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by

John Wilkinson

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1. INTRODUCTION

After the attacks on the Twin Towers in New York, on 11 September 2001, the tourism industry appeared to be faced with a downturn in its operations. Momentarily travellers became wary of journeys by air and the number of overseas visitors to Australia declined from 4.93 million in 2000 to 4.74 million in 2003.[1] In response to this, the federal minister for tourism (Joe Hockey) released a white paper entitled *A Medium to Long Term Strategy for Tourism*. This paper laid the basis for the Howard government's obtaining passage of the *Tourism Australia Act 2004* which combined the three previously existing national tourism bodies – the Australian Tourist Commission, See Australia and the Bureau of Tourism Research – into Tourism Australia. Several hundred million dollars of new funding have been allocated to revive the tourist industry since 11 September 2001.

This paper sets out to look at the developments that have taken place in Australian tourism, and the prospects for the industry during the remainder of the decade.

2. HOW MUCH IS TOURISM WORTH TO AUSTRALIA?

(a) Traditional Estimates

Recently the extent of the worth of tourism, to the Australian economy, has been called into question by the Productivity Commission. The commission's estimates will be dealt with in the fourth part of this section. Traditionally tourism's contribution to gross domestic product has been estimated at between 4% and 5%. Access Economics, in the early part of this century, estimated the contribution of tourism as follows:

Tourism's Direct and Indirect Contribution to Australian GDP: 2000-2001[2]

Tourism's Direct Contribution to Australian GDP	4.3% ($26.3 billion)
Tourism's Indirect Contribution to Australian GDP	4.4% ($26.8 billion)

(b) Number of Enterprises Involved in Tourism

In 2004 a report by the Australian government, prepared for the OECD, estimated the number of firms, directly and indirectly involved, in the tourism industry (in the late 1990s) as follows:

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[1] See Australian Bureau of Statistics, *Overseas Arrivals and Departures*, ABS Catalogue 3401.0 (Australian Bureau of Statistics, Canberra).

[2] Access Economics, *The Economic Value of Tourism for Australia: A Post-September 11 2001 Stock-Take and Analysis* (Access Economics, Canberra, 2002), pp.7-8.

Number of Firms Specifically Involved in the Tourism Industry in Australia: 1998[3]

Type of Firm	Number of Firms
Cafes and Restaurants	21,493
Take Away Food Retailing	18,427
Accommodation	9,158
Travel Agency and Tour Operator Services	5,346
Taxi Transport	2,472
Air and Water Transport	2,168
Motor Vehicle Hiring	990
TOTAL	60,054

Number of Firms with Tourism Associated Activity in Australia: 1998[4]

Type of Firm	Number of Firms
Transport Equipment and other Manufacturing	58,312
Other Retail Trade	32,156
Other Road Transport	27,883
Education	22,410
Other Entertainment Services	15,474
Clubs, Pubs, Taverns and Bars	10,018
Automotive Fuel Retailing	8,010
Libraries, Museums and the Arts	5,715
Food and Beverage Manufacturing	5,061
Ownership of Dwellings	3,865
Casinos and other Gambling Services	2,709
Rail Transport	1,806
TOTAL	293,419

(c)   Number of People, and Category of People, Employed in Tourism

The same report by the Australian government for the OECD, referred to above, outlined the number of people employed in tourism – and the number of people in the various categories of employment in the industry – as follows:

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[3] Australian Government, *Knowledge Intensive Service Activities in the Tourism Industry in Australia*, report prepared for the OECD Knowledge Intensive Service Activities Project (Australian Government, Canberra, 2004), p.15.

[4] Ibid., p.16.

Employed People in Tourism, by Main Industry Sub-Divisions: 2002-2003[5]

Industry Sub-Division	Number of People Employed
Accommodation, Cafes and Restaurants	175,300
Retail Trade	140,400
Transport and Storage	84,600
Manufacturing	45,800
Cultural and Recreational Services	28,500
Education	24,500
Total in Identified Sub-Divisions	499,300
Total in Various other Tourism Activities	41,500
TOTAL OVERALL	540,700

Occupational Structure of Employment in the Tourism Industry: 2002-2003[6]

Occupation	Number Employed in Tourism
Intermediate Clerical, Sales and Service Workers	107,900
Associate Professionals	86,400
Elementary Clerical, Sales and Service Workers	83,800
Intermediate Production and Transport Workers	53,600
Labourers and Related Workers	52,000
Tradespersons	47,100
Professionals	46,500
Managers and Administrators	21,400
Advanced Clerical and Service Workers	11,700
TOTAL	510,400

(d)   Queries Raised by the Productivity Commission

While not questioning the substantial contribution of tourism to Australian GDP, the Productivity Commission (PC) has recently raised some queries as to the extent of that contribution. In the late 1990s the Australian Bureau of Statistics began to produce a survey dedicated purely to tourism. This was termed the Tourism Satellite Account (TSA) and was created specifically to measure the contribution of tourism to the Australian economy. However, as the Productivity Commission has recently pointed out,

> the [method of] approach adopted [in the Tourism Satellite Account] results in the inclusion of many items as tourism output that are far removed from tourism. . .For example. . .If a resident of a country town travels to a regional centre to purchase a motor car, the trip is counted as tourism. . .Many foreign students studying in Australia are classed as tourists. . .When sales representatives on country business

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[5] Ibid., p.18.

[6] Ibid., p.18. Chefs are classified as associate professionals.

refuel their cars, the value of the petrol is recorded as tourism output. . .the approach taken [in the Tourism Satellite Account]. . .results in some production, for which there is not a *direct* relationship between the supplying business and the tourist, being counted as tourism industry output. Specifically, if a tourist is deemed to purchase a good, the item's total value added from. . .the production-of-the-finished-good stage onwards is included in tourism GVA [Gross Value Added]. [7]

As a means of addressing these perceived issues, in the estimation of the value of tourism, the Commission has suggested two measures:

- Exclusion of upstream value added

- Exclusion of production related to consumption by visitors *not* engaged in tourism[8]

On this basis, the Commission's adjusted estimates of tourism's contribution to Australian gross domestic product are as follows:

TSA v. PC Estimates of Tourism's Contribution to Australian GDP: 2001-2002[9]

Tourism Satellite Account Estimate	$30.8 billion (4.5% of GDP)
Productivity Commission Estimate	$22.6 billion (3.2% of GDP)

3.   STRUCTURE OF THE INDUSTRY

(a)   Domestic Tourism

Domestic tourism, while forming by far the greatest proportion of total Australian tourism consumption, has remained almost static over the last few years.[10] The figures for the total number of nights spent away, by Australians travelling within their country, are as follows:

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[7] Productivity Commission, *Assistance to Tourism: Exploratory Estimates* (Productivity Commision, Melbourne, 2005), pp.XI,2.11.

[8] Ibid., p.2.13.

[9] Ibid., p.2.15. See also Australian Bureau of Statistics, *Tourism Satellite Account 2001-2002*, ABS Catalogue No. 5249.0 (Australian Bureau of Statistics, Canberra, 2003).

[10] The standard figure for domestic tourism's contribution, to overall tourism consumption in Australia, is 75%. See Organisation for Economic Co-operation and Development (Directorate for Science, Technology and Industry), *National Tourism Policy Review of Australia* (OECD, Paris, 2003), p.9.

Australians' Nights Spent Away (While Travelling Within Australia): 1998-2004[11]

Year	Number of Trips	Nights Spent Away
1998	73.3 million	293.5 million
1999	73.5 million	294.2 million
2000	73.3 million	293.4 million
2001	72.4 million	289.6 million
2002	75.3 million	298.6 million
2003	73.6 million	294.1 million
2004	74.3 million	296.9 million

(b)   Overseas Visitors to Australia

Between the mid-1980s and the late 1990s the number of overseas visitors to Australia increased almost four times, as the following figures indicate:

Overseas Visitors to Australia: 1985-2004[12]

1985	1,143,000
1989	2,080,000
1996	4,164,827

From 1996 onwards, however, the numbers of overseas visitors have increased but not as dramatically as between 1985 and 1995. This can be shown by the following chart for visitor numbers between 1997 and 2004:

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[11] Tourism Research Australia, *National Visitor Survey: Overnights* (unpublished data); Liz Fredline and Leo Jago, *State of the Tourism Industry 2005* (Co-operative Research Centre for Sustainable Tourism, Gold Coast, 2005), p.2.

[12] See Australian Bureau of Statistics, *Overseas Arrivals and Departures*, ABS Catalogue 3401.0 (Australian Bureau of Statistics, Canberra). See also John Richardson, *Travel and Tourism in Australia: The Economic Perspective* (Hospitality Press, Melbourne, 1995), p.28; "Australia's Inbound Travel 1996" in the *Australia-Japan Institute Economic Bulletin*, vol.5, no.8, p.2; *State of the Tourism Industry 2005*, p.2.

International Visitor Arrivals in Australia: 1997-2004[13]
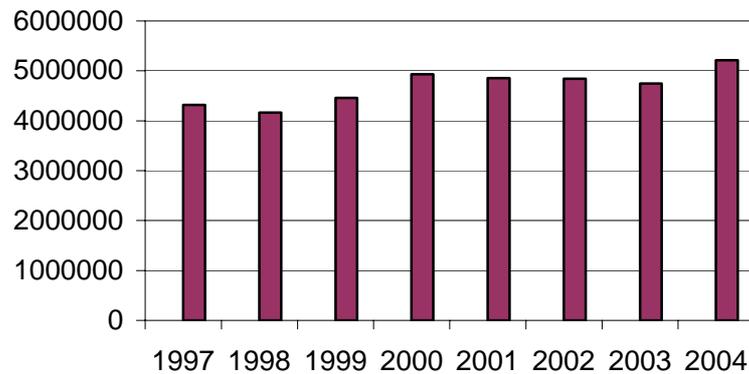
(c)   Sources of Inbound Tourism to Australia

The nation from which most overseas tourists come from is New Zealand. The other three most important countries are Japan, Britain and the USA. This can be illustrated by the following table for overseas visitors to Australia for 2004-2005:

Principal Sources of Overseas Visitor Arrivals (Australia): 2004-2005[14]

New Zealand	1,082,000
Japan	700,800
Britain	699,500
USA	445,500
China	274,400
Singapore	267,500
Korea	237,300
Malaysia	169,000
Germany	142,400
Hong Kong	103,800
Canada	103,100
TOTAL FROM ALL COUNTRIES	5,408,000

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[13] See Australian Bureau of Statistics, *Overseas Arrivals and Departures*, ABS Catalogue 3401.0 (Australian Bureau of Statistics, Canberra).

