



Australian Government  
Productivity Commission

# Assistance to Tourism: Exploratory Estimates

Productivity  
Commission  
Research Paper

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ISBN 1 74037 176 3

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*An appropriate citation for this paper is:*

Productivity Commission 2005, *Assistance to Tourism: Exploratory Estimates*, Commission Research Paper, Canberra, April.

**The Productivity Commission**

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The Commission's independence is underpinned by an Act of Parliament. Its processes and outputs are open to public scrutiny and are driven by concern for the wellbeing of the community as a whole.

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# Foreword

A core function of the Productivity Commission, in common with its predecessor organisations, is to enhance the transparency of government support for industry by compiling and publishing assistance estimates in a meaningful form. Over the years, this work has broadened from a focus on tariffs and manufacturing, to include budgetary and other forms of assistance to that sector as well as to agriculture, mining and, most recently, services.

The present volume extends that work to the tourism industry, which is an important part of the services sector and the Australian economy. However, unlike other service activities, tourism is not an industry in the conventional sense and, until recently, data on it that would enable the calculation of assistance estimates have been unavailable. That has changed with the development by the Australian Bureau of Statistics (ABS) of the Tourism Satellite Account — a new collection of data on travel and tourism activity in Australia.

Drawing on this and other official data, the Commission has attempted in this study to provide assistance estimates for tourism on a comparable basis to other industries. The estimates are called ‘exploratory’, because they have required some judgements and analytical innovations to overcome the conceptual and measurement difficulties entailed. The Commission has also had to consider how the tourism industry is best delineated in the context of this study.

In preparing this study, the Commission consulted with officials from a dozen or more government agencies across jurisdictions, and has benefited from the technical assistance of staff from the ABS and Tourism Research Australia. The Commission is grateful to those who assisted it in the preparation of this study and welcomes further feedback on it.

Gary Banks  
Chairman

April 2005

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# Acknowledgments

The Commission is grateful for the assistance of Tom Nankivell and Owen Gabbittas from its Canberra Office in preparing the paper. Several other staff members, including Paul Gretton and Garth Pitkethly, provided additional advice and input. The Commission also thanks Peter Forsyth, of Monash University; Antonio Massieu, of the World Tourism Organization; Denis Farrell, of the Australian Bureau of Statistics; and the Commonwealth, State and Territory treasury and tourism officials who provided comments on drafts of the document; Ian Bobbin and Dianne Bourke, from the Australia Bureau of Statistics, for their technical advice and assistance with adjustments to Tourism Satellite Accounts data; and Rod Battye and Duane Riley, of Tourism Research Australia, for the helpful provision of data from the National and International Visitors Surveys.

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# Abbreviations

ABS	Australian Bureau of Statistics
AFC	Australian Film Commission
ANZSIC	Australia and New Zealand Standard Industrial Classification
ATC	Australian Tourist Commission
BTR	Bureau of Tourism Research
CRC	Cooperative Research Centre
DITR	(Australian Government) Department of Industry, Tourism and Resources
EMDG	Export Market Development Grants
GDP	gross domestic product
GST	goods and services tax
GVA	gross value added
IBI	initial benefiting industry
IVS	International Visitors Survey
NVS	National Visitors Survey
OECD	Organisation for Economic Cooperation and Development
PC	Productivity Commission
PMC	Passenger Movement Charge
R&D	research and development
SARS	Severe Acute Respiratory Syndrome
SATC	South Australian Tourism Commission
STO	State (and Territory) Tourism Organisation
TCF	textiles, clothing and footwear
TRA	Tourism Research Australia
TSA	Tourism Satellite Accounts
VFR	visiting friends and relatives
WATC	Western Australia Tourism Commission
WTO	World Tourism Organization

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# Overview

Travel and tourism are important sources of economic activity. In 2003-04, Australia received more than five million international visitors, and Australians themselves made many millions of visits to places within Australia. Travellers typically purchase a range of goods and services during their trips, including transport, accommodation, meals and entertainment, which in turn generate employment and production in a range of Australian businesses.

Australian governments have traditionally provided significant support for travel and tourist activities, including in the form of tourism promotion, maintenance of high profile sites, funding of events and the provision of infrastructure services that benefit travellers.

