

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Resources, Energy and Tourism Portfolio
Additional Budget Senate Estimates
23 February 2011

Question: AR3
Topic: Tourism Australia
Proof Hansard Page: Written

Senator Eggleston asked:

- 1 Mr McEvoy, are you aware of any proposal by the Government to resume Tourism Australia within the Department?
 - a. Has TA engaged in any work on such a move? What has been the cost of that work?

Answer:

Response provided during the Additional Estimates hearing on 23 February 2011¹:

“Senator EGGLESTON—First of all, Mr McEvoy, are you aware of any proposal by the government to resume Tourism Australia within the department?

Mr McEvoy—No, I am not aware of it.

Senator EGGLESTON—So that is not a proposal under consideration?

Mr Clarke—For the record, neither is the department aware of it.

Senator Sherry—Neither is the minister.”

- 2 What is the date of the most recent *Statement of Expectations* TA has received from the Minister?
 - a. Please table a copy of the most recent *Statement of Expectations*

Answer:

Response provided during the Additional Estimates hearing on 23 February 2011²:

“Ms Madden—The statement of expectations was provided to TA on 3 February 2010. It is available on the website. As noted in the paragraph, it continues in its current form from time of receipt until otherwise amended.

Senator EGGLESTON—Can you quickly highlight the main points of that?

Ms Madden—Certainly. As the document states quite explicitly, it is a statement of expectations for Tourism Australia from the Minister for Tourism. It provides detail on the role of Tourism Australia

¹ Refer Proof Committee Hansard, 23 February 2011, p.E90

² Refer Proof Committee Hansard, 23 February 2011, p.E90-91

consistent with the objects of the Tourism Australia Act. It outlines expectations and priorities. I am happy to provide a copy of this to the committee. It also highlights the relationship with the minister and reporting requirements, communication with the department and consultation with state and territory tourism organisations. It also has a brief reference to the responsibilities and expectations of the minister with regard to financial management.”

The Statement of Expectations was tabled on 23 February 2011.

- 3 What is the date of the most recent *Statement of Intent* sent from TA to the Minister?
- a. Please table a copy of the most recent *Statement of Intent*

Answer:

Response provided during the Additional Estimates hearing on 23 February 2011³:

Ms Madden—TA responded with a statement of intent to the minister on 6 April 2010.

Senator EGGLESTON—Thank you. Are we able to have a copy of that?

Ms Madden—Yes, I believe that is also available on the website.

Senator EGGLESTON—That is very easy.

Ms Madden—And we can provide a copy to the committee.”

The Statement of Intent was tabled on 23 February 2011.

- 4: Please table a current organisational structure chart for TA.
- a. Have the titles/responsibilities of any of the executive team changed in the last three months?
- b. Have any members of the executive team resigned or had their employment terminated in the last three months?

Answer:

Response provided during the Additional Estimates hearing on 23 February 2011⁴:

Senator EGGLESTON—I would like to ask you some questions about your current organisational structure. Firstly, have the titles or responsibilities of any of the executive team changed in the last three months?

Mr McEvoy—No, not in the last three months.

Senator EGGLESTON—If we were to make it the last six months, would it be a different answer?

Mr McEvoy—No, it would not.

Senator EGGLESTON—Has there been any change over the last year?

Mr McEvoy—We announced some structural change on 4 February going forward, which takes full effect on 1 July.

Senator EGGLESTON—Do you want to outline those changes briefly?

Mr McEvoy—I can. It is aligning our structure to the national long-term tourism strategy and the tourism industry potential—the future growth of the industry. As to the titles across management, obviously there is a board reporting to the minister, me as managing director and then five key areas of focus: corporate services and board secretariat, consumer marketing, destination development, marketing operations and corporate affairs and strategy. That is the structure going forward.

Senator EGGLESTON—I suppose that was really done to make your operation more effective, focused and efficient?

Mr McEvoy—Correct.

³ Refer Proof Committee Hansard, 23 February 2011, p.E91

⁴ Refer Proof Committee Hansard, 23 February 2011, p.E91

Senator EGGLESTON—Do you think it will? Is it too early to tell?

Mr McEvoy—It is too early to tell. We announced it on 4 February and now we are working through it. It is very much intended to line up with the strategy for the next decade to improve capability and, to your point, make it more efficient and effective.”

A current organisational chart is below.

Organisational Chart for Tourism Australia - current as at 22 March 2011.

Tourism Australia Organisational Structure



- 5 Were any corporate cost saving initiatives implemented by Tourism Australia in 2010-11 or in 2009-10?
- What was the value of each cost saving, the total cost of all initiatives each year?
 - Is the cost saving ongoing or temporary?

Answer:

Cost management within Tourism Australia is ongoing to ensure the most efficient and effective allocation of resources to marketing programs.

