



INFORMATION, ANALYSIS
AND ADVICE FOR THE PARLIAMENT

INFORMATION AND RESEARCH SERVICES
PARLIAMENTARY LIBRARY

Bills Digest
No. 138 2003–04

Tourism Australia Bill 2004

ISSN 1328-8091

© Copyright Commonwealth of Australia 2004

Except to the extent of the uses permitted under the *Copyright Act 1968*, no part of this publication may be reproduced or transmitted in any form or by any means including information storage and retrieval systems, without the prior written consent of the Parliamentary Library, other than by Senators and Members of the Australian Parliament in the course of their official duties.

This paper has been prepared for general distribution to Senators and Members of the Australian Parliament. While great care is taken to ensure that the paper is accurate and balanced, the paper is written using information publicly available at the time of production. The views expressed are those of the author and should not be attributed to Information and Research Services (IRS). Advice on legislation or legal policy issues contained in this paper is provided for use in parliamentary debate and for related parliamentary purposes. This paper is not professional legal opinion. Readers are reminded that the paper is not an official parliamentary or Australian government document. IRS staff are available to discuss the paper's contents with Senators and Members and their staff but not with members of the public.

Inquiries

Members, Senators and Parliamentary staff can obtain further information from the Information and Research Services on (02) 6277 2646.

Information and Research Services publications are available on the ParlInfo database.
On the Internet the Parliamentary Library can be found at: <http://www.aph.gov.au/library/>

Published by Information and Research Services, Parliamentary Library,
Department of Parliamentary Services, 2004.

I N F O R M A T I O N A N D R E S E A R C H S E R V I C E S

Bills Digest
No. 138 2003–04

Tourism Australia Bill 2004

John Kain
Economics, Commerce and Industrial Relations Section
21 May 2004

Contents

Purpose.	1
Background.	1
Basis of policy commitment.	1
Commonwealth support for tourism: Existing structural arrangements	2
The Australian Tourism Commission (ATC).	2
See Australia	3
The Bureau of Tourism Research (BTR).	3
The Tourism Forecasting Council	4
Position of industry groups	4
Press commentary.	5
Funding implications.	6
Tourism Australia’s key priorities	6
ALP/Australian Democrat policy comments	7
Main Provisions	7
Concluding Comments.	9
Endnotes.	10

Tourism Australia Bill 2004

Date Introduced: 1 April 2004

House: House of Representatives

Portfolio: Small Business and Tourism

Commencement: The main provisions commence on Proclamation, or, if this does not occur within six months of Royal Assent, on the first day after the end of that period.

Purpose

The Bill establishes Tourism Australia, a statutory body which will be responsible for international and domestic tourism marketing and tourism research. It provides a new legislative base to facilitate the merging of four existing organisations to form Tourism Australia, these being the Australian Tourist Commission (ATC), See Australia, the Bureau of Tourism Research (BTR) and the Tourism Forecasting Council.

Background

Basis of policy commitment

During the 2001 election campaign, the Howard Government made a commitment to build a policy framework to assist the tourism industry grow and prosper in response to a severe downturn in the Australian tourism industry following the 2000 Sydney Olympic Games. These difficulties arose from a combination of negative factors including the Ansett Airlines collapse, international travel aversion following the 2001 terrorist strikes in the USA, the Asian SARS epidemic and the international economic slowdown. Overseas reports suggest that adverse international publicity over Australia's policies on asylum seekers and Aborigines may have also contributed.¹

This commitment was implemented through a major industry consultation and structural review process which culminated in the Government's release of a medium to long term strategy Tourism White Paper on 20 November 2003. At the same time, the Government announced an additional tourism funding commitment to implement the plan of \$235 million over four and a half years, bringing total Commonwealth spending on

Warning:

This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

tourism to more than \$600 million over those years. The White Paper plan drew on expertise from across all levels of government, from industry and from community interests. It has been generally endorsed by government and industry participants as a suitable blueprint for the industry's future.

This Bill provides the general legislative framework to implement the White Paper's key structural recommendations affecting Commonwealth tourism policy.

Commonwealth support for tourism: Existing structural arrangements

The Commonwealth provides support for the tourism industry through a variety of measures including financial support for regional tourism initiatives, contributions to cooperative research centre studies of tourism, assistance to operators under the Export Market Development Grants Scheme and involvement with OECD and APEC tourism activities.

However its primary marketing and research support for the industry is provided through the four organisations which are to combine under the provisions of the Bill. The origins and roles of these organisations are as follows:-

The Australian Tourism Commission (ATC)

Established by the Australian Government in 1967, its role as Australia's international marketing authority is to promote Australia overseas to attract visitors for business and leisure travel. It also undertakes market research into consumer travel behaviour and provides input to government and industry policies affecting tourism. It is a statutory authority under the *Australian Tourist Commission Act 1987*. The ATC is the dominant organisation of the four.

