

MASTER



PRIME MINISTER

SPEECH BY THE PRIME MINISTER, THE HON P J KEATING MP
TOURISM TASK FORCE LUNCHEON
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I am very glad to be here today. John Brown's powers of persuasion are unrivalled and legendary of course, but he didn't need to use them for this.

The modern Australian tourist industry and I grew up together, and even in front of John, I will be so immodest as to say that over the years I have given it more than one or two helpful shoves along.

The last of these shoves was last year in One Nation when we created a separate Cabinet portfolio for tourism, a new Department of Tourism and when we significantly increased funding for promoting Australia as a tourist destination.

This was less a visionary act than recognition of a vision realised, because the tourism industry really had earned its stripes.

I'm fond of reminding people how much Australians have changed in the past decade and a half. It seems to me that the changes we have made are proof of our capacity to make more changes - necessary changes.

The change from an inward looking, even somewhat xenophobic Anglo-saxon society to a much more worldly, open and multicultural society is one example. The remarkably rapid adoption of a co-operative industrial culture is another. So is, in very recent times, our reorientation towards Asia.

Australians do have the capacity to adapt as the world and our place in it demands. This, of course, is the reason why I am confident that in time we will embrace the idea of a republican Australia and why we will achieve reconciliation with indigenous Australians.

It's why I think that we can find a successful and creative role in the world and the region, and a greater level of mature self-confidence and self-esteem. In the end these things depend on ourselves and on our faith in ourselves.

Now, the other striking example of our ability to adapt and grow and make the most of our natural advantages is the tourism industry. A decade ago it was at best embryonic. Very few Australians imagined that we were capable of developing the sophisticated standards of service and infrastructure which we now possess.

It has happened with quite extraordinary speed and we should find in it every reason for confidence, both in the future of the tourism industry and the future of the country.

As I'm sure you know, tourism has become a very significant source of export earnings and job creation in Australia. It is our fastest growing industry. It employs 457,000 people and earns us \$8 billion in foreign exchange a year. It will create 200,000 new jobs in this decade, and, in so doing provide a future for a very large number of young Australians.

The news is remarkably good. Studies by the Australian Tourist Commission indicate that we are already first or second most preferred destination in eight out of thirteen key market countries.

A recent New York Times/CBS Television survey listed Australia as the most favoured tourist destination for Americans. Australia rated three times more popular than France, Italy or Britain.

And new survey results which I'm pleased to release today show that Americans' satisfaction with Australia as a tourist destination is not only in the anticipation but also in the fulfilment of their holiday dreams. An Australian Tourist Commission satisfaction study of the US market found that three out of four American holiday makers rate Australia better than any international destination they have visited.

An overwhelming 98 per cent of those surveyed said they would recommend Australia to friends and relatives.

The survey also found that Australia scored brilliantly on a wide range of criteria including hotels, tourist attractions, food and service standards, and friendliness.

It's one of the pleasures of this job that you get to tell the good news. Here it is.

- . 98 per cent of Americans were very satisfied with the quality of our tourist attractions.
- . 97 per cent were very satisfied with the friendliness and helpfulness of Australians.
- . 97 were very satisfied with the quality of our hotels, staff, service standards and tour guides.

- . 95 per cent rated Australia as a good or excellent country to visit for a holiday.
- . 96 per cent said their trip met or exceeded their expectations.
- . And 89 per cent said they intended to return to Australia.

You don't get much better product endorsement than that.

Nevertheless, it's very important that we do not exaggerate the prospects for the Australian tourism industry or underestimate the issues facing it.

It's not money for jam but a very complex industry often confronted by problems beyond our control. The success of tourism relies on the right policy mix in regard to marketing, transport, immigration, investment and infrastructure, training, taxation arrangements, international relations, cultural identity and industrial relations. The Government is determined to help the industry overcome impediments to growth in all these areas.

During the election campaign, I gave an undertaking to continue the conspicuous level of support given to the industry which in the recent past has included an extra \$15 million in One Nation for tourist promotion, additional resources for the new Department of Tourism, improved depreciation arrangements, and a further liberalisation of aviation policy.

The new commitments include \$42 million over the next four years for the development and planning of tourism in regional Australia; the completion of the national ecotourism strategy and associated programs, and to promote growth in special interest areas such as rural tourism, coastal cruising and backpacking.

We also want to help the industry plan more accurately for future infrastructure needs.