- 6 What is the total cost of all wages for Tourism Australia employees? Can TA provide a five year comparison of staffing numbers and staffing costs (2006-07 to 2010-11), taking out Tourism Research Australia employees in the earlier years to allow for like-on-like comparison?

Answer:

2006-07: (i) 228; (ii) \$24.8 million
 2007-08: (i) 193.4; (ii) \$26.9 million
 2008-09: (i) 205.11; (ii) \$25.1 million
 2009-10: (i) 205.11; (ii) \$27.4 million
 2010-11: (i) 210.67; (ii) \$25.5 million

- 7 What is the number of premises leased for use by Tourism Australia?
- What is the per square metre, and total rental costs per annum, for each premise?
 - What is the address of each premise leased for use by Tourism Australia?
 - Where TA joins another agency or department in a premise, what, if any, contribution is made by TA to the operating expenses of that premise?

Answer:

- (a) Please see table below.
 (b) Please see table below.
 (c) Tourism Australia shares the lease of 13 London with the Department of Foreign Affairs. The financial contribution made towards operating expenses is AUD14 per sq ft per annum.

Office		Address	Cost per sq metre	Total rental costs per annum
1	Los Angeles	Suite 1150 6100 Center Drive Los Angeles CA 90045 USA	AUD 440	AUD 350,732
2	Hong Kong	Suite 6706 67th Floor Central Plaza 18 Harbour Road Wanchai Hong Kong	AUD 813	AUD 404,863

3	Kuala Lumpur	Suite 12-1 Faber Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur Malaysia	AUD 185	AUD 38,752
4	Seoul	20th Floor Youngpoong Building 33 Seorin-dong Chongro-ku Seoul 110-752 Korea	AUD 625	AUD 161,916
5	Shanghai	Unit 1501, 15/F Citigroup Tower 33 Hua Yuan Shi Qiao Road Lujiazui Pu Dong Shanghai 200120 China	AUD 452	AUD 182,517
6	Singapore	101 Thompson Road United Square #08-03 Singapore 307591	AUD 245	AUD 340,735
7	Mumbai	52, Nariman Bhavan 5th Floor Mumbai 400021 India	AUD 1,075	AUD 138,687
8	Tokyo	Marunouchi Trust Tower Building N, Marunouchi 1-8-1, Chiyoda-Ku, Tokyo	AUD 1,438	AUD 384,069
9	Auckland	Level 3 125 The Strand Parnell Auckland New Zealand	AUD 262	AUD 110,114
10	Sydney	Level 18, Tower 2 Darling Park 201 Sussex Street Sydney NSW 2000	AUD 573	AUD 1,334,454
11	Frankfurt	Neue Mainzer Strasse 22 D 60311 Frankfurt/Main Germany	AUD 263	AUD 75,153
12	London (Old)	Putney Australia Centre Australia House	AUD 450	AUD 250,572
13	London (New)	6th Floor Melbourne Place/Strand London UK WC2B 4LG	AUD 768	AUD 460,729

8 What are the land and buildings owned by Tourism Australia (\$754,000 value in 2010-11 at the PBS page 120)

Answer:

Response provided during the Additional Estimates hearing on 23 February 2011⁵:

“Senator EGGLESTON—Yes. Related to that, what are the land and buildings owned by Tourism Australia valued at this point in time—do we know?

Mr Le Loux—We do not own any buildings ourselves.

Senator EGGLESTON—You do not own anything at all?

Mr Le Loux—No land or buildings, no.”

⁵ Refer Proof Committee Hansard, 23 February 2011, p.E92

Tourism Australia ('TA')
Program 1.1: Industry Development

\$'000	2009-10	2010-11	2011-12	2012-13	2013-14
Program support	14,697	12,983	14,429	14,580	14,756
Total program expenses	14,697	12,983	14,429	14,580	14,756

- 9** Of the expenditure in Program 1.1 for Industry Development, what proportion of that would be spent either in Australia or in Australian dollars?

Answer:

For 2010-11 83% of total program spend (\$10.7 million) will be spent in Australian dollars.

- 10** Given funding for this program (1.1) has been reduced by \$1.7 million, or about 12 per cent this year, what is TA no longer doing this year that it was doing last year?

Answer:

Response provided during the Additional Estimates hearing on 23 February 2011⁶:

“Senator EGGLESTON—The funding for program 1.1 has reduced this year by \$1.7 million, or about 12 per cent. What is Tourism Australia no longer doing that it was doing last year—what caused that reduction?

Mr Le Loux—That reflects the residual transfer of funding to the department regarding Tourism Research Australia.

Senator EGGLESTON—According to your statements, it seems that the funding is going up again in the coming year. How is that explained?

Mr McEvoy—By ‘the coming year’ do you mean the next fiscal year, 2011-12?