[14] *State of the Tourism Industry 2005*, p.2.

4.   IMPORTANCE OF THE INDUSTRY FOR NSW

(a)   Domestic Tourists

New South Wales has the highest proportion of visits by Australians undertaking domestic tourism. The 25 million Australians, that visited NSW in 2004, spent approximately $3.2 billion (including airfares and transport costs).[15]

Domestic Overnight Visitors in Australia: State by State Comparison 2004 (approx.)[16]

| State	Domestic Tourists With Overnight Stay (approx.)
New South Wales	25,000,000
Victoria	17,979,000
Queensland	17,230,000
Western Australia	6,592,000
South Australia	5,843,000
Tasmania	2,247,000
Australia Capital Territory	1,873,000
Northern Territory	1,049,000

(b)   State by State Airport Comparison

Another illustration of the predominance of New South Wales, in Australian tourism, is the prominence of Sydney airport with regard to air passenger movements. This is shown by a comparison of Sydney, with other airports, for 2003-2004:

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[15] See the website of Tourism New South Wales at http://www.tourism.gov.au.

[16] *State of the Tourism Industry*, pp.2,46. See also the website of Tourism New South Wales at http://www.tourism.gov.au.

Passenger Movements at Capital City Airports: 2003-2004 (in millions)[17]
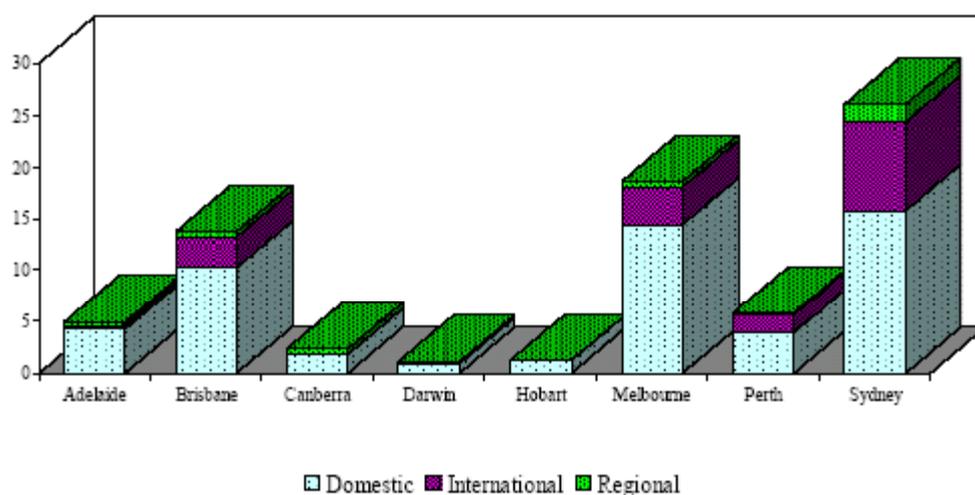
(c)   **Overseas Arrivals**

Sydney is the gateway for international travellers visiting Australia. This trend began in the 1960s, as the comparison between Sydney and Melbourne, for the mid-1960s, indicates:

International Arrivals and Departures Sydney versus Melbourne: 1965-1966[18]

Sydney	424,000
Melbourne	42,000

Despite the great expansion of the airport at Tullamarine, in Melbourne, NSW still has the largest share of international visitors to Australia. This is demonstrated by the following comparative tables of overseas arrivals:

International Visitors to New South Wales: 2002-2004 (approx.)[19]

Year	Number of International Visitors
2002	2.6 million
2003	2.4 million
2004	2.7 million

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[17] See Bureau of Transport and Regional Economics, *Digest of Statistics (Aviation Statistics) 2003-2004* (Bureau of Transport and Regional Economics, Canberra, 2004), p.v.

[18] Peter Spearritt, *State of Play: 100 Years of Tourism in New South Wales 1905-2005* (Tourism New South Wales, Sydney, 2005), p.44.

[19] *State of the Tourism Industry*, p.45.

Overseas Visitors to Australia: State by State Comparison 2004[20]

State	Percentage of Overseas Visitors
New South Wales	55.5%
Queensland	42.8%
Victoria	27.4%
Western Australia	12.2%
South Australia	6.8%
Northern Territory	6.7%
Australian Capital Territory	3.3%
Tasmania	2.3%

(%age totals add up to more than 100% because many travellers visit more than one state)

(d)   Value of Tourism to New South Wales

In 2003 the centre for tourism policy studies (at the University of NSW), and the department of economics at Monash University, published a set of basic data on the value of tourism to New South Wales. The following key figures are as follows:

Value of Tourism to NSW (Gross State Product and Employment): 2000-2001[21]

Tourism Industry Contribution to Gross State Product	$10.8 billion (4.5%)
Tourism Industry Contribution to NSW Employment	185,144 jobs

5.   THE EVOLUTION OF FEDERAL AND NSW GOVERNMENT DECISION-MAKING FOR TOURISM

(a)   1900s to the 1960s: State Predominance in Tourism Policy

In the early period of the twentieth century, tourism was considered essentially a state concern. The first NSW Tourist Bureau was established in 1905.[22] In the late 1920s, following the expansion of the car industry in Australia,[23] the Travel Promotion and Development Association of Northern New South Wales and Southern Queensland was formed. Earle Page, former federal treasurer between 1923-1929, acted as an advocate for

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[20] *State of the Tourism Industry*, p.45.

[21] Larry Dwyer, Peter Forsyth, Thiep Ho and Ray Spurr, *Tourism Satellite Account NSW: 2000-2001* (Centre for Tourism Policy Policy Studies UNSW and Department of Economics Monash University, 2003), p.8.

[22] Christopher Gethin, *An Approach to Planning for Historic Places as Tourist Attractions* (MTCP Thesis, University of Sydney, 1969), p.61.

[23] During the 1920s the number of car registrations in Australia rose from 116,658 (in 1922-1923) to 474,359 (in 1928-1929). See Colin Forster, *Industrial Development in Australia 1920-1930* (Australian National University Press, Canberra, 1964), p.30.

the organisation: advising local councils in northern NSW that "selling scenery" could become a major industry in Australia.[24] In 1929 the Australian National Travel Association (ANTA) was founded as an industry group dedicated to increase the number of tourists coming from overseas.[25]

Almost halfway through the twentieth century, just after the Second World War, the ALP federal government (led by Chifley) convened a Commonwealth-State Tourist Officers' Conference. The main resolution of the conference was that federal and state departments, with responsibility for tourism, should co-operate to promote the expansion of the industry.[26] This led the McGirr government, in New South Wales, to establish the NSW Department of Tourist Activities and Immigration. An important aspect of the department's activities was the declaration of tourist areas.[27]

By the early 1950s the number of people travelling by air had also substantially increased. During calendar year 1950, the number of passengers (terminating and in transit) passing through Sydney airport amounted to 792,956.[28]

In 1952 the Cahill government obtained passage of an amendment to section 483 of the *Local Government Act 1919* which gave local governments the powers to advertise the advantages of an area to attract tourists; to subsidise the construction of any works in the area for the purpose of attracting tourists; and to act as an agent for any government tourist bureau, person or company conducting a tourist business.[29]

Thirteen years later, at the beginning of the 1960s, the Heffron government, in New South Wales, obtained passage of amendments to the *Main Roads Act 1924* by means of which the department of main roads was given specific powers to proclaim tourist roads and to assist local councils in their construction.[30] Heffron also introduced four weeks annual leave for state public service employees: a move also aimed at stimulating the state's tourism industry.[31]

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[24] Dianne Dredge, "Local Government Tourism Planning and Policy-Making in New South Wales: Institutional Development and Historical Legacies" in *Current Issues in Tourism*, vol.4, no.s 2-4, 2001, p.368.

[25] Gethin, op.cit., pp.60-61.

[26] Dianne Dredge and John Jenkins, "Federal-State Relations and Tourism Public Policy, New South Wales, Australia" in *Current Issues in Tourism*, vol.6, no.5, 2003, p.424.

[27] Ibid.

[28] *Sydney Morning Herald*, 3 February 1951.

[29] Dredge, op.cit., p.369.

[30] John Brunt, *The Planning of Major Tourist Roads in Rural New South Wales* (MTCP Thesis, University of Sydney, 1969), pp.7-9.

[31] *Official Year Book of New South Wales 1966*, p.196.

(b)   Emergence of Federal Government Involvement in Tourism and the founding of the Australian Tourist Commission: late 1950s to 1970s

In the late 1950s, following the staging of the 1956 Olympics in Melbourne, the Menzies government decided to establish a Tourism Ministers' Council (TMC) in1959. The TMC meets once a year. Seven years later the Australian National Travel Association commissioned the consultants Harris Kerr Foster (HKF) to undertake a study of the Australian tourism industry. A key recommendation of the report was that,

> The Commonwealth government should establish an organisation. . .for the purpose of co-ordinating the planning and development of the travel and tourist industry within Australia and the promotion of travel overseas.[32]

On the basis of the report's recommendations, in 1967 the Holt government established the Australian Tourist Commission (ATC). The ATC's first general manager (Basil Atkinson) was the previous general manager of ANTA.[33] By the early 1970s, tourism had begun to emerge as an important industry for the nation. In 1970, 441,000 overseas visitors arrived in Australia and, by then, tourism had become the nation's ninth biggest foreign exchange earner. In 1971, Sydney hosted the annual congress of the American Society of Travel Agents with 3,000 delegates in attendance.[34]

In late 1972 the Whitlam government was elected. Just prior to his election, in the launch of his election campaign at the Blacktown Civic Centre, Whitlam laid great emphasis on the development of the tourism industry. He declared that "we must prepare now; prepare the generation of the '80s – the children and youth of the '70s – to be able to enjoy and enrich their growing hours of leisure."[35] A month after his election, at the beginning of 1973, federal public servants were granted the same amount of annual leave as their counterparts in New South Wales (four weeks). Whitlam then proceeded to set up the department of tourism and recreation: the stated objective of which was to "ensure effective co-operation of the planning, development, administration and promotion of travel activity on an Australia-wide basis".[36] As Dredge and Jenkins have explained, "The Commonwealth department of tourism and recreation undertook detailed investigations into such matters as Townsville airport, tourism in the. . .Olga National Park, the Great Barrier Reef and seasonal holiday demand."[37]

Although the Fraser government, elected in 1975, abolished the federal department of

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[32] Dredge and Jenkins, op.cit., p.425.

