



DIRECTORATE FOR SCIENCE, TECHNOLOGY AND INDUSTRY

**NATIONAL TOURISM POLICY REVIEW OF
AUSTRALIA**

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NATIONAL TOURISM POLICY REVIEW OF AUSTRALIA

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1. Introduction

1. Australia has had one of the strongest performing economies of the world in recent years. As a high-growth, low-inflation, low-interest rate economy, it is more robust than ever before. There is an efficient government sector, a flexible labour market and a very competitive business sector. This environment is a key driver of tourism activity. The policy settings set by the government are designed to deliver a vibrant tourism industry that makes a strong contribution to the economy.

2. The Australian tourism industry contributes significantly to job creation, export earnings and regional development. In 2001-02 tourism generated 4.5 per cent of Australia's Gross Domestic Product, with a total consumption of A\$70.8 billion by tourists, and direct employment of 5.9 per cent of working Australians. The industry accounted for 11.2 per cent of total exports and was the largest export earner within the services sector¹. However, as with other countries Australia has been significantly affected by the impact of the events of 11 September 2001, the Bali bombings in October 2002, the collapse of a domestic airline carrier, the war in Iraq, and the Severe Acute Respiratory Syndrome (SARS) epidemic.

3. It is within this volatile climate, the Australian Federal government is addressing impediments to the growth of the tourism industry. It works towards improving the diversification of the industry's product base, developing key markets through targeted marketing strategies, encouraging the development of efficient and competitive transportation networks, addressing regulatory and financial impediments to growth, fostering regional tourism development, providing industry with key data and research to assist planning and decision making, enhancing industry standards and skill levels, and encouraging the conservation and preservation of Australia's unique natural and cultural heritage.

4. On 5 June 2003, the Federal government released a draft medium to long term strategy to help grow a sustainable Australian tourism industry and better position it against future shocks by making it more robust and flexible. The key themes of the strategy include sustainable growth and diversification of the Australian tourism product, and a focus on business yield and niche markets. The shift from an emphasis on quantity to quality is important for reducing pressure on infrastructure, protecting the environment, encouraging diversification and product development and improving profitability in the industry.

5. The review of Australia's national tourism policy has been conducted by the Tourism Division, located in the Federal government's Department of Industry, Tourism and Resources. The Tourism Division carries out a range of policy, research and liaison functions at the Federal level of government. The review has been written from the perspective of the Federal government, and incorporates matters dealt with at the three levels of government that exist in Australia.

2. General Context of Tourism in Australia

2.1 National Macroeconomic Framework

6. The emphasis on structural reforms across a very broad front, and combined prudent macroeconomic policies firmly set in a medium-term framework, have made the Australian economy one of the best performers in the OECD, and one notably resilient to shocks, both internal and external².

¹ Source: Australian Bureau of Statistics, Tourism Satellite Account 2001-02, Catalogue Number: 5249.0

² Source: OECD Economic Survey of Australia, 4 March 2003

7. Australia's Gross Domestic Product (GDP) is forecast to grow 3 per cent in 2002-03, extending a series of years of strong GDP growth despite the slowdown in the global economy that considerably reduced growth in most developed countries³. In 2003-04 economic growth is forecast to be 3.25 per cent in year-average terms. Australia is forecast to have stronger growth than the USA, Japan and the European Union in both 2002-03 and 2003-04.

8. Economic growth in 2003-04 is expected to continue to be underpinned by solid domestic demand. Employment growth is likely to be slow, with the unemployment rate remaining around 6 per cent. Inflation is forecast to be around 2.75 per cent in year-average terms.⁴

9. Despite the solid domestic outlook, international developments will influence the performance of Australia's economy over the next year. However, on balance it is likely that with its strong fundamentals and supportive policy settings, Australia will continue to perform well against a weaker international backdrop.

2.2 *Australia's Unique Natural and Cultural Features*

10. Australia is the sixth largest country in the world and has a population of 20 million people. It is about the same geographic size as the 48 mainland states of the USA and 50 per cent larger than Europe, but has the lowest population density in the world - only two people per square kilometre.

11. The Australian environment is unique. From unspoilt beaches, tropical rainforests, rugged mountain ranges and vast tracts of desert, it is a country of contrasts. With the reverse seasons of the northern hemisphere, Australia enjoys a largely temperate climate. Most of Australia receives more than 3,000 hours of sunshine a year, or about 70 per cent of the total possible hours.

12. Examples of Australia's natural wonders include the Great Barrier Reef and Kakadu National Park. The Great Barrier Reef is as big as the total combined area of the UK and Ireland, and contains more than 1,000 islands, from sandy bays to rainforest isles. Australia's tropical Top End is a landscape of towering sandstone escarpments that cradle some of Kakadu National Park's treasures. Australia is also home to fourteen World Heritage listed wilderness areas.

13. Australians' care about their unique environment. As such, sustainable tourism is an important factor in policy making. The Australian government is committed to and works closely with the tourism industry to deliver an environmentally sustainable and socially responsible tourism product.

14. A significant contribution to tourism growth is made by cultural tourism. The experiences generated by Australian performances, visual arts and our heritage are unique. Cultural tourism embraces the full range of experiences visitors can undertake to learn what makes a destination distinctive - its lifestyle, its heritage, its arts, its people - and the business of providing and interpreting that culture to visitors.

15. International visitors to Australia are attracted by the distinctive features of Australian culture which cannot be duplicated elsewhere in the world. Their interest includes seeing and learning about Indigenous culture and undertaking activities relating to Indigenous customs, for example, visiting a gallery or museum, or taking a tour involving Indigenous culture.

³ Source: Budget Strategy and Outlook 2003-04, Budget Paper No.1

⁴ Source: Ibid

2.3 Economic Importance of Tourism

16. Tourism GDP measures the total market value of goods and services produced in Australia which are consumed by visitors, less the cost of the inputs used in producing those goods and services. Tourism accounted for A\$31.8 billion or 4.5 per cent of Australia's GDP in 2001-02.

17. Gross value added is the preferred national accounts measure of industry production in Australia as it excludes taxes and subsidies on products. The tourism industry share of total industry gross value added was 4.1 per cent in 2001-02, which was a contribution of A\$26.5 billion to the economy.

18. In 2001-02, the industries which accounted for the largest shares of tourism gross value added were air and water transport (14 per cent), accommodation (11 per cent), cafes, restaurants and takeaway food outlets (10 per cent), and other retail trade (9 per cent). The remaining share was distributed widely among other industries.

19. Long distance passenger transportation was the largest tourism product (17 per cent of the total consumption of tourism products) in 2001-02, followed by shopping (15.5 per cent), takeaway and restaurant meals (15 per cent) and accommodation services (10 per cent).

20. International visitors consumed A\$17.1 billion worth of goods and services, or 11.2 per cent of total export earnings for the country in 2001-02. The export of tourism characteristic products compares favourably with other Australian 'traditional' export products. For example, the value of tourism exports is higher than coal, iron and steel.

21. Of the A\$70.8 billion tourism consumption in 2001-02, 75.9 per cent was generated by domestic visitors, while international visitors accounted for 24.1 per cent. The bulk of domestic tourism was by overnight visitors (78 per cent) with day visitors accounting for the remainder (22 per cent).

22. The tourism industry employed 549,000 persons in 2001-02. This represented 5.9 per cent of total employed persons in the economy. More than half of tourism generated employment was in the retail trade, accommodation and café and restaurant industries⁵.

23. There are over 350,000 tourism related businesses across Australia, with over 90 per cent employing less than 20 staff.⁶ With relative ease of entry for operating in many parts of the sector, tourism businesses can be characterised as operating in a reasonably competitive environment.

24. Data suggests that the operating profit margin in the tourism sector in 1997-98 was 15.2 per cent, which was significantly below the economy wide average of 22 per cent. Within this, particular areas of tourism have shown relatively poor profitability, notably travel agency and tour operator services (5.6 per cent profit margin) and accommodation (6.4 per cent profit margin).⁷

2.4 Tourism Finance and Investment

25. The investment market in tourism assets is complex as there is no single asset class or a single market in tourism. For example, investment needs and opportunity for a family operated tourism business are quite different to those of a five star hotel, or to a regional airport. The role of the Federal government

⁵ Source: Australian Bureau of Statistics, Tourism Satellite Account 2001-02, Catalogue Number: 5249.0

⁶ Bureau of Tourism Research, Tourism Businesses in Australia, Occasional Paper No.34, 2003

⁷ Department of Industry, Tourism and Resources, Research Report No.2: Tourism Productivity and Profitability, February 2002.

in facilitating investment in tourism infrastructure is primarily through the provision of a favourable economic and regulatory environment.

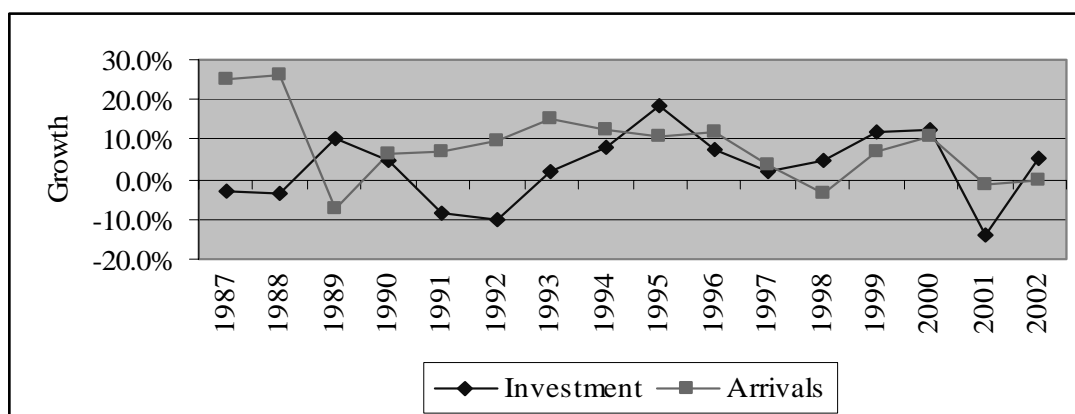
26. The stock of Australian tourism assets has increased substantially in the last two decades. However, the transition from the dependence on the domestic market with only a small international market in the early 1980s to a slowly increasing domestic market and a rapidly growing international market has not been smooth.

27. Investment decisions are often based on the expected returns over the period of investment. For investment in tourism, expected returns can be strongly influenced by current trends in demand. Inbound tourism to Australia enjoyed a double digit growth in many years during the 1980s. For example, the industry grew by an all time high of 26 per cent in 1988. This impressive arrivals growth resulted in strong growth of tourism investment during that period. For Australia as a whole investment growth peaked in 1989, the highest level during that decade. Tourism investment during the 1980s was affected by several other factors, such as the floating of the Australian dollar in 1985, the Australian Bicentennial celebrations and the World Expo in Brisbane which led to substantial increases in overseas arrivals in 1988.

28. These events were followed by an airline pilots' strike of 1989, the Gulf war of 1990-91, reduced growth of overseas visitors compared to the period to 1988, and reduced rates of growth in domestic travel due to the recession during the early parts of 1990s. This was coupled with the reduction in the level of overseas investment and the sale of existing Australian properties to investors abroad, often at prices below replacement value, which was due to overseas financial institutions coming under pressure from falling property and equity prices overseas. This led to a substantial fall in tourism investment during 1991-92. Since then tourism investment and arrival growth have moved in similar directions.

29. Figure 1.1 illustrates the trends and a strong correlation between tourism investment and overseas arrival growth in Australia during 1987 to 2002. Investment growth reached an all time high during 1995 but this growth rate declined, along with arrivals growth, during the Asian economic crisis in 1997. Following the construction boom prior to the Sydney 2000 Olympic Games investment again recorded a slump during 2001. The investment pattern is showing an upward trend in recent periods, but given the global uncertainties currently facing the tourism industry, it is too early to say whether this trend will continue.

Figure 1.1: Growth of Tourism Investment and Overseas Visitor Arrivals in Australia, 1987 to 2002



Source: Bureau of Tourism Research (unpublished data)

30. The general volatility in tourism investment, particularly in areas such as accommodation supply, remains a key issue in improving profitability and long term sustainability.

31. An ongoing challenge is to support sustainable tourism investment decisions through the enhanced provision of information on demand and supply.

2.5 *Inbound and Outbound Tourism Trends*

2.5.1 *Inbound Tourism*

32. In 2001-02 inbound tourism generated almost one-quarter of Australia's tourism activity. As a long-haul destination, Australia relies almost entirely on air transport for inbound tourism. This places Australia in a more difficult position to attract visitors from overseas than many other tourist destinations which are also accessible by rail and road transport. Reflecting Australia's status as a mainly long-haul destination, its share of global international visitor arrivals was 0.7 per cent in 2001. This reflects an increase from 0.5 per cent in 1990. Australia's inbound tourism growth has generally been higher than world international tourism growth. However, since the 1997-98 Asian financial crisis, Australia's growth has been more volatile.

