

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Resources, Energy and Tourism Portfolio

Additional Estimates

15 February 2012

Question: AR8
Topic: Tourism Budget and the Impact of Public Sector Cuts
Proof Hansard Page: 108-109

Senator Bushby asked:

Senator BUSHBY: Thank you to the officers from the department and Tourism Australia for assisting us tonight. In Decembers Mid-Year Economic and Fiscal Outlook the Treasurer acknowledged that there was enduring global turbulence and that this means unsettled consumers with a lower consumer confidence, who will remain hesitant to take a holiday. In that context, what has been the impact of the governments reduction in overall funding to tourism by around \$7 million?

Mr McEvoy: I am not sure about the question regarding a reduction in funding. What I can talk about is what is happening in the industry at the moment. We actually had growth in domestic tourism last year, including some good growth in places like Queensland which, as you will remember, the previous year was badly affected by Yasi and floods. So domestic tourism had moderate growth last year. Inbound tourism was flat, largely due to the macroeconomics of the UK, Europe and the US. But certainly we had terrific growth out of Asia, led by China, which was up about 20 per cent, and with double digits out of places like Indonesia, Malaysia, Singapore, India and the Kiwis kept coming in spite of the World Cup, which they won, where they did not move for six weeks. So in a tough year the Australian tourism industry, I would argue, performed reasonably well. I am not sure about the question on budget, though.

Senator BUSHBY: Presumably the budget provided to you and you might care to expand on it is there for you to sell tourism as a spending choice for Australians and people from overseas.

Mr McEvoy: Yes.

Senator BUSHBY: The smaller the budget, the less flexibility you have to deliver that. The context of the question was: at a time when people are a little bit uncertain and tending to save more than they did a few years back, how does a reduction in the flexibility that you have in your budget to go off and sell Australia as a tourism destination work?

Mr Clarke: I am struggling to join the dots up. Like Mr McEvoy, I am looking at the budget numbers for Tourism Australia in the current and out years, and I do not see the \$7 million that you are talking about. I see \$132.8 million in 2011-12, \$133.9 million, \$135.9 million, \$136.9 million.

Senator BUSHBY: I have got the reference to that in here. I will have a look at that in a minute. I will come back to that.

Senator BUSHBY: ..In terms of that \$7 million, what I was looking at was my calculation of a combined Tourism Australia and department reduction as a result of the efficiency dividend. So there is, overall, \$7 million less available for the overall tourism spend between the department and TA.

Mr McEvoy: From a Tourism Australia perspective we can just give you the numbers in terms of what the efficiency dividend means to our organisation.

Mr Craig: The new 2 per cent efficiency dividend for 2012-13 is \$3.3 million. There will be \$3.4 million in 2013-14, \$3.4 million in 2014-15 and \$3.5 million in 2015-16. That will be the financial impact.

Senator BUSHBY: That is \$13-odd million over four years

Mr Craig: That is correct.

Senator BUSHBY: that TA will have reduced in terms of what it would otherwise have had in order to sell Australia as a tourism market.

Senator CAMERON: Can I ask a question on that point, Chair?

CHAIR: You may, Senator Cameron.

Senator CAMERON: What would be the departments contribution to 12,000 job cuts across the board in the public sector and what would be the implications for the department in relation to that type of cut?

Mr McEvoy: From a Tourism Australia perspective we are a statutory authority. We have a head count which is pretty stable and there is no intention

Senator CAMERON: I asked it of the department.

Mr McEvoy: Okay.

Mr Clarke: I am not sure if I can do the mental arithmetic quickly enough. RET is a relatively small department, with an order of magnitude of 500 staff, but to do the mental arithmetic that I think you are asking for across the APS I would have to take that on notice.

Senator CAMERON: I am happy for you to take it on notice. Can you look at the sort of cost equivalent in relation to the questions that have been asked by Senator Bushby?

Mr Clarke: Certainly.

Senator CAMERON: Thanks.

Answer:

1. Department's Contribution to Public Sector Job Cuts

The Department's contribution to 12,000 job cuts across the board in the public sector would be 38.35 staff. The Department would consider implications at the time of any reduction.

2. Tourism Australia Budget

As noted in the Additional Budget Estimates hearing by Mr Craig, from a Tourism Australia perspective, the new 2 per cent efficiency dividend for 2012-13 is \$3.3 million. The forecast is for an efficiency dividend of \$3.4 million in 2013-14, \$3.4 million in 2014-15 and \$3.5 million in 2015-16.