers also spent some time reviewing www.discovertasmania.com with a view to validating its

effectiveness and while you observed a steady increase in utilisation of its features by industry and improved visitor traffic to the site, we concur with your observations as to ease of access, search responsiveness and relative complexity of the site. These same matters have been the subject of detailed consideration this year and substantial changes to the current site are almost complete, while planning is also underway for the development of a replacement consumer web presence which will be launched in 2012.

Overall the Board and Management has found your report most useful in identifying areas for improvement to what we do and it is also reassuring that those same matters have been identified previously through our own internal review processes including our internal audit program. Consequently many of the matters raised are currently being addressed through established work programs while the significant issue of performance management is being closely reviewed in the current campaign development work.

In closing, Tourism Tasmania would acknowledge the professionalism of your officers in conducting this review and their willingness to consider a range of inputs to the processes involved which has meant that the Report now tabled is well balanced in its findings and acknowledges the things we do well along with identified areas for improvement.

Introduction

Introduction

Background

Tourism Tasmania is a statutory authority established under the *Tourism Tasmania Act 1996* and is part of the Department of Economic Development, Tourism and the Arts. Tourism Tasmania defines its role as to ‘lead the industry to jointly deliver marketing and development programs that drive benefits for Tasmania from domestic and international tourism’¹.

A key economic driver of the Tasmanian economy, tourism contributes \$850m or 3.7 per cent of the Gross State Product. The tourism industry directly employs around 13 200 Tasmanians. That equates to 5.6 per cent of all Tasmanian employment compared to a national figure of 4.5 per cent².

With expenditure of around \$30.7m in 2010–11, Tourism Tasmania makes significant claims to add value to the tourism sector by:

- marketing and advertising that increases awareness of Tasmania on mainland Australia and overseas
- supporting and promoting events through Events Tasmania
- providing industry development and learning (e.g. in attempting to get more tourism businesses on-line)
- improving access to Tasmania by collaboration with airlines and other transport services.

Tourism Tasmania had established a strategic business plan (Tourism 21) in conjunction with the peak industry body, the Tourism Industry Council Tasmania. Stated targets were to increase visitor market share, visitor trip numbers and visitor expenditure. Tourism 21 was operative to June 2010 and had been superseded by a new plan.

Audit objective

The objectives of the audit were to form an opinion on the effectiveness of Tourism Tasmania with respect to its:

- promotional campaigns and advertisements
- implementation of planned strategies and initiatives
- websites.

¹ http://www.tourismtasmania.com.au/about_us

² ABS economic data

Audit scope

The audit scope was concerned with Tourism Tasmania's:

- programs used to market the state as a tourist destination
- strategic planning documents for 2006–10
- performance from July 2008 to December 2010.

Audit criteria

The audit criteria developed for this audit were aimed at addressing the following effectiveness aspects:

1. Were promotional campaigns evidence-based?
2. Were proposed business strategies implemented?
3. Was the *Discover Tasmania* website effective?

Audit approach

To conduct the audit, we:

- assessed Tourism Tasmania's performance against its own goals and strategies
- examined evidence supporting Tourism Tasmania's progress towards meeting particular goals and strategies
- interviewed relevant Tourism Tasmania staff
- evaluated the content and performance of the website www.discovertasmania.com.

Timing

Planning for this audit began in August 2010. Fieldwork was completed in March 2011 and the report was finalised in July 2011.

Resources

The total cost of the audit excluding production costs was \$175 000.

1 Were promotional campaigns evidence-based?

1 Were promotional campaigns evidence-based?

1.1 Background

Tourism Tasmania conducts a range of promotional and marketing activities including national campaigns, international marketing and on-line promotion. We examined campaigns from the last five years ranging in value from \$470 000 to \$16m.

We expected the nature and duration of campaigns would be informed by surveys and industry data. We further expected individual promotions to be regularly reviewed on the basis of predefined and measurable objectives.

1.1.1 Information sources

Major information sources that Tourism Tasmania used are listed in the following subsections.

1.1.1.1 Holiday Tracking Survey

The Holiday Tracking Survey was conducted by pollsters and provided information regarding awareness of advertisements, and regarding trip preference, intention and behaviour. Data was collected via face-to-face interview and self-completion questionnaire from approximately 25 000 respondents.

Examples of questions asked include:

- In the last 4 weeks for which of these states and territories have you read, seen or heard anything on holidays and travel?
- In the next 2 years, which places would you like to spend a holiday of 1 or more nights?

