THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

House of Representatives Select Committee on TOURISM Final Report

October 1978

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Contents

Terms of Reference

(1) That a Select Committee be appointed:

(a) to examine the significance and potential of tourism in the Australian economy and whether it has special features in comparison with other industries, with particular reference to its effects on:

(i) employment,

(ii) balance of payments aspects,

(iii) the community's knowledge of Australia and the Australian heritage,

(iv) community health and welfare, and

(v) regional development and decentralisation;

(b) to identify the short and long term issues facing the industry in Australia;

(c) to examine the importance of the various modes of transport in the development of tourism to and within Australia;

(d) to examine the roles and responsibilities of the Commonwealth, State and local government and the industry in relation to the development and promotion of tourism;

(e) to assess the adequacy and the availability of statistical and other information relating to tourism, and

(f) to report on its investigations into these matters and to recommend action that might be taken by the Commonwealth Government or by the Commonwealth Government in co-operation with State and local governments and the tourist industry to alleviate any problems identified by the committee during the course of its investigations.

Abbreviations

AAA	Australian Automobile Association
AAC	Australian Accommodation Council
ABS	Australian Bureau of Statistics
ACT	Australian Capital Territory
ACT Study	The Economic and Social Impact of Visitors on the A.C.T.—A report by Pannell Kerr Forster and Company
AFTA	Australian Federation of Travel Agents
AHC	Australian Heritage Commission
ANPWS	Australian National Parks and Wildlife Service
Ansett Airlines	Ansett Airlines of Australia
ANTA	Australian National Travel Association
APEX	Advance Purchase Excursion
ASCOT	Australian Standing Committee on Tourism
ATAC	Australian Transport Advisory Council
ATC	Australian Tourist Commission
Avis	Avis Rent-A-Car System Pty Ltd
BIE	Bureau of Industry Economics
BTE	Bureau of Transport Economics
CDB	Commonwealth Development Bank
DCT	Department of the Capital Territory
Domestic Aviation Review	Domestic Air Transport Policy Review Report Part 1
DoT	Department of Transport
East-West	East-West Airlines Limited
EEC	European Economic Community
EHCD	Department of Environment, Housing and Community Development
ERU Study	The Economic Research Unit Report—A Study of Man-made Tourist Attractions—Outdoor Museums and Historic Sites
FNQDB	Far North Queensland Development Bureau
GDP	Gross Domestic Product
HES	Household Expenditure Survey
Holiday Accommodation Study	Holiday Accommodation in Australia, a consulting study by Peat Marwick and Mitchell
IAC	Industries Assistance Commission
Industry and Commerce	Department of Industry and Commerce
Laker	Laker Airways Limited
Marine Park Authority	Great Barrier Reef Marine Park Authority
N/A	Not Available
NTHITC	National Tourism and Hospitality Industry Training Committee

PATA	Pacific Area Travel Association
Qantas	Qantas Airways Limited
TAA	Trans-Australia Airlines
TAFE	Technical and Further Education
The Cooper–Pigram paper	The Economic Significance of Tourism to Australia, by Dr J. J. Pigram and Dr M. J. Cooper
TMC	Tourist Ministers' Council
TRC	Tourism Research Committee
Treasury	The Department of the Treasury
WTO	World Tourism Organisation

Members of the Committee in the 31st Parliament

Chairman	Mr D. F. Jull, M.P.
Deputy Chairman	The Hon. F. E. Stewart, M.P.
Members	Mr B. Cohen, M.P.
	Mr B. J. Goodluck, M.P.
	The Hon. C. K. Jones, M.P.
	The Hon. I. L. Robinson, M.P.
	Mr M. E. Sainsbury, M.P.
	Mr J. R. Short, M.P.*
Clerk to the Committee . . .	Mr P. F. Bergin

* Mr J. R. Short, M.P., was nominated to the Committee on 15 March 1978 in place of Mr P. H. Drummond, M.P.

Members of the Committees in the 30th Parliament

Chairman	Mr R. N. Bonnett, M.P.
Deputy Chairman	The Hon. F. E. Stewart, M.P.
Members	Mr B. Cohen, M.P.
	The Hon. C. K. Jones, M.P.*
	Mr D. F. Jull, M.P.
	The Hon. I. L. Robinson, M.P.
	Mr M. E. Sainsbury, M.P.
	Mr J. R. Short, M.P.
	Mr M. J. Young, M.P.
Clerk to the Committee . . .	Mr P. F. Bergin
Specialist Advisers	Dr J. J. Pigram
	Dr M. J. Cooper

* The Hon. C. K. Jones, M.P., was nominated to the Committee on 18 August 1977 in place of Mr M. J. Young, M.P.

Conclusions and Recommendations

1. THE COMMITTEE RECOMMENDS THAT TOURISTS BE DEFINED AS PERSONS WHO TRAVEL MORE THAN 40 KILOMETRES FROM THEIR NORMAL PLACE OF RESIDENCE FOR ANY REASON OTHER THAN TO COMMUTE TO A NORMAL PLACE OF WORK.

   (para. 19.)

2. The Committee concludes that the tourist industry in Australia is of considerable economic significance and deserves greater recognition as such. However, it has found it difficult to quantify this and strongly supports the study proposed by the Minister for Industry and Commerce.
   THE COMMITTEE RECOMMENDS THAT:
   (a) THE STUDY OF THE ECONOMIC SIGNIFICANCE OF TOURISM BE UNDERTAKEN AS A MATTER OF URGENCY, AND
   (b) SUFFICIENT RESOURCES BE PROVIDED TO ENABLE IT TO BE COMPLETED WITHOUT DELAY.

   (para. 33.)

3. The Committee concludes that:
   (a) tourism is a major stimulus to sustained growth in many non-metropolitan areas of Australia, and
   (b) tourism can make a further valuable contribution to regional development and decentralisation.

   (para. 43.)

4. The Committee concludes that a special characteristic of the tourist industry is that it provides opportunities for unskilled and part-time employment, often in decentralised locations, where alternative opportunities are limited.

   (para. 47.)

5. The Committee concludes that:
   (a) the development of the Australian tourist industry could have an important effect on Australia's balance of payments, and
   (b) tourism is an industry which can earn significant amounts of foreign exchange and widen Australia's export base.

   (para. 54.)

6. The Committee concludes that tourism is important as a vehicle to foster and develop the community's knowledge of Australia and the Australian heritage.

   (para. 61.)

7. The Committee concludes that the long-term future of the Australian tourist industry will depend on:
   (a) the rapid development of Australia's tourist attractions,
   (b) The aggressive promotion of these attractions by both industry and government at home and overseas,
   (c) reduced air fares, particularly more innovative fares on both domestic and international scheduled flights, and

(d) approval of more air charter flights from selected overseas destinations. (see also recommendations/conclusions Nos 15 and 39)

(para. 82.)

8. The Committee concludes that while the preservation of historic buildings enhances the identity and attractiveness of a town, it is neither reasonable nor desirable for every town to attempt to be an historic attraction.

(para. 95.)

9. The Committee concludes that there is a requirement for greater co-operation among the State governments, local governments and developers to prevent badly planned ribbon development on the coastline.

(para. 97.)

10. The Committee concludes that proper interpretive facilities are an important tool in the education of tourists and in the management and control of tourism in natural areas.

(para. 104.)

11. THE COMMITTEE RECOMMENDS THAT:
    (a) THE STAFF CEILING OF THE GREAT BARRIER REEF MARINE PARK AUTHORITY BE LIFTED TO A LEVEL WHERE ZONING PROCEDURES FOR THE GREAT BARRIER REEF MARINE PARK CAN BE COMPLETED WITHIN TWENTY-FIVE YEARS, AND
    (b) SUFFICIENT FUNDS BE MADE AVAILABLE TO ALLOW THE AUTHORITY TO PROVIDE INTERPRETIVE FACILITIES FOR TOURISTS AT THE MAJOR DESTINATION AREAS ADJACENT TO THE REEF.

(para. 110.)

12. THE COMMITTEE RECOMMENDS THAT:
    (a) THE GOVERNMENT IN CONSULTATION WITH THE NORTHERN TERRITORY ADMINISTRATION TAKE URGENT STEPS TO OVERCOME THE EXISTING DELAYS IN THE DEVELOPMENT OF THE ULURU NATIONAL PARK, AND
    (b) THE PROPOSED TOURIST VILLAGE BE PROCEEDED WITH FORTHWITH AS A MATTER OF URGENCY AND THAT ADEQUATE FUNDS BE PROVIDED FOR THE DEVELOPMENT OF THE VILLAGE.

(para. 116.)

13. The Committee concludes that the future of motor tourism in Australia requires a co-ordinated approach to the development of Australia's road network with due recognition being given to the requirements of tourists to an area, as well as those of the local residents. Particular highways of concern are the Stuart Highway, the Bruce Highway and the Alpine Way. THE COMMITTEE RECOMMENDS THAT:
    (a) THE MINISTER FOR INDUSTRY AND COMMERCE, IN ASSOCIATION WITH THE MINISTER FOR TRANSPORT AND THE RESPECTIVE STATE AND TERRITORY GOVERNMENTS, COMPILE A LIST OF THOSE TOURIST ROADS DESERVING PRIORITY FUNDING FOR TOURIST PURPOSES, AND
    (b) ADDITIONAL FUNDS BE MADE AVAILABLE BY COMMONWEALTH, STATE AND TERRITORY GOVERNMENTS TO UPGRADE THOSE ROADS.

(para. 136.)

14. THE COMMITTEE RECOMMENDS THAT THE MINISTER FOR TRANSPORT INVITE THE CHAIRMAN OF THE AUSTRALIAN TOURIST COMMISSION TO ACCEPT MEMBERSHIP OF THE AVIATION INDUSTRY ADVISORY COUNCIL.

(para. 139.)

15. The Committee concludes that:
    (a) the development of tourism to Australia will benefit from the availability of cheap fares, and
    (b) greater emphasis should be placed on bulk charter operations aimed at the price conscious international traveller.

(para. 161.)

16. The Committee concludes that:
    (a) there is a continuing need for the transport and tourism policy arms of government to co-operate in the formulation of air transport policies to foster the development of tourism, and
    (b) before any major policy decision is taken on air transport there should be consultation between the tourism and transport policy arms of government.

    THE COMMITTEE RECOMMENDS THAT:
    (a) THE COMMONWEALTH GOVERNMENT ESTABLISH AN INTER-DEPARTMENTAL STANDING COMMITTEE ON AIR TRANSPORT,
    (b) THE INTER-DEPARTMENTAL STANDING COMMITTEE BE RESPONSIBLE FOR REVIEWING THE REPORTS OF THE STEERING COMMITTEES ON DOMESTIC AND INTERNATIONAL AVIATION POLICY, AND
    (c) THE INTER-DEPARTMENTAL STANDING COMMITTEE BE COMPOSED OF THOSE DEPARTMENTS AND INSTRUMENTALITIES WITH A DIRECT INTEREST IN AIR TRANSPORT, INCLUDING THE DEPARTMENTS OF INDUSTRY AND COMMERCE AND TRANSPORT AND THE AUSTRALIAN TOURIST COMMISSION.

(para. 163.)

17. The Committee concludes that:
    (a) train travel will continue to appeal to a segment of the market, especially if the upgrading of equipment is continued, but
    (b) the train travel segment of the market will decline as a proportion of the total market.

(para. 166.)

18. THE COMMITTEE RECOMMENDS THAT:
    (a) A DEPRECIATION ALLOWANCE FOR INCOME-PRODUCING BUILDINGS BE INTRODUCED AS SOON AS POSSIBLE,
    (b) THE PRESENT INVESTMENT ALLOWANCE BE AMENDED TO ALLOW MULTIPLES OF THE SAME ITEM TO BE CLAIMED AS A SINGLE INVESTMENT WHERE THE ITEMS ARE USED SOLELY IN AUSTRALIA FOR PRODUCING ASSESSABLE INCOME, AND

(c) ANY FUTURE INVESTMENT ALLOWANCES ALLOW FOR MULTIPLES OF THE SAME ITEM TO BE CLAIMED AS A SINGLE INVESTMENT WHERE THE ITEMS ARE FOR USE SOLELY IN AUSTRALIA FOR PRODUCING ASSESSABLE INCOME.

(para. 182.)

19. The Committee concludes that:
    (a) while the long-term trends will be towards low cost accommodation, there will still be an increasing demand for hotel/motel style accommodation,
    (b) increases in occupancy rates at hotels and motels will depend on competitive pricing, promotion and development of attractions, and
    (c) the cost pressures on accommodation establishments may be at least partially alleviated by changes to the depreciation and investment allowances.

(para. 186.)

20. THE COMMITTEE RECOMMENDS THAT THE TOURIST MINISTERS' COUNCIL ESTABLISH A WORKING GROUP TO CO-ORDINATE CARAVAN PARK STANDARDS.

(para. 188.)

21. The Committee concludes that:
    (a) there is an urgent need for Australians to be made aware of the holiday opportunities available in their own country, and
    (b) the Australian Tourist Commission has a role in domestic promotion, but overseas promotion should remain its main function.

    THE COMMITTEE RECOMMENDS THAT:
    (a) THE MINISTER FOR INDUSTRY AND COMMERCE DIRECT THE AUSTRALIAN TOURIST COMMISSION TO INVOLVE ITSELF IN DOMESTIC PROMOTION,
    (b) THE AUSTRALIAN TOURIST COMMISSION UNDERTAKE UMBRELLA PROMOTION CAMPAIGNS IN CONSULTATION WITH THE STATE AND TERRITORY GOVERNMENTS AIMED AT PERSUADING AUSTRALIANS TO HOLIDAY IN AUSTRALIA, AND
    (c) THE AUSTRALIAN TOURIST COMMISSION BE PROVIDED WITH SUFFICIENT FUNDS TO ENABLE IT TO UNDERTAKE SUCH CAMPAIGNS.

(para. 211.)

22. The Committee concludes that:
    (a) there is a requirement for the active promotion of Australia overseas, and
    (b) such promotion should be undertaken by the Australian Tourist Commission.

    THE COMMITTEE RECOMENDS THAT:
    (a) FUTURE APPROPRIATIONS TO THE AUSTRALIAN TOURIST COMMISSION ALLOW FOR INCREASED OVERSEAS PROMOTIONAL ACTIVITY, AND
    (b) STAFFING BE KEPT AT A LEVEL APPROPRIATE TO THE LEVEL OF FUNDING.

(para. 224.)

23. THE COMMITTEE RECOMMENDS THAT THE GOVERNMENT MAKE AVAILABLE TO THE AUSTRALIAN TOURIST COMMISSION SUFFICIENT ADDITIONAL FUNDS TO ALLOW THE REINTRODUCTION OF THE SURVEY OF INTERNATIONAL VISITORS TO AUSTRALIA.

(para. 324.)

24. THE COMMITTEE RECOMMENDS THAT:
    (a) FUNDS RAISED BY THE DEPARTURE TAX ANNOUNCED IN THE 1978–79 BUDGET BE USED FOR THE PROMOTION AND DEVELOPMENT OF AUSTRALIAN TOURISM, AND
    (b) THE RESPONSIBILITY FOR COLLECTING THE TAX REST WITH THE CARRIER.

(para. 231.)

25. The Committee concludes that:
    (a) it is not necessary for an industry to have a separate Minister for that industry to be given full and proper attention,
    (b) it is only recently that some recognition has been accorded the tourist industry, and
    (c) there is a requirement for this recognition to be accelerated by positive action by both industry and government.

    THE COMMITTEE RECOMMENDS THAT:
    (a) THE DEPARTMENT OF INDUSTRY AND COMMERCE BE RETITLED THE DEPARTMENT OF INDUSTRY, COMMERCE AND TOURISM, AND
    (b) THE GOVERNMENT URGENTLY CONSIDER AN APPROPRIATE RESTRUCTURING OF THAT DEPARTMENT TO ENSURE THAT THE INCREASING SIGNIFICANCE OF TOURISM IS RECOGNISED.

(para. 240.)

26. THE COMMITTEE RECOMMENDS THAT THE GOVERNMENT IN MAKING GRANTS UNDER BOTH THE NATIONAL ESTATE PROGRAM AND THE *STATES GRANTS (NATURE CONSERVATION) ACT* 1974 TAKE INTO FULL ACCOUNT THE IMPORTANCE OF TOURISM WHEN CONSIDERING THE PRESERVATION OF BOTH THE NATIONAL ESTATE AND THE NATURAL ENVIRONMENT.

