

CHAPTER 4

MARKETING AUSTRALIA AS A TOURIST DESTINATION

Australia's Tourist Attractions

4.1 Australia has many attractions as a tourist destination. They include:

- a number of unique landscapes such as Uluru National Park and Kakadu National Park, and the large marine eco-system known as the Great Barrier Reef;
- unique forms of wildlife such as koalas, platypuses and kangaroos;
- a favourable climate and an outdoor style of life which contrast with that of both Asia and Europe;
- open space and beaches which are relatively uncrowded;
- the perception of a relatively unspoilt environment; and
- the relative 'newness' of the country as an international tourist destination.

In emphasising the importance of these features the Australian Tourist Commission told the Committee that market research indicates that Australia's environment, its wide open spaces, great beaches and unique features such as the Great Barrier Reef, its natural heritage and its 'friendly' people are our major drawcards.¹

¹ *Evidence*, p. 99

The Australian Tourist Commission

Introduction

4.2 The Commonwealth Government is directly involved in the promotion and marketing of Australia as a tourist destination through a statutory authority, the Australian Tourist Commission (ATC). State, Territory and local governments also operate tourist promotion bodies. The co-ordination of the activities of the State and Territory tourist authorities with those of the ATC is a relevant question for this inquiry.

The Origins of the ATC

4.3 Government involvement at the national level in the promotion of tourism began with the creation of the Australian National Travel Association (ANTA). In 1929 ANTA was established as a non-profit organisation funded by both industry and government; its mission was to promote the interests of the Australian hospitality and travel industries overseas.²

4.4 The next significant change to the institutional structure by which Australian tourism was marketed overseas came in 1964. A joint government and private sector study was commissioned to examine the industry. The consultants who prepared what became known as the 'HKF Report' were Harris Kerr Foster and Company, and Stanton Robbins and Company.³ One key recommendation of the study was that the Commonwealth Government should accept direct responsibility for the overseas promotion of inbound tourism. It also recommended that a new body should be created to carry out this promotion and that appropriate Federal funding should be provided.

² *Report of the Australian Government Inquiry into Tourism 1986, 1987*, pp. 29-30

³ Australian Government Committee of Inquiry into Tourism, *Report of the Australian Government Inquiry into Tourism*, Vol.1, 1986, p. 28

4.5 These views were accepted by the Commonwealth Government. In May 1967 an Act was passed establishing the Australian Tourist Commission. The ATC was authorised to find new markets and to co-ordinate Australian tourism promotions. The Commission was not, however, to compete with either the States or commercial enterprises in the provision of tourism products or to act as a travel agent.⁴

Restructuring of the ATC

4.6 In 1986 a further major inquiry into the Australian tourism industry, the Australian Government Inquiry into Tourism, was established by the Commonwealth Minister for Sport, Recreation and Tourism, Hon. John Brown; its Chairman was Mr J. Kennedy. The inquiry, while canvassing a wide range of issues relevant to the tourism industry, centred its attention on the international marketing of Australia as a tourist destination and the operations of the ATC. Its recommendations formed the basis for a new Act, the *Australian Tourist Commission Act 1987*, which effectively restructured the ATC.

4.7 The principal objectives of the ATC as laid out in the *Australian Tourist Commission Act 1987* (s. 6) are:

- (a) to increase the number of visitors to Australia from overseas;
- (b) to maximise the benefits to Australia from overseas visitors; and
- (c) to ensure that Australia is protected from adverse environmental and social impacts of international tourism.

In its submission the ATC drew the Committee's attention to the fact that 'The ATC has no powers under its Act to ensure that the latter of these three objectives is obtained'.⁵ In other words, while being formally entrusted by legislation with a

⁴ *Australian Tourist Commission Act 1967*, quoted in the Kennedy Report, p. 29

⁵ *Evidence*, pp. 95, 102

responsibility to minimise environmental and social impacts of tourism, the ATC must rely on persuasion to fulfil this aspect of its charter. The Committee considers this situation to be appropriate.