Senator EGGLESTON—Yes, I do. If you can operate on a smaller budget this year with efficiencies, why, in effect, are those savings not ongoing?

Mr McEvoy—It could be things like timing. Some events we run, for example, every two years. But let us take that on notice.”

As per information provided in response to Question on Notice SR11 from the Supplementary Budget Estimates hearings held on 20 October 2010, revenue from industry sources remains unchanged. This incorporates share of direct revenue from Australian Tourism Exchange, which is part of trade development.

The overall reduction of \$1.7 million reflects the transfer of Tourism Research Australia, as Tourism Research Australia was partially accounted for in 2009-10 Tourism Australia budget.

⁶ Refer Proof Committee Hansard, 23 February 2011, p.E92

- 11 Of those research activities that remain within TA, such as consumer behaviour research and so on, has TA's procurement of, or expenditure on, research been reduced in 2010-11?

Answer:

TA's expenditure on research has decreased from \$3.1 million in 2009-10 to \$2.7 million in 2010-11.

- 12 Is it correct a \$195 registration fee is being charged for tourism industry participants to attend the 'Australian Tourism Directions Conference'. This is quite high for a participation fee, particularly where TA is seeking to "define a long-term vision for the Australian tourism industry." Is this kind of fee the result of the Government's budget cut for the current year?

Answer:

Response provided during the Additional Estimates hearing on 23 February 2011⁷:

“Senator EGGLESTON—All right. Is it correct that a \$195 registration fee is being charged for tourism industry participants to attend the Australian Tourism Directions Conference, which seems to be quite high for a participation fee, particularly where Tourism Australia is seeking to define ‘a long-term vision for the Australian tourism industry’—

Mr McEvoy—That was the fee for last year. I would argue the alternative to that: I would say that that is a fairly low fee for a high-quality tourism conference. The satisfaction rating for that conference, just for your information, was 99 per cent—so the 300-plus people who showed up believed they got value for their money.

Senator EGGLESTON—That means three did not, though, so—

Senator Sherry—I have been to a lot of conferences over a long period of time as a minister, and that is probably as good a satisfaction rating as you could ever get for a conference.

Senator EGGLESTON—I do agree; that sounds remarkably good. But was that fee the result of government budget cuts for the current year?

Mr McEvoy—No. To be honest, I think the fee was to make sure that operators who came had some skin in the game—they value it more when there is at least something. And it was a bit of cost recovery. And, as I said, it was a highly valued conference. It will become an annual conference and is sought after by the industry.”

Tourism Australia ('TA')

Program 1.2: Strengthening the travel distribution system

\$'000	2009-10	2010-11	2011-12	2012-13	2013-14
Program support	17,725	15,634	17,339	17,524	17,738
Total program expenses	17,725	15,634	17,339	17,524	17,738

- 1 Of the expenditure in Program 1.2 for strengthening the travel distribution system, what proportion of that would be spent either in Australia or in Australian dollars?

⁷ Refer Proof Committee Hansard, 23 February 2011, p.E92-93

Answer:

48.1% (\$7.5 million) of total program spend is in Australian dollars.

- 2 Given funding for this program has been reduced by \$2.1 million, or about 12 per cent this year, what is TA no longer doing this year that it was doing last year?

Answer:

Response provided during the Additional Estimates hearing on 23 February 2011⁸:

“Senator EGGLESTON—Given that the funding for this program has been reduced by \$2.1 million, or about 12 per cent, this year, what is Tourism Australia no longer doing this year that it was doing last year to have recorded that reduction in expenditure?

Mr McEvoy—We run an event called Dreamtime which is a business event showcase for our country. It happens every two years. In that year it did not occur, which is part of the reason for the reduction. There was also some loss of industry revenue for another big trade show we run called the Australian Tourism Exchange. As you would recall, that was the year of the global financial crisis, so fewer operators were able to participate. Those are the two reasons for the reduction.”

As per information provided in response to Question on Notice SR11 from the Supplementary Budget Estimates hearings held on 20 October 2010, all major events and activities under Program 1.2 have been maintained. The reduction of \$2.1 million is partly attributable to the Dreamtime trade event being held on a bi-annual basis. As the Dreamtime was not held in 2010/11, there was no budget allocation for the event.

Due to market prioritisation, trade activities in non-core markets such as South Africa, Spain and Russia were reduced. The impact of foreign exchange gains is also factored into offshore trade related activities.

- 3 Please provide a list of each trade event in which TA organised, coordinated, or participated in 2009/10 and to date in 2010/11.
- What was the name of each event.
 - Where was each event held (City/State/Country)
 - What was the financial cost to TA for each event; or what was the profit returned to TA for each event.

Answer:

Tourism Australia participated in or coordinated 33 trade shows, travel markets and trade missions during 2009-10. A list of dates and locations is at Table 1.

