



NATIONAL LONG-TERM TOURISM STRATEGY

Industry Priorities for the Australian Government

September 2009



National Tourism Alliance



Tourism & Transport Forum



Overview

The Australian tourism industry is at a turning point. The industry believes the implementation of a successful National Long-term Tourism Strategy (NLTS) is critical to continue sustainable growth into the future.

The NLTS Steering Committee released the 'Jackson Report' in June 2009 which contained 10 recommendations for the NLTS (see Appendix 2). The industry strongly endorses the 'Jackson Report' recommendations.

This document details the industry's response to the Jackson Report and priority recommendations to the Australian Government on concrete measures to be included in a comprehensive NLTS. These industry priorities are drawn from substantive research and policy reports. These policy details are available.

The Value of Australian Tourism

Australian tourism is a significant sector in the Australian economy. Each year domestic and international visitors spend over \$88 Billion in Australia generating:

- 3.6% of Australian GDP (i.e. \$40.6 Billion)
- 4.7% of total employment (i.e. 497,800 jobs)
- 10% of Australia export earnings (i.e. \$23.6 Billion)

Australian tourism is highly decentralised, creating jobs and wealth across many regions, industries and enterprises. The decentralised nature of Australian tourism creates a strategic and policy challenge for industry and government.

Australian Tourism at a Turning Point

From the heyday of the 80s through to the Olympics in the year 2000, Australian tourism underwent a period of organic growth fuelled by private investment and public funding of tourism promotion. Since the year 2000, the industry has failed to maintain adequate levels of growth, investment and yield.

In 2008, TTF launched the *Project X Report* to deliver an honest assessment of the state of the industry. The report found that Australian tourism had not performed well since the Olympics. From 2000 to 2007, international holiday visitors grew only 0.35% p.a., domestic tourism grew only 0.01% and first time visitors to Australia actually declined by -0.39%. For the first time our tourism balance of trade moved into negative territory. See Appendix 1 for the Executive Summary of *Project X*.

Project X demonstrated that Australian tourism was at a turning point in our ability to attract overseas visitors and retain domestic markets. To be competitive Australian tourism must invest in product innovation and infrastructure capacity, to attract and accommodate tourism growth.

Traditionally government tourism policy had focused on the demand side issues of branding, marketing and distribution. Recognising the need to address demand and supply side issues industry has developed a detailed industry policy response in reports including: the TTF Project X, the NTA Future Directions (see Appendix 3), the *TTF Tourism Infrastructure Policy & Priorities*, the *Tourism & Hospitality Workforce Development Strategy* and the *National Business Events Strategy*.

The Jackson Report

The Australian Government responded promptly to industry concerns and in May 2008 announced the development of a National Long-term Tourism Strategy (NLTS).

An industry Steering Committee was formed to develop the NLTS, chaired by Margaret Jackson AC. An Inter-Departmental Committee was also formed to support the development a whole-of-government NLTS. In June 2009 the steering committee released the *Jackson Report* recommendations for the NLTS. See Appendix 2 for the Recommendations of the *Jackson Report*.

Industry Priorities for the Australian Government

The industry strongly endorses the recommendations of the *Jackson Report* and has considered those recommendations which will have the most significant impact on future private investment and growth. The Industry contends the top priorities are:

Priority 1 - National Tourism Objectives and Targets

Tourism growth depends on private investment in marketing, product and infrastructure. Private investment requires the certainty of a clear strategy, measurable targets and accountability for performance. The Industry supports *Jackson Report* recommendation 4 and recommends the NLTS applies a business strategy and planning approach driven by the Tourism Ministers Council, including:

- Articulating clear objectives, the strategy to achieve each objective and measurable targets for each objective.
- Identifying the industry sectors and government agencies accountable for each objective and establishing KPIs to achieve the measurable targets.
- Establishing an annual report reviewing outcomes against the targets and a Federal-State-industry body responsible for overseeing execution of the NLTS.

Industry's proposed tourism objectives, strategy, target and KPIs are at Appendix 4. Industry believes that targets are fundamental to the NLTS and commits to developing agreed targets with the Australian Government.

Priority 2 - Integrated Destination Development Plans

The Industry supports the *Jackson Report* recommendations 5 and 7 regarding integrated destination development and long term product strategies. The Industry fundamentally believes that industry and governments must support the development of destination plans across tourism regions, concentrating effort and investment in priority destinations.

It is at the destination level that Australia should focus on competitive advantage in product (such as business events or nature-based) and source markets (such as China or India). Priority destinations need development plans that integrate branding, marketing, product development, labour markets and infrastructure provision. These plans also need to integrate Federal-State-Industry-Local efforts.

The genesis of this approach already exists in the *National Landscapes* initiative which prioritises regional destinations with unique indigenous and natural tourism product. A similar approach must be applied to all the capital cities and the leading regional gateways (e.g. the Gold Coast) through a '*National Gateways*' initiative. These initiatives need to progress from aspirational documents to substantive plans that directly affect land-use planning, infrastructure provision, product development, branding and marketing. The Industry recommends the NLTS includes the following:

- Implement destination development planning as best practice for tourism destinations starting with *National Landscapes* and *National Gateways* as Federal funded programs to create destination development plans for priority tourism regions. The programs to be driven by DRET, TA, DEWHA, DITRD&LG and industry.
- Use the *National Landscapes* and *National Gateways* destination development plans to target Federal funding of tourism infrastructure, product development, research and marketing, across government agencies.
- Cooperative Federalism should be applied in the *National Landscapes*, *National Gateways* and other regions via Federal-State agreed destination plans covering:
 - Committing to minimum international and domestic marketing investment.
 - Statutory land use plans to enable private investment and actively attracting and case-managing private investment in tourism product.
 - Prioritising public infrastructure expenditure and product development grants.
 - Delivery of tourism and hospitality skills and labour.
- Promoting the importance of destination plans and the skills necessary to develop and implement such plans across tourism regions.

