

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Resources, Energy and Tourism Portfolio
Budget Senate Estimates
1 June 2010

Question: BR47
Topic: Tourism Australia
Proof Hansard Page: Written

Senator Eggleston asked:

Question:

What has been the success or otherwise of the new Tourism Australia campaign "There is Nothing Like Australia"?

Answer:

Tourism Australia's *There's nothing like Australia* campaign is very much in the early stages of its execution and as such its success is difficult to measure at this point in time.

The competition phase of the campaign – where Australians were asked to enter photos and descriptions of their favourite Australian experiences to the campaign website www.nothinglikeaustralia.com – was launched on 31 March 2010.

The competition attracted almost 30,000 entries making it one of the most successful user-generated online competitions of its type. Over the period promoting the competition there were 140,000 visitors to the site each spending on average 10 minutes on the site. These figures represent a very strong engagement with the Australian community.

The competition entries were used to create an online interactive map of Australia on the www.nothinglikeaustralia.com website to allow visitors to search Australian holiday experiences and plan their trips. The interactive map and supporting campaign video were launched on 31 May 2010. Foreign language versions of this interactive map are being created in 17 languages to be launched in 20 markets over the next 6 to 12 months, supported by print, television, cinema and online promotions.

The global campaign officially began with the United Kingdom launch over the weekend 19-20 June 2010.

At 30 June 2010, there have been more than 390,000 visitors to www.nothinglikeaustralia.com.

Question:

How is social media influencing levels of visitors to Australia?

Answer

Social media is one of a broad suite of tools Tourism Australia uses in its marketing of Australia as a tourism destination around the world, along with more traditional media: print, television and cinematic advertising; and digital advertising for online and mobile devices. All of these channels can have a cumulative impact on the level of international visitation to Australia.

Social media is an integral tool in marketing Australia as a tourism destination, providing Tourism Australia with various online communications channels to not only engage with its consumer base on a conversational level but also to extend its 'word of mouth' advocacy of Australia as an international tourism destination, and capitalise on Tourism Australia's understanding that word of mouth is one of the most powerful forms of persuasion for consumers when making holiday decisions.

Tourism Australia has utilised various social media channels over the last two and a half years. Its engagement has been very successful to date.

Please see details below:

Facebook: Tourism Australia's Facebook page: www.facebook.com/australia has more than 440,000 fans globally. Tourism Australia uses the platform to start conversations among our fans, and let them tell others about why they love Australia. Tourism Australia posts polls, asks discussion questions, acknowledges great fan photos or videos and drives them to relevant campaign assets such as the *There's nothing like Australia* website. Fans are extremely vocal on the page and their comments are 99 per cent positive about Australia as a holiday destination. Fans share information and tips on travelling here.

Twitter: Tourism Australia has 7,000 followers. The agency uses this platform to circulate timely news and information about Australia to its global followers.

Visiting Opinion Leader Program: Tourism Australia also engages with influential, opinion-making international bloggers through its visiting opinion leaders program (VOLP). Leading international bloggers are brought to Australia and then share their experiences on their blogs, allowing Tourism Australia to reach the extensive online communities that follow their posts. For example, Tourism Australia supported a visit by New York fashion blogger the Sartorialist to Australia in 2009. He has since made two return trips to Australia with only small involvement by Tourism Australia and has written very positively about his experiences here. The Sartorialist blog receives over 7 million unique visitors each month – he is undoubtedly one of the most influential bloggers in the world and was named as such by *The Observer* in their 'Top 20 bloggers' list.

Question:

Tourism Australia has had \$20 million removed from its Budget. Where has that gone?

Answer:

This question refers to the change in Tourism Australia's budget from \$141.622 million in 2009-10 to \$122.920 million in 2010-11.

Tourism Australia brought forward \$9 million from 2010-11 to 2009-10 to assist the tourism industry during the Global Financial Crisis (GFC). In addition, the transfer of Tourism Research Australia into the Department of Resources, Energy and Tourism transferred \$4.064 million from Tourism Australia to the Department in 2009-10 and \$5.551 million in 2010-11.

