

# SOUTH AUSTRALIAN TOURISM COMMISSION



Hon Leon Bignell MP  
Minister for Tourism  
GPO Box 1671  
ADELAIDE SA 5001

Dear Minister

I refer to the letter dated 8 July 2014, received from the Premier, Hon Jay Weatherill, and your subsequent letter dated 7 August 2014, regarding the reform of South Australian government boards and committees.

The South Australian Tourism Commission (Commission) Board and I have had extensive discussions and engagement with a number of business leaders, including Australian Hotels Association, Tourism Transport Forum (TTF), Australian Tourism Export Council, previous Commission directors, key industry leaders, South Australian Regional Tourism Chairs and previous South Australian Tourism Ministers to obtain informed advice and opinion into the ongoing value and purpose of the Commission Board. This input was sought to ensure that we not only retain objectivity in our thinking, but also that our submission is consistent with the views of the tourism industry and key stakeholders.

The Commission Board strongly agrees that the reform of South Australian government board and committees is important and timely; many existing boards and committees have become irrelevant due to changing community, social and economic imperatives and rationalisation of these boards and committees is a credit to the State Government.

With regard to the Commission Board, we firmly believe that the Board should continue, it has an essential role to play for government and the tourism industry in ensuring that tourism drives economic development for the State more holistically. This purpose remains an ongoing concern and is consistent with the objectives of establishing the Commission when it was created under the *South Australian Tourism Act 1993* (the Act). This is particularly timely given that the Premier has identified tourism as one of the economic priorities for the State which will form the basis for the reform and growth agenda for South Australia. The Act recognises the commercial nature of the strategic activities that the Commission undertakes aimed at securing the economic and social benefits for the people of South Australia while growing employment more broadly in South Australia.

The advantages of the ongoing retention of a commercially oriented and independent skills based board for the Commission include:

- The Commission Board plays a crucial role in challenging the Commission to be innovative in how it inspires international and domestic consumers to view South Australia, and ultimately drive demand for our product and experiences. The Board directs and ensures the Commission is measured and accountable in developing and implementing transparent commercial measures. This has been crucial in building stakeholder investment and confidence in the Commission. The Premier heard this directly from stakeholders and industry leaders at a recent TTF event in Adelaide.
- The Commission acts in a commercially sensitive environment. It receives / leverages cooperative marketing funds and corporate investment/sponsorship for its events and marketing activities amounting to more than \$10 million. This investment could be

potentially at risk if investors are not assured there is a suitable corporate structure and governance in place at the Commission to manage and protect their investment; particularly given the perceived lack of the corporate sector's appetite to work directly with government.

- Without the Board governance structure, the Government would risk business investment to leverage current funding and community confidence given the role tourism has been identified to play in South Australia's economic future.
- The Board and commercial structure allow the Commission to retain and attract commercially orientated personnel that are solution-based and outcome orientated.
- The abolition of the Board and the subsequent loss of commercial focus for the Commission could result in the State risking its reputation and the confidence of industry and interstate and national tourism entities as it could be seen as a downgrading of the value and role of tourism in South Australia.
- The commercial orientation of what the Commission undertakes and drives is a foundation for the vibrancy in our city and is an underlying contributor to the overall positioning and brand of the State. This commercial orientation and thinking also supports investment and growth in this dynamic sector.

In establishing a Board of directors as the governing body of this Government Enterprise which is subject to the control and direction of the Minister, the Act provides a clear separation and the right balance between the political element inherent in government and the focused objective view that only a Board can bring to the commerciality and complexity of the tourism industry. This is particularly relevant given the industry is diverse and made up of more than 18,000 small to medium size businesses with a wide / varied range of stakeholders. This separation importantly provides protection for the Government by allowing an 'arms length' arrangement for commercial operandi.

The range of skills and expertise that an independent board brings to the role of governance for the Commission is also significant and particularly relevant to enable the agency to meet its transparent stated tourism objectives. A commercially orientated skills based Board also broadens the capability and thinking of the Chief Executive, critical when cutting edge consumer orientated creative thinking is fundamental to stay ahead in this fast moving consumer sector.

The Board of the Commission is an instrumentality of the Crown that is truly commercial in nature. This commerciality is reflected in the wide range of partners, such as airlines, tourism wholesalers and corporate sponsors with whom the Commission is required to engage that assists in building the distribution and capability of the travel industry in South Australia. At the same time it provides the Minister and the Government with the confidence that the commercial risks that the Commission necessarily embarks upon have been carefully and independently assessed and considered by an independent and skills based Board.

The abolition of the Board would leave the Commission without independent governance and encourage a public perception that the Commission and its interaction with the many industry stakeholders will be largely governed by political considerations.

The Commission undertakes co-operative consumer marketing campaigns with private sector partners and its spend on domestic and international distribution partner co-operative marketing funds, generate millions of dollars' worth of campaign activity that feature South Australia. These partners include international airlines, events, travel, wholesalers and on-line operators and the removal of the Board which has a commercial focus and expertise will jeopardise the ability and confidence of the industry and the wider business sector to invest and engage actively in tourism promotion.

The Commission Board makes a point of holding its meetings in the regions as well as in the city, which has been a most effective conduit for direct community and sectorial representation in sectors which are as diverse as tourism operators, Local Government, State Government agencies and other stakeholders. A good example of the wide engagement with industry and community across the State is the development and launch of the *South Australian Tourism Plan 2020*. This Plan is strategic in structure, clear in its opportunity for South Australia and importantly transparent in performance measurements that will track delivery on a transparent and structured basis.

With consideration to the Premier's mandate of rationalising boards and committees, the Commission Board also considered ways in which it could integrate other commercial entities to improve efficiencies of scale for the Government.

Specifically, we believe that the Motor Sport Board could be abolished and merged into the functions of the Commission Board. With the core function of running of the Clipsal 500 it is clear that the Commission's events and marketing arms could significantly add benefit to the management and operations of the Clipsal. Having one commercial board and having Clipsal managed through Events South Australia will improve economies of scale, reduce overheads and leverage marketing opportunities.

In summary, our recommendations are:

- Retain a skills based commercially orientated Board for the Commission that will continue to engage the industry and community and importantly, drive economic growth for South Australia for the long term as identified in the Government's economic framework for our State.
- Integrate the functions of the Motor Sport Board into the Commission to achieve economies of scale and better integration of event management for the Government. The skills based Commission Board would ensure the strategic thinking applied to existing events managed by Events South Australia is carried through.
- Reduce the number of Board directors on the Commission Board. The reduction in directors and the abolishment of the Motor Sport Board will achieve further efficiencies.
- Retaining a skills-based Board for the Commission will ensure the thinking and long term opportunities are clear and challenged in the leadership and approach adopted by the agency, critical to drive sector growth and long term job creation for SA.

If the Commission is to achieve its long-term objective for tourism in South Australia, it is essential that an independent, commercial and skills based Board be retained to provide a connection directly with industry, investors, stakeholders and the community.

Minister, thank you for the opportunity to present our case for retaining the Commission Board; we are committed to making a difference for South Australia. As the Government outlined, tourism presents an important economic opportunity for South Australia and I hope we have provided you with clear thinking around how we believe this can be achieved strategically and commercially while engaging the community on this journey. I would be happy to talk this through in greater detail given my commitment to this important sector and our State.

Yours sincerely



Jane Jeffreys  
**CHAIR**

15/08/2014

Cc: Hon Jay Weatherill, Premier  
Warren McCann, Head of Internal Consultancy Services Group