1.1.1.2 Tasmania Visitor Survey

Tourism Tasmania conducts the Tasmanian Visitor Survey on a continual basis. It involves interviewing 10 000 interstate and international visitors annually. As an island, Tasmania has the advantage of being better able to monitor visitors by air and sea than other states and territories, which gives the survey additional reliability. The survey provides a profile of characteristics, travel behaviour, and expenditure.

Information provided by the survey included:

- sources of information — which assisted Tourism Tasmania to place promotional material efficiently

- visitor numbers — which provided an indication of how effective promotional campaigns had been.

1.1.1.3 *Market research*

Tourism Tasmania engages research companies to provide information on marketing performance. The data includes market penetration statistics as well as information about actual and intended travel. The companies segment the information by life stages, income market, media and choice of holiday activities.

1.1.1.4 *Additional studies*

A number of one-time studies were performed during the period covered by the audit including:

- The *Perceptions Study* in 2006 looked at interstater's perceptions of Tasmania. It found that, by and large, people surveyed knew of iconic attractions only. It led to introduction of a revised regional approach to marketing the state (Zone Marketing).
- The *Motivations Study* in 2010 analysed reasons why visitors came to Tasmania. A finding was that wilderness was a major driver.

1.1.2 *What we wanted to know*

Predicting or measuring the success of promotional campaigns for tourism is inherently difficult. This is because of time lags between promotion and travel and the difficulty of isolating the impact of advertising from other factors such as general economic conditions.

However, we considered that information can and should be used to support some judgements. At a strategic level, these included:

- where to advertise
- degree of success of promotional strategy
- degree of success in reaching the target audience.

At a campaign level, we considered:

- estimated impact of future campaigns
- success of ongoing and completed campaigns

The following sections of this Chapter address the extent to which evidence was used to support those judgements.

1.2 *What information was used to support promotional strategy?*

Tourism Tasmania strategy in recent years has been characterised by:

- a major branding campaign (namely *A world apart not a world away*) that followed a similar campaign
- seasonal campaigns in autumn and spring (e.g. *Lumina* and *Secrets*)
- the Zone Marketing concept³
- the *Tourism Promotion Plan* which consisted of a range of activities and funding assistance (e.g. combined marketing with TT-Line).

1.2.1 *Was evidence used to support decisions about where to advertise?*

As noted in Section 1.1.1, research companies provide data on market penetration by market, media and profile of the audience. Tourism Tasmania also uses its own Tasmania Visitor Survey data (Section 1.1.1.2) to provide information as to where visitors come from. The data was used to decide:

- placement proportions, for example more advertising in Victoria, New South Wales and Queensland
- media type proportions (such as TV, radio, online).

We were satisfied that decisions about where to advertise were appropriately based on evidence.

1.2.2 *Was evidence used to support judgements about the success of promotional strategy?*

As discussed in Section 1.1.2, it is difficult to isolate the impact of advertising from other factors. In our view, measuring performance relative to other states offers a partial solution since many of the external factors impact similarly on all Australian jurisdictions.

Tourism Tasmania obtains information from research companies as to visitor numbers by market and had commenced inclusion of market share statistics in budget papers.

³ A 2007 study highlighted the lack of knowledge potential visitors had of offerings in regional Tasmania. Many visitors knew little about the state beyond iconic features like Hobart and Cradle Mountain. In response, Tourism Tasmania introduced the \$4.5m zone marketing program intended to increase visitor dispersion and length of stay across the state by marketing the unique characteristics that defined each zone.

We found the following positive indications that evidence was used to make judgements about overall strategy:

- Statistics showed that the number of holiday visitors remained steady from 2007 to 2010, although market share declined by five per cent. Board minutes indicated concern at the falling market share and the axing of Zone Marketing may have reflected that concern. Thus, it appeared to us that Tourism Tasmania had responded when the data suggested there was a need for change.
- There had been no significant change in surveyed awareness of Tourism Tasmania promotions from 2006 to 2010. We accept that Tourism Tasmania continuing its promotional strategy was reasonable.
- 2010 quarterly board minutes discussed marketing performance based on data provided by research companies. For example, one meeting noted declining market penetration in Victoria and discussed possible consequences. We accept that the regular tabling of data and reports and discussion at board meetings is an indicator of an evidence-based approach.
- The *Perceptions Study* in 2006 suggested that Tasmania's regional attractions were little known by potential visitors. Based on that study, Tourism Tasmania introduced a new concept, namely Zone Marketing. Currently, in response to a perceived lack of success, that initiative is being changed to a modified regional marketing approach. We question whether Tourism Tasmania initially had sufficient evidence to support the ultimately unsuccessful approach. Nonetheless, we see the willingness to initiate and then subsequently discontinue zone marketing in response to information as a positive.