33. With international visitors to Australia more than doubling every ten years in the 1980s and 1990s, inbound tourism enjoyed a period of relatively strong and sustained growth. Table 1.1 indicates the growth since 1993. Growth slowed around 1997-98 with the Asian financial crisis. However, the number of visitor arrivals increased in 1999-00 in the lead up to and during the Olympic Games held in Sydney in 2000. In 2001-02 international visitor numbers declined with the impact from the terrorism attacks of 11 September 2001 and the demise of a domestic airline carrier.

34. In 2002, international visitor arrivals reached 4.8 million, down slightly on the number for the previous year.

35. The first four months of 2003 indicate that international visitor arrivals have decreased by 5.8 per cent compared to the same period in 2002, largely due to the impact of the Iraq war and the SARS epidemic.

Table 1.1: International visitor arrivals: Main inbound markets and total ('000s)

Year	New Zealand	Japan	China	Singapore	South Korea	Other Asia	UK	Other Europe	USA	Total	Change on previous year %
1993	499	671	22	155	62	474	310	327	332	3059	
1994	480	721	30	188	111	611	335	386	344	3434	12.3
1995	538	783	43	202	168	677	348	404	363	3726	8.5
1996	672	813	54	223	228	774	368	431	378	4165	11.8
1997	686	814	66	239	234	775	411	464	394	4318	3.7
1998	709	751	77	247	67	648	468	484	446	4167	-3.5
1999	729	707	93	267	109	690	528	544	495	4459	7.0
2000	817	721	120	286	157	736	580	615	576	4931	10.6
2001	815	674	158	296	176	714	617	562	540	4856	-1.5
2002	790	715	190	287	190	696	643	538	525	4841	-0.3

Source: *Overseas Arrivals and Departures, Cat No. 3401.0, Australian Bureau of Statistics 2002*

36. In order to highlight Australia's key overseas visitor markets, Table 1.2 shows visitor arrivals by the top ten countries of residence for 2002. The table indicates that New Zealand was Australia's largest source market, providing 16.3 per cent of total arrivals in 2002. This was followed by Japan (14.8 per cent), the UK (13.3 per cent) and the USA (9 per cent). The top ten source markets accounted for 76.4 per cent of the total market share.

Table 1.2: International visitor arrivals: Major countries of residence, 2002

Rank	Country	Visitors ('000)	Market Share %
1	New Zealand	790	16.3
2	Japan	716	14.8
3	The UK	643	13.3
4	USA	435	9.0
5	Singapore	287	6.0
6	China	190	3.9
7	Korea	190	3.9
8	Malaysia	159	3.2
9	Hong Kong	151	3.2
10	Germany	135	2.8
	Top Ten Total	3696	76.4

Source: *Overseas Arrivals and Departures, Cat No. 3401.0, Australian Bureau of Statistics 2002*

37. Visitor arrivals for the purpose of a holiday dominate Australian inbound tourism. Table 1.3 highlights that over 50 per cent of international arrivals to Australia visit for a holiday, followed by visiting friends and relatives (VFR) at 19 per cent as the second largest reason for coming to Australia.

Table 1.3: International visitor arrivals: Country of residence and purpose of visit, 2002 (percentage)

Country	Holiday	VFR	Business	Education	Employment	Other
New Zealand	44	26	24	1	2	3
Japan	81	4	6	4	>1	4
UK	53	33	8	2	3	2
USA	44	18	22	9	1	5
Singapore	57	13	16	8	1	4
China	44	12	27	11	2	3
Korea	68	9	12	9	1	1
Malaysia	58	18	12	10	1	1
Hong Kong	49	24	15	10	1	1
Germany	69	12	9	6	1	2
Total (all countries)	55	19	15	6	1	4

Source: *International Visitors in Australia; December Quarter 2002, BTR*

38. International visitor expenditure patterns show that generally, the further an inbound market is away from Australia, the greater is the visitor expenditure, over a longer period of time, yielding a higher average expenditure per person.⁸

⁸ Bureau of Tourism Research, *Show Me The Money*, April 2002.

2.5.2 Outbound Tourism

39. Australians travel abroad visiting a wide variety of destinations. In 2002, 3.4 million Australian residents travelled overseas. The most popular main destination was New Zealand, accounting for 17 per cent of Australian residents visiting other countries. The next most popular destinations were the UK (9 per cent) and the USA (9 per cent).

Table 1.4: Outbound travel by Australian Residents: Main destinations and total ('000s)

Year	New Zealand	US	UK	Indonesia	Hong Kong	Singapore	Thailand	Malaysia	Fiji	Total	Change on previous year %
1993	347	300	241	199	132	98	72	84	78	2267	
1994	353	288	255	214	135	92	72	95	83	2354	3.8
1995	371	314	265	222	157	95	75	89	75	2519	7.0
1996	415	331	289	260	168	99	81	97	72	2732	8.5
1997	407	352	322	311	156	105	89	98	76	2933	7.3
1998	470	323	322	350	147	123	136	112	99	3161	7.8
1999	489	347	312	281	144	141	137	120	115	3210	1.5
2000	528	395	339	280	155	153	152	135	75	3498	9.0
2001	600	293	301	289	150	160	166	116	94	3443	-1.6
2002	597	299	318	242	141	149	169	110	128	3461	0.5

Source: Overseas Arrivals and Departures, Cat No. 3401.0, Australian Bureau of Statistics 2002

40. Table 1.5 highlights the market share of the major destinations for Australian residents travelling overseas.

Table 1.5: Australian Resident Departures: Main Destinations, 2002

Rank	Main Destination	Visitors ('000)	Market Share (%)
1	New Zealand	597	17
2	UK	318	9
3	USA	299	9
4	Indonesia	242	7
5	Thailand	169	5
6	Singapore	149	4
7	Hong Kong	141	4
8	China	137	4
9	Fiji	128	4
10	Malaysia	110	3
	Total (10 Main destinations)	2290	66

Source: Overseas Arrivals and Departures, Cat No. 3401.0, Australian Bureau of Statistics 2002

41. In 2002, over two-thirds (68 per cent) of Australian residents travelling abroad did so for a holiday or to visit friends or relatives. Australians travelling for business reasons accounted for 20 per cent of Australian outbound travellers. The main destinations of these business travellers were New Zealand and the USA⁹.

⁹ Source: Australian Bureau of Statistics, Year Book Australia, Tourism International Outbound Tourism, Catalogue Number 1301.0-2003

42. The current downturn in tourism due to global events has meant that the number of Australians travelling overseas fell by 13.4 per cent in March 2003, compared with the same month the previous year.

2.6 Domestic Tourism

43. Domestic visitors accounted for almost 76 per cent of total Australian tourism consumption, or A\$53.7 billion in 2001-02.

44. Domestic tourism has been relatively static in recent years, despite a strongly performing economy. This suggests that non-macro economic factors such as spending priorities and demographic changes are potential key drivers for domestic travel trends.

45. Since 1998, when the current domestic tourism survey from the Bureau of Tourism Research began operation, the number of visitor nights (a key measure of domestic tourism) has shown small annual fluctuations, see Table 1.6.

Table 1.6: Domestic Visitor Nights by Main Purpose of Travel (millions)

Year	Business	Holiday	VFR	Other	Total	Change on previous year (%)
1998	47	140	89	18	294	
1999	44	144	87	19	294	0
2000	46	149	87	12	293	-0.3
2001	44	146	87	14	290	-1.3
2002	47	144	94	14	299	3.1

Source: *Travel By Australians, December Quarter 2002 and earlier, Bureau of Tourism Research*

46. In 2002, the most frequently used accommodation by domestic travellers was the property of friends or relatives (41 per cent of visitor nights), followed by hotels, resorts, motels and motor inns (23 per cent)¹⁰. The most common forms of transport used in overnight travel were private vehicles (77 per cent) and air transport (16 per cent).

47. Day trip activity, which accounted for around 23 per cent of domestic tourism expenditure in 2002, has been progressively declining over the last two years. The decline in day trips in recent times corresponds to an increase in overnight domestic trips although it is unclear if these trends are related.

48. Domestic tourism activity is important in rural and regional Australia. In 1999, the latest period for which data is available, around 52 per cent of domestic tourism expenditure took place in rural and regional Australia.¹¹

2.7 Trends in Future Tourism Demand

Inbound

49. The Australian inbound travel sector has suffered a number of severe negative shocks to travel confidence in less than two years: the attack on the World Trade Centre and the collapse of a major Australian domestic airline, Ansett Airlines, in September 2001; the Bali bombings; the Iraq war; and the SARS virus.

¹⁰ Source: Australian Bureau of Statistics, Domestic Tourism, Catalogue Number: 1301.0-2002

¹¹ Tourism Expenditure by Domestic Visitors in Australia's Regions, Bureau of Tourism Research, 1999

50. These events have led to a progressive lowering of forecast growth rates by Australia's Tourism Forecasting Council over the medium term, and delayed the expected pace of recovery after each of these events. Over the longer term, for the next ten years, the forecasts have also given increased recognition to the difficulty in sustaining the relatively high visitor arrivals growth rates with an assessment that a number of significant inbound markets are likely to enter a more mature growth phase.

51. Table 1.7 contains the broad details of the Tourism Forecasting Council's latest forecast series which was released in early May 2003. At this time, the impact of the Iraq war was beginning to diminish, but the spread and depth of the SARS epidemic was still increasing. The Tourism Forecasting Council's estimates provide for a decrease in international visitor arrivals of 5.3 per cent in 2003, or 260,000 fewer visitors. Australian tourism export earnings in 2003 are expected to decline by 9.6 per cent (or A\$1.7 billion) to around A\$15.9 billion. A decline in visitor numbers in 2003 would represent an unprecedented third consecutive year of negative growth. As a result of SARS, inbound arrivals from a number of Asian destinations are expected to show significant declines in 2003.

Table 1.7: International visitor arrivals by major inbound markets: Tourism Forecasting Council (annual % change)

Year	New Zealand	Japan	China	Singapore	South Korea	Other Asia	UK	Other Europe	USA	Total
2003	0.9	-6.9	-17.7	-9.6	-0.7	-13.9	3.6	-0.2	-4.5	-5.3
2004	3.0	12.5	29.7	11.6	15.1	16.7	6.9	6.7	7.5	9.8
Average Annual Growth Rate 2002-2012	2.2	2.7	12.6	3.5	8.0	5.4	4.0	5.1	3.8	4.6

Source: Tourism Forecasting Council, May 2003, www.industry.gov.au/tfc

Outbound travel

52. Table 1.8 shows that outbound travel by Australian residents is forecast to fall by 4.2 per cent in 2003 as initially the Iraq war, and now SARS, continue to significantly impact on confidence to travel abroad. In the current environment, destinations that are seen as safe and relatively close to Australia are expected to experience reasonably strong growth. Apart from New Zealand and Fiji, most of Australia's other main outbound destinations are forecast to receive fewer Australian visitor arrivals in 2003. Over the forecast period to 2012, outbound travel by Australian residents is expected to grow at an average annual rate of 2.9 per cent.

Table 1.8: Outbound travel by Australian residents; major destinations and total: Tourism Forecasting Council (annual percentage change)

Year	New Zealand	US	UK	Indonesia	Hong Kong	Singapore	Thailand	Malaysia	Fiji	Total
2003	4.7	-6.6	-7.3	-7.5	-11.9	-13.9	-13.3	-6.4	2.7	-4.2
2004	2.9	8.9	11.6	14.2	13.9	12.6	12.7	5.5	4.1	8.7
Average Annual Growth Rate 2002-2012	2.2	2.3	2.9	3.5	1.9	1.2	1.7	2.1	4.6	2.9

Source: Tourism Forecasting Council, May 2003, www.industry.gov.au/tfc

Domestic tourism

53. Domestic tourism (visitor nights) is expected to continue to show relatively low growth over the forecast period to 2012. In the short term, the continuing effects of SARS and heightened international travel concerns due to terrorism are likely to negatively impact on outbound travel, with some switching to domestic travel. Australian domestic holiday travel is expected to be one the main beneficiaries of the current concern over SARS.

54. Table 1.9 indicates that domestic visitor nights are forecast to increase by 1.9 per cent in 2003, with average annual growth over the forecast period of 0.5 per cent.

Table 1.9: Domestic visitor nights by purpose of travel: Tourism Forecasting Council (annual % change)

Year	Business	Holiday	VFR	Other	Total
2003	2.3	1.5	2.3	1.6	1.9
2004	1.1	0.3	0.8	0.8	0.6
Average Annual Growth Rate 2002-2012	1.1	0.4	0.5	0.3	0.5

55. Additional domestic marketing activity in 2003 is expected to have a positive influence on travel demand. Discounting is also likely to play a role in attracting the more price-sensitive, lower-spending domestic traveller. Travel firms are likely to lower prices domestically to fill excess capacity caused by a downturn in international travel.

3. Setting National Tourism Policy

3.1 Mission

56. The broad mission statement of Australia's Federal government in relation to tourism policy is to:

Contribute to Australia's economic and social well being through the development of policies that achieve an internationally competitive tourism sector focussed on sustainable growth.