The broader role envisaged for Tourism Australia compared with the ATC is readily evident from a comparison of the respective objectives of the two organisations as set out in the Bill and the ATC Act and reproduced below:

Warning:

This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

The Australian Tourism Commission	Tourism Australia
<p>The principal objects of the Commission are:</p> <p>(a) to increase the number of visitors to Australia from overseas</p> <p>(b) to maximise the benefits to Australia from overseas visitors and</p> <p>(c) in meeting those objects, to work with other relevant agencies to promote the principles of ecologically sustainable development set out in subsection 21(3) of the Natural Heritage Trust of Australia Act 1997 and to seek to raise awareness of the social and cultural impacts of international tourism in Australia.</p>	<p>Tourism Australia's objects are:</p> <p>(a) to influence people to travel to Australia, including for events</p> <p>(b) to influence people travelling to Australia to also travel throughout Australia</p> <p>(c) to influence Australians to travel throughout Australia, including for events</p> <p>(d) to help foster a sustainable tourism industry in Australia and</p> <p>(e) to help increase the economic benefits to Australia from tourism.</p>

See Australia

The See Australia initiative was facilitated by the Commonwealth through the Department of Industry, Tourism and Resources in 2002-03 in response to the severe downturn in inbound tourist arrivals at that time and the relatively slow rates of growth of domestic tourism evident through the 1990s.

In 2002-03 See Australia initiated a domestic marketing campaign, involving a \$2 million contribution in Australian Government funding towards an estimated \$7 million campaign run in partnership with the states, territories and industry. In essence its role is to develop and implement strategies to raise the desire among Australians to travel more in Australia, and to make it easier for them to find tourism information and book and pay for Australian holidays. It is an important alliance between government and the commercial sector.

The Bureau of Tourism Research (BTR)

The BTR provides independent, timely and relevant statistics and analysis to the tourism industry, government and the community to enhance the contribution of tourism to the Australian community. Its core activities centre on the conduct of two major travel surveys and its analytical and forecasting work in support of the Tourism Forecasting Council.

Warning:

This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

The Bureau is a non-statutory, intergovernmental agency, funded jointly by the Commonwealth, State and Territory governments and is located, for administrative purposes, within the Commonwealth Department of Industry, Tourism and Resources. On matters of policy it reports directly to the Commonwealth Minister for Small Business and Tourism, and to the Tourism Ministers Council, through the Australian Standing Committee on Tourism.

The Tourism Forecasting Council

The Council was established in 1993 to improve the information on which tourism policy and investment decisions are made by developing forecasts which are relevant to the diverse interests in the tourism industry. The Council brings together the expertise of tourism operators, the construction industry, financiers and governments. Its secretariat is serviced by the Department of Industry, Tourism and Resources.

Position of industry groups

The initiatives contained in the Bill respond to some of the long standing concerns of the tourism industry. Key issues have been that:

- The marketing of regional tourism has often been ineffective
- There has been insufficient effort made to attract international and domestic travellers to regional and rural Australia
- Niche tourism markets including indigenous tourism, high yield market niches and 'events tourism' need to be better marketed and expanded
- There is a need to reduce duplication among government tourism bodies at federal and state level and for tourism campaigns to be more cohesive and coherent
- The Australian Government's tourism marketing agencies need to work more closely with the industry they serve and lead, and
- Tourism research and analysis functions should be more closely integrated with the marketing effort.

Specific initiatives in the Bill which respond to these concerns include:

- The amalgamation of the international and domestic tourism marketing entities, the ATC and See Australia within a new Commonwealth statutory body to be known as Tourism Australia and subject to the *Commonwealth Authorities and Companies Act 1997* (CAC Act)

Warning:

This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

- The integration of the Commonwealth's existing activities in tourism research and tourism trends analysis within the functional role of Tourism Australia
- Recognition that Tourism Australia should be independent and able to operate flexibly in a commercial environment, with a commercial focus and with an ability to engage more actively with industry
- Provision for Tourism Australia to develop and strengthen relationships with the tourism industry, including through advisory panels, cooperative marketing activities in key international and domestic markets, and research and analysis
- A recognition that industry experience and expertise can contribute to the success of Tourism Australia. The qualifications for appointment to the Board of Directors of Tourism Australia include requirements for persons with relevant high level industry expertise in such areas as marketing, events tourism and infrastructure and regional development and environmental management, and
- Formal requirements for Tourism Australia to communicate effectively with the industry on issues that may affect it and to have regard to the needs of the tourism industry and government.

