

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Resources, Energy and Tourism Portfolio
Supplementary Budget Estimates
19 October 2011

Question: SR25
Topic: Tourism – Carbon Tax
Proof Hansard Page: Written

Senator BUSHBY asked:

Carbon Tax - Has Tourism Research Australia been asked to model the impact of the carbon tax on the tourism sector? At the last estimates Senator Eggleston asked TRA:

Senator EGGLESTON: Has Tourism Research Australia been asked to model the impacts of a carbon tax on the tourism industry?

Ms Madden: No, it has not. Some of the work, though, by the resilience working group, under the National Long-Term Tourism Strategy, looks at climate change and possible impacts. That work has not been finalised yet. It was awarded to an economic consultancy, Frontier Economics, through a competitive tendering process. When that work is finalised, it will be forwarded through to the ministerial council. It is our intention to publish the research on the website in due course.

1. Has Tourism Research Australia been asked by the Minister to do any modelling on the effects of the carbon tax?
2. At the last estimates Ms Madden said that the resilience working group was doing some work on the carbon tax via a consultancy with Frontier Economics.
3. How much was Frontier Economics awarded to undertake the research?
4. Will Frontier economics be talking to anyone in industry?
5. Where is it up to?
6. When will it be available?
7. Did the contract that was awarded to Frontier Economics go to tender?
8. If so,
 - (a) on what basis was it awarded (eg, lowest price, quality of previous work)?
 - (b) who else pitched for this work, and what did they quote?

Answer:

1. No. TRA has not undertaken any specific research into the net impacts on tourism from the introduction of the carbon tax in Australia.
2. At the last Senate Estimates hearing Ms Madden stated that the Frontier Economics report “commissioned by the Industry Resilience Working Group is about the economic impacts of climate change on the tourism industry”.

The project was to undertake economic modelling of the potential impacts of climate change on Australia’s holiday tourism industry. It was not intended to provide specific analysis of the potential impacts of carbon pricing on Australia’s holiday tourism industry.

3. \$144,870 (incl. GST).
4. The contract did not require industry consultation. It is possible that the contractor may have consulted with others active in economic modelling as the modelling utilised in this project is relatively new. However, that would not have extended to consultation on tourism matters.
5. The draft Frontier Economics Report was received by the Department on 10 February 2011; the final report was received in March 2011. The final report was circulated to Tourism Ministers on 23 September 2011 ahead of the Tourism Ministers Meeting (TMM) on 14 October 2011.
6. A public release is not planned at this stage.
7. Yes.
8. (a) Frontier provided the best value for money with a strong methodology, skilled and experienced staff and a timeline that met the project deadlines set out in the RFT. Specific selection criteria were:
 - demonstrated understanding and evidence of the tenderer to met the Statement of Requirements;
 - skill, experience and past performance of tendering organisation;
 - skill, experience and past performance of the tenderers specified personnel;
 - ability to meet project deadlines;
 - availability and allocation of personnel to provide services; and
 - capacity to provide the goods and services over the required period.
- (b) See table below

| Proponent | Price (incl GST) |
|------------------------------------|------------------|
| Access Economics Pty Ltd | \$184,000 |
| AECOM Australia Pty Ltd | \$273,864 |
| Centre for International Economics | \$241,725 |
| Manidis Roberts Pty Ltd | \$548,062 |
| Pricewaterhouse Coopers | \$229,257 |
| SGS Economics and Planning | \$175,349 |