

The Hon Martin Ferguson AM MP

22 June 2010

TTF LEADERSHIP SUMMIT

Good afternoon Ladies and Gentlemen,

Welcome to another glorious Canberra winter - the perfect season to wrap your business trip with the great indoors of Canberra's attractions.

Through sensible economic management, this year we delivered a Budget which will provide a surplus within three years.

A budget surplus is something the industry seeks and expects from Government. With these strong credentials, I believe the best for Australia's tourism industry is ahead of us.

Having said that, I am very aware of the industry's ongoing challenges including exposure to the cycles of the global and domestic economies, a strong Australian dollar, increasing airline competition, and the lure of nearby international destinations.

By bringing tourism into Cabinet we have recognised the importance of the industry to the Australian economy. We have elevated the status of tourism across Government to help the industry meet its challenges head on.

And the performance of the industry is pleasing. Last year when global travel declined four percent, our international visitation levels were line ball with the previous year. This is an outstanding result in what was an extremely difficult trading period.

The latest data continues to show strength in our inbound market, including growth in the Japanese market which we haven't seen since 2005.

For too long the focus of Government support has been too narrow, you only have to look through the budget papers to see the support we are providing the industry across Government.

We provided \$12 million for the Great Barrier Reef, \$18 million for Historic Sites, \$20 million for museums and attractions and we have provided a \$1 billion in regional and local community infrastructure and retained Tourism Australia's budget and current PMC levels.

We will continue to strengthen the tourism industry with infrastructure investments, including roads, rails and ports and national broadband.

Our tax plan to reduce the corporate tax rate from 30 to 28 percent will free up funds for tourism businesses to invest for the future.

Immediate write down of assets valued at up to \$5000 will allow 90 per cent of the tourism industry to replace assets and revamp their business.

Tourism employs almost a million people directly and indirectly and requires a flexible, skilled and mobile workforce. That's why the National Long Term Tourism Strategy's Labour and Skills Working Group is progressing the industry's workforce development plan. By working with State and Territory Governments we're seeking to make practical changes including national recognition of Responsible Service of Alcohol qualifications- a base level training requirement for the industry.

This industry will benefit from the \$661 million announced in the budget to improve industry training and the \$152 million for the indigenous employment program.

Through the Strategy, the Rudd Government has reached an historic agreement with State and Territory Governments and is progressing 41 practical measures in the first instance. We are targeting impediments to investment, cutting red tape, developing a more focused research program and enhancing Indigenous employment to name a few.

All the while, our comprehensive marketing program continues. We were successful in lifting the overall commitment to marketing during the GFC by turning \$9 million into \$20 million and businesses now have the chance to aggressively compete for the tourism dollar by leveraging off Tourism Australia's new \$150 million global tourism marketing campaign There's Nothing Like Australia.

This campaign is built for buy-in.

This is a campaign which can stand the test of time.

It requires leadership from big business- Airlines, hotels, tour operators, State Tourism Organisations and other businesses should be seeking to at least double their marketing dollars by partnering with Tourism Australia.

Tourism, however, is dominated by small businesses and while this campaign will serve our international markets well, it will also help Australians to rediscover our own back yard. Domestic tourism accounts for 75 percent of the market.

Last week Tourism Australia commenced the \$3 million in domestic campaign activity including TV, cinema, press and online advertisements. Small business can work co-operatively with their regional and state tourism organisations to tap into the marketing power and dollars of the campaign.

The recent meeting of the Tourism Access Working Group resolved to more closely map tourism policy and marketing with aviation capacity. The Group will develop consistent cruise ship data, and examine ways to enhance dispersal and attract air services to regional areas through a regional airport/tourism project.

As the face of tourism changes and we ride through the current challenges of the weak economic conditions in Europe and slow growth in North America, the promising growth in Asia remains a key opportunity for Australian tourism operators.

The Asia region accounts for almost 60 percent of Australia's bilateral trade. We are a part of the region leading the global recovery from the GFC.

China's travel sector is booming. It has 46 million outbound travellers. It is a market worth \$2.8 billion to Australia and is forecast to increase at an average annual rate of 10.2 per cent to \$5.5 billion in 2017.

Yesterday, the Prime Minister and I announced a \$30 million marketing package to boost tourism from China including the launch of the TA campaign in China and the hosting of a forum in Cairns next year to broaden the opportunities for Chinese tourism across Australia.

China is expected to move from our fourth to one of our largest source markets over the next few years.

Conclusion

This Government is taking Australia's \$41 billion tourism industry seriously. We're not going to resolve the industry's challenges with short term fixes. By working with industry and State and Territory Governments, we are taking on the difficult and long term task of addressing the industry's supply side needs. Some would say this isn't the glamorous side of the sector.

Through regulation and tax reform and by encouraging investment we are helping tourism businesses compete for the discretionary tourism dollar against some stiff competition.

But by working through practical actions we are setting the sector up for the future.

Thank you for all your hard work to date and I look forward to continuing this important work with you as we grow your sector to be even more resilient, productive, competitive and profitable.

Thank you