[33] See J.S. Legge (ed), *Who's Who in Australia 1971* (Herald and Weekly Times, Melbourne, 1971).

[34] *Sydney Morning Herald*, 1 November 1971, p.6.

[35] *It's Time for Leadership*. Australian Labor Party Policy Speech delivered at the Blacktown Civic Centre. 13 November 1972.

[36] Dredge and Jenkins, ibid.

[37] Ibid., p.426.

tourism and recreation (creating a tourism industry branch in the department of industry and commerce), Fraser attempt to formalise a division of responsibilities, for tourism policy, between the federal government and the states. A year after his election, Fraser set up the Australian Standing Committee on Tourism (ASCOT). ASCOT is a standing committee, comprised of representatives from the federal, state and territory tourism bodies, responsible to the Tourism Ministers Council. In late 1976, at a meeting of the TMC, arrangements were made for a division of responsibilities. According to Dredge and Jenkins,

> The agreement was that the federal government would have the responsibility for the international aspects of tourism including international marketing, immigration, foreign investment and international and interstate transportation. . .The states and territories had primary responsibility for the development of infrastructure and domestic marketing.[38]

In 1979 the industry advocate group ANTA adopted the title Australian Travel Industry Association (ATIA).

(c)   New South Wales Government and the Development of Industry Links and Regional Tourism: 1960s-1980s

In 1965 the Askin government was elected in NSW and, a year later, obtained passage of the *Country Industries Assistance Act 1966*. As Dredge and Jenkins have observed, this legislation "contained NSW's first formal recognition that tourism was an important tool for regional development."[39]

Eleven years later the Wran government was elected and, in the first year of its obtaining office, secured passage of the *Tourism Industry Development Act 1976*: the aim of which was "to provide for the development and promotion of the tourist industry throughout the state". By the early 1980s, however, the NSW department of tourism was being accused of not investing sufficient funds in tourism infrastructure and attractions. In the late 1970s the Bjelke-Petersen government, in Queensland, had set up the Queensland Tourist and Travel Corporation with aim of developing closer ties with the industry. Impressed by what was being achieved in Queensland, Wran secured the repeal of the 1976 tourism legislation and obtained passage of the *Tourism Commission 1984* which provided for the establishment of the Tourism Commission of NSW (TCNSW) in 1985.[40] According to Dredge and Jenkins,

> TCNSW took a more active and centralised role in domestic marketing, planning and infrastructure development than. . .had. . .been taken before. Following the example set by Queensland, the *Tourism Commission 1984* encouraged links with the private sector in an effort to be more responsive to market demand and the

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[38] Ibid., pp.427-428.

[39] Ibid., p.425.

[40] Ibid., pp.428-431.

needs of private investors.[41]

During the mid to late 1980s, the state tourism commission concentrated even more on regional tourism planning. According to John Jenkins, "The commission. . .divided [New South Wales] into nine marketable regions. Each was identified as having compatible geographical, historical and natural features." In 1987 the commission produced its first regional tourism development strategy: the North Coast Region Tourism Development Strategy.[42]

(d)   Federal Government and the Expansion of Overseas Tourism: mid-1980s to the mid-1990s

In 1983 an ALP federal government (led by Bob Hawke) was elected and immediately set out to re-emphasise the role of tourism in Australian economic development. A new federal department of sport, recreation and tourism was set up, with John Brown as minister. As explained by Dredge and Jenkins,

> [the] policy of the Labor government sought to stimulate tourism on two levels. First, programmes were put in place that actively promoted tourism planning and infrastructure development. . .Secondly, policies were aimed at breaking down trade barriers and easing regulatory requirements that, in turn, were to stimulate growth and investment in tourism. These included a decision to deregulate the aviation industry and the relaxation of rules concerning foreign investment.[43]

In 1983, Brown launched a policy statement entitled *Tourism Gets Australia Going*. This document had two basic aims: the doubling of Australia's intake of overseas tourists, and substantially increasing domestic tourism. Brown also oversaw the launch of the advertisements, to be shown overseas, featuring the internationally known film and television entertainer Paul Hogan.[44]

Two years later, Brown introduced the Tourism Overseas Promotional Scheme. This scheme, according to the Hawke government's finance minister (Peter Walsh), was "an entitlement scheme under which commercial operators soliciting tourists would, in accordance with issued guidelines, have their promotional spending subsidised."[45] Inbound

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[41] Ibid., p.431.

[42] John Jenkins, "A Comparative Analysis of Tourism Organisations in Australia and Canada" in *Australian-Canadian Studies*, vol.13, no.1, 1995, pp.85-86. See also Tourism Commission of New South Wales, *North Coast Region Tourism Development Plan* (Tourism Commission of NSW, Sydney, 1987).

[43] Dredge and Jenkins, op.cit., pp.432-433.

[44] John Richardson, *A History of Australian Travel and Tourism* (Hospitality Press, Melbourne, 1999), p.293.

[45] Peter Walsh, *Confessions of a Failed Finance Minister* (Random House, Sydney, 1995), pp.184-185.

tourism (overseas tourists to Australia) increased substantially, as the following figures indicate:

Overseas Visitors to Australia: 1985/1989[46]

1985	1,143,000
1989	2,080,000

In the meantime, in 1979, the Australian Travel Industry Association once more changed its name: to the Australian Tourism Industry Association (ATIA). During the second half of the 1980s, Sir Frank Moore was appointed as its chairman. Sir Frank had been appointed chair of the Queensland Tourist and Travel Corporation (in 1978) and had led the campaign to develop international airports in Townsville and Cairns.[47]

Despite his resignation as federal minister for tourism (in 1987), John Brown went on to criticise the ATIA for not being energetic enough as an advocate group for tourism in Australia. Around the time of the 1989 air pilots' strike, Brown established the Tourism Task Force (TTF). As described by John Richardson, "Membership was by invitation only and limited to 100 individuals, usually chief executives of large companies."[48]

In 1991 there was a worldwide recession, in the course of which, between 1991 and 1992, unemployment in Australia rose from 8½% to 11%.[49] As a means of stimulating employment, at least in the tourism industry, Keating (who replaced Hawke as prime minister in 1991) oversaw the creation of a single purpose federal department of tourism and the launch, in 1992, of Australia's first National Tourism Strategy or NTS (entitled *Tourism: Passport to Growth*).[50] According to Jenkins and Dredge,

> The National Tourism Strategy was implemented through...[five] programmes, the Regional Tourism Development Program, the National Ecotourism Program, the Sites of National Tourism Significance, the Forest Ecotourism Program and the Rural Tourism Program. State, regional and local agencies and organisations were eligible to apply for funding to undertake wide-ranging projects including, for example, infrastructure development, local and regional planning, site management, and to develop marketing strategies.

In 1994, at its September annual conference, the ATIA announced that it would transform itself into the Tourism Council of Australia. A year later, Bruce Baird (former NSW

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[46] Richardson, *Travel and Tourism in Australia*, p.28.

[47] John Richardson, *A History of Australian Travel and Tourism*, pp.285, 299.

[48] Ibid., p.299.

[49] Laura Tingle, *Chasing the Future: Recession, Recovery and the New Politics in Australia* (William Heinemann, Melbourne, 1994), pp.112,351.

[50] Dredge and Jenkins, op.cit., p.434.

minister in the Greiner government for tourism and for the 2000 Olympics bid) was confirmed as the TCA's first managing director. By this time there 600 organisations represented in the TCA (representing some 30,000 affiliated bodies).[51]

Meanwhile, in the same year that ATIA announced its intention to become the TCA, the Keating government attempted to resolve the question of the overlap between federal, and state and territory, marketing and promotion. This was to be achieved through the Australian Domestic Tourism Initiative (later renamed the Partnership Australia or PA programme). PA partners included the Australian Tourist Commission, the various state and territory marketing bodies, and representatives of private industry.[52]

(e)   NSW Government and the Alternating Focus on Sydney and the Regions: the 1990s and Events Tourism

In 1988 the Greiner government was elected and, according to John Jenkins, instructed the Tourism Commission of NSW to "alter its tourist development and marketing strategy away from regional marketing campaigns to product marketing". NSW as a whole was given the emphasis in promotion, with Sydney highlighted as the gateway to the state.[53]

Four years later, John Fahey succeeded Nick Greiner, as premier of the state, and proceeded to alter the focus of tourism policy. The Tourism Commission of NSW was renamed Tourism NSW. Regional offices of the tourism commission were closed, and responsibility for tourism in country areas was transferred to regional tourism organisations (RTOs). Tourism investment grants were provided, to each regional tourism marketing area, for the purpose of marketing and facilitating local tourism.[54] In 1994 the Fahey government launched a Regional Tourism Strategy: the main aim of which was to promote an increase in visits to regional NSW.[55]

A significant innovation, by the Fahey government was the formation of Special Events NSW Limited. The stimulus for the creation of this body was the earlier establishment of similar organisations in other states: Eventscorp (established in Western Australia in 1986 to capitalise on the staging of the Americas Cup); the Queensland Events Corporation (formed in 1989 to take advantage of the previous year's World Expo); and the Victorian Major Events Company (established in 1992 by the premier of Victoria, Jeff Kennett, with apparent intention of attracting the Australia Formula One Grand Prix from Adelaide to Melbourne). According to Robyn Stokes, Special Events NSW Limited "successfully attracted, supported or managed sixty events".[56]

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[51] Richardson, *A History of Australian Travel and Tourism*, p.299.

