



Australian Government

# A Tourism Success Story

The place of ADS in the Australia-China  
tourism relationship



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## Message from the Minister



A key component of the Australia-China relationship is the robust and successful tourism relationship. China is Asia's largest source of outbound tourists with enormous potential for growth.

This strong tourism relationship is founded on the selection of Australia as one of the first western countries to achieve Approved Destination Status (ADS) in 1999. ADS is a bilateral arrangement between the Chinese Government and a destination. Chinese tourists may only undertake group leisure travel to ADS destinations and only ADS destinations can market in China.

More than a decade later, the relationship has matured, characterised by enthusiasm and commitment in both countries and at all levels of the tourism industry. Stakeholders have taken the lessons learnt since the inception of ADS, adapting and tailoring the arrangement to the ever-changing strategic and industry context. Now one of 140 such arrangements, the Australia-China ADS model is acknowledged as best practice by the Chinese National Tourism Administration.

The Australian Government is strongly committed to continuing and improving ADS arrangements with China. In May 2010 I announced an additional \$4.1 million (over four years) in funding for the ADS scheme. This investment will ensure inbound tour operators continue providing a quality service to leisure tour groups from China.

The dedication of Australia and China to fostering the growth of sustainable and quality tourism was reinforced with the signing of another Memorandum of Understanding in April 2011.

This booklet outlines the growth and achievements of ADS, prospects for the future and options for supporting growth. It also acknowledges the need to continue meeting challenges in a constructive and open way.

Industry will continue to play a central role in this story. The Australian Government's National Long-Term Tourism Strategy clearly articulates the need to work with industry to ensure it provides compelling, sustainable experiences to consumers. Importantly, Tourism Australia's China 2020 Strategic Plan has the full support of key industry players as well as State and Territory tourism organisations. The ADS scheme and support for emerging market segments will be pivotal in achieving the objectives of these strategies.

I welcome your interest in the success of ADS and encourage you to continue engaging with government and other stakeholders to achieve the remarkable potential of the Australia-China tourism relationship.

A handwritten signature in black ink, appearing to read 'Martin Ferguson'. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Martin Ferguson AM MP  
Minister for Tourism



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## Common Terms

ADS	Approved Destination Status
ADSAP	ADS Advisory Panel
ASP	Aussie Specialists Program
CNTA	China National Tourism Administration
CMA	compliance monitoring agency
The Code	<i>2010 ADS Code of Business Standards and Ethics</i>
DIAC	Department of Immigration and Citizenship
GDP	Gross Domestic Product
ITOs	Inbound Tour Operators
MoU	Memorandum of Understanding
NTAF	National Tourism Accreditation Framework
OTOs	Outbound Tour Operators (also known as Chinese Outbound Agents)
PASP	Premier Aussie Specialist Program
RET	Department of Resources, Energy and Tourism
TA	Tourism Australia
TIEV	Total Inbound Economic Value
TQUAL mark	Mark symbolising tourism quality under the NTAF

# 1. The Approved Destination Status scheme in Australia

## What is the ADS scheme?

The Approved Destination Status (ADS) scheme allows Chinese tourists to travel to Australia in guided groups. Tourist visas under the ADS scheme are only available to people travelling in tours organised by travel agents approved by Australian and Chinese government authorities.

The objectives of the scheme are to restore integrity, competition and fair trading to the Chinese inbound group leisure market and to empower Chinese inbound tourists with knowledge and choice so they can exercise effective consumer power in the market.

Australia's position as the first western destination along with New Zealand to be granted ADS gave it a strong start in marketing its tourism product to the Chinese. Since 1999 Australia has received over 610,000 ADS tourists in over 44,000 groups, and around half of current total leisure arrivals from China are ADS tourists. Without the ADS scheme, Tourism Australia (TA) would not be able to market Australia in China.

ADS travel has significant advantages over non-ADS travel for particular market segments. Inbound and Outbound Tour Operators (ITOs and OTOs) are subject to a selection and monitoring process which helps both the Chinese and Australian governments to meet the ADS objectives of ensuring quality of service and a high level of integrity of outcomes.

## Formal ADS Arrangements

The Australian ADS scheme was agreed between the Australian and Chinese Governments by an exchange of official letters in 1997 and implemented in 1999. A five-year Memorandum of Understanding (MoU) was signed in 2006, followed by another MoU signed in Beijing on 26 April 2011. The 2011 MoU will be reviewed in 2016.

The China National Tourism Administration (CNTA) is responsible for the administration of travel in China and the development of Chinese travel regulations. Regional and provincial tourism bureaus have responsibility for the implementation of these regulations. The CNTA is responsible for ADS approval of OTOs in conjunction with Department of Immigration and Citizenship (DIAC).

Under the MoU, high level Australian and CNTA officials meet annually to discuss the implementation of ADS. At an operational level, Australian officials in China regularly engage with CNTA and Chinese regional and provincial tourism bureaus on ADS and other tourism matters.

The ADS scheme in Australia was managed by the Australian Tourism Export Council in conjunction with DIAC until 2004. The Australian Government assumed full management of the strengthened scheme in 2005.

The Department of Resources, Energy and Tourism (RET) now coordinates administration of the ADS scheme together with the DIAC and TA.