For 2010-11, Tourism Australia has taken part in or has planned to take part in 28 trade shows, travel markets and trade missions. A list of dates and locations is at Table 2.

⁸ Refer Proof Committee Hansard, 23 February 2011, p.E96

The aim of Tourism Australia's coordination/participation in these trade events is to provide Australian tourism businesses with opportunities to meet travel agents and wholesalers, foster new business relationships and distribution networks for Australian tourism products.

Apart from the Australian Tourism Exchange which is run by Tourism Australia, Tourism Australia does not profit from the attendance of these events.

Tourism Australia does not record trade event expenditure by specific event. Rather, each market records expenditure against trade events as a whole. As such, a market by market breakdown of trade events budget is the most accurate reflection of the cost of participating in or coordinating trade events. A market by market breakdown is at Table 3.

Table 1 – Dates and Locations of Trade Shows (2009-10)

Event	Date	Country
OzTalk North America	07/08/09–09/08/09	United States
India Mega Famil and Workshop (IMFW)	10/08/09–14/08/09	Australia (Gold Coast)
Corroboree – The Americas	11/09/09–14/09/09	Australia (Adelaide)
International French Travel Market (IFTM – formerly Top Resa)	22/09/09–25/09/09	France
Otdykh Leisure Show Moscow	22/09/09–25/09/09	Russia
Dreamtime	12/10/09–6/10/09	Australia (Sydney)
Greater China Travel Mission (GCTM)	08/11/09–2/11/09	China
World Travel Market (WTM)	09/11/09–12/11/09	United Kingdom
Team Australia Exploratory Mission to India	16/11/09–20/11/09	India
China International Travel Mart (CITM)	19/11/09–22/11/09	China
The European Incentive, Business Travel & Meetings Exhibition (EIBTM)	01/12/09–03/12/09	Spain
ATEC Meeting Place	02/12/09–03/12/09	Australia (Sydney)
International Luxury Travel Market (ILTM)	07/12/09–10/12/09	France
Vakantiebeurs (VAK)	12/01/10–17/01/10	Netherlands
G'Day USA (Los Angeles, San Francisco and New York)	13/01/10–27/01/10	United States
FITUR 2010	20/01/10–24/01/10	Spain
FESPO	28/01/10–31/01/10	Switzerland
Borsa Internazionale del Turismo (BIT)	18/02/10–21/02/10	Italy
Confex	23/02/10–25/02/10	United Kingdom
Japan Australia Mission (JAM)	24/02/10–25/02/10	Japan
Korea Travel Mission (KTM)	26/02/10	Japan
South Africa Workshop	01/03/10–05/03/10	South Africa
Asia Pacific Incentives & Meetings Expo (AIME)	02/03/10–03/03/10	Australia (Melbourne)
Internationale Tourismus Börse (ITB)	10/03/10–14/03/10	Germany
Team Australia Business Events Educational (TABEE)	15/03/10–17/03/10	China
European New Product Workshop	16/03/10–18/03/10	United Kingdom
OZTalk New Zealand	19/03/10–21/03/10	New Zealand
New Product Workshop USA	25/03/10–26/03/10	United States
ATEC Symposium	20/04/10–23/04/10	Australia (Hobart)
'See Australia' Latin Famil Workshop	30/04/10	Australia (Sydney)
Corroboree Europe	06/05/10–08/05/10	Australia (Melbourne)
The Worldwide Exhibition for Incentive Travel, Meetings & Events (IMEX)	25/05/10–27/05/10	Germany
Australian Tourism Exchange (ATE)	29/05/10–04/06/10	Australia (Adelaide)

Table 2 - Dates and Locations of Trade Shows (2010-11)

Event	Date	Country
India Travel Mission 2010	30/08/10-1/09/10	India
Japan Australia Mission (JAM) Downunder	06/09/10-08/09/10	Australia
Corroboree – The Americas	10/09/10-13/09/10	Australia
South East Asia Mission (SEAM) 2010	20/09/10-22/09/10	Vietnam
International French Travel Market (IFTM – formerly Top Resa)	21/09/10–24/09/10	France
Otdykh Leisure Show Moscow	21/09/10–24/09/10	Russia
Greater China Travel Mission (GCTM)	31/10/10-3/11/10	China
World Travel Market (WTM)	08/11/10–11/11/10	United Kingdom
China International Travel Mart (CITM)	18/12/10-21/12/10	China
The European Incentive, Business Travel & Meetings Exhibition (EIBTM)	31/11/10–02/12/10	Spain
ATEC Meeting Place	02/12/10	Australia (Sydney)
International Luxury Travel Market (ILTM) 2010	06/12/10–09/12/10	France
Vakantiebeurs (VAK)	11/01/11–16/01/11	Netherlands
G'Day USA (Los Angeles, San Francisco and New York)	15/01/11–31/01/11	United States
FITUR 2011	19/01/11–23/01/11	Spain
FESPO	27/01/11–30/01/11	Switzerland
European New Product Workshop	08/02/11-10/02/11	United Kingdom
Asia Pacific Incentives & Meetings Expo (AIME)	15/02/11-16/02/11	Australia
Borsa Internazionale del Turismo (BIT)	17/02/11–20/02/11	Italy
Confex	01/03/11-03/03/11	United Kingdom
Internationale Tourismus Börse (ITB)	09/03/11–13/03/11	Germany
Australian Tourism Exchange (ATE) 2011	02/04/11-08/04/11	Australia (Sydney)
'See Australia' Latin Famil Workshop	05/05/11	Australia
Korea Workshop and Famil	10/05/11	Australia
Australia Roadshow BEA	12/05/11-26/05/11	Asia
ATEC Symposium	17/05/11- 20/05/11	Australia
Corroboree Europe	02/06/11-05/06/11	Australia (Darwin)
The Worldwide Exhibition for Incentive Travel, Meetings & Events (IMEX)	24/05/11–26/05/11	Germany

