

Tourism research and policy

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An overview of today's presentation

Evidence-based policy

Overview of *Tourism 2020*

Example: Tourism Industry Potential

Conclusion



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Evidence-based policy

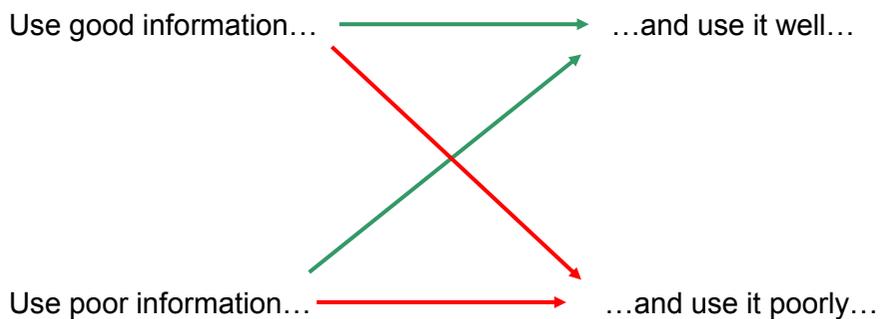
Statistics and evidence-based policy

- Evidence-based policy is an agenda informed by rigorously established objective evidence
- Evidence-based policy assists mitigate the risk of idiosyncratic decisions and leads to better long-term outcomes
- Statistics are at the heart of evidence-based policy, but they must also be used well

Source: ABS NSS

Evidence-based policy

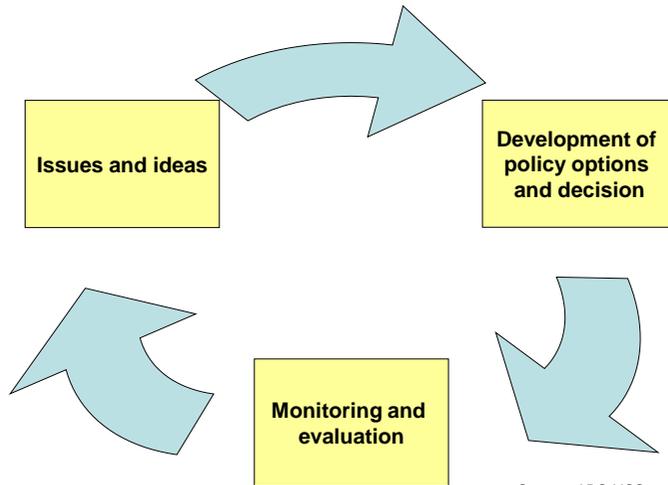
Evidence-based policy routes – policy options that...



Source: ABS Cat No 1500.0

Evidence-based policy

The evidence-based policy cycle



Evidence-based policy

The process for good decision making

1. Identify and understand the issue
2. Set the agenda
3. Formulate policy
4. Monitor and evaluate policy

Source: ABS NSS

Evidence based policy

Ensuring an indicator is fit for decision making

- Relevant and reflective of issue
- Available as a time series
- Meaningful and sensitive to change
- Summary in nature but also able to be disaggregated
- Easily interpreted and flexible enough to be related to other indicators

Source: ABS NSS

Evidence-based policy

A framework for ensuring good indicators



Source: ABS Cat No 1500.0

Evidence-based policy

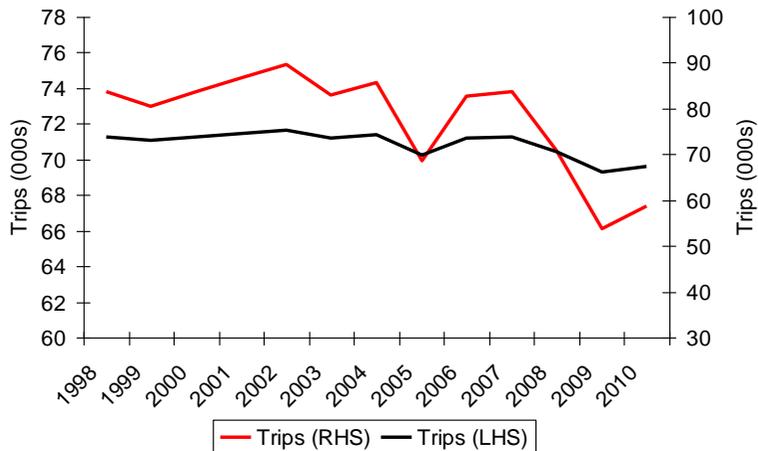
Misuse of statistics in decision making

- Misleading averages and percentages
- Overgeneralisation
- False precision
- Data dredging/selective presentation/Inappropriate comparisons
- Misleading charts

Source: ABS NSS

Evidence-based policy

Misleading charts – spot the issue...