[52] Ibid., p.331.

[53] John Jenkins, "A Comparative Analysis of Tourism Organisations in Australia and Canada" in *Australian-Canadian Studies*, pp.87-89.

[54] Ibid.

[55] See Tourism NSW, *Regional Tourism Action Plan 2000-2003* (Tourism NSW, Sydney, 2000).

[56] Robyn Stokes, *Inter-Organisational Relationships for Events Tourism Strategy Making in*

The succeeding Carr government, elected in 1995, preserved an emphasis on promoting regional tourism, but also initiated a strategy which returned some of the emphasis to Sydney. On the one hand, in 1997 and 2000, Tourism NSW produced a second and third regional tourism strategy.[57] One the other hand, in 1996 the Carr government transferred the state government's special events unit to Tourism NSW with the purpose of identifying, and providing support for the staging of, major international events (in particular the 2000 Olympic Games). Between 1999 and 2000, for instance, Tourism NSW supported 23 major events including the Bledisloe Cup Rugby Union Test and the Greg Norman Holden International Golf Tournament. Most of these events were held in Sydney.[58]

(f)   Howard Government and Tourism Policy: Before and After 11 September 2001

In 1996 the Howard government was elected to office at a federal level. Not long afterwards, the Howard government began to relax the more directional role that the previous Hawke and Keating governments had established over tourism policy. Dredge and Jenkins have commented that in 1998, while Jackie Kelly was minister for tourism,

> the federal government released a national action plan that sought 'to provide a national framework for tourism policy formulation and industry planning'. . . Entitled *Tourism: A Ticket to the 21st Century*, the plan moved away from the direct initiatives of the previous government, opting for a much broader role in creating the right regulatory and business environment. It was considered that many issues relating to tourism could be satisfactorily addressed under other federal policy statements and programmes. . .In particular, programmes associated with stimulating business innovation, investment and exports were considered appropriate mechanisms to assist tourism growth and development. . .The Regional Tourism Development Program was renamed the Regional Development Program and all other programmes were abolished.[59]

In 1999 the Howard government, in co-operation with state and territory governments, oversaw the inauguration of See Australia – an organisation to promote domestic tourism. The federal government pledged funding of $8 million over three years, and the states and territories pledged $4 million over the same period.

After the bombing of the Twin Towers in New York, on 11 September 2001, Jackie Kelly formed a Tourism Industry Working Group (TIWG) with herself as chair. Representatives on the TIWG included the chief executives of the various state tourism organisations plus industry representatives such as David Hawes (group general manager of QANTAS), Mike

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Australian States and Territories (PhD Thesis, Griffith University, 2003), pp.25-28.

[57] See Tourism NSW, *Regional Tourism Action Plan 2000-2003* (Tourism NSW, Sydney, 2000).

[58] Tourism NSW, *Chairman's Report to the Minister for Tourism: Activities and Achievements of Tourism New South Wales 1995-1998* (Tourism NSW, Sydney, 1999), pp.6-7.

[59] Dredge and Jenkins, op.cit., p.436.

Hatton (chief executive officer of the Australian Federation of Travel Agents) and Denis Winchester (chief executive officer of the Hotel, Motel and Accommodation Association).[60]

The TIWG held its first meeting on 19 September 2001 and delivered its findings in mid-October 2001: the group's recommendations focusing mainly on extra funding for tourism. During the course of campaigning for the November 2001 election, the prime minister announced that, if re-elected, his government would provide around $6 million a year (for five years) in extra funding for the Australian Tourist Commission, and around $2 million a year (for four years) in extra funding for See Australia.[61]

Following its return to office, in the November 2001 election, the Howard government decided to provide greater support for the tourism industry. Tourism was placed under a new minister (Joe Hockey). In 2002 the minister launched a discussion paper, a *10 Year Plan for Tourism*, and invited contributions from the industry. Meanwhile the Tourism Task Force renamed itself the Tourism and Transport Forum.

In November 2003, Joe Hockey released a white paper entitled *A Medium to Long Term Strategy for Tourism*. The paper foreshadowed a reorganisation of federal tourism administration and new funding for the next four financial years. A month later, Hockey presided over the establishment of an Industry Implementation Advisory Group (IIAG) to formulate an action plan for the white paper. A number of members of Jackie Kelly's Tourism Industry Working Group re-appeared in the IIAG: including Mike Hatton (of the Australian Federation of Travel Agents) and Denis Winchester (of the Hotel, Motel and Accommodation Association).

A year after the release of *A Medium to Long Term Strategy for Tourism*, the Howard government obtained passage of the *Tourism Australia Act 2004*. The legislation combined the three former administrative arms of federal tourism policy – the Australian Tourist Commission, Tourism Research Australia (the former Bureau of Tourism Research) and See Australia – into a new body: Tourism Australia (TA). TA, in turn, will assume the role of "branding" Australia and will assume the role of promoting tourism on both a domestic and an international level. Building on the previous initiatives of the state governments, a special unit, Tourism Events Australia, was established in 2005 within Tourism Australia, for the particular purpose of providing a strategic overview for sourcing events and for seeking new opportunities for the creation and development of events.[62]

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[60] See the archived website of the TIWG at www.pandora.nla.gov.au.

[61] Prime Minister of Australia (John Howard). Media Release. *Australia's Tourism Industry*. 2 November 2001.

[62] See the *Tourism Australia Act 2004*, sections 11,12,16.

6.   ASSISTANCE TO THE INDUSTRY: DIRECT AND INDIRECT

(a)   Australian Federal Government Assistance: Direct

Both the federal government, and the New South Wales government, provide substantial funding to promote tourism. The total amount of direct Australian federal assistance for tourism in 2005-2006 (in the form of direct funding for Tourism Australia) is $137.7 million. This is broken down as follows:

Australian Federal Government Funding for Tourism Australia: 2005-2006[63]

Marketing in Offices Overseas and within Australia	$72.6 million
Research	$17.6 million
Logistic Support for Marketing and Research	$47.5 million
TOTAL	$137.7 million

(b)   Australian Federal Government Funding: Indirect

Tourists are assisted, either in coming to Australia or enjoying recreation within Australia, in several different indirect ways. The Productivity Commission had itemised this assistance as follows:

Australian Federal Government Indirect Assistance for Tourism: 2002-2003[64]

Department of Environment and Heritage (Cultural Heritage)	$24.5 million
Austrade (Supplies Consular Service Where No DFAT Offices)	$17.4 million
Department of Industry, Tourism and Resources (Regional Tourism)	$14.6 million
Australia Council (Artistic Productions)	$10.9 million
Department of Transport and Regional Services	$9.9 million
Dept. of Communications, IT and the Arts (Orchestras, Ballet etc.)	$8 million
Australian Sports Commission	$6 million
Director of National Parks	$3.9 million
National Museum of Australia	$3.2 million
Department of Education, Science and Training (Hospitality Training)	$3.1 million
Australian War Memorial	$2.9 million
National Gallery of Australia	$2.7 million
Australian National Maritime Museum	$1.6 million
Great Barrier Reef Marine Park Authority	$1.2 million
Aboriginal and Torres Strait Island Commission	$0.9 million
Sydney Harbour Federation Trust	$0.8 million
Joint House Department (Federal Parliament House)	$0.7 million
Australian Heritage Commission	$0.6 million

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[63] Commonwealth of Australia. Hansard. Senate. Economics Legislation Committee. Budget Estimates Hearings (Tourism Australia) 2 November 2005, p.E72.

[64] See Productivity Commission, op.cit., annex A1.

National Capital Authority	$0.4 million
Department of Foreign Affairs and Trade (Consular Services)	$0.2 million
TOTAL	$113.5 million

(c)   NSW Government Assistance: Direct

In New South Wales the principal form of direct assistance is through the Department of Tourism, Sport and Recreation (DTSR). In 2005-2006 the subtotal for tourism, within the DTSR allocation, was as follows:

NSW Direct Funding for Tourism via DTSR: 2005-2006[65]

Year	*Subtotal for Tourism*
2005-2006	$49.5 million

(d)   NSW Government Assistance to Tourism: Indirect

As in the case of the federal government, tourists are assisted, in enjoying recreation within New South Wales, in several different indirect ways. The Productivity Commission has itemised these accordingly:

New South Wales Government Indirect Assistance for Tourism: 2002-2003[66]

Office of the Co-ordinator General of Rail	$238 million
Department of Transport	$148 million
National Parks and Wildlife Service	$16.6 million
Ministry for the Arts	$5.9 million
Department of Sport and Recreation	$3.4 million
Sydney Olympic Authority	$3 million
Museum of Applied Arts and Sciences	$2.6 million
Australian Museum	$2.2 million
Department of State and Regional Development	$2 million
Environment Protection Agency	$1.9 million
Royal Botanic Gardens and Domain Trust	$1.8 million
Historic Houses Trust of NSW	$1.4 million
Art Gallery of New South Wales	$1.3 million
Heritage Office	$0.6 million
Centennial Park and Moore Park Trust	$0.5 million
TOTAL	$429.2 million

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[65] NSW Treasury, *Budget Estimates: Budget Paper No.3*, vol.2 (NSW Treasury, Sydney, 2005), p.20-3.

[66] Productivity Commission, op.cit., annex A2.

7.   CONSIDERATIONS FOR AUSTRALIAN TOURISM

(a)   Domestic Tourism and Levels of Disposable Income

A great deal has been said, in recent times about the stagnant state of domestic tourism. In 1998 a report by the Australian Domestic Tourism Initiative (a taskforce established, earlier in the year, by the industry-based Tourism Council of Australia) stated that, "Domestic travel overall has grown at a rate of 1.8% per annum in real terms. . .Domestic holiday travel has recorded even lower growth".[67] A report by the OECD (in 2003) remarked that, "Domestic tourism has been relatively static in recent years".[68] More recently the current head of the Tourism and Transport Forum, Christopher Brown, declared that "While people are taking more trips, they are increasingly staying for shorter periods and visiting friends and relatives rather than spending money on accommodation".[69]

One possible reason, for the above development, is a decline in disposable income amongst the working sector of the population, due to an increase in the number of low-paid jobs. Recently John Buchanan (of the Workplace Research Centre at Sydney) has calculated that, between 2000 and 2005, there has been an increase of over 500,000 people now earning $27,716 or less per annum. Buchanan's figures are as follows:

Workers on Low Income Incomes ($27,715 per annum or less): 2000-2005[70]

2000	2,199,095 (24.8% of the workforce)
2005	2,783,703 (27.6% of the workforce)
Increase	584,608

(b)   Implications for New South Wales of Domestic Tourism Trends

The overall decline in domestic tourism has, in turn, affected the number of domestic visitors coming to New South Wales. This is shown by the following figures provided by

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[67] Australian Domestic Tourism Initiative, draft report, October 1998, pp.8,19.

