

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Resources, Energy and Tourism Portfolio

Budget Senate Estimates

31 May 2011

Question: BR12
Topic: Carbon Tax - Tourism
Proof Hansard Page: 31

Senators Bushby and Eggleston asked:

Senator BUSHBY: Mr McEvoy, in the discussions that you have had with industry, have they been with people who are actually at the coalface operating tourism?

Mr McEvoy: It is more just about getting an understanding of it and then, to your point, what the impacts will be. So, first, it is understanding and then, beyond that, the impacts. We will look forward to the report.

Ms Madden: Perhaps I can just clarify: that report commissioned by the resilience working group is about the economic impacts of climate change on the tourism industry. It is not specifically about a carbon tax; it is about economic impacts of climate change potentially on the tourism industry.

Senator EGGLESTON: But a carbon tax might well be part of that broader picture, I would have thought.

Senator Sherry: It would become part of the study for the purpose of the study.

Senator BUSHBY: Ms Madden, in that sense, they are being commissioned to look at the impacts of climate change. Is that on the assumption that it is unabated? What assumptions are built into what they are looking at? Are they looking at various scenarios of no action taken to try to mitigate carbon dioxide and similar gasses, or is it on the basis that there is action taken and the consequences then?

Ms Madden: I do not have the request for tender and the scope of the work in front of me, so I would have to take that on notice.

Senator EGGLESTON: Is it possible to have those terms on notice?

Ms Madden: Certainly.

Senator BUSHBY: Does it look at the consequences also of action taken to mitigate climate change?

Ms Madden: As I have said, I will take the detailed questions on this study on notice; thank you.

Senator BUSHBY: Thank you.

Answer:

Extracts from the Request for Tender documentation in relation to (1) Scope of Work and (2) Statement of Requirement are at **Attachment A**.

Department of Resources, Energy and Tourism Request for Tender - Economic modelling for the effects of Climate Change on Australia's tourism industry

Scope of requirement

- (a) The study will analyse the Australian tourism industry's vulnerability to climate change and undertake modelling of the economic impacts of climate change on the Australian tourism industry. This study will include:
- Identifying the key tourism activities that motivate domestic and international tourism within Australia and estimating the current economic contribution of each of these key tourism activities to the tourism GDP;
 - Estimating the gross value added (GVA) generated by nature based tourism activity in Australia that is attributable to the natural environment (in its current condition);
 - Identifying key climate change impacts that will have the greatest implications on these identified tourism activities;
 - Evaluating the key impacts of climate change (under different emission scenarios) on tourism demand and supply for these activities now, in 2030, 2050 and 2070;
 - Evaluating potential changes in tourism distribution and tourism activity substitution due to climate change; and
 - Estimating the economic costs on the tourism industry from key climate change impacts including environmental/asset degradation and increases in extreme weather events (storm surges, bush fires, floods, and cyclones).

The report will clearly outline the data and sources used and include in the modelling, assumptions made and why, and the limitations to the modelling. The report will be provided to the Industry Resilience Working Group in a format that can be easily disseminated to tourism industry stakeholders.

- (b) The Department's requirements are set out in more detail in Schedule 1.
- (c) Any contract entered into as a result of this RFT will be based on the Draft Form of Contract. However, the Department may vary the terms and conditions (see clause 29(a)).

Schedule 1 – Statement of Requirement

1. The Department, acting on behalf of the National Long Term Tourism Strategy's Industry Resilience Working Group, requires economic modelling to be undertaken on the impacts of climate change on the tourism industry.
2. In developing programs and policies to assist the tourism industry address its vulnerabilities to climate change, it is important that tourism stakeholders and policy makers understand the economic and business implications (e.g. insurance and risk planning), including benefits, climate change and adaptation measures will have on the environmental values.
3. The Department invites suitably qualified consultants/contractors to submit a tender to undertake research and modelling of the economic costs of climate change on the Australian tourism industry at both state and national levels. The Department is seeking a clear and concise report that can be easily disseminated to industry stakeholders through various communication methods.

4. The economic modelling and corresponding report on findings should provide analysis of the Australian tourism industry's vulnerability to climate change now, in 2030, 2050 and 2070, at business as usual levels, and low emission and high emission scenarios. This should include:
 - Identifying the key tourism activities that motivate domestic and international tourism in Australia and estimate the economic contribution each of these key tourism activities make to the tourism contribution to GDP.
 - Estimating the gross value added (GVA) generated by nature based tourism activity in Australia that is attributable to the natural environment (in its current condition);
 - Evaluating the key impacts of climate change (under different emission scenarios) on tourism demand and supply for these activities now, in 2030, 2050 and 2070;
 - Evaluating potential changes in tourism distribution and tourism activity substitution due to climate change; and
 - Estimate the economic costs on the industry from climate change impacts including environmental/asset degradation and increases in extreme weather events such as storm surges, bush fires, floods, and cyclones.
 - Estimate the economic costs on industry from consumer behaviour responses based on perception of the impact of travel on the environment.
 - A break down of economic costs of climate change of each state and territory and an overall national figure.
5. The tender proposal should clearly outline and define a set of possible modelling parameters. The Department is seeking a clear, realistic methodology to provide high level analysis of the overall Australian tourism industry.
6. The tender proposal should clearly outline: the data (and sources) that could be used; a reasonable modelling methodology; the assumptions that will be made and why; and foreseen limitations to the modelling.
7. Progress reports will be required on two occasions throughout the project timeline as determined by the Department. A period of 3 weeks shall be allowed for the final draft report to be considered by the Department and the Industry Resilience Working Group to provide comments.
8. The final report should be completed and signed off by the Industry Resilience Working Group no later than 20 January 2011.
9. The final report should be written with the intention that the information will be disseminated to industry stakeholders and policy makers. It should contain methodologies, major research used including data sets, assumptions and limitations, and findings and recommendations.
10. Below are tables relating to the expected deliverables and timeframes for the project. Tenderers are to indicate in their proposals in response to Attachment 5 (h) whether they can meet these timeframes or propose alternative timeframes.

	Deliverables	Milestone Date
1.	First report due. Draft analysis of the Australian tourism industry's vulnerabilities to climate change.	Tuesday 28 September 2010
2.	Progress Report	Friday 22 October 2010
3.	Draft Final report	Thursday 9 December 2010
4.	Final Report	Thursday January 20 2011

11. Below are the proposed performance criteria for each of the deliverables.

	Service/Deliverable	Performance Criteria
1.	First report due.	A comprehensive draft analysis of the Australian tourism industry's vulnerabilities to climate change, to the satisfaction of the Department
2.	Progress Report	A detailed progress report containing what data sets are being used to undertake the research and modelling, assumptions being made, limitations and what issues are being included and not included in the modelling.
3.	Draft Final report	A complete and comprehensive report on research and modelling of the economic costs of climate change on the Australian tourism industry.
4.	Final Report	The draft report with any changes made from the Department.