Priority 3 - Federal-State-Industry Reform

The Industry supports the Jackson Report recommendations 6, 8, 9 and 10. The policy levers affecting tourism supply and product are beyond the remit of tourism ministries or any one level of government. The Industry recommends the following for the NLTS:

- Expand the role of DRET to include policy advice to all Federal departments on events and tourism supply, and product issues e.g. infrastructure.
- Use the Henry Tax Review to remove all unjustified general revenue raising taxes and fees applied directly to tourism and visitors, including PMC and visa fees.
- Tourism Ministers Council / COAG to review regulation, planning and approval of tourism development of freehold land, crown land and heritage assets.
- Establish a single tourism industry voice to government on strategic policy, research and marketing issues which would also be accountable under the NLTS.

Priority 4 – Workforce Development

Tourism is a highly labour intensive service and staff skill levels are critical to the competitiveness of tourism product. Government and industry need to work together to implement the Workforce Development Plan which takes account of demographic change, migration, use of overseas workers and the wide range of skills required of the tourism labour force. The fundamentals of this Plan have already been authored by industry and issued by Service Skills Australia: the *Tourism & Hospitality Workforce Development Strategy*.

Integral to the implementation of the Workforce Development Plan, there needs to be immediate changes to the skills system to meet the actual needs of industry and enable the Plan to be delivered. These changes would achieve an increase in industry confidence in the current vocational educational and training (VET) system through better co-ordination, improved state consistency, greater industry rather than State Government control, improved communication and industry leadership to create a truly customer driven system. The Industry supports the Jackson Report recommendation 3 and specifically recommends the NLTS:

- Implement the initiatives detailed in the Workforce Development Plan to develop and expand a highly skilled workforce, ensure access to quality workplaces and improve workforce planning.
- Establish a Tourism and Hospitality Skills Council, accountable for the oversight of the Workforce Development Plan at a national, state and regional level.
- Ensure fair and adequate access to training programs, such as Productivity Placements, to deliver both lower and higher level tourism and hospitality skills.

Priority 5 - Research Capability

The Industry supports Jackson Report recommendation 1 to develop a high-powered national research capability for supply-side as well as demand-side research needs. The research capacity would need to include all tourism and hospitality industries supplying tourism demand, including: transport, accommodation and food services. The Industry recommends that the research capability be a consolidated body responsible for all supply and demand research which has:

- a dedicated funding line in the Federal Budget and an identified 'agency head' accountable for delivering NLTS research KPIs;
- an industry extension capability to improve business practices and ensure that opportunities are adequately taken up by business operators;
- a governance structure including State and industry representatives; and a regulatory structure for cooperative Federal-State-Industry research funding;
- capacity to deliver influential economic analysis of the impact of tourism; and

Industry supports 3rd round funding for the STCRC. If unsuccessful the function and previous funding of the STCRC should be retained within the new tourism research function given the industry's strong support for its role.

Priority 6 – Refocus Tourism Australia

While the NLTS brings a new focus to tourism supply-side issues, visitor demand remains a core issue for long-term tourism growth. Destination branding, marketing and promotion for tourism and business events should remain the core function of Tourism Australia.

Tourism Australia is the critical link between international source markets and Australian destination infrastructure, workforce and product development. Tourism Australia needs to be adequately resourced and focused on delivering the national tourism objectives, strategy and targets established in the NLTS. The adequacy of resourcing should include enhanced collaboration, cooperative marketing and resource sharing for international market development by Tourism Australia and STOs.

Tourism Australia also needs the governance structures and funding certainty to deliver long-term consistent branding and marketing strategies which have proven effective such as New Zealand's "100% Pure" campaign. The Industry supports Jackson Report recommendation 10 and specifically recommends that the NLTS:

- Establishes KPIs for Tourism Australia to deliver national tourism targets and adequately funds tourism and business promotion to achieve those targets.
- Enables Tourism Australia to undertake long-term consistent tourism branding and marketing campaigns.
- Ensure TA has a role in Australian Government department discussions regarding Australian branding and marketing.

Summary of Industry Priorities

1. Establish **National Tourism Objectives and Targets** through the Tourism Ministers' Council and KPIs for Federal-State-Industry organisations to deliver the NLTS.
2. Deliver **Integrated Destination Development Plans** for priority tourism regions through a fully funded National Landscapes and National Gateway programs.
3. Drive **Federal-State-Industry Reform** of tourism planning and regulation through the Tourism Ministers' Council, to facilitate public and private investment in the National Landscapes and National Gateways programs.
4. Establish a Tourism and Hospitality Skills Council to oversee the implementation of a **Workforce Development Plan**.
5. Provide dedicated funding for an enhanced tourism demand and supply-side **Research Capacity**.
6. Adequately resource and **Refocus Tourism Australia** on achieving the NLTS national targets.

Policy Details

This paper summarises the industry priorities for the NLTS. These priorities are drawn from substantive industry research and policy reports.

Tourism & Transport Forum

Project X Report | Submission to the NLTS Steering Committee | Natural Tourism Partnerships

Tourism Infrastructure Policy & Priorities | National Tourism Infrastructure Priorities

Driving Tourism Demand | Submission to Australia's Future Tax System Review



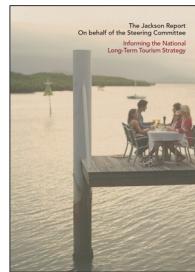
National Tourism Alliance

Future Directions | Long Term Tourism Strategy | Henry Review Submission | CPRS Submission



The National Long-Term Tourism Strategy Steering Committee

The Jackson Report: Informing the National Long-Term Tourism Strategy



Appendix 1 - Executive Summary of Project X Report

Executive Summary

Although some sectors of the tourism industry have performed well in recent years (most notably CBD hotels, airports, airlines and outbound travel), the industry in general has not. While tourism is still one of Australia's most important industries, using most economic measures, it has lost ground.

International arrivals have not grown as quickly as those to other competitive destinations, resulting in a loss of market share, both on a worldwide basis and in our region. Australians are taking fewer holidays at home, and more of them are choosing holidays overseas.