(para. 250.)

27. The Committee concludes that:
    (a) there should be greater emphasis on the establishment of regional tourist organisations,
    (b) these regional organisations require more financial support from the firms and organisations with a financial interest in tourism, and
    (c) as each State employs a different method of funding regional associations, benefit could be gained by discussing the relative methods of such funding.

    THE COMMITTEE RECOMMENDS THAT THE TOURIST MINISTERS' COUNCIL URGENTLY CONSIDER WAYS TO IMPROVE THE METHODS OF FUNDING REGIONAL TOURIST ASSOCIATIONS BY ALL INTERESTED PARTIES.

(para. 278.)

28. The Committee concludes that:
    (a) the role of local government is crucial to the development of tourism since local government is expected to carry most of the burden of the provision of tourist amenities,

(b) tourism can render economic a number of community services and facilities which a local population alone could not support,

(c) since the community generally can benefit from tourism an accommodation tax is not an equitable method of spreading the costs of tourism across the community,

(d) the disabilities suffered by certain local governments by the influx of tourists to their areas should be recognised by the States Grants Commissions, and

(e) more consideration should be given by State and local governments to the adoption of differential rating in tourist destination areas.

(para. 301.)

29. The Committee concludes that:

(a) a majority of operators in the tourist industry are not aware of the necessity for a well-financed organisation to promote the industry to government, to other industries and to the public at large,

(b) there is a lack of recognition by the industry of the interdependence of its various sectors, and

(c) the industry should recognise the necessity to contribute financially to industry organisations at both the regional and national levels.

(para. 313.)

30. The Committee concludes that:

(a) there is a wide range of statistics and other information available on the tourist industry, but

(b) there is not a general awareness of the information that is available.

THE COMMITTEE RECOMMENDS THAT THE TOURIST INDUSTRY THROUGH THE AUSTRALIAN TRAVEL RESEARCH CONFERENCE ESTABLISH THE STATISTICAL AND RESEARCH NEEDS OF THE INDUSTRY AND INFORM EACH STATE TOURISM MINISTER AND THE MINISTER FOR INDUSTRY AND COMMERCE OF THESE NEEDS.

(para. 340.)

31. The Committee concludes that the maintenance of stable economic conditions is of paramount importance not only to the tourist industry but to all industries.

(para. 346.)

32. THE COMMITTEE RECOMMENDS THAT THE GOVERNMENT EXPEDITE THE INTRODUCTION INTO THE PARLIAMENT OF LEGISLATION TO REGISTER TRAVEL AGENTS.

(para. 348.)

33. The Committee concludes that:

(a) there are problems caused by the extreme seasonality of holiday taking, and

(b) there are advantages in the staggering of school and industry holidays between States and Territories.

(para. 354)

34. The Committee concludes that the present convention facilities are inadequate for major international conventions and that steps need to be taken to provide adequate facilities in appropriate locations.

THE COMMITTEE RECOMMENDS THAT THE MINISTER FOR INDUSTRY AND COMMERCE RECOMMEND TO THE TOURIST MINISTERS' COUNCIL THAT THE AUSTRALIAN STANDING COMMITTEE ON TOURISM:

(a) CONSIDER AND ASSESS THE ADEQUACY OF CONVENTION FACILITIES PRESENTLY AVAILABLE IN AUSTRALIA, AND
(b) DETERMINE WHAT ACTION SHOULD BE TAKEN TO IMPROVE CONVENTION FACILITIES.

(para. 357.)

35. THE COMMITTEE RECOMMENDS THAT:

(a) THE CEILING FOR LOANS ASSISTANCE FROM THE COMMONWEALTH DEVELOPMENT BANK FOR ANY ONE BORROWER BE INCREASED TO $1 MILLION, AND
(b) ANY TOURISM PROJECT BE ELIGIBLE FOR COMMONWEALTH DEVELOPMENT BANK LOANS.

(para. 360.)

36. The Committee, whilst recognising that wages and conditions are determined within the framework of an established industrial system which includes the Arbitration Commission, concludes that:

(a) the present wages conditions in the tourist industry provide a positive competitive disadvantage to the Australian tourist industry vis-à-vis other countries, and
(b) the present penalty rate structure prejudices employment opportunities in the industry.

THE COMMITTEE RECOMMENDS THAT:

(a) THE GOVERNMENT ESTABLISH A TRIPARTITE WORKING GROUP TO INQUIRE INTO AND REPORT ON THE 'NORMAL' HOURS OF WORK, PENALTY RATES AND RELATED WORKING CONDITIONS,
(b) THE REPORT OF THAT WORKING GROUP BE MADE A PUBLIC DOCUMENT AND TRANSMITTED TO THE CONCILIATION AND ARBITRATION COMMISSION, AND
(c) THE QUESTION OF PENALTY RATES, CASUAL AND PART-TIME WORK BE INCLUDED IN THE TERMS OF REFERENCE OF ANY COMMITTEE ESTABLISHED TO CONSIDER THE EFFECTS OF TECHNOLOGICAL CHANGE ON EMPLOYMENT IN AUSTRALIA.

(para. 370.)

37. The Committee concludes that the tourist industry would benefit from increased competition in car rentals at airports.

THE COMMITTEE RECOMMENDS THAT:

(a) THE TENDER FOR CAR RENTAL CONCESSIONS AT EACH OF THE FIFTY-NINE LISTED AIRPORTS SHOULD BE LET TO TWO NATIONAL OPERATORS, AND
(b) AT THOSE AIRPORTS WHERE THERE ARE ADEQUATE TERMINAL FACILITIES ADDITIONAL TENDERS SHOULD BE LET TO A THIRD OPERATOR ON AN AIRPORT BY AIRPORT BASIS.

(para. 379.)

38. THE COMMITTEE RECOMMENDS CONTINUING STUDY OF NOISE CERTIFICATION OF AIRCRAFT WITH A VIEW TO THE LIFTING OF CURFEWS AS AIRCRAFT NOISE DIMINISHES.

(para. 381.)

39. THE COMMITTEE RECOMMENDS THAT THE MAJOR DOMESTIC AIRLINES MAKE AVAILABLE TO LICENSED TRAVEL AGENTS AND THE GENERAL PUBLIC INNOVATIVE FARE STRUCTURES INCLUDING REDUCED FARES FOR USE IN THE CONSTRUCTION OF ALL-INCLUSIVE TOURS.

(para. 384.)

40. THE COMMITTEE RECOMMENDS THAT THE GOVERNMENT AMEND THE *INCOME TAX ACT* 1972 TO ALLOW FOR THE COSTS OF LEASEHOLD IMPROVEMENTS AT COMMONWEALTH OWNED AERODROMES TO BE TAX DEDUCTIBLE.

(para. 386.)

41. THE COMMITTEE RECOMMENDS THAT A STUDY BE UNDERTAKEN OF THE DESIRABILITY OF THE DESIGNATION OF A TASMANIAN AIRPORT AS AN INTERNATIONAL AIRPORT.

(para. 402.)

42. THE COMMITTEE RECOMMENDS THAT:
    (a) AN INTERNATIONAL AIRPORT BE DESIGNATED AT TOWNSVILLE, AND
    (b) THE DEVELOPMENTAL WORK REQUIRED BE AUTHORISED AS SOON AS POSSIBLE.

(para. 403.)

43. THE COMMITTEE RECOMMENDS THAT THE MINISTER FOR TRANSPORT ANNOUNCE AS SOON AS POSSIBLE A SPECIFIC TIMETABLE FOR THE UPGRADING OF BRISBANE AIRPORT.

(para. 404.)

44. THE COMMITTEE RECOMMENDS THE INTRODUCTION OF A STANDARD SET OF ROAD INFORMATION SIGNS FOR USE WITHIN AUSTRALIA.

(para. 406.)

45. The Committee concludes that the restriction on long-distance coaches inhibits the development of tourism.
    THE COMMITTEE RECOMMENDS THAT THE PROBLEM OF INTRA-STATE PICK-UP AND SET-DOWN RIGHTS FOR LONG-DISTANCE COACHES BE RESOLVED BY THE AUSTRALIAN TRANSPORT ADVISORY COUNCIL.

(para. 409.)

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Chapter 1

Introduction

1. The Select Committee on Tourism was appointed by the House of Representatives on 2 March 1978. The Resolution of Appointment empowered it to consider and make use of the minutes of evidence and records of the Select Committees on Tourism appointed in the previous Parliament.

2. A Select Committee on Tourism was first appointed by the House of Representatives on 1 December 1976. With the prorogation of the Parliament on 28 February 1977 that Committee ceased to exist. A second Committee was appointed on 10 March 1977 and continued until the dissolution of the House of Representatives on 10 November 1977. That Committee had intended to call further witnesses and complete its program of hearings and inspections but its activities ceased with the dissolution of the House of Representatives.

3. On 3 November 1977 the previous Committee presented an Interim Report[1] in which parts (a), (b) and (c) of the Terms of Reference were considered. That Report acknowledged that the Committee had not completed its investigations and deliberations, and recommended that the Committee be reconstituted in the Thirty-first Parliament. It further recommended that the new Committee be empowered to consider and make use of the records of the previous Committees.

4. The first two Committees took over 4300 pages of evidence and held public hearings in Canberra, Sydney, Melbourne, Adelaide, Perth, Hobart, Ballarat, Southport, Cairns, Cooma, Mount Isa, Mackay, Rockhampton and Townsville. This Committee has taken over 1200 pages of evidence at public hearings in Canberra, Alice Springs, Darwin, Sydney, Melbourne and Swan Hill. The transcript of the evidence taken at these public hearings is available for inspection at the Committee Office of the House of Representatives and at the National Library.

5. In total 206 witnesses representing ninety-four organisations appeared before the Committees. At Appendix 1 is a list of those witnesses.

6. The previous Committees received 150 submissions and a further seventeen have been received since the Committee was last reconstituted. The present Committee has also received thirteen supplementary submissions. Appendix 2 lists those organisations or persons which made submissions but were not called to give verbal evidence. The appendix also lists the supplementary submissions received.

7. Reconstitution of the Committee has allowed consideration of Terms of Reference (d), (e) and (f), as well as further consideration of those matters dealt within the Interim Report. The Committee received with particular interest reactions to the paper *The Economic Significance of Tourism to Australia* (the Cooper–Pigram paper), which was prepared for the Committee by Drs J. J. Pigram and

[1] House of Representatives Select Committee on Tourism Interim Report, Parliamentary Paper 349 of 1977.

[2] Pigram, J. J. and Cooper, M. J., *The Economic Significance of Tourism to Australia*, a paper for the House of Representatives Select Committee on Tourism, October 1977.

M. J. Cooper[2]. This was dealt with in more detail in Chapter 3. A summary of the paper is in Appendix 3.

8. In its Interim Report the previous Committee made seventeen recommendations, some of which have already been implemented. The reconstitution of the Committee has allowed it to follow up on action which may have resulted from these recommendations.

9. The Committee expresses its appreciation for the assistance received from the various State Governments, organisations and individuals who made submissions. It also expresses its thanks and appreciation to the Clerk to the Committee Phil Bergin, the research officers Allan Kelly and Virginia Greville and the steno-secretaries Annemarie Nagle and Lyn Coutman who, as officers of the House of Representatives Committee Office, provided research, administrative and secretarial services to the Committees during the Inquiry.

10. The Committee records its regret at the lack of co-operation received from the Australian Council of Trade Unions which declined to make a submission. The Committee had expected that the Australian National Travel Association (ANTA) would have been more involved in the earlier stages of the Inquiry. The situation regarding the delayed appearance of ANTA before the Committee is commented on in Chapter 13.

Chapter 2

Definitions

Background

11. The definition of the concept of tourism is an essential pre-condition for rational and objective consideration of the effects of tourism and its place in the structure of the economy.

A Tourist

12. The previous Committee considered the problem of the definition of a tourist in its Interim Report and adopted as its definition 'All short-term visitors into an area for any purpose—other than to commute to work'. This definition is very similar to one proposed by the Department of the Capital Territory (DCT) except that the DCT definition limited the period of visit by tourists to thirty days. The Committee suggested that a longer period would be more appropriate.

13. The Committee agrees with the DCT comment that day-trippers should not be excluded from tourism statistics, as is often the case on the grounds that they do not overnight in the area. Day-trippers are of particular significance to some areas and attractions. The Economic Research Unit Report *A Study of Man-made Tourist Attractions—Outdoor Museums and Historic Sites* (ERU Study)[3] quotes the following figures for specific tourist attractions:

Old Sydney Town	89 per cent of all visitors were day-trippers
Sovereign Hill	78 per cent of all visitors were day-trippers
Swan Hill	41 per cent of all visitors were day trippers

The Department of the Capital Territory claimed that 730 000 day-trippers visit the Australian Capital Territory (A.C.T.) annually.

14. The definition adopted by the Committee was commented on by a number of witnesses. The Department of Industry and Commerce (Industry and Commerce) suggested that a more appropriate definition would include a distance criterion, for example a person who travels more than 40 kilometres away from home for any purpose other than to commute to work.

15. The New South Wales Department of Tourism suggested that the definition was impractical without the addition of time, distance and purpose dimensions that would more precisely identify the tourist. That Department also noted that the Australian Standing Committee on Tourism (ASCOT) is investigating the question of definitions. Arising from this investigation the New South Wales Department proposed a definition which is the same as that proposed by Industry

[3] Economic Research Unit Report, *A Study of Man-made Tourist Attractions—Outdoor Museums and Historic Sites*, prepared for the Department of Industry and Commerce, March 1976.

and Commerce, but developed it to the extent that three categories of tourist are distinguished within the broad context.

16. These three categories are: primarily leisure travellers travelling away from home more than twenty-four hours for reasons of recreation, holiday, sport, health, hobby or certain kinds of study; primarily non-leisure travellers travelling away from home more than twenty-four hours for reasons of business, education, family, friends, missions or meetings; and day-trippers or excursionists travelling away from home for less than twenty-four hours primarily for discretionary reasons.

17. The New South Wales Department claimed that this definition allows the possibility of a statistical collection that satisfies most of the varying needs of tourism planning, development and promotion in Australia. This definition of a tourist, too, offers some help in defining the 'tourist industry'.

18. The Victorian State Government commented that the Committee's definition failed to place either a distance or a time constraint on the tourist. It was claimed that it is normally considered desirable to use either or both of these criteria and suggested that the distance criterion would serve to exclude local travel within the community.

19. The Committee has reviewed the definition of a tourist adopted by the previous Committee.

THE COMMITTEE RECOMMENDS THAT TOURISTS BE DEFINED AS PERSONS WHO TRAVEL MORE THAN 40 KILOMETRES FROM THEIR NORMAL PLACE OF RESIDENCE FOR ANY REASON OTHER THAN TO COMMUTE TO A NORMAL PLACE OF WORK.

The Tourist Industry

20. The tourist industry is not a single identifiable sector of the Australian economy. The goods and services provided to travellers originate in a number of sectors of the economy. For some industries part of the output is provided to travellers while the other part is provided to the local residents. The problem of definition was commented on by the Department of the Treasury (Treasury) which noted that the tourist industry overlaps the usual classification of industries defined according to the goods and services they produce.

21. It was suggested by Industry and Commerce that while no formal concept of the travel and tourist industry can be evolved, it can be broadly conceived as representing the sum of those industrial and commercial activities producing goods and services wholly or mainly consumed by travellers. Transport, accommodation, catering and entertainment sectors of industry as well as travel agents, tour operators, souvenir manufacturers and government departments concerned with tourism can all be regarded as belonging in varying degrees to the tourist industry.

22. The Committee suggests that the tourist industry is made up of those enterprises whose economic future is dependent upon fulfilling the requirements of travellers. The Committee recognises that the industry overlaps into other, more precisely defined industries. The Committee believes however, that there are many firms of whose incomes a measurable part is attributable to tourism, which do not recognise their involvement in and dependence on the tourist industry.

