



AUSTRALIA IN  
THE ASIAN CENTURY:  
VISITOR ECONOMY  
REPORT CARD

AUSTRALIA'S TOURISM LEADERS RATE OUR PROGRESS  
MARCH 2014

# AUSTRALIA IN THE ASIAN CENTURY

## Australia's tourism leaders rate our progress

Manufacturing is declining. The mining investment boom is waning. Which industries will deliver prosperity and jobs into the future?

Against the backdrop of an economy in transition, tourism continues to emerge as one of the foundations of Australia's future prosperity.

Indeed, tourism has been identified as one of five super-growth sectors with the potential to collectively add \$250 billion to the Australian economy over the next 20 years<sup>1</sup>.

To achieve this potential, Australian tourism must maximise our engagement with and visitation from Asia.

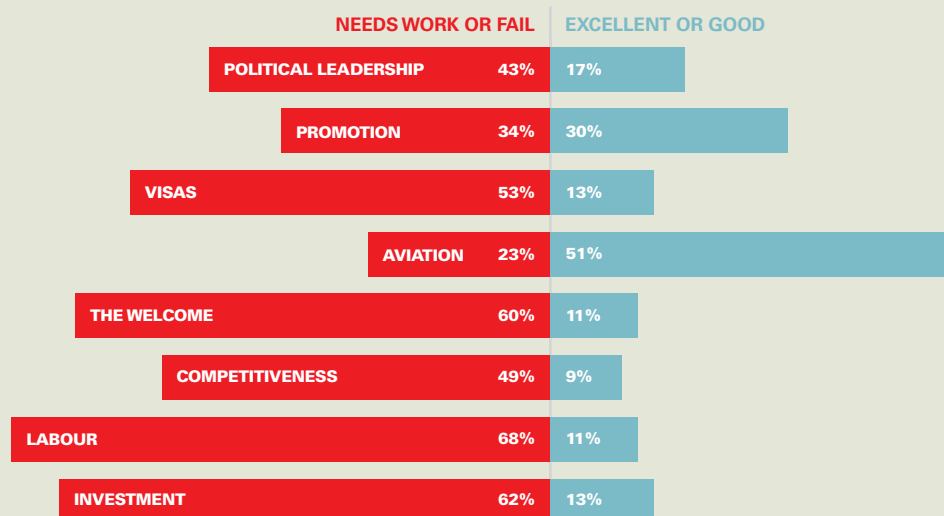
## So, how are we faring?

The Tourism & Transport Forum (TTF) surveyed tourism industry leaders to rate Australia's current efforts to capitalise on the growth of outbound travel from Asia. That feedback provides a report card on Australia's Asian Century efforts and a roadmap for the new government.



Image: Currumbin Wildlife Sanctuary, Gold Coast, QLD.  
Copyright Tourism Australia. Photographer: Ellenor Argyropoulos

**FIGURE 1. AUSTRALIA IN THE ASIAN CENTURY: VISITOR ECONOMY REPORT CARD**



Source: Tourism & Transport Forum, *Survey of tourism executives*, October 2013

## Asia is vital: the survey revealed the significant and growing importance of Asian markets to tourism businesses in Australia

### The importance of Asia to tourism businesses has grown

2/3 of tourism operators said the share of business from Asian source markets has increased over the last two years

### There is lots of opportunity for growth

Half of tourism operators reported that Asian markets account for less than 10% of their business

### Businesses are expecting Asia to become more important

All tourism operators said Asian markets would become more important to their business in the coming two years, with 1/3 saying they would become significantly more important

<sup>1</sup> Deloitte, 2013, *Positioning for prosperity? Catching the next wave*

# VISITOR ECONOMY REPORT CARD

“Tourism holds massive potential and investment needs to be increased dramatically if we are to hold or grow market share in Asia.”

## POLITICAL LEADERSHIP

**More work needed** – Not sufficient prominence within government, especially given the economy is in transition. Focus and commitment is required to capitalise on the potential of Asian tourism to deliver future economic prosperity, jobs and business opportunities for Australia.

### What needs to be done?

- Use every opportunity to position and promote tourism as an economic development strategy for Australia
- Ensure government policy settings are focused on taking advantage of the Asian travelling ‘people boom’

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## PROMOTION

**Good but with more potential** – Tourism Australia is a world leader among national tourism bodies and is responding aggressively to opportunities and innovating in its marketing delivery. If tourism is to deliver increased economic activity and jobs, the government must invest in tourism marketing, but funding for Tourism Australia has decreased in real terms over the last decade.