Last year, for the first time in many decades, our tourism balance of trade moved into negative territory - Australians are spending more money overseas than international visitors are spending here. And at some stage within the next year, departures are expected to overtake arrivals for the first time since 1981.

Where there has been growth in international visitation, the growth has not come from holiday visitors, whose

numbers have largely remained static since 2000. Numbers of first time holiday visitors have stagnated. This is particularly concerning as we appear to be losing our ability to engage with and attract the international consumer. As we have a high dependency on repeat visitation, it is imperative that we grow the number of first time visitors, particularly first time holiday visitors.

There are, of course, some mitigating factors. The strong Australian dollar has not helped (but strong currencies have not prevented increased visitation in other destinations)

Australia's geographical position has always acted as a barrier to travel, thus making it harder to convince tourists to travel to these shores. In recent years, this geographical weakness has turned into a commercial one, as the advent of low cost carriers has stimulated the growth of intra-regional travel, particularly in Europe and Asia. This situation will possibly exacerbate in coming years as concerns over the environmental impact of flying – and particularly long-haul flying – will see

travellers gravitating to destinations closer to home.

In addition, in recent years through a combination of political change, increased air access and commercial development new destinations such as Eastern Europe, China, Macau, Dubai and South America have opened up for travellers in Europe, North America and Asia. In the case of South America and Asia, many of these destinations appear to present a more compelling case for visitation than Australia.

While many structural factors work against Australia, they are at best mitigating factors, and at worst, excuses. The fact is that world tourism has grown considerably, particularly in the last three to four years, and Australia has not taken advantage of this.

This leaves the distinct impression that opportunities have been missed, and if something isn't done about this, will continue to be missed and Australia will continue to lose relevance as a travel destination.

We must get it right because we are located in the region that over the next decade will be the biggest winner in terms of international arrivals and as a source of tourism consumers. For the first time ever the tyranny of distance will not be a factor for us in targeting some of the world's largest outbound markets. We must be able to take advantage of this opportunity. The cost of not doing so would be economically unacceptable.

In addition to the external challenges facing tourism, there are a number of internal constraints on growth. These include the fact that tourism in many cases is not an attractive investment option, planning processes can be complicated and unpredictable, there is a shortage (both in terms of quality and quantity) of labour, and there have been constraints on some aviation routes in recent years.

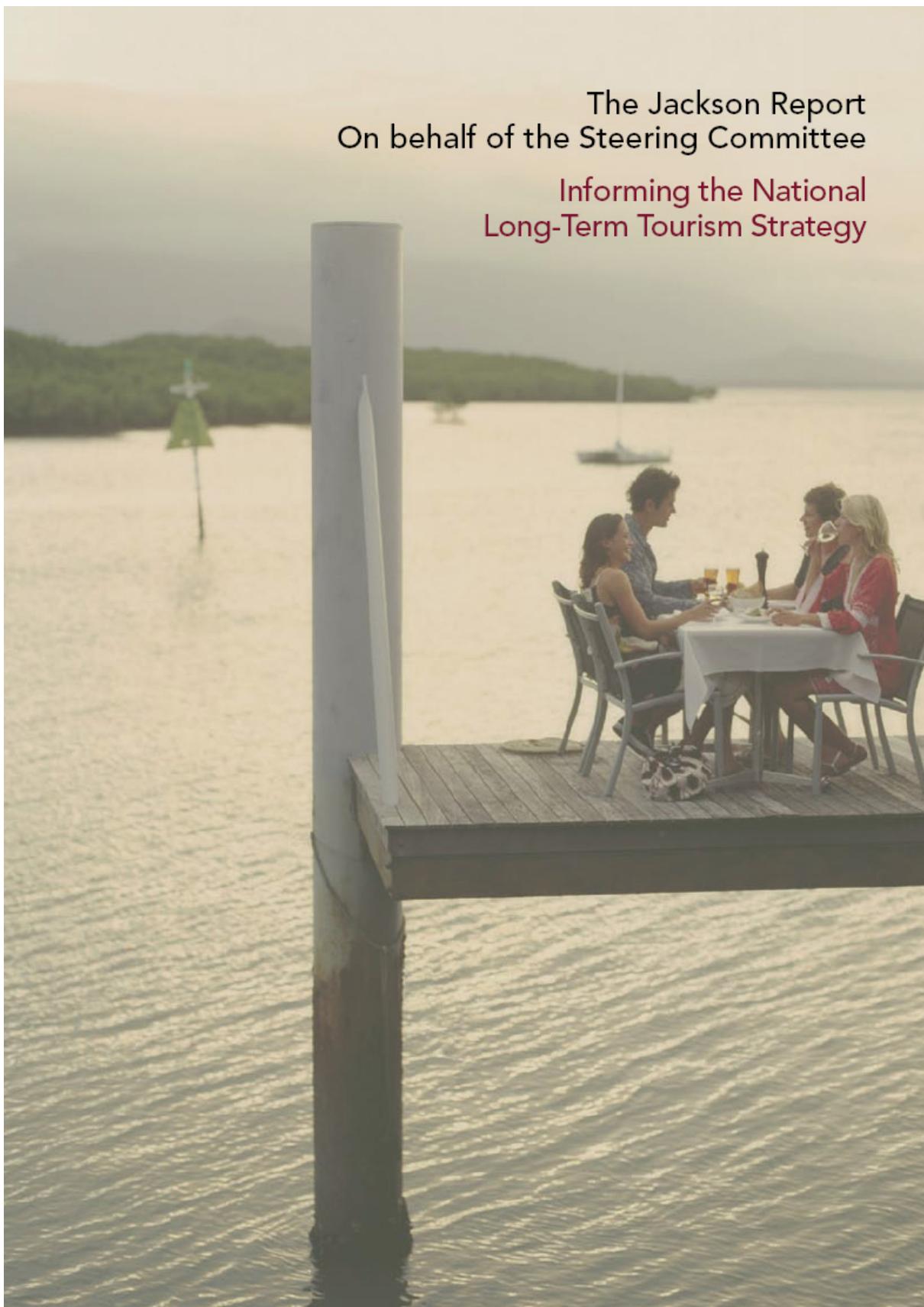
To date, there does not appear to have been a particularly coherent response to these challenges from the Australian tourism industry. We seem to employ a series of coping strategies that prevent the industry falling into disaster, but there have been no great

Executive Summary (cont.)

