

## **AUSTRALIAN TOURISM EXPORT COUNCIL (ATEC).**

### **SUBMISSION TO THE SENATE ECONOMICS LEGISLATION**

### **COMMITTEE ON THE TOURISM AUSTRALIA BILL 2004.**

#### **Introduction.**

The Australian Tourism Export Council (ATEC) is the national industry association for the \$17 billion tourism export sector. It comprises inbound tour operators, product suppliers to the tourism export sector, online distributors and providers of services to the tourism export sector. ATEC welcomes the opportunity provided by the Senate Economics Legislation Committee to comment on the *Tourism Australia Bill, 2004*.

ATEC has been closely involved in the development of the Government's White Paper on tourism. It continues this involvement both formally, through an Industry Implementation Advisory Group (IIAG) set up by Minister Hockey, and informally through meeting and consultations with relevant Commonwealth Government agencies and departments.

ATEC strongly endorses both the consultation process pursued by the Government in developing the White Paper and the policy outcomes contained within it. It is also very supportive of the arrangements that the Government has put in place to expedite the significant restructuring of Commonwealth agencies and departments that play a role in the development of the tourism sector; and for implementing the policy positions contained within the White Paper.

#### ***The Tourism Australia Bill, 2004.***

ATEC considers that the Bill introduced into the House of Representatives by the Minister for Small Business and Tourism, the Hon Joe Hockey, MP, on 1 April 2004 provides a good balance of the particular interests that comprise the Australian tourism sector.

The Bill sets clear **Objects** for the new entity, Tourism Australia. These Objects establish achievable directions for Tourism Australia with regard to the economic, social and environment outcomes to be achieved. In particular the Objects require

Tourism Australia to balance the growth in numbers of tourists against an increase in yield. Such an approach has not only economic benefits in terms of efficiency of infrastructure usage, but also works to mitigate any sub-optimal outcomes that may otherwise be apparent in terms of environmental and social impacts. ATEC supports the Objects as they are currently drafted.

The **Functions** outlined in the Bill appear to be congruent with the Objects.

The **Powers** contained within the Bill for Tourism Australia are consistent with those needed to achieve the Objects and Functions and do not appear to impinge on tourism's private sector interests.

ATEC notes that through **Clause 8, sub-clause (3)** of the Bill, Tourism Australia is not granted the power to act as a travel agent. This constraint on Tourism Australia is fully supported by ATEC. It would not be in the interest of Australian export tourism businesses to have Tourism Australia competing with them in the market place, unless:

- there is clear evidence of market failure;
- the tourism export sector has sought Government intervention to correct such market failure; and,
- the benefits of correcting the market failure exceed the costs.

It is ATEC's assessment that none of these conditions currently apply and nor are they likely to do so in the foreseeable future.

ATEC considers that the term "travel agent" needs to be defined in the legislation in its broadest, generic, sense. Tourism Australia, as a general principle, should not operate in the market place in competition with the export tourism private sector. Competition with the private sector could occur in a number of ways. For example: the provision of an "online booking" facility on any website owned by Tourism Australia that generates a fee from an exclusive commercial arrangement, or alternatively, generates a commission to Tourism Australia, needs to be captured by this provision. This does not include non-exclusive commercial arrangements.

Similarly, the provision needs to constrain Tourism Australia from acting as either a tour wholesaler or an inbound operator in competition with the private sector.

ATEC is supportive of the proposals for the **structure and membership of the Board of Directors** of Tourism Australia and endorses the establishment of a set of qualifications for appointment to the Board (**Clause 14**).

ATEC fully endorses the provisions of **Clause 28** of the Bill that provides the Board with the powers to establish **advisory panels** to assist with the performance of Tourism Australia's functions. In particular, and because the new entity, Tourism Australia, will be a far more complex organization than those it replaces, this provision provides a level of comfort to the tourism export sector that it will not be swamped by domestic tourism, research, forecasting or other interests.

The success of its predecessor, the Australian Tourist Commission (ATC), in terms of the international promotion of Australia as a competitive, quality destination was linked to the ATC's "one dimensional focus" on tourism exports. This focus ensured that tourism exports were driven in partnership with the tourism export sector without the efforts being diluted by other matters. Clause 28 clearly identifies the expectation that tourism exports, and the tourism export sector, will have a special and ongoing relationship with the Board of Tourism Australia.

With regard to the provisions relating to **Corporate Planning and Accountability**, ATEC notes that **Clause 33 (4) (a)** requires the Board to consult with anyone concerned with tourism that the Board considers appropriate. ATEC endorses this provision as one that will ensure greater alignment of industry and Tourism Australia initiatives.

However, ATEC also notes that there is no provision covering whether the Corporate Plan will be a **publicly available document**. It is ATEC's view that the Corporate Plan needs to be available publicly to facilitate greater industry understanding of the strategies to be pursued by Tourism Australia over the planning period, and to ensure optimum alignment of industry and Tourism Australia initiatives.

\*\*\*\*\*

Australian Tourism Export Council, April 2004.