Question:

What is the impact of changes in the consumer price index on Tourism Australia appropriations?

Answer:

For the 2010/11 budget, the impact of the consumer price index on Tourism Australia appropriations was an additional \$231,000.

Question:

In Additional Budget Estimates, Mr McEvoy said that the re-phasing of \$9 million in Tourism Australia funding would be invested in foreign exchange claims. Yet in the Tourism Australia Budget Statement, \$6.2 million has been stated as the effect of exchange rate movements on cash and cash equivalents at the beginning of reporting period. Can this be reconciled?

Answer:

The \$6.2 million figure relates to prior period (2007-08) foreign exchange gains. In 2008/09 a foreign exchange loss of \$13.1 million was realised and then supplemented back to Tourism Australia. In 2009-10 Tourism Australia will realise a gain of approximately \$12 million, which will be returned to Government as it was in 2007-08.

Question:

What assumptions were made in the budget about the exchange rate with the US dollar?

Answer:

For 2010/11, Tourism Australia based assumptions on United State's dollar exchange rates on AUD/USD = 0.9233.

Question:

How does this compare to the current exchange rate and future predictions of exchange rate movements?

Answer:

Tourism Australia does not speculate on exchange rates and does not hedge. The current rate (June 2010) for AUD/USD is 0.8267.

Question:

Where is the Department and Tourism Australia spending its funds overseas and how much is it spending in each area? In dollar and percentage terms.

Answer:

See table below. These figures relate to the global spend and includes marketing, employee, facility and support costs.

	2010/11	
	*Allocated expenditure	These figures relate to global spend including marketing, employee, facility and support costs.
	<i>Source: 2010/11 Preliminary Budget</i>	<i>% of Tourism Australia total expenditure</i>
North Asia	\$13,286,000	10.81%
South Asia	\$8,896,000	7.24%
Japan	\$6,990,000	5.69%
UK/Europe	\$17,206,000	14.00%
Americas	\$10,676,000	8.69%
New Zealand	\$2,427,000	1.97%

Question:

What portion of expenditure for each of the years above was/is planned to be spent on domestic marketing activities vs international marketing activities? Please also provide information on forward estimates.

Answer:

For 2009-10 the projected expenditure for domestic marketing is \$8.6 million (14 per cent of the global marketing allocation). For international marketing, projected expenditure is \$53 million (86 per cent of the global marketing allocation). The total global spend on marketing is projected to be \$61.6 million.

These figures are based on Tourism Australia's net appropriation.

Question:

Regarding the \$15.2 million reduction in Program 1.3 funding, what will Tourism Australia no longer do in 2010-11 that it did in 2009-10? Detail the specific details of the markets and marketing programs to be discontinued or reduced?

Answer:

Annual appropriation has reduced by 14.0 per cent (\$18.7 million) from \$141.6 million in 2009-10 to \$122.9 million in 2010-11. The funding for 2009-10 was adjusted from \$136.7 million to \$141.6 million to reflect:

1. \$9 million brought forward to 2009-10 to support tourism recovery out of short haul markets and domestic business travel.
2. \$4.2 million reduction as a result of partial cost transfer of Tourism Research Australia to the Department (since November 2009).

The 2010-11 budget is based on exchange rates issued in March 2010.

Employee expenses decreased by 10 per cent (\$2.7 million) as a result of partial transfer of Tourism Research Australia effective November 2009 (\$1.3 million) and effect of appreciation of the Australian dollar on overseas based staff salaries (overseas salaries represent 41 per cent of the total employee expenses). The total proposed Full Time Equivalent staff for 2010-11 is 205 and remains unchanged from 2009-10 (after transfer of Tourism Research Australia's 21 Full Time Equivalent staff).

Travel and Entertainment has been maintained at 2009-10 levels in local currencies resulting in a decrease of seven per cent (\$265,000) due to the appreciation of the Australian dollar.