<p>initiatives to allow us to break from the current downward cycle. Australian tourism needs a long term view.</p>	<p>is no articulated desired state for the tourism industry, and without this it is difficult to conduct such a discussion.</p>	<p>pick winners and identify the sectors that Australia wants to develop (the ones on which we can build a sustainable competitive advantage).</p>	<p>Thus the main recommendation of this exercise is the formulation of a national tourism strategic plan. Without it, we believe that Australia will continue to lose relevance as a tourism destination and will not be able to take advantage of the huge opportunities forecast for world tourism over the next 10 years.</p>
<p>In light of the competitive challenges and structural challenges that face Australia, the only way that Australian tourism can raise its head above the noise is to present itself in the best possible way - it must compete on its strongest footing.</p>	<p>We believe that in order for the industry to make a coherent and cohesive response to the challenges it faces (both structurally and competitively) it requires a strategic plan.</p>	<p>It can act as a guide for investment. Someone should be made responsible for the implementation of the plan and be measured on its success.</p>	
<p>There is no doubt that at an operator level there are pockets of great innovation within the industry, but stronger leadership is required if Australia as a tourism destination is to 'strut its stuff' on the world tourism stage again. And it becomes obvious that without a longer term perspective and the alignment of the key players in Australian tourism, we are not going to make significant headway.</p>	<p>Such a plan can identify where the industry wants to be in the future, how it wants to compete, who it wants to target and with what products. A plan would also facilitate productive discussion on challenges such as labour, planning and investment, because these discussions could be conducted in the context of whether they help deliver the plan (or not).</p>	<p>In summary, this project was charged with identifying the factors which would make the biggest difference to achieving success in the industry and we have sought to do so on the following pages. But we believe that these challenges cannot be tackled in isolation and that therefore, the biggest single overriding factor would be the development of a national tourism strategic plan.</p>	
<p>What has become apparent during the course of this project is that it is difficult to enter into a coherent discussion on many of the challenges facing the industry because they can't be tied into any particular vision for the Australian tourism industry – there</p>	<p>A plan would also provide a level of clarity and consistency for the people responsible for promoting Australia, for those wishing to leverage these programs and for people considering investing in the industry. It could inspire confidence in the industry.</p>	<p>The key challenges that have been identified and outlined later in this document (leadership, integration, investment, labour, consumer engagement, etc) all need to be tackled within the context of this plan. This plan should then act as the basis for any further discussion and resolution concerning challenges facing the industry.</p>	

Appendix 2 – Recommendations of the Jackson Report

The Jackson Report
On behalf of the Steering Committee
Informing the National
Long-Term Tourism Strategy



RECOMMENDATIONS

For too long Australia's tourism industry has been complacent. Now it faces major challenges. On top of these, the length and severity of this global downturn may also seriously harm the short-term outlook for the industry. Its long-term future is by no means assured.

With this report the Steering Committee is looking to build a platform for a vibrant and sustainable tourism industry that can increase the prosperity and resilience of our national economy. The aim must be to build on the strength and resilience that the industry has demonstrated, so that it has the capacity to thrive and generate further economic gains for Australia in the face of an intensely competitive environment and the potential for further external shocks to impact on the industry.

This will only be achieved if industry and all levels of government come together to revitalise the industry and secure its future. It will not be enough for government and industry to pursue a 'business as usual' approach.

Australia has a unique Indigenous culture, unrivalled landscapes, sophisticated cities and regions, and people renowned for their diversity and friendliness. Our starting point must be an appreciation of these competitive strengths and a determination to capitalise upon them over the long-term.

Through the course of its deliberations, the Steering Committee has identified specific supply-side issues that must urgently be addressed to counter the Australian tourism industry's relative decline. Only effective alignment between supply and demand-side strategies will deliver optimal long-term outcomes for the industry, and the Australian economy and community as a whole.

The ten recommendations that follow represent the Steering Committee's practical advice on measures to build a strong and sustainable Australian tourism future.

Research

- 1) *Develop a high-powered national research capability focussed on tourism industry development, to complement the existing capability in demand-side research and statistics.*

The Steering Committee has identified a need for greater original research, stronger linkages to the commercial sector, and improved exposition and dissemination of data, as critical issues in the development of Australia's tourism industry.

This new research capability would align market intelligence and forecasting with industry and product development, along the lines of research capabilities within bodies such as the Australian Bureau of Agricultural and Resource Economics (ABARE) or the Bureau of Infrastructure, Transport and Regional Economics (BITRE). This would complement the demand-side research and statistical capability being delivered by Tourism Australia in support of its marketing and promotional functions.

The research agenda must not be targeted only at high level government and industry groups, but should also be a practical resource for tourism operators nationwide to understand trends, take advantage of opportunities and innovate with confidence.

A key focus of the research agenda must be on extension and adoption – putting useful information in the hands of tourism industry participants. An annual conference, along the lines of the annual ABARE Outlook Conference, would be a practical way to achieve this and to facilitate stronger industry networks and linkages. Such a conference would bring together key players, including the State and Territory Tourism Organisations (STOs), industry associations, and private sector specialists, who will be important partners in the delivery of research content and adoption programs. It would become an annual opportunity to engage with Small and Medium Enterprises (SMEs) and provide them with the best possible short and long-term information to enable them to invest, innovate and market their offerings with confidence.

Another useful model for transforming research to practical industry improvement is the Rural Research and Development Corporation model that brings together industry and researchers to establish research and development strategic directions, and also to fund projects that provide the industry with the innovation and productivity tools to compete in global markets.