On the other hand, minutes in late 2010 revealed that the board 'felt disengaged from the marketing process' and wanted a stronger connection between marketing and research. Despite those concerns and inherent weaknesses in available data, we found on balance that Tourism Tasmania had used evidence to evaluate the success of its strategy and to modify its approach accordingly.

1.2.3 Was evidence used to support judgements about success in reaching the target audience?

In its marketing, Tourism Tasmania had identified and targeted those consumers who provide the greatest economic benefit to the

tourism industry and they are the prime focus of promotional programs. Known to industry as Most Profitable Prospects (MPPs), they represented 32 per cent of all travellers, but 73 per cent of tourist spending in Australia.

Analysis of information provided by research companies found that interstate MPPs represented 59 per cent of visitors and 86 per cent of money spent. On that basis, Tasmania had been more successful than other jurisdictions at attracting MPPs.

We also noted from its closure report that the *Lumina* campaign had generated a high level of awareness amongst MPPs in targeted markets. We conclude that Tourism Tasmania has evidence of its success in targeting its preferred audience.

1.3 *Was evidence used to support decisions about individual promotions?*

Planning and implementing a promotional campaign is a costly exercise with long lead times where evaluation is scarcely possible until the campaign has ended. The choice of campaign also represents a substantial opportunity cost since Tourism Tasmania has limited resources and budget.

We examined five campaigns from the last five years (see Table 1). They varied from seasonal campaigns of two or three months to the Tourism Promotional Plan, conducted over two years.

Table 1: Promotional campaigns reviewed

Campaigns	Details	Duration	Cost
<i>Tourism Promotion Plan</i>	Programs to address the impact of removing <i>Spirit of Tasmania III</i>	Nov 06– Jun 08	\$16.0m
<i>A world apart, not a world away</i>	New major brand positioning	Sep–Nov 09	\$1.13m
<i>Discover Tasmania II</i> TV program	TV series to support multimedia campaign	Mar–May 10	\$0.43m
<i>Lumina</i>	Promoted a calendar of approx 30 winter events	Mar–Aug 10	\$2.44m
<i>Secrets</i>	Promoted springtime experiences in five separate zones	Sep–Nov 10	\$0.47m

1.3.1 Was evidence used to support judgements about likely impact of future campaigns?

It is important that every reasonable attempt is made to ensure that selected campaigns are likely to be successful. Some of the information we would have expected to be used to assess likely success included:

- focus group evaluations
- assessment of previous similar campaigns
- research information including visitors and satisfaction levels for locations and attractions.

We noted that focus groups were not used for campaigns in the audit period other than the recent *Motivations Study*. We also found little evidence to indicate that planning of new campaigns had taken into account learnings from previous campaigns or survey data. It was argued by management that some of those evaluations had occurred informally but not been documented.

Recommendation 1

We recommend that Tourism Tasmania uses focus groups, survey data and campaign closure reports explicitly in planning new campaigns.

1.3.2 Was evidence used to support judgements about ongoing and completed campaigns?

In 2010, Tourism Tasmania introduced a project management methodology for its promotional campaigns. We expected that to result in clear and measurable objectives, for example increased awareness or increased visitors to advertised attractions. We also expected closure reports to assess the success of completed campaigns against those objectives.

We found that closure reports sometimes included awareness statistics and analysis of ratings. However, we also found a general lack of performance measures for marketing programs. An illustration of the lack of measures was differing points of view expressed about the *Lumina* and *Secrets* campaigns.

When he appeared before the Legislative Council's Select Committee on Tourism in January 2011, the acting Chief Executive Officer of Tourism Tasmania acknowledged that the *Lumina* campaign 'probably didn't drive any new visitation to Tasmania'. That statement contradicted the closure report for the project, which claimed it had been 'a success ... creating noise in the market'. It

was not clear to us that either view was based on assessment of measurable achievement against clear objectives.

We also noted that the *Lumina* closure report indicated that a key learning was that objectives need to be further refined to better develop clear and measurable performance indicators.

Recommendation 2

We recommend that Tourism Tasmania more clearly define measurable campaign objectives and that closure reports are based on performance against those objectives.

1.4 *Conclusion*

Decisions relating to overall strategy were at least partially based on available evidence. In particular, both the introduction and subsequent replacement of zone marketing appeared to be in response to surveys and reports.

On the other hand, planning documentation for individual campaigns generally lacked reference to previous campaigns, focus groups and visitor surveys. Also, campaigns lacked clear and measurable objectives and closure reports reflected an inability to objectively assess achievement.

