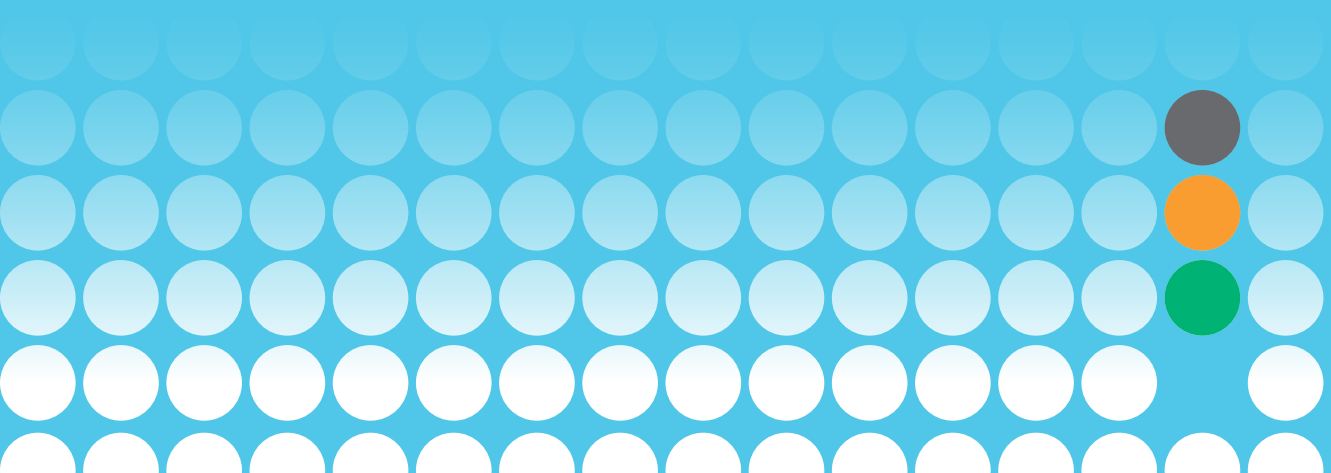




Australian Government
Department of Resources,
Energy and Tourism

NATIONAL LONG-TERM TOURISM STRATEGY



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MINISTER'S FOREWORD



The tourism industry makes a significant contribution to the Australian economy; employing one in 12 Australians across a broad range of sectors from hospitality and transportation to training and accommodation. The Australian Government has recognised the sector's importance by elevating the tourism portfolio to the Cabinet table to ensure it receives the recognition it deserves.

Australia as a destination has much to offer, drawing visitors from afar as well as within our shores. This is why it is important to continue to offer compelling tourism attractions for traditional markets internationally and domestically, as well as for new and emerging markets such as China and India.

The success of Australia's tourism industry depends upon action on both the supply and demand sides of the equation. It is pointless to create new demand if Australia's tourism industry does not have the productive capacity to meet it. Supply-side issues must be given a heightened importance in shaping the future of tourism to ensure Australia's competitiveness.

Elevating tourism to the national status it deserves as one of the key drivers of this economy will require a true public-private partnership. All levels of government and industry will need to work together to reposition the industry on a dynamic growth path for the future, and be accountable for their own areas of responsibility – policy framework for government, and tourism product for industry.

I believe that tourism in Australia will grow from strength to strength creating wealth and jobs for Australians. It will continue to provide visitors with unique and unforgettable experiences. This will require a small, but significant shift in the way the industry manages its own future.

This Strategy outlines the policy framework governments will deliver to help the industry realise this vision. Together with my state and territory ministerial colleagues we will drive the Strategy through the Tourism Ministers' Council. Reshaping the framework will assist the tourism industry to realise its full potential on a dynamic path for growth, delivering a revitalised and resilient industry that can achieve its full economic potential.

A handwritten signature in black ink, appearing to read 'M Ferguson', with a long horizontal flourish extending to the right.