Chapter 3

The Significance of Tourism in the Australian Economy

Background

23. A number of witnesses suggested to the Committee that there is a need for an assessment of the contribution of tourism to the Australian economy. Industry and Commerce suggested that the lack of statistics precludes a full and accurate assessment of the economic impact of the travel and tourist industry. The issue of the adequacy and availability of statistics relating to tourism is considered in Chapter 14. The Committee is required under its Terms of Reference to examine the significance and potential of tourism in the Australian economy.

The Significance of Tourism to other Countries

24. Tourism has long been recognised as making a significant and enduring contribution to the economies of other countries of the world. It is widely recognised as one of the major industries in the United States of America. It is estimated to generate revenues and income of over US$100 thousand million a year as well as supporting more than four million jobs.[4]

25. Within the European Economic Community (EEC) the importance of tourism is also recognised. In 1975 receipts from both international and domestic tourism were estimated at more than US$50 thousand million, representing 3.5 per cent of Gross Domestic Product (GDP). The contribution to GDP varied from 4.8 per cent in Ireland to 2.7 per cent in Belgium–Luxembourg. It was suggested that, using certain restrictive assumptions, from 8.5 per cent to 10.5 per cent of total EEC GDP could be derived from tourist receipts and that the impact of tourism on GDP is significantly greater than the primary figure of 3.5 per cent would suggest.[5]

The Cooper–Pigram Paper

26. The previous Committee had its specialist advisers, Dr J. Pigram and Dr M. Cooper, prepare a paper on the economic significance of tourism to Australia. The Cooper–Pigram paper was authorised for publication by the previous Committee and was referred to in the Interim Report of that Committee.

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[4] Letter of Transmittal—United States Senate—Committee on Commerce, Science and Transport accompanying the National Tourism Policy Study, Final Report, Washington 1978.

[5] *The Economic Significance of Tourism within the European Community*, a Second Report by the Working Group of the National Tourist Organisations of the European Economic Communities, British Tourist Authority, March 1977.

27. The Cooper–Pigram paper provided estimates of the effects of tourism on the retail, transport and communications, entertainment and personal services sectors of industry. It was an attempt to establish substantive evidence of the economic impact of tourism on the Australian economy and to present this in quantitative verifiable terms. The use of input-output relationships would have enabled a more rigorous analysis but this was not possible as the relevant data were not available.

28. The estimates in the Cooper–Pigram paper are in the nature of indicators of magnitude rather than absolute distributions of economic activity. The direct turnover from tourism was estimated to be $3300 million, while the indirect turnover was estimated to be $840 million. The estimates for employment in the industry were 263 000 persons in direct employment and 136 760 in indirect employment. It was estimated that the contribution of tourism to GDP in 1974–75 was 5.5 per cent.

29. The Committee was particularly interested in reactions to the Cooper–Pigram paper. Comments were sought from a number of Commonwealth departments, the State Governments and ANTA. It was suggested that the estimates in the Cooper–Pigram paper overstated the value of tourism. Concern was also expressed about the techniques used. A summary of the main comments and the responses to them are set out in Appendix 3.

30. Dr Cooper and Dr Pigram have replied to the comments made on their paper. They commented that it has been gratifying that the paper has stimulated more searching consideration of the fundamental aspects of tourism than has been apparent up to the present. They expressed a hope that it would result in a more thorough and systematic investigation by the agencies charged with this responsibility.

31. The Committee considers that the Cooper–Pigram paper is a valuable first step in the attempt to establish the economic significance of tourism in the Australian economy. Reactions to the paper have reinforced the Committee's belief in the need for further study.

The Need for Further Study

32. The Committee is aware that a number of studies concerning tourism are at present under consideration. The Bureau of Industry Economics (BIE) is to undertake a study of the demand for services, part of which will be a case study of the tourist industry. The Australian National Travel Association referred to the need for a proper input-output study and advised that it was prepared to contribute to the funding of such a study.

33. Industry and Commerce have advised that the Minister has requested a sound economic analysis of the tourist industry which will objectively assess the economic significance of tourism and will stand up to critical examination. The study, to be undertaken by the Bureau of Industry Economics, will cover two separate areas, the first being further consideration of the contribution of tourism to GDP, which is to be completed by the end of 1978. The wider study will cover the linkages with other sectors of the economy.

The Committee concludes that the tourist industry in Australia is of considerable economic significance and deserves greater recognition as such. However, it has found it difficult to quantify this and strongly supports the study proposed by the Minister for Industry and Commerce.

THE COMMITTEE RECOMMENDS THAT:

(a) THE STUDY OF THE ECONOMIC SIGNIFICANCE OF TOURISM BE UNDERTAKEN AS A MATTER OF URGENCY, AND

(b) SUFFICIENT RESOURCES BE PROVIDED TO ENABLE IT TO BE COMPLETED WITHOUT DELAY.

Chapter 4

Special Features of Tourism

34. The Terms of Reference require the Committee to consider whether tourism has special features in comparison with other industries. These features were commented on in Chapters 3 to 7 of the Interim Report. The following sections repeat some of those comments as well as providing further comment

Regional Development and Decentralisation

35. The Department of Environment, Housing and Community Development[6] (EHCD) stated in its submission that tourism can be a major stimulus to sustained growth in non-metropolitan areas of Australia. It claimed that certain areas such as Cairns, the Gold Coast, Port Macquarie and Shoalhaven which have a substantial tourism base have exhibited steady growth considerably higher than the national average. It was noted by EHCD that tourism can have a significant regional multiplier effect on both employment and incomes. It referred to a study of Albury–Wodonga which estimated both employment and income multipliers generated by tourism as about 1.4.

36. Tourism is particularly important to the Northern Territory as it is the second largest industry, after mining. In Alice Springs tourism has become the only industry which provides an alternative to the cattle industry.

37. Tourism is also of particular importance to Tasmania. It provides employment opportunities in numerous regions within the State which previously depended on a single industry, for example, the Huon Valley (apple growing) and Queenstown (copper mining). Tourism is rated as one of Tasmania's four major industries and makes a significant contribution to the State economy. Tasmania has a distinct tourism advantage over most States in that it is a total destination and the benefits of tourism are felt throughout the State. A recent survey[7] found that Hobart and Launceston account for less than 60 per cent of all visitor nights.

38. The Queensland State Government claimed that tourism has provided the basis for growth in many areas of the State. A specific example of this is the Gold Coast. It was also stated that in many other localities in the State the development of the tourist industry is complementing the growth of rural industries in providing a natural pattern of stable decentralisation.

39. Both the New South Wales and Victorian State Governments referred to the benefits of tourism to decentralisation. New South Wales stated that tourism is becoming a recognised factor in regional development plans. Victoria referred to

[6] At the time EHCD was responsible for decentralisation and regional development. Since December 1977 these matters have been the responsibility of the Department of National Development.

[7] Visitor Survey—Preliminary Results for quarter ended 31 March 1978, Department of Tourism, Tasmania 26 May 1978.

the increase in economic activity created by the injection of the tourist dollar into a local economy. The increase in the level of employment in both goods and service areas as a result of tourism has also been stressed by these witnesses.

40. The Central Highlands Regional Tourist Authority, which is centred in Ballarat, claimed that tourism is crucial to the whole economy and the social fabric of many areas of country Victoria. Both Sovereign Hill and Kryal Castle, the major man-made attractions in the Ballarat area referred to their effect on the regional economy. Kryal Castle made reference to the purchase of local building materials while Sovereign Hill instanced the purchase of foodstuffs for its eating establishments. The Victorian State Government provided details of the growth in building investment in hotels and motels in Ballarat. Approximately $3 million was spent on fifty-six hotel/motel building projects between 1969 and 1977. Between 1964 and 1968 there had only been three such projects. In addition five caravan parks have been established since 1973.

41. The Treasury acknowledged that tourism represents an important part of economic activity in many regions of Australia and noted that many regional areas naturally look to tourism as a means to boost their development. Treasury did note, however, that from a national point of view what needs to be considered is the extent to which the encouragement of economic activity in one area is likely to be at the expense of activity somewhere else. Treasury referred to a Committee of Commonwealth–State officials on decentralisation which concluded that, from an economic viewpoint, the available evidence did not establish the existence of either a decisive net advantage or net disadvantage to the nation in continued centralised growth.

42. The Department of Environment, Housing and Community Development pointed to the need to look at benefits of a non-economic nature given the equivocal nature of the evidence on economic benefits. Views were expressed that decentralisation gives people outside major cities more even access to goods and services—particularly services provided by government, and also provides both development and employment opportunities which may not be available in the major cities. Decentralised growth provides a greater choice of lifestyles to Australians and, as Treasury noted, many people have chosen to move out of the major cities. It was claimed by EHCD that decentralisation should be considered not as an instrument to obtain objectives but rather as an objective in itself.

43. According to EHCD tourism is one of the industries with potential for decentralisation. As real incomes rise there is likely to be a greater proportion of consumer expenditure on tourism. The tourist industry in comparison with other labour intensive industries such as footwear or clothing has distinct growth prospects. In addition it is an industry which could employ fairly significant numbers of women and some relatively unskilled labour.

The Committee concludes that:

(a) tourism is a major stimulus to sustained growth in many non-metropolitan areas of Australia, and

(b) tourism can make a further valuable contribution to regional development and decentralisation.

Employment

44. The lack of official statistics in an appropriate form precludes an accurate measure of employment in the industry. The Australian Bureau of Statistics

(ABS) figures for employment in the 'entertainment, recreation, restaurants, hotels and personal services' division of industry as at May 1978 are 372 600 persons which represented 6.2 per cent of the workforce. Of those, 58.2 per cent were female and 39.5 per cent were employed part time. As at May 1978 the 'transport and storage' division employed 317 300 persons (5.3 per cent of the work force). Only a proportion of these persons can be classified as supplying goods and services primarily to travellers. The Treasury gave an estimate of employment in the tourist industry as being in the order of 2 to 3 per cent of the total workforce. The Australian Tourist Commission (ATC) suggested that the industry employed about 5 per cent of the total workforce. Cooper and Pigram in their paper estimated that in 1973–74 total full-time employment in the tourist industry was approximately 263 000, with 55 per cent of this employment being female. They thus estimated full-time employment in the tourist industry as making up some 4.4 per cent of the total labour force.

45. The Department of Environment, Housing and Community Development stated that tourism is labour intensive rather than capital intensive. The BIE, on the other hand, doubted that tourism, as a whole, is labour intensive. It stated that in certain areas such as air transport the industry is capital rather than labour intensive. Treasury queried whether the Cooper–Pigram figure of 4.4 per cent of the work force is consistent with the GDP figure of 5.5 per cent, if tourism is labour intensive. Nevertheless, most witnesses acknowledged that tourism provides employment for casual and part-time workers, particularly females and the less skilled, often in decentralised locations where alternative employment opportunities are limited.

46. Treasury acknowedged the role that the tourist industry plays in providing particular types of employment for certain sectors of the work force. However, it cautioned that the industry should not be seen as a panacea for unemployment. Treasury further cautioned against the encouragement of expansion of the industry merely to create new employment opportunities in certain areas. In particular, it joined with the Industries Assistance Commission (IAC)[8] in warning against specific assistance to maintain the current level of employment in the industry, as this can reduce employment opportunities elsewhere in the economy.

47. The Australian Tourist Commission referred to the generally larger spending power of overseas visitors. It claimed that overseas tourists presently account for 40 000 jobs and that a 25 000 increase in overseas visitors would create an additional 1400 jobs.

The Committee concludes that a special characteristic of the tourist industry is that it provides opportunities for unskilled and part-time employment, often in decentralised locations, where alternative opportunities are limited.

Balance of Payments

48. The term 'travel gap' is used to refer to the difference between expenditure in Australia by persons visiting for business or pleasure and the expenditure in other countries by Australians visiting overseas for business or pleasure. The travel gap, which was commented on in a number of submissions, has been negative for many years and is regarded by the industry as a cause for concern.

[8] Industries Assistance Commission, *Report on the Tourist Accommodation Industry*, AGPS, Canberra, November 1977, Parliamentary Paper 96 of 1978.

49. The ATC in its submission noted that Australians are travelling internationally in ever-increasing numbers and it expects the negative travel gap to grow to a figure of about $300 million annually.

50. Treasury stated that concern about the so called 'travel gap' is misconceived and makes no more sense than would concern about a 'wool gap' or a 'wheat gap'. What matters is that the external account as a whole should be in balance. If Australia is a net exporter of some commodities it is only natural that it should be a net importer of others.

51. Concern about the travel gap was usually linked in submissions with the opinion that Australia should be a net exporter of tourism. Countries heavily dependent on tourism, particularly developing countries such as the Bahamas, were cited by various witnesses as exemplary models for Australia in terms of the level of tourism exports and of government assistance. These countries generally do not have as wide a range of exports available as does Australia, and with comparatively low wage levels compete aggressively on the world market for much needed foreign exchange.

52. While the actual gap has grown in magnitude (as might be expected with inflation), another relevant measure, the ratio of debits to credits, has remained relatively constant. This is illustrated at Table 1. Apart from 1972–73 the ratio of debits to credits has been within the range of 1.6:1 to 2.2:1.

TABLE 1
BALANCE OF PAYMENTS—TRAVEL

Year	*Credits*[9]	*Debits*[10]	*Ratio* $\frac{Debits^{9}}{Credits^{10}}$	*Gap*
	$m	$m		$m
1966–67	70	139	1.99	69
1967–68	80	147	1.84	67
1968–69	83	157	1.89	74
1969–70	92	186	1.98	94
1970–71	117	199	1.70	82
1971–72	126	264	2.09	138
1972–73	123	321	2.61	198
1973–74	159	341	2.14	182
1974–75	212	428	2.02	216
1975–76	233	509	2.18	296
1976–77	278	510	1.83	232
1977–78	326	531	1.63	205

Source: ABS.

53. The Australian Bureau of Statistics stated that there are problems in the measurement of travel debits and credits. These are dealt with more fully in Chapter 14.

54. The contribution which tourism can make to the balance of payments is quoted as reflecting tourism export and import transactions. In 1977-78 travel was equivalent to 2.7 per cent of the total value of exports and 4.7 per cent of total imports.

[9] Expenditure in Australia by persons visiting for business or pleasure and the expenditure in Australia by Colombo Plan students from overseas.
[10] Expenditure in other countries by Australians visiting overseas for business or pleasure.

The figures referred to above probably understate the actual contribution of tourism, since they do not include other relevant aspects of invisible transactions such as expenditure and income within Australia of overseas carriers. Qantas Airways Limited (Qantas) claimed that if Australia did not have an international airline, about $230 million net in foreign exchange as fare payments by Australian residents would then be remitted overseas.

The Committee concludes that:

(a) the development of the Australian tourist industry could have an important effect on Australia's balance of payments, and
(b) tourism is an industry which can earn significant amounts of foreign exchange and widen Australia's export base.

The Australian Heritage

55. Industry and Commerce cited examples such as Beechworth and Port Arthur where tourism has encouraged the preservation and restoration of Australia's cultural heritage. It noted that tourism has encouraged the re-creation of important phases of Australian history in attractions such as Old Sydney Town and Sovereign Hill. It suggested that travel and tourism help to promote a national identity. This relationship is two-way insofar as a greater awareness of a national identity and our heritage, together with modern day transport have fostered increased tourism. Television programs such as 'Peach's Australia' and 'Ask the Leyland Brothers' have increased the community's general awareness of what the country has to offer.

56. The Australian Heritage Commission (AHC) is the statutory authority established as the Government's policy advisory and administrative body responsible for the National Estate. The AHC stated that tourism can stimulate interest in the past, in architecture and the arts and in the many unique qualities of the natural environment with its rich diversity of flora and fauna. It sees tourism as an opportunity of sharpening the public conscience to the needs of environmental protection, and considers that an increase in the number of National Estate locations opened up for controlled visits by tourists could only help the chances of survival of those places. The AHC stated that exposure of tourists to elements of the national and cultural heritage will improve their awareness of and feelings towards that heritage. The AHC did not have any formal attitude to re-creations such as Old Sydney Town other than its feeling that funds for conservation purposes should not be used for such re-creations.

57. The ERU Study stated that the awareness of the need for preservation of the national heritage which was reached earlier in North America is now being achieved in Australia. The attendance growth at outdoor museums and historic site attractions is evidence of this growing awareness. The ERU Study considered that the preservation factor will become more important for attractions in the years ahead as the public's demand for historical authenticity increases.