This new research capability must be sufficiently well-resourced to attract the best people and build credibility rapidly. The funding allocation for the Sustainable Tourism Cooperative Research Centre (STCRC) during its first two rounds represented a significant part of the resource base for tourism research. This funding allocation must be retained for tourism research even though the STCRC's bid for a third round of funding was not successful.

The Steering Committee considers that the funding for the STCRC represented the bare minimum required to support tourism research. The failure of the STCRC rebid does not present the Government with a savings option.

To establish a vehicle to bring together all the necessary research inputs and personnel would require funding of around \$30 million per annum.

Tourism research resources should be consolidated where possible to maximise efficiencies of scope and scale, and to minimise the risk of redundant or competing research efforts.

Supply-side research capabilities are currently spread through the STCRC, Tourism Research Australia (TRA), and industry bodies such as the Tourism and Transport Forum (TTF) Australia and the National Tourism Alliance (NTA). Capacity also exists within agencies such as the Australian Bureau of Statistics (ABS) to contribute to supply-side research, should further funding be made available.

The Steering Committee considered three options for consolidating the research functions: consolidating the research within Tourism Australia; consolidating the research in the Department of Resources, Energy and Tourism; or splitting the research function, with Tourism Australia responsible for the demand-side research and the Department undertaking the supply-side research.

The Steering Committee considers that it would be most efficient and practical to strengthen the research function to ensure that demand-side activities are well informed by supply-side priorities. Significant cultural and operational shifts will need to occur to ensure that the research activity is robust and has credibility among key stakeholders, including industry participants and government agencies. The Steering Committee considers consolidation within a restructured Tourism Australia as its preference.

Research capability is also required to support ongoing policy development and advice to Government. The Steering Committee believes that the policy function within the Tourism Division of the Department of Resources, Energy and Tourism should be enhanced, for example, with the appointment of a Chief Economist role. Such a role would need to be supported by direct access to high quality economic research and analysis, either from a transformed Tourism Australia or from new staff. This would improve the credibility and strength of Tourism Division in its discussions with key departments and the central economic agencies.

Digital distribution

- 2) *Urgently support the acceleration of the online capability of Australian tourism product, working with State and Territory Tourism Organisations to fund programs that expand cost-effective digital platforms for distribution and bookings and accelerate SMEs' uptake.*

Australia has fallen behind in the online marketing of our tourism products. While traditional distribution channels will remain important, we need to more rapidly embrace digital platforms that enable Australian and international visitors to research and book their holidays online. We also need to understand the policy implications of the growth of digital distribution in particular in the areas of customer satisfaction and consumer protection.

The Government's decision to roll-out a national high-speed broadband network will add to the potential for industry to reach their customers. However, the industry will need some support in making this transformation. The dominance of SMEs in the tourism industry demands cost-effective ways in which to engage in the digital economy.

The STOs and Tourism Australia collectively own the Australian Tourism Data Warehouse (ATDW), a digital infrastructure that already contains over 25,000 product listings and makes them available to any digital distribution channel. Such a platform would form the ideal base for an acceleration effort because it is proven technology, has the support of critical stakeholders and has already established links with open booking technology in the form of the Tourism Exchange Australia (TXA).

The Tas-e Connect program developed by Tourism Tasmania with ATDW and TXA also provides an excellent example of a well-focussed digital migration initiative that addresses both technology and adoption challenges. In one example, a lodge in Devonport, Tasmania, reported a rise in occupancy rates from 45 per cent to 90 per cent after starting to distribute their product online.

Tourism Australia needs to work urgently with the states and territories to examine the scope for a national rollout of a program such as Tas-e Connect. Tourism Australia should further consider utilising Australia.com to link to state and territory digital platforms.

The digital distribution of Australian tourism product also requires that the major international online providers have free access to Australian offerings. Providers such as Expedia, TripAdvisor and Wikitravel provide millions of potential international and local visitors with user-friendly resources to learn about tourism options and book their travel, accommodation and attractions. These providers are charged fees for access to Australian product, which is a disincentive for them and a disadvantage for Australian tourism.

It would be strongly in the interests of Australian tourism for these large providers to have open access to Australian product information and bookings.

A key element in the successful migration online of Australian tourism will be an accreditation system that gives consumers confidence and trust in tourism product offerings. The Australian Government is now working with states, territories and industry to bring the myriad of existing accreditation programs under one umbrella, and to guide the development of agreed standards. The Steering Committee strongly endorses the development of the National Tourism Accreditation Framework.

People

- 3) *Ensure tourism has equitable and adequate access to skills programs at national and state level, and focus tourism skills programs and labour policies in two areas: the recruitment, development and retention of career tourism employees; and the facilitation of sufficient part-time and casual employees.*

One of the great strengths of the tourism industry is its ability to employ people with a range of skills, right across the nation. Skills development programs must recognise that the industry requires a dual labour market – higher skilled full-time career professionals and lower skilled workers who tend to take up part-time, seasonal and casual opportunities.

There is also a need to ensure sufficient flexibility in Australia's migration and visa arrangements so tourism can tap into the labour resources that it needs. Specialist skills are required through such programs, but it is also necessary for the industry to tap into unskilled foreign workers when labour demand in Australia is high.

National scorecard

- 4) Establish a comprehensive national tourism scorecard with targets and key performance indicators (KPIs) for economic impact, environmental impact, social impact and product quality.

The tourism industry urgently needs to define and declare its ambitions and establish KPIs to assess its progress against articulated targets. A national tourism scorecard will provide Australia with an essential tool to understand and improve the quality of national tourism products and our national tourism performance.

State and territory governments and leading industry associations will need to collaborate in the development of the scorecard, endorse its legitimacy, and actively support it – both through ongoing data collection and the implementation of actions arising from the scorecard.

The development and maintenance of the national scorecard will provide an important process to link government and industry players more effectively, to highlight areas of national deficiency or opportunity, and to enable better planning based on quality metrics.