In keeping with the functions set out in the *Productivity Commission Act 1998*, the Commission reports annually on the assistance provided to Australian industries. However, apart from some basic estimates in its recent study on water quality issues in the Great Barrier Reef catchment, the Commission has not previously attempted to estimate assistance to tourism.

This research paper takes a first step towards developing more comprehensive estimates of assistance to tourism. It examines and seeks to quantify the forms of assistance to tourism provided by the States and Territories, as well as by the Australian Government. However, the paper's estimates are 'exploratory' and the paper does not seek to assess the merits of tourism support measures, either individually or collectively.

## What is the 'tourism industry'?

Having a clear understanding of the scope and size of an industry is a prerequisite for identifying and measuring the industry's assistance and for permitting comparisons with the rate of assistance received by other industries. However, identifying and measuring the 'tourism industry' is not straight-forward. Definitions of tourism differ and there are inherent difficulties in converting what is essentially a consumption-based concept — 'tourism' — into an industry (or *production*-based) equivalent.



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### *Distinguishing between tourists and other visitors*

As reflected in dictionary definitions, tourists are commonly understood to be people taking trips away from home for experiences of recreation, culture or pleasure. Tourists typically have significant discretion over whether, where and for how long they travel. As well as ‘holidays’, day trips and weekends away for leisure purposes also conform with common notions of tourism.

Most tourism statistics are presently based on a broader definition of tourism — promulgated by the World Tourism Organization (WTO) — which encompasses the activities of ‘visitors’ who make trips of up to a year for virtually any reason. Thus, for example, in addition to holidaymakers and leisure visitors, people who visit a place outside their ‘usual environment’ for business, study, medical treatment, or virtually any other purpose, are classified as tourists under the WTO’s visitor-based definition of tourism.

This approach results in the number of people counted as ‘tourists’ being high relative to that which would be recorded were the more common conception of tourism to be used. Accordingly, some agencies involved with tourism statistics have acknowledged that the activities covered under the WTO definition would be more accurately termed ‘visitor activity’ rather than ‘tourism’.

While visitor-based statistics can be useful for purposes such as assessing total visitor accommodation needs and travel activity, they do not align closely with the scope of tourism assistance programs, which focus mainly on attracting discretionary expenditure associated with travelling for holiday and leisure purposes. Such visitor-based statistics do not provide a good basis for measuring the activity benefiting from, and potentially responding to, government support — the purpose of this exercise.

This paper has focussed on the activities of holiday and leisure travellers, rather than the activities of visitors generally. Expenditure by visitors who nominate ‘holiday/leisure’ as their prime motivation for travelling accounts for around one half of all visitor expenditure. That said, the Commission recognises that there are some borderline cases — such as trips away to visit friends and relatives, or travel by business people to conventions held in ‘exotic’ locations — which often entail some tourism. To reflect these circumstances, an ‘upper bound’ estimate of one-third of the expenditure of non-holiday/leisure visitors has been included in the paper’s estimates of tourism expenditure.

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### *Measuring the output of the tourism industry*

The tourism ‘industry’ is not separately identified in standard industry classification systems. Rather, it is an amalgam of parts of many conventional industries — Transport, Accommodation, Retail trade, etc — which supply goods and services to tourists.

In recent years, efforts have been made to measure production associated with tourism as if it were a single industry. The principal measure for Australia is provided in the Tourism Satellite Account (TSA), prepared by the Australian Bureau of Statistics, which is based on one of the alternatives for measuring the tourism industry provided for in international standards. Drawing on the WTO’s broad concept of tourism, it converts visitor expenditure into an estimate of the associated level of industry output. In contrast to the way other industries are defined, however, the TSA includes some of the production of upstream businesses, in particular manufacturers, as tourism output.

While the TSA can provide a useful basis for understanding the economic ‘footprint’ of visitor-related activity and its linkages with upstream industries, the approach adopted results in the inclusion of many items as tourism output that are far removed from tourism as it is commonly understood. For example:

- If a resident of a country town travels to a regional centre to purchase a motor car, the trip is counted as tourism and, if the vehicle is Australian-made, its manufacture is counted in the output of the Australian tourism industry.
- Many foreign students studying in Australia are classed as tourists under the WTO definition, and *all* of their local expenditure — including their transport, accommodation and day-to-day living expenses, as well as their course fees — is counted as tourist expenditure and converted into tourism industry output.
- When sales representatives on country business trips refuel their cars, the value of the petrol is recorded as tourism output and, in effect, the oil refinery workers, the tanker drivers and the service station attendants are deemed to have been working partly in the tourism industry.