4.8 The functions of the Commission, as set out in the Act (s. 7), are:

- (a) to promote Australia overseas as a tourist destination;
- (b) to enhance awareness overseas of Australia as a tourist destination;
- (c) to co-ordinate the overseas promotional efforts of the Australian tourism industry, in co-operation with State and Territory tourism authorities and with the Australian tourism industry;
- (d) to enhance awareness in Australia of the Australian tourism industry; and
- (e) to closely monitor and report the effects of international tourism on Australia's natural environment and society.

Administration of the ATC

4.9 The Australian Tourist Commission is managed by a nine-member Board of Directors who are, with the exception of the Managing Director, appointed by the Minister. The Act stipulates that the criterion for appointment to the Board is expertise relevant to the tourism industry. The role of the Board is to make major policy decisions and to ensure that the Committee's functions are carried out properly and efficiently.⁶ The Managing Director of the ATC is appointed by the Board.⁷ The Board is responsible for the preparation of a five-year Corporate Plan⁸ as well as an annual operational plan for the Commission. (s. 26) An annual report is submitted to the Minister and tabled in Parliament.

⁶ *Australian Tourist Commission Act 1987*, ss. 10-13

⁷ *Australian Tourist Commission Act 1987*, s. 30

⁸ *Australian Tourist Commission Act 1987*, s. 25

4.10 According to the Commission's Corporate Plan for the period 1989/90-1993/94, a greater emphasis is now placed on forward planning and strategic development. In this Corporate Plan, ATC sets out to establish broad, longer-term strategic marketing support directions. Responsibility for developing specific marketing strategies is assigned to the overseas-based Regional Directors, who will develop three-year business plans to achieve this purpose.⁹

Environmental Issues

4.11 As noted earlier in this chapter the ATC needs to rely on persuasion and lobbying to fulfil the environmental protection responsibilities assigned to it by the Act. The ATC reported to the Committee on the means it was employing to monitor the environmental and social impacts of overseas tourism. The ATC listed two major strategies for this objective:

- Monitor and report on the impact of international tourism on Australia's natural environment and society;and
- Liaise closely with States/Territories and tourism industry bodies as well as the Department of the Arts, Sport, the Environment, Tourism and Territories to achieve this objective.¹⁰

And in pursuing these strategies, four methods are being employed by the ATC:

- regular monitoring and reporting, which informs the ATC Board of Directors of any adverse developments in Australia or overseas concerning environment or social issues;

⁹ *Australian Tourist Commission Corporate Plan 1989/90-1993/94*, p. 3

¹⁰ *Evidence*, p. 95

- through its public relations activities, such as speeches, and seminars it stresses the importance of sustainable tourism and seeks to encourage the development of environmentally sensitive tourism product;
- through its marketing seeks to educate overseas visitors to respect Australia's natural environment and uses images which work on the mystique of Australia's wilderness areas; and
- supports industry in the development and implementation of its own Code of Environment Practice.¹¹

4.12 The major focus of the ATC is the marketing of Australia overseas as a tourist destination. As it pointed out to the Committee, the Commission '... has no control over production, distribution or pricing of Australian tourism product'.¹² The Committee notes that potential exists for a perceived conflict of interest by ATC between its environmental responsibilities and marketing functions. The responsibility of the ATC to maximise numbers of tourists (with consequent financial benefits) could be perceived to be in conflict with considerations of environmental protection.

4.13 Sensitivity by the ATC to environmental and social impacts of overseas tourism is highly desirable. The Committee considers that having the Commission formally responsible in this way is an additional means of monitoring any adverse impact of the tourism industry, and may assist the industry's self-regulation in this area. For these reasons the Committee has concluded that the ATC is an appropriate body to be charged with responsibilities for environmental protection. The Committee therefore commends that requirement of the *Australian Tourist Commission Act 1987*.