3.2 Main Tourism Policy Objectives

57. In 1998, a *National Action Plan for Tourism* was released by the Federal government to provide direction for tourism policy formulation and industry planning. The initiatives contained within the Plan addressed impediments to sectoral growth, and sought to secure Australia's reputation as a world-class tourist destination. The key objectives of the Plan included:

- Developing potential new and emerging markets through targeted marketing strategies;
- Encouraging the development of efficient and competitive transportation networks;
- Fostering regional tourism development;
- Enhancing industry standards and skill levels;
- Improving the industry's information base;
- Encouraging the conservation and preservation of Australia's unique natural and cultural heritage;
- Encouraging diversification of the industry's product base; and
- Reinforcing Australia's image as a safe and friendly destination.

58. Strategies to achieve these initiatives have been implemented and significantly progressed since the introduction of the Plan. The Federal government takes a whole-of-government approach to meeting these objectives. It recognises the importance of integrating tourism policy into other public policy areas to optimise the benefits of tourism to the country. Section 6 covers this approach in detail.

3.3 Development of a Medium to Long Term Strategy to Sustain the Tourism Industry

59. The Federal government is now in the process of developing a medium to long term strategy for the tourism industry. The first stage of the strategy development came with the release of a discussion paper in May 2002. There were 55,000 copies of the paper that were distributed and 275 written submissions and comments on the paper received. After extensive consultations with the tourism, transport, construction, finance and other tourism-related industries, as well as Federal, State, Territory and local government agencies, and the general community, a draft strategy was released on 5 June 2003.

60. The draft strategy addresses the key issues identified in the consultation process and provides a basis for a partnership between the Federal, State and Territory governments and industry for the sustainable development of the tourism sector. Its vision is to have an internationally competitive and sustainable Australian tourism industry that utilises the rich diversity of our land and people. The draft strategy's key policy direction themes are:

- Diversification of Australia from a travel destination to a lifetime experience;
- Diversification of Australian tourism products;
- Focus on business yield and niche markets;
- Enhancing business profitability to better position the industry against volatility and global uncertainty; and
- Improving tourism asset utilisation and coordination across public and private sectors.

61. The goals of the strategy in addressing these themes are:

- To grow regional economies through improved profitability and diversification of tourism businesses;
- To expand Australia's tourism export markets;
- To improve Australians' knowledge of Australia by encouraging domestic travel;
- To raise standards of tourism products and businesses;
- To grow the profitability and size of the tourism sector in a sustainable way;
- To provide better tourism information, research and forecasts to industry and government;
- To develop the tourism sector's capacity to respond quickly to a changing operating environment;
- To lower the tourism sector's risk profile;
- To facilitate the environmental and social sustainability of the tourism sector; and
- To improve planning and coordination of national tourism development.

62. The strategic activities concern:

- Implementing structural change to more effectively support Australia's international and domestic marketing;
- Improving international marketing strategies and effectiveness through a greater focus on regional dispersal and by refreshing and enhancing 'Brand Australia';
- Supporting domestic tourism marketing and promotion, including regional tourism promotion, through See Australia;
- Facilitating better alignment of tourism product to market needs, particularly in regional Australia;
- Supporting measures to improve quality of tourism product;
- Improving tourism information, research and forecasts to more effectively serve the needs of industry and government;
- Encouraging and support environmentally and culturally sustainable tourism business practices;
- Promoting more effective partnerships between the tourism sector and government bodies charged with land/heritage management;
- Ensuring training delivers skills appropriate for the tourism workforce and businesses, and promotes improved productivity;
- Facilitating innovation and technological development in the tourism sector;
- Encouraging better management of the tourism sector's risk profile;
- Engaging with the States and Territories and local government, to improve planning and coordination of national tourism development;
- Facilitating the development and growth of sustainable air, sea and land transport services and key tourism infrastructure; and
- Establishing mechanisms for more effective consultation with tourism stakeholders.

63. With the release of the draft strategy, further consultations are being held with interested parties. This will lead to the development of the final strategy which is expected to be released later this year.

64. By addressing the major policy challenges in the medium to long term, the strategy will provide a framework that will assist the Australian tourism industry, in partnership with government, to achieve specific outcomes that enable it to achieve international competitiveness, and economic, social and environmental sustainability.

3.4 *Legal Framework*

65. A range of legislative instruments and regulations have been implemented by the Federal and State and Territory governments in relation to the Australian tourism sector. Some of the key legislative measures include:

- The *Australian Tourist Commission Act 1987*, which established the Australian Tourist Commission (ATC), with the aim of increasing the number of international visitors to Australia, as well as maximising the benefits to Australia from international tourist visitations;
- Most travel agents are licensed under State/Territory Acts and have to meet certain requirements which include contributing to the Travel Compensation Fund (TCF). The TCF is a tool for protecting consumers, particularly against the financial failures of licensed travel agents;
- Federal Trade Practices Act, which is designed to ensure market competition and consumer protection; and States and Territory Fair Trading Acts, which are designed to protect consumers and address business practices;
- States and Territories have Innkeeper Acts, which generally limit the liability of accommodation providers on the value of goods lost by guests;
- The Environment Protection and Biodiversity Conservation Act 1999 controls the activities that can be undertaken on Commonwealth Land (or waters), World Heritage Areas, Ramsar Wetlands that could impact on endangered species. Planned changes to this legislation will also control actions on any site placed on the Australian National Heritage List; and
- The Tourism Services Bill will soon be introduced by the Queensland government which will include regulations covering unethical practices by inbound operators and guides.

66. There is a range of other legislative and regulatory instruments at both the Federal and State/Territory Government level which affect the performance of the tourism sector. This includes legal instruments relating to immigration and aviation. Section 6 covers these instruments in more detail.

3.5 *Major Policy Challenges for the Future*

67. A healthy tourism sector contributes to the economic and social well-being of all Australians. In the space of three decades the Australian tourism industry has grown from a fledgling sector to one of the country's major industries. A modest increase in the tourism growth rate can deliver significant economic benefits to the country.

68. Tourism is a large and fragmented industry sector characterised by a large number of small businesses, a small number of big businesses and by a significant involvement of government agencies at all three levels of government. The following outlines some of the major issues that need to be considered if the sector is to continue to secure sustainable growth into the future.

Coordination of all Levels of Government

69. With three levels of government in Australia, there is a significant involvement of numerous Federal, State and Territory and local government agencies which all play a substantial role in the development of the tourism sector. Coordinating joint or overlapping responsibilities can often be challenging. Working towards an agreed framework between the various levels of government on the national coordination of tourism development will assist in clarifying the roles and responsibilities between the different levels of government. This is a key area addressed in the Federal government's draft tourism strategy.

70. The need to better coordinate international and domestic marketing activity undertaken by Federal, State and Territory governments is also recognised as a challenge. The Federal government is seeking to address this issue through structural changes that will seek to achieve greater efficiencies and optimal return on investment in marketing.

Numbers versus Yield

71. Although international visitors are forecast to be the biggest tourism growth sector, the recent series of 'shocks' to the industry mean that growth in inbound visitor numbers will be slower than anticipated. Future policy formulation will therefore give greater emphasis to yield and to offering a sustainable quality product in order to maximise profitability from international tourists.

Industry Quality

72. A key to Australia's success in maintaining its image as a world class destination is the country's ability to ensure that the development of Australian tourism product exceeds product offerings in competitor destinations. The Federal government is working with industry, States and Territories to develop a sustainable national system focussing on appropriate best practice accreditation arrangements across the sector, and getting stakeholders to share information and cooperate in the delivery and promotion of industry quality programs.

Aligning Product with Market Needs

73. As markets become more and more segmented, with various groups within a single market seeking different experiences, the need to better align tourism products and experiences with consumer demand becomes an increasingly significant challenge for the tourism industry. The ATC is implementing a program of detailed product experience research in a range of key markets to gain better insights into different consumer preferences, and working closely with States and Territories to ensure industry is better prepared to meet changing market needs. The ATC is also focusing more on strategic marketing campaigns targeted at key consumer segments within the market.

International Visitor Dispersal and Niche Products

74. Currently, there is a low level of dispersal of international visitors to regional tourist destinations across Australia. In order to address this, it will be necessary for regional destinations to develop new niche tourism product (such as farm stays, wine tours, adventure tourism and ecotourism) and enhance the attractiveness of local tourism infrastructure. It will also be necessary to generate greater awareness of the tourism product within their local area. The Federal government is seeking to assist regional areas to develop local tourism product through programmes such as the Regional Tourism Programme and through giving greater emphasis to increasing international visitor dispersal through the international marketing strategies delivered by the ATC, particularly in markets with a demonstrated propensity to travel beyond major capital city gateways.

Skills Base

75. Within the tourism industry there is a risk that overall tourism employment growth may mask shortages and gaps in skilled personnel in certain categories and that could impede tourism's growth in the future. This is particularly a concern in terms of being able to move to high yield and niche markets that require higher level skills. Potential gaps may emerge in management and business skills for small to medium-sized businesses, cross cultural and language skills, and information technology skills. A key challenge will be the capacity of the institutional framework to deliver these skills, for example through the Vocational Education and Training (VET) sector.

Tourism Infrastructure

76. Planning and funding for the provision of infrastructure often presents difficulties in both the public and private sectors. This is due to a frequent lack of clarity on responsibilities between the different levels of government and the private sector, relatively modest returns and often the inability of a private infrastructure provider to capture all the benefits of an investment. The Federal, State and Territory governments and industry need to seek to address this issue by working towards an agreed framework for the national coordination of tourism infrastructure development.

Aviation Services

77. Australia's geographic isolation, vastness and widely dispersed population centres also present major challenges to the development of its tourism sector. Competitive international aviation access is critical to Australian tourism's growth prospects. In light of this, Australia has adopted a more liberal and pro-competitive approach to its air services policy in the last decade, which has supported significant inbound tourism growth. Australia is prepared to negotiate 'open skies' agreements when it is in the national interest, and where this is not possible, to seek the most liberal arrangements possible. However, progress in this area has been slow, due in part, to the reluctance of some bilateral partners to enter into such agreements.

Research and Statistics

78. Australia recognises that a sound research and statistical base is critical to improving the tourism sector's competitiveness and to making informed public policy decisions affecting tourism. Since the tourism industry cannot capture all the benefits of investment in research, Federal, State and Territory governments provide a wide range of public research sources for tourism industry data (see Section 9).

79. However, information gaps have been identified within the current statistical collections. These include regional demand and supply side data and forecasts, and tourism yield data at national, state and territory and regional levels. In its draft medium to long term strategy the Federal government has proposed structural reforms to provide information and forecasts to better support public and private sector decision-making.

Risk Management/Contingency Planning

80. The significant events weathered recently by the tourism sector highlights its high degree of exposure to global developments. In addition, it is subject to seasonality, has a close interaction with the natural environment and limitations which that imposes, and is also subject to the range of commercial and legal risks facing any businesses supplying goods and services to domestic and international consumers. The adoption of appropriate risk management strategies and practices including business viability planning, contingency planning and market diversification to achieve greater profitability and to insure against the negative effects of shocks, volatility and global uncertainty will be essential in securing a more sustainable tourism sector.

Other Challenges

81. There is a range of additional challenges confronting the Australian tourism sector. Significant among these are changing international consumer patterns towards shorter holidays and the growing tendency to choose destinations closer to home. These trends, in particular, present significant challenges for long haul destination such as Australia, and require effective marketing approaches as well as adequate and efficient air services to ensure market share is not eroded.

82. Consumer trends towards booking travel very close to the time of departure, and changes in distribution systems, including the significant increase in the use of the Internet to research potential holiday destinations and to purchase travel are becoming increasingly challenging issues for the tourism sector. The adaptation of appropriate business planning frameworks and the take up and effective use of technology will be critical matters for the sector to respond to these emerging trends.

83. Ongoing global uncertainty and concerns for safety are also resulting in major shifts in world travel. Raising consumer awareness of the safety and security frameworks in place in Australia and effective marketing will be important in overcoming any concerns held by consumers.

4. Delivering Government Tourism Policy Objectives

84. Australia's tourism policy framework is aimed at enhancing the competitive capability of its tourism industry. The Federal government's policies are targeted at correcting biases, distortions and impediments within the tourism industry.

85. The Federal government also focuses its actions on policy areas that include fiscal management aimed at minimising inflation and interest rates, labour market reforms aimed at improving labour market flexibility, ensuring tourism interests are taken into account in the context of broad taxation reform, implementing policies to promote innovation and investment, and reducing the burden of regulatory compliance.

4.1 Coordinating Tourism Development within a National Framework

86. There are numerous factors which influence the current planning and coordination of tourism policy. Some are related to the nature and composition of the sector while others are influenced by the division of policy roles and responsibilities between Australia's tiers of government.

4.2 The Three Levels of Government in Australia

87. The Commonwealth of Australia is a democratic federal state. The Australian Constitution outlines the structure of Australian governance. Australia has three levels of government, Federal, State/Territory and local.

4.2.1 The Federal Government

88. The Federal Parliament is responsible for a range of areas including customs, defence, taxation, telecommunications, money, national corporations, copyrights and patents, international trade and investment, social security, immigration, external affairs, the territories and industrial relations that cover more than one state.