2 Were proposed business strategies implemented?

2 Were proposed business strategies implemented?

2.1 Background

In order to make an assessment of Tourism Tasmania's effectiveness, we looked at the extent to which it had implemented its declared strategies. The current plan covers the period 2010–13 and so that plan is in the process of completion. Tourism Tasmania's strategic plans are available to the public and the one that we chose for audit was *New Directions for Our Island: Tourism Tasmania Three-Year Business Strategy 2006–2009 (New Directions)* because it had completed its life cycle.

We looked at this criterion from two points of view:

- whether the strategies were in a form to facilitate implementation and evaluation of progress
- evidence of activities having been initiated to fulfil a sample of strategies from *New Directions*.

2.2 Were strategies in a form to facilitate implementation and evaluation of progress?

We reviewed a wide range of strategy documentation produced by or for Tourism Tasmania, including the *New Directions* strategy document. We found that jargon and imprecise language was frequently used:

It is imperative that we fully understand the perceptions and misconceptions that consumers hold about the destination; what they perceive as the core strengths of the destination; where we fall short in making their consideration set for a holiday; and, the triggers and barriers to converting them to travel to Tasmania. It will help us define what messages will keep Tasmania top-of-mind and how consumers can experience the State in smaller 'bites' if they only have a few days away.

Likewise, terms such as 'driving visitation', 'accelerating preference' and 'non-traditional travel intermediaries' did not facilitate clarity and understanding. We believe that strategies can and should be expressed in clear and simple terms in order to aid implementation and assist subsequent evaluation of success.

Recommendation 3

We recommend that Tourism Tasmania adopt 'plain English' in its strategy documents.

2.3 Did Tourism Tasmania implement *New Directions*?

The 2006–09 corporate plan (i.e. *New Directions*) defined Tourism Tasmania’s role as to ‘lead the industry to jointly deliver marketing and development programs that drive benefits for Tasmania from domestic and international tourism’. To do so, *New Directions* outlined 30 strategies within seven key priority areas. Each of the strategies involved a number of associated activities. Using judgement sampling, we selected 17 of the 30 strategies for testing of implementation.

The following sections of this Chapter outline our assessment of what Tourism Tasmania actually achieved, grouped using *New Directions* categories.

2.3.1 Strategies: understanding the market

In this category, that contained six strategies, we chose two. They are outlined in Table 2 together with the results achieved.

Table 2: Strategies: understanding the market

Strategy	Activities noted	Our assessment
Monitor, analyse and provide insights on tourism performance and future trends	<ul style="list-style-type: none"> ▪ Website provided data, and analysis of tourism statistics ▪ Regular reports provided to industry stakeholders 	Satisfactory
Establish a work program with stakeholders for priority research	<ul style="list-style-type: none"> ▪ Partnership agreements established with industry and stakeholders ▪ Development studies done for regions 	Improved level of documentation recommended

In relation to establishing work programs referred to in Table 2, the evidence provided only verified the outcomes, namely that the partnership process existed. There was neither direct documentation nor a work program for research, based on stakeholders input. When questioned on that matter, Tourism Tasmania offered the following explanations:

- It (Tourism Tasmania) was in its third government department since *New Directions* came into effect. The organisational changes brought about by those portfolio shifts meant that documentation is not easy to locate.

- The partnership process existed only in the outcomes; Tourism Tasmania did not generate a formal work program.

Notwithstanding the above comments, we believed that a documented work program, with evidence of stakeholder input, should have been available.

Recommendation 4

We recommend that Tourism Tasmania improves documentation of processes and activities undertaken when implementing its strategic plans.

2.3.2 Strategies: responding to the market

In this category, which contained four strategies, we chose three.

Table 3: Strategies: responding to the market

Strategy	Activities noted	Our assessment
Develop partnerships to deliver infrastructure that supports tourism	<ul style="list-style-type: none"> ▪ Partnership and grant agreements made with local councils ▪ Destination plans 	Satisfactory
Build industry capability, particularly in regard to electronic marketing and distribution	<ul style="list-style-type: none"> ▪ Programs such as ‘Digital Coach’ and ‘Tas e-Connect’ 	Partial uptake by industry (refer to Section 3.4)
Establish local government partnership agreements	<ul style="list-style-type: none"> ▪ Agreements developed across the state 	Satisfactory

2.3.3 Strategies: stimulating the market

In this category, which contained eight strategies, we chose four.

