

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Resources, Energy and Tourism Portfolio

Supplementary Budget Estimates

19 October 2011

Question: SR14

Topic: Reduction of spending on Trade Events in India and China

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Senator Ronaldson asked:

Senator RONALDSON: Mr McEvoy, I understand that in a recent radio interview with Peter Ryan you talked about the importance of marketing to India, which brings me to the question asked by Senator Urquhart about your commitment to the Chinese market. Is it correct that the spend on trade events in both China and India was reduced over the 2009-10 and 2010-11 years from, in China's case, some \$440,000 down to \$357,000 and, in India's case, from \$430,000 down to \$203,000?

Mr McEvoy: I would have to look at the specific spend on trade events. But it is safe to say that we have actually increased our spending in both China and India over the last two financial years and plan to continue to put more resources into it. Regarding the way that money is spent I will take it on notice. We can give you

Senator RONALDSON: So you are suggesting there has been a gross increase?

Mr McEvoy: We are probably focused very much on the consumer, building "brand Australia", "reputation Australia" and the appeal of Australia. I would have to look specifically at that. I would actually be surprised, but I will take it on notice and we will come back with the detail.

Senator RONALDSON: How would you rate the importance of trade events in Australia versus overseas? Should one be given priority over the other?

Mr McEvoy: I think you have to do both. In the market we run these Aussie specialist programs to get the trade engaged. It is no good exciting a consumer if the travel agent or online seller or wholesaler cannot sell you a destination. So we have to do a lot of that. But I think the Australian based shows are terrific, too. The classic example is the Australian Tourism Exchange, where we get 600 or 700 international distributors to our country. So, apart from meeting 700 or so Australian suppliers, they physically go and look at the product, which I think is really important. Next year's Australian Tourism Exchange will be in Perth. When the operators come out from all around the world not only do they meet with the Australian suppliers from throughout the country but they will go and physically look at the Western Australian products. I think both are important.

Senator RONALDSON: Which is more important: the overseas paid events or the Australian ones?

Mr McEvoy: I think they are equally important. I know that sounds like sitting on the fence, but it is true.

Senator RONALDSON: There is not equal apportionment of money, though, is there?

Mr McEvoy: No, it would not be exactly equal.

Senator RONALDSON: No, exactly, because in 2010 you spent \$2.86 million on domestic trade events and then that jumped to \$4.832 million in 2010-11. So, there is quite a significant difference in the allocation of resources between the two. There is no equality, from what you were saying. If you look at those figures it is very heavily skewed towards the Australian trade events. Given the alleged importance of the Chinese market I cannot quite understand why you would slash the trade events there.

Senator Sherry: You said "alleged importance". I think the evidence shows very strongly just how important the Chinese market is and indeed a number of other markets.

Senator RONALDSON: Let's wait and see what the figures are and we can make a judgment on it.

Senator Sherry: We know the figures on China and I am sure Mr McEvoy can give them to you.

Senator RONALDSON: Mr McEvoy cannot provide them.

Mr McEvoy: I can provide them. We will provide them. But I think there are also some vagaries in those statistics in that it is equally important to bring the trade to Australia to see the product for themselves. There are shows within that. I will give you the detail of it. For example, there is a show, Corroboree, which one year will be held up in market and another year will be held in Australia. So, we are actually taking the Australian product to the market and in other years we bring the distributors to Australia. The other one of those figures I would argue with is that we run a big business events show called Dreamtime. That happens every two years, and I would say that is in the numbers, as well. But we will provide the details.

Answer:

Yes, it is correct that the spend on trade events in both China and India was reduced over the 2009-10 and 2010-11 years from \$440,000 to \$357,000 in China and from \$430,000 to \$203,000 in India. However, Trade Events is just one element of marketing spend, and overall marketing expenditure has increased for both China and India from 2009/10 to 2011/12.

For China, overall marketing spend is as follows:

2009/10: \$4.9 million

2010/11: \$6.2 million

2011/12 allocated: \$12.9 million

For India, overall marketing spend is as follows:

2009/10: \$1.6 million

2010/11: \$2.3 million

2011/12 allocated: \$2.9 million

In recognition of the important growth opportunities presented by the China and India markets, Tourism Australia developed a long term strategic plan for China. The development of a long term strategic plan for India is also underway.