Table 3 - Spend on Trade Events by Market

Market	2009/10	2010/11
	\$000s	\$000s
Australia	2,860	4,832
New Zealand	9	1
USA	678	769
Canada	23	-
United Kingdom	1,370	1,051
Nordic	29	-
Germany	298	223
Italy	116	88
France	116	107
Netherlands	73	62
Switzerland	31	37
Rest Of Europe	-	55
Spain	36	-
Russia	50	-
Japan	345	190
Hong Kong	20	14
China	440	357
South Korea	179	48
Singapore	4	5
India	430	203
Rest of South Asia	-	224
Gulf	92	-
Total TA Markets	7,198	8,267

- Note: 2009-10 refers to actual expenditure; 2010-11 refers to budgeted expenditure.

4 As at 1 July 2010, what is the number of travel agents in the ‘Aussie Specialist Program’?

a. What was the number at 1 July 2009?

Answer

Response provided during the Additional Estimates hearing on 23 February 2011⁹:

“**Mr McEvoy**—The Aussie Specialist Program is an international program. It is not something we run in Australia. There are, I think, somewhere around 25,000 international travel agents who are registered to participate. Something like more than 13,000 or 14,000 have actually gone through the training and the modules. In Australia the travel distribution system is very important, but consumers are also much closer to the product and are more likely to book. We do not have to train the local travel agents on the Australian product—they know it well—whereas globally when we create consumer interest we need to make sure that we have those agents well able to sell, so we run the training program internationally.

⁹ Refer Proof Committee Hansard, 23 February 2011, p.E97

Senator EGGLESTON—What countries are they in?

Mr McEvoy—Pretty much every country we are in, all across the world. I think there would be more than 20 countries which have Aussie Specialist agents.

Senator EGGLESTON—Which country has the highest number?

Mr McEvoy—The US has almost 2,000 Aussie Specialist agents. In fact it was interesting with the Oprah Winfrey project that in anticipation of capitalising on that we had more than 300 agents go through their eight-hour module in a week just so that they could be a part of it. So it is a very strong program there, a very strong program in the UK and a very strong program through Europe and Asia.”

As per information supplied in response to Parliamentary Question on Notice 64 (October 2010): In July 2010 there were 11,734 Qualified Aussie Specialists and in July 2009 there were 11,059 Qualified Aussie Specialists.

- 5 As per the KPI for Program 1.2, what is the per cent of stakeholders indicating that TA helps their business? Please provide a five year history of this KPI as achieved by TA.

Answer:

Initial response provided during the Additional Estimates hearing on 23 February 2011¹⁰:

“**Mr McEvoy**—We will take it on notice. We do an annual stakeholder survey from which we can provide that information. We do not have it here, so we will provide that on notice.

Senator EGGLESTON—If you would, thank you very much.”

As per information previously supplied in response to Parliamentary Question on Notice 65 (October 2010): According to the 2009-10 Stakeholder Satisfaction Survey, 81% of respondents rated the value of Tourism Australia’s functions to their business as “excellent”, “very good” or “good”.

According to the 2007-08 Stakeholder Satisfaction Survey, 80% of respondents rated the value of Tourism Australia’s functions to their business as “excellent”, “very good” or “good”.

According to the 2005-06 Stakeholder Satisfaction Survey, 85% of respondents rated the value of Tourism Australia’s functions to their business as “excellent”, “very good” or “good”.

Stakeholder Satisfaction surveys are conducted every second year.

