

**Senate Standing Committee on Economics****ANSWERS TO QUESTIONS ON NOTICE**

Resources, Energy and Tourism Portfolio

Supplementary Budget Estimates

19 October 2011

**Question:** SR27  
**Topic:** Marketing to India  
**Proof Hansard Page:** Written

**Senator Bushby asked:**

1. According to Tourism Research Australia, by 2030 inbound growth in Australia is likely to be dominated by visitors from China and India. Is this true?
2. TRA has forecast the value of the China and India source markets will grow from \$2.2 billion in 2007 to \$14 billion in 2030. Is this true?
3. Mr McEvoy, in a Radio interview with Peter Ryan you talked of the importance of marketing to India to improve relations since the race riots in Melbourne several years ago now. Yet, in a response to a question in Additional Estimates in February 2011, it appears that the spend on Trade Events in both China and India (key markets) was reduced over the 09/10 and 10/11 financial years:

| <b>Market</b> | <b>2009/10<br/>(AU\$)</b> | <b>2010/11<br/>(AU\$)</b> |
|---------------|---------------------------|---------------------------|
| China         | 440,000                   | 357,000                   |
| India         | 430,000                   | 203,000                   |

First, with respect to India:

- (a) what was the thinking behind our decision to reduce marketing to a key target market at a time when many people would argue we should have been investing more?
  - (b) Who made this decision was it the Minister or Tourism Australia?
  - (c) Was the boost in marketing spend in Australia geared towards reaching Indian market-focused stakeholders. For example, did the megafamil (to familiarise stakeholders with our market by hosting stakeholders here in Australia) include many Indian travel agents and others focused on the Indian market?
4. Turning now to China, and concerning Tourism Australias capacity within its current funding for effective marketing efforts in China; we saw at the Tourism Directions Conference last week that there is a huge diversity within Chinese markets that all need attention. If Tourism Australia is to do this, in what the government and everyone else is saying is the most significant market for potential growth, then with their current funding they are limited in what they can achieve, in spite of their best efforts?
  5. Spending on trade events held here in Australia appears to have jumped from \$2,860,000 to \$4,832,000. Can you provide a breakdown of activities to account for this increased spend.

**Answer:**

1. Over the period to 2020, inbound growth in Australia is forecast to be dominated by visitors from China and India.

According to the Tourism Forecasting Committee, between 2010 and 2020, China and India are expected to have the highest average annual growth (7.8% and 8% respectively) in visitor arrivals of all inbound markets. China (505,000 visitors) and India (162,000 visitors) are expected to contribute 30% (666,000 visitors) of the forecast 2.2 million increase in international visitors to Australia between 2010 and 2020. Forecasts to 2030 are not available.

Work carried out on the 2020 Tourism Industry Potential suggests that China will remain the highest value market, estimated to be worth as much as \$9 billion by 2020. India is estimated to be worth as much as \$2.3 billion by 2020, and is considered an important growth market. The 2020 Tourism Industry Potential suggests that the eleven top markets, listed in order of worth by 2020 will be: China, UK, USA, South Korea, New Zealand, Japan, Singapore, India, Malaysia, Germany and Italy.

2. Forecasts of Total Inbound Economic Value prepared by the Tourism Forecasting Committee for the period to 2020 indicate that in real terms, the combined value of the China (\$2.1 billion) and India (\$0.6 million) markets was \$2.6 billion in 2007 and by 2020, China (\$6.3 billion) and India (\$1.6 billion) are forecast to contribute \$8 billion in TIEV. Forecasts to 2030 are not available.

Work carried out on the 2020 Tourism Industry Potential suggests that China could be worth as much as \$9 billion in overnight nominal spend, and India \$2.3 billion by 2020.

- 3(a) The higher costs in the 2009/10 India trade events budget reflect both the higher number of participants, and the cost of flying the participants to Australia to the India Mega Famil held in 2009/10. The India Mega Famil was a one off event held at the Gold Coast in August 2009 and was attended by 98 buyers and 70 sellers. In 2010, the India Travel Mission connected 37 Australian companies with 67 Indian agents in Hyderabad and cost less than the India Mega Famil. The higher costs in 2009/10 India Trade Events budget also reflect the exchange rate and the lower buying power of the Australian dollar at this point in time.

As above, it should be noted that trade events is just one element of marketing spend. Overall marketing expenditure has increased for India from 2009/10 to 2011/12.

For India, overall marketing spend is as follows:

2009/10: \$1.6 million

2010/11: \$2.3 million

2011/12 allocated: \$2.9 million

- 3(b) Tourism Australia allocates marketing budget during the annual operating planning process.

- 3(c) As above, the higher costs in the 2009/10 India trade events budget reflect both the higher number of participants, and the cost of flying the participants to Australia to the India Mega Famil held in 2009/10 compared with the India Travel Mission held in 2011/12. The India Mega Famil was a one off event held at the Gold Coast in August 2009 and was attended by 98 buyers and 70 sellers. In 2010, the India Travel Mission connected 37 Australian companies with 67 Indian agents in Hyderabad. The higher costs in 2009/10 India Trade Events budget also reflect the exchange rate and the lower buying power of the Australian dollar at this point in time.
4. Tourism Australia recognises the growth potential of the China market, and has allocated approximately \$12.9 million to marketing activities in China in 2011/12. Tourism Australia has also developed a long term strategy, the 2020 China Strategic Plan, to capitalise on the growth of the China market. As part of the forward budgeting process, Tourism Australia plans to allocate greater marketing dollars to the priority growth markets.
5. In 2010/11, Tourism Australia spent \$3.75 million on trade events in the domestic market, an increase of \$890,000 from the \$2.86 million expenditure in the previous year. The increased cost in 2010/11 is partly due to the centralisation of lower tier market budgets from out of the Sydney office. Increased buyer and seller participation at ATE 2011 in Sydney also increased domestic trade marketing costs from the previous year. Venue hire for this event was also more costly than the previous year.