Table 4: Strategies: stimulating the market

Strategy	Activities noted	Our assessment
Build a strong and distinctive brand for Tasmania and its regional zones	<ul style="list-style-type: none"> ▪ Brand positioning for the regions ▪ Application of the Brand in all communications 	Satisfactory
Deliver highly distinctive and effective information to assist the conversion process	<ul style="list-style-type: none"> ▪ Aligned all collateral (print, digital and otherwise) to ensure consistency in the Tourism Tasmania brand ▪ Participated in the Australian Tourism Data Warehouse 	Satisfactory
Increase value and attractiveness to trade partners	<ul style="list-style-type: none"> ▪ Agreements made with key trade partners 	Satisfactory
Leverage conventions and events opportunities for increasing visitation, particularly in low season	<ul style="list-style-type: none"> ▪ <i>Lumina</i> campaign cited as an example 	Satisfactory

2.3.4 Strategies: opening the market

In this category, which contained three strategies, we chose two.

Table 5: Strategies: opening the market

Strategy	Activities noted	Our assessment
Work with inbound tourism operators, trade, suppliers, and new commercial partners to develop new opportunities	<ul style="list-style-type: none"> ▪ Familiarisation tours brought operators to Tasmania to see and understand the destination ▪ Information sessions held 	Satisfactory

Develop and review an ongoing access strategy	<ul style="list-style-type: none"> ▪ Developed Access Partnership Strategy ▪ Collected and shared data via an aviation consultant 	Satisfactory
---	---	--------------

2.3.5 Strategies: satisfying the market

In this category, we chose both the listed strategies.

Table 6: Strategies: satisfying the market

Strategy	Activities noted	Our assessment
Build industry capability to deliver quality visitor experiences	<ul style="list-style-type: none"> ▪ Tourism Quality projects ▪ Tasmanian Visitors Information Network work program done 	Satisfactory
Build industry capability to deliver brand-aligned visitor experiences	<ul style="list-style-type: none"> ▪ Provided grants for interpretive and infrastructure projects ▪ Zone Marketing initiative 	Satisfactory

2.3.6 Strategies: seeking feedback

In this category, we chose both the listed strategies.

Table 7: Strategies: seeking feedback

Strategy	Activities noted	Our assessment
Adopt an effective system to monitor, measure and report market feedback about the destination	<ul style="list-style-type: none"> ▪ Feedback obtained from familiarisations, the Tasmanian Visitor Survey and reports on events held ▪ Quarterly analysis of industry performance 	Satisfactory
Share knowledge with industry and other stakeholders	<ul style="list-style-type: none"> ▪ Access All Areas project, that managed all stakeholder engagement 	Satisfactory

2.3.7 Strategies: organisational effectiveness

In this category, which contained five strategies, we chose two.

Table 8: Strategies: organisational effectiveness

Strategy	Activities noted	Our assessment
Develop an integrated approach to performance measures and performance improvement	<ul style="list-style-type: none"> ▪ Activities defined and managed as separate projects 	Satisfactory
Gain increased stakeholder support and commitment to sustainable tourism through effective communication	<ul style="list-style-type: none"> ▪ Project plan prepared for communications with stakeholders ▪ Access All Areas project 	Satisfactory

2.3.8 Summary — did Tourism Tasmania implement New Directions?

Of the 17 strategies we were satisfied that significant progress had been made for 15.

2.4 Conclusion

We found that the *New Directions* strategy and other strategic documents were often lacking in clarity. Nonetheless, we were satisfied that Tourism Tasmania had largely implemented its strategies.

This page left blank intentionally

3 Was the *Discover Tasmania* website effective?

3 Was the *Discover Tasmania* website effective?

3.1 *Background*

While promotional materials are produced in various media, we decided to concentrate on Tourism Tasmania websites. We based that decision on the penetration of the internet and the growing acceptance of e-commerce by consumers.

Tourism Tasmania had two main websites that served different purposes. The first was the corporate website that aimed to inform the tourism industry about the current state of the industry as well as marketing and development opportunities.

The second website, that is the focus of this Chapter, was *Discover Tasmania* (www.discovertasmania.com.au) that was the dominant tool used to inform potential tourists about accommodation, attractions and activities available across the state. It also allowed tourists to make some on-line bookings for accommodation and activities. Some of its key features included:

- information that enabled users to investigate any of the five regions and download a holiday planning tool from the homepage
- a search engine to find activities or accommodation
- holiday deals presented in a banner that scrolled across the screen
- access to information about other deals.

Discover Tasmania is a potentially valuable asset for the Tasmanian tourism industry as it not only presented Tasmania as a destination to tourists, but it allowed local tourism businesses to have a web presence. In this section we reviewed the effectiveness of the *Discover Tasmania* website. We also tested whether performance of the website was regularly reviewed.

3.2 *Was the design of the website effective?*

We reviewed effectiveness against the following criteria:

- How effective was the home page?
- Was navigating the website easy?
- Does the website meet tourist needs?
- Does the website meet industry needs?