¹⁰ Refer Proof Committee Hansard, 23 February 2011, p.E97

Tourism Australia ('TA')

Program 1.3: Increase demand for Australia as a destination

\$'000	2009-10	2010-11	2011-12	2012-13	2013-14
Program support	128,714	113,507	125,858	127,204	128,763
Total program expenses	128,714	113,507	125,858	127,204	128,763

- 1 What is the total budget for Business Events Australia, and of this total budget what is the split between government and industry funding, for:
 - a. 2009-10; 2010-11; 2011-12; 2012-13; 2013-14

Answer:

For 2009-10 the actual budget for Business Events Australia was (i) \$4.1 million with an additional \$1.16 million in industry revenue. In 2009-10 Business expenditure included \$1 million from the \$9 million stimulus. Total: \$5.3 million.

For 2010-11 the estimated budget for Business Events Australia is \$3 million with an additional \$1.06 million from industry revenue. Total: \$4.06 million.

For 2011-12 the estimated budget for Business Events Australia is \$3 million with an additional \$1.06 million from industry revenue. Total: \$4.06 million.

For 2012-13 the estimated budget for Business Events Australia is \$3 million with an additional \$1.06 million from industry revenue. Total: \$4.06 million.

For 2013-14 the estimated budget for Business Events Australia is \$3 million with an additional \$1.06 million from industry revenue. Total: \$4.06 million.

Please note: the above figures excludes remuneration, depreciation & support costs.

- 2 Of the remaining funding available for leisure consumer marketing, what is the financial allocation to domestic marketing for:
 - a. 2009-10; 2010-11; 2011-12; 2012-13; 2013-14

The budgeted allocation for domestic leisure consumer marketing is as follows:

2009-10	\$8.6 million (actual expenditure)
2010-11	\$8.5 4 million (per budget revision)
2011-12	\$8.5 million (per preliminary budget)
2012-13	\$8.5 million (per preliminary budget)
2013-14	\$8.5 million (per preliminary budget)

Please note: the above figures excludes remuneration, depreciation and support costs.

- 3 Of the remaining funding available for leisure consumer marketing, what is the financial allocation for international marketing for each international market (eg. China, Japan, UK etc.) and what is the currency in which marketing is procured for that market, for:
 - a. 2009-10; 2010-11; 2011-12; 2012-13; 2013-14

Answer:

Please see table below for expenditure by market.

<i>Market</i>	<i>Currency</i>	2009-10	2010-11
		TA Net (Actual)	TA Net (Budget Revision)
New Zealand	NZD	-	1,867,522
USA	USD	5,822,370	7,006,096
Canada	CAD	1,005,084	854,258
Latin America	USD	225,905	138,692
United Kingdom	GBP	5,704,024	5,157,362
Ireland	EUR	224,742	141,990
Germany	EUR	1,875,074	2,226,570
Italy	EUR	184,901	284,225
France	EUR	1,816,491	1,566,368
Netherlands	EUR	213,126	373,160
Switzerland	EUR	294,006	344,230
Rest of Europe	EUR	97,576	65,348
Japan	YEN	3,472,735	3,361,587
Hong Kong	HKD	245,571	444,450
China	CNY	4,069,429	4,914,312
Taiwan	TWD		297,674
South Korea	KRW	1,237,038	1,320,257
Singapore	SGD	672,464	1,232,634
Malaysia	MYR	705,678	1,116,120
India	INR	631,709	2,232,934
SE Asia Regional	SGD	313,261	260,477
Vietnam	USD	38,409	71,523
Indonesia	USD	76,528	97,370

- 4 Mr McEvoy, could you perhaps take the committee through these ‘stretch goals’ that everyone in the industry is talking about.
- What are Tourism Australia’s ‘stretch goals’?
 - Do you believe you have the resources to meet these goals?

Answer

(a): The “stretch goals”, known as the 2020 Tourism Industry Potential, is an industry goal that Tourism Australia and the Department of Resources, Energy and Tourism led work on. The 2020 Tourism Industry Potential provides a vision that the industry and all levels of government can rally behind, a unifying direction to improve performance and maximise opportunities.

The Potential is focused on overnight visitor expenditure. By 2020 the Potential is estimated to be between \$115 billion and \$140 billion in overnight expenditure. Adding in day trips, total expenditure is estimated to be between \$135 billion and \$160 billion.

A range approach has been used to allow for various scenarios. The upper end of the range represents a path of growth where the tourism industry has achieved market shares in source markets better than those achieved earlier this decade, while the lower end of the range allows for the impact of a range of shocks (economic, health, terrorism) or current market shares.

Overnight expenditure (nominal dollars) is the primary measure of the Tourism Industry Potential. Domestic day trips have not been included in the Industry Potential. The Industry Potential focuses on overnight tourism expenditure.

Key markets in the analysis are below. The table shows where expenditure growth will come from and will be the focus of effort. China stands out with strong growth from a large base of visitors.