### What needs to be done?

- Increase funding for Tourism Australia in the 2014-2015 federal budget to match peak allocation in real terms
- Commit to additional targeted investment for Asian markets beyond 2015-16 when the Asia Marketing Fund expires

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“Streamlined planning and consent processes are needed for there to be investment in new and refreshed product to replace existing tired offering and respond to growth.”

## VISAS

**Falling behind** – Some progress is being made to simplify visa applications and move to online processing for all countries, and pre-election promises around extended multiple-entry visas and pay-for-service premium visitor visas were welcome.

However, other competitor countries have identified streamlined visitor visa arrangements as a key competitive advantage and are responding faster than Australia.

### What needs to be done?

- Rapid implementation of online visitor visa processing, prioritising Asia
- Extend visitor visas to 36 months to facilitate multiple trips, improving Australia’s competitiveness while reducing processing costs
- Introduce a user-pays premium visitor visa processing model to provide a faster option for passengers willing to pay, including preferred customs and immigration clearance on arrival
- Produce visitor visa forms in other languages to better service identified key visitor source markets, prioritising Asia
- Implement joint visitor visa processing with New Zealand for the 2015 ICC Cricket World Cup to maximise visitation from India
- Examine a more equitable fee structure for visas addressing the current inequities in visitor visa costs between Australia’s traditional and emerging source markets (for example, \$20 for a visitor from the UK versus \$130 for a visitor from China or Indonesia)

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## AVIATION

**Good but work to do** – Increased aviation capacity in recent years has facilitated increased inbound visitation. But if Australia is to fully harness the tourism opportunity resulting from the growth of Asian economies, it needs to address the potential capacity constraints at gateway airports.

### What needs to be done?

- Ensure new air services agreements maintain available airline capacity ahead of demand, prioritising key Asian growth markets
- Commit to a commonsense approach to the management of the operational restrictions at Australian airports, including Sydney, Brisbane and Adelaide
- Select Badgerys Creek as site for a secondary airport in Sydney, and promote and foster additional ports of entry to Australia

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“The emphasis on China is strong and must continue, but more attention is needed for other Asian markets including India and Indonesia.”

“Opportunities to improve the visitor experience upon arrival are massive – signage needed, digital solutions and simply more people!”

## THE WELCOME

**Poor** – Australian government border agencies provide the welcome and farewell to visitors from Asia. While the investment plans at Australian airports are impressive, the entire passenger experience must be examined and improved.

### What needs to be done?

- Become a world leader in border processing – use technology to reduce the level of interaction between legitimate travellers and our border agents
- Bolster border agency staffing levels and the skills needed to meet the different requirements and expectations of travellers from Asia
- Respond to needs of travellers from Asia with investment in translation and language support, with dynamic digital multilingual signage, interpreters and forms available in a range of Asian languages

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## COMPETITIVENESS

**Stop taxing tourism!** The government’s freeze on the passenger movement charge is welcome, but the tax remains the second highest departure tax among developed countries and the highest for short-haul visitors, including some from key target markets in Asia.

### What needs to be done?

- Ensure tourism taxes, especially the passenger movement charge, are included in the government’s comprehensive tax review and that these are brought down
- Reduce charges associated with visitor, student and holiday maker visas in light of significant increases in the past few years
- Privatised the Tourist Refund Scheme (TRS) to improve customer service, boost visitor spending and allow the Customs and Border Protection Service to focus on its core business

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“Government must recognise the nature of the hospitality and tourism industries and commit to extending hours and resources to embrace a 24-hour economy.”

## LABOUR

**Poor** – Labour is a key challenge for tourism and hospitality businesses. Sourcing appropriately skilled staff is an issue, especially in regional areas, while penalty rates make it uneconomic for some businesses to open on Sundays and public holidays.