RET's primary focus is tour quality, which encompasses all aspects of ADS travel, including accommodation, transport, meals and attractions. RET is also responsible for the day to day management, selection and monitoring of ITOs.

DIAC's focus is on immigration aspects of the scheme, particularly the selection and performance monitoring of OTOs.

TA contributes to the delivery of quality tourism product through its Aussie Specialists Program (ASP) and Premier Aussie Specialist Program (PASP) training delivered in China, while TA's primary focus is on marketing Australia as a leisure holiday destination.

TA and DIAC play an advisory and consultative role in relation to ITOs. TA and RET play a similar role in relation to OTOs, with input and responsibilities relating to their portfolios.

The ADS Advisory Panel (ADSAP) provides an interface between the Australian Government and the tourism industry on ADS matters. The panel comprises representatives from the Australian Government (RET, DIAC, TA), State and Territory tourism organisations, ITOs and the Australian Tourism Export Council. Representatives from relevant industry associations, such as the Australia China Business Council, round out the membership.



Source: Chris Canham Photography

## How it Works in Practice

### *Quality assurance*

The Australian Government streamlined the administrative arrangements for the ADS scheme in 2010 with a range of reforms to ensure Chinese tourists receive a quality Australian tourism experience. At that time, all existing ADS operators were required to re-apply for approval, with applications also invited from appropriately qualified Australian businesses wishing to enter the scheme. Applications are rigorously assessed, and approved operators are required to comply with the *2010 ADS Code of Business Standards and Ethics*.

As at June 2011 there were 50 approved ADS ITOs in Australia and 91 ADS approved OTOs in China.

The ASP is TA's primary tool to educate, qualify and build conversion skills to enable outbound travel agents to develop and deliver quality products and enhance the selling capability for Australia in primary and secondary markets. To become a member of the more rigorously assessed PASP, agents must meet specific criteria:

- Be a fully qualified ASP agent for a minimum of three years;
- Have at least three years' experience in handling outbound business to Australia;
- Participate in training sessions held by TA;
- Actively promote itineraries with relevant Australian experiences; and
- Participate in TA's key activities.

DIAC ensures ongoing quality in approved OTO agents and ADS visa performance through a range of mechanisms, including:

- A monitoring scheme to ensure agents adhere to agreed quality standards and terms;
- Training agents twice yearly and regularly updating them regarding visa developments;
- Monitoring every tour group to make sure it departs Australia in accordance with its itinerary. If any member fails to abide by the visa conditions or leave Australia, their agent must notify DIAC within 48 hours;
- A sanction scheme, where agents face a range of penalties, including suspension from the scheme if they have too many tourists abscond; and
- Auditing agents to ensure that they are complying with the requirements of the scheme and maintaining quality in their processes and tour groups.

To help eliminate negative behaviour within the ADS market and, in turn, raise the quality of tours, RET uses a compliance monitoring agency (CMA) to monitor compliance by ITOs with the ADS Code. Monitoring activities include:

- Compliance readiness checks on new ADS ITOs before they begin ADS business to ensure they understand their obligations under the Code;
- Financial examinations of tour arrangements; and
- Random checks of ADS tours to see if the ADS Code is being followed.

Under the ASDS Code there is a sanctions structure which is applied where ITOs have been found to breach the requirements of the ADS Code. In the case of serious breaches the Minister may decide that an ITOs ADS approval be suspended or revoked.

RET also undertakes Mystery Shopper operations with Tourism New Zealand to gather detailed feedback on tour quality and satisfaction.

ADS ITOs are required to attend an annual training workshop run by RET in conjunction with TA, DIAC, CMA and the State and Territory tourism organisations to ensure that they stay abreast of latest market developments and any changes to the Code.

From 1 January 2011 uniform national consumer laws in Australia replaced existing state and territory laws. This makes it easier for all consumers, including Chinese travellers, to understand their rights. Consumer education material for the Chinese market is being updated to reflect these changes.



TA and DIAC also regularly review ADS mechanisms and OTO arrangements, to ensure that there is adequate high quality service in emerging markets.

## ADS visa process

ADS visa applicants must meet standard tourist visa criteria as well as additional ADS specific criteria. Tour group members under the ADS scheme receive a type of Tourist (Subclass 676) visa, valid for the period of the tour group itinerary only. Tourists do not have any work or study rights and the visa can generally not be changed to another visa type in Australia. Conditions 8101 ('no work'), 8207 ('no study'), 8503 ('no further stay') and 8530 ('must follow approved itinerary') are mandatory on ADS visas. ADS visa holders are therefore expected to follow their approved itinerary and stay with their tour group.

It is notable that the scheme has been successful in maintaining integrity, with 95% of all ADS visa applications approved and non-return rates for ADS visitors in Australia in 2009-2010 much lower than the global average.

