

27 Nov 2014

Carole Gardner

Productivity Commission

Australia's International Tourism Industry Research Project

Dear Carole

We seek to make the Commission aware of an extensive body of research on the economics of the Australian Tourism Industry which has been done by our team over the past twenty or so years. This research covers many of the issues which the Commission has raised. A substantial part of this work, though not all of it, was done under the auspices of the Sustainable Tourism Cooperative Research Centre (STCRC), whose Research Director for much of the time was Professor Leo Jago.

Much of this research was published in reports put out by the CRC with an intended audience of government and industry. In addition, more analytical studies have been published in top ranking journals, ensuring that it is both rigorous and recognised.

The STCRC project had, as its core, the development of computable general equilibrium (CGE) models to analyse tourism issues. A small number of these are noted below. The research also involved developing Tourism Satellite Accounts, and the use of Cost Benefit Analysis approaches to evaluate policy issues such as air transport liberalisation.

We note some of the studies which have direct relevance to the issues raised by the Commission:

Factors affecting demand for the industry:

- An analysis of the impact of SARS on Australian tourism (CGE study).
- Analysing the impact of immigration on tourism to Australia (econometric demand study).
- Taxes: an analysis of the Passenger Movement Charge (PMC) and its impacts, and assessment of whether Australia gains or loses from implementing it (CGE Study).
- Megatrends and their implications for Australian tourism demand and supply
- The impact of the mining boom and its consequent Dutch Disease effects on Australian Tourism

Government support for the industry:

- An analysis of the costs and benefits of government support for promotion (CBA Study).

- An analysis of the yield from government support for promotion (CGE Study).

Air Transport:

- Cost benefit analysis of air service liberalisation (CBA Study)
- Measuring the net benefits of additional inbound tourism to Australia (CGE Study)
- A study of airport investment and tourism (Study drawing upon CGE studies).

This is only a selection of a wide range of studies which may be of interest. We are happy to discuss these and other studies, and provide further information should the Commission be interested.

Yours Sincerely

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Larry Dwyer, University of NSW

Ray Spurr, University of NSW

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