Martin Ferguson AM MP

Minister for Tourism

NATIONAL LONG-TERM TOURISM STRATEGY

Tourism is a significant and vital industry to Australia. In 2007-08 it contributed over \$40 billion to Australia's Gross Domestic Product (GDP), and directly employed around half a million people. With export earnings exceeding \$23 billion, tourism is Australia's largest services export.

Given Australia's geographic location, this is a great achievement for an industry operating in an intensely competitive and sometimes volatile market.

Australia is regarded as a highly aspirational destination for international travellers. Both the wealth of natural assets and the richness of our heritage and cultural offering, particularly our Indigenous culture, represent a significant part of our appeal. However, given the competitive environment in which we operate, we must continually strive to convert aspiration into visitation.

Similarly, domestic tourism accounts for around 75 per cent of the industry and is fiercely competitive, with domestic operators competing not only against overseas travel options but also against a range of other consumer activities and products.

1. POSITIONING FOR LONG-TERM GROWTH

Stimulating consumer demand and securing jobs

Australia's share of global tourism has been in decline for more than a decade. In its final report (the *Jackson Report*), the National Long-Term Tourism Strategy Steering Committee identified a 14 per cent reduction in Australia's global share of tourism expenditure between 1995 and 2008. However, during the 2008–09 global financial crisis, Australian tourism exports grew by 6 per cent, contrary to international trends.

Domestically, the tourism industry benefited from the Commonwealth Government's economic stimulus package developed in response to the global financial crisis. For example, Restaurant and Catering Australia credits the government's economic stimulus package with increased sector expenditure of at least \$80 million. The one-off bonus payments in December 2008 and April 2009 gave Australia's tourism operators the opportunity to compete with retail and other sectors and priorities for a share of the \$12 billion plus injected into the economy. The stimulus also delivered more than \$500 million to small business initiatives offering benefits to 93 per cent of tourism businesses.

For tourism to compete with discretionary spending alternatives, marketing must remain a key sector priority. Tourism Australia is working with industry partners to maintain Australia's presence in international markets while enhancing its strategic domestic marketing role. Tourism Australia and state and territory tourism organisations will spend nearly half a billion dollars this year selling Australia to the world through a combination of brand, consumer and tactical marketing initiatives.

Tourism Australia, led by an invigorated, skilled, industry-based Board, will focus on priority markets. The campaigns will include engagement with state and territory tourism organisations and the private sector in order to increase visitation and expenditure and to further secure jobs in the sector.

Domestic and international marketing will be the focus of the targeted campaigns, especially in the significant Australian markets of China, New Zealand, the United Kingdom, the United States and India. Australian marketing efforts will seek to increase tourism trade from future growth markets, such as those in the Asian region. Tourism Australia developed the *No Leave No Life* campaign to promote domestic tourism and keep local holidays in the forefront of consumers' minds. Through Tourism Australia and 94 partner organisations, including state and territory governments, almost \$4 million has been invested to encourage Australians to use their 123 million days of accrued leave (worth around \$33 billion to Australian businesses) for an Australian holiday. The campaign was launched in March 2009 and around one-quarter of the workforce has seen it.

In addition, Commonwealth, state and territory governments and cities will spend \$62 million bidding for corporate business this year. Tourism Australia, in cooperation with the states and territories, will build on *Dreamtime 09* a premier event promoting business travel. Tourism Australia's biennial *Dreamtime* event will be expanded to include business events marketing in collaboration with the states and territories and the private sector, to capitalise on this lucrative \$6 billion market.

The Tourism Australia Board is working closely with industry stakeholders and state and territory governments to expand Tourism Australia's stand-alone status, capacity and functions by incorporating industry development, including supporting online distribution, promoting quality standards, and representing Australia's tourism brand internationally.

Action

- Broaden and strengthen Tourism Australia's capacity and functions to incorporate industry development and online distribution, while retaining its primary focus on international marketing and enhancing its strategic domestic marketing role.

2. LEADERSHIP

Strategic and coordinated leadership that will drive the national tourism agenda

Tourism is a highly diverse business-to-consumer industry, ranging from large multinational firms through to individual owner-operators. Strong leadership is needed in order to achieve substantive policy outcomes across jurisdictions and portfolios. This Strategy establishes an effective governance structure for tourism that addresses both demand-side and supply-side issues.