58. Much of our natural heritage has been preserved by the establishment of national parks. One of the major reasons for the establishment and development of national parks is their use by tourists. In turn, the presence of a national park assures gateway towns of an income from tourism.

59. The Pacific Area Travel Association (PATA) stated that it is difficult to maintain the characteristics of a society if there is a lack of pride by the

resident population in those characteristics. Status is often attributed only to what has been developed in Europe or the United States. Traditional architecture gives way frequently to construction of a lower standard and uniform design. According to PATA, tourism can encourage the preservation and further development of what is different about an area whilst at the same time providing economic gain. It can also contribute to the rekindling of pride among the local people in their heritage and traditions.

60. The Queensland State Government supported this view. It envisaged interest to tourists being created and maintained if distinctive natural elements of the settings were enhanced, local vegetation encouraged and unique architectural elements, monuments and any other environmental features emphasised.

61. The Northern Territory Department of Transport and Industry said that to the extent that Australians should know their country and heritage they should be aware of it first hand. It was claimed that there is a growing appreciation by Australians of the pioneering significance of the outback and a growing keenness to get out and see their own country.

The Committee concludes that tourism is important as a vehicle to foster and develop the community's knowledge of Australia and the Australian heritage.

Community Health and Welfare

62. Industry and Commerce noted that the contribution of tourism to mental and physical health is recognised by the medical profession to the extent that a holiday is sometimes prescribed as a cure. Industry and Commerce further suggested that tourism can contribute greatly to the general health of the community by offering a complete break from today's urban working conditions.

63. The Department of Health considered that although there is no hard evidence on the subject it seems likely that the effects of tourism on physical health are more indirect than direct. A holiday of between three to five weeks would probably be too short for any significant impact on physical health. However, physical disease and high levels of anxiety are often closely associated, and the therapeutic value of tourism in providing relief from stressful situations may be significant.

64. The *Holiday Accommodation in Australia Study*[11] (Holiday Accommodation Study), found from a survey that holidays are perceived overall as a release from the everyday routine. The same Study detected two broad attitudinal groups of holiday makers—the active, for whom a holiday means stimulation, and the passive, for whom a holiday means a rest. The Department of Health noted that while tourism may provide a temporary escape for people with a high stress lifestyle it may also offer a level of enjoyable stress in the lives of those who would ordinarily have little experience of meeting personal challenges in their work or domestic situation.

65. The Department of Health saw particular risks in relation to holidays in the form of traffic accidents, excessive eating and drinking, communicable diseases contracted abroad and high-risk sports. The seasonal impact of tourists on the limited health facilities, water supply and sewerage and refuse disposal systems

[11] *Holiday Accommodation in Australia*, a consulting study by Peat, Marwick Mitchell & Co. for the Department of Industry and Commerce, AGPS, Canberra 1977.

of small communities is a matter of concern. Concern was also expressed about overcrowding of facilities at caravan parks and the problem of disposal of sewage from portable toilets.

66. In summary, while there is no hard or irrefutable evidence available, the Department of Health considered that holidays are beneficial to health, and tourism is regarded by that Department as offering the potential for expanding the life experiences of individuals, thus possibly enabling them to choose a more meaningful, rewarding and balanced life style for themselves. The Department of Health believes that this should be reflected in better health.

67. The previous Committee recommended in the Interim Report that the Department of Health undertake a study into the beneficial and other effects of regular holidays and recreation. The Committee has since been told that such a study could be quite expensive as well as taking a long time to complete and could prove quite inconclusive. The Committee therefore does not propose to make any recommendation in this area.

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Chapter 5

The Potential of Tourism in Australia

International Tourism

68. Over the last two decades international tourism has been one of the most rapidly growing industries in the world. From 1960, world-wide international tourist arrivals increased from 59.2 million persons to 213 million in 1975. This represents an average annual rate of growth of over 8 per cent.

69. The World Tourism Organisation (WTO) has estimated that world-wide travel expenditure on tourism in 1976 was US$250 thousand million. Domestic travel continues to dominate but the proportion attributable to international travel increased from 19 per cent in 1974 to 20.2 per cent in 1976. The estimates by the WTO are set out below:

TABLE 2
WORLD TRAVEL EXPENDITURE
US$ thousand millions

	1974	*1975*	*1976*
Domestic travel	159.0	173.0	199.5
International travel—			
in destination areas	29.0	34.0	40.0
transportation	8.2	9.0	10.5
Total international travel	37.2	43.0	50.5
Total travel	196.2	216.0	250.0

Source: Mr B. G. Atkinson (Transcript of Evidence, p. 3273).

Domestic Tourism

70. A number of studies indicate that there is a vast untapped domestic travel market. The 1973–74 survey of Australian Travel[12] found that only 47 per cent of Australians had taken a holiday of at least seven days duration and at least 25 kilometres away from home in the previous twelve months. The Holiday Accommodation Study found that 72 per cent of Australians took a holiday of five nights or more either in Australia or overseas in the preceding two years. The ABS found

[12] Survey of Australian Travel 1973–74, Australian Travel Research Conference, Canberra, 1975.

that in 1973–74 only 60 per cent of wage and salary earners took any paid annual leave in a one year period.

71. Discussing the domestic market, Trans-Australia Airlines (TAA) stated that there is not one tourist market but rather a whole series of sub-markets. There is the overseas visitor market and the indigenous market; the destination point market and the tour market; a high price, high accommodation standard market and a more modestly priced market; a market directed towards the family and a market for individuals on small travelling grants. Each of these sub-markets has different needs and requires different marketing approaches. It was stated by TAA 'that the Australian traveller accounts for the great bulk of the market and thus tourist facilities must be designed to cater for his needs'.[13] This factor is considered to be of particular importance if the domestic industry is to compete successfully with overseas destinations.

72. The Holiday Accommodation Study cited research by a consortium planning a major holiday resort which showed the forms of recreation most likely to influence the choice of holiday location. These were: touring, looking at scenery, visiting friends, swimming, bushwalking and fishing. *The Economic and Social Impact of Visitors on the A.C.T.*[14] Study (ACT Study) found that the two main reasons for coming to the region were vacation/pleasure and to visit friends and relatives.

73. Domestic travel is mainly confined within the home state. The Survey of Australian Travel established that 85 per cent of all trips have their main destination in the State of origin. It also found that the private motor vehicle is the main mode of transport, being used for 86 per cent of holiday trips.

Overseas Visitors

74. The tourist industry must cater to the Australian tourist who constitutes the bulk of the market, both actual and potential. The tourist product must also appeal to overseas visitors if Australia is to compete successfully in the international marketplace. The Committee wishes to emphasise this point in view of the fact that overseas visitors have a greater impact on overall economic activity in Australia than do domestic tourists. The ATC stated that the obvious attractions to overseas visitors are the cities, the Centre and the Great Barrier Reef. The international visitor is looking for something different, something that he cannot find at home.

75. Evidence presented to the Committee indicated that very few international visitors, however, go outside the Sydney–Canberra–Melbourne triangle. Qantas provided the following statistics on the regions visited by international visitors.

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[13] Transcript of Evidence, p. 720.

[14] *The Economic and Social Impact of Visitors on the A.C.T.*, a Report prepared by Pannell Kerr Forster and Company for the National Capital Development Commission, Department of the Capital Territory and Department of Industry and Commerce, May 1977.

TABLE 3

REGIONS VISITED BY INTERNATIONAL VISITORS

Region	Year ending June 1973 — Percentage of all international visitors	Year ending June 1974 — Percentage of all international visitors
Sydney	78	79
Canberra	17	16
Melbourne	35	38
Hobart	3	3
Adelaide	11	13
Perth	11	11
Brisbane	20	19
Gold Coast	9	7
Cairns	6	n.a.
Barrier Reef	4	n.a.
Darwin	4	n.a.
Alice Springs	3	n.a.
Ayers Rock	2	n.a.

Source: Qantas (Transcript of Evidence, p. 196).

76. To break down the concentration on Sydney–Canberra–Melbourne the ATC is endeavouring to create an inner circle route and build up traffic on that route. This route would include the eastern seaboard, Queensland, the Centre and Adelaide. It is hoped to build up regular air services and regular ground arrangements so that overseas visitors could enter the route through any of the gateway cities. Once there are a substantial number of overseas tourists on such a route complementary side routes will build up and the quality of the infrastructure should improve. Further patterns of travel for overseas visitors can then be established.

The Potential for Tourism

77. The tourist industry has been particularly affected by the high costs resulting from significant increases in labour and construction costs. It was claimed by several witnesses that increasing labour costs have led to a decline in employment and a reduction in services as well as reducing profits and investor confidence.

78. A further problem for Australia's tourist industry has been the depressed level of economic activity within Australia. It was suggested that a recovery in economic activity would assist the industry. This recovery in economic activity was considered by many to be the most important short term priority for the industry.

79. The growth of the tourist industry will be largely dependent on consumer demand. Consumer expenditures on travel are of a discretionary nature and can be affected by any uncertainty regarding the economy. The major items of consumer expenditure are food, clothing and housing which tend to be rather static within income levels. Over time the welfare of the community will tend to increase and consumers' incomes in real terms will tend to rise. Treasury predicted that in

these circumstances it can be expected that an increasing proportion of expenditure will be on less basic items, with more expenditure being diverted towards services in general and tourism in particular.

80. Industry and Commerce agreed that the tertiary sector will expand in a growing economy and stated that the world trend in recent years has been for tertiary industry to grow at a faster rate than other sectors. Industry and Commerce noted that tourism, especially international travel, is probably an area within the tertiary sector which is particularly subject to expansion. Treasury expects that a higher proportion of people's expenditure will be spent on tourism and that the long-term future of the industry will be a prosperous one.

81. The ATC estimated that over the next decade domestic tourism would grow at an annual rate of 5 per cent and claimed that given adequate promotion overseas, tourism into Australia would grow at 10 per cent per annum. Qantas estimated that by 1985 short-term departures by air of Australian residents would be approximately 2 million and the number of short-term visitors arriving by air would be approximately 1 million. Although the present ratio of arrivals to departures would continue, it would, in absolute terms, represent a doubling of the so-called 'travel gap'.

82. Other factors which are likely to affect tourism in Australia are changes in transport and accommodation, social factors resulting from increased leisure time, increased mobility and the comparative change in prices between countries. These matters are commented on in more detail in Chapters 6, 7, 8 and 9.

The Committee concludes that the long-term future of the Australian tourist industry will depend on:

(a) the rapid development of Australia's tourist attractions,
(b) the aggressive promotion of these attractions by both industry and government at home and overseas,
(c) reduced air fares, particularly more innovative fares on both domestic and international scheduled flights, and
(d) approval of more air charter flights from selected overseas destinations.

Chapter 6

The Development of Australia's Tourist Attractions

83. The health and potential of the tourist industry is heavily dependent on the attractions in any destination area and the public's knowledge of them. Whilst it is 'the experience' that a tourist seeks, the quality of this experience is determined largely by the quality of the attractions available. Attractions can be divided into two categories—man-made and natural.

Man-made Attractions

84. Within this category a distinction can be made between those attractions which have been built specifically to attract and cater for tourists, and those which have become tourist attractions because a tourist potential is discovered. Attractions like Sea World on the Gold Coast or Kryal Castle in Ballarat cater almost exclusivey to tourists, while other man-made attractions like vineyards and wineries, mines and mining towns and museums and art galleries fulfil other roles as well as providing a facet of the tourism experience.

85. Historic buildings and re-creations based on Australia's history have potential for attracting tourists and this has been exploited in many areas. Historic re-creations like Sovereign Hill and Old Sydney Town have become valuable tourist attractions with an important potential for education, of all sectors of the community. In 1977–78 Sovereign Hill attracted over 400 000 visitors. The Director of the Australian War Memorial referred to the growing public awareness that museums are sources of entertainment and education. In 1977–78 the Australian War Memorial attracted more than 775 000 visitors including 100 000 overseas visitors.

86. The Committee of Inquiry into the National Estate noted that whilst historic buildings and areas have tourist potential, care should be taken to ensure that tourist and commercial pressures do not overwhelm the life of the community and destroy the character of the area.

87. The Australian Heritage Commission pointed out that increasing numbers of local government bodies are recognising the enormous economic impact made possible by the preservation and conservation of historic towns. The AHC has been involved in many co-operative projects with local government bodies for direct restorative work or for the development of a plan of management for the area.

88. The AHC further stated that it is hoping to carry out a study into the economic and social impact of visitors/tourists on one or two selected historic towns and one or two national parks. The study is to be carried out under the National Estate Grants program.

89. A number of witnesses commented on the proliferation of historic attractions —for example the witness representing the Birdwood Mill Museum referred to a survey by the South Australian Division of Tourism in 1975 which found that there were sixty-three folk museums in South Australia alone, and said that this is 'historical hysteria'.[15] Professor Ian Douglas told the Committee that what pass as museums in many centres are 'cluttered collections of junk'.[16]

90. The ERU Study on man-made attractions covered twenty-two major operating and nine proposed historic village type attractions in New South Wales, Victoria and South Australia. The Study found that of these attractions only six had recorded an operating surplus in the most recent financial year and six others seemed likely to do so within five years.

91. The ERU Study stated that there is no reason why an outdoor museum cannot generate an operating surplus provided its management is able to appreciate the market and attendant requirements. The study concluded that there is no reason why these attractions should be established or consistently supported by government grants. Grants may be justified in certain circumstances, for example when the attraction would offer the community significant benefits in terms of preservation of the national estate, educational value or contribution to the regional economy.

92. The ERU Study argued that public demand for historical authenticity is rising and that the preservation factor will become increasingly important to historic site attractions and outdoor museums over the next five years. These attractions will need to improve significantly their curatorial controls and expertise and provide interpretive facilities if they are to meet this demand. The Director of the Australian War Memorial referred to the urgent need to upgrade and modernise conservation facilities at museums, and suggested that the Commonwealth provide curatorial and documentation resources in museums to allow uniform and adequate methods of collection control. The ERU Study estimated that by 1980 the level of demand for outdoor museums and historic site attractions would be 50 per cent of the population in each State, rising to 60 per cent by 1985, plus an allowance for interstate and overseas visitors.

93. The overseas experience of tourism in historical sites lends weight to this prediction. The 1977 Canadian Travel Survey found that 29 per cent of Canadian tourist spending is attributable to tourists visiting historical and cultural sites. The annual tourist revenue generated by the historic French Quarter of the city of New Orleans is estimated at well over $200 million. The Historic Savannah Foundation has restored 900 of 1100 buildings originally surveyed and tourist revenues have increased from $10 million to $40 million over six years.[17]

94. The Department of Environment, Housing and Community Development administers the National Estate program which involves grants to State Governments, National Trusts, local governments and other bodies concerned with conservation of the national estate. According to EHCD much of the national estate program is devoted to the built environment for such projects as historic building restoration. Since 1973-74 over $14 million has been made available for over 650 projects but a substantial portion of this has been granted to projects associated with preserving and presenting the natural environment. A further $2.4 million was provided in the 1978–79 Budget.

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[15] Transcript of Evidence, p. 1432.
[16] Transcript of Evidence, p. 2335.
[17] 'Investing in the Past: A Report on the Profitability of Heritage Conservation', George Galt, Heritage Canada, November 1974, a paper provided by the Australian Heritage Commission.

95. The Committee expresses its concern at the over-proliferation of folk museums, historic towns and man-made Australiana parks which ultimately expect assistance from the varying levels of government.

The Committee concludes that while the preservation of historic buildings enhances the identity and attractiveness of a town, it is neither reasonable nor desirable for every town to attempt to be an historic attraction.

The Natural Attractions

96. The quality of the natural environment plays an important role in attracting tourists to an area. Prominent factors in this context include climatic conditions, scenic beauty and natural potential for recreational activities. The Department of Environment, Housing and Community Development noted too that there is an increasing awareness of the role that the natural environment has played in defining and developing the national character.