Source: TRANVS 2011

Evidence-based policy

Preventing misuse

1. Be informed, talk with the experts
2. Watch out for advocacy and agendas
3. Probe behind the numbers and look into what might be missing

“Do not put your faith in what statistics say until you have carefully considered what they do not say”

4. Ask “Does it make sense?”

Source: ABS NSS

Australia's policy landscape: Tourism 2020

Overview of Tourism 2020

- Launched December 2011
- National Long-Term Tourism Strategy (Supply)
+
- Tourism Industry Potential (Demand)
- Supply and demand focused
- Continuation of government and industry partnerships

Looking Out to 2020

Opportunities

- Unique assets particularly landscapes and nature based tourism
- Indigenous culture and heritage
- Our welcoming, diverse people
- Growth in Asia – our neighbouring geography
- The importance of the internet in marketing and distribution

Volume

Experiences

Satisfaction

Competition

Innovation

Looking Out to 2020

Challenges

- Increasing competition
- Wealth effects
- Value for money, exacerbated by strong AUD
- Consistent quality of product and service
- Declining productivity

Arrivals

Income

Price

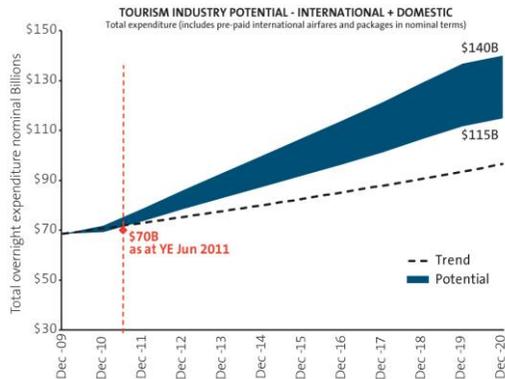
Competition

Productivity

Reaching Australia's potential...

- Achieve \$115bn to \$140bn overnight spend
- Hold or grow market share
-  grow labour force
-  accommodation
-  aviation capacity
- Improve quality and productivity

The potential for the industry in 2020



Tourism 2020 - refined focus

Australia's industry to focus on six strategic areas

1. Grow demand from Asia
2. Build digital capability
3. Encourage investment and regulatory reform
4. Ensure tourism transport supports growth
5. Increase supply of labour, skills and indigenous participation
6. Build industry resilience, productivity and quality

Grow demand from Asia

Key Activities

- Promote tourism as a key component of The Asian Century White Paper
- Implement 2020 China Strategy (TA, RET, STOs)
- Training for tourism operators by industry associations
- Address quality and product opportunities for Asia
- Develop 2020 India Strategy (TA)

Outcomes

- Increased visitor numbers and spend from Asia
- Hold or grow market share in key Asian markets

Build competitive digital capability

Key Activities

- Implement the National Online Strategy for Tourism
- Implement and evolve digital marketing strategies (TA, STOs, Industry)
- Industry uptake of e-Kit
- National Broadband Network roll out
- Communicate research on digital trends

Outcomes

- Increase percentage of industry doing transactions online
- Increase web and social media metrics

Encourage Investment and Implement Regulatory Reform Agenda

Key Activities

- States/Territories to address key regulatory reform priorities
- Implement plans to attract and facilitate tourism investment (Austrade, TA, RET, STO and relevant State departments)
- Finalise and support national usage of Destination Management Plan Tool (ARTN)
- Monitor tourism investment

Outcomes

- Increased visitor accommodation
- Increase in tourism investment

Ensure Tourism Transport Environment Supports Growth

Key Activities

- Build sustainable growth in capacity and new routes
- Air service agreements ahead of demand (DIT)
- Ensure 2020 passenger movements are considered in planning and staffing for airports
- Working Group work agenda – cruise, TRS, Trans Tasman

Outcomes

- Increase in aviation capacity

Increase Supply of Labour, Skills and Indigenous Participation

Key Activities

- 8 Hot Spot pilots (Working Group)
- Ministerial/Industry roundtable outcomes (RET, DIAC, DEEWR)
- Deliver “Labour and Skills Connect” (W.G.)
- Participate in Fair Work Act Review (Industry)
- Pilot programme on skills transfer between indigenous and non-indigenous businesses (W.G.)