	<u>Lower</u>	<u>Upper</u>
China	\$4.6B - \$6.3B	
UK	\$2.1B - \$3.3B	
USA	\$2.2B – \$3.2B	
Sth Korea	\$1.6B – \$2.2B	
NZ	\$1.5B – \$2.2B	
Japan	\$1.2B – \$1.8B	
Singapore	\$1.2B – \$1.7B	
India	\$1.1B – \$1.5B	
Malaysia	\$1.1B – \$1.5B	
Germany	\$0.8B – \$1.3B	
France	\$0.6B – \$0.8B	

Both the low and high Potential scenarios imply significant additional economic benefits at 2020.

Achievement of the upper band of the Potential will mean:

- a doubling of overnight expenditure from \$70 billion in 2009 to as high as \$140 billion in 2020;
- an increase in tourism's contribution to GDP from 2.6% in 2009 to up to 3.0% in 2020;
- an increase in tax revenues from tourism from \$9.3 billion in 2009 to as high as \$14.5billion in 2020; and
- increased net exports of up to \$6.7 billion.

The supply side strategic focus is aligned with the National Long-Term Tourism Strategy and needs to be underpinned by microeconomic reform. To progress the National Long-Term Tourism Strategy, the Tourism Ministers' Council established nine Working Groups to implement the reforms necessary to increase Australia's productive capacity.

On the demand side, Tourism Australia is working on a dedicated strategy that aims to achieve the upper band of the Potential.

Key areas of strategic emphasis include:

- Focus on the consumer – a global consumer that is predisposed to Australia and spends more.
- Industry development – using customer understanding to influence investment and quality (National Tourism Accreditation Framework).
- Aviation partnerships – that will help grow profitable capacity.
- A dedicated China Plan – recognising China's importance to Australia's long term future and building on more than a decade of foundation work in China.
- A continued global markets strategy and partnership with Australian industry to achieve the Potential.

There has been significant consultation in the development of the 2020 Tourism Industry Potential. This included all state and territory tourism organisations, the National Long-Term Tourism Strategy Working Groups, industry associations and many industry leaders.

National tourism organisations – The Tourism and Transport Forum, Australian Tourism Export Council, National Tourism Alliance – and the businesses and associations they represent are highly supportive of the plan to deliver the Potential. At the October 2010 Tourism Ministers' Council meeting, federal, state and territory tourism ministers committed to working towards achieving the 2020 Tourism Industry Potential.

The Council also agreed to progress the National Long-Term Tourism Strategy towards reaching Australia's 2020 Tourism Potential and called on industry and government to work together to address demand and supply side challenges which could limit Australia's tourism industry reaching its Potential.

(b): The 2020 Tourism Industry Potential is in essence a goal for industry. It is understood that the Australian tourism industry currently has the resources to achieve the 2020 Tourism Industry Potential, but resources and efforts need to be focussed in the right direction to do so. The achievement of the 2020 Tourism Industry Potential requires co-operation by government and industry particularly around labour and skills, investment attraction and aviation growth. Tourism Australia is consulting broadly with both industry and government to bring them on board to support the achievement of the 2020 Tourism Industry Potential.

Tourism Australia is currently restructuring to better align organisational structure to the 2020 Tourism Industry Potential and National Long Term Tourism Strategy. The aim is to improve TA's capabilities in the key areas of marketing, distribution, investment attraction, airline capacity growth and partnerships.

Questions transferred from Tourism Related Initiatives and Management

- 1** For 2009-10 and 2010-11 to date, what was the total contribution of industry sources to each Tourism Australia campaign or trade event?
 - a. Please list the amount contributed by industry source.

Answer:

The contribution from industry sources to Tourism Australia campaigns are as follows:

2009-10: \$6.62 million

2010-11: \$4.56 million

The contribution from industry sources to Tourism Australia trade events are as follows:

2009-10: \$6.91 million

2010-11: \$7.54 million

- 2** Regarding the Business Events Strategy Implementation Group (BESIG):

Question (a): What is the budget provided for the operation of the Group?

Answer:

The Business Events Strategy Implementation Group (BESIG) has acted as a coordination mechanism for the work of its members. The BESIG completed its work in December 2010. No budget was directly provided for the operation of the Group, although some minor costs were incurred by Tourism Australia in providing secretariat services for BESIG.

Question (b): What secretariat services are provided for the Group?

Answer:

Tourism Australia provided secretariat services for BESIG throughout 2010. Secretariat services included hosting BESIG meetings at the Tourism Australia offices; preparing meeting agenda, papers and minutes; drafting BESIG's report to the Minister for Tourism; and supporting BESIG's Chair, Mr Jim Starkey.

Question (c): What are the members of the Group?