The TSA compiled on this basis records that the Australian tourism industry accounts for more than 4 per cent of GDP, and nearly 6 per cent of employment.

Adjustments to this estimate by the Commission to reflect the more common definition of tourism and, consistent with the treatment of other industries, to exclude upstream activities suggest that the tourism industry accounted for between 1.6 and 2.2 per cent of GDP, on average, for the three years to 2002-03.

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In comments on a draft of this paper, a number of government agencies with responsibilities for tourism expressed concern about the Commission's approach to defining tourism and measuring the industry's size. They indicated that it was inconsistent with existing tourism statistics and contended that it underestimated the economic importance of the tourism industry and may result in unduly high estimates of the rate of assistance to tourism. Other respondents supported, or did not object to, the approach adopted.

From the Commission's perspective, the paper's approach not only has the advantage of encompassing conventional tourism activity while excluding visitor activity that clearly is not leisure-related, such as ordinary business travel, it measures the industry's output on a basis more consistent with the approach taken for industries more generally. It also aligns more closely with the main focus of government tourism assistance programs.

## **Assistance to the tourism industry**

The manner in which tourism is assisted differs from most other industries. Many government tourism initiatives seek to assist the industry indirectly, by attracting tourists to visit various locations within Australia. Because the tourism industry overlaps with a number of conventionally-defined industries, a proportion of assistance to those industries can also be regarded as assistance to tourism. For example, a small proportion of government funding for art galleries is considered to assist tourism. The government measures affecting the tourism industry that are considered in this paper are listed in table 1.

The study has attempted to estimate the proportion of Australian, State and Territory government outlays considered to assist tourism for the years 2000-01 to 2002-03. In the main, the estimates are based on the Commission's normal assistance measurement methodology. However, the unusual nature of the tourism industry and the assistance it receives, in conjunction with data limitations, have made the estimation of assistance to tourism more problematic than estimating assistance to traditional industries. Indeed, in relation to some measures, only a rough approximation is possible. These concerns are addressed in part in this paper through the use of base line and upper bound assistance estimates and their designation as 'exploratory'.

Table 1 **Government measures assisting the tourism industry**

<i>Category</i>	<i>Coverage of measures</i>	<i>Share included in estimates<sup>a</sup></i>
<b><i>Dedicated tourism assistance</i></b>	Tourism marketing and promotion Subsidies to firms and organisations for tourism-related purposes Tourism research, policy advice and administration	Included in full.
<b><i>Event and convention support</i></b>	Event attraction Convention centres and bureaus	Up to one-third.
<b><i>Multi-purpose outlays</i></b>	Heritage, the arts and cultural institutions National parks Recreational services Sport and stadiums	Up to 11 per cent.
<b><i>Incidental outlays</i></b>	Passenger transport infrastructure and services <sup>b</sup> Export promotion Regional development assistance Small business assistance	Various — up to 10 per cent on average.
<b><i>Tariffs</i></b>	Tariffs (on tourism inputs)	Various — dependent on tariff item.
<b><i>Tax expenditures</i></b>	Development allowance Infrastructure bonds Infrastructure borrowings tax offset scheme R&D tax concession Small business CGT roll-over provisions	Less than 3 per cent.

<sup>a</sup> Share of government expenditure on a measure (or the value of assistance provided by the measure) that is included in the paper's estimates of assistance to tourism. <sup>b</sup> Road funding is not included in the estimates.

### *Dedicated tourism assistance, and event and convention support*

Each Australian government has established a dedicated tourism promotion agency to market its area's attractions. They also typically seek to support the holding of high profile cultural and sporting events and some also provide support for convention travel, although sometimes these functions are pursued through a separate agency.

Most of the activities of tourism promotion agencies, such as the advertising campaigns run by the Australian Tourist Commission (now Tourism Australia), tourism research and the provision of grants for tourism-related businesses, are

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considered to predominantly assist the tourism industry as defined in this paper, and their full funding is included in the estimates.