89. The Federal government aims to create an optimum policy environment for tourism development, particularly in respect to the international marketing of Australia, product quality and development, industry sustainability and profitability, air services arrangements, tourism infrastructure, visitor visa processing, investment, skills development and standards, the interface between tourism and the environment, and building upon the sector's information base.

4.2.2 State and Territory Governments

90. There are six states and two territories. Each of the six states has a parliament with elected representatives. The two territories also have elected representatives.

91. State and Territory governments are responsible for education, transport, family services, housing, water, industrial relations, urban planning, wills, local government and all other areas the Australian Constitution does not list as Federal responsibilities.

92. In areas specifically impacting on tourism, the States and Territories provide services and support for tourism promotion, information services, the provision of recreational facilities, the construction and maintenance of roads, airports, harbours, railways and parks.

93. State and Territory governments also have a significant influence on the tourism sector through decisions concerning planning and infrastructure, local transport issues, business taxes and charges, business and consumer law, and environmental policies and regulations.

4.2.3 Local Government

94. Local government is not recognised within the Australian Constitution. This level of government is controlled, practically and theoretically, by respective State and Territory parliaments. Local governments are mostly responsible for approving development applications, garbage collection, local parks and reserves, roads and pathways, and most areas to do with local amenities.

95. Local governments play an important role in tourism development through the provision of tourism infrastructure and the upkeep of tourist attractions, such as beaches and local parks, as well as responsibility for tourism development and regulatory decisions, and support for local and regional tourism promotion and organisations.

96. While tourism is supported through local government activities, the extent and level of support varies significantly between regions. Tourism is increasingly recognised as an important economic driver in local communities and many local governments direct funds towards promotion and marketing and employing tourism officers.

4.3 Roles and Responsibilities of Government in Tourism

4.3.1 The Federal Government

97. The Department of Industry, Tourism and Resources (DITR) is responsible for providing policy advice to the Federal Minister for Industry, Tourism and Resources and the Minister for Small Business and Tourism. It is also responsible for formulating and implementing Federal policies and programmes that govern tourism industries. It provides a national coordination role on issues of major significance, such as major tourism events and industry product quality issues.

98. The Tourism Division is located within DITR. The Division's objective is to contribute to Australia's economic and social well being through the development of a sustainable, internationally competitive and innovative tourism industry.

99. Responsibilities of the Tourism Division include Federal policy matters relating to: niche product development and sustainable tourism; accreditation, best practice and industry standards; tourism transport; advancing tourism interests in air services negotiations; transport infrastructure; forecasting, statistics and research; tourism taxation and economic issues; international tourism issues, including multilateral and bilateral arrangements and market access issues; tourism public relations for the Federal government; and national coordination for crisis and risk management.

100. Administrative responsibility for various aspects of tourism policy also resides with other Federal agencies such as: the Department of Transport and Regional Services; the Department of Immigration and Multicultural and Indigenous Affairs; the Department of Foreign Affairs and Trade; the Australian Bureau of Statistics, Environment Australia; the Department of Education, Science and Training; the Australian Trade Commission (Austrade) and the National Office of the Information Economy. DITR liaises closely with these agencies in the development of tourism related policy. Details on the integration of tourism policy with other portfolios are under Section 6.

101. The Minister for Small Business and Tourism communicates with other relevant Ministers as the need arises, for example, the Immigration Minister on visa matters and the Transport Minister on transportation infrastructure issues and international air services arrangements.

102. Total Federal funding directly related to tourism is around A\$130 million per annum. The majority of this funding (around A\$90 million) is provided to the Australian Tourist Commission (ATC), the Federal government's international marketing agency. Around A\$20 million is provided to tourism businesses under the Export Market Development Grants Scheme, which assists tourism exporters market their products overseas. Approximately A\$20 million is provided to deliver a range of other tourism related programmes including the Domestic Tourism Initiative (through *See Australia*) and the Regional Tourism Programme. Further details on the range of other Federal assistance programmes are outlined in Section 6.

4.3.2 *The Australian Tourist Commission*

103. The ATC is a Federal government statutory authority established in 1967 to promote Australia as an international tourism destination. The ATC is a diverse, global organisation with a workforce of over 200 people located in 14 different countries. It is governed by a 10 member Board that reports to the Minister for Small Business and Tourism.

104. Total annual expenditure by the ATC is approximately A\$122 million, taking into account industry contributions towards ATC activities. The principal objectives of the Commission are to:

- Increase the number of visitors to Australia from overseas;
- Maximise the benefits to Australia from overseas visitors; and
- Work with other relevant agencies to promote the principles of ecologically sustainable tourism development and raise awareness of the social and cultural impacts of international tourism in Australia.

105. In meeting these objectives the Commission seeks to:

- Enhance awareness overseas of Australia as a tourist destination;
- Co-ordinate the overseas promotional efforts of the Australian tourism industry, in co-operation with State and Territory tourism authorities;
- Enhance awareness in Australia of the Australian tourism industry; and
- Closely monitor and report the effects of international tourism on Australia's natural environment and society.

106. The ATC focuses its activities on a balanced portfolio of countries to deliver high growth, high dispersal and high yield markets for Australia's tourism industry. For example, in 2002, the ATC undertook 191 campaigns around the world worth more than A\$65 million. All of these campaigns were aimed at putting travel to Australia within the reach of consumers. Specific examples of ATC marketing initiatives include:

- Building an international brand image for Australia as a travel destination called 'Brand Australia'. This brand image highlights the elements of Australia that distinguish it from the rest of the world and promotes the personality of Australia as a free spirited, optimistic, fun and liberating destination offering a range of experiences;
- Maintaining the www.australia.com website, which is the primary mechanism in all of the Commission's consumer and trade marketing programmes;

- Operating the ‘Visiting Journalists Programme’, which is a dedicated business service operated by the ATC to provide travel operators, large and small, with a unique opportunity to access the world’s media and showcase their product in key markets around the globe. Journalists are approached in each overseas market and invited to be part of the programme. Publicity generated from these visits is estimated to exceed over A\$2 billion and reaches well over a billion people worldwide every year;
- Working closely with State and Territory government tourism organisations under the Destination Australia Marketing Alliance to identify opportunities to obtain a better collective return on marketing investment;
- Hosting the biggest annual travel trade event in the southern hemisphere, the Australian Tourism Exchange (ATE), with over 3000 Australian industry and 700 overseas representatives attending each year. The ATC also leads travel missions to various key markets; and
- Working closely with the Australian Trade Commission (Austrade), the Australian government’s principal export facilitation agency. Since Austrade actively assists Australian companies to develop international markets and win export business, the two agencies have clarified the roles and responsibilities of the agencies, provided a suitable framework for cooperative activities, and identified specific joint activities to be undertaken.

4.3.3 *The States and Territories*

107. Each of the State and Territory governments has at least one agency responsible for tourism within their respective jurisdictions. The role of these agencies differs in accordance with the promotion and policy development priorities of each State and Territory. Each State and Territory is heavily involved in assisting the tourism industry in its product development. Many also operate their own overseas tourism marketing programmes. All States and Territories have their own allocation of funding for tourism in their respective jurisdictions. Funding for tourism by the State and Territory governments is around A\$300 million per annum.

108. The State and Territory governments play a significant role in shaping the development of the Australian tourism sector. For example, States and Territories may fund or facilitate major infrastructure projects which are of direct benefit to tourism in their area. These include assistance with convention centres, casinos or hotel accommodation. In some cases, special events such as major festivals and sporting events are also partially funded by States and Territories. The States and Territories are also involved in the provision of infrastructure such as visitor information centres and transport infrastructure such as roads, and in liaising with airlines to secure aviation services to destinations within their jurisdiction.

4.3.4 *Combined Roles between the Federal, State and Territory Governments*

109. The following forums provide opportunities for the Federal, State and Territory governments to initiate cooperative actions to help the development of the tourism industry.

The Tourism Ministers’ Council

110. The main role of the Tourism Ministers’ Council (TMC) is to facilitate consultation and policy coordination between members on tourism matters of national significance. The Federal, State and Territory governments, and New Zealand government are full members. Norfolk Island, Papua New Guinea and ATC are observers. The TMC meets once a year.

Australian Standing Committee on Tourism (ASCOT)

111. ASCOT is a standing committee of senior government officials responsible to the Tourism Ministers' Council. Its main objective is to improve cooperation and coordination of Government policies and activities as they affect tourism. The functions of ASCOT are to:

- Develop, coordinate and consider tourism policies in Australia;
- Provide advice and recommendations to the Tourism Ministers' Council; and
- Resolve non-contentious issues which otherwise may require the attention of the TMC.

112. The chief executive officers of all Federal (DITR and ATC) State and Territory tourism bodies attend ASCOT meetings. ASCOT meets twice a year.

Destination Australia Marketing Alliance

113. Stronger links have been developed between the ATC and the State and Territory tourism organisations through the Destination Australia Marketing Alliance (DAMA) cooperative marketing programme. DAMA's aims are to:

- Ensure a unified approach to partnership between the ATC and State and Territory tourism organisations in international marketing efforts;
- Provide tourism information to overseas consumers and industry in a way that generates more sales and extend product distribution in overseas regions;
- Motivate and train the tourism industry overseas to sell Australia better; and
- Improve the efficiency of Australia's tourism marketing effort.

114. The ATC and State and Territory tourism organisation partnership seeks a financial contribution from all parties involved in the agreed initiatives. DAMA meets quarterly to consult on specific marketing strategies and cooperative marketing opportunities. These activities are undertaken by the group as a whole, or via unilateral or bilateral agreements.

Bureau of Tourism Research

115. The Bureau of Tourism Research is a jointly funded research agency involving the Federal Government and all State and Territory governments, with a total budget of around A\$4 million per annum. The BTR provides governments and industry with high quality and timely tourism specific data and research. Its annual work program is jointly agreed to by the funding stakeholders. The BTR's main work involves managing and disseminating the results of two major surveys - the International Visitor Survey and the National Visitor Survey. The BTR also publishes a range of tourism related analytical work and undertakes consultancies for governments and industry.

Tourism Research Committee

116. The Tourism Research Committee (TRC) is a subcommittee of the Australian Standing Committee on Tourism (ASCOT), and comprises the tourism research managers from the Federal, State and Territory governments, and the ATC. The Australian Bureau of Statistics and the Cooperative Research Centre for Sustainable Tourism have observer status at the TRC meetings. The TRC meets twice a year. The TRC works with the Bureau of Tourism Research to ensure the Bureau's work program reflects the needs of its stakeholders. It also regularly examines research priorities of stakeholders to ensure research providers are meeting the needs of research users. The TRC also oversees various research projects conducted by research providers.

National Tourism Issues Response Plan

117. The National Tourism Issues Response Plan was developed by the Federal, State and Territory governments, in consultation with industry, and represent a nationally coordinated approach to dealing with unanticipated shocks or events. The Plan provides a response mechanism to events such as acts of terrorism or war that may impact on the Australian tourism industry. For more details refer to Section 5.2.5.

4.4 Key Questions for the Future

118. Under Australia's Federal system of government, cooperation and coordination between the three levels of government is vital for the development and implementation of national tourism policy. Australia has in place a number of formal mechanisms that allow such cooperation and coordination to occur although there are a range of further challenges. These include:

- At a strategic level, the development of an intergovernmental framework to the national coordination of tourism development between the Federal, and State and Territory governments;
- The better planning, development and delivery of tourism marketing to streamline resources utilisation and maximise return on investment;
- Achieving a more coordinated and collaborative approach to the provision of data and research;
- The development of an effective transport infrastructure for tourism with enhanced inter-modal transport links, established through initiatives put forward by all levels of government; and
- Competitive international aviation access is critical to Australian tourism's growth prospects. As a consequence Federal, State and Territory governments have to support ongoing air services liberalisation. The Federal government also needs to engage with the States and Territories to facilitate regional air services that promote regional tourism growth.

5. Links with the Tourism Industry

119. While Australia can claim to have one of the world's more competitive tourism industries, there is a continuing need for strong government-industry linkages across the range of key policy concerns to underpin long term sustainable tourism growth.

120. DITR works with government agencies, industry associations and community groups to ensure the development of a vibrant and high quality tourism sector for Australia. There are various forums for the engagement of government with tourism industry associations. These range from involvement in industry symposiums, meetings on an issue by issue basis, to one to one meetings and participation in tourism industry leaders' forums.

5.1 Key Industry Associations

121. Due to the diverse nature of tourism and its inter-linkage with other sectors, the tourism industry has an extensive range of representative bodies. These include travel agents, airlines, hotels, motels and accommodation providers, restaurants and caterers, meetings and conventions organisers, duty free shops, caravan and camping operations, hire car operations, nature-based and ecotourism operators and theme parks. There is also a multiplicity of industry-based tourism organisations at the regional level, in cities, country shires and individual towns.

122. Four of the peak industry groups that DITR consults with on a regular basis are:

National Tourism Alliance (NTA)

123. The NTA is an industry body whose membership comprises national tourism industry associations, and State and Territory based tourism industry councils. Its membership includes associations representing convention bureaux, duty free businesses, travel agents, airline representatives, the meetings industry, accommodation groups and tourism training. The NTA's role is to coordinate policy and representation on behalf of the Australian tourism industry. Its priority is to maintain a high level of representation to the Federal government and to assisting in coordinating the development of a national tourism strategy.