## ADS Milestones

- 
- |             |  |  |
|-------------|--|--|
| <b>1999</b> | <ul style="list-style-type: none"><li>• Australia granted ADS for Beijing, Shanghai and Guangdong</li><li>• Australian Tourist Commission Shanghai Office established</li></ul>  |  |
| <hr/>       |  |  |
| <b>2000</b> | <ul style="list-style-type: none"><li>• Australia Prefers VISA campaign begins in China</li></ul>  |  |
| <hr/>       |  |  |
| <b>2001</b> | <ul style="list-style-type: none"><li>• The Aussie Specialist Program (ASP) online training program launched</li></ul>   |  |
| <hr/>       |  |  |
| <b>2002</b> | <ul style="list-style-type: none"><li>• 12-episode TV series <i>It All Started in Perth</i> was broadcast in 25 municipals and provinces throughout China. The tourism documentary featured Fu Mingxia and Xiao Hailiang, Diving Gold Medallists at the 2000 Sydney Olympic Games</li></ul>  |  |
| <hr/>       |  |  |
| <b>2003</b> | <ul style="list-style-type: none"><li>• Trends magazines showcased Australia's wide array of tourism experiences and contemporary lifestyle</li></ul>  |  |
| <hr/>       |  |  |
| <b>2004</b> | <ul style="list-style-type: none"><li>• Six new ADS regions added</li></ul>  |  |
| <hr/>       |  |  |
| <b>2005</b> | <ul style="list-style-type: none"><li>• Australian Government assumed full management of ADS from industry</li><li>• Introduction of ADS Code of Business Standards and Ethics for approved inbound operators</li><li>• Commitment to the Delivery of Honest Travel media conference (<i>pictured right</i>)</li></ul>   |  |
| <hr/>       |  |  |
| <b>2006</b> | <ul style="list-style-type: none"><li>• ADS extended to China nationally</li><li>• ADS MoU signed between the Australian Government and the National Tourism Administration of the People's Republic of China</li><li>• Chairman Shao Qiwei of CNTA signing the ADS MoU (<i>pictured right</i>)</li><li>• Australian Government funding for ADS of \$3.9 million over four years</li></ul> |  |
-

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2007

- The inaugural meeting of the China Industry Advisory Group (*pictured right*)
- The ADS Advisory Panel is established to provide an interface between the Australian Government and the tourism industry on ADS matter



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2008

- Introduction of free time trial for ADS groups
- Across Australia integrated marketing campaign to highlight the diversity of Australia as a destination

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2009

- Celebration of 10 Years of ADS
- Evaluation of ADS Scheme
- ADS bilateral meeting held in Canberra
- CNTA, TA and RET officials whilst in Canberra (*pictured right*)

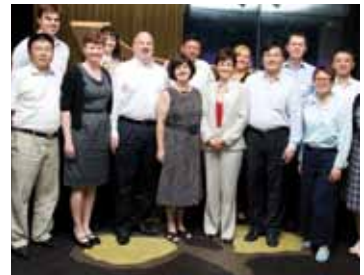


(Source: Chris Canham Photography)

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2010

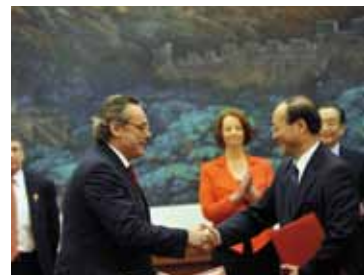
- Australian Government streamlines ADS arrangements and commits to funding ADS providing a further \$4.1 million over 4 years
- ADS bilateral meeting held at Shanghai World Expo (*pictured right*)



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2011

- On 26 April 2011, HE Dr Geoff Raby, Australian Ambassador to the People's Republic of China, and the Chairman Shao Qiwei of the CNTA, signed a Memorandum of Understanding (MoU) on Strengthening Tourism Cooperation (*pictured right*)
- Australia-China Tourism Summit Cairns 7-9 June 2011



## 2. Building Success

### Achievements

The ADS journey in Australia began with a 'first of a kind' arrangement between partners with a focus on continuous improvement, combining honest assessment of aspects requiring strengthening with a willingness to grasp every potential opportunity.

In a little over a decade it has become only one of 140 such arrangements. In the process it has remained open to change, whether internally or externally driven, continuing to simplify procedures and enhance outcomes.

Annual Bilateral ADS meetings have been held between officials from both countries around the topic of ADS implementation and improvement. In 2007, Tourism Australia and the Australian Consul-General in China initiated the China Industry Advisory Group to identify impediments and opportunities for market growth and development and to secure deeper working relationships with Chinese National and Provincial Tourism Administrations, DIAC, key airline and industry partners and travel agents from Beijing, Shanghai and Guangdong. Strengthening the close ties between tourist associations on both sides has engendered business to business cooperation in tourism product development as well as market share.

The combined efforts of DIAC and TA in training OTOs and working with the CNTA have also been instrumental in lifting the quality of the tours offered under the scheme.

The CMA in conjunction with RET and DIAC has worked closely with ADS ITOs to improve levels of compliance with the Code and quality of ADS tours. TA, State and Territory tourism organisations and industry associations have also worked with ITOs to raise quality.

Industry has been the prime beneficiary of the ADS record of achievements. Although China is not the largest source of visitors to Australia (fourth largest in 2010 with 8.3% of all visitors), it is Australia's largest inbound market by value. In 2010, Total Inbound Economic Value (TIEV) from China was \$3.1 billion. The Tourism Forecasting Committee forecasts that TIEV from China will grow by 6.7 % per year on average, to reach \$6.0 billion in 2020.