Depreciation increased by 46 per cent (\$1.5 million) to account for capitalisation of major new assets commenced but not completed in 2009-10 as well as planned new

acquisitions in 2010-11 of \$4 million. New assets include the new brand campaign, campaign website and Aussie specialist website.

Support costs reflect a reduction of 10 per cent (\$1.2 million) derived mainly from improved foreign exchange rates as well as efficiency savings across the organisation in premises costs and corporate governance.

The total project budget allocation is down by 17 per cent (\$16.0 million). This is primarily made up of \$9 million additional funding taken up in 2009-10, \$2.4 million relating to campaign development in 2009-10 which will not be required in 2010-11, the impact of Tourism Research Australia related expenditure (\$0.6 million) and the appreciation of the Australian dollar (\$4 million).

Question:

At the Additional Estimates hearings in February, Mr McEvoy said Tourism Australia expected to make an additional \$9 million on currency gains in the 2010-11 financial year. Please update the committee on this forecast.

Answer:

Currency gains will be realised from the 2009-10 financial year due to the impact of the strength of the Australian dollar against major currencies. Due to the relative strength of the Australian dollar against major currencies, the additional buying power of the Australian dollar will make up for the loss of \$9 million. At this stage, no losses or gains are predicted for 2010-11 due to foreign exchange rates.

Question regarding the Tourism Australia Annual Report 2008-09, Page 57.

Question:

Was a map of North Korea shown on the original copy?

Answer:

Yes.

Question:

How many copies of the report were produced?

Answer:

500.

Question:

What was the cost of these copies?

Answer:

\$9,783.

Question:

How many copies were pulped as a result of the error?

Answer:

320 copies were tabled in accordance with parliamentary requirements and were corrected with tabling of an erratum on 31 May 2010. The remaining approximately 180 copies held by Tourism Australia and Tourism Australia regional offices were destroyed.

Question:

How many, and what, overseas offices of the Australian Government had a copy of the original annual report? How many have a reprinted copy?

Answer:

Only regional offices of Tourism Australia were given copies of the original annual report. Tourism Australia have not reprinted any copies. A revised version is obtainable online.

Question

No Leave, No Life

- I refer to the 'No Leave, No Life' campaign announced by the Minister on 4 December 2008.
- Has domestic tourism, measured by domestic visitor nights, increased since the No Leave, No Life campaign?
- Is there any tangible way the Department or Tourism Australia can say this campaign has been a success? Ie. any increases in yield or visitors?

Answer:

The *No Leave No Life* campaign was officially launched on 30 March 2009.

According to the National Visitor Survey (NVS) the number of domestic visitor nights has been absolutely flat since the launch of the No Leave No Life campaign – 0 per cent change.

2010 (year to 31 March 2010)
127,637

2009 (year to 31 March 2009)
127,244

Please note NVS data for the March quarter 2009 was the first full quarter to measure the impact of the No Leave No Life campaign following its launch on 4 December 2008.

Domestic visitor expenditure and numbers of trips indicate some success for the *No Leave No Life* campaign given the negative impact of the 2009 global financial crisis on the domestic holidays.

For the year ending 31 March 2010 to year ending 31 March 2009 domestic visitor expenditure has increased by three per cent and the number of domestic trips increased by seven per cent from -8 per cent to -1 per cent.

The domestic visitor nights performance above – 0 per cent change between 2010 and 2009 – indicates an end to the significant decline in domestic visitor nights of the previous year (year ending March 2009 to year ending March 2008: -11 per cent).

Roy Morgan Research's tracks Australia's annual leave liability in its Single Source Survey. At the official launch of *No Leave No Life* on 30 March 2009 the annual stockpile balance was 123 million days. This balance increased to a highpoint 126 million days in June 2009 but has since declined to 118 million annual leave days as at March 2010; the first decline in the annual stockpile balance in three years.

As at May 2010, 701 employer associations were registered on the *No Leave No Life* website (www.noleavenolife.com) representing approximately 842,800 employees nationally indicating strong support for the program from amongst the business community.