At the federal level, Tourism Australia works with state and territory governments and the private sector to market Australia to the world. The Commonwealth Government Department of Resources, Energy and Tourism (RET) delivers government tourism policy. At the inter-jurisdictional level, the Tourism Ministers' Council (TMC) is the principal forum for discussing tourism policy matters of mutual interest to the Commonwealth, the states and territories, and New Zealand. The Australian Standing Committee on Tourism supports the TMC. The National Tourism and Aviation Advisory Committee (NTAAC) formalises the relationship between major tourism stakeholders to provide high-level advice to RET, the Department of Infrastructure, Transport, Regional Development and Local Government (DITRD LG) and the TMC.

Historically, these arrangements have not enabled sufficient focus on development of the industry's productive capacity. While the TMC (established in 1959) is one of the longest serving ministerial councils, its average meeting frequency of once each year has made it difficult to play a strategic industry role.

Industry itself has pursued ad hoc engagement with governments on specific issues rather than industry-wide priorities. As there has not been a cohesive structure for ongoing industry input and feedback, governments have been vulnerable to criticism over responsiveness. Arrangements have therefore not engendered cohesion and cooperation between state, territory and Commonwealth governments, and with industry.

The TMC leadership model provides a strong leadership and governance structure for tourism. This structure links stakeholders in the industry and provides a balanced focus on building the productive capacity of the industry and destination marketing. It also aligns the Commonwealth Government, the states and territories, and industry on key priorities.

The TMC will engage actively across the full range of issues; this will mean tourism ministers must engage across portfolios to address issues such as planning and regulatory approvals processes, infrastructure development, labour and skills development, environmental management and Indigenous engagement in the tourism industry.

The TMC will establish issue-specific working groups with a problem-solving mandate. Importantly, these working groups will include relevant industry operators, governments and Tourism Australia.

The industry has already made progress towards engaging governments with a single and consistent voice that clearly articulates industry-wide priorities and provides evidence as the basis for action. This will be further augmented through actively engaging industry in the new governance arrangements with direct participation in the issues-based working groups supporting the Strategy's implementation.

The *Jackson Report* identified the need for a federal ministerial taskforce to periodically review tourism issues and opportunities. This will be best addressed by enhancing the role of the NTAAC. The ministers for Tourism and for Infrastructure, Transport, Regional Development and Local Government will co-chair the NTAAC, replacing the existing co-chairing arrangements by officials from RET and DITRDLG. The NTAAC's role will be expanded to include a broader range of tourism stakeholders that will interact with both portfolios and with Tourism Australia in its own right. The NTAAC will meet at least twice each year and address any tourism matters referred by the TMC or other relevant ministerial councils, such as the Australian Transport Council. The NTAAC meetings will be held before the TMC meetings to ensure industry has an opportunity to provide input to the TMC agenda.

The Interdepartmental Committee (IDC) established to support the development of the Strategy will be continued to support the revised NTAAC. The IDC will identify, progress and monitor Strategy-related impediments that require Commonwealth Government action or leadership, and promote cross-agency working relationships on these key issues.

Actions

- Reinvigorate the Tourism Ministers' Council to enable stronger participation from state and territory governments and industry, and oversee implementation of national tourism priorities.
- Maintain whole-of-government links through the Interdepartmental Committee meeting periodically to identify and progress Strategy-related impediments and monitor Strategy implementation.
- Broaden and elevate the National Tourism and Aviation Advisory Committee to be co-chaired by the Minister for Tourism and the Minister for Infrastructure, Transport, Regional Development and Local Government:
 - reporting to the Tourism Ministers' Council and other relevant ministerial councils;
 - meeting at least twice each year; and
 - including Tourism Australia and tourism-related transport operators.

3. INFORMING INDUSTRY AND GOVERNMENT

A research and development agenda that will inform industry and government

Robust research needs to underpin the tourism policy, industry development and marketing of Australia. Research is vital to understand market developments, labour market trends and industry performance, and to anticipate the impacts of climate change, shifting consumer preferences and demography.