[68] Organisation for Economic Co-operation and Development (Directorate for Science, Technology and Industry), op.cit., p.9.

[69] Steve Creedy, "Travellers Too Frugal, Says Brown" in *The Australian*, 17 March 2006, p.30.

[70] See John Buchanan, *Low Paid Employment – A Brief Statistical Profile* (Workplace Research Centre, University of Sydney, 2006). See also Australian Bureau of Statistics, *Australian Labour Market Statistics*, ABS Catalogue 6105.0 (Australian Bureau of Statistics, Canberra, 2003), p.39; Australian Bureau of Statistics, *Labour Force: Australia*, ABS Catalogue 6202.0 (Australian Bureau of Statistics, Canberra, 2006), p.8. On an overall level, maintaining a lower level of wages appears to have been a policy of both political parties. John Edwards, a former adviser to ALP prime minister Paul Keating, wrote recently that, "During the 1980s the Hawke government pursued a policy of reducing wages by an agreement with the peak trade union body. . .Under the agreement, increases for the vast bulk of the workforce were administered through the Industrial Relations Commission. . .Most employees received one or two increases a year, which were set by the commission." See John Edwards, *Australia's Economic Revolution* (University of NSW Press, Sydney, 2000), p.29.

Tourism Research Australia:

Domestic Overnight Visitors to New South Wales: 2002-2005[71]

2002	27,490,000
2003	26,492,000
2004	25,607,000
2005	23,813,000

This decline is significant because domestic tourism is the biggest portion of tourism's share of gross state product (GSP). This can be seen by figures from the Tourism Satellite Account NSW for 2000-2001:

Contribution of Domestic Tourism to New South Wales Gross State Product (by Origin of Visitor): 2000-2001 (approx.)[72]

Intrastate	$3.9 billion
Interstate	$1.8 billion
TOTAL	$5.7 billion (53% of Tourism's Contribution to GSP)

New South Wales has attempted to address this situation by devising specific campaigns to encourage people to travel within the state. Less than a year after her appointment in 1999, the current NSW minister for tourism (Sandra Nori) oversaw the launch of a promotional strategy to encourage tourism in the state. This was the *Touring By Car* campaign which was launched in February 2000 and was budgeted at $5.2 million over three years. The *Touring By Car* campaign promoted the benefits of particular tourist routes and an outline of it was provided by the minister, in parliament, in 2001:

> Touring by Car campaigns have promoted the South Coast drive, the Pacific Coast Drive and Explorers Way. . .The other Touring by Car route that has been launched is the Kosciuszko Alpine Way. . .Shorter Touring by Car scenic drives include the Waterfall Way around Dorrigo and the New South Wales Federation towns of Corowa, Bathurst and Tenterfield. . .Touring by Car campaigns use a combination of television, print, radio and internet advertising to reach the market. When tourists register as members via the advertised tourist information number or through the web site they receive a detailed map of the requested touring route, a bonus book of accommodation, attraction and dining offers, and an additional brochure from the region. Currently 78,000 Australian consumers are registered on the Touring by Car database.[73]

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[71] Tourism Research Australia, *National Visitor Survey October-December 2005* (Tourism Research Australia, Canberra, 2005).

[72] *Tourism Satellite Account NSW: 2000-2001*, p.18.

[73] Hansard. New South Wales Parliamentary Debates. Legislative Assembly. 5 September 2001, pp.16,20.

During the last three years, the NSW government has launched similar campaigns to highlight Sydney as a tourist destination, and to promote regional NSW. In 2004, Tourism NSW launched a campaign entitled *There's No Place in the World like Sydney*. This was intended to enhance the brand of Sydney as a destination for tourists. NSW Tourism followed this with a campaign, to promote regional areas of the state, entitled *New South Wales, There's No Place Like It*. This campaign consisted of a series of television advertisements promoting Sydney, the NSW North Coast, the NSW South Coast and other areas of the state.[74]

(c)   Fluctuations in Inbound Tourism: Complications with the Japanese and American Markets

Inbound tourism, on an overall level, is an important contributor to the tourism industry in New South Wales, as the following figures illustrate:

Contribution of Inbound Tourism to New South Wales Gross State Product: 2000-2001 (approx.)[75]

Inbound Tourism	$1.5 billion
Percentage of Tourism's Contribution to Gross State Product	14%

In recent years there have some pronounced fluctuations in the numbers of overseas tourists coming to Australia. Tourist numbers from New Zealand (the main source of overseas visitors to Australia) have actually increased and arrivals from Britain have remained steady. However arrivals from Japan (in some years) have actually decreased and the gains in the American market, which Australia had hoped for, do not appear to have eventuated. This can be seen in the following chart:

Overseas Visitors to Australia: Main Sources (2002-2004)[76]

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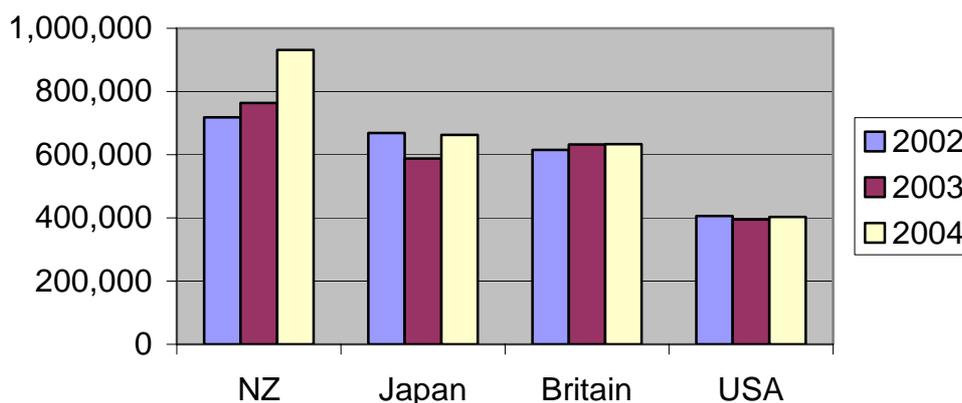
[74] Spearritt, op.cit., pp.71-72.

[75] *Tourism Satellite Account NSW: 2000-2001*, p.18.

[76] *State of the Tourism Industry 2005*, p.2.

The measures being taken to attract more tourists from Japan, and the difficulties Australia faces with the American market, are outlined in the following two sections:

Japan

The decline in the number of Japanese tourists coming to Australia has caused the most concern for planners concerned with inbound tourism. Partly because of the recession that occurred in Asia, in the late 1990s, the number of Japanese tourists visiting Australia declined by around 150,000 between 1997 and 2004, as the following figures indicate:

Japanese Visitors to Australia: 1997-2001 (approx.)[77]

1997	814,000
1998	780,000
1999	707,500
2000	720,500
2001	681,000
2002	710,000
2003	630,000
2004	705,000

The rise and fall in Japanese visitors, over the last thirty years, can be illustrated in graph form accordingly:

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[77] Department of Industry, Tourism and Resources, *Building Momentum: Japanese Tourism to Australia* (Department of Industry, Tourism and Resources, Canberra, 2002), p.17; *State of the Tourism Industry 2005*, p.2.

Japanese Visitors to Australia: 1971-2004[78]
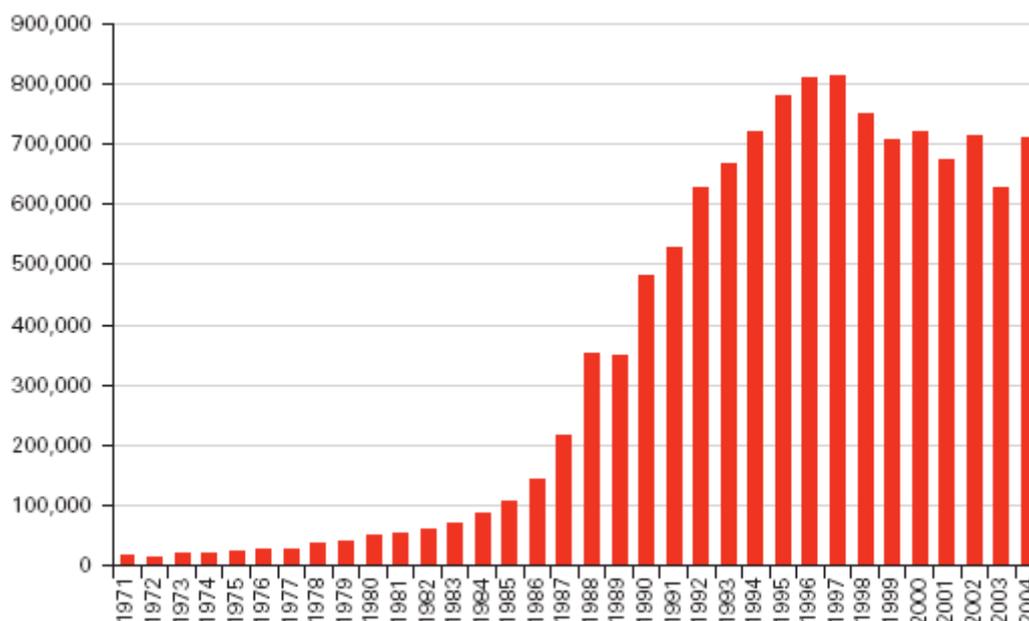
Just recently steps have been taken, at both federal and state levels, to try and increase the number of Japanese visitors to Australia. In 2005 the federal minister for tourism (Fran Bailey) appointed a committee to devise an action plan for Japanese tourism. The committee was chaired by Kerry Watson (of Marriott International Australia) and included Col Hughes of the National Tourism Alliance. In January 2006, Fran Bailey announced the launch of the committee's report: entitled *Embracing Change - Action Plan for Japanese Tourism*.[79] The report recommended the following measures:

- Restoring the Australian brand and refreshing the product: representing it in order to make Australia a "must see" destination for newly defined best prospect segments

- Building a strong, aligned and collaborative approach to marketing and distributing the product to target markets: to be led by Tourism Australia in conjunction with state and territory tourist offices

- Ensuring airline pricing and products for the Japan-Australia route are competitive and promote market growth

- Adopting a new experience-based approach to product development: to match the needs identified by new market segmentation for Japan and closely target

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[78] *Building Momentum: Japanese Tourism to Australia*, p.9.