¹¹ *Evidence*, p. 96

¹² *Evidence*, p. 95

The ATC's Promotion and Marketing

Domestic Tourism

4.14 Under the 1967 legislation the ATC had the power to undertake promotions to encourage Australians to see Australia. However it no longer has a mandate to engage in the promotion of domestic tourism. As Mr L. Schultz, Manager Corporate Strategy, for the ATC observed that there was only one stage in our recent existence in which we were involved in domestic advertising, and that was with the Hogan Australian-made and Stay-at-Home campaigns in 1986-87.¹³

Overseas Promotion

4.15 The 1987 Act governing the ATC empowers it to engage in the marketing of Australia overseas. The ATC does not as a matter of practice engage in the overseas marketing of specific destinations within Australia; rather, it engages in general destination marketing. In co-operation with the States and Territories, however, it also participates in the marketing of regions within Australia. Mr Schultz explained to the Committee that when, for example, New South Wales advertises it advertises the whole of the New South Wales experience; it is the same for Western Australia, South Australia or whatever. Then that features in our joint promotion. It has the ATC logo along with the product, which is essentially a State product.¹⁴

4.16 When asked whether the Commission employed marketing to direct tourists to particular gateways to Australia, Mr Schultz advised the Committee that:

We promote a destination and not the gateway. We have been out there promoting special gateway books, as it were, which are available in our overseas offices for all

¹³ *Evidence*, p. 107

¹⁴ *Evidence*, p. 113

the major capitals, not only Sydney. We do not specifically go out and say, 'We have got too many people coming to Sydney at the moment. Let us see whether we can promote the other destinations as well'.¹⁵

4.17 An important feature of the operations of the ATC is the development of co-operative marketing programs. Such programs involve not only the State and Territory tourism authorities but also the industry itself. Total industry support to the ATC was expected to top \$25 million in 1991/92.¹⁶

Expenditure on Marketing

4.18 The ATC received an appropriation of \$64 million for the financial year 1991/92 from the Commonwealth. It is important to note that this constitutes only a small proportion of the total funds expended on the promotion of Australia as a tourist destination. The Industries Assistance Commission in its report on *Travel and Tourism* estimated that in 1986/87 at least \$310m was spent on advertising, promotion and other marketing of Australian tourism. Tourist operators spent at least \$240m, and the Commonwealth and State governments accounted for about \$70m.¹⁷ The IAC pointed out that in 1987/88 the Commonwealth spent about the same as the State Governments combined (\$31 million).

ATC Funding and the IAC Recommendations

4.19 The 1989 Industries Assistance Commission report on *Travel and Tourism* was preceded by a draft report which stated that the benefits to the economy of increased inbound tourism is insufficient reason for government funding. The benefits generated by such activities accrue largely to private interests in the tourism sector itself; the IAC considered it unlikely that tourism operators who

¹⁵ *Evidence*, p. 114

¹⁶ Australian Tourist Commission, *Annual Report 1991*, p. 8

¹⁷ *Travel and Tourism*, p. 188

export \$5.2b worth of services would not take steps to adequately promote their products if the Commonwealth did not do it for them. The provision of funding for the ATC is a form of selective assistance which, as the Commission has argued on other occasions, can have undesirable implications for the efficient allocation of resources in the economy. All things considered, the Commission did not consider that continued Commonwealth funding of the ATC was justified. However, it did not favour the immediate withdrawal of Commonwealth funding for the ATC. Rather, in its draft the IAC considered that the ATC should become an incorporated body and government funding should be progressively reduced over a period of, say, three years. This would give a transitional period during which tourist organisations could decide whether to take over the operation of the ATC.¹⁸

4.20 In its submission to the Committee, DASETT commented on this draft IAC recommendation:

The ATC, DASETT and the Australian Tourism Industry Association submitted responses to the IAC draft recommendation ... arguing that the role of the ATC could not be replaced by an industry based group, and that it is essential for its position as an umbrella marketing organisation to be maintained for Australia to be marketed effectively as an international tourist destination.