Guided and encouraged by both governments, industry in China and Australia has capitalised on its collective experience with hard work and active communication. The future of Australia-China tourism will continue to depend heavily on such joint efforts. Innovations to date include:

- Ensure timely and streamlined visa-issuing compared with many other ADS destinations including those in Europe and America;
- Annual audits of Chinese outbound agents were introduced to enhance communication and to examine business operations and compliance;
- Effective trade development of Chinese outbound agents through ASP, with 5,628 agents registered in the ASP Program, of which 2,803 are fully qualified. TA has also developed 70 Premier Aussie Specialist Program agents in China; and
- Tracking of visitor satisfaction to identify further possible improvements in market supervision and local follow-up services.

## Lessons Learnt

Stakeholder engagement and continuous improvement have been the underlying principles behind the success of ADS in Australia.

There is little doubt that without the high level of committed, ongoing engagement between industry and all levels of government in China and Australia, ADS would not have delivered as effectively as it has. The investment of individuals, corporations and agencies in developing and nurturing strong relationships, both remote and face to face, has enabled those behind ADS in Australia to adapt to changing contexts and to understand and then tackle issues. A willingness to learn from these experiences is the final part of the success formula.

The following are just some of the enhancements built into the system in response to feedback from all stakeholders and, particularly, from tourists themselves.

In December 2008, free time arrangements were trialled for agents to introduce into their ADS itineraries. This was a response to feedback from agents who considered that free time in their itinerary would allow them to meet changing demands in the maturing Chinese market. This initiative received the support of the CNTA.

Due to relatively low consumer awareness of Chinese travellers, the Australian Government has implemented many strategies to address complaints. As part of the Tourism Consumer Protection Strategy, an online complaint facility was established in Simplified Chinese which can be accessed via the RET website. This makes it easier for Chinese tourists to lodge consumer complaints. There is a national telephone complaints hotline available for calls within Australia, with interpreter support and a series of consumer education factsheets, which are all available on the RET website. These include: *Your Consumer Rights*, *Purchasing Package Holidays*, and *Travelling on ADS Tours*. As part of the ADS Code, RET requires itineraries to include consumer protection information.

Flowing from the evaluation in 2009, the Australian Government extensively streamlined existing ADS arrangements for Chinese group travellers in 2010. These new mechanisms included strengthening obligations on ADS ITOs in Australia through a revised Code and individual deeds of agreement.

Other factors identified as contributing to the success of the ADS arrangement are: continued growth in demand from China driving supply-side adjustments; strict implementation of the agreement; and equal participation by both governments.

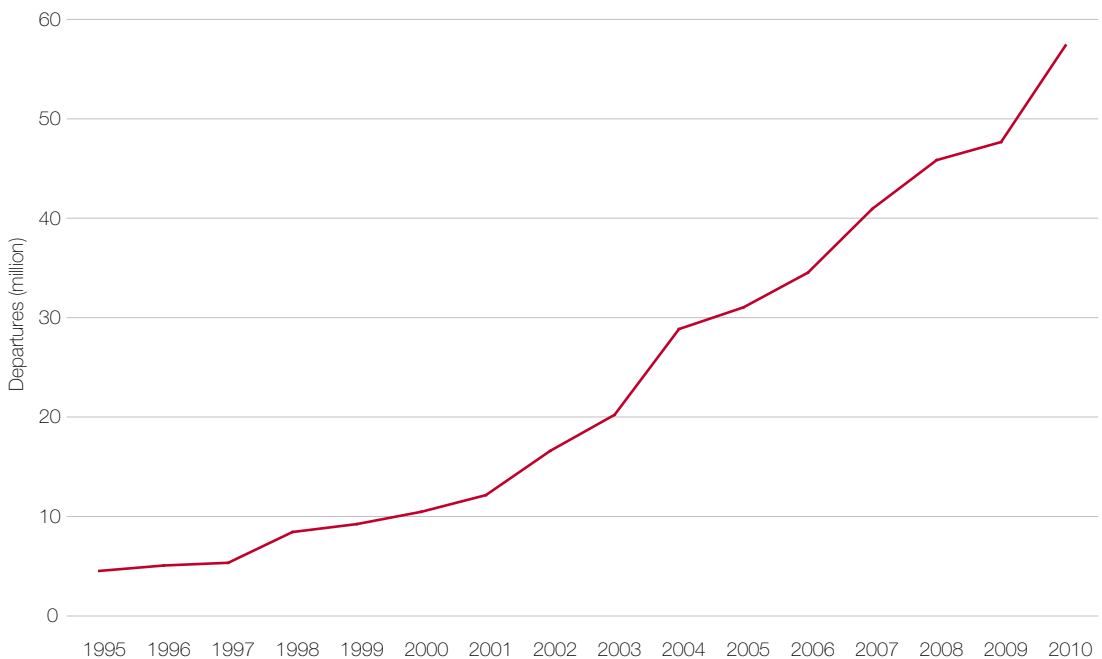
# 3. The Market

## China's Outbound Tourism Market

China is now the single largest contributor to global growth and the world's second largest economy. The outbound travel market reached 57.39 million in 2010 (Source: Pacific Asia Travel Association) as record economic growth and continued appreciation of local currency continues to boost outbound travel confidence and demand, especially from the emerging middle class.

Other strong drivers of China's outbound market include: increasing disposable income; more flexibility in the delivery of outbound travel and expansion of ADS destinations; more robust transport infrastructure; more convenient payment systems; and competitive pricing of outbound tourism products. This has created a distinctive market profile of exponential growth, especially in private purpose travel, and a concentration of source markets combined with seasonal travel. The market remains dominated by group tours drawn from a middle class with massive purchasing power.