TTF Australia

124. TTF Australia is a peak industry group which assists in developing tourism and related infrastructure policy for its members. It represents chief executives of the 200 largest investors, operators, and developers in Australia's tourism, transport and infrastructure industries.

Australian Tourism Export Council (ATEC)

125. ATEC is a peak industry body that represents the interests of over 1000 tourism export companies and inbound operators throughout Australia. It has a regular interface with Federal, State and Territory governments and other industry bodies. An important issue for the Council group has been the development of a national accreditation framework and a code of conduct. The Council also plays a significant role in coordinating Australian industry involvement in Australia's Approved Destination Status group travel arrangement with China.

Australian Hotels Association (AHA)

126. The AHA represents the interest of employers in Australia's hotel industry. The AHA provides the means by which the hotels can be represented on a national basis in such matters as tourism, taxation, excise duty, and industrial relations.

5.2 Collaboration in Developing a Competitive Tourism Industry

127. The Federal government through DITR has worked closely with a number of peak tourism groups in both the public and private sectors using collaborative mechanisms to strengthen Australia's competitive advantage.

5.2.1 Inbound Tourism

128. The strong relationship formed between DITR and the tourism industry is highlighted by work being undertaken in three of Australia's key inbound tourism markets: Japan, Korea and China.

129. In investigating impediments affecting inbound tourism growth from Japan, DITR, in consultation with the tourism industry, developed a strategic action plan *Building Momentum: Japanese Tourism to Australia*. A key outcome of the plan, which covers four broad areas: product, aviation, distribution and information, was the formation of the Japan Tourism Implementation Group, whose primary responsibility is to advance the 38 actions listed in the plan. The group, consisting of government agency representatives and industry stakeholders, has successfully addressed a number of the plan's key actions over the past twelve months, and developed a strong working relationship with the Japanese travel industry.

130. A similar study addressing the Korean inbound tourism market is currently being carried out by DITR in consultation with the ATC, State and Territory tourism organisations and the tourism industry.

131. In developing actions to ensure sustainability in the inbound China market, which is forecast to grow strongly over the next decade (12.6 per cent average annual growth), DITR chairs a Joint Monitoring Group consisting of Federal government agencies (DITR, Immigration and ATC), a state/territory tourism organisation representative and industry representatives. Primarily focused on the emerging Approved Destination Status (ADS) group leisure sector, the group has implemented a range of cooperative measures, including assisting industry in the delivery of quality tourism products and services, increasing industry's knowledge of market operations, and improving Australia's market competitiveness. Key actions recently undertaken include research into consumer satisfaction, industry audits and consumer education campaigns.

5.2.2 *Domestic Tourism*

132. Domestic tourism has also seen the emergence of greater collaboration between industry stakeholders to improve the sector's performance. The *See Australia* domestic tourism initiative is based on a partnership arrangement between Federal, State and Territory governments and industry. The initiative is intended to encourage Australians to take a break and enjoy domestic holiday experience.

133. In 1999 when the initiative commenced for a four year period, the Federal government provided A\$8 million, the industry provided sponsorship in excess of A\$5 million, and State and Territory governments provided a contribution of A\$4 million towards the *See Australia* campaign. In 2002, *See Australia* was provided with a further A\$8 million over four years by the Federal government, with continued participation by industry partners.

134. In response to the pressures on the tourism sector with the war in Iraq and the SARS epidemic, a short term A\$2 million *See Australia* campaign was funded by the Federal government in May 2003 to boost domestic tourism activity. Industry partners and State and Territory governments also contributed a short term boost of A\$5 million to the campaign.

135. Overall, this domestic tourism initiative has acted to strengthen industry partnerships basis around a key policy objective of increasing total domestic tourism demand.

5.2.3 *Business Development Programs*

136. The Federal government also seeks to strengthen links with the industry through programs that improve the competitiveness and capacity of the industry and expand opportunities for growth.

137. Three key business development programmes accessed by tourism operators are outlined below.

Small Business Answers Programme

138. The Minister for Small Business and Tourism recently announced a new A\$24 million *Small Business Answers Programme* aimed at fostering the growth of small businesses, including tourism, particularly in regional areas. The programme will provide on the ground support and advice through field officers delivering advisory services to small business owners and managers across Australia in their local area.

Regional Tourism Programme

139. Regional tourism has the capacity to be the pivotal driver of Australia's tourism growth and sustainability over the next decade and beyond. Enhancing rural and regional tourism development can also be a driver of regional economic and social restructuring and rejuvenation.

140. The Regional Tourism Programme helps to attract tourists to regional areas and so promote employment growth and generate economic activity in local communities. Examples of projects funded under Regional Tourism Programme include further development of existing regional tourism businesses or expansion of existing businesses into tourism activity in regional areas, development of regional niche markets including Indigenous tourism, regional tourism industry enhancement, and support for online initiatives.

Export Market Development Grants Scheme

141. The Export Market Development Grants scheme is the Federal government's principal financial assistance programme for exporters. Catering for small and medium-sized businesses, the Federal government has committed funding of A\$150.4 million per annum through to 2006. The scheme reimburses up to 50 per cent of expenses incurred on eligible export promotional activities.

142. The tourism sector has benefited significantly from the scheme since gaining full access to the programme in 1996. In 2001-02 a total of 469 recipients, generating A\$782 million in exports, received grants valued at A\$19.2 million. Tourism represents around 13 per cent of grant recipients.

5.2.4 Further Linkages

143. Other initiatives that have strengthened tourism industry linkages and the competitive capacity of the industry include:

- Federal funding of around A\$90 million per annum for the ATC for the overseas tourism promotion and marketing, which has drawn further contributions from the industry of over A\$30 million per annum;
- An accreditation system for the tourism industry, with the funding and design of a number of sector-specific accreditation schemes. In particular, the Export Tourism Code of Conduct which was designed and trialled satisfactorily using funds provided by the Federal government;
- Successful cooperation with the State and Territory governments, and with industry, to fund and begin implementation of a suite of initiatives aimed at improving service standards in the inbound sector;
- The Cooperative Research Centre for Sustainable Tourism, which is a partnership between universities, the private sector and governments to undertake research and development that contributes to the sustainable development of tourism in Australia;
- In consultation with industry, the streamlining of visa processes whilst maintaining the integrity of the visitor programme;
- The coordination and implementation of a National Tourism Issues Response Plan, which places the Australian tourism industry in a better position to respond to major shocks and events (more information on this Plan is under Section 5.2.5);
- Ensuring international airline access is maximised, including to regional Australia, through working closely with industry, State and Territory stakeholders and establishing a comprehensive information base;
- Working closely with airlines to encourage them to take up negotiated rights;

- Identification of better ways to deliver Australia's tourism transport needs including through integration of tourism sector issues in developing Australia's new national land transport strategy AusLink, and co-funding of research such as the recent TTF Australia study 'Down the Track'; and
- Working closely with the travel trade to encourage innovation and support consumer confidence in the sector. This has included assistance with recapitalisation of the Travel Compensation Fund and the States' and Territories' examination of improved financial protection for travellers.

5.2.5 *Tourism Crisis Response Mechanisms*

144. The increasingly volatile tourism operation environment in recent years has placed increased emphasis on mechanisms that bring together tourism industry stakeholders and others to provide effective and holistic responses to unanticipated events. Two examples of mechanisms that have been used in Australia are outlined below.

National Tourism Issues Response Plan

145. In September 2002, the Tourism Ministers' Council approached DITR to coordinate the development of a national tourism issues response plan. The Plan was developed in consultation with industry, to respond to major unanticipated shocks or events. The Plan provides a response framework to deal with impacts on the Australian tourism industry as a result of events such as terrorism, war or outbreaks of disease that affect travel. A key aspect of the Plan is a national response mechanism encompassing tourism stakeholders.

146. The Plan, which provides for four working groups, involving Federal, State and Territory tourism organisations and the tourism industry, was activated in March 2003 to address the impacts of both SARS and the Iraq war. The Plan provides an overarching Central Management Group which reports to Federal and State/Territory Tourism Ministers; with a Tourism Communicators' Network, a Policy Advisory Group and a Research Group reporting to the Management Group. Peak industry bodies are important contributing members to the work of the communications, policy and research groups.

147. Under the Plan, the Central Crisis Management Group comprises the chief executive officers of Federal, State and Territory government tourism agencies, and meets each week while the Plan is in operation. The Group's objectives are to provide a cohesive position across government, where possible, in advance of issues emerging; facilitate monitoring and communication at a high level; and facilitate the national coordination of any government responses to the event. The Group provides a daily assessment report to Federal and State/Territory Tourism Ministers and distributes a daily intelligence bulletin to the tourism industry.

148. A Policy Advisory Group involving Federal, State and Territory government and industry representatives reports to the CCMG on possible policy response and recovery measures in relation to the impact of the event, and provides advice on impact analysis to be conducted.

149. The Tourism Communicators' Network comprises Federal, State and Territory government public relations officers who assess and recommend action on communications and marketing in light of the event, and report to the CCMG on key public relations issues.

150. The Tourism Research Committee under the Plan involves Federal, State/Territory and industry tourism researchers, and provides advice on suitable impact analysis to be conducted, and manages and disseminates the results to key stakeholders. A recent survey of 2,200 tourism related businesses was

conducted through the Committee to provide authoritative data on the impact of the SARS epidemic on business revenue and inform policy options.

151. One of the significant outcomes from the Plan's operation to date has been the engagement of the major tourism stakeholders in a coherent national response covering the monitoring and management of the SARS epidemic, and consideration of possible remedies for recovery. The work under the Plan has ultimately led to initiatives such as a new A\$20 million marketing campaign, which includes A\$10 million from the Federal government and A\$10 million from industry partners, for the ATC to promote Australia as a tourist destination in our most important international markets.

Tourism Industry Work Group – September 2001

152. The Tourism Industry Working Group was established by the Federal government in September 2001 to assess the impacts on the tourism sector of the 11 September, 2001 terrorist attack and the collapse of the domestic airline carrier, Ansett Airlines. The Group worked as a strong liaison forum between government and industry. It developed possible options and strategies, for adoption by the industry and governments, to assist the tourism sector to meet the challenges posed by those events.

153. The analysis highlighted the significant impact on the Australian economy and on the tourism sector of these events, anticipating a loss of 0.6 per cent of GDP in the December 2001 quarter, representing a loss to the Australian economy of around A\$1 billion. It was also established that it would take at least two years for the sector to recover, assuming no other significant shocks occur over the period. The Working Group identified three key areas requiring attention. These were:

- The maintenance of consumer confidence and demand;
- Employment and cashflow concerns; and
- The restoration of domestic air capacity and discounted airfares.

154. The government initially announced a A\$20 million tourism assistance package in October 2001. In January 2002 the government followed up with an additional A\$45 million tourism funding, as follows:

- A\$15 million for small businesses that honoured components of Ansett Airline's holiday packages, for which they were not paid, in order to keep faith with their customers;
- A\$5 million in direct holiday incentives for Australians to help stimulate domestic tourism;
- Increased funding for the ATC of A\$24 million over five years;
- Extension of funding for the Regional Tourism Programme of A\$8 million over four years;
- Extension of funding for See Australia domestic tourism promotion of A\$8 million over four years;
- A one-off contribution of A\$5 million paid to the Travel Compensation Fund, to be matched by State and Territory governments, which have primary responsibility for travel agent licensing; and
- A range of measures aimed at helping restore air services to regional Australia.

5.3 *Government Links with Industry to Address Problems and Threats Facing Tourism Businesses*

155. Australian tourism businesses face challenges that are both external and internally driven. As previously outlined, the Federal government has established a number of mechanisms such as the National Tourism Issues Response Plan which rely on strong linkages with industry to counter the effects of major shocks. Section 6 of this report outlines a range of linkages within government which also rely on close collaboration with industry to address a range of more systemic and structural issues confronting the sector.

156. The following discussion addresses a number of specific external and internal challenges faced by the tourism sector and the response strategies being applied by government in partnership with industry.

5.3.1 Industry Profitability Supported by Accreditation

157. As previously noted, a significant challenge faced by the tourism industry is profitability, and several of the response strategies being implemented by government in partnership with industry to enhance industry development and sustainability (eg enhancing yield over volume of business; product diversification and better matching of product with market demand) have been outlined.

158. While the tourism industry will remain exposed to continued global competition and economic influences, a key factor underpinning sustainable viability within the sector will be its capacity to compete on the grounds of quality and value for money. Adoption by the industry of appropriate accreditation arrangements is seen as a central element of the strategy to achieve this.

