

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Resources, Energy and Tourism Portfolio

Additional Estimates

15 February 2012

Question: AR10

Topic: Tourism - labour, skills, budget and marketing

Proof Hansard Page: Written

Senator Bushby asked:

1. I note work being undertaken by the resilience working group under the National Long-Term Tourism Strategy, looking at climate change has been completed. To what extent has this report canvassed the impact of measures to address climate change and their impacts on the industry?
2. Tourism Australia Managing Director Andrew McEvoy has previously said there would be a time delay before deciding whether there are concerns about the impact of a carbon tax on tourism operations. Has this decision been reached?
3. From my reading of the Request for Tender documentation supplied with BR12, there is no direction to examine the impact of the carbon tax. Is this correct?
4. Senator Sherry stated at estimates in June last year that the impact of a carbon tax would become part of the study for the purpose of the study - was the impact of the carbon tax on the industry also modelled?
5. How is Tourism going to address the budget cuts it is facing?
6. What is the extent of those cuts as they stand, against the highest level of allocated funds previously provided in total? Can breakdown be provided please?
7. What efficiencies have been found and how has that played out in terms of dollars/positions?
8. Tourism stakeholders have raised concerns in the media about the detrimental impact the Fair Work Act is having on the sector (reported in the Australian Financial Review P.5 16/01/2012. Does the department/TA find that many operators and businesses are choosing not to open on weekends/public holidays because of the expense?
9. Tourism Australia Chairman Geoff Dixon has suggested state tourism authorities should hand over some of their marketing budgets to TA to centralise the advertising of Australia overseas (reported in the Australian Financial Review P.3 23/11/2011). Why is forming a pool of funds with the state governments to market Australia overseas seen as being a preferred model for marketing?
10. Has TA had any discussions about this with the states? What has been their response?
11. Would states contribute different amounts?
12. Is Australia spending enough on marketing the nation as a tourist destination?
13. Have the outcomes from Oprah Winfrey's trip to Australia been measured?
14. How much money was provided to Ms Winfrey for her trip?
15. What follow-up opportunities were identified following the trip, in order to maximise the taxpayer spend?

Answers:

Impact of Carbon Tax

1. The terms of reference for the economic modelling project conducted by Frontier Economics required an analysis of “the Australian tourism industry’s vulnerability to climate change and [to] undertake modelling of the economic impacts of climate change on the Australian tourism industry”.
2. As noted by Tourism Australia (TA) Managing Director, Andrew McEvoy, at the Additional Senate Estimates hearing of 15 February 2012, the impact of the carbon tax has not been identified as a concern by the tourism industry in their representations to Tourism Australia.
3. Yes, that is correct.
4. No. The Frontier Economics report models the potential impacts of climate change on Australia’s holiday tourism industry. It was not intended to provide specific analysis of the potential impacts of carbon pricing.

Budget Cuts

5. The Department of Resources, Energy and Tourism (the Department) and TA’s internal budgets for 2012-13 are yet to be finalised. While there will be some reduction in tourism funding, this is unlikely to have a material impact on the capacity of the Department and TA to effectively implement the Government’s policies and programs for the Australian tourism industry. Both the Department and TA will carefully monitor ongoing work programs to ensure available resources are effectively allocated to the Government’s key priorities.
6. In 2011/12 TA’s appropriation is subject to a 0.5% efficiency dividend of \$690,000. As a result of the Government’s Mid Year Economic and Fiscal Outlook released in December 2011, the efficiency dividend forecast to apply to TA’s appropriation in 2012/13 is \$4.8 million. TA’s appropriation in 2012/13, when taking account of the effect of the efficiency dividend, is forecast to be \$130.5 million.

TA’s appropriations for the past five years are as follows:

2007/08: \$135.6 million
2008/09: \$137.6 million
2009/10: \$141.6 million *
2010/11: \$126.9 million **
2011/12: \$132.8 million

Please note that all appropriations are net of Efficiency Dividends.

* This includes the \$9 million funding brought forward from 2010/11 plus impact of the Tourism Research Australia (TRA) transfer (\$4 million).

** This includes the loss of the \$9 million bring forward, plus \$4 million Queensland Relief Package.

7. TA has used organisational efficiencies to decrease back office costs and spend more funds communicating directly to the consumer. In 2011/12 TA decreased back office costs from \$17.2 million to \$16.2 million – a decrease of 5.4%.

Fair Work Act

8. The Department is not able to quantify whether operators and businesses are choosing not to open on weekends/ public holidays because of the impact the Fair Work Act. This question could be better addressed by the Department of Education, Employment and Workplace Relations.