Outcomes

- Increase number of jobs
- Increase number of indigenous employees
- Improve labour productivity

Build Industry Resilience, Productivity, and Quality

Key Activities

- Deliver T-QUAL grants (RET)
- Encourage quality focus and uptake of *T-QUAL* accreditation (TQCA)
- Roll out and promote Enterprise Connect (DIISR)
- Development of an Industry Resilience tool kit (W.G.)

Outcomes

- Increase tourism sector productivity
- Increase number of businesses with *T-QUAL* accreditation

Monitoring *Tourism 2020*

GROW DEMAND FROM ASIA*	BUILD COMPETITIVE DIGITAL CAPABILITY	ENCOURAGE INVESTMENT AND IMPLEMENT REGULATORY REFORM AGENDA
OBJECTIVE	OBJECTIVE	OBJECTIVE
Tourism operators can attract visitors who spend more, particularly from growing Asian markets, by providing high quality products and services that these visitors are seeking	Tourism operators can take full advantage of information and communication technology to attract visitors and enable online transactions	Businesses can more easily invest in new visitor accommodation and tourism infrastructure by governments removing red tape barriers and facilitating major new projects
MEASUREMENT	MEASUREMENT	MEASUREMENT
<ul style="list-style-type: none"> > Increase in visitor numbers and expenditure from key Asian markets as measured by TRA's International Visitor Survey > Hold or grow long haul market share in key Asian markets as measured by Tourism Economics 	<ul style="list-style-type: none"> > Increase in the percentage of industry doing transactions on line – TRA to repeat benchmark tracking research > Increase in web and social media metrics that TA currently tracks (TA) 	<ul style="list-style-type: none"> > Increase in visitor accommodation capacity - to be measured by ABS Survey of Tourist Accommodation (and reported in TRA Tourism Scorecard and State of the Industry reports) > Increase in levels of tourism investment - to be measured by new TRA 'Tourism Investment Monitor' report > Uptake of Destination Management Planning tool – ARTN to report



Monitoring *Tourism 2020*

ENSURE TOURISM TRANSPORT ENVIRONMENT SUPPORTS GROWTH	INCREASE SUPPLY OF LABOUR, SKILLS AND INDIGENOUS PARTICIPATION	BUILD INDUSTRY RESILIENCE, PRODUCTIVITY & QUALITY
OBJECTIVE	OBJECTIVE	OBJECTIVE
Tourism transport capacity and infrastructure is developed to allow increasing numbers of visitors to travel to and within Australia on a sustainable basis	Tourism operators can meet their labour and skills needs to deliver high quality customer service to all visitors, including those from Asia	Tourism operators can grow their profitability and marketability by delivering higher quality products and services using improved business planning, systems and standards
MEASUREMENT	MEASUREMENT	MEASUREMENT
<ul style="list-style-type: none"> > Increase in international and domestic aviation capacity - as measured by the Bureau of Infrastructure, Transport and Regional Economics (and reported in TRA Tourism Scorecard and State of the Industry reports) 	<ul style="list-style-type: none"> > Increase in the number of full time and part time jobs – as measured by ABS Tourism Satellite Account (and reported in TRA Tourism Scorecard and State of the Industry reports) > Change in number of Indigenous Australians employed in the tourism industry - indicator under development by TRA > Track tourism labour productivity growth (TRA) 	<ul style="list-style-type: none"> > Increase in tourism sector productivity – as reported by TRA regularly > Increase in the number of businesses with T-QUAL accreditation – TQCA to report



Tourism Research Advisory Board

A *Tourism 2020* Working Group

- Provides robust research and analysis for the tourism industry and governments
- Provides strategic oversight of TRA's work program
- Chaired by Secretary of RET with a diverse membership

Broadens the research base for the industry and improve industry access to the information needed by operators...



Tourism Research Advisory Board

Key deliverables

- Publications - Annual *State of the Industry* report
- Engagement - Annual *Tourism Directions Conference*
- Research priorities - *National Tourism Research Agenda*

Current market dynamics	Emerging trends	Building productive capacity	Dissemination pathways
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The Advisory Board ensures robust research is available to meet Australia's tourism potential of \$140 billion...