Investment

- 5) Improve the case for tourism investment through developing integrated destination development plans and creating a national visitation priorities list.

Australian tourism must commit to major high potential destinations, and to some key customer segments such as business and major events tourism, by articulating them as ‘national visitation priorities’. The Tourism Ministers’ Council (TMC) could lead this process. These priorities would be drawn from submissions by industry, state, territory and local governments, and by independent analysis by the industry research resources covered in Recommendation 1. This analysis, while feeding into the priority list, would also help provide a business case for investors.

In particular, the identification of key destinations, complete with comprehensive development plans, would enable all public and private stakeholders to plan and invest with confidence and would also facilitate productive engagement with non-tourism stakeholders. However, it is also important that all destinations are encouraged to develop comprehensive destination development plans. The ‘national visitation priorities’ will not be a static list. Destinations and customer segments will evolve over time, responding to consumer demand and other factors. Destination development plans, linked to metrics identified in the scorecard, will enable destinations to plan effectively to grow and take advantage of opportunities. It will also be important for the destination development plans to link to regional economic development plans to ensure that the infrastructure, planning and approval processes and capacity development support future tourism activity in the destination.

Case management should be adopted to facilitate projects that meet national priority criteria and that have complex government stakeholder arrangements. Some cases may warrant designation under the Major Project Facilitation status as carried out by the Department of Transport, Infrastructure, Regional Development and Local Government.

The Steering Committee believes that if the industry can successfully argue the case for an Australian Government investment incentive fund, a ‘Tourism Infrastructure Fund’, could be a means to capture tourism’s economic benefits by accelerating the development of visitation priorities in conjunction with state, territory or local governments and industry partners. As a first step, current funding arrangements could be reviewed to examine the scope for providing such a fund.

- 6) Incorporate a stronger recognition of tourism in government planning and approval process, taxation and infrastructure investment planning. The Steering Committee recommends that the Council of Australian Governments (COAG) undertake an urgent systemic review of planning and regulatory regimes and the Henry tax review take account of issues that impact tourism investment.

Planning and approvals processes currently act as a block on many tourism investment proposals. Too often planning regimes do not recognise the importance of tourism and the needs of the industry. States and territories need to review these processes urgently and align plans across the country. Without sufficient investment, the tourism industry will not be able to compete internationally or at home. Tourism relies heavily on external infrastructure, the provision of which may be governed by agencies across all tiers of government and in some cases the private sector. All of these aspects need to come together, supported through destination development plans, to facilitate greater investment and capacity development in the tourism industry. The fragmentation of the tourism industry means that strong industry representation, backed by sound research and economic analysis, is essential.

Industry associations and state and territory government tourism development organisations will need to collaborate in contributing to planning processes, in some instances by providing resources to specific project teams.

By definition a high quality tourist operation demands an exceptional location. Often such applications tap into community fears of inappropriate development. Sometimes these fears are valid, other times not. Unfortunately the planning regulations in most instrumentalities are weighted heavily against the proponent who can face years of expensive, time consuming and frustrating legal and consultative battles. This is a serious disincentive to investment in the tourism industry. State and territory governments have the capacity to intervene at a high political level to overrule local concerns. But this is only occasionally used. Moreover, the tourism industry cannot rely on ad hoc political intervention, it needs an efficient, predictable and systemic investment environment if it is to achieve its potential.

Taxation was identified as having a major influence on tourism investment decision-making. The sector operates in an open and highly competitive global environment. It is, therefore, important that the tax system is simple, efficient and transparent, allowing Australian tourism businesses to compete effectively in world markets. The issues that should be considered by the Henry tax review include the complexity and compliance costs of taxation, particularly on small business; the interactions between the taxation and welfare systems; and depreciation schedules as they impact on tourism investment.

The Council of Australian Governments (CoAG) would be an appropriate forum to engage on these issues as it brings together different government agencies and interests. Better linkages also need to be established with the local government sector, given its interest and control over key decision making and infrastructure provision affecting the industry. Industry associations and state and territory government tourism development organisations will need to collaborate in contributing to planning processes, in some instances by providing resources to specific projects and teams.

Product development and innovation

- 7) Renew and rebuild Australia's competitiveness by developing and maintaining long-term product strategies for Australia.

Australia's tourism future will be stronger if we fully recognise and capitalise on our fundamental tourism assets. We have a unique Indigenous culture – the oldest continuous Indigenous culture on the planet; distinctive landscapes, flora and fauna; sophisticated cities and regions that integrate a Western heritage with Eastern cultures, and a reputation for diverse, interesting and friendly people.

To maximise this potential, product development strategies must be a collaborative effort between industry, STOs, Regional Tourism Organisations (RTOs), other tourism stakeholders and economic drivers and stakeholders outside the tourism industry. They should stimulate rather than constrain private sector development and competition. And they should be undertaken with an eye to both short and long-term tourism trends, including, for example the ageing tourism population or the long-term growth in visitor numbers from China and India.

The current National Landscapes initiative is an attractive potential model for this process, in particular where the scope is cross-jurisdictional and inter-departmental.

Existing programs that encourage product development, such as the TQUAL Grants program, formerly the Australian Tourism Development Program (ATDP), and the Approved Destination Status (ADS) scheme should continue, but with additional criteria focussed on economic impact and innovation, the involvement of industry experts in the evaluation of proposals, transparency of evaluation results and the evaluation of the impact of completed projects.

Leadership and industry coordination

- 8) The Prime Minister to establish a federal ministerial taskforce to periodically review tourism issues and opportunities that are shared with key non-tourism portfolios.

Greater coordination and focus across government and industry would support tourism industry development. As many of the Steering Committee's recommendations will involve coordinated engagement between tourism stakeholders and a range of government non-tourism stakeholders, a high-level ministerial taskforce convened by the Prime Minister would provide an effective high-level mechanism to address and resolve overlapping concerns.

- 9) Industry associations to lead industry participants to work with the government to make these recommendations successful.