3.2.1 How effective was the home page?

As the first point of contact for potential tourists, an effective home page needs to briefly indicate what Tasmania has to offer and attract visitors to further explore the website.

We formed the view that the page had a number of deficiencies that reduced its effectiveness:

- The home page was too big (one screen wide but four screens long) and crammed full of information. It also focused on the current campaign. Consequently, visitors had to scroll down some distance to obtain an overview of information available.
- Although the tagline *A world apart, not a world part* was clear; the welcoming text was neither prominently displayed nor visible without scrolling.
- The volume of information obscured teasers and deals intended to entice further exploration of the site.

Recommendation 5

We recommend that Tourism Tasmania simplifies the *Discover Tasmania* website's homepage in line with best practice standards.

3.2.2 Was navigating the website easy?

Ease of navigation is another vital element of website design as users will quickly steer away from websites that are hard to use. People approach websites in two different ways; some will look for a search box as soon as they enter the site, while others will first browse.

Search engine

Discover Tasmania included a search engine. We asked a group of volunteers from the Tasmanian Audit Office to plan a holiday in Tasmania, including booking of accommodation, transport and activities. All agreed that the search engine increased the functionality of the website.

However, when we tested the search engine against best practice criteria we noted the following deficiencies:

- It did not always produce expected results, e.g. a known fishing business was not returned by the search term 'fishing'.

- There was inconsistency in the number of results returned for similar searches, e.g. ‘car hire’ returned more results than ‘vehicle hire’.
- The existence on the page of multiple search boxes was confusing, e.g. accommodation, location and keyword search boxes.
- It did not give users sufficient search refinement options, e.g. the search term ‘fishing’ found 295 listings in three categories but only allowed sorting by price.

Browsing

Discover Tasmania allowed for browsing and navigation around its 344 pages. We found consistent controls for moving forwards and backwards between pages. We also noted clear site identification and links to the home page on each page.

However, we formed the view that navigation had a number of deficiencies, compared with the design principles put forward by a highly respected usability consultant⁴:

- Some links opened an external website without an obvious way to return to the Discover Tasmania website. Better techniques are to open the external site in a new page or to open the external site within a frame in the existing Discover Tasmania page.
- We were not always clear as to our location within the site. That situation was partly due to the non-use of navigation aids such as ‘breadcrumbs’ and tabs⁵.
- Pages were unreasonably long, largely due to overuse of text. A consequence was that hyperlinks were not always obvious.
- Pages were very busy with numerous and largely unstructured information items, forms (e.g. an accommodation selection form) and multiple sets of links.

To test these findings, we asked our volunteers to plan a holiday in Tasmania. We asked the participants to ‘book’ accommodation, transport and activities. Some users were directed to the *Discover Tasmania* website while others were asked to perform the tasks

⁴ *Don't make me think!: a common sense approach to web usability* 2nd ed. Krug, Steve. New Riders Publishing, Berkeley, California. 2006

⁵ The term ‘breadcrumb’ recalls the fairy story where Hansel dropped bread crumbs in the woods so he and Gretel could find their way back home. In websites, breadcrumbs also provide a trail as in the example: *Home/Accommodation/Bed and Breakfast/Richmond/...*

without any guidance. Participants who found the *Discover Tasmania* site often preferred other travel-related sites and were critical that *Discover Tasmania*:

- was too wordy and complicated and deals tended to be hard to spot on the web pages
- appeared lacking in obvious links.

In summary, the findings made in relation to better practice were supported by the practical assessment.