97. The coastline is Australia's most important asset in terms of tourism. Beaches provide the major outdoor recreation for the majority of Australians. Much of the development on the coastline has been haphazard, badly planned and influenced by speculative land markets resulting in what EHCD terms 'a ribbon of diluted suburbia right along the coastline'.[18] Appropriate planning can assure that future development does not repeat past mistakes. The Australian Heritage Commission referred to National Estate grants projects which have examined ways in which the coastal areas could be better managed and protected. The AHC pointed out that these areas bear the major brunt of tourist activities. Reference was made by EHCD to the need for a coastal environment policy. Closer co-operation by State and local government in some form of code or zoning can stop badly planned ribbon development.

The Committee concludes that there is a requirement for greater co-operation among the State governments, local governments and developers to prevent badly planned ribbon development on the coastline.

98. The mountain and alpine areas are of special tourism significance. Because of the ecological fragility of the alpine areas, careful planning is required if the appeal of the alpine environment and the tourist potential of the snowfields are to be maintained. At present the alpine region of New South Wales is contained within the Kosciusko National Park and EHCD stated that a proposal has been put forward for an adjoining national park to incorporate the Victorian Alps.

99. Tourists are attracted to the arid regions of Australia by the vastness and the spectacular scenery. Ayers Rock is the most significant single attraction in the arid zone with additional appeal generated by the historical significance of the Rock to the aboriginals, and the cave paintings on its base.

100. The inland waterways provide a number of scenic attractions, and opportunity for various recreational activities. The Swan Hill Development Association claimed that because of river conditions it is not possible to undertake major beautification of the environs of the River Murray near the town. It was suggested

[18] Transcript of Evidence, p. 3575.

that the River Murray Commission should increase the volume of water released from storage and establish a low level weir just downstream from Swan Hill, which would give an impetus to the establishment of riverside facilities.

101. The Department of Environment, Housing and Community Development claimed that to maintain the quality of natural areas on a long term basis, effective management and control measures need to be implemented.

102. The States and the Commonwealth have been active in forming national parks in an effort to conserve nature while allowing the development of tourism. These national parks constitute some of the most important natural tourist attractions.

103. Acquisition of national parkland has been assisted in all States by the program administered by EHCD under the *States Grants (Nature Conservation) Act* 1974. To the end of 1977–78 $3.7 million had been transferred to the States enabling significant additions to the total nature conservation lands. A further $600 000 was provided in the 1978–79 Budget. The Act was amended in 1976 to allow grants for management purposes, which related the grant program more closely to the tourism interests.

104. The Department of Environment, Housing and Community Development claimed that the methods used to explain to the public the significance of the objects and environmental processes within a park are important tools in the management and control of tourism in natural areas. These interpretive facilities include information centres, displays, guided and self-guided walks, films and talks. This interesting insight into a park and its management policies can significantly reduce the incidence of intentional and unintentional vandalism, as well as increasing the visitors' enjoyment.

The Committee concludes that proper interpretive facilities are an important tool in the education of tourists and in the management and control of tourism in natural areas.

105. Of Australia's obvious attractions, Ayers Rock and the Great Barrier Reef are of particular concern to the Committee. Both could be tourist attractions of world significance but, it is obvious to the Committee that they are being retarded in their development to full potential.

The Great Barrier Reef

106. The Great Barrier Reef Marine Park Act became law in June 1975 and is designed to ensure the control, care and development of the Reef as a resource to be enjoyed and maintained. The Great Barrier Reef Marine Park Authority (Marine Park Authority) is a statutory authority set up in 1976 to establish and manage the Marine Park. The Marine Park Authority is responsible for recommending areas for declaration as parts of the Marine Park, preparing zoning and management plans for these areas and for ensuring that research relevant to the Marine Park is carried out. The Act also established a Consultative Committee which advises the Minister and the Authority. As yet no parts of the Marine Park have been declared, but the Marine Park Authority informed the Committee that an area including the Capricorn and Bunker groups and Lady Elliott Island is currently being considered for declaration. This area contains some of the most accessible reefs and is subject to increasingly heavy use.

107. Areas of wilderness, scientifically valuable areas and the habitats of endangered species will be classed as 'special zones' and will be, in effect, national

parks. The Australian National Parks and Wildlife Service (ANPWS) is required to prepare the management plans and to assume responsibility for these areas.

108. The Marine Park Authority stated that at present there is very little monitoring being undertaken in the Reef area and it is not known how much damage is being done. It named Green Island as a major area where damage is obvious. Green Island is a coral cay within easy reach of Cairns by motor launch and is visited by 180 000 people per annum.

109. The lack of informational and interpretive facilities about the Reef is noted by the Committee. The Marine Park Authority stated that it hoped to be able to provide, perhaps in conjunction with the Queensland Government, an information service advising prospective visitors what to do and where to go, as well as the best times to visit the Reef. Some operators of resorts and commercial aquaria make an effort to explain the phenomena of the Reef to visitors but it appears that many tourists do not have the opportunity to appreciate fully what is the world's largest assemblage of living coral and associated organisms. The Marine Park Authority pointed out that at marine parks in Miami, Florida, for example, educative and interpretive facilities are provided on a major scale. It was also pointed out to the Committee that education of the public can reduce the necessary level of surveillance.

110. According to evidence from the Marine Park Authority the Consultative Committee to the Authority has not been as active as it would have hoped. The reason given was that the Authority, which had a staff ceiling of eight, is also responsible for providing a secretariat service to that Committee. The Marine Park Authority further stated that with this staff ceiling, zoning procedures within the Marine Park may take up to 100 years. To complete the zoning procedures within twenty years the Authority stated that a full complement of professional and administrative staff is required. The Annual Report of the Authority stated that the staff of eight is only the nucleus of the organisation which is expected to grow to between thirty and fifty staff. The Marine Park Authority has since advised that its staff ceiling has been raised to sixteen, but that sixty professional and administrative staff are necessary to allow for the completion of declaration and zoning procedures within twenty to twenty-five years.

THE COMMITTEE RECOMMENDS THAT:

(a) THE STAFF CEILING OF THE GREAT BARRIER REEF MARINE PARK AUTHORITY BE LIFTED TO A LEVEL WHERE ZONING PROCEDURES FOR THE GREAT BARRIER REEF MARINE PARK CAN BE COMPLETED WITHIN TWENTY-FIVE YEARS, AND

(b) SUFFICIENT FUNDS BE MADE AVAILABLE TO ALLOW THE AUTHORITY TO PROVIDE INTERPRETIVE FACILITIES FOR TOURISTS AT THE MAJOR DESTINATION AREAS ADJACENT TO THE REEF.

Ayers Rock

111. The Australian Tourist Commission in its 1976–77 Annual Report referred to the lack of development at Ayers Rock as an example of how inactivity in one area is harming a valuable tourist resource. That Report stated that the ATC in conjunction with the Northern Territory Reserves Board presented to the Government a master plan for the development of the region in 1969, but

that by 1977 little progress had been made. The ATC stated that what should be a major tourist destination area of international quality is a discredit to the country.

112. The Northern Territory Tourist Board submission stated that the lack of progress on development of resort areas such as the proposed Ayers Rock Tourist Village is a matter of concern. The number of visitors to Ayers Rock has increased from almost 5000 in 1961 to over 66 000 in 1977–78. Over this period there had been little expansion and improvement in facilities. Little can be done to offset the adverse publicity generated by dissatisfied visitors concerning the antiquated facilities and lack of development. It was estimated that over the next ten years there would be 1.4 million visitors to Ayers Rock.

113. The Uluru (Ayers Rock–Mt Olga) National Park was proclaimed on 24 May 1977 under the Commonwealth *National Parks and Wildlife Conservation Act* 1975, by agreement between the Minister for the Northern Territory, the Minister for Environment, Housing and Community Development and the Majority Leader of the Legislative Assembly. The agreement stated that the ANPWS would be responsible for the plans of management, but that the day to day management of the park would be the responsibility of the Territory Parks and Wildlife Commission. This latter body, however, informed the Committee that problems which had arisen in establishing a satisfactory working arrangement with the ANPWS, resulted in delays in essential development work, duplication of effort and confusion within the tourist industry.

114. The ANPWS sought $925 000 for a capital works program and $400 000 for operational expenditure in the 1978–79 Budget. In that Budget the ANPWS was granted $394 000 for operating costs and $315 694 for building and works equipment. The appropriation for building and works equipment included a cash carryover of $115 694 for contracts scheduled for completion before 30 June 1978. The ANPWS informed the Committee that considerable progress has been made in the upgrading of services and tourist facilities. The Committee has visited the area and is not convinced that much real progress has been made. Present conditions, particularly in the camping area, are deplorable.

115. A further factor which is severely hindering the development of Ayers Rock is the lack of clearly defined administrative arrangements. At present the ANPWS has control over parts of the Park but there are still areas under the control of the Territory Parks and Wildlife Commission, namely, the sites of the existing accommodation. The ANPWS admitted to the Committee that the present arrangements give the impression of being 'one hell of a mess'.[19]

116. The Committee expresses its concern at the long delay in commencing the proposed tourist village at Uluru and at the delay in the preparation of the plan of management for the Uluru National Park.

THE COMMITTEE RECOMMENDS THAT:

(a) THE GOVERNMENT IN CONSULTATION WITH THE NORTHERN TERRITORY ADMINISTRATION TAKE URGENT STEPS TO OVERCOME THE EXISTING DELAYS IN THE DEVELOPMENT OF THE ULURU NATIONAL PARK, AND

(b) THE PROPOSED TOURIST VILLAGE BE PROCEEDED WITH FORTHWITH AS A MATTER OF URGENCY AND THAT ADEQUATE FUNDS BE PROVIDED FOR THE DEVELOPMENT OF THE VILLAGE.

[19] Transcript of Evidence, p. 5293.

Chapter 7

The Importance of Transport in the Development of Tourism

Background

117. The Committee is required under Term of Reference (c) to examine the importance of the various modes of transport in the development of tourism to and within Australia. Transport is an essential component of tourism, and tourism or more specifically recreational travel, is regarded as the major growth sector of transport. The tourist industry is already an important source of revenue to some sectors of the transport industry. However, the importance varies between the different transport modes.

118. Air transport is by far the most important mode of travel for international tourism. For the calendar year 1977 air travel accounted for 98.5 per cent of short term visitor arrivals and 97.7 per cent of short term departures of Australian residents.

119. According to the Department of Transport (DoT) there is an absence of reliable data about tourism and the various transport modes within Australia. In its 1976–77 Annual Report[20] the DoT noted that the private motor vehicle is the dominant means of transport for non-urban passenger travel, though air transport plays an important role in certain specialised transport markets such as long distance travel. The DoT referred to estimates by the Bureau of Transport Economics (BTE) and the Australian Bureau of Statistics which revealed that for 1973–74 road transport accounted for slightly over 90 per cent of domestic passenger kilometres, including 2 per cent attributable to road public transport. The rail and air shares were 5.6 per cent and 4.0 per cent respectively. The long term trend in modal passenger shares had been towards an increase in private car and air transport shares at the expense of rail and road public transport. Data obtained from the Survey of Australian Travel 1973–74 confirm these relative shares.

120. The BTE is at present undertaking a National Travel Survey which should provide the first opportunity to relate tourism to other non-urban travel and should provide important information on the actual travel habits of tourists. It is not expected that the results of the survey will be available until early 1979.

Future Trends

121. The BTE in a paper prepared for the 1975 Transport Outlook Conference[21] made a number of estimates of the future trends in non-urban passenger transport.

[20] *Australian Transport* 1976–77, Annual Report of the Department of Transport, AGPS, Canberra, 1977.

[21] 'A Review of the Factors Affecting the Outlook for Non-urban Passenger Transport', *Transport Outlook Conference* 1975—*Papers and Proceedings*, Bureau of Transport Economics, AGPS, 1976.

It was estimated that total non-urban passenger transport will increase at a rate of 6 per cent per annum over the decade from 1975. Business travel which accounted for 11 per cent of this market, and non-business mandatory travel which accounted for 15 per cent, will increase at a rate of 3.5 per cent. Discretionary non-business travel will increase at a rate of 6.7 per cent per annum, and increase its share of the market from 74 per cent to 79 per cent by the end of the decade.

122. The outlook for the various modes was estimated by the BTE. The car is expected to remain the most important mode and continue to dominate the holiday sector of the market. The advantages of flexibility and convenience will ensure that it will cater for the bulk of the future growth in nearly all major markets. It is considered unlikely that even high fuel prices will cause a decline in the use of motor vehicles. The airlines are expected to hold their growth above the general 6 per cent level while long distance rail patronage is expected to decline. Non-urban bus services are expected to at least maintain their market shares.

123. The Committee considers, however, that higher fuel prices are likely to have an effect on the tourist industry. It is essential that the Government should continue to look at alternative methods of powering motor vehicles. The Committee notes that at the July meeting of the Australian Transport Advisory Council, the Commonwealth and State Transport Ministers agreed to the development of a national transport energy program. The Council noted that it was necessary for plans to be formulated to conserve oil and develop alternative liquid fuel supplies. One of the approaches suggested to develop alternative supplies is for governments to encourage the greater use of alternatives to petroleum fuel, including fuel substitutes now available such as Liquid Petroleum Gas. Another approach is the encouragement of research and development of new fuels and transport vehicles.

The Road Element

124. Since road travel accounts for approximately 90 per cent of leisure travel within Australia, the provision of roads to cater adequately for this traffic is of special importance to the development of tourism in Australia. The Australian Automobile Association (AAA) suggested that a major requirement for increased domestic tourism is a ready access to the many undoubted tourist attractions the country has to offer. In particular there is a need for vastly upgraded, safer, all-weather road communications.

125. While acknowledging that much work has been done on the national roads the AAA considered that it will be many years before these roads reached a satisfactory standard over their entire length. It was also suggested that climbing lanes should be provided on many more arterial roads as a short term solution to a general upgrading of the roads system.

126. In a submission to the Commonwealth Bureau of Roads[22] ANTA claimed that Australia's road system is simply not geared for motor tourism. According to ANTA the existing road system cannot adequately meet the needs of tourism. Overcrowding of access routes at peak times, poor standard of some road surfaces, inadequate distance and directional signposting, insufficient kerbside facilities, the high cost of wear and tear on motor vehicles and the motorists' poor opinion of the road system are all factors limiting the growth of motor tourism in Australia.

[22] *Motor Tourism in Australia*, a submission to the Commonwealth Bureau of Roads by the Australian National Travel Association, April 1975.

127. The Commonwealth has accepted financial responsibility for national highways and export roads. The *Roads Grants Act* provided for up to 10 per cent of each State's allocation for rural arterial roads to be spent on developmental roads, the category into which tourist roads fell. The inclusion of this category was not favoured by the States and was not activated during the three years the Act was in force. The *States Grants (Roads) Act* 1977 deleted the developmental roads category and what had been referred to as export and major roads were renamed national commerce roads with a section of the total roads vote available for that category. According to the DoT tourist roads are now included in the national commerce roads category. The DoT advised that it remains to be tested whether the States would put a priority on such roads and seek Commonwealth funds for them. The DoT also advised that there was the opportunity for the Minister responsible for tourism at the Commonwealth level to indicate his requirements to the Minister for Transport as had been the case under the 1974 Act.

128. The declared National Highway system comprises the major links between adjacent capital cities, the Northern Territory and the Australian Capital Territory as well as the highways between Brisbane and Cairns and Hobart and Burnie. The States are eligible for full financial assistance from the Commonwealth for approved construction and maintenance works on declared national roads. The development of national roads is undertaken with the co-operation of the States, with an annual program of works being submitted by the States for approval by the Minister for Transport.

129. The DoT suggested that the progressive development of the National Highway System would undoubtedly assist with the development of tourism. Reference was made to the sealing of the Eyre Highway as providing increased opportunity for travel between the Eastern States and Western Australia. The Western Australian State Government also referred to the sealing of the Eyre Highway and estimated that it had resulted in an increase in traffic of 50 per cent over the previous year.

130. The Northern Territory Tourist Board suggested that the completion of an all-weather highway between Port Augusta and Alice Springs (part of the Stuart Highway) would generate considerable tourist growth in the Northern Territory. Mr I. Tuxworth, the Cabinet Member for Resources and Health in the Northern Territory, claimed that while the Stuart Highway is of national significance, it remains little more than a dirt road and is a major deterrent to capital investment in the Northern Territory. The sealing of the Stuart Highway was regarded by Mr Tuxworth as the key to the whole development of tourism in the Northern Territory.