A national coordinated approach to international marketing is extremely important. Multi-directional and fragmented approaches to marketing and promotion must be avoided. Individual companies would have little hope in gaining the market penetration achieved by the ATC. Additionally there is little likelihood of the private sector coming together to create a coordinated national approach to overseas marketing of Australia as a tourism destination.¹⁹

¹⁸ *Draft Report, Travel and Tourism, 1989*, pp. 120-1

¹⁹ *Evidence*, p. 17

4.21 The IAC took note of such views, which were strongly supported by the Australian Tourism Industry Association, in the preparation of its final report on *Tourism and Travel*. The IAC concluded in that report that it would be imprudent to ignore the unanimous views put to it regarding the negative consequences for Australian tourism if government funding for the overseas marketing of Australia as a tourist destination were withdrawn.

4.22 In its final report, the IAC proposed that funding for the ATC continue for a period of five years. This would be followed by a review of the ATC's activities to determine whether continued government funding of the ATC would be justified.²⁰ Notably, in its submission to this Committee, the New South Wales Government recommended that there should be continued financial support of the Australian Tourist Commission to promote a marketing program overseas seeking to encourage tourism to Australia.²¹ The Committee accepts this view.

4.23 With regard to its funding, it was reported last February that the Australian Tourist Commission has sought greater government assistance for the tourism industry to compete effectively with tourism bodies in other countries. According to that report, the ATC has asked the Federal Government to lift its annual funding by 40 per cent from \$64 million to \$100 million. As a consequence, this would create an extra 16,000 jobs in the industry.²²

4.24 Following the Prime Minister's economic statement on 25 February 1992, about \$21 million is to be provided to the ATC and the Federal Department of Tourism to help prepare for an expected surge in tourism. The new Department of Tourism has also been allocated extra funds, \$6 million of which will be used for a campaign similar to that featuring Greg Norman.²³

²⁰ *Travel and Tourism*, p. 193

²¹ *Submission No. 58*, p. 12

²² *The Australian*, 20 February 1992, p. 2

²³ *The Sydney Morning Herald*, 27 February 1992

Effectiveness of the ATC in Marketing Australia as a Tourist Destination

4.25 The effectiveness of the ATC's overseas marketing activities is an issue of considerable importance for this inquiry. The Manager of Corporate Strategy for the ATC told the Committee that detailed studies relevant to this issue were being undertaken on behalf of the Commission. He described the three approaches used:

- a major regression analysis of all the factors influencing tourism, including market research which is expected to have some way of quantifying the value-added that the ATC provides for its marketing activities by those means;
- examining the various impacts of the ATC's overseas marketing, and documenting the changes in top-of-mind awareness, intention to travel and all the critical advertising criteria; and
- examining the value-added of the activities being undertaken by the ATC; with a small amount of marketing dollars the ATC can increase those sometimes two-fold, sometimes sevenfold, through co-operative advertising with other agencies.²⁴

4.26 The major regression analysis study was issued in June 1991 (although dated March 1991). Entitled *Evaluation of the Australian Tourist Commission's Marketing Impact*, this study was conducted from September 1990 to March 1991 by a working party comprising senior officers of the Australian Tourist Commission, the Department of Finance, and the Department of the Arts, Sport, the Environment, Tourism and Territories. The key points of its terms of reference were to:

- Review the effectiveness of the ATC in meeting its charter responsibilities;
- Attempt to isolate ATC's value added in increasing visitor flows to Australia;

²⁴ *Evidence*, pp. 117-18

- Identify key performance indicators for ATC's marketing activities; and
- Review options for increased industry funding of ATC's activities.