However, funding for major events and for convention centres and bureaus may provide most benefits for local residents, together with visitors other than tourists. Thus, only a limited share — up to one-third — of the funding identified for these programs is included in the paper's estimates of assistance to tourism.

### *Other measures*

The tourism industry also receives some assistance from government spending on national parks and nature-based recreational facilities, the arts, heritage buildings, museums, and sport and related facilities. Based on industry production data from the TSA, as adjusted by the Commission, a small share of this funding — generally around 10 per cent or less — has been included as assistance to tourism.

Also included is a small share of government funding for passenger transport infrastructure and services, and some other measures, that do not explicitly aim to assist tourism but may do so incidentally.

Tariffs on imported manufactured items are found to increase the tourism industry's costs. However, together with tax expenditures, they have a minor impact compared to the other measures considered.

While the study comments briefly on the effects on tourism of general revenue-raising taxes, such as company tax, excise and the goods and services tax (GST), the assistance estimates do not include the effects of such taxes, mainly because of difficulties that are encountered in identifying an appropriate benchmark against which to evaluate the measure. For similar reasons, while the study examines the effects of various tourism-related financial imposts — such as aircraft noise levy and the passenger movement charge — the effects of these imposts on tourism, which are relatively minor, are not included in the assistance estimates.

### *Estimated total assistance to tourism*

Based on the methodology used in this study, total assistance to tourism provided by the measures examined is estimated to have amounted to around \$900 million to \$1100 million, on average, for the years from 2000-01 to 2002-03. Dedicated tourism, convention and event support is the biggest single category of estimated assistance to tourism (table 2).

Table 2 **Assistance to tourism,<sup>a</sup> exploratory estimates, 2000-01 to 2002-03**

\$ million

Form of assistance	Australian Government		State & Territory Governments		Total Assistance	
	BL <sup>b</sup>	UB <sup>c</sup>	BL	UB	BL	UB
<b>2000-01</b>						
<b>Budgetary outlays</b>	<b>215</b>	<b>247</b>	<b>788</b>	<b>962</b>	<b>1003</b>	<b>1209</b>
Tourism/conventions/events	118	120	328	361	445	481
Multi-purpose	58	76	137	179	195	255
Incidental	39	51	323	422	362	473
<b>Tax measures</b>	<b>-73</b>	<b>-95</b>	<b>...</b>	<b>...</b>	<b>-73</b>	<b>-95</b>
Tax expenditures	7	9	...	...	7	9
Tariffs on inputs	-80	-104	...	...	-80	-104
<b>Net measured assistance</b>	<b>142</b>	<b>152</b>	<b>788</b>	<b>962</b>	<b>930</b>	<b>1114</b>
<b>2001-02</b>						
<b>Budgetary outlays</b>	<b>250</b>	<b>285</b>	<b>788</b>	<b>962</b>	<b>1038</b>	<b>1247</b>
Tourism/conventions/events	138	138	308	334	446	472
Multi-purpose	69	90	150	197	219	287
Incidental	43	56	330	431	373	487
<b>Tax measures</b>	<b>-79</b>	<b>-104</b>	<b>...</b>	<b>...</b>	<b>-79</b>	<b>-104</b>
Tax expenditures	3	3	...	...	3	3
Tariffs on inputs	-82	-107	...	...	-82	-107
<b>Net measured assistance</b>	<b>171</b>	<b>180</b>	<b>788</b>	<b>962</b>	<b>959</b>	<b>1142</b>
<b>2002-03</b>						
<b>Budgetary outlays</b>	<b>206</b>	<b>235</b>	<b>760</b>	<b>948</b>	<b>966</b>	<b>1183</b>
Tourism/conventions/events	112	112	277	317	388	428
Multi-purpose	66	86	158	207	224	293
Incidental	28	37	325	425	353	462
<b>Tax measures</b>	<b>-85</b>	<b>-112</b>	<b>...</b>	<b>...</b>	<b>-85</b>	<b>-112</b>
Tax expenditures	3	3	...	...	3	3
Tariffs on inputs	-88	-115	...	...	-88	-115
<b>Net measured assistance</b>	<b>121</b>	<b>124</b>	<b>760</b>	<b>948</b>	<b>880</b>	<b>1071</b>

... not costed. <sup>a</sup> Excludes local government assistance to tourism. Estimates include certain policy advice and administration costs. Columns and rows may not sum to totals due to rounding. <sup>b</sup> Base line estimates. <sup>c</sup> Upper bound estimates.