131. The DoT acknowledged that the sealing of the Stuart Highway in South Australia would in due course increase the scope for tourism in Central Australia. A study has been undertaken regarding the sealing of the route and the plan has been agreed to in principle. In July of this year the Minister for Transport announced that a start was to be made towards upgrading the Stuart Highway. An allocation of $1 million had been made to be spent in 1978–79 and the project would involve the expenditure of about $65–$70 million. The DoT advised that the basic difficulty has been that there are a number of other projects which have been going on in South Australia for some time and that these have absorbed the funds made available under the *National Roads Act* 1974.

132. The Cooma Municipal Council voiced concern that for some years there has been no plan to co-ordinate an interstate sealed road system direct to the major traffic centres in eastern Victoria. The Council referred to the Monaro–Gippsland area where the New South Wales and Victorian road authorities were building interstate highways which would meet the State border approximately 60 kilometres apart. While acknowledging that this particular situation had been resolved, the Cooma Municipal Council suggested that one of the difficulties in getting a co-ordinated approach is that every local government area has roads which it wants to see developed and it is hard to get agreement among all the parties concerned.

133. The Cooma Municipal Council claimed that the sealing of the Alpine Way, which linked the Snowy Mountains with the Upper Murray–Albury area and connected to Melbourne and Adelaide would provide employment for 300 persons in the travel industry in the Snowy Mountains. In its submission to the Bureau of Roads, ANTA rated the sealing of the Alpine Way as the first priority and suggested that it be completed by the end of 1977. The Alpine Way traverses some of the most spectacular scenery in Australia yet it is characterised by a gravel surface, winding steep grades, narrow sections and blind corners.

134. The Whitsunday Wonderworld Travel Council claimed that a major problem for the area was the condition of the Bruce Highway between Mackay and Rockhampton. The road is the main link between Brisbane and Cairns but year after year it is cut by flood waters. The DoT in its 1976–77 Annual Report referred to the construction of a new flood-free link, but the Council expressed concern that such work was not likely to be completed until 1985.

135. The Western Australian State Government claimed that it is imperative to ensure and plan accordingly for an adequate system of highways throughout Australia. The absence of a totally sealed national highway providing a round Australia circuit opportunity, and the absence of adequate highway connections to Ayers Rock, are factors discouraging a greater level of domestic tourism. The Western Australian State Government suggested that there is scope for joint Commonwealth/State efforts to provide good quality roads, and suggested the establishment of a special Australian Tourist Roads Advisory Council made up of Commonwealth, State and Territory representatives with direct responsibilities for the development of tourism and the provision of roads.

136. The development of tourism in one State or Territory can depend on the condition of roads in another State or Territory. This has been demonstrated by the sealing of the Eyre Highway in South Australia and will probably be corroborated by the sealing of the Stuart Highway in South Australia. There is a need for the identification of those roads which can make a significant contribution to the development of tourism.

The Committee concludes that the future of motor tourism in Australia requires a co-ordinated approach to the development of Australia's road network with due recognition being given to the requirements of tourists to an area, as well as those of the local residents. Particular highways of concern are the Stuart Highway, the Bruce Highway and the Alpine Way.

THE COMMITTEE RECOMMENDS THAT:

(a) THE MINISTER FOR INDUSTRY AND COMMERCE, IN ASSOCIATION WITH THE MINISTER FOR TRANSPORT AND THE RESPECTIVE STATE AND TERRITORY GOVERNMENTS, COMPILE A LIST OF THOSE TOURIST ROADS DESERVING PRIORITY FUNDING FOR TOURIST PURPOSES, AND

(b) ADDITIONAL FUNDS BE MADE AVAILABLE BY COMMONWEALTH, STATE AND TERRITORY GOVERNMENTS TO UPGRADE THOSE ROADS.

The Air Element

Background

137. Air transport is by far the most important mode of transport for overseas visitors and the most important mode of long distance public transport. Trans-Australia Airlines claimed that domestic air transport is overwhelmingly the dominant mode of long distance public transport carrying 83.3 per cent of the traffic compared with 12.5 per cent for rail and 4.2 per cent for bus.

138. The Australian Tourist Commission claimed that civil aviation policy, both international and domestic is critical to the development and growth of tourism. Factors such as capacity, route structures and fares influence the development of the tourist product and as a result the other sectors of the industry are dependent on aviation policy. Industry and Commerce suggested that the co-ordination of transport and tourism policies would contribute to the efficient use of transport facilities and assist in the growth of tourism.

139. In its Interim Report the previous Committee stated that the issue of more formal consultations between the DoT and the tourist industry was one which it had hoped to pursue. On 13 July 1978 the Minister for Transport announced that he had invited senior representatives of the Aviation Industry to accept foundation membership of an Aviation Industry Advisory Council which is to provide the Minister with advice on policies regarding aviation, as well as be a forum for discussion of matters affecting the industry in Australia. The Council is to be composed of representatives of the aviation industry and the Secretary of the DoT. Since aviation policy is of crucial importance to the tourist industry there should be provision for a representative of the tourist industry on that Council.

THE COMMITTEE RECOMMENDS THAT THE MINISTER FOR TRANSPORT INVITE THE CHAIRMAN OF THE AUSTRALIAN TOURIST COMMISSION TO ACCEPT MEMBERSHIP OF THE AVIATION INDUSTRY ADVISORY COUNCIL.

140. The regulation of commercial and private air transportation in Australia is organised into a centralised system in which the Minister or in most cases his delegated official, the Secretary of the Department of Transport, has the power to determine the nature of air transportation.

Domestic

141. The DoT claimed that there is a domestic network of air transport services which is well established and operates at high standards of regularity, efficiency,

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comfort and safety. The major domestic operators, TAA and Ansett Airlines of Australia (Ansett Airlines) provide Australia's trunk line scheduled services. Between them they carry approximately 85 per cent of all passengers who embark on domestic services in Australia. Intrastate airlines such as East-West Airlines Limited (East-West) and Ansett Airlines of New South Wales link up with the trunk services. Commuters and other general aviation operators provide feeder service links to the smaller towns.

142. The domestic airlines carried 10 267 000 passengers in the year ended 30 June 1978, an increase of 9.6 per cent on the previous year. The revenue passenger load factor for the domestic airlines for 1977 was 67.1 per cent compared with 66.6 per cent in 1976. The passenger load factor for Qantas in 1976 was 62.0 per cent while the average for the members of the International Air Transport Association in that year was 57.7 per cent.

143. The DoT made reference to the importance of private and leisure travel to the airline industry and suggested that this traffic has increased. The increase is a result of the growing affluence of society generally, increased leisure and measures taken within the industry to stimulate demand.

144. A number of witnesses referred to the absence of true competition under the current two airline policy. Reference was made to parallel scheduling, high fares and the lack of tour basing fares. The Australian Federation of Travel Agents (AFTA) called for a full inquiry into the ramifications of the two airline agreement. It is AFTA's belief that the two airline policy has created a cartel which is contrary to the public interest as well as being out of place in a free enterprise society. The Western Australian State Government submitted that three decades has been a sufficient period in which to allow the major domestic airlines to establish themselves and it is now time for the taxpayer to be given the opportunity to experience the benefits of proper competition.

145. On 3 July 1977 the Minister for Transport announced a review of Australia's domestic air transport policy to be directed by a steering committee of senior officers of the DoT. The review was to examine the principles and administration of Australia's domestic air transport policy. The first stage of the report was provided to the Minister for Transport on 31 March 1978, and has since been made available to the public. The Domestic Air Transport Policy Review Report—Part 1[23] (Domestic Aviation Review) recommended that the evaluation of airline efficiency should be pursued both by monitoring overseas development and by investigations into local services. The Domestic Aviation Review also made reference to the lack of overall fare discounting and noted that the preferences of airline consumers are not being adequately catered for by the domestic airlines. It recommended that both the major domestic airlines be encouraged to provide more innovation in fare structures. The Review concluded that it is essential that the Commonwealth should continue to licence air service operations and that the abolition or major relaxation of capacity controls could produce undesirable results.

146. The Review committee concluded that although the two airline system is most suited to Australia at this time, changes should be made within it to allow for greater competition. It recommended that the system be monitored and reviewed at intervals of five years to determine if it is still appropriate.

147. There were also a number of other issues considered by the Review committee which had been identified by this Committee as being issues facing the

[23] *Domestic Air Transport Policy Review Report—Part 1*, a Review directed by a Steering Committee of Senior Officers of the Department of Transport, Department of Transport, March 1978.

industry. The particular issues are airport curfews, tour basing fares, proration of airfares, cost recovery and regional routes for domestic airlines. These issues are considered in Chapter 15. During the course of hearings this committee was informed of an alleged lack of consultation between the DoT and certain sections of the aviation industry operating in Australia.

148. In 1972 East-West Airlines was granted a licence to operate from Sydney to Alice Springs. At that time, East-West was informed by DoT that it could expect that other airlines would not be granted licences for that route for at least two years. East-West built up the route to two flights a week and was aiming to increase the number of flights to four a week. In February 1977 Ansett Airlines and TAA commenced jet services between Alice Springs and Sydney. East-West claimed that it had not been consulted about the entry of the major domestic airlines into the route which has necessitated the reduction of East-West flights to only one per week.

International

149. There are twenty-four international airlines operating scheduled international services into and out of Australia. These services provide for a systematic series of flights, operated to a published timetable and available to all members of the public. The flights are negotiated under air service agreements and regulated by the *Air Navigation Act* 1920 which provides for agreement on fares, types of aircraft, frequency of service, ports of arrival and departure as well as designating the airlines to conduct the service. As at June 1976, Australia had air service agreements with twenty-six countries and in each of these agreements Qantas is designated as the Australian carrier.

150. Under the Air Navigation Act there is also provision for non-scheduled or charter flights. The charter operator offers a product which eliminates many of the more expensive features of the scheduled service. The charter flight passenger is generally required to book well in advance and will probably have a limited choice of destinations. Such charter flights generally mean a cheaper fare. Charter flights into and from Australia require the approval of the DoT. When considering applications for charter flights the DoT is required to have regard to the need to provide reasonable protection to the scheduled carriers and to the public interest. The Industries Assistance Commission in its report on the tourist accommodation industry[24] referred to the government restriction on charter flights into Australia and noted that these restrictions may have had some detrimental effect on the demand for tourist accommodation.

151. The effect of the comparatively high air fares on the Australian tourist industry was commented on by a number of witnesses. Industry and Commerce stated that the comparative remoteness of Australia from the principal tourist generating markets of America and Europe results in the relatively high cost of air fares to Australia. It considered that the high cost of air fares was a major deterrent to the growth of international tourism to Australia.

152. Uncompetitive air fares were the reason given by the ATC for the decline in the United States and Japanese markets. Other destinations are able to offer inclusive tour charters which provide a new dimension of lower priced tourism and these have stimulated greatly increased demand for the destinations involved.

[24] Parliamentary Paper 96 of 1978.

One way of meeting this competition would be to establish a definite quota of charters annually for travel to Australia, while another is the introduction of part charters for inclusive tours on scheduled services.

153. Qantas also referred to the distance from the major tourist generating areas of the world as being one of the factors inhibiting Australia competing in international tourism. According to Qantas and the DoT fares on a per kilometre basis between points in Australia and overseas are amongst the lowest international scheduled service fees in the world. The introduction of wide bodied aircraft with cheaper seat per kilometre costs and the widespread use of incentive fares have contributed to a decline in real terms of the costs of air fares to Australia.

154. It was claimed by Qantas that even though there have been reductions in fares, Australia's geographic location would dictate that fares to Australia would be higher in absolute terms than fares to many other competing destinations. Qantas considered that the most effective way to attract a greater share of the world holiday market to Australia is to offer a high quality holiday package. This package would be a combination of carefully planned promotional fares and attractive destination features and activities and top class facilities, at a competitive price. A Qantas subsidiary, Jetabout Limited, has been formed and is responsible for the preparation of such packages for the world market. The number of such packages sold is set out in the following table.

TABLE 4
JETABOUT PACKAGE HOLIDAYS SOLD

Year	*Outbound from Australia*	*Inbound to Australia*
1 April 1975 – 31 March 1976	24 906	3 164
1 April 1976 – 31 March 1977	15 369	2 759
1 April 1977 – 31 March 1978	21 258	2 372

Source: Transcript of Evidence, pp. 186, 3760, 5210.

As can be seen from the table the number of outward packages far exceeded the number of inward packages and the number of inward packages sold has been declining.

155. Another initiative taken in January 1977 was the introduction of advance purchase excursion (APEX) fares on the route between Australia and London. The cost of the fare varied according to the season of travel, with the lowest available return fare being $850. This was designed to stimulate travel during the off peak months of the year. There were six rates within the proposed fare range up to $1150 in the high season. Qantas informed the Committee that public acceptance of the initiative was overwhelmingly positive and that in the first four months of the scheme, passenger numbers increased by 14 per cent.

156. Australia generally depends upon the scheduled services. According to the DoT successive governments have encouraged the development of regular scheduled international services which provide for essential business, governmental and certain classes of private travel. The trend in air travel would appear to be towards the holiday traveller and Qantas estimated 620 000 passengers out

of the 830 000 who travelled between Australia and Europe in 1975 might have been attracted to a charter operation. An indication that the consumer is prepared to forgo flexibility for a reduced fare is that only 60 000, or 7 per cent, of those passengers in 1975 paid for first class or full economy fares.

157. In May 1977 Laker Airways Limited (Laker) provided the Committee with details of a proposal for a series of advance booking charters between Australia and Europe. The proposal involved two flights a week with return fares ranging from $530 in the low season to $834 in the high season. It was claimed that the fares would create a new category of passenger and create a new segment of demand. This evidence conflicted with that given by the DoT in March 1977. The DoT suggested that it would be virtually impossible to better a fare of $850. At a later hearing in May 1978 the DoT advised that it no longer held that view as a number of airlines had indicated that, given certain changes in the regulatory environment, lower fares could be offered.

158. Qantas has indicated that it would be able to match the fares quoted by Laker. However it was suggested that any services that were introduced should be within the framework of an air services agreement which would allow for essential downward adjustment in scheduled capacity.

159. The Australian National Travel Association has expressed concern that possible reductions in air fares would be likely to increase the number of Australians going overseas. The impact of substantially reduced air fares to the major markets and potential markets would have the effect initially of draining off more tourists from Australia rather than increasing the number arriving, and that there is a need for concurrent action. Laker stated that it is aware of this argument but suggested that the objection could be overcome by the imposition of an uplift ratio of fifty Australians to fifty overseas visitors with a small percentage allowance to cover normal traffic fluctuations.

160. In a later submission, Laker claimed that neither Qantas nor British Airways have succeeded in making any vital contribution to developing an Australian tourist industry. The Laker Skytrain between New York and London increased traffic on the route by 40 per cent in the last quarter of 1977 by offering substantially lower fares. The Laker proposal is tourist oriented and is aimed towards Europeans travelling to Australia.

161. The previous Committee considered that promotion of travel to and from Australia could only benefit from the availability of cheaper fares, and that there is a strong case for the introduction of flights along the lines proposed by Laker. That Committee suggested a trial basis of two flights a week for up to two years. This Committee can see no reason why this recommendation cannot be proceeded with immediately.

The Committee concludes that:

(a) the development of tourism to Australia will benefit from the availability of cheap fares, and

(b) greater emphasis should be placed on bulk charter operations aimed at the price conscious international traveller.

162. On 11 October 1977 the Minister for Transport announced a major review of international civil aviation policy. This review was undertaken by officers of the Department of Transport guided by a Steering Committee of senior officers and Professor C. A. Gannon of Monash University. The previous Committee welcomed the review.

163. The recommendations of the aviation review committees on domestic and international civil aviation will require a continuing dialogue on aviation matters, such as air fares, air routes and charter policies. The matters covered by these committees will be of interest to other departments as well as the DoT.

The Committee concludes that:

(a) there is a continuing need for the transport and tourism policy arms of government to co-operate in the formulation of air transport policies to foster the development of tourism, and

(b) before any major policy decision is taken on air transport there should be consultation between the tourism and transport policy arms of government.

