

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

Resources, Energy and Tourism Portfolio

Budget Estimates

29 May 2012

**Question:** BR16

**Topic:** Tourism Australia Spend on Cooperative Airline Attraction

**Proof Hansard Page:** 64-65

**Senator Bushby asked:**

**Senator BUSHBY:** That is good. Thank you. What amount does Tourism Australia spend on cooperative airline attraction with Australia's leading airports?

**Mr McEvoy:** Our main role, as you know, is demand-side marketing. We do not spend any money on incentivising airlines to land at airports. When new capacity is coming to an airport, we often want to make sure it works and is sustained. We work very much with the states and the territories and the airports to put marketing campaigns together. There are two elements. Last year, we set aside some money about \$2 million specifically focused on this new route development, new routes that are coming. An example would be China Southern flying to Perth, a brand-new route, an untried route bringing China into Western Australia for the first time. We put money in partnership with Tourism Western Australia and Perth Airport

**Senator Chris Evans:** You have got to go through Guangzhou rather than straight to Beijing. I almost took it the other day, but it took too long.

**Mr McEvoy:** Yes, Guangzhou, Beijing. Maybe fix the transit times.

**Senator Chris Evans:** While we're here, could you fix that! I would have taken it but

**Mr McEvoy:** It is not a bad flight. They do a good job.

**Senator Chris Evans:** It added about six hours to the trip, though.

**Mr McEvoy:** That is an example where we partner with them. Beyond that, we have airline partnerships with 14 airlines and spend over \$16 million in cooperation with airlines, including Qantas, Virgin, Emirates, China Southern, China Eastern, Air China, Singapore Airlines and so on. So, there are two elements. When a new route starts, particularly uncontested, and the Perth route is a good example, for Australian tourism it is great if that can not only work but be sustained over the long term. We market with the airline, the airport and the state. Normally, our money is minor, but each of the partners use Brand Australia, so that whole positioning was about Perth Australia using There is nothing like Australia as the brand marketing campaign. I do not know the exact numbers and I am happy to give them to you, but in that case we might have put something like \$500,000 into the mix, but it probably bought a \$2 million campaign about that route into Perth.

**Senator BUSHBY:** I think we have been over some of the details of that in past estimates, but would you mind just taking on notice your list of all the airlines that you are working with and the details of how much you are putting into each of those? If you can if it is not commercially sensitive how much of that is leveraging out of the partnerships?

**Answer:**

Each year Tourism Australia engages the support of industry partners and airlines in international cooperative marketing programs to ensure maximum leveraged state and territory government and private sector investment. Airline partnerships help to convert consumers' desire to travel to Australia into travel bookings through a combination of destination messaging in price point marketing.

Tourism Australia currently has four global Memorandum of Understandings (MoU) in place, with Qantas, Singapore Airlines, Jetstar and Virgin Australia. Tourism Australia's airline MoUs outline a long term spirit of cooperation and investment in international markets with each airline, usually at three-year intervals.

**2011/12***Cooperative Airline Partnerships*

In 2011/12, Tourism Australia's projected investment in international airline partnerships is \$14.5 million with a projected total investment value of \$30 million with the following airlines: Qantas, Virgin Australia, Singapore Airlines, Jetstar, China Southern, Cathay Pacific, China Eastern, Dragonair, Hainan, Virgin Atlantic, China Airlines, Scoot, Air Asia X, Malaysian Airlines, Silkair, Delta, United Airlines, Air New Zealand, Air Canada, Emirates, Etihad, Qatar, Japan Airlines, Korean Air and Asiana Airlines.

*Aviation Development – Joint Marketing of New Routes*

In addition, in 2011/12, Tourism Australia invested \$2 million in aviation development, working with airlines to market new routes, with a projected total investment of \$4 million.

**2012/13***Cooperative Airline Partnerships*

In 2012/13 Tourism Australia plans to invest \$15.7 million in cooperative aviation marketing with a projected total investment value of \$31.01 million with the following airlines: Qantas, Emirates, Jetstar, Singapore Airlines, China Southern, Virgin Australia, Air New Zealand, Malaysia Airlines, Etihad, Air Asia X, Air Canada, Delta Airlines, United Airlines, Cathay Pacific, China Airlines, Silk Air, Korean Air, Scoot and Garuda.

*Aviation Development – Joint Marketing of New Routes*

In 2012/13 Tourism Australia plans to devote part of the Asia Marketing Fund on aviation development. Details of this planned expenditure are yet to be finalised, but it is expected that Tourism Australia's investment will attract further investment from airline partners.

Note: Tourism Australia's contractual agreements with airlines prevent public disclosure of annual airline investments. The values listed above do not include Tourism Australia's cooperative investment in international media hosting, or other trade and business events.