Source: Commission estimates.

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The assistance provided by the Australian Government is estimated to have been equivalent to around 1.1 to 1.4 per cent of the tourism industry's gross value added, as measured in this study. The estimates suggest that tourism receives relatively less assistance from the Australian Government than do manufacturing and primary production industries on average, but relatively more assistance than many other service activities for which estimates are available (such as construction, wholesale and retail trade, and personal services).

Most assistance to tourism, as measured in this paper, is provided by State and Territory governments. This assistance is estimated to have amounted to around 6.9 to 7.4 per cent of the tourism industry's gross value added. However, more uncertainty attaches to these estimates, and comparable estimates of State and Territory assistance to other industries are not available.

Because of the conceptual and measurement difficulties entailed, the estimates should be regarded as exploratory and need to be interpreted carefully. In particular, they do not of themselves indicate the merits of existing tourism assistance policies or of proposals for additional assistance. However, in the Commission's view, in conjunction with the qualitative discussion in the paper, they provide a guide to tourism assistance that can be broadly compared to estimates of assistance provided by the Australian Government for other industries.

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# 1 Introduction

Travel and tourism are important sources of economic activity. In 2000-01, following more than two decades of rapid growth in international travel fed by falling transport costs, rising incomes and changing lifestyle preferences, Australia received more than five million international visitors. After a decline of more than seven per cent over the next two years, short-term international visitor arrivals again exceeded five million in 2003-04 (ABS 2004b). Australians themselves make many millions of visits to places within Australia each year. Visitors typically purchase a range of goods and services during their travels, including transport, accommodation, meals and entertainment (box 1.1). In total, expenditure by domestic and international visitors amounted to an average of \$72 billion per annum during the three years to 2002-03 — the latest year for which ABS consumption data are presently available — and seems likely to have exceeded this figure in 2003-04. In turn, this expenditure generates employment and production in a range of Australian businesses.

As well as broad economic impacts, tourism also has social and regional dimensions. According to the (then) Australian Minister for Tourism:

A healthy tourism sector contributes to the economic and social well-being of all Australians. Tourism provides significant business and employment opportunities in regional and rural Australia, particularly for many small to medium sized businesses. It also provides a vehicle for Australians to interact with the natural and cultural environment. (Hockey 2003, p. 6)

Governments have traditionally provided significant support for tourist activities in the form of expenditures on tourism promotion, the maintenance of high profile sites, the funding of events that attract tourists and the provision of infrastructure services that benefit travellers more generally (as well as local residents).

Recent events affected the tourism industry's fortunes, both in Australia and internationally. Beginning in September 2001, terrorism, airline failures and later outbreaks of contagious diseases, such as SARS, significantly dampened travel — particularly international travel. This was reflected, in part, in the decline in the short-term international visitor arrivals to Australia during 2001-02 and 2002-03, and had repercussions for the viability of tourism operators.



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### Box 1.1      **Travel and tourism in Australia: a snapshot**

Data on the number, activities and expenditure of tourists and other travellers are compiled by Tourism Research Australia (TRA) — formerly the Bureau of Tourism Research (BTR) — which undertakes detailed surveys of domestic and international travellers. The surveys cover all types of ‘visitors’ — including people travelling for business, study or to see relatives — and disaggregates the data according to the visitors’ main purpose for visiting.

#### **International visitors**

In 2002, Australia received some 4.46 million international visitors (aged 15 or more), with New Zealand, Japan and the United Kingdom being the main source countries. Fifty five per cent, or 2.45 million, of the international visitors came primarily for a holiday; 19 per cent to visit friends or relatives; 15 per cent for business; and 6 per cent for education.

Queensland and New South Wales were the most popular destinations for international visitors on holiday, with over half visiting these states. Only a quarter visited Victoria; and fewer travelled to the other states. Visitors on holiday spent 19 nights on average in Australia, including: 28 per cent of nights in hotels, motels or resorts; 17 per cent in backpackers or hostel accommodation; 17 per cent in rented accommodation; and 8 per cent in caravans, tents, campervans etc.