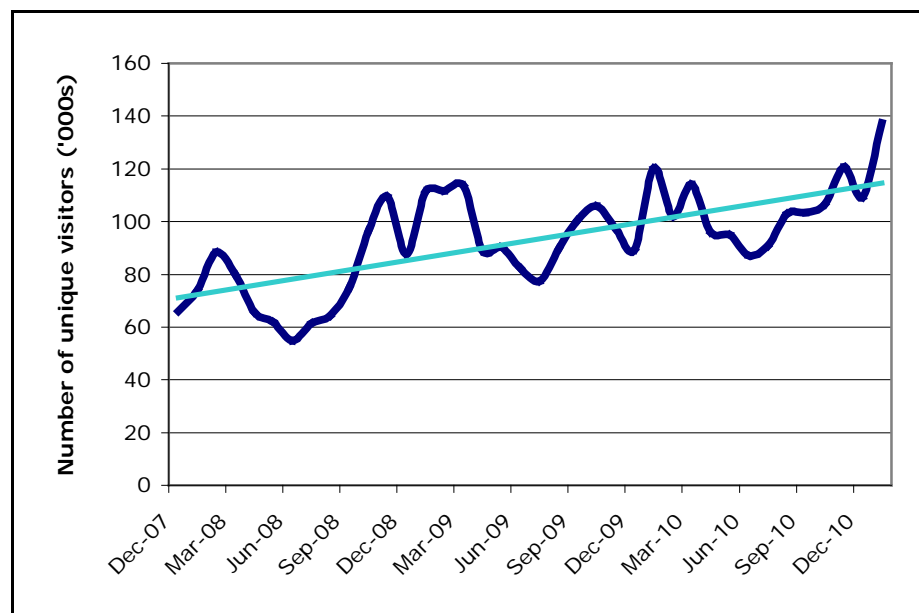
Recommendation 6

We recommend that Tourism Tasmania aligns the *Discover Tasmania* website to best practice design standards.

3.3 *Had the website been well received by tourists?*

We obtained data from Tourism Tasmania regarding the number of first-time visitors to *Discover Tasmania*, as shown by Figure 1.

Figure 1: Number of visitors to *Discover Tasmania* — Dec 2007 to Dec 2010



Although variable, the number of first-time visitors to the website more than doubled from 66 000 in December 2007 to 137 000 in three years later. The trend line also shows a substantial increase over the three-year period. Those results indicated growing use and acceptance of *Discover Tasmania*.

3.4 *Did the website meet industry needs?*

At the time of the audit, it was estimated that Tasmania had around 2450 tourism businesses. One of the main aims of *Discover Tasmania* was to facilitate accommodation and activities bookings

through the website. To that end, Tourism Tasmania provided coaching and resources to encourage on-line marketing and bookings. We saw the number of businesses offering on-line bookings as a proxy for industry acceptance. Accordingly, we noted a 120 per cent increase in business use of *Discover Tasmania's* booking facilities over the eighteen months from June 2009 to December 2010. To some extent, that increase probably represented growing confidence in e-commerce by consumers. Nonetheless, the magnitude of the rise persuaded us that there was increasing acceptance by industry.

3.5 *Conclusion*

We identified a number of areas in which the website did not meet best practice. Nonetheless, steady increase in uptake by business and visitors indicated that the *Discover Tasmania* website was increasingly meeting the needs of business and tourists.

Independent auditor's conclusion

Independent auditor's conclusion

This independent conclusion is addressed to the President of the Legislative Council and to the Speaker of the House of Assembly. It relates to my performance audit assessing the effectiveness of Tourism Tasmania with respect to its promotional campaigns and advertisements, implementation of planned strategies and initiatives and its websites.

In developing the scope of this audit and completing my work, Tourism Tasmania provided me with all of the information that I requested. There was no effort by any party to the audit to limit the scope of my work. This Report is a public document and its use is not restricted in any way by me or by any other person or party.

Responsibility of Tourism Tasmania

Tourism Tasmania is responsible for developing and implementing systems and processes aimed at ensuring its activities and functions are effective.

Auditor-General's responsibility

In the context of this performance audit, my responsibility was to express a conclusion on whether or not Tourism Tasmania is effective by reference to its promotional campaigns and advertisements, implementation of planned strategies and initiatives and its websites.

I conducted my audit in accordance with Australian Auditing Standard ASAE 3500 *Performance engagements*, which required me to comply with relevant ethical requirements relating to audit engagements. I planned and performed the audit to obtain reasonable assurance whether Tourism Tasmania's promotional campaigns and advertisements, implementation of its planned strategies and initiatives and its websites are effective.

My work involved obtaining evidence based on examining Tourism Tasmania's programs used to market the state as a tourist destination, strategic planning documents for 2006–10 and its performance from July 2008 to December 2010.

The audit criteria I applied were aimed at addressing the following effectiveness aspects:

- Were promotional campaigns evidence-based?
- Were proposed business strategies implemented?
- Was the *Discover Tasmania* website effective?

To conduct the audit, I:

- assessed Tourism Tasmania's performance against its own goals and strategies
- examined evidence supporting Tourism Tasmania's progress towards meeting particular goals and strategies
- interviewed relevant Tourism Tasmania staff
- evaluated the content and performance of the website www.discovertasmania.com.

I believe that the evidence I have obtained was sufficient and appropriate to provide a basis for my conclusion.

Auditor-General's conclusion

Based on the audit objective, scope and criteria and for reasons outlined in the remainder of this Report, it is my overall conclusion that:

- Decisions relating to Tourism Tasmania's overall strategy were at least partially based on available evidence but better reference was needed to previous campaigns, focus groups and visitor surveys and clear and measurable objectives were needed.
- Tourism Tasmania's strategies, as noted in its 2006–09 corporate plan and in other strategic documents, while largely implemented, were often lacking in clarity.
- A number of areas were identified in which Tourism Tasmania's *Discover Tasmania* website did not meet best practice although this website was increasingly meeting the needs of business and tourists.

