Australian Tourist Commission Bill 1987

Date Introduced: 8 October 1987
House: Senate
Presented by: Senator the Hon. Graham Richardson, Minister for the Environment and the Arts

Digest of Bill

Purpose
To restructure the Australian Tourist Commission (ATC).

Background
The ATC was established in 1967 to encourage overseas tourists to Australia and to promote tourism within Australia. Prior to 1983-84, ATC concentrated on overseas tourism, but since that date it has also been actively involved with State and Territory tourist bodies to promote tourism within Australia.

Tourism is becoming an increasingly important industry and it is estimated that the industry will contribute approximately $24,000 million to the gross domestic product this year, making it one of Australia's major industries, and will earn $3,000 million in foreign exchange during this period. With Australia's continuing balance of payment problems, the growth in overseas tourism is particularly important. Overseas visitor numbers have increased steadily over recent years. In 1984 there were 1,015,000 visitors, 1,143,000 in 1985, 1,418,000 in 1986 and an estimated 1,700,000 in 1987. Currently the largest markets are Europe (including the UK), North America, New Zealand, Asia and Japan, with the largest growth markets being Japan and the USA, with the number of tourists from Japan in August 1987 being approximately twice those of August 1986. However, internal tourism is still very important and accounts for approximately 85% of the total industry.

There are a number of reasons for the growth in tourism, three of the more important being the relative value of the Australian dollar, promotion and the safety of Australia. The fall in value of the Australian dollar, which could buy 89.65 cents US in September 1983; 83.3 cents in September 1984; 70.77 cents in September 1985; 62.74 cents in September 1986; and 71.94 cents in September 1987, has had two effects on tourism in Australia. First, holidays in Australia have become relatively cheaper for overseas visitors (particularly for those from countries, such as Japan, whose currency has also appreciated against the US dollar), while, secondly, overseas holidays have become costlier for Australians who have thus substituted internal tourism. Both effects have increased tourist demand in Australia.

Promotion has also played an important part in increasing the demand for tourism,
particularly from overseas. The heightened exposure of Australia through such events as the Americas Cup, the success of the film *Crocodile Dundee* and associated commercials, have been particularly important, especially in the North American market. In addition, the funds available to the ATC have increased from $26.1 million in 1985-86 to an estimated $33.6 million in 1987-88, enabling overseas promotion to continue at a sustained rate despite the fall in the dollar. Funding for the Tourism Overseas Promotion Scheme, which replaced grants under the Export Market Development Grants Scheme, increased from $1.7 million in 1985-86 to an estimated $6 million in 1987-88.4

Another reason for the growth in overseas tourism to Australia, and particularly from the North American market, is the relative safety of Australia. Following violent action taken against US citizens and transport by certain groups in Europe and the Middle East, American tourists began to look for safer places to visit. With our relative isolation, social and political stability and comparative freedom from political violence, Australia is regarded as a safe place to visit.

One area that is seen as a hinderance to the growth of the tourist industry is the presence of penalty rates which apply to increase the rate of pay in times outside normal working hours. As the tourist industry largely operates outside normal working hours, penalty rates contribute to increasing the cost, and therefore the price, of tourism. However, it is very difficult to quantify this effect and the potential results of the abolition of penalty rates, particularly as regards overseas tourism where fluctuations in the value of the dollar are very important.

The structure and role of ATC was reviewed in the Australian Government Inquiry into Tourism. The Inquiry recommended that the ATC be put on a more commercial footing and that its composition be restructured. In addition to implementing recommendations of the Inquiry, this Bill will introduce the standard reforms that have been introduced into statutory authorities recently.

**Main Provisions**

Clause 5 will preserve the ATC established by the *Australian Tourist Commission Act* 1967, while clause 9 states that it will continue as a corporation.

The principal objects of ATC will be to increase the number of overseas visitors and to maximise the benefit to Australia from those visitors (clause 6). Similarly, ATC's functions will be to promote Australia overseas, to enhance awareness of Australia as a tourist destination, to co-operate in promotional activities with State and Territory bodies and the industry, and to enhance awareness in Australia of the industry (clause 7).

While ATC is not to operate as a travel agent, it will have power to conduct promotions, provide information and advice, undertake research into the industry, produce promotional material, enter contracts, establish offices and obtain sponsorship (clause 8).

Part III of the Bill, clauses 10 to 24, deals with the Board of Directors.

The Board will be established by clause 10, and is to determine ATC's policy and ensure the proper and efficient performance of its functions (clause 11). The Board is to consist of a Chairperson, Deputy Chairperson, government member, Managing
Director and five other members (clause 12). Members, other than the Managing Director (see below-clause 30), are to be appointed by the Minister. Other than the government member, who is only to be appointed if the Minister is satisfied that the person has expertise in the formulation of government policy and public administration, members are only to be appointed if they have expertise relevant to the industry (clause 13). Members, other than the government member, are to be appointed for a maximum three years. The government member is to hold office 'subject to the Ministers pleasure' (clause 14). The Chairperson may be appointed on a full or part-time basis and other members are to hold office on a part time basis (clause 16). The remaining clauses in the Part deal with standard matters such as remuneration, resignation, disclosure of interests etc.

The Board is to prepare five-year corporate plans, which are to deal with its objectives, assessment of the outlook for tourism, strategies and policies, and this is to be reviewed annually. Before preparing or revising the plan, the Board is to consult with State and Territory tourist bodies and other bodies which it considers appropriate. The plan will not have effect until approved by the Minister (clause 25).

The Board is also to prepare annual operational plans which are to contain estimates of the receipts and expenditure for the financial year, the programs proposed to be carried out and the resources to be allocated to each such program. The Board may revise the annual plan and the plan is to be revised if the Minister so requests on the grounds that it is inconsistent with the corporate plan and gives the reasons in writing. A plan will not have effect unless approved by the Minister who is not to refuse approval unless of the opinion that the plan is inconsistent with the corporate plan (clause 26).

The Board is to comply with the corporate and annual plans (clause 27).

ATC's annual report is to include details of how it has achieved the objectives stated in the corporate plan, how the annual plan has been implemented, significant capital works undertaken, significant disposals and acquisitions of real property and alterations to the corporate and annual plans (clause 28).

The Minister may direct the Board, and the Board shall comply with such directions, where the Minister has notified the Board that such a direction is being considered, given the Chairperson an opportunity to discuss the proposed direction and is satisfied that it is necessary to give such a direction to avoid conflict with major government policies. Such directions are to be published in the gazette and included in the annual report (clause 29).

There will be a Managing Director of ATC (clause 30) who is to be appointed by the Board (clause 32) and is to conduct the affairs of ATC in accordance with policies determined by the Board (clause 31).

The Board will be able to engage staff (clause 42) and consultants (clause 43).

The Board is not to enter into contracts exceeding $500 000 (or such higher amount as is prescribed) or leases of land for more than 10 years without the Minister’s approval (clause 46).
ATC will be liable to Commonwealth taxation, other than income and sales tax, and will not be subject to State or Territory tax unless the regulations allow such liability (clause 48).

Clause 51 will allow the Governor-General to make regulations under the Bill.

References
2. Ibid., p. 2817.

For further information, if required, contact the Economics and Commerce Group.

20 October 1987

Bills Digest Service
Legislative Research Service

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

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