Figure 1 – Growth in total outbound travel from China (1995–2010)



Source: Tourism Economics (Tourism Decision Metrics)

In 2000, Australia received 120,300 visitors from China. In 2010, the number of Chinese visitors had increased to 453,800 visitors, making China Australia's fourth largest inbound market. Visitors from China accounted for 13 % of all international visitor nights in 2010 making China the largest market in terms of nights. Visitors from China spent \$3.1 billion on trips to Australia in 2010, spending on average \$7,132 per trip. Education visitors have been a major source of growth for the tourism industry over the past ten years and are now Australia's number one inbound education market in terms of both numbers and value.

**Table 1 – Purpose of Visit: China Calendar Year 2000 to 2010**

<i>Year</i>	<i>Business</i>	<i>VFR</i>	<i>Holiday</i>	<i>Others</i>	<i>Total</i>	<i>Total Nights</i>
2000	29,200	17,200	40,600	33,300	120,300	3.7 million
2001	29,900	18,400	66,800	42,900	158,000	4.6 million
2002	34,300	20,000	78,400	57,400	190,100	6.9 million
2003	33,500	21,200	71,200	50,200	176,100	6.4 million
2004	44,000	26,800	110,400	70,000	251,200	10.6 million
2005	47,900	30,800	126,700	79,600	285,000	11.2 million
2006	54,400	37,700	141,400	75,000	308,500	14.1 million
2007	53,200	43,000	170,900	90,300	357,400	14.9 million
2008	49,600	47,400	167,300	92,200	356,500	16.1 million
2009	38,600	59,700	161,400	106,700	366,400	19.2 million
2010	44,900	76,100	203,700	129,100	453,800	24.0 million

Source: Australian Bureau of Statistics, (*unpublished data*) & Tourism Research Australia (*unpublished data*)

### *Visitor satisfaction*

In 2008, RET commissioned NWC Research to conduct a survey of ADS scheme visitors. Overall satisfaction regarding Australia performed significantly higher than satisfaction with the tour itself, 79% (and 77% for those only on a group tour) compared to 64%. Compared to a similar survey conducted in 2003, overall satisfaction of their tour has increased 11 percentage points, from 53% to 64%. Compared to 2003, recommending Australia as a holiday destination increased from 73% to 97%.

## **Marketing Australia in China**

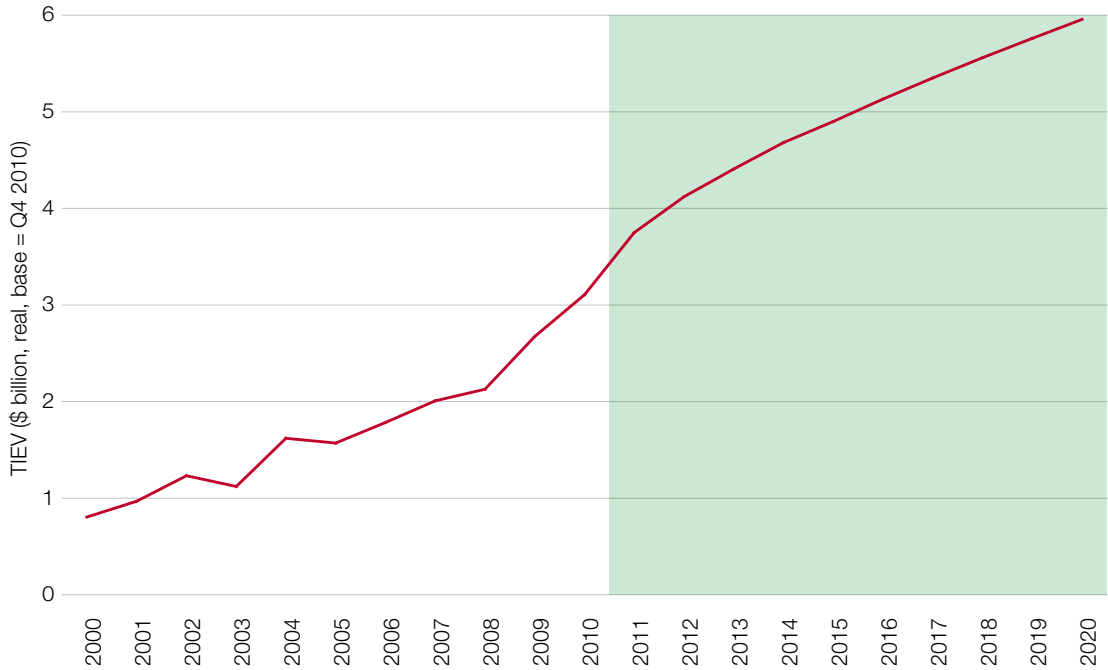
In 2011/12 TA will commence implementation of the 2020 China Strategic Plan. The key to success will be:

- Increasing focus on the most valuable consumer segment for Australia to grow leisure arrivals and expenditure and further market research on consumers in primary and secondary cities;
- Maximising the digital platform in China and continuing the ‘There’s Nothing Like Australia’ brand campaign to highlight Australia’s nature, adventure and welcoming personality;
- Leveraging partnerships with airlines, agents and non-traditional partners;
- Targeting identified industry sectors to strengthen awareness of Australia’s business events capability; and
- Continued expansion of the distribution network within China through the ASP and PASP, with a focus on emerging secondary cities.