159. The Federal government has worked closely with the tourism industry to help develop a voluntary tourism accreditation framework. This framework is designed to provide a means of achieving consistency of approach amongst the many tourism accreditation programmes in existence and in development. The outcome sought is the continued improvement of Australia's already high standards and to benchmark best practice for industry. Examples of initiatives in which the Federal government has an involvement include:

- Funding of A\$96,000 provided to ATEC to develop the Tourism Export Code of Conduct;
- A national 'Shopping Around in Australia' brochure has been produced which is aimed at improving consumer awareness of the type of practices acceptable in Australia;
- Working with the Australian Tourist Export Council to help ensure that the quality promoted to Chinese tourists is delivered by operators. Industry's setting of benchmarks for itineraries and their auditing to ensure compliance has been a major initiative; and
- Organisation of a national tourism accreditation forum to enable stakeholders to exchange information on existing and developing programmes, and to better understand the national tourism accreditation market.

160. Tourism industry accreditation initiatives include those operated by the Australian Tourism Accreditation Association, which has developed a national framework for tourism business accreditation. Other examples of accreditation systems include those adopted by the Outdoor Recreation Council of Australia and the Australian Amusement, Leisure and Recreation Association. These organisations are increasingly being looked to by the insurance industry as benchmark requirements for obtaining suitable public liability insurance.

5.3.2 Availability of Adequate and Sustainable Aviation Services

161. The tourism industry is highly dependent on the international and domestic aviation industries. Australia is a medium to long haul destination from the majority of our tourism markets and population centres and many tourist destinations are geographically dispersed.

162. International airline services sustainability remains a key challenge in what is a very difficult international trading environment characterised by low yields, increasing competition, high costs and demand volatility. The sector also remains vulnerable to external shocks. Progressive liberalisation of the bilateral system of regulating international airlines has facilitated competition and growth in inbound tourism. However, further liberalisation of air services rights is needed to ensure that capacity and operational rights allows airlines to respond flexibly to tourism demand and improve the competitive environment.

163. As noted in section 7.4, the Federal government has actively sought to liberalise air services arrangements with key tourism markets including through the negotiation of open skies agreements. Consultation with the tourism industry in the development of position papers and discussion of key issues to achieve an optimal outcome for the sector is a key element pursued by DITR in the preparation for air services negotiations.

164. Ensuring Australian regional destinations remain adequately serviced – for both domestic and international air travellers - is another key challenge. While domestic capacity levels have largely been restored following the collapse of Ansett Airlines, the loss of this domestic airline partner for STAR alliance carriers has also impeded international tourist dispersal.

165. DITR and the ATC work collaboratively with industry and State, Territory and regional stakeholders in developing strategies and building cohesive and convincing business cases to attract services, including by the new low cost carriers in the Asia -Pacific region and in Australia, to centres beyond the major capital city gateways.

5.4 Key Questions for the Future

166. Unlike many industry sectors, tourism is unable to be defined simply as a group of businesses that produce particular, similar products. Rather, the tourism industry embraces a diverse range of providers and users of a variety of goods and services, and overlaps with other sectors of the economy.

167. Due to this fragmentation of the sector it is a challenge for the tourism industry to be able to present itself with a single voice in its dealings with government and as a result conflicting messages can be sent regarding the “industry’s” position on particular matters and on what the tourism industry is trying to achieve. The Federal government recognises these issues and places emphasis on its role by working with the tourism industry to ensure that a more cohesive approach is pursued.

168. The specific challenge is for the Government to continue to liaise with industry to ensure that business development and capacity building programs are relevant and effective in supporting the tourism industry to become internationally competitive and sustainable by:

- Diversifying Australia’s image from a travel destination to a lifetime experience in order to maximise yield from smaller numbers;
- Diversifying and raising the quality of Australia’s tourism product and focussing on business yield and niche markets to be able to develop a sustainable and profitable tourism industry;
- Enhancing business viability to better position the industry against volatility and global uncertainty; and
- Improving asset utilisation and coordination across public and private sectors.

169. Addressing the challenge of ensuring that Australia continues to be adequately serviced by competitive international and domestic airlines to meet growing demand and regional tourism development objectives will be another area where ongoing government and industry linkages are essential.

6. Links with other Policies

6.1 Account Taken of Tourism in the Context of Other Policies

170. The whole-of-government approach pursued in Australia is intended to ensure a sound economic foundation that aims to create an optimum policy environment for tourism development.

171. In order to maximise the benefits of tourism to Australia, DITR works closely with other Federal government agencies, particularly with regards to transport and transport infrastructure, visa processing and passenger facilitation, travel advisories, investment, skills development and standards, the interface between tourism and the environment, product development and building upon the sector's information base.

172. Administrative responsibility for various aspects of these policy areas at the Federal government level resides within the following Federal government departments.

6.1.1 Department of Immigration and Multicultural and Indigenous Affairs

173. Responsibility for the development and administration of Australia's visitor visa policy rests with the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA). In recent years the government has introduced several initiatives which have streamlined visa procedures and have supported the growth of international tourism in Australia. These include:

Electronic Travel Authority

174. Around 85 per cent of Australia's international visitors use the Electronic Travel Authority (ETA), which allows them to enter Australia as efficiently as possible and without lengthy clearance processes on arrival. The ETA is offered to nationals of 33 countries and is available for short stay tourist or business visits. Applications for ETAs can now be made via the internet.

Continuing expansion in Working Holiday Maker (WHM) arrangements

175. Australia has reciprocal WHM agreements with 14 countries. About 8,000 full time jobs are created by the annual intake of 80,000 WHM. Many of these jobs are in the tourism industry. As well as being an important part of the tourism industry, the programme enhances the cultural and social development of young people and promotes a mutual understanding between Australia and other countries.

Approved Destination Status Agreement with China

176. DIMIA has played an integral role in the development of the Approved Destination Status (ADS) group leisure visa arrangement with the People's Republic of China. Refer to Section 5.2.1 for more details on the agreement.

The Sponsored Visitor Programme

177. This visa class enables Australian citizens and permanent residents to sponsor family members from overseas as visitors. Just over 7,000 sponsored visitor visas have been granted in the two programme years since it was introduced.

International Event Coordinator Network

178. The international event coordinator network (IECN) was established as a vehicle to streamline visa processing for visitors attending international events on Australia. In the 3 years of its operation the IECN has successfully coordinated the entry of more than 139,000 visitors from over 100 countries to attend a total of 509 events in Australia.

Temporary Residence Business Visa

179. Australia offers a temporary residence business visa that allows businesses to recruit staff from overseas to overcome skill shortages in Australia. This is important for Australian tourist operators as it allows them to hire foreign employees to work in occupations such as tour guides. There are also labour agreements in place to further facilitate this process.

Overseas Arrivals and Departures Data

180. As a key border control agency DIMIA has an important role in collecting and managing inbound and outbound passenger cards which form the basis of major international tourism data collections such as the Australian Bureau of Statistic's monthly Overseas Arrivals and Departures series. Tourism industry stakeholders maintain regular contact with DIMIA to ensure the timely provision of this passenger card data.

Tourism and Visa Advisory Group (TVAG)

181. The TVAG has been established to provide, through regular meetings, a conduit for an efficient and timely flow of information on visa and travel issues that affect tourism.

182. TVAG is chaired by DIMIA and comprises a small group of key stakeholders, including DITR, the Australian Tourism Export Council, TTF Australia, the ATC and airline representatives.

6.1.2 Department of Transport and Regional Services

183. DITR works closely with the Department of Transport and Regional Services (DOTRS) on an ongoing basis, to ensure that tourism issues are taken into account in transport policy implementation. Other main stakeholders in this process are: State, Territory and local governments, the ATC, airlines, border control agencies, other transport operators, and airport owners.

184. In relation to air transport, competitive air services have an important bearing on the cost of travel, which directly influences the competitiveness of Australia as a tourism destination. Restoration of domestic and international airline capacity and discount airfares are major concerns for the tourism industry following 11 September 2001, the collapse of the domestic airline carrier Ansett Airlines, the war in Iraq, and SARS.

185. Australia has adopted a liberal, flexible and pro-competitive approach to its air services policy over the last decade. This has supported significant growth in international tourism and helped sustain regional tourist destinations. DITR has full delegate status on international air services negotiating teams, which involve important international markets, and working closely with the ATC.

186. With regards to roads, a highly developed and well maintained road infrastructure is important for the industry as around 80 per cent of domestic tourists use a private motor vehicle. The role of rail and bus industries to the tourist industry is also important. DITR is currently investigating tourism transport infrastructure needs across Australia in association with TTF Australia.

187. DITR is working with border agencies to ensure passenger processing is applied flexibly to minimise delays and inconvenience without compromising security.

188. There are a number of funding programmes available through DOTRS. The following programmes are those for which many tourism operators apply:

The Regional Assistance Programme

189. This programme generates employment in regional, remote and metropolitan Australia by encouraging local community action to boost business growth and create sustainable jobs. It provides seed funding for innovative, quality projects of value to the community. Funding is available to fund projects nationally.

Regional Solutions Programme

190. Funding is available under this programme for non-profit groups with strong support from their community or region. The programme primarily aims to work with rural and regional communities facing economic challenges, a declining population due to industry restructuring, a lack of development opportunities, or high levels of unemployment and social disadvantage.

The Dairy Regional Assistance Programme

191. This programme is part of the Federal government's A\$1.94 billion Dairy Industry Adjustment Package. It is designed to assist communities that have been impacted upon by the deregulation of the dairy industry in Australia. The programme facilitates long term employment by supplementing business investment and provides support for services that will lead to on-going economic and social benefits for regions affected by dairy deregulation. The types of tourism projects that have benefited from programme are those which enhance the leisure amenities of particular regions.

The Rural Transaction Centres (RTC) Programme

192. Funds are provided to help small communities establish their own RTC to provide access to services. Each RTC is as individual and innovative as the community it serves. Types of services can include: financial services; post, phone, facsimile, the Internet; facilities for visiting professionals; secretarial services; involvement in employment schemes; insurance; taxation; and Federal, State, Territory and local government services.

6.1.3 *Department of Communications, Information Technology and the Arts (DCITA)*

193. The Federal government develops links between DITR, the Australia Council (the Federal government's arts funding and advisory body) and DCITA to initiate programmes to provide further opportunities for cultural tourism. Initiatives include:

- Enhancing the business management skills of the cultural industries as they apply to cultural tourism, utilising existing business development programmes;
- Improving access by the cultural industries to tourist markets, including the development of marketing and distribution networks; and
- The identification of new tourist markets for cultural products.

194. Through these initiatives, cultural bodies are encouraged to consider their potential to attract tourists and to encourage regions with cultural attractions to develop this aspect of their area and then successfully market their product.

6.1.4 *Aboriginal and Torres Strait Islander Commission (ATSIC)*

195. ATSIC has designed three industry strategies to encourage Indigenous participation in the rural, tourism and cultural industries. These are areas where Indigenous people have unique products and experiences to offer. The strategies were developed in cooperation with partner agencies for the rural industry, including DITR, the Department of Agriculture, Forestry and Fisheries, and the Department of Communications, Information Technology and the Arts.

196. In addition, an Indigenous Tourism Leadership Group (ITLG) was established in June 2000. The ITLG is a whole of government initiative comprising government and industry representatives with the DITR holding the position of secretariat. The ITLG to date has:

- Developed a proposal for Government consideration for a venture capital fund for indigenous tourism;
- Endorsed an indigenous tourism accreditation program, Respecting Our Culture, and provided support for the Western Australian Indigenous Tourism Operators Committee accreditation programme;
- Consulted with the hotel chain Accor to implement an indigenous employment program;
- Engaged in cultural awareness raising for CEOs in relation to indigenous tourism; and
- Driven the implementation of the National Aboriginal and Torres Strait Islander Tourism Industry Strategy which was prepared by ATSIC and DITR.

6.1.5 *Department of Foreign Affairs and Trade*

197. The Department of Foreign Affairs and Trade issues country-specific Travel Advice notices which focus on risks to Australian travellers. The DFAT website www.dfat.gov.au also provides general advice to Australian travellers, advice on taking out travel insurance, enables tourists to register their presence with Australian Embassies overseas, and issues travel bulletins that focus on specific issues or events (such as natural disasters or civil disruptions) which may affect Australian travellers.

198. DFAT's overseas posts supply timely information on issues and developments in the tourism industry world wide. The posts furnish support to DITR by providing information such as the impact of SARS and the Iraq war, and enable an efficient collection and dissemination of intelligence under the National Tourism Issues Response Plan.

199. DFAT posts also assist in the provision of information on developments in the tourism sector affecting a market's propensity for international travel, including intelligence on economic conditions, and on issues relating to visa matters and working holiday arrangements.

200. DITR works closely with DFAT in various Joint Ministerial Committee forums to enhance bilateral trade relations in key markets.

6.1.6 *Australian Trade Commission (Austrade)*

201. Austrade is Australia's principal export facilitation agency. Austrade is represented in 105 locations in 58 countries, and also has an extensive domestic network throughout Australia. Austrade offers practical advice, market intelligence and ongoing support (including financial) to Australian businesses looking to develop international markets. Austrade also provides advice and guidance on overseas investment and joint venture opportunities, and helps put Australian businesses in contact with potential overseas investors.

202. Austrade and the ATC work closely in overseas markets to maximise the impact and return on investment from international marketing (refer to Section 4.3.2). Austrade also plays a role in representing the ATC in those markets where the ATC does not have personnel on the ground.