[79] See Media Release. Tourism and Transport Forum. *Tourism Industry Welcomes Japan Action Plan*. 26 January 2006.

appropriate products to key segments[80]

New South Wales has also taken corresponding steps to increase the number of Japanese visitors to the state. In 2005 the NSW minister for tourism (Sandra Nori) led a delegation to the Aichi World Expo. The delegation included the renowned (Sydney-based) Japanese chef Tetsuya. Almost a year later, in the same month that the federal government released its action plan, the New South Wales government announced the appointment of an official whose specific task would be to work with Japanese tourism wholesalers to refresh Sydney's products in the Japanese market. Her position would involve:

- Informing and educating Australian-based Japanese inbound travel operators about major product developments as well as conducting new product testing tours in Sydney and regional NSW

- Editing the Tourism NSW Japanese language industry newsletter and consumer and industry communications

- Establishing relationships with other Australian and Japanese organisations including media and business groups[81]

USA

During the 1990s Australia had expected a considerable increase in the numbers of tourists coming from the USA. According to Tracey Harrison-Hill, "In 1993. . .Australia ranked number one among all single countries as the most preferred travel destination by the US market."[82] Yet during the early 1990s, Australia had experienced very little growth in the number of American visitors. In 1993, in response to this, the Australian Tourist Commission undertook the following measures, as described by Harrison Hill:

> The ATC implemented the 'Certified Aussie Specialist Program' which was designed to give retail travel agents comprehensive destination training, on-going sales support and up-to-date product information. . .Two other ongoing initiatives aimed at removing distribution blockages included the Aussie Helpline and the Travel Agent Manual.[83]

By 1996, however, it seemed that these initiatives had not helped Australia to capitalise on its prominent status in the American travel market. The Australian Tourist Commission

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[80] Action Plan for Japanese Tourism Committee, *Embracing Change: Action Plan for Japanese Tourism* (Department of Industry, Science and Resources, Canberra, 2006), p.7.

[81] Media Release. Tourism New South Wales. *Tourism NSW Appoints Japanese Tourism Specialist.* 27 January 2006.

[82] Tracey Harrison-Hill, *Implications of Long Haul Travel on the Marketing of International Tourism* (PhD Thesis, Griffith University, 2000), p.120.

[83] Ibid.

then conducted studies on this issue, which two produced two significant conclusions as outlined by Harrison-Hill:

> while the number of Americans travelling long haul for pleasure. . .[had] slightly increased, the majority of outbound pleasure travel[lers]. . .[preferred to visit] near-to-home short haul destinations. . .while Australia was named as the ideal and preferred travel destination above all other destinations. . .it ranked fourth to the UK, France and Italy in destinations considered for future travel. . .with [only] 14% of potential travellers indicating that they would consider travelling to Australia in the next few years.[84]

Although the Australian Tourist Commission attributed this reluctance to travel to Australia to "time and money" Harrison-Hill has noted that "Italy in particular is as equidistant from the west coast of the USA as Australia".[85] One explanation for the discrepancy between Australia's high destination profile in the USA, on the one hand, and the lack of corresponding growth in American arrivals, on the other (according to Harrison-Hill) is the effect of "cognitive distance" on potential tourists. According to Harrison-Hill, "the ground rule" of the inter-active effects of distance and cognitive distance is that there is a "relationship between distance and cognitive distance that asserts that as actual distance increases, corresponding cognitive distance increases, but less than proportionately." However, according to Harrison-Hill, drawing from her survey of respondents undertaken in the USA, "Australia as a long haul destination breaks the established rules". As Harrison-Hill points out,

> cognitive distance is an issue for Australia as a competitive tourism destination within the US market.[86]

(d)   Development of the Chinese Market

In recent years there has been a substantial growth in the number of Chinese visitors to Australia. This can be seen in the chart below:

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[84] Ibid., p.121.

[85] Ibid.

[86] Ibid., pp.272-273.

Arrivals of Chinese Visitors in Australia: 1985-2002[87]
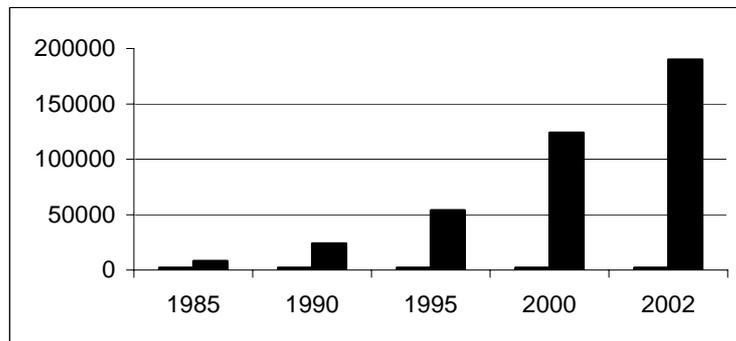
Just recently the federal government has expressed high hopes for the growth of Chinese tourist arrivals in Australia. In 2003, on a visit to Beijing, the then federal tourism minister (Joe Hockey), declared that Australia was hoping to attract "a million Chinese visitors between 2003 and 2013. The minister declared that "one million [Chinese] visitors to Australia every year. . .is sustainable. . .[in] the long term future."[88]

According to Grace Wen Pan, who has undertaken a PhD study of the Chinese inbound tourism market, a particular factor, in the growth of Chinese visitor numbers, is the inter-action between Chinese travel operators and Australian tourism providers. According to Pan,

> In the Chinese inbound tourism market to Australia. . .Australian tourism product suppliers and marketers, such as tourist attraction providers, accommodation establishments and coach services, have to interact with Australian inbound tour operators if they intend to do business associated with the Chinese inbound tourism market. Therefore the partnership arrangements, between Chinese authorised travel agents and Australian nominated inbound tour operators, are crucial in developing the Chinese inbound tourism market to Australia.[89]

(e)   Impact of Overseas Travel by Australians on Tourism Earnings

Just as much as there are people from overseas with a wish to visit Australia, there have always been a large number of Australians who have preferred to travel overseas rather than spend more time visiting their own country. From the 1970s until the mid-1980s, there were always more people from travelling overseas from Australia than people from overseas visiting Australia, as the following figures indicate:

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[87] Grace Wen Pan, *Business Partnership Relationships in the Chinese Inbound Tourism Market to Australia* (PhD Thesis, Griffith University, 2004), p.10.

[88] See Hamish McDonald, "China Set to Provide Tour Boom" in *The Age,* 28 October 2003.

[89] Pan, op.cit., p.257.

Australians Departing for Overseas/Short-Term Visitors Arriving: 1970-1987[90]

	Australians Departing	*Short-Term Visitors Arriving*
1970	352,526	338,395
1980	1,203,602	904,558
1985	1,512,028	1,142,562

Only in the 1980s did this begin to change, with 1,784,900 visitors from overseas arriving in Australia in 1987, as against 1,622,300 people leaving for overseas from Australia.[91]

In the late 1990s however, as middle class and upper class incomes in Australia began to increase, there was an upsurge in travel overseas by Australians. Steve Creedy commented in *The Australian* in 1998, that "More than two million locals left the country in the first eight months of this year, up 8 per cent on the corresponding period last year."[92]

Recently Tourism Australia has been actively seeking to persuade these travellers to choose travel within Australia rather than travel overseas. Scott Morrison, managing director of Tourism Australia, informed the Senate's economics legislation committee that, during 2005,

> Tourism Australia. . .ran a campaign. . .to target a section of the Australian community which was travelling overseas predominantly. While that target market represented about, I think, only 20 per cent of the actual travelling public, they would actually spend on their travels three to four times more in total.[93]

The increasingly large numbers of Australians travelling overseas, compared to the slower growth in numbers of inbound travellers, has led to a situation where the amount of money that Australia earns from tourism exports (consumption by international travellers to Australia) is not much more than Australia's tourism imports (spending by Australians on travel overseas), as the accompanying table illustrates:

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[90] Peter Carroll, "Tourism as a Focus of Study: Concepts, Approaches and Data" in Peter Carroll, Kerry Donohue, Mark McGovern and Jan McMillen (eds.), *Tourism in Australia* (Harcourt Brace Jovanovich, Sydney, 1991), p.12.

[91] Ibid.

[92] Steve Creedy, "Tourism Industry Moves To Keep Our Travellers at Home" in *The Australian*, 11 November 1998, p.4.

[93] Commonwealth of Australia. Hansard. Senate. Economics Legislation Committee. Budget Estimates Hearings (Tourism Australia) 2 November 2005, p.E64.