THE COMMITTEE RECOMMENDS THAT:

(a) THE COMMONWEALTH GOVERNMENT ESTABLISH AN INTER-DEPARTMENTAL STANDING COMMITTEE ON AIR TRANSPORT,

(b) THE INTER-DEPARTMENTAL STANDING COMMITTEE BE RESPONSIBLE FOR REVIEWING THE REPORTS OF THE STEERING COMMITTEES ON DOMESTIC AND INTERNATIONAL AVIATION POLICY, AND

(c) THE INTER-DEPARTMENTAL STANDING COMMITTEE BE COMPOSED OF THOSE DEPARTMENTS AND INSTRUMENTALITIES WITH A DIRECT INTEREST IN AIR TRANSPORT, INCLUDING THE DEPARTMENTS OF INDUSTRY AND COMMERCE AND TRANSPORT AND THE AUSTRALIAN TOURIST COMMISSION.

The Rail Element

164. As noted in the introduction to this chapter, rail travel as a proportion of total travel is expected to decline, but is still expected to cater for a particular segment of the market. While most travellers are only concerned with getting to their destination as quickly as possible there are others who prefer to take their time. An indication of this is that certain services where the rail fare is more than the equivalent air fare are still able to draw considerable patronage.

165. The advantage of size which gives railways a cost advantage over other modes of transport for long distance freight haulage does not apply to passenger rail services. The labour intensive nature of rail passenger services makes it difficult for railways to operate at rates competitive with the airlines. According to the DoT the various railway systems have indicated that long distance passenger services are unprofitable at present rates. Rail passenger patronage has been declining on the system operated by Australian National Railways from 332 311 passengers in 1966 to 230 695 passengers in 1975.

166. The Railways of Australia Committee, which represents the State and Commonwealth Government Railways and co-ordinates intersystem operations and matters concerning several railways, claimed that the financial return from the operation of passenger services is not comparable with the financial return for similar investment in freight operation. The railways have themselves made

considerable efforts to encourage increased travel by introducing services specifically designed for the tourist. The Austrail pass which allows the overseas visitor to travel an unlimited distance on the railway network over a fixed period of time for a fixed price has been reasonably successful.

The Committee concludes that:

(a) train travel will continue to appeal to a segment of the market, especially if the upgrading of equipment is continued, but
(b) the train travel segment of the market is expected to decline as a proportion of the total market.

The Sea Element

167. The sea transport mode is of particular importance to Tasmania. The Empress of Australia makes three return trips per week across Bass Strait and according to the Tasmanian State Government operates at close to capacity. The passenger occupancy rate is around 80 per cent.

168. A visitor survey by the Tasmanian Department of Tourism[25] found that for the quarter ended 31 March 1969, approximately 18 000 of the 88 000 visitors departed by ferry, compared with 15 000 of the 173 000 visitors for the quarter ended 31 March 1978. This decline is due in part to the withdrawal of the Australian Trader which had operated between Sydney and Tasmania until July 1976 and in part by the development of the fly/drive concept. The visitor survey found that 26.4 per cent of the visitors hired a car or camper compared with the 9.3 per cent of the visistors who used their own motor vehicle.

169. Other coastal passenger movements are carried out by Foreign Flag Vessels under single voyage permits. The DoT noted that the number of passengers carried between two or more Australian ports under such a permit declined from almost 15 000 in 1970 to less than 4000 in 1976.

[25] Visitor Survey—Preliminary Results for quarter ended 31 March 1978, Department of Tourism, Tasmania, 26 May 1977.

Chapter 8

Accommodation and other Services

170. The Industries Assistance Commission Report on the Tourist Accommodation Industry stated that 'demand for accommodation services is probably related to demand for the attractions . . . of a particular site or locality'.[26] This could be climate, scenery, recreational facilities, business contacts or a man-made attraction. The tourist industry in that locality can then provide a service, the quality of which forms an integral part of the overall tourism 'experience'. That service includes accommodation, sustenance and souvenirs.

171. The Survey of Australian Travel found that 40 per cent of all expenditure on travel is attributable to accommodation and meals, with a further third attributable to transport. The other categories of expenditure were found to be social (12 per cent), excursion fees (2 per cent), gifts (3 per cent) and personal purchases (8 per cent).

172. The Australian Tourist Commission stated that one of the most pervasive problems in marketing the Australian tourist product is 'the shortage of service in a so-called "service" industry'.[27] The ATC claimed that overseas visitors have been critical of the lack of reception, porter and room services in hotels and motels, particularly outside the capital cities. Many coach and air companies have difficulty too, in providing experienced foreign-language speaking guides.

173. The previous Committee made a recommendation on the training needs of the industry and this is further discussed in Chapter 11. It recommended that the survey of the training needs of the industry be commenced as soon as possible.

174. The Australian Accommodation Council (AAC) provided the Committee with an assessment of the tourist accommodation industry, arriving at an estimate of $819 million as the annual turnover in 1976. Of that, room sales accounted for $314 million with $249 million being attributable to food sales and $199 million to beverage sales.

175. The Holiday Accommodation Study discussed the supply of accommodation, concluding that seasonality is the factor that above all influences the demand–supply relationship, creating excess demand for eleven weeks of the year and excess supply for forty-one weeks.

176. The Holiday Accommodation Study found that the largest accommodation sector in terms of capacity is the caravan park sector, which includes cabins and on-site vans, and is capable of accommodating 400 000 to 500 000 persons at maximum capacity on any one night. Holiday flats are probably the second

[26] Parliamentary Paper 96 of 1978, p. 19.
[28] Transcript of Evidence, p. 493.

largest sector and could cater for 300 000 to 450 000 at peak. These are difficult to identify however because of the manner in which they enter the market at peak periods.

177. The hotel and motel sectors probably cater for a maximum of 260 000 but as the Holiday Accommodation Study pointed out this capacity is unlikely, because of location factors, to be utilised even at peak periods. Guest houses and hostels are proportionately insignificant and free accommodation is difficult to measure. The Holiday Accommodation Study concluded that, in total, existing commercial facilities do not provide sufficient capacity for the 40 to 45 per cent of the population holidaying in the peak season of eleven weeks.

178. The Australian Bureau of Statistics produces a quarterly publication of tourist accommodation. The March 1978 quarter figures for establishments and capacity are as follows:

TABLE 5

	Establishments	*Capacity*
Licensed hotels with facilities	917	55 987 beds
Licensed or unlicensed motels, private hotels, guest houses with facilities	2 056	146 478 beds
Caravan parks	1 755	181 939 sites

Source: ABS.

179. The IAC concluded that the present level of net assistance to the industry is relatively low, and that there should be no reduction. The report stated that no case had been established, however, for increased assistance. The recommendations of the report were:

(1) Assistance at present accruing to the tourist accommodation industry, through Government assistance to tourist activities generally, be continued;

(2) When determining budget allocations to assist tourist activities generally, the Government take into account the indirect benefits derived by the tourist accommodation industry.[28]

180. In its Interim Report the Committee made recommendations concerning the investment allowance and the depreciation allowance to which issues the IAC also made reference. The Committee recommended that:

9. The present investment allowance be amended to allow multiples of the same item to be claimed as a single investment where the items are for use solely in Australia for the purpose of producing assessable income and that any future investment allowance should have a similar arrangement. The Committee also recommends that units of plant used in connection with amusement or recreation, wharves and jetties, sport and exhibitions to the public of films be eligible for the present and future investment allowances.

10. A depreciation allowance for income producing buildings be introduced and that a working group of government and industry representatives be established to consider the specific arrangements for the introduction of such an allowance.[29]

181. In its report the IAC stated that the industry's request for depreciation allowance appeared 'reasonable on equity grounds and could be desirable on economic grounds'.[30] The IAC suggested that the Government re-examine the question of

[28] Parliamentary Paper 96 of 1978, p. 5.
[29] Parliamentary Paper 349 of 1977, p. xi.
[30] Parliamentary Paper 96 of 1978, p. 2.

depreciation allowance for taxation purposes on accommodation buildings and pointed out that the suggestion is in line with the broader recommendations of the Asprey Committee Report of 1975 on the Commonwealth Taxation System. The report also suggested, on similar grounds, that the Government reconsider the industry's request for changes which would improve its access to the investment allowance.

182. The Department of Industry and Commerce informed the Committee in April 1978 that it was proposed to refer both matters to the Travel and Tourist Industry Advisory Council prior to the preparation of a submission to the Treasurer. Industry and Commerce at a later hearing then stated that a sub-committee of the Travel and Tourist Industry Advisory Council is currently considering the two issues and will be conferring with officers of the Department of the Treasury.

THE COMMITTEE RECOMMENDS THAT:

(a) A DEPRECIATION ALLOWANCE FOR INCOME PRODUCING BUILDINGS BE INTRODUCED AS SOON AS POSSIBLE,

(b) THE PRESENT INVESTMENT ALLOWANCE BE AMENDED TO ALLOW MULTIPLES OF THE SAME ITEM TO BE CLAIMED AS A SINGLE INVESTMENT WHERE THE ITEMS ARE USED SOLELY IN AUSTRALIA FOR PRODUCING ASSESSABLE INCOME, AND

(c) ANY FUTURE INVESTMENT ALLOWANCES ALLOW FOR MULTIPLES OF THE SAME ITEM TO BE CLAIMED AS A SINGLE INVESTMENT WHERE THE ITEMS ARE FOR USE SOLELY IN AUSTRALIA FOR PRODUCING ASSESSABLE INCOME.

183. The IAC report stated that there has been in recent years a relative increase in demand for basic, low cost accommodation. The Australian Automobile Association also claimed that the trend is towards lower cost accommodation and cited the survey conducted by the National Roads and Motorists Association which found that motels have become too expensive for the average family. Following publication of the survey results, other motoring organisations indicated the results would probably be similar in their States.

184. The AAA claimed that the trend towards lower cost accommodation is shown by the increased demand for accommodation guides for camping and caravanning, and for flats, cottages and guest houses, and the fall-off, in absolute terms, of demand for the hotel/motel guide. The AAA provided figures which indicated that this is the case in New South Wales, Victoria and South Australia, the three States where the guide to hotel and motel accommodation is published separately to the guide to lower cost accommodation.

185. The Australian Automobile Association also referred to the growing tendency of the tourist family to mix their accommodation. The tourist who would have previously stayed in motels on his annual holiday will now, according to the AAA, spend perhaps one night in a motel and three nights in an on-site van at a caravan park. The Australian Accommodation Council agreed that hotels and motels are losing the family trade to lower priced accommodation such as caravan parks and holiday houses.

186. The AAC stated that the high cost city hotel accommodation is partly dependent on overseas traffic. Figures provided for the city hotels in Sydney indicated that 38 per cent of business is provided by overseas travellers and 62 per cent by Australians. The AAC also stated that country establishments cater almost exclusively for Australian travellers, except in resort areas.

The Committee concludes that:

(a) while the long term trends will be towards low cost accommodation, there will still be an increasing demand for hotel/motel style accommodation,

(b) increases in occupancy rates at hotels and motels will depend on competitive pricing, promotion and development of attractions, and

(c) the cost pressures on accommodation establishments may be at least partially alleviated by changes to the depreciation and investment allowances.

187. Concern has been expressed about potential health problems at caravan parks during peak periods. The Department of Health stated that a continuing committee of the National Health and Medical Research Council is working on the question of overcrowding and waste disposal at caravan parks.

188. In 1970 the Australian Automobile Association drew up a schedule of minimum standards for tourist caravan parks and camping grounds in Australia. These standards have been reviewed twice since then, the latest schedule being drawn up in February 1976. The AAA reiterated that there is a need for a national standard for caravan parks and that while caravan park standards are essentially a State responsibility some co-ordination between States is necessary.

THE COMMITTEE RECOMMENDS THAT THE TOURIST MINISTERS' COUNCIL ESTABLISH A WORKING GROUP TO CO-ORDINATE CARAVAN PARK STANDARDS.

189. While accommodation is an important part of the tourist product, other services such as restaurants, retailers, chemists and souvenir manufacturers are also fundamental to tourist satisfaction. The Committee received little evidence from these sectors of the industry and it appears that their involvement in and identification with the tourist industry varies greatly from region to region. The Committee believes that there is a need for these important elements of the industry to be more aware of their dependence on tourism and more involved in it.

Chapter 9

Promotion of Tourism

Background

190. Tourist satisfaction is generally dependent on the attractions available, but the means of transport and the accommodation and services provided all form an integral part of a package which must then be promoted, and is generally represented as a destination. It must be sold, at a distance, only on the basis of the descriptions and representations contained in tourist literature, or by word of mouth.

191. The tourist, both overseas and domestic, has to be made aware of the range of tourist experiences which Australia has to offer. The creation of such an awareness can be brought about by promotion, and the organisations responsible for that promotion are those organisations with an interest in travel. They include the operators of particular attractions, the modes of transport, the providers of accommodation and other services, the general destination area and the States and Territories, as well as the Commonwealth Government through the Australian Tourist Commission.

192. Reference was made by TAA to a study which had found that the community's awareness of Australia's major holiday destinations and the image of Australia as a place to holiday are appallingly low. There is a widespread view that what Australia has to offer is outclassed by the rest of the world. This view has grown up almost unchallenged in the face of constant promotion of overseas destinations and the default on the part of the Australian travel industry to present a convincing alternative point of view. It was claimed by TAA that because of pressure from overseas countries and the lack of informative domestic promotion, Australians' awareness and image of their own country has been eroded dramatically.

193. The promotion of overseas destinations to Australians has been very successful. The Holiday Accommodation Study found that in 1973–74 overseas holidays accounted for an estimated 4 per cent of holiday trips, yet overseas holidays accounted for 17 per cent of all holiday nights and 52 per cent of total holiday expenditure by Australians.

194. The ABS provided details of spending on holidays, obtained from the Household Expenditure Survey (HES) for 1975–76. All trips of four or more nights away from home, excluding business trips, were defined as holidays. The HES figures indicate that an average household with the average weekly household income of $225.35 spent $4.41 weekly on holidays. Of that, $2.21 was spent on domestic holidays and $2.20 on overseas holidays.

195. Using the household income figure from the ABS National Income and Expenditure series, these figures can be given a national character. It could be

said that of a household income of $60 161 million in 1975–76, $590 million was spent on domestic holidays, and $587 million was spent on overseas holidays. These figures are an indication only.

196. There is a strong emotional and social motivation for overseas travel. Potential travellers generally believe that overseas venues offer better value. However, TAA provided the Committee with a comparison which showed that on a dollar for dollar basis Australian holidays compared favourably with overseas. This comparison was set out in the Interim Report. It was claimed by ANTA that eighteen national tourist offices spend about $4.8 million within Australia persuading Australians to go abroad. Furthermore, Qantas spends $600 000 encouraging Australians going overseas to use Qantas. Both ANTA and AFTA referred to a survey which suggested that the media presence of overseas destinations outweighed domestic destinations by 200 to one.

Domestic Promotion

197. Both the major domestic airlines are involved in promoting Australia's holiday destinations. Ansett Airlines spends approximately $5 million per annum while TAA claimed that it devotes a significant proportion of its advertising expenditure to the promotion of the tourist industry. In 1976–77 the State and Territory governments spent $3.4 million on promotion and publicity.

198. The promotion by the States was criticised by TAA. At present each State is competing against the other States for existing traffic. It was claimed by TAA that there is a need for all tourist promotion by governments to be co-ordinated to enable the selling of Australia to Australians. It was further suggested that the budget of the ATC be expanded and that it be made responsible for all government tourist promotion. The ATC would then be funded by equal contributions from Commonwealth and State Governments. Another suggestion by TAA was that the Government should commission a series of documentary films featuring attractive holiday destinations within Australia that are practical places to visit.

199. It was suggested that there is a need for more professionalism in the promotion of the local industry, particularly in the production of brochures. Avis Rent-A-Car System Pty Ltd (Avis) stated that too many country towns promote their districts in a selfish and amateurish way. Bill King's Northern Safaris suggested that assistance is needed in the production of top quality promotional material. Mr King said that it is becoming increasingly difficult financially to present the product as it should be presented, since a brochure of newsprint gives the impression of a poor operation and an uninteresting destination. The New South Wales Government, in an effort to improve the quality of printed material, provides assistance in the production of pamphlets and a subsidy is available if the design layout and content is approved. The marketing services unit of the ATC produces aids such as posters, films and publications and has won a number of international awards. It is in a position to be able to provide advice to small firms and the regional tourist organisations.