The average expenditure in Australia of international visitors on holiday was \$2020 per person, with the largest components being \$841 for food, drink and accommodation and \$483 for shopping. About half came on a ‘package’ tour, and one-third on a ‘group’ tour.

More than half of international visitors on holiday visited a beach or a national park and 28 per cent went bush walking during their stay.

#### **Domestic visitors**

Australians made 75 million domestic trips involving a night or more away from home in 2002. Of these, 42 per cent involved a holiday or leisure component, 35 per cent involved visiting friends or relatives; and 20 per cent involved travel for business.

The total expenditure of ‘overnight’ holiday/leisure travellers amounted to \$20.2 billion (or \$642 per trip), including accommodation (\$5.1b), takeaway and restaurant meals (\$3.1b), shopping, gifts and souvenirs (\$2.2b), fuel (\$1.8b), groceries (\$1.4b), package tours (\$1.1b), airfares (\$1.3b) and alcohol and drinks (\$1.2b).

The most popular leisure activities of domestic overnight holiday/leisure travellers were going to the beach (39%), visiting rainforest and national parks and bushwalking (20%), going to pubs, clubs and discos (27%), visiting friends and relatives (22%), fishing (15%) and ‘other outdoor activities’ (15%). Less popular were cultural pursuits, such as visiting museums or art galleries (6%), visiting historical buildings, sites and monuments (5%), and going to the theatre, concerts and the performing arts (3%).

Australians also made some 142 million day trips, 52 per cent of which were for mainly leisure purposes. Spending on such trips amounted to \$7.1 billion (or \$95 per trip), including shopping, gifts and souvenirs (\$2.6b), purchased meals (\$1.4b), and fuel (\$1.3b).

*Note:* The TRA/BTR data relates to visitors aged 15 years and over.

*Source:* BTR (2003a, 2003b).

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Governments in Australia responded to these shocks by instituting further measures to assist the local industry. For example:

- In 2002, the Australian Government announced a package of measures, including additional moneys to promote Australia as a ‘safe haven’ in overseas markets, funding for regional tourism projects and marketing, and a ‘holiday incentive program’ which offered a \$150 rebate for eligible domestic travellers.
- State and Territory governments provided additional funding for tourism marketing and other measures, such as support for hosting high-profile cultural and sporting events and investments in regional tourism infrastructure.
- In 2003, the Australian Government (2003) released a *Tourism White Paper* which contains a range of additional assistance measures costing at \$235 million over four-and-a-half years (PC 2004a).

Under the *Productivity Commission Act 1998*, the Commission is required to report on government assistance to industry and its effects on the economy. Assistance is defined in the Act as:

... any act that, directly or indirectly, (a) assists a person to carry on a business or activity; or (b) confers a pecuniary benefit on, or results in a pecuniary benefit accruing to, a person in respect of carrying on a business or activity.

Assistance can take many forms. It extends beyond direct government subsidies targeted to particular firms or particular industries, and includes tariffs, quotas and regulatory restrictions on imported goods and services, restrictions on competition in the domestic market, consumer subsidies that flow on to producers, tax concessions for domestic producers and government procurement policies.

While the Commission and its predecessors have undertaken several studies dealing with government policies applying to the tourism industry,<sup>1</sup> only recently has the Commission attempted to develop quantitative estimates of assistance to the industry. In its 2003 report on *Industries, Land Use and Water Quality in the Great Barrier Reef Catchment*, the Commission presented some basic estimates of Commonwealth and Queensland Government assistance to tourism. However, it qualified those estimates in the following terms:

The Commission has not previously published an estimate of assistance for tourism. Nor, in the context of this study, has the Commission been able to thoroughly investigate all forms of assistance that may benefit or penalise tourism. The Commission also has been unable to closely consider the merits of different definitions of the tourism industry for the purposes of measuring assistance, or the significance and resource allocation implications of a net measure of assistance to tourism. (PC 2003a, p. 313)

The principal aim of this paper is to provide a more comprehensive understanding of assistance to the tourism industry in Australia. To do this, it has sought to

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exclude activities associated with non-tourism-related travel (see chapter 2). The paper examines the forms of assistance to tourism provided by the States and Territories, as well as by the Australian Government.<sup>2</sup> It focuses on government spending and industry policy tax measures that affect tourism. General principles for identifying government assistance to tourism are set out in chapter 3. Chapters 4 to 6 explain the nature and scope of various tourism assistance measures and the mechanism by which they benefit (or penalise) the industry.