203. Austrade has responsibility for delivering a range of export programs such as the Export Market Development Grants Scheme (refer to Section 5.2.3) and TradeStart. TradeStart is a national network of export assistance offices in partnership between Austrade and a range of local private and public sector organisations throughout Australia. TradeStart is an integral part of Austrade's domestic network. The program offer a package of free services designed to assist small and medium sized Australian companies develop their business overseas and make their first export sale.

6.1.7 Department of Education, Science and Training

204. DITR works closely with the Federal Department of Education, Science and Training government to ensure the tourism and hospitality skill base can delivery the high quality products and services that are demanded in an increasingly competitive environment.

205. Key areas of engagement include the availability and accessibility of tourism training courses, particularly in rural and remote areas and the greater portability of educational qualifications to better meet the needs of individuals and businesses.

206. Recent eduction initiatives that will assist the tourism sector include increasing the attractiveness to overseas students of Australian tourism education facilities and more broadly, the increased promotion of Australian education and training opportunities overseas. Due to the high propensity of international students to travel while they are in the country, and to receive visitors (friends and relatives) from overseas, these initiatives will substantially benefit the tourism industry.

Department of Employment and Workplace Relations

207. The Department of Employment and Workplace Relations plays an important role in facilitating labour agreements for tourism businesses which enable operators to engage overseas employees to fill vacancies requiring specialist skills – in particular language skills – for example in occupations such as tour guides.

208. This Department also delivers wage assistance programmes which provide subsidies to Australian employers who give ongoing jobs to eligible Indigenous job seekers.

6.2 Incorporation of Other Government Portfolios in Tourism Policy

209. Other agencies with responsibilities that impact on tourism include:

- The Attorney General's Department has carriage of customs and passenger processing through the Australian Customs Service and security matters;
- The Department of the Prime Minister and Cabinet provides leadership and coordination of policy matters;
- The Department of Agriculture, Fisheries and Forestry involves quarantine, nature-based and farm stay holidays;
- The Department of Education, Science and Training deals with industry skills and training, study tourism, research and new apprenticeships;
- The Department of Family and Community Services is involved with social and economic participation and community involvement with tourism;
- The Treasury Department is responsible for taxation, financial and infrastructure policy;

- The Department of Health and Ageing provides leadership in public health and impacts on travel issues through its role in managing events such as the current SARS epidemic;
- The Department of Finance and Administration has carriage of the provision of funding tourism and government assets; and
- Environment Australia develops policies and programmes to do with the natural and cultural heritage of Australia. (Refer to Section 8 for details on Environment Australia's involvement with sustainable tourism).

6.3 *Key Challenges for the Future*

210. The future growth of the tourism industry will depend largely on shifting industry focus from quantity to quality and marketing Australia as an experience rather than a destination, based on principles of sustainability and product diversification.

211. To be able to address these challenges the Federal government's strategic direction is to implement structural change through a whole-of-government approach. This chapter highlights the complexity involved in ensuring a coordinated approach across a diverse range of tourism policy issues that often have significant carriage with other portfolios.

212. The challenge will be to continue to build whole-of-government approaches that ensure tourism interests and perspectives are brought to bear in key policy development and program delivery areas. Examples of this include ensuring that tourism's perspective is reflected in the immigration portfolio's visa and passenger processing policies and the transport portfolio's aviation policies.

213. A related challenge concerns working with other portfolios to improve their recognition and understanding of the value of tourism to the economy generally, and the important contribution tourism makes to their particular portfolio.

7. International Issues

214. The Federal government pursues bilateral and multilateral tourism relations issues. DITR works closely on a range of international tourism sector issues with member States and organisations of Asia Pacific Economic Cooperation (APEC), General Agreement on Trade in Services (GATS), Organisation for Economic Cooperation Development (OECD), the World Tourism Organisation (WTO), and the Pacific Asia Travel Association (PATA). DITR also works closely with other government agencies with responsibility for inbound tourism including the Department of Immigration and Multicultural and Indigenous Affairs, the Department of Foreign Affairs and Trade, the ATC, the Australian Trade Commission (Austrade), State and Territory government agencies; tourism industry associations; and businesses with capacity to export tourism related expertise, services and products.

7.1 *Mission and Political Objectives Connected with the International Field*

215. The aim of the Federal government tourism policy position in bilateral and multilateral tourism forums is to address impediments to international tourism development, and to pursue export and commercial collaboration opportunities for the Australian tourism industry.

7.2 *Bilateral Relations*

216. The Federal government has progressed:

- The formulation and, together with partnership agencies, implementation of an action framework to support sustainable growth of inbound tourism from China under the ADS agreement with the Chinese government;
- The development of a report and implementation of an action plan to address factors affecting market share and sustainable growth of Japanese inbound tourism. The report, *Building Momentum: Japanese Tourism to Australia*, identifies strategies to overcome impediments to this particular market. The development of a similar action plan for the Korean market is currently being undertaken;
- A Tourism Memorandum of Understanding (MOU) between Australia and India has been signed so that special attention is paid to the development and expansion of tourism relations between the two countries, with a view to expanding two way tourism flows, developing commercial collaboration, and developing a better knowledge of each other's history, culture and way of life;
- An MOU on Tourism Cooperation between Australia and Indonesia aims to strengthen tourism cooperation across a range of areas including the promotion of tourism, tourism investment, and Human Resource Development; and
- Opportunities to strengthen the bilateral tourism relationship through Free Trade Agreements (FTA) with countries such as Thailand, Singapore and the USA. Particular areas where there is scope for greater cooperation between Australia and these countries under an FTA include the removal of impediments to trade in tourism services, increasing awareness of each other's country as a tourism destination, and promoting two way tourist flows.

7.3 *Multilateral Relations through International Organisations*

217. Australia's involvement in international forums and organisations such as APEC, the OECD, GATS and the WTO contributes towards seeking to promote the sustainable development of international tourism. Australia participates in cooperative multilateral initiatives that seek to develop and implement positive tourism policies, remove impediments to the trade in tourism services, enhance competitiveness,

promote capacity building and improve recognition and understanding of tourism as a vehicle for national economic and social development.

Organisation for Economic Cooperation and Development (OECD)

218. DITR has a history of strong participation in the work of the OECD Tourism Committee (including as previous Chair). The Tourism Committee continues to be one of the major priorities for DITR's engagement with the OECD and is relevant to its focus on:

- Trade liberalisation;
- Removal of impediments to tourism industry development; and
- Generation of statistical and other information to enable better tourism industry development and planning.

Asia Pacific Economic Cooperation (APEC)

219. Australia has also played a leading role within the APEC Tourism Working Group. It has contributed towards developing and implementing the APEC Tourism Charter, which sets out a blueprint for sustainable tourism development in the Asia Pacific region. This forum provides a means for Australia to outline and promote preferred positions on international tourism development issues.

220. A key outcome led by Australia was the establishment in July 2002 of the APEC International Centre for Sustainable Tourism (AICST).

221. Based at Griffith University, Queensland, the AICST is a multilateral tourism research consortium which actively draws together interested organisations to collaborate in practical, applied research projects to build linkages, research and education capacities throughout the region. It especially enhances opportunities to develop tourism that are of mutual interest to participants. Its focus is on strategic research, rather than replicating tactical or statistical research and evaluation, currently being undertaken by individual economies.

222. This initiative aims to develop a collaborative tourism research network to raise new and additional funding for significant research projects in the Asia Pacific region, and to facilitate cooperation between APEC economies on research outcomes. The AICST's role is to underpin the development and sustainability of tourism involving industry (operators from across the industry), researchers (universities and research organisations), and governments (tourist commissions and agencies).

General Agreement on Trade in Services (GATS)

223. Australia believes that it is particularly important that positive steps are taken to ensure that the international tourism market is further liberalised to allow greater access for the provision/export of tourism related services for World Trade Organisation member nations. Furthermore, the GATS process provides an opportunity to highlight and promote the many and varied linkages between tourism and other service sectors in the development of tourism infrastructure, for example, telecommunications and education, and industrials including construction and manufacturing, such as construction and the fit-out of hotels.

224. Australia will continue to take an active role in negotiations through the GATS process to achieve liberalisation in the services sector – including in tourism.

World Tourism Organisation (WTO)

225. Whilst Australia is currently not a member of World Tourism Organisation¹², there is participation in a range of WTO activities including contributions to various publications, provision of statistical data, involvement in various forums and meetings between Senior WTO and Australian government representatives. WTO forums all provide further opportunities to exchange views on international tourism policy development and trends, and to pursue commercial collaboration opportunities for Australian industry.

Australia's International Aviation Policy

226. Australia has adopted a very liberal and pro-competitive approach to its air services policy over the last decade. Australia is prepared to negotiate 'open skies' agreements when it is in the national interest, and where that is not possible, to seek the most liberal arrangements possible.

227. Australian 'open skies' arrangements will, as a minimum, remove restrictions on: passenger and freight capacity and frequency to, from and between Australia and the bilateral partner; code sharing on each other's airlines; the routes to be operated, including points of access in both countries, as well as access to third country markets; multiple designation of airlines; and prices. Priority markets that Australia has already, or is seeking, to engage in 'open skies' discussions include the UK, Singapore, the USA and the European Union.

228. Australia is also looking to negotiate a more liberal means of designating international airlines that does not rely on ownership restrictions, but rather bases designation on place of incorporation or principal place of business. The universal application of ownership and control criteria comes at a cost for many countries by limiting their carriers' access to foreign investment and much needed capital.

229. For domestic airlines, the Government has amended its sectoral investment guidelines to allow foreign persons (including foreign airlines) to acquire up to 100 per cent of the equity of an Australian domestic airline, unless this is contrary to the national interest. These new guidelines have allowed a new domestic airline 'Virgin Blue' to establish in Australia.

7.5 *Key Challenges for the Future*

230. As previously noted, Australia's capacity to expand its share of the international tourism travel market will depend significantly on gaining better intelligence on international markets and the distribution and utilisation of this intelligence in effective marketing and product development.

231. Parallel to this, it will be necessary to continue collaborative work through bilateral engagement - with government and private sector contacts - to overcome any market access and market development impediments that may limit growth in international travel. Maintaining momentum within multilateral forums in the development and implementation of productive policy approaches will also be a focus in the years ahead.

232. In addition to ensuring that potential international visitors are aware of the quality and diversity of tourism products and experience available in Australia, it will be equally important to consolidate our reputation as a safe and secure destination for international travellers, and that appropriate response strategies are in place to ensure visitor safety while they are here.

¹² The Federal government's draft medium to long term strategy for tourism has proposed that Australia rejoin the WTO.

233. A key challenge for Australia over the next decade will be to ensure sufficient international air capacity and operational rights for airlines to flexibly meet growing demand and adequate flight services to cater for key and emerging market growth. Maintaining affordable and quality domestic transport services to facilitate the dispersal of international visitors to regional areas will also be essential.

234. A further issue for Australia in the period ahead will be the identification and building of opportunities to export tourism services expertise and intellectual property. A key element of this challenge will be raising awareness amongst Australian services providers of opportunities as many countries, particularly in the Asia-Pacific region, recognise the potential economic benefits flowing from tourism growth, and seek to grow this part of their economies.

8. Sustainable Development of Tourism

235. Australia's unique and spectacular natural and cultural environment continues to be its principal attraction to international tourists and a drawcard for Australians travelling within Australia. The protection and conservation of the environment is seen as essential, not only for Australians and the global community, but for the tourism sector itself which depends on it for its survival and sustainable growth over the longer term.

8.1 Environmental Sustainability

236. Given the Australian tourism sector's reliance on the natural and cultural environment, the sustainable use of it, by the industry and others, is essential. In that context, the tourism sector and protected area managers are natural partners in the protection of the environment, for its presentation to the broader community, and for the generation of resources to facilitate sustainable management practices.

237. The Federal government plays an active role in supporting sustainable practices by the tourism sector. The current development of the *National Strategy to Promote Sustainable Heritage Tourism Opportunities*, being overseen by the joint Federal and State/Territory Environment Protection and Heritage Ministerial Council, will contribute to the promotion of sustainable tourism. This Strategy will address the effective management of natural and cultural heritage assets and will consider the support required for regional and Indigenous tourism. A draft Strategy and Action Plan was released in May 2003 which will be subject to further consultation and discussion.

238. The Federal government is a signatory to a range of international conventions relating to environmental and trade issues on the protection and conservation of tourism resources. The *Environment Protection and Biodiversity Conservation Act* is the means by which the Federal government gives effect to its obligations under the *Convention on Biological Diversity*. Some other international conventions which impact on tourism resources include the *Ramsar Convention*, the *Convention on International Trade in Endangered Species of Wild Fauna and Flora*, the *Convention to Combat Desertification*, and the *Rio Declaration*.

239. In 2001, DITR, the Australian Cooperative Research Centre for Sustainable Tourism and the Australian Heritage Commission released a *Guide for Tourism Operators: Heritage Managers and Communities*, which provides guidance on the responsible use of heritage places for tourism. The document incorporates key elements of international and national tourism research, strategies, guidelines and codes of practice.