200. A survey[31] in 1975 of ninety-five National Tourist Offices found that eighty-four of the offices had a domestic tourist promotion role. These included the USA and Canadian National Tourist Offices as well as the Australian National Tourist Office, i.e. the ATC.

[31] *Role of National Tourist Organisations*, a paper by the International Union of Official Travel Organisations, 1975.

201. From 1973 to 1976 the ATC was involved in domestic promotion. It undertook umbrella campaigns in conjunction with the States and Territories and the travel industry, and complemented existing promotional activities. Funds allocated for this purpose amounted to $320 000 in 1973–74 and $400 000 in 1974–75. The ATC found that there had been little or no research into domestic promotion so it commissioned studies to enable the preparation of promotional guidelines.

202. The ATC then planned and implemented a two stage promotion aimed at the young independent segment of the domestic market. The travel industry was heavily involved in the promotion and ATC claimed that it had been successful. Prior to the promotion only 50 per cent of all young people took a holiday of seven days or more, yet a survey showed that in 1974–75, 72 per cent of all young people took a holiday and 81 per cent were planning to take one in the following year.

203. The second phase was aimed at encouraging the mature independent adult sector to travel more. It was not possible to undertake this phase as in February 1976 the Government directed the ATC to withdraw from domestic promotion. The research materials were then handed over to ANTA. It would then have been necessary for ANTA to spend an additional $100 000 to promote the co-operative advertising campaign designed to carry on ATC's program, in order to capitalise on the money already spent. These extra funds were not forthcoming.

204. It is generally agreed that the main function of the ATC is to promote Australia overseas. Most of the State Governments and many of the witnesses who appeared before the Committee suggested that the ATC should be involved in domestic promotion. It was not suggested that such domestic promotion be at the expense of overseas promotion nor that domestic promotion should be the main activity of the ATC. The Committee also supports this view. If an organisation is to promote a country overseas it seems logical for the organisation to be involved in promoting that country to its own citizens.

205. Details of a government–industry program to generate employment in national tourist areas was provided to the previous Committee by ANTA in October 1977. The program proposed that the Commonwealth Government and the travel industry should each subscribe $1 million a year over two years. The program would complement existing efforts aimed at increasing the number of people travelling in Australia. The priorities of the program would be decided on by a committee of management of senior personnel from industry and government. The committee would be serviced by the secondment part-time of senior personnel from ANTA and would have to implement the program.

206. The previous Committee saw merit in the proposal and suggested that the ATC should be involved. The ATC had referred to evidence of a growing gap in the matter of umbrella promotion, and claimed that it is the organisation best suited to rectify this situation, suggesting that it should return to the domestic promotion role. Another reason for suggesting the involvement of the ATC was the failure by ANTA to carry on with the ATC's previous promotional campaigns.

207. The program suggested by ANTA has since been revised to bring together its previous proposal and another proposal which was developed independently by Golden Fleece Petroleum. The revised program called for the Australian Government to match $1 for $1 up to $1 million a year for two years, contributions made by private enterprise and State and local government to finance

selected destination programs in all States. The campaign would supplement existing efforts by State Governments and local tourist authorities to stimulate travel movement within Australia.

208. It was claimed that acomprehensive 'Go See Australia' campaign could be implemented without delay. There is an immediate opportunity for a sixteen page, full colour booklet to be distributed in a high circulation and accepted national magazine. The approach of the program would be to present to the Australian public the attractions of selected destinations plus information on events, costs, tours and sightseeing opportunities. The assembly of the resources and experience necessary to oversee the program would be undertaken by a committee of management formed for the purpose, and comprised of senior people made available by the Federal Government and the travel and tourist industry.

209. One significant difference between the first program and the revised program is the method of funding the campaign. The first program required the Commonwealth Government to match industry contributions on a $1 for $1 basis, up to $2 million. However, the revised program requires the Commonwealth to match contributions from industry, and also from State and local governments. It was noted in the revised program that private enterprise contributions of only $25 000 would provide a budget of $100 000 for selected destinations.

210. The Committee is extremely sceptical of the proposed revised scheme. While it offers the prospect of some co-ordination of tourism promotion in Australia, it would appear to require the governments to provide the funds for such promotions, yet the decision on the expenditure of those funds would be made by a joint government–industry committee serviced by the industry. The Committee suggests that a more appropriate organisation for such a promotion is the ATC, given that it has on its board representatives of the States and the industry as well as the Commonwealth.

211. The Committee sees a need to create in the community an awareness of the holiday opportunities available within Australia. The Committee has travelled extensively within Australia and is convinced that many of the attractions can compete with those in the rest of the world. The beaches, the Great Barrier Reef and Ayers Rock are attractions of world significance and if recognised as such can be developed to be attractions of worldwide interest.

The Committee concludes that:

(a) there is an urgent need for Australians to be made aware of the holiday opportunities available in their own country, and
(b) the Australian Tourist Commission has a role in domestic promotion, but overseas promotion should remain its main function.

THE COMMITTEE RECOMMENDS THAT:

(a) THE MINISTER FOR INDUSTRY AND COMMERCE DIRECT THE AUSTRALIAN TOURIST COMMISSION TO INVOLVE ITSELF IN DOMESTIC PROMOTION,
(b) THE AUSTRALIAN TOURIST COMMISSION UNDERTAKE UMBRELLA PROMOTION CAMPAIGNS IN CONSULTATION WITH THE STATE AND TERRITORY GOVERNMENTS AIMED AT PERSUADING AUSTRALIANS TO HOLIDAY IN AUSTRALIA, AND
(c) THE AUSTRALIAN TOURIST COMMISSION BE PROVIDED WITH SUFFICIENT FUNDS TO ENABLE IT TO UNDERTAKE SUCH CAMPAIGNS.

212. The Committee expects the ATC to involve the inustry in its domestic campaigns. In particular, it should be available to provide advice on promotional methods to the regional tourist organisations and the smaller firms in the industry. The Committee does not favour funds being made available directly to the industry, and in particular it does not believe that government funds should be used to pay for the administrative expenses of co-operative campaigns, as proposed in the ANTA program.

Overseas Promotion

213. Qantas claimed that worldwide tourist authorities agree that three factors inhibit Australia in competing in the market place for international tourism. The factors are the distance and resultant high cost of travel, the high cost of all tourist plant elements in Australia and the relative lack of appeal of Australia to tourists, when compared with destinations in Europe, Asia, North America and New Zealand.

214. While the local tourist industry is heavily dependent on the domestic market the overseas visitor does make a contribution. The ATC estimated that the overseas visitors provide about 20 per cent of the total industry revenue and given adequate promotion this proportion would rise to 28 per cent by 1985.

215. The objective of the ATC is the encouragement of visits to Australia by people from other countries and of travel in Australia, including travel by people from other countries. The previous Committee commented on the role of the ATC in its Interim Report. It attached considerable importance to the work of the ATC and trusted that it would be given sufficient funds to promote Australia effectively overseas.

216. The ATC claimed that it was 'at the cross roads'[32] and that the recent reductions in funds meant that it was able to maintain only a low key presence in overseas markets. The budget for 1977–78 was $2.8 million though this was later increased to $3.1 million. The ATC suggested to the Committee that its budget for 1977–78 should have been $4.0 million, which should then be increased to $4.5 million in 1978–79 and $5.0 million in 1979–80. The appropriation for the ATC in the 1978–79 Budget is $4.24 million.

217. Many witnesses who appeared before the Committee commended the ATC on its work. The Pacific Area Travel Association noted that while the ATC commands a degree of respect well above average, when compared with other national tourist organisations it ranked only forty-first in terms of media expenditure in the United States in 1974.

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[32] Transcript of Evidence, p. 442.

24800/78—5

218. An indication of the resources made available by other nations to their National Tourist Offices is given in the following table.

TABLE 6

COMPARISON OF INTERNATIONAL TOURISM PROMOTIONAL PROGRAMS OF THE EIGHT FOREIGN GOVERNMENTS SURVEYED

Country	*International Promotion Budget 1977 (millions of current dollars)*	*Number of Foreign Promotion Offices*	*International Promotional Focus*	*Location of Foreign Offices*
	$			
Canada . . .	15.6[33]	22	Travel Trade, but also services consumers	Canadian Embassies
Mexico . . .	16.0 (approx.)	11	Travel Trade and consumers	Street level offices
United Kingdom .	12.2[34]	22	Travel Trade but also services consumers	Predominantly second-floor offices (open to public)
Ireland . . .	9.5	23	Travel Trade and consumers	Street level offices
France . . .	7.2 (approx.) excluding administrative costs	32	Travel Trade and consumers	Street level offices
Spain . . .	11.5 (approx.)	30	Travel Trade and consumers	Street level offices
Hong Kong . .	6.1	9	Travel Trade and consumers	n.a.
Japan . . .	6.6	16	Travel Trade and consumers	Street level offices

Source: Arthur D. Little Inc., A Survey for United States of America National Tourism Policy Study, Final Report 1978.

By contrast the ATC operates only six overseas offices and avoids street level offices because of cost.

219. There are a number of other organisations involved in overseas promotion. Qantas devotes a great deal of effort and expense to promoting Australia. It operates eighty overseas offices and spends $3.4 million on mass media advertising in overseas countries. The aim of the advertising is to promote Australia as a destination, and Qantas as the first choice airline for travel to Australia. Ansett Airlines and TAA have overseas offices and the Australian accommodation industry spent $1.3 million overseas in 1976–77. The Tasmanian State Government set up an office on the west coast of the United States to promote Tasmania. This step was taken because the ATC was not able to operate to the extent that the State Government thought appropriate.

220. The IAC in its report on the tourist accommodation industry considered that the important factors in assessing government assistance for overseas promotion are: the promotability of the product, effects on the terms of trade and the

[33] Estimated breakdown based on data supplied by Canadian Government Office of Tourism.
[34] 1975–76 Budget.

relative level of assistance received by the industry. The IAC concluded that the level of assistance presently received by the industry is relatively low and it did not therefore favour any reduction in assistance accruing to the industry, including assistance through tourist promotion overseas.

221. The IAC pointed to the necessity for government to become involved in promotion, research and training on the grounds of efficiency. Private investors are unwilling to undertake expenditure in these areas if other members of the industry are to benefit from their expenditure at no cost to themselves. Without government intervention investment in these areas would fall below efficient levels. In the promotion of Australia overseas there would be little leakage of benefits to other destinations.

222. The Department of Overseas Trade said that tourism promotion overseas is a specialised task which requires personnel with a specific type of background and expertise. It stated that the Trade Commissioner Service does not have such personnel on its staff.

223. The previous Committee in its Interim Report recommended that the Export Market Development Grants Scheme be amended to allow for expenditure incurred primarily and principally for the purpose of creating or increasing the demand by overseas visitors for tourist facilities provided inside Australia, to be eligible for Export Market Development Grants. On 13 April 1978, the Minister for Trade and Resources announced that the Government had decided in principle to extend the scheme to the travel and tourist industry. The scheme is to come into operation from 1 July 1978 and an amount of $3.25 million has been provided for its first year of operation.

224. The Committee welcomes the extension of the Export Market Development Grants Scheme to the tourist industry. Provided it is given adequate funds, and with the possibility of reduced international air fares, the ATC is in a position to mobilise an increase in travel to Australia provided it is given adequate staffing. The ATC had a staff of 121 in 1974 but by June 1977 the staff had been reduced to 79. The staff ceiling for 1978 was 65. The ATC suggested to the Committee that with a budget of $4.4 million it would need a staff of 75.

The Committee concludes that:

(a) there is a requirement for the active promotion of Australia overseas, and
(b) such promotion should be undertaken by the Australian Tourist Commission.

THE COMMITTEE RECOMMENDS THAT:

(a) FUTURE APPROPRIATIONS TO THE AUSTRALIAN TOURIST COMMISSION ALLOW FOR INCREASED OVERSEAS PROMOTIONAL ACTIVITY, AND
(b) STAFFING BE KEPT AT A LEVEL APPROPRIATE TO THE LEVEL OF FUNDING.

225. The Committee would suggest that such increases in funds be directed towards increased promotional expenditure rather than staffing, and that the ATC should consult closely with Qantas in organising its campaigns.

Departure Tax

226. The Committee has recommended an expansion of the role of the ATC which will, of course, require an increase in funds to be made available to it. It was proposed to the Committee that the ATC should be funded by means of a

departure tax on Australian residents departing short term for overseas. It was claimed that such a tax would only fall on 4 per cent of the population and should be of the order of $10 to $20.

227. Such a tax on overseas travellers was also suggested by the Australian Accommodation Council. Industry and Commerce noted that except in a few areas the tourist industry was relatively untouched and that a departure tax could be a fruitful source of additional revenue. Many other countries have a relatively nominal tax which has been a useful addition to those countries' revenue. However a nexus between any such revenue and the funding of the ATC is regarded by financial experts as undesirable. It was estimated that a $10 departure tax on all persons arriving or departing in 1976 would have raised $15 million and that the tax would amount to 1.4 per cent of the tourist's total expenditure. The figures demonstrate that although the tax would be a relatively small amount the revenue collected would, in relation to the present official promotional budgets, be quite large.

228. Qantas has provided estimates of short term arrivals and departures by air up to 1988. Air travel accounts for approximately 98 per cent of all arrivals and departures, and short term arrivals and departures account for approximately 92 per cent of total movements. The following table sets out the revenue which might be raised by a number of variations of departure taxes. In 1976 a departure tax of $5 on departing Australian residents only, would have raised $5.3 million, and a tax on all departures would have raised $8.4 million. The estimates of arrivals and departures for 1980, 1985 and 1988 are for short term air only and thus would understate the revenue raised by the tax.

TABLE 7
REVENUE RAISED BY A DEPARTURE TAX

Year ending December	*Departures of Australian Residents*	*Arrivals of Visitors*	$5 *On dep.*	$5 *On all*	$10 *On dep.*	$10 *On all*	$20 *On dep.*	$20 *On all*
	'000	'000	$m	$m	$m	$m	$m	$m
1975 (act.) .	1 007	590	5.0	8.0	10.1	16.0	20.2	31.9
1976 (act.) .	1 069	613	5.3	8.4	10.7	16.8	21.4	33.6
1977 (act.) .	1 058	666	5.3	8.6	10.6	17.2	21.2	34.5
1980 (est.) .	1 219	670	6.1	9.4	12.2	18.9	24.4	37.8
1985 (est.) .	1 654	840	8.3	12.5	16.5	24.9	33.1	49.9
1988 (est.) .	1 940	935	9.7	14.4	19.4	28.8	38.8	57.5

Note: Estimates are for short term arrivals and departures by air.

Source: Evidence.

229. The airport or departure tax is a feature of the tax system in many countries. In most of these countries it is a minimal amount and applies to all persons departing, but in recent times a number of countries have introduced taxes which apply only to local residents. New Zealand recently introduced a tax of 10 per cent of the value of the ticket, while the Philippines imposes a minimum tax of 600 pesos (approx. $80) on permanent residents leaving the Philippines. A tax of $10 on departing Australian residents only would raise at least $12.2 million in 1980. However, a tax on Australian residents only, would mean that the Australian resident would be subsidising the overseas visitor.

230. The Government announced in the 1978–79 Budget the introduction of a general revenue tax of $10 on adults departing from Australia by sea or air. It is estimated by the Government that the tax would raise $10 million in the remainder of 1978–79 and $13 million in a full year. The Committee does not consider that $10 would be a deterrent to travel. Such a tax should provide funds for the promotion and development of Australian tourism.

231. The Committee endorses the introduction of a departure tax announced in the 1978–79 Budget but would suggest that the funds raised from this tax should be used for the promotion of tourism to and within Australia and for the development of the tourist infrastructure within Australia.

THE COMMITTEE RECOMMENDS THAT:

(a) FUNDS RAISED BY THE DEPARTURE TAX ANNOUNCED IN THE 1978–79 BUDGET BE USED FOR THE PROMOTION AND DEVELOPMENT OF AUSTRALIAN TOURISM, AND

(b) THE RESPONSIBILITY FOR COLLECTING THE TAX REST WITH THE CARRIER.