Government cannot and should not do everything. The tourism industry is complex, encompassing many industries and all governments. A key theme running through this report is the importance of creating stronger and more effective linkages between government and industry players at a Commonwealth, state and local level. The challenge of coordination is exacerbated because participants often have overlapping and even competing goals. Tourism industry associations therefore have a critical role to play to making these recommendations work, by providing the means by which collective resources can be marshalled and aligned to the specific challenges and opportunities targeted by this Strategy.

- 10) Restructure Tourism Australia to enable it to implement these recommendations.

This report is about addressing critical gaps in industry development activity at the national level. It is also about making sure that the return from demand-side stimulation is maximised. This can best be achieved by integrating the industry development recommendations of this Strategy into the remit of our existing demand-side agency, Tourism Australia.

The Steering Committee did not begin with an assumption that Tourism Australia should be given additional responsibilities. It reviewed arrangements across the Commonwealth, states and territories and also relevant international examples to clarify where the industry development function occurred, and how it related to the marketing and advertising task.

Among Australian states and territories, Queensland allocates industry development responsibility to its government ministry and Victoria integrates overall responsibility in its ministry: all other states and territories have given that responsibility to their STOs. In New Zealand and Switzerland, by contrast, most of the industry development responsibility resides within the national ministry. These jurisdictions differ from Australia, however, because their national governments have direct control of many tourism-related public assets. In Australia, state and territory governments tend to have far more ownership or control of tourism-related assets and expenditures.

The Steering Committee found that there is no single perfect model. Success is largely determined by the quality of **key leadership individuals** and by the degree of organisational continuity.

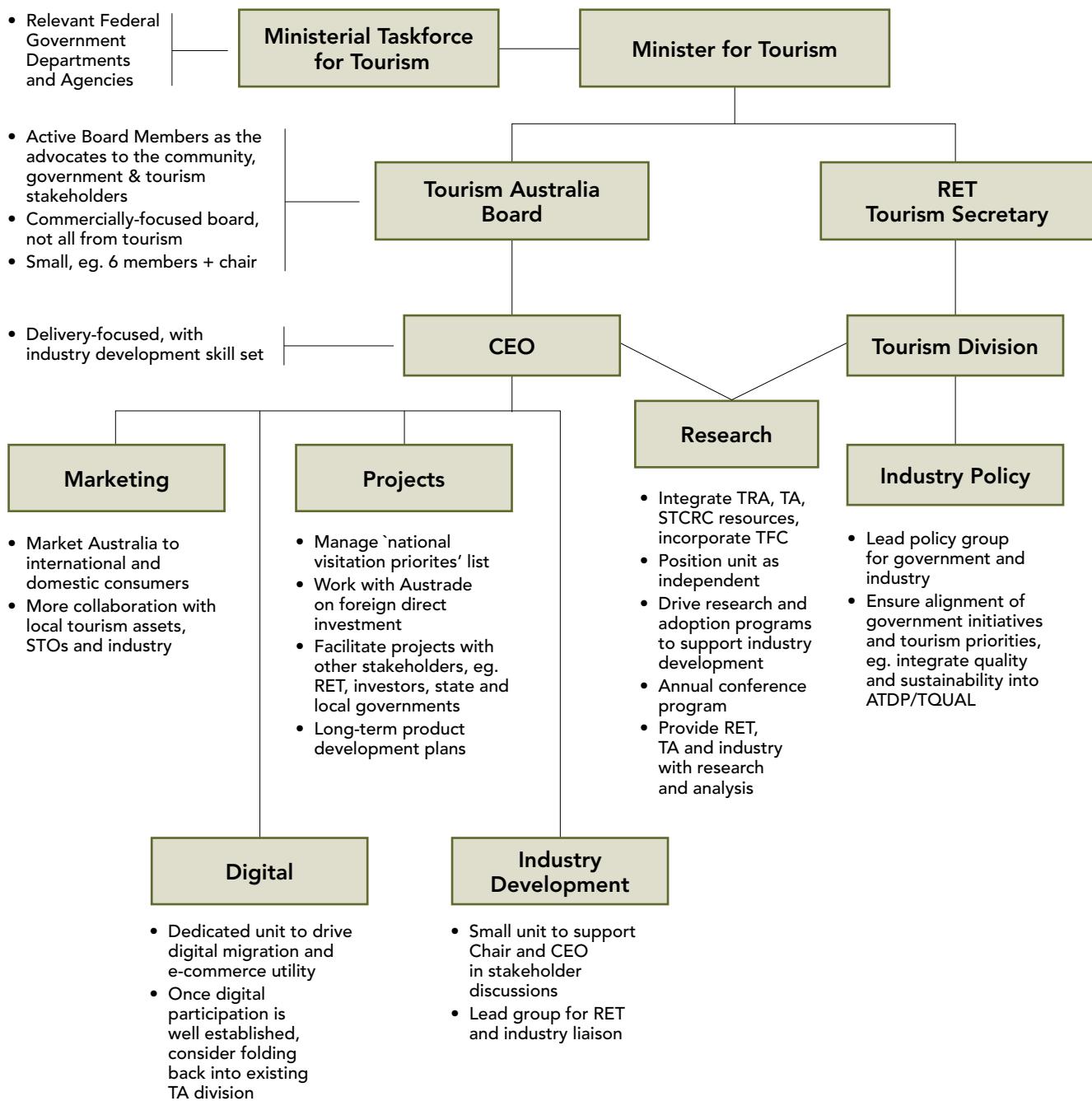
On balance, the Steering Committee believes that at a national level the tourism supply and demand functions should be aligned. The Steering Committee also considers that these functions are best carried out in a commercially focussed environment at a distance from the Government.

The Steering Committee has concluded that Tourism Australia is best placed to assume the industry development role. Strong policy support and economic research and analysis will be required from the Department to consolidate this role. **Figure 1** illustrates how these functions could be incorporated in Tourism Australia with the Department of Resources, Energy and Tourism retaining its central policy role within Government.