Estimates of assistance provided to tourism have been developed for the three years to 2002-03. Some of the categories of assistance are readily quantifiable. However, because of data limitations and conceptual difficulties, little precision can be achieved in relation to a number of the measures examined. The estimates should thus be regarded as exploratory and interpreted carefully.

The final chapter provides a summary of estimated assistance to tourism and outlines some implications of the study. However, the paper does not seek to assess the merits of tourism support measures, either individually or collectively.

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<sup>1</sup> Previous Commission studies on the tourism industry, or aspects of it, include those into the *Tourist Accommodation Industry* (IAC 1978), *Travel and Tourism* (IAC 1989b) and *Tourism Accommodation and Training* (IC 1996). The Commission has also documented recent government initiatives to assist tourism in two of its recent annual *Trade & Assistance Review* publications (PC 2002b and PC 2004a).

<sup>2</sup> This paper does not cover local government assistance to the tourism industry. While prevalent in Australia, local government assistance to the tourism industry is poorly documented and, as a result, measures of assistance comparable to those used for the Australian, State and Territory governments are not available on a consistent basis.

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## 2 The Australian tourism industry

Having a clear understanding of the scope and size of an industry is a prerequisite for measuring the industry's assistance. It aids in identifying which government interventions affect the industry. Estimates of the industry's size are also necessary to determine its *rate* of assistance, which in turn allows more meaningful comparisons with the assistance applying to other industries.

However, identifying and measuring the tourism 'industry' is not straight-forward. There are a number of different definitions of 'tourism'. There are also difficulties in converting what is essentially a consumer-based concept — tourism — into an industry equivalent.

In this chapter, the Commission explores the meaning and scope of tourism and the tourism industry, and presents estimates of the industry's size.

### 2.1 What are tourists and tourism?

#### *The dictionary definition*

The *Oxford English Dictionary* defines a *tourist* as 'one who makes a tour or tours, especially one who does this for recreation; one who travels for pleasure or culture, visiting a number of places for their objects of interest, scenery or the like...'. Other dictionaries provide similar definitions. According to the understanding conveyed by these definitions, tourists are essentially people-on-holiday who have chosen to spend their free time away from the place where they usually live and work. As well as people on longer-term holidays, some people who take day-trips and weekends-away can be viewed as tourists.

This commonly understood definition of a tourist would preclude those travellers who do not choose their destinations on the basis of the attractions and leisure activities available at those destinations or en route, but rather are required to attend those places for some purpose, such as for work or study. Of course, tourists may undertake some work, study or other non-leisure activities while touring, but these are secondary and not the main purpose of their trips.

It follows that *tourism* relates to the activities of leisure travellers, and to the commercial activities servicing them.

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### *The World Tourism Organization's definition*

The definition of tourism promulgated by the World Tourism Organization<sup>1</sup> (WTO) covers more than the activities of leisure travellers:

Tourism is defined as the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, *business and other purposes* not related to the exercise of an activity remunerated from within the place visited (emphasis added). (WTO 1993)

Under this definition, 'tourists' (termed 'visitors' by the WTO<sup>2</sup>) are delineated from non-tourists principally by whether they have visited a place outside their 'usual environment'.<sup>3</sup> The usual environment is made up of one or more areas in which individuals undertake their regular activities, such as their place of residence, place of work and other places frequently visited.

This approach results in the classification of many travellers as tourists, and the inclusion of several categories of activity as tourism, that would not in common parlance be regarded as such. For example:

- In country Australia, farmers and people in smaller towns will often make trips outside their usual environment to attend regional centres for household shopping, banking, to buy durable goods or for basic entertainment, such as going to the cinema. These trips and activities are classed as tourism under the WTO definition, and their expenses and purchases are counted as tourism expenditure.

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<sup>1</sup> The WTO — not to be confused with the World Trade Organization — had its origins as a non-government organisation — the International Congress of Official Tourist Traffic Associations — established in 1925. It was converted into an intergovernmental agency in the mid-1970s, and became a specialised agency of the United Nations in 2003. In 2004, the WTO's membership was comprised of 144 countries, seven territories and more than 300 Affiliate Members representing the private sector, educational institutions, tourism associations and local tourism authorities.