4.27 The report concluded:

All approaches returned positive results to the point where it was agreed that there is a positive correlation between ATC marketing and increased numbers of incoming tourists. Marketing is, statistically, considerably smaller than some other variables in the decision-making process (for example income). However, it is the relationship between the marketing demand elasticity and the returns which flow from this investment which are more important in this evaluation. Noting this, despite the size of the average elasticity of the countries studied in this evaluation, ATC marketing appears to have a catalytic effect on other key variables increasing the likelihood of travel to Australia. Secondly, it is important to recognise that marketing expenditure is a variable which can be controlled whereas all other variables cannot.

It also advised that:

Consistent with other overseas studies, the results show that income was the single most important factor in determining a tourists travel plans, but promotion appears to be an important and necessary element in the decision-making process to achieve an increase in tourism flows.²⁵

4.28 The report was reviewed in *The Australian Financial Review* of 11 June 1991. There it was noted that based on an average expenditure of, say, \$2,000 per tourist in Australia, \$1 million in ATC marketing expenditure would be associated with \$30 million gross tourism receipts in Australia. The report also noted that a separate study of market share analysis found that countries with a

²⁵ *Evaluation of the Australian Tourist Commission's Marketing Impact*, p. 3

higher marketing profile were winning more market share at the expense of more passive countries. It was also reported that 80 per cent of major US travel agents surveyed, selling Australian product, credited the ATC Paul Hogan campaign with increasing sales.²⁶

4.29 The Commonwealth Government had boosted the ATC budget (by \$22.6 million in December 1990) before the *Evaluation* report was completed. And in May 1991 the ATC signed a marketing agreement with Qantas. Under the agreement Qantas would allocate at least \$10 million annually to the ATC for the next three years. On 4 June 1991 *The Australian Financial Review* commented:

While Qantas has always played a part in ATC promotional programmes it has previously been on an *ad hoc* basis, with last year's contribution being between \$5 million and \$7 million.

The formalising of the co-operative agreement reflects the carrier's confidence in the ATC marketing efforts following the recent increase in the commission's budget from \$40 million to \$64 million as well as its desire to concentrate its own marketing efforts on its own image.²⁷

Commonwealth and State Co-operation

Marketing

4.30 In evidence to the Committee, Hon. John Brown, Chairman of the (industry-based) Tourism Task Force (TTF), argued that too much duplication occurs between the ATC and respective State and Territory Tourist Commissions, which complicates the promotion of Australia abroad. He cited the existence of separate State and Territory tourist promotion offices in some foreign capitals. The

²⁶ *The Australian Financial Review*, 11 June 1991.

²⁷ *The Australian Financial Review*, 4 June 1991

States and Territories, according to Mr Brown, should devote greater attention to expanding the domestic market, instead of competing with the ATC in seeking to attract foreign visitors. Though the States and Territories should participate in the principal task of the ATC - that of 'theming Australia as an entity' - according to Mr Brown they should not compete directly with the ATC in this activity.²⁸

4.31 In approaching the issue of co-operative marketing with the States and Territories the ATC expressed the view that 'the best way for States to promote their interests is to join us in co-operative advertising and then we will get their interests up front in our joint promotions'.²⁹

4.32 Nevertheless, it may not be possible for State and Territory promotions to avoid general destination marketing of Australia, which is seen by the ATC as its province. It is probably impossible to promote, say, Uluru and Kakadu without promoting Australia. The Northern Territory has for some time been active in pursuing improved and more comprehensive commercial links with South East Asia. The Northern Territory government claims that this approach, combined with the natural geographic proximity of the Northern Territory to South East Asia, has resulted in the Territory establishing appropriate arrangements to generate tourist traffic flows and other links with South East Asia and beyond.³⁰ General destination marketing would be unavoidable in this context.

4.33 On the issue of co-operation between Commonwealth and State marketing authorities, the NSW Tourism Commission stated that:

It is the responsibility of the Commonwealth Government to develop and promote strategies which incorporate input from both industry and the States and Territories.