240. The Federal government is also leading the development of a National Coastal Policy which is being developed in partnership with all levels of government and involves wide stakeholder consultation. It is intended that the National Coastal Policy will place particular emphasis on improving water quality in coastal and estuarine waters, conserving and restoring important coastal and estuarine habitats and biodiversity, and protecting the economic base of coastal areas, particularly for tourism and fisheries.

241. Pressure on tourism infrastructure in high visitation and icon tourist destinations is seen as a key issue for the economic sustainability of tourism, not only in those particular areas, but more generally. Lack of appropriate infrastructure to meet local community and tourism needs can diminish the value of the tourism experience and undermine the very basis upon which the longer term viability of tourism businesses depends.

242. Many tourism destinations rely heavily on the natural environment as a significant attraction for tourism activities, and communities in high visitation areas are increasingly looking to develop realistic

sustainable tourism targets to ensure that growth in tourism yield can occur while conserving the natural environment.

243. Over the next ten years, it will be important to manage tourism and other impacts on Australia's natural and cultural environment to avoid potential reductions in the aesthetic value of the tourism experience for visitors. It will also be important to ensure that there are adequate opportunities for the development of new experiences so that the longer term growth potential of the industry is not stifled and that visitor opportunities in new and untapped areas are made available.

244. This will be achieved by ensuring cooperation between the various levels of government in Australia and industry in identifying opportunities, finding ways to facilitate the provision of appropriate tourism infrastructure, and promoting sustainable business practices.

8.1.1 *Environmental Best Practice*

245. Increased consumer awareness concerning environmental issues has stimulated many tourism businesses to improve their environmental performance, both in the interaction of tourists with the environment, and in their own environmental performance.

246. Many tourism businesses have responded to these pressures by adopting 'environmental best practice' strategies aimed at minimising their impact on the environment. This is evident, not only in the design of low impact tourist accommodation in environmentally sensitive areas but also across individual industry sectors. The hotel sector, for example, has adopted greenhouse gas reduction strategies which have both benefited the environment and resulted in energy savings and improved profitability for the sector.

247. Accreditation and certification schemes are a key means by which the tourism sector has moved towards improving its environmental performance. The Australian Tourism Accreditation Association has environmental performance as one of the key areas for its national accreditation template. Other sectors, including the eco-tourism sector which specialises in the nature-based and environmental tourism market segments, have developed complementary schemes appropriate to their individual sectors.

248. For eco-tourism, the Eco-tourism Association of Australia, with assistance from the Federal government has developed a National Eco-tourism Accreditation Programme. An international organisation, *Green Globe*, has formed an alliance with the Eco-tourism Association of Australia and is working with the Co-operative Research Centre for Sustainable Tourism to develop an *International Eco-tourism Standard*.

8.1.2 *Protected Areas*

249. Australia has set aside significant land and marine areas to ensure the protection of biodiversity and cultural and heritage values. Currently fourteen World Heritage listed areas have been recognised for their significance. More areas can be expected to be listed in the years ahead.

250. The *World Heritage Convention* commits the Federal government to conserve and present World Heritage properties in an appropriate mode which is sensitive to the environment of the area.

251. World Heritage Areas and other Protected Areas depend on support by the local community for their viability. Tourism can provide an opportunity for wealth generation for the immediate region with minimal impact on the conservation values. However, frequently park plans and regulations can inadvertently prevent sustainable tourism through bureaucratic processes or unplanned constraints on

business viability. Australia has been exploring how to meld conservation with wealth generation and is producing a report on *Pursuing Common Goals - opportunities for tourism and conservation*.

252. Under the United Nations Convention on the Law of the Sea, Australia has rights and responsibilities over some 16 million square kilometres of ocean, an area more than twice the size of the Australian continent, and the majority of which is under the jurisdiction of the Federal government. There are currently twelve marine protected areas under the Federal government's jurisdiction. Australia's Oceans Policy aims to develop an integrated planning and management framework for the vast ocean areas adjacent to Australia.

8.2 Social Sustainability

253. Properly managed and integrated into local planning and development, tourism has the potential to help conserve and present natural and cultural heritage, and generate employment and income for communities, especially for young people. Over the longer term, if tourism is to maximise its contribution to Australian society and culture, the industry will need to develop in a manner that meets the needs and aspirations of local communities.

254. The tourism sector is a significant contributor to local economies and this is particularly apparent in many regional areas of Australia where more traditional industries are undergoing structural adjustment. Tourism attractions become part of the economic base of a region and often attract complementary businesses which lead to the formation of tourism business clusters, with multiplier effects for the regional economy.

8.2.1 Community Awareness

255. Support from local governments, community groups and regional tourism associations, in raising tourism awareness is reflected in requests for community education campaigns. One example of a community education in operation is provided by Tourism Queensland's campaign aimed at encouraging cooperation from the Queensland public by welcoming visitors. This is seen as particularly important in the area of inbound tourism where acceptance and tolerance of other cultures is essential to visitor satisfaction and generation of repeat visitation.

256. There is a requirement in Australia for the protection of communities and culture upon which Indigenous tourism is based, as well as the natural environment and biodiversity of the locations in which many Indigenous tourism activities occur. Aboriginal Tourism Australia's Indigenous Accreditation Scheme, *Respecting Our Culture*, aims to strike an appropriate balance between ensuring cultural integrity and responsiveness to market demand and expectation.

8.3 Economic Sustainability

257. Like environmental and social sustainability, economic sustainability of the tourism sector is critical to its longevity. Solid global economic growth and the strong domestic macroeconomic prospects are the best preconditions for tourism growth over the medium to long term. However, the most recent assessment from the World Tourism Organisation indicated that the situation had not become favourable for international travel with continuing uncertainties caused by SARS and concerns about new acts of terrorism.

258. There has been considerable debate in Australia about the desirability of changing the emphasis from the volume of tourism to its value. In that sense, it is generally recognised that measures of yield, including both revenue and cost components, would be a better indicator of tourism performance.

8.4 Key Challenges for the Future

259. Over the next 10 years it will be important to manage tourism and other impacts on Australia's natural and cultural environment to avoid potential reductions in the aesthetic value of the tourism experience for visitors. It will also be important to ensure that there are adequate opportunities for the development of new experiences, including Indigenous tourism experiences, so that the longer term growth potential of the industry is not stifled and that visitor opportunities in new and untapped areas are made available.

260. This will be achieved by ensuring cooperation between governments, industry and Indigenous communities in identifying opportunities, finding ways to facilitate the provision of appropriate tourism infrastructure and promoting sustainable business practices.

9. Measuring and Analysing the Economic Weight of Tourism

9.1 Existing Structural Arrangements

261. Since most industry research and data collection is beyond the means of many tourism operators and industry associations, and because the beneficiaries of such information are widespread, the Federal government recognises the important role it has in ensuring that adequate data are available for the future development of the industry. Since a sound research and statistical base for the tourism industry is critical to maintaining its international competitiveness, the Federal, State and Territory governments are currently the primary funding sources for key tourism statistics and research.

262. Unlike other industries, because tourism is a demand side activity, it is not identified as an “industry” under the Australian and New Zealand Standard Industrial Classification. As a result, information available to other industry sectors from the National Accounts was not available to the tourism sector until relatively recently. The Australian Tourism Satellite Account, which is linked to the National Accounts, was released in December 2000. The Account has been important in providing authoritative data about the economic contribution of tourism to the economy.

263. In Australia, tourism data are available from a number of data collections at the Federal, State and Territory and local levels of government. The following sub-sections outline the major information sources.

9.1.1 Bureau of Tourism Research

264. The Bureau of Tourism Research (BTR) is a research organisation, jointly funded by Federal, State and Territory governments and by sale of research services, statistical data and publications.

265. The BTR's primary role is to collect, analyse and disseminate tourism-related statistical and background information about the Australian tourism industry to the general public, government and industry. Such information is vital to allow industry to make good decisions regarding investment in tourism infrastructure, services and marketing.

266. The BTR:

- Manages and administers two major ongoing surveys of travel by domestic and international visitors, publishing the results quarterly and annually;
- Conducts and publishes analytical research into tourism's economic impact, tourist expenditure profiles and aspects of tourism markets including regional and niche tourism;
- Provides statistical enquiries services; and
- Undertakes customised tourism consultancy assignments for a wide variety of government and private sector clients.

267. The BTR manages and disseminates results from two major surveys, the *National Visitor Survey* and the *International Visitor Survey*.

National Visitor Survey

268. The *National Visitor Survey* is designed to provide a profile of the domestic traveller, both within Australia and overseas. Data are collected on where travellers go, what reasons they have for travelling, what transport and accommodation they use, what they do while travelling and how much they spend. Information is collected on over 80 tourism regions in Australia. The information is released on a quarterly basis with time series data available.

International Visitor Survey

269. The *International Visitor Survey* provides data on international visitor behaviour, including State shares of visitors and visitor nights, expenditure, type of accommodation and transport used. Data are provided for each of Australia's major tourism market segments including backpackers, and by main purpose of journey to Australia. The information is released on a quarterly basis with time series data available.

9.1.2 *Australian Tourism Forecasting Council*

270. The Australian Tourism Forecasting Council (TFC) provides potential tourism investors, tourism operators, governments and members of the public with consensus based forecasts for activity across domestic, international and outbound tourism. Initial forecasts are produced by a forecasting unit within BTR, using econometric modelling techniques. These outputs are examined, and may be adjusted further by a technical committee which reports to the Council. The Council comprises senior representatives from industry, government, tourism marketing and tourism research who consider the draft forecasts and approve their final release. The forecasts are normally published biannually covering the next ten years, with provision for more frequent updating if necessary due to changed circumstances.

9.1.3 *Australian Tourism Satellite Account*

271. The Australian Tourism Satellite Account, produced by the Australian Bureau of Statistics, provides information at the national level on the direct contribution of tourism to the national economy. The Tourism Satellite Account provides an objective official measure of the tourism sector's contribution to the Australian economy. This is complemented by the BTR which provides yearly estimates of tourism's indirect economic contribution.

9.1.4 *Overseas Arrivals and Departures Data*

272. Information on total short term arrivals and departures is contained in the Australian Bureau of Statistics' Overseas Arrivals and Departures series. This data series is collected at arrival and departure points by the Australian Customs Service on behalf of the Department of Immigration and Multicultural and Indigenous Affairs and is published monthly by the Australian Bureau of Statistics.

9.1.5 *Survey of Tourist Accommodation*

273. The Australian Bureau of Statistics' Survey of Tourist Accommodation is a significant source of information for the tourism sector. Information on tourism occupancy is important for the accommodation industry and related tourism operators, especially in rural and regional Australia. It is also important for benchmarking performance between regions and for better investment decision making.

9.1.6 *Cooperative Research Centre for Sustainable Tourism*

274. The largest tourism related public research body is the Cooperative Research Centre for Sustainable Tourism (CRCST) which recently gained a second round Federal government contribution of A\$26.7 million over 7 years. The Federal government has also recently provided the CRCST with a further A\$2 million in funding to better establish its reputation as a world leader in research, education and training and to better attract students to Australia's tourism education facilities as a result.

275. CRCST is focused on developing a dynamic, internationally competitive and sustainable tourism industry, through delivering innovation and strategic knowledge to business, community and government to enhance the environmental, economic and social sustainability of tourism. A key emphasis in the CRCST's work is ensuring its research is commercialised for the benefit of the tourism sector.

276. One of its major challenges is expanding tourism research horizons. This means exploring tourism potential by improving the focus on sustainability, quality and collaboration through research. As such, the research projects undertaken by the CRCST tend toward being collaborative and interdisciplinary in nature.

277. CRCST recently established a joint venture partnership with Green Globe Asia Pacific to deliver sustainable tourism and expand research opportunities in the Asia Pacific region. The alliance provides a tremendous boost for the Australian tourism industry in terms of supporting the development of a global standard for ecologically sustainable business practices, as well as setting global standards for environmental management in the Asia Pacific region.

9.1.7 Other Tourism Research

278. The ATC and the State and Territory tourism commissions undertake predominantly market research. Some of the output of these agencies is available more broadly, usually on a partial cost recovery basis.

279. Much of the research undertaken by tourism businesses is related to market research and generally remains within the confines of individual organisations because of its commercial value.

9.2 Key Challenges for the Future

280. Information gaps currently exist in statistical collections, including regional demand and supply side data and forecasts, and tourism yield data at a national, State and Territory and regional levels. Under the Federal government's proposed medium to long term strategy the incorporation of tourism research responsibilities into a combined body could play a key role in the collection and analysis of information concerning changes in consumer preferences, and the impact of this on demand and supply of tourism products and services.

281. There is also an apparent lack of awareness within the tourism industry of current access to information and research sources. This may arise from weaknesses in the dissemination of programmes of research agencies and lack of understanding within the industry about the available information and research and how it can be applied.

282. Although research agencies try to ensure their outputs are user friendly, these efforts have tended to be directed to those areas of highest commercial value. This data tends to be generic and at a high level, and of limited use to small to medium-sized businesses.

283. Improved dissemination of tourism information to the tourism sector would contribute to a better understanding of available data and data sources. Attention also needs to be given to skills in the use of available information and research, and to ensuring that access to data be user friendly.

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