RET-commissioned independent research by KPMG Econtech showed that gaps in the tourism research agenda primarily relate to industry development and policy analysis. Research that enables industry and key stakeholders to accurately assess opportunities and respond appropriately to challenges is currently not undertaken; improved research is clearly needed. Once research and data are available, they must be provided as broadly as possible in a format that enables stakeholders to make informed decisions.

The *Jackson Report* identified the need for greater original research, stronger links to the commercial sector, and improved dissemination of data as critical issues in developing the Australian tourism industry.

A research and development advisory board will be established to oversee delivery of a national tourism research agenda. Tourism Research Australia has been reintegrated into RET. Tourism Australia will continue to be the central agency for destination marketing and promotion; however, its role will be expanded to include aspects of industry development, such as facilitating greater online distribution for tourism providers and building Australia's Indigenous tourism capacity.

The advisory board's structure will include industry, state and territory representatives, and other relevant agencies, such as the Australian Bureau of Statistics. Tourism Research Australia's focus will be expanded over time to address other matters, such as investment and product development. Additional resources, including from the private sector and industry partners, will contribute to:

- producing a comprehensive state of the industry report, a quantitative and qualitative assessment of industry performance, challenges and trends, and metrics for measuring the Strategy's implementation;
- conducting research into issues affecting tourism, including investment, productivity, labour and skills, and taxation;
- using Computable General Equilibrium modeling to better understand links between tourism and the rest of the economy; and
- developing an industry communications program to ensure the research is communicated and shared across the industry.

A new national governance structure for research and development (comprising industry and government) will drive a national and holistic agenda for tourism research.

Actions

- Establish a new governance structure for research and development to drive a national tourism research agenda, and advance high quality research that informs industry and policy development.
- Produce an annual state of the industry report, providing a quantitative and qualitative assessment of current industry performance, challenges and trends. The future research agenda will incorporate work on issues affecting tourism including investment, productivity, labour and skills, and taxation.
- Tourism Australia to lead industry communications, including an annual industry outlook conference and disseminate research and development information.

4. FACILITATING INVESTMENT AND REGULATORY REFORM

Investment that will ensure Australian tourism product remains competitive in a global marketplace

Ensuring that Australia moves up the international tourism value chain and remains competitive requires quality tourism business products and services from tourism operators committed to innovation, continuous improvement and renewal. The *Jackson Report* suggests that greater investment in the tourism industry will drive long-term profitability, innovation and growth in the sector.

The different levels of government in Australia present regulatory challenges to businesses resulting in complex and lengthy investment and development approval processes, and impediments to reinvestment. Regulatory reform is needed to provide transparency and certainty for investors and business.

The Commonwealth Government plays an important role in encouraging improved product quality and innovation. An Access Economics report commissioned by RET stated the tourism industry is characterised by a significant flow through of additional activity to other parts of the economy and to other businesses.

Building a tourism industry profile is important in raising awareness of Australia as a destination for trade, corporate travel, conferences and meetings, education and investment.

Tourism Australia will work with Commonwealth Government agencies, such as Austrade, and with state and territory governments and stakeholders to extend Australia's brand. Building Brand Australia will increase awareness of Australia as not only a place to visit, but also a place to live, work, study and invest. This will include a focus on attracting investment in tourism infrastructure to stimulate economic development and improve the quality of the tourism product.

Action

- The Tourism Ministers' Council to appoint an investment and regulatory reform working group, including industry, and state and territory stakeholders, to implement and progress the tourism regulatory reform priorities.

5. LABOUR AND SKILLS

Labour and skills development that will support tourism industry needs

Tourism is a labour intensive, seven-day-a-week industry. It has one of the lowest levels of post-school qualification and is growing at a rate faster than most other sectors of the workforce. Many frontline staff are casual or part-time unskilled employees. The *Jackson Report* states that tourism requires equitable and adequate access to skills programs that focus on recruitment and retention. The profitability of the industry is important in ensuring tourism has access to the labour and skill resources it needs by improving the competitiveness and thereby the attractiveness of working in the industry. More effective use of existing labour and skills mechanisms and programs by the tourism industry would improve staffing quality, retention and career options.