### What needs to be done?

- Review the Fair Work Act to provide workplace flexibility that recognises the 24/7 nature of the tourism industry
- Expand the working holiday maker scheme to allow more visitors from a greater number of Asian countries to develop closer ties and address the urgent shortage of staff with high-level Asian cultural and language skills in tourism and hospitality:
  - increase the caps for Work and Holiday (class 462) visas to a minimum of 1000 places
  - extend the eligibility for a second year Working Holiday (class 417) visa to those who work in regional tourism
  - start negotiations for working holiday maker agreements with China, India and the Philippines and progress current discussions with Vietnam

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## INVESTMENT

**Falling behind** – Australia’s tourism product and experiences are not keeping pace with regional competitors and visitor expectations.

### What needs to be done?

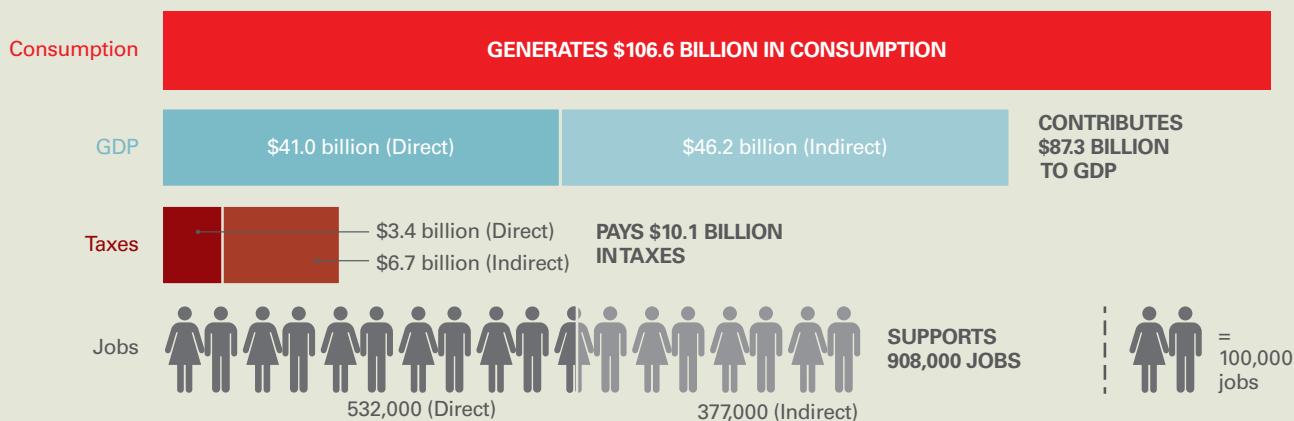
- Invest public funds in critical tourism infrastructure, which will foster private sector investment resulting in new and refreshed tourism products and experiences
- Streamline and simplify planning and consent processes
- Reform capital works and depreciation regimes to facilitate hotel investment and refurbishment
- Reverse the decision to double taxes on managed investment trusts

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# THE VISITOR ECONOMY IS CRITICAL

<b>\$106.6 billion</b>	Tourism consumption in Australia
<b>\$87.3 billion</b>	Tourism's contribution to Australian gross domestic product (GDP), including \$41.0 billion in direct GDP and another \$46.2 billion in flow-on indirect GDP, a 5.9% share of the Australian economy
<b>908,000</b>	Jobs supported by visitor expenditure, including 532,000 jobs directly in the tourism industry, and another 377,000 in other related industries, representing one in every 12 jobs across the country
<b>\$10.1 billion</b>	Tax revenue generated by visitor expenditure for federal, state and local governments
<b>\$1176</b>	Every household would pay \$1176 more in taxes without the tax revenue generated by tourism
<b>\$243 million</b>	Daily spending by resident and international visitors in Australia

**FIGURE 2. AUSTRALIAN VISITOR ECONOMY IMPACT**



Source: Australian Bureau of Statistics, *Australian Tourism Satellite Account, 2011-12* and Tourism Research Australia, *Tourism's Contribution to the Australian Economy, 1997-98 to 2011-12*

## Australia's tourism ambition

The Australian government, with all the states and territories, has endorsed an aggressive tourism target as part of the Tourism 2020 Strategy. Very strong growth in Asian visitor spending, the fastest growing segment of Australia's visitor economy, underpins the target of doubling nominal overnight visitor spending from \$70 billion in 2009 to \$140 billion by 2020.

Australia has made great progress but we are not yet on track to achieve this growth target. Further action is needed to maximise the opportunity.