²⁸ *Evidence*, pp. 359-62

²⁹ *Evidence*, p. 114

³⁰ *Evidence*, p. 1175

The New South Wales and the Australian Tourist Commission (ATC) liaise closely in promoting both Australia and New South Wales as a destination to the overseas market. The NSW Tourism Commission's overseas role is to ensure that its products are made available to the trade industry and assist in the promotion of New South Wales by conducting training seminars and agent familiarisation tours.

The NSW Tourism Commission has tourism representatives located overseas who are keen to discuss with the local Australian Tourist Commission representative presentations of mutual advantage.³¹

4.34 Although State and Territory Government opinion about ATC marketing activities is generally favourable, some States and Territories nevertheless have reservations about existing arrangements. The principal concern was voiced most strongly by South Australia in its submission which advised that the Commonwealth needs to examine its overall policies and the thrust of its marketing as the current level of infrastructure provision and marketing direction has distorted foreign tourism and investment in tourism projects in Australia, concentrating it in the eastern States at the expense of South Australia and other potentially fruitful regions.³²The South Australian Government consequently recommended a review of promotion and marketing be carried out to identify a program designed to increase tourism patronage of lesser States particularly South Australia.³³

4.35 The Tasmanian Government advocated a similar approach which endeavours to develop the tourism potential of all regions, in a balanced fashion, taking into account any impediments to achieving that potential, for example, Tasmania's relative isolation and transport constraints.³⁴

³¹ *Submission No. 58*, p. 12

³² *Submission No. 41*, p. 2

³³ *Submission No. 41*, section 7

³⁴ *Submission No. 101*, p. 1

4.36 The Government of the Northern Territory recommended (without being specific) the introduction of financial incentives designed to attract tourism investment and development away from the urban Eastern seaboard.³⁵ The ATC is seeking to address this problem by devoting less promotional emphasis to familiar tourist icons like the Great Barrier Reef and Kakadu, and more to a greater variety of tourist attractions across Australia.³⁶ State and Territory Government proposals for improving tourism marketing arrangements emphasised the need for better overall ATC co-ordination. The Queensland Government argued that because of the nature of the tourism product and the associated difficulties in private sector organisation and funding of its promotion there is a requirement for supportive intervention by the Government in tourism marketing. It suggested, without providing evidence, that a significant increase in Commonwealth funding of tourism promotion is required if Australia's tourism potential is to be maximised.³⁷ The Queensland Government noted that the 1990/91 Commonwealth allocation of \$63 million to the ATC fell short of the ATIA optimum budget estimate of \$102 million.

4.37 Evidence received by the Committee points to a growing recognition of the need for improved collaboration in tourism marketing. Nevertheless, distinctions between Commonwealth and State/Territory responsibilities in the marketing of tourism have been and remain difficult to draw. Overlapping responsibilities between differing levels of Government seem to characterise most aspects of tourism marketing. And the States are not under any obligation to abdicate a role in this activity.

³⁵ *Evidence*, p. 1182

³⁶ *Submission No. 62*, p. 4

³⁷ *Submission No. 100*, p. 6

Product Development

4.38 Co-operation between the ATC and the State tourist authorities is distinct from co-ordination in the development of tourism product. The ATC informed the Committee that it does not have a role in co-ordinating tourism product development between States and Territories. It does, however, in forums where it meets with the State/Territories - ASCOT and with industry at ITMA meetings - advise the States/Territories and industry of trends in overseas demand and the implications for tourism development in Australia; and in its corporate planning process it consults individually with the States/Territories and with industry on strategic planning issues.³⁸

The Tourism Task Force

Introduction

4.39 The former Federal Tourism Minister, Hon. John Brown, established the Tourism Task Force (TTF) in November 1989 and continues as its Chairman. In its submission the TTF advised that it is a private non-profit limited liability company which represents the interests of a number of influential individuals and corporations within the Australian tourism industry.³⁹ Mr Brown told the Committee that:

I was approached by a group of influential people within the industry to set up a lobby group that encompassed all areas of tourism development. It now is a viable force which embraces the airlines, the coach companies, the banks, the developers, the financiers, the travel agents, the hotel chains, the media and the trade unions. I think it is a very influential body because we have restricted our membership to 50 people and they have to be chief

³⁸ *Evidence*, p. 99

³⁹ *Submission No. 69*, p. 2

executives and/or proprietors of the major institutions within tourism.⁴⁰

4.40 The TTF outlined its objectives to the Committee: it aims to develop a healthy environment for the current and future growth of the tourism industry. Its objects are broadly as follows:

- to raise the level of awareness and debate in the public domain of the benefits of tourism, through advertising, publicity and public affairs activities;
- to collect, analyse and disseminate timely and accurate information on issues critical to the well-being of the tourism industry;
- recognising the net contribution of tourism to national and state economies, to work to achieve increased Federal and State Government Tourism Commission budgets;
- to assist in educating the public, government and executive authorities and the business community as to the existing and potential future role of tourism and hospitality industries within Australia, their needs and development strategies;
- to assist in removing impediments to the development and efficient management and operation of necessary tourism and hospitality infrastructure, including airports; and
- to do any other act or thing authorised by law in furtherance of or conducive to any of the aforementioned objects.⁴¹

⁴⁰ *Evidence*, pp. 344-5

⁴¹ *Submission No. 69*, p. 2

The thrust of these objectives is the presentation of the Australian tourist industry as a significant element of the Australian economy. The TTF identifies its major task as lobbying within Australia to achieve adequate resources for the promotion of the Australian tourist industry.

Overseas Marketing

4.41 The TTF argued in its submission that:

It's no good having sound plans and quality infrastructure if no-one knows about what we have on offer. At present we only attract a tiny 0.5% of the world tourism market and only 5% of the long-haul market. We are certainly in no position to sit back and rely on word-of-mouth to bring the tourists to our shores. We must get out into the world marketplace with some fairly aggressive tourist promotion.⁴²

The submission advised that the Federal Government has recognised this point. In March 1991 the TTF applauded the fact that the Government had announced an additional \$23 million for the Australian Tourist Commission and had pledged that this was not a 'one-off' allocation.

4.42 The TTF observed in its submission that in a short space of time the tourism industry has come to play an enormously important role in the economy of this country. The Task Force suggested that properly targeted overseas tourist promotion pays handsome dividends through significant increases in visitation. The economic significance of tourism will continue to grow, but this growth will only be maximised if the Government and the industry are prepared to work together in committing adequate resources to marketing Brand Australia in what is a very

⁴² *Submission No. 69*, p. 12

competitive world market.⁴³The two major conclusions of the TTF in regard to international marketing are:

- that the Government and the tourism industry need to 'work together' in the marketing task; and
- that sufficient resources need to be committed to the marketing of Australian tourism.

4.43 The Tourism Task Force has been engaged in lobbying and advertising in pursuit of its aims. It published a full-page advertisement in *The Weekend Australian* on 14-15 July 1990, to make its case for adequate funding of the Australian Tourist Commission. There the TTF stated:

The spectacular success of the Australian Tourist Commission's advertising campaigns saw a boom in the industry. However, anticipated Federal Budget constraints will not allowed [sic] consolidation of this early success with follow-up promotion. ... The potential for growth is enormous. It is estimated that our present 2.2 million visitors a year will increase to 6.5 million by the end of the decade. Resulting in around a million new jobs and \$2.7 billion in foreign earnings. But only if the Australian Tourist Commission receives adequate funding for its vital overseas promotion.⁴⁴

4.44 Nevertheless, the approach of the TTF to the Australian Tourist Commission was reported to have changed during 1991. On 16 May 1991 *The Australian Financial Review* reported that Mr Brown and other key members of the Tourism Task Force decided to lobby the Federal Government to restructure the ATC and possibly hand over some of its responsibilities to the Task Force. The