Government and industry by focussing on tourism and hospitality skills and using the Tourism and Hospitality Workforce Development Strategy, could achieve a more integrated approach to skills development and retention. Urgent consideration needs to be given to how the skills and training needs of the tourism industry can be best recognised and progressed.

This work must focus not only on attracting people to the tourism industry, but also on increasing the opportunities for people to build sustained careers through training and skills development. Tourism skills and qualifications must be recognised and must be portable both within and beyond the industry. For example, the Responsible Service of Alcohol and the Responsible Conduct of Gambling qualifications are not recognised between all jurisdictions. Offering people the opportunity to expand their employment options and use their skills across jurisdictions could be a significant way to attract people and retain their experience.

The Commonwealth Government has supported a number of pilot projects to improve tourism and hospitality workforce recruitment, retention and skills development; however, the leading practices developed through this support need to be rapidly promulgated through the industry nation-wide.

Indigenous people bring a unique skill set and cultural opportunity to the tourism industry, while benefiting from the significant opportunities to participate in the economic activity and wealth creation that tourism can provide. Increasing Indigenous participation in tourism, particularly through employment, would help 'close the gap' of Indigenous disadvantage and help address labour shortages in the tourism sector, particularly in rural and regional Australia.

Action

- The Tourism Ministers' Council to work with Service Skills Australia, to implement the Tourism and Hospitality Workforce Development Strategy.

6. RESPONDING TO CHALLENGES

Tourism businesses that will adapt to the impact of change, climate change and other external shocks

Tourism will continue to face a range of short- and long-term external shocks and challenges, as evidenced in major climate change reports including the *Garnaut Climate Change Review Report* and the *Intergovernmental Panel on Climate Change Fourth Assessment Report*. Climate change is an example of a material threat to Australia's tourism industry.

Tourism Australia's *Brand Health Monitor Survey - Attitudes to Climate Change and Environmental Degradation, 30 March 2009* also indicates that consumers in key Australian tourism markets are increasingly focusing on climate change and environmental sustainability when making purchasing decisions. Through enhancing awareness of environmental protection and sustainability, and ensuring proper management of natural assets, Australia has the opportunity to counteract negative consumer perceptions and purchasing behaviours, and to gain significant economic, social and cultural benefits from sustainable tourism.

In the short- to medium-term, government climate change policy reforms will have associated flow through costs that will affect the tourism industry and broader service sectors. Governments can provide a framework to help businesses prepare for a carbon-constrained future and move to a low-pollution economy, but for this to be effective, industry must take advantage of Commonwealth Government programs, such as the Climate Change Action Fund (funded from 2009 to 2015).

Opportunities will arise for businesses and consumers through consumers' increased focus on the environment. Australia's natural environment is a significant part of Australia's appeal as a travel destination. While the tourism industry needs to recognise the implications of climate change and how it will need to respond and adapt, the industry must also be able to demonstrate to the market that it is providing a clean green product and environmentally sustainable experiences. This is particularly important for a long-haul international destination that has a strong natural product offering but is dependent on carbon-intensive air transport links for international visitation. Many Australian tourism operators have developed clean green tourism products, but the industry must continue to focus on developing and implementing innovative practices that will enhance Australia's status as a green destination.

Through working in cooperation with government, the Australian tourism industry will be prepared to respond to challenges with targeted strategies, as evidenced by the response to the industry's current primary challenge, climate change.

Action

- Through the Tourism Ministers' Council, continue to deliver the actions of the Climate Change Taskforce to improve industry understanding of the impact of climate change, and to prepare the Australian tourism industry for a carbon-constrained future.

7. EXCELLENCE IN PRODUCT AND SERVICE DELIVERY

Product quality and service delivery that will ensure Australia is a high-value destination

Consumers are becoming increasingly well informed about travel options and are demanding value for money in their purchasing decisions. Provision of high quality, innovative tourism products and experiences, coupled with delivery of excellent customer service, are essential to Australian tourism's performance against international competitors. A single, nation-wide quality accreditation framework will support this effort.