This Report contains six recommendations which are aimed at further enhancing Tourism Tasmania's effectiveness.

H M Blake

Auditor-General

1 September 2011

Recent reports

Recent reports

	Tabled	Special	Title
		Report	
		No.	
Sep	2008	75	Executive termination payments
Nov	2008	76	Complaint handling in local government
Nov	2008	77	Food safety: safe as eggs?
Mar	2009	78	Management of threatened species
May	2009	79	Follow up of performance audits April–August 2006
May	2009	80	Hydro hedges
Jun	2009	81	Contract management
Aug	2009	82	Head of Agency contract renewal
Oct	2009	83	Communications by Government and The Tasmanian Brand project
Oct	2009	84	Funding the Tasmanian Education Foundation
Nov	2009	85	Speed-detection devices
Nov	2009	86	Major works procurement: Nation Building projects, Treasurer's Instructions 1299 and 1214
Jun	2010	87	Employment of staff to support MPs
Jun	2010	88	Public Trustee — management of deceased estates
Jun	2010	89	Post-Year 10 enrolments
Jul	2010	90	Science education in public high schools
Sep	2010	91	Follow of special reports: 62–65 and 70
Oct	2010	92	Public sector productivity: a ten-year comparison
Nov	2010	93	Investigations 2004–2010
Nov	2010	94	Election promise: five per cent price cap on electricity prices
Feb	2011	95	Fraud control
Apr	2011	96	Appointment of the Commissioner for Children
May	2011	97	Follow of special reports 69–73
Jun	2011	98	Premier's Sundry Grants Program and Urban Renewal and Heritage Fund
Jun	2011	99	Bushfire management
Jul	2011	100	Financial and economic performance of Forestry Tasmania

Current projects

Current projects

Performance and compliance audits that the Auditor-General is currently conducting:

Title	Subject
Out-of-home care	Assesses the effectiveness of some aspects of the efficiency of out-of-home care as an element of child protection.
TasPorts amalgamation	Assesses whether the promised benefits of amalgamation have been achieved.
Planning approval in Tasmania	Examines the planning approval process and will include the role of the Tasmania Planning Commission.
Follow up of special reports	Measures the extent to which audit clients implemented recommendations from Special Reports 75–81, tabled between September 2008 and June 2009.
Project to replace the Motor Registry System	Examines the effectiveness of the project management used to implement the state's new Motor Registry System.
Public Trustee	Reviews management of funds held in trust by the Public Trustee related to Victims of Crime compensation and similar funds.

AUDIT MANDATE AND STANDARDS APPLIED

MANDATE

Section 23 of the *Audit Act 2008* states that the Auditor-General may at any time carry out an examination or investigation for one or more of the following purposes:

- "(a) Examine the accounting and financial management information systems of the Treasurer, a statement or subsidiary of a State entity to determine their effectiveness in achieving or monitoring program results;
- (b) Investigating any matter to the account of the Treasurer, a State entity or a subsidiary of a State entity;
- (c) Investigating any matter relating to public money or other money, or to public property or other property;
- (d) Examining the compliance of a State entity or a subsidiary of a State entity with written laws or its own internal policies;"

The conduct of such audits is often referred to as compliance auditing.

- "(e) Examining the efficiency, effectiveness and economy with which a related entity of a State entity performs functions -
 - i) on behalf of the State entity;
 - ii) partnership or jointly with the State entity; or
 - iii) as the delegate or agent of the State entity."

The conduct of such audits is often referred to as performance auditing.

STANDARDS APPLIED

This audit was performed in accordance with Standard on Assurance Engagements ASAE 3500, 'Performance Engagements', which states that:

'The objective of a performance engagement is to enable the assurance practitioner to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party by reporting on assertions, or information obtained directly, concerning the economy, efficiency or effectiveness of an activity against identified criteria.'

The audit included such tests and other procedures considered necessary in the circumstances.



Tasmanian Audit Office

Photo courtesy of Tourism Tasmania and George Apostolidis

Phone (03) 6226 0100
Fax (03) 6226 0199
email admin@audit.tas.gov.au
Web www.audit.tas.gov.au

Address Level 4, Executive Building
15 Murray Street, Hobart
Postal Address GPO Box 851, Hobart 7001
Office Hours 9am to 5pm Monday to Friday

Launceston Office

Phone (03) 6336 2503
Fax (03) 6336 2908

Address 2nd Floor, Henty House
1 Civic Square, Launceston