⁴³ *Ibid.*

⁴⁴ *The Weekend Australian*, 14-15 July 1990

report concluded that the Task Force's moves will inflame other groups in the industry which have been suspicious about its formation in 1989.⁴⁵

4.45 The Federal Government and industry organisations have rejected this view. As Minister for the Arts, Tourism and Territories, Hon. David Simmons was reported to have expressed 'unqualified confidence' in the ATC. According to the *Australian Financial Review* of 16 May 1991, the Minister believed the Task Force had a role in promoting tourism, but any suggestion that it should assume some of the ATC's functions was 'a ludicrous proposition'.⁴⁶ Subsequently that newspaper reported on 17 May that the Chief Executive of the ATIA, Mr Peter O'Clery claimed that 84 per cent of the tourism industry supported having a peak international tourism marketing body and more than 90 per cent believed that the ATC was effective. And the president of the Association of Australian Convention Bureaux was reported to have said that there was insufficient evidence to support any suggestion that ATC should be restructured or hand over any of its functions.

4.46 The Committee has already noted that the ATC was restructured in 1987. According to the Committee for Economic Development of Australia (CEDA) study *Tourism in Australia*, this was to make the ATC more result-oriented and to place greater emphasis on planning and evaluation. The Committee accepts the ATC's judgements about its effectiveness since the restructuring. No evidence has been forthcoming to the inquiry that would justify a serious re-evaluation of ATC's role; given its past successes, it would not be advisable to alter the current arrangement without clear justification. Mr Tony Thirlwell, Managing Director of the ATC has summarised the previous role of the ATC as being trade-focused. In recent years, however, the ATC had decided that consumer-driven marketing was the most effective way to broaden awareness about 'Brand Australia'. The new Greg Norman television campaigns in Japan, Korea and North America are fresh

⁴⁵ *The Australian Financial Review*, 16 May 1991

⁴⁶ *Ibid.*

examples of this thrust.⁴⁷He suggested that ATC campaigns can be summed up in seven strategies adopted for all ATC marketing activity:

- In it for the long run. Careful, long-term planning means we avoid knee-jerk reaction to sudden events and trends and work to firm marketing plans;
- Not all eggs in one basket. Tourism flows can be easily disrupted, so we are careful to spread our marketing resources and not rely on particular markets;
- Take careful aim. With limited resources, we must make sure we get to the people with the propensity to make the often long-haul trip to Australia;
- Let's work together. ATC's budget of \$65m is not sufficient without support from the industry and States;
- Consumer is king. If we motivate the consumer the travel agent/wholesaler will follow. Demand will produce supply;
- Preserve the experience. We must help protect the environment and preserve our 'friendly Aussie' image or risk losing two of the key reasons why people visit Australia; and
- Provide satisfaction. Return visits and word of mouth recommendation will only occur if visitors enjoy their stay. We must get it right back home.⁴⁸

Recommendations

4.47 That the Commonwealth Government retain the responsibility for international marketing of Australia as a tourist destination. That the Australian

⁴⁷ *The Australian Financial Review*, 13 May 1991

⁴⁸ *Ibid.*

Tourist Commission continue to perform that function on behalf of the Commonwealth. That sufficient funding be maintained to the Australian Tourist Commission to allow it to carry out its activities in order to achieve Government targets for inbound growth and the consequent economic yield from international tourism.

4.48 That section 7 (e) of the *Australian Tourist Commission Act 1987* requiring the Commission to 'closely monitor and report the effects of international tourism on Australia's natural environment and society' be strengthened to require reports at least annually on those effects.

4.49 That an investigation be carried out by the Tourist Ministers' Council into State and Federal overseas tourism representation to evaluate whether the most cost-effective arrangements are in place, or whether a rationalisation is required.

4.50 That a review of the Australian Tourist Commission's promotion and marketing be carried out to identify a program which will encourage international tourism to all Australian States.