## 4. The Road Ahead

### Forecast growth

Figure 2 – Growth in TIEV between 2000-2020 with forecast growth period of 2011-2020 highlighted in green



Source: Tourism Forecasting Committee (Forecast 2011, Issue 1)

According to data released by the World Tourism Organization in 2010, global tourism accounted for more than 10% of world GDP, more than 8% of total employment, and more than 12% of total investment. In the past ten years the average annual growth of international tourism revenue was 6-7%, much higher than the world average annual growth rate of 3%. Tourism has become part of the world's industrial structure, production and consumption patterns, as well as people's work and lives.

Inbound Chinese tourism to Australia has maintained an average annual growth rate of 15.5% during 1999-2010. Arrivals to Australia are now forecast to increase at an average rate of 7.2% a year over the 2010/2020 period to reach 908,000 in 2020, with a contribution of more than \$6.0 billion of economic value.

The continued strong growth in outbound travel from China will be underpinned by many factors including:

- Strong and continued economic growth and consumer confidence in China;
- Expansion of ADS to new destinations;
- More robust transport and tourism infrastructure in China;
- Reducing prices of outbound tourism products;
- More diverse travel motives e.g. travelling for sport events or indigenous tourism;
- Increasing promotion by new and existing ADS approved destinations;
- Reform of international flight routes;
- The “go global” strategy; and
- Cultural diversity.

### *Growing maturity of the Chinese market*

There have been signs of maturing of the Chinese traveller with itineraries including new destinations such as Uluru, Hamilton Island, Adelaide and the Margaret River region. There is also an emerging assisted independent travel and semi-packaged Chinese travel market. These consumers are typically more experienced outbound travellers, with the confidence to travel alone or in smaller groups and are more likely to source destination information independently online or through other sources. Just under half (46%) of all visitors from China to Australia travel unaccompanied, while 18% travel as part of an adult couple and 15% with friends or relatives.

## Opportunities ...

This growth brings with it a wealth of opportunities for the Australian tourism industry which need to be investigated to ensure that all stakeholders benefit. Potential opportunities include:

- Increasing aviation capacity and gateways;
- Leveraging Premier Aussie Specialists' commitment to Australia;
- Growing commitment to deliver services from Australian industry and more State, Territory and Regional Tourism Offices, and Convention and Visitor Bureaus etc represented in the market;
- Rapid growth of the digital platform within China, including social networking;
- The CNTA Chinese Holiday Plan that encourages annual leave take-up, travel and training;
- Streamlining visa processing for travellers applying for non-group travel visas;
- Expanding electronic application platforms; and
- Responding to assisted independent, education and incentive travel trends.

## ... And Challenges

There remain some key challenges for the Chinese outbound market which need addressing. Towards the top of the list is competition from other medium to long haul ADS destinations. Consolidation and alliances in the aviation industry will continue to shape this market, along with increased liberalisation and competition from other medium/long haul destinations.

While Chinese consumers generally rate Australia as a highly desirable destination, there are also instances where visitor expectations have not been met, particularly relating to group travel and shopping experiences. Constant vigilance is required to manage expectations and minimise negative experiences.

Other key challenges, include:

- Lack of availability of Mandarin speaking guides and relevant product for Chinese visitors;
- The highly regulated outbound market;
- Rapidly changing consumer behaviour and the varied nature of consumers;
- Government support in China for domestic travel in preference to outbound tourism;
- The growing wealth gap between urban and rural areas, different regions and industries in China;
- Expenditure on education, medical care and housing in China crowding out other household purchases;
- A need to manage the increasing demand for visas and efficient visa processing while maintaining the integrity of Australia's visa system; and
- The potential for strong, sustained economic growth in China not being achieved.

The Australian tourism industry has also identified and raised a number of operating issues impacting on tour quality for Chinese tourists, including the reliance of some ITOs, OTOs and tour guides on commissions paid by commission shops to enhance revenue.

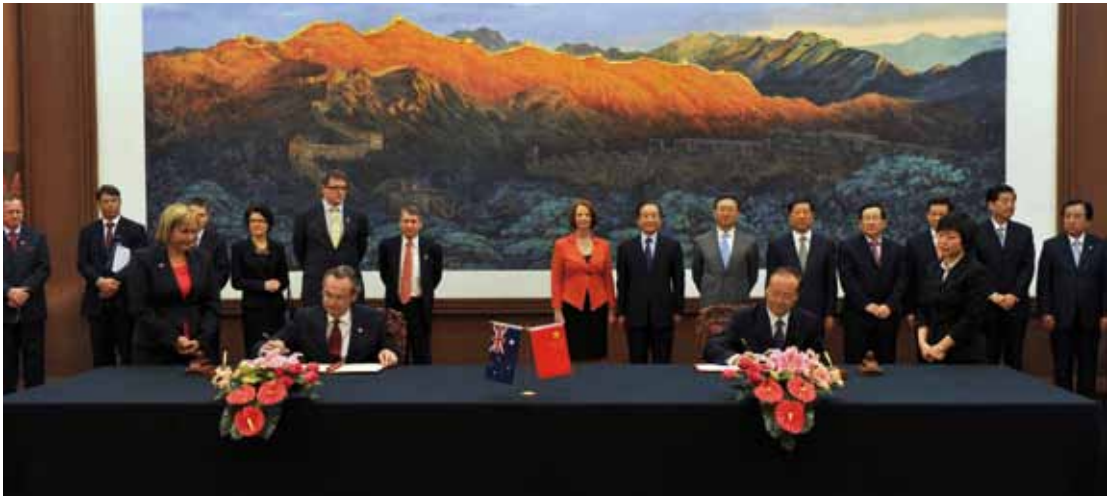
After over a decade of successful partnership, the Australia-China tourism relationship is facing new challenges and emerging market segments. While an ongoing commitment to the ADS scheme is critical to support leisure visitors from the China market, the Australian Government recognises that there is also potential in other market segments, including assisted independent travellers, corporate incentive groups and education. To remain competitive, it is important that the full range of market segments is identified and appropriate measures agreed to enable Australia to service the needs of the China market effectively now and in the future.