The Commonwealth Government has worked productively with industry, and state and territory governments to develop the National Tourism Accreditation Framework. The Framework includes the industry-based Tourism Quality Council supported by Tourism Australia and RET. By reporting to the TMC, the Tourism Quality Council will identify opportunities to promote and identify quality tourism businesses.

Action

- The Tourism Ministers' Council to endorse and implement the National Tourism Accreditation Framework and the Tourism Quality Council as the mechanisms to recognise Australia's quality tourism products and services.

8. STRENGTHENING OUR COMPETITIVENESS WITH INDUSTRY AND PRODUCT DEVELOPMENT

Destinations and tourism product that will make the most of our unique attributes

The Australian tourism industry offers a wide range of tourism and travel options, reflecting the diversity of Australia's natural and heritage assets, and Indigenous culture. The industry's sustainability is based on obtaining the greatest economic value with the least environmental cost. Tourism associated with the Great Barrier Reef, for example, is conducted in accordance with the strictest environmental regulations and in 2006-07 provided a \$5.1 billion contribution to the national economy.

The future of tourism will depend on ensuring the industry provides compelling and sustainable experiences to consumers.

The value of the natural, cultural and heritage assets is likely to become increasingly important as consumers actively seek sustainable and authentic tourism experiences. The economic value of these assets is significant. In 2008, 23 million people visited Australia's cultural and heritage locations, comprising 70 per cent of all international visitors and 27 per cent of domestic visitors. Heritage and cultural tourism is a growth market, contributing 37 per cent of world travel and growing by 15 per cent per annum.

The continuing development of Indigenous tourism is a key example of the benefits that can be derived from tourism in helping to achieve economic and social outcomes; however, Australia's Indigenous tourism offering needs further development. While government has in the past supported tourism-specific Indigenous programs, such as the Business Ready Program for Indigenous Tourism, such approaches can focus narrowly on tourism at the expense of the economic potential that tourism can provide. Instead of developing specific Indigenous tourism programs, Indigenous employment and economic development programs should recognise the potential benefits of tourism to enhancing the social and economic status of Indigenous people.

For example, the National Landscapes Program has succeeded in aligning the plans and actions of agencies, governments, communities (including Indigenous), and industry, sometimes crossing jurisdictional boundaries with local communities driving development and adoption of destination development plans.

Actions

- Encourage continued advancement of the National Landscapes Program and investigate use of the initiative as a model for further collaboration between government and industry in destination development.
- Review capacity of current Indigenous development programs to develop Indigenous tourism products. This will include an annual review of existing Indigenous tourism products and services and publication of the *National Indigenous Tourism Product Manual* through Australia.com.

9. MEASURING OUR PERFORMANCE

Performance indicators that will track progress and support strategic priorities

The Strategy is not the end point; it is the starting point that establishes the basis for the future of Australia's tourism industry. Periodically, the TMC will review its progress against the Strategy and key industry measurements, setting new strategic priorities over time to drive implementation of the national tourism agenda. Overall market performance indicators will be necessary to track progress and to underpin closer collaboration with the private sector.

Actions

- Advance the new Research and Development Advisory Board focused on research to inform policy, marketing, and industry development. Research will be balanced (supply and demand; objective and behavioural) and triple bottom line (economic, social, and environmental).
- The Department of Resources, Energy and Tourism and Tourism Australia, working with stakeholders, to publish a comprehensive state of the industry report to be delivered to the Tourism Ministers' Council in 2010 and distributed widely throughout the industry. The Research and Development Advisory Board, led by the Department of Resources, Energy and Tourism's Secretary, to oversee a work program of rigorous industry metrics (to be endorsed by the Tourism Ministers' Council in 2010) and published on Tourism Research Australia's website. Metrics will include tourism volume, value, and satisfaction indicators at the national and regional levels.



**ENHANCING AUSTRALIA'S
ECONOMIC PROSPERITY**