Analysis - Tourism Industry Potential

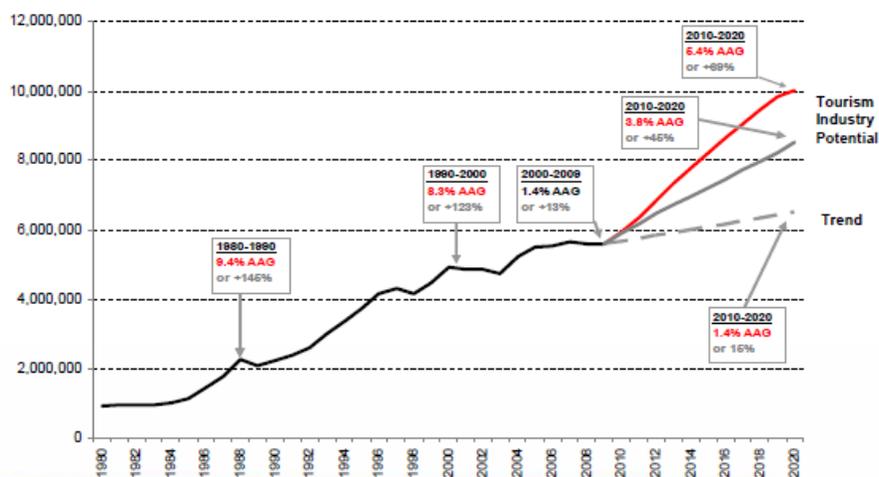
Tourism Industry Potential – how was it developed?

- Market assessment – influences on the economic outlook and Australia's performance.
- Forecast of outbound market opportunity
- Forecast of visitors to Australia if we hold market share
- Tourism Industry Potential sets a range of performance outcomes

Robust data is critical to support detailed analysis...



Analysis – Tourism Industry Potential



Analysis – Tourism Industry Potential

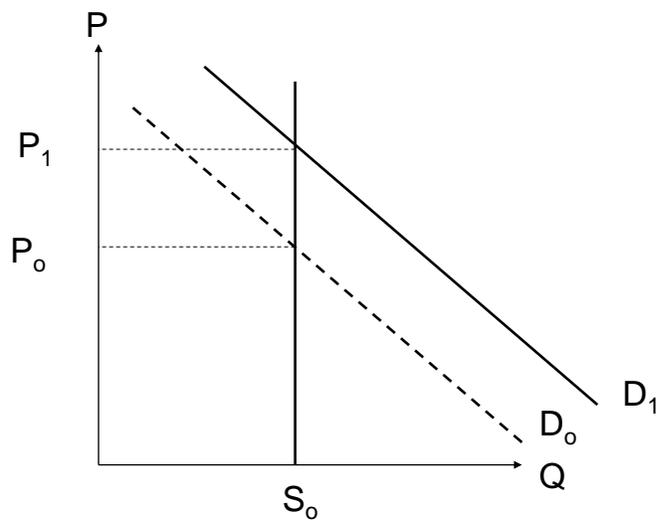
Demand – what are the key numbers?

- International arrivals from 6m to 9m to 10m
- Domestic trips from 67m to between 74m – 87m
- Total: From 73m to between 83m – 97m (1% -3% AAGR)

However, strong growth in demand may have inflationary effects...



Analysis – Tourism Industry Potential



Analysis – Tourism Industry Potential

Supply – what are the key numbers for 2020?

- Air capacity: between 37% and 54% growth in international sector; 25% growth in domestic seats
- Accommodation stock: 70,000 additional rooms based on improved occupancies and yields
- Labour: from 500,000 workers to around 640,000

Without strong growth in supply, competitiveness and quality are at risk



Analysis – Tourism Industry Potential

By 2020, significant economy-wide benefits are realised

- \$8.1 billion in real GDP (+0.6%)
- \$10 billion in real household consumption (+1.2%)
- \$6.6 billion in net exports (+2.6%)
- 24,500 Full time equivalent workers (+0.2%)



Analysis – Tourism Industry Potential

By 2020, the additional industry-specific benefits would be significant

- Overnight tourism spending from \$70bn to \$140b over 10 years.
- T-GDP increasing from \$33 billion to between \$43bn to \$51bn
- Industry share of total GDP growing from 2.6% to 3.0% (at peak)
- Industry taxation revenue increasing from \$9.3bn to \$14.5bn



Analysis – Tourism Industry Potential

Tourism Industry Potential – what was the process?

- Consultant provided a brief to develop
- Third party verification
- Internal analysis
- Government and industry consultation
- Ministerial agreement

Tourism Industry Potential – what data was used?

- volume, value, national accounts, revenue, supply (labour, accommodation, transport)

Robust data, verified models, and transparent processes are critical to support analysis...



Conclusions

Research is critical to support future policy development

- **Evidence-based policy** is policy informed by rigorously established objective evidence
- **Evidence-based policy** reduces idiosyncratic decisions and leads to better outcomes
- **Awareness** of data and its limitations - statistics are at the heart of evidence-based policy, but they must also be well used
- **Stable research communities** and partnerships required



Thank you

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