The Steering Committee recognises that there are risks associated with this structural model, given Tourism Australia's strong bias to demand-side stimulation and in consequence, its current weaknesses in industry and government engagement. Tourism Australia will require a substantial cultural and operational shift so that it can effectively prosecute both the supply and demand-sides of the tourism agenda, in partnership with governments and industry.

It is important in this difficult economic environment that existing resource allocations are maintained, and that any future increases in resources are allocated on the basis of clear performance outcomes.

Whatever structure is selected for the implementation of the Strategy, there needs to be a renewed application to the development of strong and effective linkages between government departments, tourism agencies and other government agencies responsible for tourism-related infrastructure, investment, training and skills development. In particular, there needs to be far closer coordination between Austrade and Tourism Australia.

Figure 1: Illustrative structure

Appendix 3 – NTA Future Directions 2009-14 (extract)

Vision

'Our vision is for Australia to be an inspiring, authentic and diverse destination attracting both international visitors and Australians alike – and for this to be achieved by a focus on innovation, sustainability, investment and industry working in partnership with the community and Government.'

Mission

'For tourism in Australia to outperform our competition, both as a destination and as an activity'.

Growth is not a sufficient outcome. We must grow our market share and constantly measure our performance. Measures will be most relevant at sector and destination level but for Australia overall, our performance measures between now and 2014 should include the following outcomes:

- internationally, Australia's percentage share of the global tourism market should be the same or higher than in 2008;
- domestically, tourism's share of household discretionary income has been maintained or increased since 2008;
- effective destination management plans are more widely implemented than in 2008; and
- in a survey of key decision makers, tourism is recognised as one of the top five industries in Australia in terms of significance, relevance and reputation

Our mission will be realised by achieving the following objectives:

People: Improve our ability to attract, develop and retain the right number of people with the right skills.

Sustainability: Maintain an industry that delivers authentic, quality, socially and environmentally responsible and profitable tourism products, services and experiences.

Investment, Infrastructure and Distribution: Support the development, growth and profitability of new and existing tourism businesses through, amongst other things, the implementation of effective destination management plans.

Brand: Reconnect Australians and the world with "Brand Australia" – celebrating our country, our individuality and our way of life.

Appendix 4 – Proposed NLTS Objectives, Strategy and Targets

The Industry proposes the following top line national tourism objective, strategy and targets:

National Tourism Objective

The key objective of the National Tourism Strategy is to grow Australian tourism's share of GDP by growing total tourism expenditure at a rate commensurate with global tourism growth.

National Tourism Strategy

The strategy to achieve the key objective is:

1. ***Yield*** - Grow tourism expenditure by attracting high yield segments including international, nature-based, business event and education tourism.
2. ***Investment*** - Create a planning and regulatory environment that facilitates private investment and innovation in competitive high yield product.
3. ***Capacity*** - Remove capacity constraints on growth, particularly in accommodation, event infrastructure and aviation.
4. ***Access*** - Improve transport capacity, and travel time, from gateway airports to each of the CBDs and to priority destinations.
5. ***Marketing*** – Reform tourism marketing to enable promotion of priority destinations to targeted international markets.
6. ***Destinations*** – Focus investment, capacity, access and marketing efforts into priority destinations that will attract the high yield segments. This strategy should be delivered through the National Landscapes and National Gateways program.

National Tourism Targets

National tourism targets would become KPIs for relevant agency heads. The Industry recommends the NLTS include the following key targets for tourism industry growth over the fifteen years to 2025:

1. Increase Australia's share of the growing global market by increasing international visitors by 4.9% p.a. compound annual growth rate (CAGR).

	World Arrivals* (m)	Asia/ Pacific Arrivals* (m)	Australia Arrivals (m)	Aus % of World
2010	1,006	195	5.6	0.56%
2015	1,230	NA	7.1	0.58%
2020	1,561	397	9.0	0.58%
2025	1,908	544	11.5	0.60%
CAGR	4.1	6.5	4.9	

* United nations World Tourism Organisation forecasts

2. Increase total tourism expenditure by 3.0% compound annual growth rate by:
 - Increasing international visitors by 4.9% CAGR.
 - Increasing international per night expenditure from \$132 to \$154.
 - Increase international tourism expenditure by 6.0% CAGR.
 - Increasing domestic yield to achieve a 1.5% p.a. increase in domestic expenditure from a predicted increase of only 0.5% p.a. in domestic nights.

	International			Domestic		Total
	Arrivals ('000s)	Per Night (real) \$	Spend (real) \$billion	Nights Visitor (m)	Spend (real) \$billion	Spend (real) \$billion
2010	5 594	132	25.1	274	68.0	93.1
2015	7 106	139	33.6	281	73.2	106.8
2020	9 026	146	45.0	289	78.9	123.8
2025	11 465	154	60.2	296	85.0	145.1
CAGR	4.9		6.0	0.5	1.5	3.0

3. Establish specific sub targets for the education, business, events and holiday-maker visitor markets.
4. Establish specific KPIs to deliver the supply of appropriate skills, infrastructure and product needed to service and accommodate the tourism growth targets. Including:

Workforce Development KPI

E.g. 'That the tourism and hospitality industry has an adequate supply of skilled staff to ensure that the service to tourists is of a standard that meets their needs'.

Infrastructure KPI

E.g. 'That the tourism and hospitality industry has an adequate supply of short-stay rooms and business event venue capacity to accommodate tourism growth'

Year	Visitor Nights Growth Target	Rooms Supply Capacity Target
2010	NA	225,733 rooms
2015	9.6%	247,491 rooms
2020	20.2%	271,340 rooms
2025	32.7%	299,634 rooms

Private investment KPI

E.g. Maintain and increase the private sector contribution rate to total tourism investment. Increase the number and total investment in short stay tourism building approvals.

Visitor Dispersal KPI

E.g. Dispersal of visitor nights from National Gateways through to National Landscapes and other regional destinations.

Visitor Satisfaction KPI

E.g. Increase visitor satisfaction rates.