States and Commonwealth Co-operation in Tourism Funding

9. Geoff Dixon has never suggested “state tourism authorities should hand over some of their marketing budgets to TA”. On 23 November Geoff Dixon stated in an address to the Australian Institute of Company Directors that to speak with one voice about Australia, especially in Asia, and to collectively sell Australia through stronger joint federal and state government backed campaigns would be more effective and efficient.

Collectively, TA and the state and territory tourism organisations (STOs) invest around \$100 million annually in marketing internationally, with TA accounting for over 60% of this expenditure. In 2011/12 it is estimated that the STOs invested around \$7.5 million in partnership with TA, or approximately 19% of their total international marketing expenditure. TA will seek greater financial collaboration with the STOs using the next phase of *There’s nothing like Australia* in the next twelve months.

Greater financial collaboration between TA and the STOs in international markets would increase the clarity of the message communicated to international consumers.

10. TA regularly discusses marketing collaboration with the STOs. To date, the STOs have expressed interest in increasing their financial collaboration with TA in the next phase of the *There’s nothing like Australia* campaign to be launched in mid 2012.
11. As above, TA is looking to increase financial collaboration with the STOs in the next twelve months and it is envisaged that this could entail varying levels of contributions from the states and territories.
12. There is no doubt overseas marketing is very competitive. TA, the states and territories, the Australian tourism industry and the international distribution network including airlines, are doing their best to align their efforts and make the maximum possible impact.

Oprah

13. Yes. Several measures are reported below.

TV Screenings: *Oprah’s Ultimate Australian Adventure*, plus the announcement and lead up special episodes, aired to around 40 million people in the USA and Canada and ultimately 145 countries around the world. In Australia, Channel 10 aired *Oprah’s Ultimate*

Australian Adventure episodes in primetime, with the first episode attracting 2.3 million viewers and a 46 per cent share of 25-49 year olds.

Media: Since its announcement in September 2010, Oprah's visit to Australia generated more than 86,000 media articles globally, with an estimated equivalent advertising value of \$368 million.

US Passenger Survey Results October 2011: From a targeted sample of 500 US consumers who have either visited Australia in the past 6 months, or have booked a trip to Australia in the next 12 months;

- From the US consumers who remember seeing, reading or hearing about Oprah's Ultimate Australia Adventure, 73% said the show influenced their decision to choose Australia as a destination.
- 49% of US consumers that visited Australia in the past 6 months said their decision to choose Australia as a destination was influenced by Oprah's Ultimate Australian Adventure.
- 38% of US consumers that have booked a trip to Australia in the next 12 months said their decision to choose Australia as a destination was influenced by Oprah's Ultimate Australian Adventure.

Market Research conducted in March 2011 in the US (by Repucom International): 76% per cent of respondents were aware of *Oprah's Ultimate Australian Adventure*; of those aware of *Oprah's Ultimate Australian Adventure*, 74 % agreed that Australia is "worth travelling to" and 61% claim to have explored Australian holiday options after the airing of *Oprah's Ultimate Australian Adventure*.

Brand Health Monitor June 2011 – US Respondents: 66% of those aware of Oprah's visit to Australia agreed that her visit made you want to find out more about an Australia holiday; 58 per cent were likely to prefer Australia as a holiday destination over other international destinations; and 56% agreed that her visit made you want to visit Australia.

14. No fee was paid to Ms Winfrey or her production company for her visit to Australia to film Oprah's Ultimate Australian Adventure. However TA contributed \$1.8 million to bring down Oprah's audience to visit Australia. Ultimately, this money was channelled back into the Australian tourism economy.
15. TA, STOs and the tourism industry jointly ran tactical campaigns in the USA and Australia to capitalise on the publicity created by Oprah's visit. In the USA, TA and 16 partners invested more than \$5.4 million in associated marketing activities. In total, these partnerships generated just under US\$20 million of bookings.

Campaigns such as The Great Aussie Sale in the US offered more than 100 competitively priced Australian holiday packages through retail, wholesale and online partners. TA also developed extensive content about Australian holiday destinations on Oprah.com, which receives an average of 7 million unique visitors per month.

In addition, nothinglikeaustralia.com and australia.com both featured content from the shows, as well as audience itineraries and partner offers.

In Australia, \$1.4 million was invested in the six-week Ultimate Aussie Holiday Sale following the Australian screening of Oprah's visit. The marketing activity included television, radio, outdoor, newspaper and online advertising, and search engine optimisation.

The impact of Oprah continues to be seen – airing in another 144 countries besides the USA. Most recently, the four episodes were shown in India (September 2011).