Recognised as a best practice model of ADS implementation, Australia, in partnership with China, is in a position to develop innovative responses to these challenges based on accumulated experience and by being mindful of all stakeholders. ADS will continue to play an important role within this broader Australia-China tourism relationship.

## 5. Supporting Future Growth

The significant forecast growth in Chinese visitor arrivals suggests that demand for tourism products and infrastructure may outweigh the current supply. This emphasises the need for, and importance of, investment in the sector. Firmly grounded in the terms of the recently signed MoU, the ADS scheme intersects with a multitude of other Australian government and industry initiatives including those further detailed below.

### The Australia-China Tourism Memorandum of Understanding



The Prime Minister Julia Gillard and Premier Wen Jiabao witnessing the signing of the new MoU on Strengthening Tourism Cooperation

On 26 April 2011, Prime Minister Julia Gillard met Chinese Premier Wen Jiabao to discuss ways to advance the growing relationship between Australia and China in her first official visit to Beijing as Prime Minister. During the meeting a new MoU on Strengthening Tourism Cooperation was signed by the Australian Ambassador to the People's Republic of China, HE Dr Geoff Raby and the Chairman Shao Qiwei of the CNTA. The MoU is aimed at helping increase tourism flows and strengthening people-to-people links between the two countries.

This historic and unique agreement builds on the ADS scheme and promotes cooperation in emerging travel segments such as individual, education and company paid incentive travel, along with further streamlining visa arrangements for Chinese travellers. The MoU also establishes an annual Australia-China Tourism Dialogue, held initially as part of the inaugural Australia - China Tourism Summit in Cairns in June 2011.

The MoU recognises the highly complementary nature of the two tourism sectors and the positive economic and social impact of cooperation. Areas of potential cooperation under the MoU include:

- Continuation of the ADS scheme;
- Broader tourism industry cooperation;
- Industry supply-side development; and
- Supporting the safety of Chinese tourists in Australia.

## National Long-Term Tourism Strategy

The Hon Martin Ferguson AM MP, Minister for Tourism, released the National Long Term-Tourism Strategy in December 2009. The Strategy aims to assist in achieving the Australian Government's overarching policy goal to maximise the net economic benefit of tourism by positioning industry as sustainable and economically vibrant.

Through the Tourism Ministers' Council (TMC), state and territory tourism Ministers unanimously endorsed the Strategy and are working with the Australian Government and industry to implement it. This will be achieved through nine Working Groups which the TMC set up to progress key supply-side issues by:

- Improving labour and skills outcomes in the tourism work force and removing impediments to labour mobility;
- Reforming regulation that impedes tourism investment and facilitating tourism investment and development;
- Broadening the research base for the industry and improving industry's access to the information needed by operators;
- Accelerating the uptake of on-line opportunities and smarter use of digital distribution;
- Improving integration of tourism into transport access and infrastructure planning;
- Identifying strategies to help industry adapt to a carbon constrained future;
- Improving access to Australia's natural and cultural attractions while at the same time improving environmental outcomes; and
- Improving Indigenous tourism development.

## National Tourism Accreditation Framework



Hon Martin Ferguson, AM MP, Minister for Tourism launching the TQUAL mark

As part of the National Long-term Tourism Strategy, the Australian Government has been working with the States and Territories and with the Australian tourism industry to establish a National Tourism Accreditation Framework (NTAF). The NTAF provides an umbrella framework under which existing quality and accreditation programs and corporations with quality standards schemes can apply to co-brand with a national brand and standard.

Australia's high quality tourism businesses will have access to the "TQUAL mark", a single recognisable mark of quality. The Framework and the TQUAL mark were launched to industry on 2 April 2011 at the

Australian Tourism Exchange in Sydney. TQUAL accreditation is oriented to building consumer purchasing preference and corresponding market benefit for accredited participants. Applications are now open for industry programs to apply for TQUAL accreditation.

The Tourism Quality Council of Australia was established under the Australian Government's National Long-Term Tourism Strategy, to administer the NTAf. The Council is charged with increasing the quality of Australia's tourism product offering and will explore with RET ways to link the ADS scheme with the NTAf.