Image: Great Walks of Australia – The Great Ocean Walk by Bothfeet. Copyright Bothfeet. Photographer: Kate Morris Photography

"Australia is not alone in recognising the potential of the Asian Century. It is critical that we don't lose the competitive advantage of our proximity to Asia through complacency."

# The Asian Century Opportunity

Australia is ideally positioned to benefit from the massive increase in Asian outbound travel. This opportunity comes on top of what has already been a strong contribution to the Australian economy over the last decade.

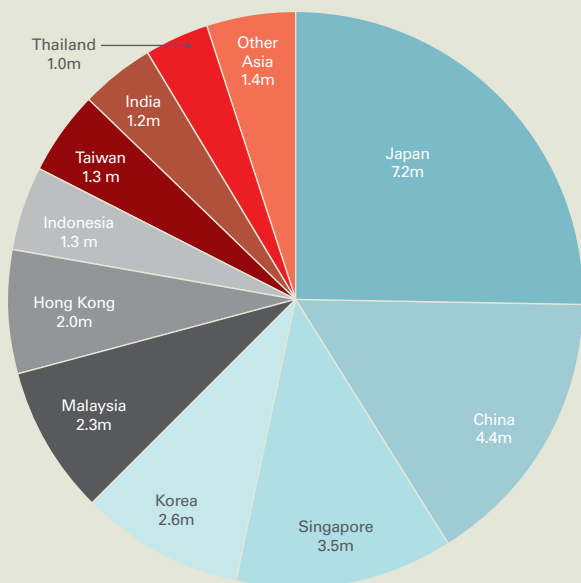
Since the start of the century, there have been more than 28 million Asian visitors to Australia for holidays, to visit friends and relatives, to study, for business or for temporary employment.

Export earnings from Asia have grown significantly, from 40% of all tourism exports in FY 2000 to 48% in FY 2013. While China has seen the most striking growth over the period, there has also been significant growth from a number of other Asian markets, including India, Indonesia, Malaysia and Korea.

Looking ahead to 2020, the key role of Asia in export earnings is clear. The latest Tourism Forecast released in October 2013 by Tourism Research Australia expects Asian markets to account for two thirds of the more than \$10 billion increase in tourism export earnings in the decade ahead.

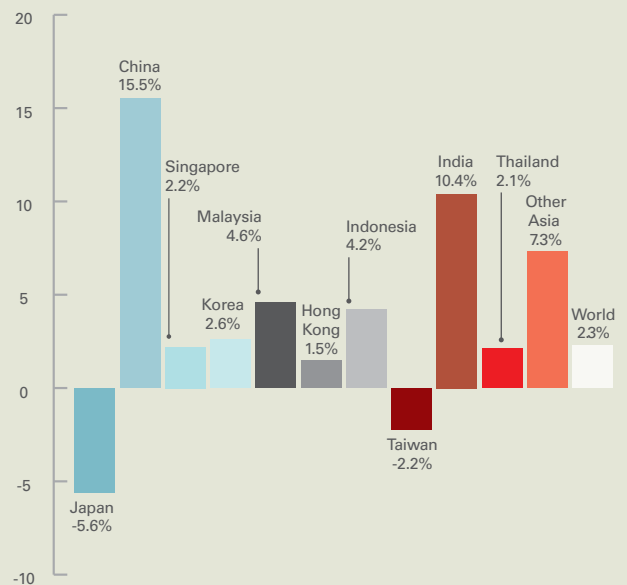
**FIGURE 3. VISITATION FROM ASIA SINCE 2000**

**VISITORS FROM ASIAN MARKETS, FY 2000-2013**



Source: Tourism Research Australia, International Visitor Survey. Note: All visitors, 15+ years

**ANNUAL AVERAGE GROWTH, FY 2000-2013**



## Tourism & Transport Forum

The Tourism & Transport Forum (TTF) is the peak national advocacy body for the tourism, transport and aviation sectors. It is a CEO forum representing the interests of 200 leading Australian institutions and corporations in the private and public sectors.

TTF uses its experience and networks to influence public policy outcomes and business practices, and to assist the delivery of major tourism, aviation and transport-related infrastructure projects. Our members' interests include tourism, accommodation, major events, aviation, land and maritime transport, investment, property development, finance, retail, hospitality and education.



Cover Image: QLD; Whitsundays. Copyright Tourism Australia. Photographer: Tom Keating.

**FOR MORE INFORMATION PLEASE CONTACT:**

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