



Tourism Industry Council
ACT & Region Ltd

Madam Chairman, Members of the Estimates Committee,

Thank you for the opportunity to present to you today. I plan to speak for about 10 minutes and then I am happy to take questions for the remaining time.

The tourism industry council is the peak body representing the interest of the tourism industry to govt in the ACT & Region. Through our membership and our affiliated sectoral members, we represent more than 300 businesses associated with the tourism industry in our region, some of who are here tonight.

The concern that the tourism industry feels regarding the budget cuts in the 2006 Budget by the ACT Government cannot be understated. To assist you with that understanding I have prepared an industry impact statement for your consideration.

The tourism industry has been through some interesting times under this government in the last 6 years.

The fluctuating funding since 2000 have resulted in fluctuating visitor numbers as clearly shown in Table 2 in the document I have prepared for you. The substantial loss of funding in the 2002 Budget resulted in a 13% decrease in visitor numbers.



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Based on that history, the Tourism Industry Council conservatively estimates that this budget cut in 2006 will result in a 10% decrease – that's 200,000 visitors.

And the impact of that loss of visitation is significant.

Firstly the impact on direct revenue to the government. Access Economics estimated that in 2002/2003 the government earned \$107 million in taxes from tourism that's \$60 per visitor to the ACT. A loss of 200,000 visitors is a loss of \$12 million in direct government revenue.

Secondly, tourism is an incredibly labour intensive industry. More visitors requires more staff to look after them. Fewer visitors and less staff is required. Tourism is the largest private sector employer industry in the ACT according to the Canberra Plan and the Tourism Industry Council estimates that a loss of 200,000 visitors will result in a loss of 1200 jobs.

In this current environment of low unemployment those people who lose their jobs in tourism and hospitality, will find other positions but what will happen to the industry through this loss of skilled workers? When the government decides it can reinvest in tourism and we see the resulting jump in visitor numbers who will be around to service them.



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With the same lack of vision for the growth of the tourism industry, we note that 3 out of 4 institutions that teach tertiary education in the ACT, teach tourism and hospitality. Of those, 2 are funded by the ACT government.

Who are these people being trained for? If the government is not prepared to invest in the growth of jobs in the tourism industry, where will these students work?

The same can be said for the Tourism and Hospitality Vocational Educational Training offered in colleges. In 2005 over 500 students graduated with qualifications in tourism and hospitality. When they can't get jobs in the ACT in the area of their study and qualification, will they stay here?

Perhaps while children are protesting the closure of their schools, they can also be pleading to the ACT government to save their future jobs in tourism and hospitality.

The ACT government is currently trial ling VET in hospitality in Year 10, but will they get jobs when we are looking fewer tourists and fewer jobs for the tourism industry?

These students may stay here and seek jobs in other industries or they will take their qualifications and go to another place where the government support for tourism is ensuring vibrant growth with plenty of career opportunities.

And that place is any other place in Australia, who are investing substantially in the tourism industry. I refer you to table 1 in the industry impact statement. In the 2006 budgets announced by state and territories, the ACT funded tourism the lowest of any jurisdiction. And the lowest by a long shot. Tasmania is the next with over \$40 million committed by government compared to the \$13.8 committed by the ACT government. Northern Territory with a much smaller population is funding tourism is spending nearly \$43 million.

How can the ACT expect to hold market share when our commitment is 30-40 million below all our competitors. We certainly do not have a chance to grow tourism numbers in this competitive environment.

It is clear to the tourism industry that the ACT government does not have a long-term strategy for the tourism industry in the ACT. Unlike the governments in Queensland and Tasmania who have well documented and publicly known strategic plans for the growth of the industry and the associated financial benefits to government



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and the economy, the ACT government has a short-term reactive approach to the industry.

This is clearly seen with the disbandment of the statutory authority and the degrading of the Board to an advisory committee. The benefits of a statutory authority with a board predominantly made up of representatives for industry and business is that the decision making process occurs within a commercial focus, a focus on increasing visitor numbers.

The loss of this structure potentially results in decisions on the expenditure of tourism funding being made within the political context not necessarily a commercial focus.

Ladies and gentlemen, the Tourism industry understands that the ACT budget is under extreme pressure due to variety issues. However it is not due to tourism not bringing in the revenue to government.

The Tourism Industry Council, will not stand before you and ask that you take money from essential services, education and health to pay for tourism funding. What we will ask, is that your support our industry so that by attracting more visitors, the government will receive more revenue to allow it fund education and health.



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When you cut costs on tourism you impact the direct government income through taxes by three times. Do not be short sighted on expenditure. Tourism funding is not a cost to government, it is not a luxury item – it is an opportunity to raise revenue for government.

Thank you

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