## TQUAL Grants

The Australian Government is investing \$40 million in tourism projects through TQUAL Grants over four years from 1 July 2011 when the current program concludes. In line with the National Long-Term Tourism Strategy, these grants focus on supply-side projects. Two types of funding are available:

- *Strategic Tourism Investment Grants*: of up to \$1 million (plus GST) for a small number of larger scale projects to support Indigenous tourism, economic development and tourism employment; and
- *Tourism Quality Projects*: of up to \$100,000 (plus GST) for smaller scale projects to support collaborative community tourism industry development projects.

## Tourism Australia Activities

China is, and will continue to be, a significant market in terms of expenditure and volume. TA recognised the need to develop a longer term strategic plan for the development and management of the market. The Plan is built on the strong foundations established during the first ten years of Australia's Approved Destination Status and industry involvement in China.

Tourism Australia identified five areas as critical to achieving China's 2020 tourism industry potential and winning market share:

- Building customer focus and knowledge so that Australia's offering is competitively differentiated;
- A phased and competitive geographic strategy to ensure effective use of resources;
- Industry development to ensure industry is informed on the needs of Chinese visitors and can provide relevant and quality experiences;
- Ease of access to ensure sustainable air services; and
- Strong partnerships to ensure strategic alignment across all levels of government and industry.

## DIAC Activities

In response to Chinese travellers increasing demand for more flexible visa products, the DIAC offices in Beijing, Shanghai and Guangzhou have also been working on a range of strategies to streamline non-ADS visa applications, including: reducing requirements for successful repeat travellers, and working with industry partners to identify other potential low risk groups of applicants.

At an organisational level, DIAC is also undergoing a wide-ranging transformation program that aims to deliver migration, visa and citizenship services that are simpler, easier to access, assures integrity, is lower cost, and is better targeted to immigration needs. DIAC is also currently undertaking a visa simplification process and in the medium to long term intends on moving many visa applications onto electronic platforms. Chinese travellers could benefit from the potential expansion of such arrangements into China, through faster and more accessible visa processing.

## What Will Success Look Like?

In October 2010, Commonwealth, State and Territory tourism ministers made a commitment to work towards achieving the 2020 Tourism Industry Potential and called on industry and governments to work together to address demand and supply side challenges. The 2020 Tourism Industry Potential identified that by 2020, the China market has the potential to contribute \$7 - \$9 billion annually to the Australian economy. If demand and supply side challenges are addressed, this potential will be realised.

For ADS more specifically, success will be measured by a continued increase in the quality of the visitor experience and thereby visitor satisfaction.

## 6. Industry Involvement

### Responding to Demand

For Australia to maximise the potential visitor numbers and yield from the China market, the tourism industry must be ready to deliver the tourism experience Chinese visitors are seeking. The significant forecast growth in Chinese visitor arrivals suggests that demand for tourism products and infrastructure may far outweigh the current supply. This emphasises the need for, and importance of, investment in the sector. In addition, the industry needs to prepare for the increased demand for cultural and language support required by the China market, as well as the variation in consumer preferences when purchasing product.

Going forward, the Australian tourism industry acknowledges the need to:

- Position itself for long term growth through ongoing improvement in the quality of services provided to Chinese tourists to significantly increase the number of Chinese visitors to Australia. This is important given that China is now Australia's largest source market in terms of economic value;
- Research the needs, requirements and aspirations of the China market to accurately assess opportunities presented and to develop suitable products and services;
- Ensure Australia remains a competitive destination by improving the quality of, and access to, products and services offered to the China market by:
  - Enhancing access to accurate, high quality information through various technology platforms such as Smartphone applications, websites and SMS
  - Developing industry's capacity to provide quality products, services and experiences by improving understanding of the unique needs and requirements of this market; and
- Build the tourism workforce by boosting the number of quality tour guides to service the China market, increase cultural awareness to cater more effectively to Chinese tourists and allow other businesses to take advantage of new opportunities.

### Future Role

The success of ADS to date has relied on active involvement by the tourism industry and a high level of engagement with all levels of government. It is important that this level of engagement continues and industry becomes involved in the implementation of initiatives such as TA's 2020 China Strategic Plan and the NTAF. ADS ITOs and industry associations are encouraged to continue to work with the government through such forums such as the ADSAP and TA's Industry Advisory Group.

## 7. Further Information

For more information on the Approved Destination Status scheme, please refer to ‘Tourism Programs’ at [www.ret.gov.au/tourism](http://www.ret.gov.au/tourism)

For information on the National Long-Term Tourism Strategy:  
[www.ret.gov.au/tourism/tms/nltts/Pages/default.aspx](http://www.ret.gov.au/tourism/tms/nltts/Pages/default.aspx)

For more information on the 2020 China Strategic Plan or the 2020 Tourism Industry Potential, please contact Tourism Australia’s Corporate Communications team ([ask.us@tourism.australia.com](mailto:ask.us@tourism.australia.com))

Tourism Australia’s corporate site ([www.tourism.australia.com](http://www.tourism.australia.com)) contains information on China and the Chinese consumer. Updates on Tourism Australia activities and the China market are published in Tourism Australia’s industry newsletter, Essentials.

For more information on visitor visas: <http://www.immi.gov.au/visitors/tourist/visa-options.htm>

The Department of Foreign Affairs and Trade have information available on China at:  
<http://www.dfat.gov.au/geo/china/index.html>

For information on TQUAL Accreditation and TQUAL Grants program: [www.ret.gov.au/TQUAL](http://www.ret.gov.au/TQUAL)