The tourism industry has been plagued by boom-bust cycles. The investment boom in accommodation in the mid-eighties has resulted in an over-supply of rooms, a decline in profitability, and a significant number of hotels ending up in the hands of bankers.

However there are signs that unless new investment is forthcoming, the current surplus of accommodation may become a severe deficit, at least in some regions.

We are stimulating tourism demand through international marketing combined with major reforms in the aviation industry.

But the lead times involved in the development of infrastructure mean that we have to anticipate this demand three to four years in advance.

Investment in tourism therefore crucially depends on our ability to forecast trends. At present, there is a lack of agreement within the industry on the credibility of particular tourism forecasts, and the reluctance to use these forecasts has confused planning decisions and contributed to the current low rates of occupancy and lack of new investment.

To provide much better quality information on which investment decisions are made, we will establish a Tourism Forecasting Council.

The Council will report to the Minister and comprise key tourism industry, finance and building representatives with technical assistance from the Bureau of Tourism Research, industry research organisations and government agencies.

The Council will perform a role somewhat like the Indicative Planning Council of the housing industry, where the industry, the government and other interested parties sit down a couple of times a year to make an annual forecast of housing growth. These forecasts are generally taken by the industry as the best guide to its immediate future. In the same way, a tourism forecasting council should provide that extra information which can induce more confidence about the future and hence more confidence to underpin investment decisions.

By means of a Council, it is hoped that we will be able to smooth out boom-bust cycles by better matching supply and demand and improving industry planning and profitability.

The survey of the American market which turned up such wonderfully positive responses nevertheless highlighted some problem areas.

The one that concerns us most was the finding that American travel agents appear to underestimate what Australia has to offer as a tourist destination.

It appears that we need to put more emphasis on post-advertising marketing strategies which will convince these 35,000 travel agents to convert American enthusiasm for Australia into firm holiday bookings.

This is an issue which I know Michael Lee plans to concertedly address in the coming months.

You will be aware, I imagine, of the emphasis I have placed on "partnership" in developing a more cohesive, stronger and competitive Australia. It was the theme of One Nation. And despite the hiccup on another matter in

recent days, I am not at all deterred from continuing to pursue it, particularly in relation to the Commonwealth and the States and Territories.

The tourism industry especially needs a spirit and a framework of partnership and co-operation.

We need to break down the old artificial demarcation between State trade development and Commonwealth consumer market promotion.

By providing an opportunity to work co-operatively towards a common goal, the concept of Partnership Australia will enable us to be both more efficient and more cost-effective.

What we need is a united effort to promote the idea of "Destination Australia", not just "Destination New South Wales" or "Destination Queensland".

I was very pleased to see that the Northern Territory has recently decided to join Partnership Australia and will be allocating a percentage of its total marketing budget to co-operative ventures and tactical marketing opportunities.

The maximum effectiveness of our integrated marketing efforts overseas can be achieved only with the participation of all States and Territories in Partnership Australia.

And I sincerely hope the other State Tourist Commissions will respond positively to the ATC's efforts to co-opt their support.

The Commonwealth Government has worked to reduce the barriers to tourist growth through liberalising aviation policy, providing additional resources for policy development, through the taxation system, through the promotion of flexible industrial relations and through the provision of more and better training.

If we can resolve to work more closely together, we can build on what we have already achieved and maximise the potential we know exists.

The beneficiaries, in no particular order, will be Australia and you - the industry. Partnership Australia offers a better means of handling enquiries and distributing product information. It will improve the effectiveness of our marketing effort. It will mean that we can offer to the world a total and unambiguous Australian product - not the bits but the whole show.

So I urge you all to assist our efforts to persuade the States and Territories to commit to Partnership Australia and "Destination Australia".

I said at the beginning that nothing confirms my faith in Australia's future so much as the changes we have made in the recent past. I said that there is no better example of this than the tourism industry. However, I know that the people here would be the last to say that we can rest on our laurels.

I can give you now an absolute assurance that the Commonwealth Government will continue to support the tourism industry in every way that we can - and in Michael Lee you will find you have a very responsive Minister with great energy, ideas and skill.

The Commonwealth Government will give you this. What we seek from you is nothing more than a continuing commitment to work with us and with each other in the interests of the industry and Australia.

And knowing that you have come so far along this road in the last decade, I have no doubt that that is what we are going to see as never before in the next decade. A partnership which will make the industry - and Australia - that much stronger.

I wish you all the best in your efforts and thank you again for inviting me here.