Answer:

In December 2010, BESIG members included:

- JCS Consulting, Mr Jim Starkey (Chair)
- Business Events Council of Australia, Ms Elizabeth Rich
- Melbourne Convention + Visitors Bureau, Ms Sandra Chipchase
- Meetings & Events Australia, Ms Linda Gaunt
- Australian Hotels Association, Ms Juliana Payne

- Tourism Australia, Ms Philippa Cocks
- Department of Resources, Energy and Tourism, Mr Wayne Calder
- Department of Resources, Energy and Tourism, Ms Melanie Cresswell
- Austrade, Mr Peter Yuile

Question (d): What are the 19 recommendations of the Business Events Strategy the BESIG has been tasked to implement? Please list.

Answer:

The following extract from the BESIG terms of reference identify the recommendations the BESIG was tasked with implementing.

“The BESIG was responsible for identifying and undertaking the tasks required for the effective implementation the following recommendations from the National Business Events Strategy:

1. That the BESIG promotes, increased co-ordination between the business events industry and the Australian Government, including through regular meetings of the BESIG (ie at least twice annually).
2. That the business events industry and Tourism Australia continue to strengthen their collaborative efforts through joint ventures.
3. That business events industry organisations allocate an annual budget for research and BECA play a coordinating role to ensure research investments are maximised.
4. That the business events industry and the Australian Government agree on the base of available research results which can be used regularly to determine the performance of the industry and review performance on a regular basis.
5. That the business events industry supports TRA efforts to have relevant airlines agree to allow surveys to be undertaken in airport club lounges.
6. That the Tourism Forecasting Committee consider the scope for inbound business events attendees to be included in their visitor projections.
7. That the new Australian Business Events Strategy Implementation Group defines clear mechanisms to evaluate industry performance and establish national business events goals and review performance on a regular basis.
8. That the business events industry and the Australian Government work together to establish an agreed methodology to capture the scope and value of the business events export market.
9. That business events industry associations develop case studies which set out the effectiveness of face-to-face events.
10. That business events industry associations foster improvements in business event programs, in terms of new meeting technologies, content, delivery and networking opportunities, delivered by organisers to enhance the live event experience.

While the importance of simple, easy-to-use taxation advice is recognised, the Minister is unable to direct the ATO to provide this advice as suggested in the recommendation.

Therefore, the Minister wishes the BESIG to engage with the ATO and encourage them to simplify the advice provided on GST refunds for overseas Business Events organisers and delegates.

11. That the ATO provides simple, easy-to-use advice on GST refunds for overseas business events organisers and delegates.

12. That the business events industry and Australian Government collaborate to identify appropriate international climate-change related conferences and provide support for the creation of worthwhile inaugural “anchor” events in Australia.

13. That the business events industry, through its representative associations, implements a program of green initiatives including:

- running educational sessions on world’s best management practices
- endorsing creditable and sustainable companies
- providing best practice green case studies for branding and promotional purposes
- entering Australia’s business events products and services in national and international green awards programs
- supporting events which promote environmental sustainability where possible
- participating in, and assisting, TA’s green business events inventories.

14. That business events industry organisations continue to address workforce skills and education issues; expanding professional development and accreditation programs; strengthening relationships with secondary and tertiary institutions and private training providers; developing clear education articulation pathways; and fostering appropriately trained industry practitioners to deliver practical education and training.

The following recommendations are supported in part. The BESIG is requested to take note of the caveat on the Minister's response to these recommendations.

The Minister supports industry accreditation programs and is working with industry to establish a National Tourism Accreditation Framework but is not able to endorse at this point any specific accreditation program including the Meetings & Events Australia industry accreditation program.

15. That the Australian Government recognises and supports business events industry accreditation programs; namely in the first instance, the Meetings & Events Australia’s industry accreditation program. This support will ensure that endorsed accreditation programs are recognised well beyond their own industry and offer security in regard to professionalism to those using Meetings Managers to deliver their business events, meetings or conferences.

Industry research into salary band recommendations is supported but the Australian Government is unable to offer any financial support for this recommendation.

16. That significant research is undertaken in the areas of salary band recommendations so that there are salary benchmarks against other industries, and that this research is developed and funded by the business events industry on a dollar-for-dollar matching basis with the Australian Government.

Tourism Australia is already active in a number of areas relating to carbon-neutral familiarisations and meetings but industry is encouraged to adopt these practices.

17. That Tourism Australia, in partnership with the CVBs and industry, introduce and adopt the practice of running carbon-neutral familiarisations for media and BE buyers as a benchmark for industry.

18. That Tourism Australia demonstrate and actively promote a low-carbon footprint through its international trade shows, ATE and other appropriate events and acknowledge and promote efforts made by tourism-related associations and convention bureaux to stage their own carbon neutral meetings.

Tourism Australia already has its own website where this information is presented. However, the Minister supports further ongoing collaboration between all relevant industry bodies.

19. That BECA in collaboration with the National Tourism Alliance (NTA) and Tourism Australia provide a “Green” website portal as a central information point for industry on how to access information on staging “green events” and accessing accredited suppliers.”