Australian Tourism Exports/Australian Tourism Imports: 2001-2002 to 2003-2004[94]

	2001-2002	*2002-2003*	*2003-2004*
Exports Tourism Goods and Services	$17.1 billion	$16.6 billion	$17.3 billion
Imports Tourism Goods and Services	$14.7 billion	$14.9 billion	$16.5 billion

(f)   Low Cost Travel Between Capital Cities and the Impact on Regional NSW

An emerging issue for regional tourism is that, although the advent of discount airlines has increased the number of Australians travelling domestically, it has not substantially increased the number travelling to regional centres. At a budget estimates committee hearing in 2005, the NSW minister for tourism remarked that "The low-cost carrier will be a boon to the towns where it goes, no doubt at the expense of other towns."[95]

In 1990 the so-called "two-airline" policy was abandoned by the Hawke government. Compass Airlines began operations in late 1990, but collapsed in 1991. Nine years later, Virgin Blue Airlines began operations and then, in 2004, Qantas established a discount air service (Jetstar). The following figures show the increase in domestic air travel, over the last twenty years, as follows:

Increase in Domestic Air Travel (Passengers Carried): 1983-1984 to 2003-2004[96]

1983-1984	10.6 million
2003-2004	31 million

This increase in passenger traffic has occurred, in the main, in traffic between the capital cities and major tourist centres (such as the Gold Coast) rather than in traffic to regional centres, as the contrasting figures (for growth in air passenger numbers) indicates:

Growth in Air Passenger Numbers (per annum): 1986-1987 to 2000-2001[97]

Through Airports in Capital Cities and Major Tourist Centres	6.5% p.a.
To and From Non-Metropolitan Airports	1.4% p.a.

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[94] Market Information and Analysis Section (Department of Foreign Affairs and Trade), *Trade in Services, Australia: 2004-2005* (Department of Foreign Affairs and Trade, Canberra, 2006), p.75.

[95] Parliament of NSW. Hansard. General Purpose Standing Committee Number 2. Budget Estimates Hearings. 23 September 2005, p.16.

[96] See *Digest of Statistics (Aviation Statistics) 2003-2004*, p.vii.

[97] Bureau of Transport and Regional Economics, *Regional Public Transport in Australia: Long-Distance Services, Trends and Projections*, working paper 51 (Bureau of Transport and Regional Economics, Canberra, 2003), p.19.

(g)   The Debate over Events Tourism and its Importance for NSW

In recent years, events and conference tourism has become an increasingly important sector of the tourism industry. In 1969, under the Askin government, the Sydney Convention and Visitors Bureau was established as a joint venture between the state government and the tourism industry to promote Sydney as a destination for meetings, conventions, exhibitions, special events and incentives. In 1985 the Wran government inaugurated the building of the Sydney Convention Centre: officially opened in 1987.[98] In 1993, as mentioned above, the Fahey government established Special Events NSW Limited.

Festival events have also been considered, by many countries, to be an important means to stimulate tourist growth. Robyn Stokes has written that,

> in the early 1990s. . .more than 1000 festivals were added each year in the United States. . .There has been a similar growth of festivals in the United Kingdom. . .In the city of Brisbane, during a three month period in 1998, there were six major arts festivals, one major community festival and 22 smaller community festivals. . .[99]

By the first years of the twenty-first century, tourism expenditure, in the business events sector, rose to around $17.3 billion. Its percentage of overall Australian tourism expenditure amounts to around 25% as the following table indicates:

Business Events Tourism Consumption in Australia: 2002-2003[100]

Business Events Tourism	$17.4 billion
Total Australian Tourism Consumption	$73.3 billion

Margaret Deery and her colleagues have broken down the expenditure, in the business events sector, as follows:

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[98] Spearritt, p.61.

[99] Stokes, op.cit., p.8. Other states in Australia also rely on festivals to boost tourism. Jeremy Roberts in *The Australian* just recently that, "A flurry of major events saw record tourist numbers in Adelaide in March. . .Events such as. . .the Festival of the Arts. . .saw visitor numbers climb to levels not seen since the mid-1990s, when the state was the home of the Formula One Grand Prix." See Jeremy Roberts, "Festivals Spur Tourist Boom in the State" in *The Australian*, 6 May 2006, "South Australia" supplement, p.10.

[100] Australian Bureau of Statistics, *Tourism Satellite Account 2002-2003*, ABS Catalogue 5249.0 (Australian Bureau of Statistics, Canberra, 2003). See also Margaret Deery, Larry Dwyer, Liz Fredline and Leo Jago, *The National Business Events Study: An Evaluation of the Australian Business Events Sector*, executive summary (Co-operative Research Centre for Sustainable Tourism, Canberra, 2003), p.6.

Business Events Sector Australia (By Categories of Expenditure): 2002-2003[101]

Meeting and Conference Delegates	$11.5 billion
Meeting Organisers	$2.5 billion
Exhibitors	$2.4 billion
Trade Visitors	$0.5 billion
Incentive Travel Sector	$0.5 billion
TOTAL	$17.4 billion

Exhibitions are an important sub-sector of business tourism. The Tourism Events Australia section of Tourism Australia has provided the following estimates of attendance at public and trade exhibitions in Australia:

Public Attendance at Trade Exhibitions in Australia: Providers and Attendees 2003 (approx.)[102]

Number of Concerns Staging Exhibitions	11,000
Number of Attendees	5 million

During the last three years, a small controversy has developed, between the federal and NSW governments, over the contribution of the two jurisdictions to business events tourism. In July 2003 the then federal minister for tourism (Joe Hockey) declared that Sydney, as far as events and festivals tourism was concerned, had become "tired and complacent" and that Melbourne had eclipsed Sydney as a centre for the staging of events.[103]

The NSW minister for tourism (Sandra Nori) responded to this, on ABC radio, by declaring that, "To say that Sydney is tired or not going after events is clearly wrong. . .We're going for the major events that can give us some branding, like the Rugby World Cup. . .We are the leading city in this country for conventions."[104]

New South Wales has by far the greatest share of business events tourism, as figures supplied by the Margaret Deery and her colleagues indicate:

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[101] *The National Business Events Study: An Evaluation of the Australian Business Events Sector*, executive summary, p.6.

[102] Tourism Events Australia, *Discussion Paper From The Tourism Events Australia Steering Committee To The Minister* (Tourism Australia, Sydney, 2004), p.5.

[103] Shane Green and Anthony Dennis, "Sydney is Melbourne's Events-Poor Cousin" in the *Sydney Morning Herald*, 9 July 2003, p.3.

[104] See http://www.news24.com.

Breakdown of the Business Tourism Events Sector in Australia by Percentages of Participants: 2002-2003[105]
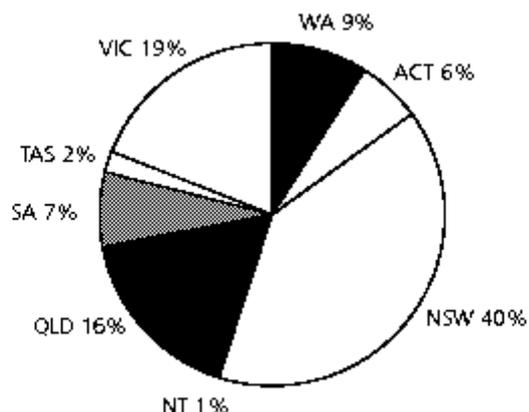
Larry Dwyer and his colleagues have recently provided the following estimates of the value of business tourism (compared with recreational tourism) for New South Wales:

Contribution of Business Tourism to New South Wales Gross State Product (by Origin of Visitor): 2000-2001 (approx.)[106]

Intrastate and Interstate	$1.1 billion
From Overseas	$0.4 billion
TOTAL	$1.5 billion (15% of Tourism's Share of Gross State Product)

(h)   Changing Proportions of Tourism Business Activity: Big Business and Small Business

A large amount of the commercial activity, in tourism, is conducted by small businesses. This is illustrated by figures for the number, and size, of firms directly and indirectly involved in tourism:

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[105] *The National Business Events Study: An Evaluation of the Australian Business Events Sector*, executive summary, p.8.

[106] *Tourism Satellite Account NSW: 2000-2001*, p.18.

Firms Directly Involved in Tourism, by Size: 1999[107]

	Small Businesses	*Medium to Large Businesses*
Cafes and Restaurants	18,153	1,272
Takeaway Food Retailing	15,485	733
Accommodation	7,039	701
Travel Agency and Tour Operators	3,948	123
Taxi Transport	2,343	55
Air and Water Transport	1,576	123
Motor Vehicle Hiring	691	19
TOTAL	49,232	3,026

Firms Indirectly Involved in Tourism, by Size: 1999[108]

	Small Businesses	*Medium To Large Businesses*
Other Retail	120,007	3,999
Transport Equipment and Other Manufacturing	46,594	6,199
Other Road Transport	25,217	688
Other Entertainment Services	12,135	1,037
Education	8,846	1,469
Clubs, Pubs, Taverns and Bars	7,575	1,884
Automotive Fuel Retailing	6,549	294
Libraries, Museums and Arts	3,648	206
Ownership of Dwellings	3,374	53
Food and Beverage Manufacturing	3,253	1,001
Casinos and other Gambling Services	2,361	50
Rail Transport	28	14
TOTAL	239,587	19,920

Although there are a large number of small businesses in the tourism sector, there has been a general shift in employment share, from small business to big business, in certain key areas of tourism employment. This can be seen as follows:

Accommodation, Restaurants and Cafes

As mentioned in sub-section 2(c) above, "accommodation, restaurants and cafes" is the biggest sub-division of tourism employment: employing approximately 175,300 people Australia-wide in financial year 2002-2003. Employment growth in the small business component of this sub-division, at least from the mid-1980s to the mid-1990s, has been noticeably slow as can be seen in the following table:

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[107] *Knowledge Intensive Service Activities in the Tourism Industry in Australia,* p.16.

[108] Ibid.

Accommodation, Restaurants and Cafes (Australia): Employment Growth[109]

Average Employment Growth (1985-2002)	4.3%
Small Business Employment Growth (1983/1984 – 1993/1994)	2.4%

Retail

Retail is the second biggest industry sub-division of tourism employment: employing approximately 140,400 people Australia-wide in 2002-2003. Again, employment growth in the small business component of this sub-division, from the mid-1980s to the mid-1990s, has been demonstrably slow as the following figures indicate:

Retail (Australia): Employment Growth[110]

Average Employment Growth (1985-2002)	2.6%
Small Business Employment Growth (1983/1984 – 1993/1994)	0.4%

Cultural and Recreational Services

Cultural and recreational services is the fifth-largest industry sub-division of tourism employment: employing approximately 28,500 people Australia-wide in 2002-2003. Once more, employment growth in the small business component of this sub-division, from the mid-1980s to the mid-1990s, has been significantly slower that that of the industry as a whole, as the accompanying table illustrates:

Cultural and Recreational Services (Australia): Employment Growth[111]

Average Employment Growth (1985-2002)	4.1%
Small Business Employment Growth (1983/1984 – 1993/1994)	2.6%

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[109] See Bureau of Transport and Regional Economics, *Focus on the Regions No.1: Industry Structure* (Bureau of Transport and Regional Economics, Canberra, 2003), p.8; Muhammad Mahmood, "Economic Openness and Small Business Employment in Australia, 1983-1984 to 1994-1995", paper presented to the *United States Association for Small Business and Entrepreneurship Annual National Conference*, San Francisco, 1997, p.11.