Press commentary

There has been little media comment directly concerned with the structural changes being proposed in the Bill. Rather much of the reporting has focussed on internal government deliberations over the relative priorities of Tourism Australia between domestic and international marketing and the size and direction of Federal funding for tourism marketing in the context of the White Paper's recommendations.

For example, media comments have referred to:

- the perceived win for the National Party with the cabinet endorsing plans to promote regional tourism, with funding to be used to lure city-dwellers out of their metropolitan environments to rural and regional Australia
- Minister Hockey's reported preference (supported by some industry interests) for tourism promotion spending to have a stronger focus on domestic tourism - yet in the event, cabinet decided that most of the extra funding will go to international marketing
- some industry disappointment over the amount being spent - the industry is reported to have wanted more than \$350 million additional Federal funding and thought it had the support of Tourism Minister Joe Hockey in this bid. Media reports suggest however that Treasurer Peter Costello and Finance Minister Nick Minchin fended off the

Warning:

This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

industry's claim, convincing Mr Howard to approve the more modest sum of \$235 million.

Funding implications

The establishment of Tourism Australia will require no additional funding under the Bill. Funding for Tourism Australia will comprise the existing funding previously allocated for the four bodies merging to form Tourism Australia, and the bulk of the \$235 million in additional funding allocated as part of the Tourism White Paper package announced in November 2003.

It is significant that the ATC, See Australia and the BTR are financed in part by contributions from other governments and/or industry contributions. For example, for 2004-05, the estimated revenue contribution to the ATC by industry is \$22.909 million compared with the Commonwealth's appropriation to the ATC of \$121.031 million.² Tourism Australia will have a similar capacity to access external funding through the exercise of its functions as specified in the Bill.

In addition, consistent with the Government's intention to give Tourism Australia a commercial focus, the Bill gives Tourism Australia the capacity to obtain sponsorship to promote Australia as a destination to overseas visitors as well as Australian residents, significantly enhancing its funding base. This will also be able to develop and sell tourism related products and services, such as research and statistics.

The Bill also gives Tourism Australia the capacity to provide financial assistance to projects or organisations that are engaged in activities which further Tourism Australia's objects.

Tourism Australia's key priorities

These have been recently outlined by the Government as follows:

- to grow international tourism by vigorously marketing a revitalised Brand Australia to key global markets
- help attract major events to Australia
- assist the development of strategic marketing plans in high yield market niches and segments
- assist the growth of business tourism
- conduct expanded research and analysis; and analyse and disseminate trends, and

Warning:

This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

- develop strategies to promote growth in domestic tourism, with a major focus on regional tourism.³

ALP/Australian Democrat policy comments

Labor has been critical of the Government's financial response to the White Paper arguing that the additional \$235 million over 5 years funding commitment was merely a 'catch-up' after seven years of Commonwealth funding neglect of tourism promotion.

The Democrats have welcomed the marketing and promotion initiatives contained in the Government's response, including new initiatives directed at boosting indigenous tourism, but have been critical of the absence of any measures by the Commonwealth to relieve the tax burdens facing tourists or achieve greater equity in the application of the GST to tourism exports as compared with other exports.

Main Provisions

Clause 5 establishes Tourism Australia as a statutory corporation governed by the CAC Act.

Clause 6 dealing with the objects of Tourism Australia emphasises its *overarching role* in converting the desire to travel to, and throughout Australia – including the regions, into action. In influencing the international and domestic travel market, Tourism Australia will strategically market Australia as a quality destination with particular recognition of the importance of high yield and niche tourism markets including events tourism. Consistent with the White Paper's recommendations, it will integrate international and domestic promotion of Australia through strategic partnerships with State and Territory tourism organisations and industry, ensuring that a consistent message is communicated to Australia's key markets.

Clause 7 dealing with the functions of Tourism Australia make explicit its responsibility for working with other relevant Australian Government agencies to ensure a unified and coherent approach to marketing Australia overseas as well as work cooperatively with foreign governments, through, for example, the development of joint marketing projects and other initiatives. This could involve, for example, leveraging of events held in the region to draw tourists to Australia.

Tourism Australia's primary role will be tourism marketing and promotion. However it will also be required to contribute to policy advice on tourism. The Bill recognises Australian Government is responsible for developing and implementing policy initiatives that impact on tourism. This includes, but is not limited to, policy relating to visas and

Warning:

This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

passenger processing, transport and security, taxation and industry assistance, education and training, industry standards and regulations and the environment.

Tourism Australia must ensure that it undertakes its functions with consideration, and under the policy parameters, set by the Australian Government on these and other issues. To achieve this, Tourism Australia is to work closely with the Australian Government agency that has carriage of tourism policy development.