[110] See *Focus on the Regions No.1: Industry Structure*, p.8; Mahmood, op.cit., p.3.

[111] *Focus on the Regions No.1: Industry Structure*, p.8; Mahmood, op.cit., p.3.

(i)   Small Businesses in Tourism: Federal and State Assistance for Regional Activity

Federal Assistance

Because of the large number of small enterprises engaged in tourism activity, a significant amount of government assistance to the tourism industry is in the form of grants to small tourist operations of different kinds. Between 2004 and 2005 the federal government provided a number of grants, to such operations in New South Wales, as follows:

Selected Federal Government Grants to NSW Tourism Concerns: 2004-2005[112]

Amount Granted	*Organisation Receiving*	*Nature of Undertaking*
$100,000	Country Guest House Schonegg	Café and function catering facility
$100,000	Lake Crackenback Resort Management	Expansion of hiking facilities
$100,000	Blue Poles Café and Gallery	Construction of a nature-based tourism facility offering arts and health retreats
$100,000	Beachfarm Pty Ltd	New dormitory for overseas agricultural students
$100,000	Shortlands Wetlands Centre	Expansion of the Café Jacana
$84,600	Two Chimneys Vineyard (Norfolk Island)	To construct a facility (encompassing a Norfolk Island theme) that will provide a venue for wine tastings and vineyard tours
$50,000	Shear Outback Limited	Development of a sculptural sheep pen maze and exhibition showcasing shearers of renown

New South Wales

Assistance to tourism operations in the regions in New South Wales tends to be in the form of assistance to regional tourism organisations (RTOs) and assistance, by the department of state and regional development, to regional small business tourism operations.

As mentioned above, regional tourism organisations were established in the second half of the 1980s: under the Wran and Unsworth governments. The functions of the RTOs, as defined during the 1990s by Tourism NSW, were as follows:

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[112] See the Australian Tourism Development Program section of the AusIndustry website at http://www.ausindustry.gov.au.

- Focusing on product development opportunities for the broader region

- Developing market synergies within the region to improve its product's exposure to the market place

- Co-ordinating activities, amongst all levels of government and industry within the region, to ensure the efficient sustainable development and promotion of tourism

- Providing a local focus on tourism needs and operations

- Maintaining communications on activities with their local communities and Tourism NSW[113]

Some of the ways in which the RTOs carried out their functions, during the late 1990s, were as follows:

- Acquiring contributions from public and private interests

- Acting as a conduit for local operators to submit applications, to Tourism NSW, for marketing funds and special project funds[114]

By the late 1990s, however, many RTOs were encountering difficulties in achieving these objectives. In 1999 a survey, undertaken by the national centre for regional tourism, concluded the following:

- Only five out of eleven RTOs had the full financial support of their local government bodies through membership, with the remaining six regions having partial support for sponsoring some of the activities of RTOs

- Eight out of eleven organisations had in place a communications strategy with tourism operators, mainly in the form of a newsletter

- Four out of eleven organisations had business improvement programmes in place for tourism operators in the form of workshops and seminars

- Only four regional tourism organisations surveyed their membership to gauge their satisfaction with their operations

- Some members felt the RTO showed a lack of contact and lack of general communication with its members

- There appeared to be a lack of knowledge about working with the RTO – some

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[113] John Jenkins, "The Dynamics of Regional Tourism Organisations in New South Wales, Australia: History, Structures and Operations" in *Current Issues in Tourism*, vol.3, no.3, 2000, p.192.

[114] Ibid., p.194.

members felt direct relevance and benefits would have to be more apparent to them to continue membership

- Members wanted to see tangible benefits through increased business

- Members felt small operators were not catered for[115]

Throughout the term of office of the Carr government, RTOs were helped by the state government. The Hunter regional tourism organisation, for instance, received approximately $100,000 a year annually, from the state government, over the ten financial years from 1995-1996 to 2004-2005.[116] On an overall level, the assistance to the RTOs, provided by the NSW government, ranges from $100,000 a year to around $160,000 a year.

Assistance provided by the department of state and regional development is in the form of assistance available, on a general level, to all businesses operating on New South Wales. Tourism businesses, as much as any other business, can apply for assistance through the various schemes offered by the department. The schemes are as follows:

Regional Business Development Scheme Provides assistance to firms moving or expanding their operations in regional New South Wales

Small Business Advisory Centres Provide practical business counselling and liaison with specialist advisers

New Market Expansion Provides dollar for dollar assistance (up to $5,000) to offset the cost of engaging external support for business matching, market research, webpage development and e-commerce preparation

Stepping Up Program Training and mentoring for established businesses

Women In Business Mentoring Provides a link between new business entrants and experienced business owners[117]

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[115] Ibid., p.193.

[116] Parliament of NSW. Hansard. General Purpose Standing Committee Number 2. Budget Estimates Hearings. 23 September 2005, p.32.

[117] See NSW Department of State and Regional Development, *Tourism Business Services* (NSW Department of State and Regional Development, Sydney, 2002).

CONCLUSION

After the bombing of the twin towers, on 11 September 2001, there was a considerable amount of concern, on the part of the tourism industry, that this might produce widespread anxiety about flying and a resultant downturn in the tourism industry. Rather than a fear of flying causing a downturn in the Australian tourism, the current slowdown in the sector appears to derive from different sources.

Over the last few years, a considerable gap has emerged between the incomes of factory workers and office workers, on the one hand, and those of professionals and business people on the other. At the same time, not only have many people in Australia begun to work longer hours than normal,[118] but a certain degree of anxiety has arisen regarding security of employment. Some of these developments have contributed to many workers regarding their leave entitlements as a form of saving: to be reserved as insurance against loss of employment or any other eventuality.

It does not seem surprising that, in 2005, the chief executive officer of AAA Tourism (the organisation representing the touring divisions of the various state motoring organisations) declared that stagnation in domestic tourism was one of the "biggest issues that confronts the industry".[119] It is not the case, of course, that Australians are not travelling. It is simply that those Australians who have become better-off appear to have a preference for holidays overseas. Conversely many of those whose disposable income is markedly less are either regarding their leave as savings or taking holidays over shorter lengths of time.[120] As Joyce DiMascio (events manager with the Tourism and Transport Forum) has remarked, despite the federal and state governments investing considerable amounts of money in supporting tourism, "the size of the domestic tourism pie has not grown".[121]

Another aspect of the fluctuating fortunes of the domestic tourism sector is the unforeseen impact, on regional tourism, of the expansion of low-cost domestic air travel. Whereas travel between capital cities has increased significantly, low-cost air travel has not brought the same degree of benefit to regional centres.

Solutions do seem possible, however, for problem areas of inbound tourism. The number of

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[118] See Matthew Gray, Lixia Qu, David Stanton and Ruth Weston, *Long Work Hours and the Wellbeing of Fathers and their Families* (Australian Institute of Family Studies, Canberra, 2004).

[119] See *State of the Tourism Industry 2005*, p.9.

[120] In its most recent publication on wealth in Australia, the Australian Bureau of Statistics has noted that, while the average household net worth was $468,000, median wealth (the midpoint where all households are ranked in ascending order of wealth) was $295,000. According to the ABS, this was an outcome of a situation where "a relatively small proportion of households had relatively high net worth, and a large number of households had relatively lower net worth." According to the ABS, one in four households had assets of less than $100,000. See Australian Bureau of Statistics, *Household Wealth and Wealth Distribution 2003-2004*, ABS Catalogue 6554.0 (Australian Bureau of Statistics, Canberra, 2006), p.3.

[121] *State of the Tourism Industry 2005*, p.9.

Japanese tourist arrivals appears to be increasing and China seems to be a promising new source of visitors. Even in the case of the USA, there appear to be prospects for increased tourist numbers. In the view of the authors of the *State of Tourism Industry 2005*, "If the government allows a US backpacker/working holiday visa, then that market could grow substantially overnight."[122]

Events, festivals and business tourism also appear to be an area of tourism that holds out promise for the future.

On an overall level, there is no doubt that the Australian tourism industry has fared better than predictions at the time would have indicated. Not long after the bombing of the Twin Towers and the following collapse of Ansett, the chief executive of the then Tourism Task Force (Christopher Brown) declared that "The Australian tourism industry is looking at the double whammy".[123] The industry has, however, withstood these calamities and remained relatively resilient. As long as domestic tourism can be revived, the industry should regain the level of performance that it attained before September 11.

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[122] *State of the Tourism Industry 2005*, p.22.

[123] Linda Doherty, "Crisis What Crisis? To Kelly, It's Just a Blip" in the *Sydney Morning Herald*, 20 September 2001, p.7.

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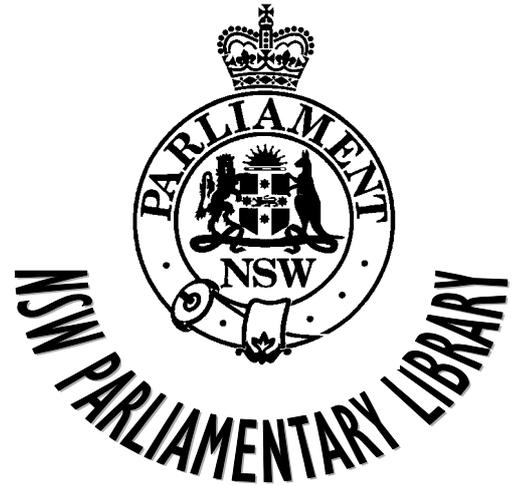
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