Clause 8 addresses the authority's powers and specifies that Tourism Australia will not undertake the activities of a travel agent such as directly selling or arranging tours for financial gain, including transport and accommodation for tourists or organisations acting on tourists' behalf. However it is the Government's aim to give Tourism Australia considerable commercial discretion, for example, the Bill gives it the capacity to obtain sponsorships and sell tourism related products and services, such as research and statistics.

Clauses 9 – 21 address basic aspects of the Board of Directors of Tourism Australia including its functions, membership, powers, range of qualifications and expertise required of potential Board members, the Minister's role, term and basis of appointment, members' remuneration and allowances and other terms and conditions. Key provisions include:

- **Board membership:** comprising the Chair and 7 other members including a government member (being a person appointed under *the Public Service Act 1999*), all being appointed by the Minister by written instrument.
- **Qualifications for Board membership:** the Minister is required to be satisfied that appointments to the Board are on a skills basis, specifically **Clause 14** provides that the Minister must ensure that a person is not to be appointed unless he or she appears to be qualified because of his or her knowledge of, or experience in, one or more of the following areas:
 - (a) international tourism, (b) domestic tourism, (c) corporate governance, (d) financial management, (e) marketing and promotion, (f) business, (g) investment strategies, (h) infrastructure in Australia that supports tourism, including events, (i) transport networks, (j) economic analysis, (k) current and emerging technologies, (l) regional development and (m) environmental management.
- **Term and basis of appointment:** **Clause 15** provides that members will be appointed for a period of up to 3 years (other than the government member); a member will be able to be re-appointed for further periods of up to 3 years. The government member will be appointed for the period specified in the instrument of appointment; all members will hold office on a part time basis.
- **Members' remuneration and allowances:** **Clause 17** provides that members will be paid remuneration determined by the Remuneration Tribunal or if no determination is in operation, as prescribed by the *Remuneration Tribunal Act 1973*. Where not

Warning:

This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

provided for by a Remuneration Tribunal determination, any allowances for Board members will be prescribed by Regulations as set by the Remuneration Tribunal Act.

Clause 28 addresses the establishment and role of advisory panels which the Board may establish to facilitate consultation with industry and to assist it in performing any of its functions. These may include, but are not limited to, advisory panels on international tourism, domestic tourism, events and research. Advisory panels must be established in writing. The Board may revoke or vary the instruments establishing panels in accordance with the *Acts Interpretation Act 1901* to ensure that its ultimate responsibility for the functioning of Tourism Australia is not diluted in any way.

Panel members may be from the tourism industry, the broader industry, academia, State and Territory Governments, including Tourism Organisations, and Australian Government agencies. Appointment of persons to advisory panels must be made by the Board in writing. The office of advisory panel member is not a public office under the Remuneration Tribunal Act and as such, members will not be paid remuneration but will participate in Advisory Panels on a voluntary basis.

Each advisory panel may determine the way in which it is to carry out its tasks (which are determined by the Board). This includes the times, frequency and places of meetings. If a panel is expected to be set up for a period of at least 12 months, then it would be expected to meet at least 3 times per year.

Concluding Comments

The integration of the research and forecasting agencies into Tourism Australia is likely to be beneficial to the industry in making these activities more responsive to and interactive with Australia's tourism marketing strategies and industry needs. To the extent that there may be scope for reducing cost overheads and eliminating duplication of functions, the creation of Tourism Australia should be a successful structural reform.

However, the broadening of the national role in tourism marketing through Tourism Australia to include specialist niche activities such as the marketing of indigenous tourism, wine tourism and major events tourism runs the risk that the national body could potentially intrude into areas traditionally the preserve of state and local government tourism bodies. Tourism Australia would need to carefully develop its contribution to such niche marketing to ensure it adds value and effectiveness to the process rather than being in conflict with or duplicating existing activities at the local level.

The incorporation of a strong domestic marketing focus within the objectives of Tourism Australia could send a message to the states and territories that they can afford to ease off their own domestic marketing efforts as the Commonwealth is assuming a more active role. The Bill makes no explicit reference to the intended roles of other jurisdictions in domestic tourism marketing nor does it identify any incentives to keep the states and

Warning:

This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

territories motivated in their domestic marketing efforts. It is also not evident what practical measures and incentives will apply to ensure that other jurisdictions' marketing efforts work in harmony with those of Tourism Australia.

Endnotes

- 1 'Saved by the backpackers', *The Economist*, 14 September 2002, 'Backpackers eye NZ as Australia loses its appeal', *Australian Financial Review*, 15 November 2003, p. 3.
- 2 Australian Government, *Portfolio Budget Statements 2004-05*, Industry, Tourism and Resources Portfolio.
- 3 op. cit.

Warning:

This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.