<sup>2</sup> Technically, the WTO distinguishes between same-day visitors and visitors who spend a night or more away (called 'overnight' visitors), and terms only the latter 'tourists'. However, in Tourism Satellite Accounts (TSA — see section 2.2), the expenditure of both same-day and overnight visitors is counted as tourism expenditure. Thus, in effect, all visitor consumption is taken to be tourist consumption and all visitors are taken to be tourists.

<sup>3</sup> Tourism statistics based on the WTO definition entail a number of exceptions. For the purposes of the Australian Tourism Satellite Account (see below), for instance, people who travel as a major part of their job, such as airline pilots and bus drivers, people detained in hospitals, prisons or long stay care, people undertaking military duties and people travelling as part of a move to a new permanent residence, are not considered visitors. Further, if a person stays in one place for longer than a year, their centre of economic and social interest is deemed to be in that place, so they no longer qualify as a visitor. People who travel for activities remunerated from within the place visited are not included as visitors. Finally, people who make trips outside their usual environment of less than four hours duration are also not counted as visitors.

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- People from major regional centres themselves will sometimes travel to capital cities for medical needs or to make special purchases, such as fashion items or a motor vehicle. People undertaking such trips are effectively also classed as tourists under the WTO definition, and the items purchased are counted as tourism expenditure in tourism statistics based on that definition.
  - Where a business person or government official travels between two places, say Canberra and Melbourne, less than once per week, or travels more than once a week for work but to many different places around Australia, these trips are counted as tourism.
  - Many foreign students studying in Australia, and Australian students who travel away from their home town for short courses or residential schools, are also classed as tourists under the WTO definition. Further, all their expenditure on such trips — including their transport, accommodation and day-to-day living expenses, as well as the fees for such courses — is counted as tourism expenditure.
  - Many Australians (together with their spouses and children) will travel away to their parents' or a siblings' home each year at Christmas specifically to spend that time together with their family members. Under the WTO definition, these Australians are also classified as tourists, and their trips are counted as tourism.
  - People travelling away from their home town for personal reasons, such as to care for a sick relative or to attend a wedding or funeral, equally qualify as tourists under the WTO definition.

Although some have acknowledged that ‘what is usually referred to as ‘tourism’ [under the WTO definition] would, in fact, be more accurately referred to as ‘visitor activity’” (ABS quoted in DITR 2004, p. 37), the WTO’s definition has been adopted for official statistics on ‘tourism’, in Australia as well as overseas. For example, the surveys conducted by Tourism Research Australia (TRA) — formerly the Bureau of Tourism Research (BTR) — of domestic and international visitors include people who travel for a variety of reasons other than leisure. The Australian Bureau of Statistics (ABS) also invokes the WTO’s definition of tourism when compiling tourism industry statistics for Australia. In turn, most Australian governments and their tourism agencies report statistics based on the WTO definition.

One exception is the Queensland Office of Economic and Statistical Research. It uses a narrower definition of tourism — which excludes day-trippers and those visitors who travel for business, study and purposes other than holidays, leisure or to visit friends and relatives — to report on the extent of tourism in that state.

The information compiled using the WTO’s visitor-based definition is useful for purposes such as monitoring trends in travel and related activity. An analysis of the travel market covered by the WTO’s definition can also provide a basis for

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addressing certain commercial and policy concerns, such as planning passenger travel infrastructure (airports and rail terminals) and appraising investments in accommodation or other services for various types of travellers.

However, the use of the WTO definition in tourism statistics results in the number of people counted as ‘tourists’ being high relative to that which would be recorded were the more common notion of tourism to be used, which in turn results in the reported size of the tourism industry being significantly greater, possibly by as much as one half (see section 2.3).

In relation to tourism assistance matters, the WTO’s definition does not provide a good basis for measuring the activity benefiting from government support, and its use may have implications for policy analysis. For example, advocates of additional government support measures for tourism — such as subsidising holiday travel packages, promoting major sporting events, or advertising Australia’s tourist attractions here and abroad — often cite aggregate data based on the WTO’s definition to emphasise the economic importance of the tourism industry and, thus, the potential size of the benefits of government support for it. However, these support measures are typically aimed primarily at influencing ‘footloose’ travellers who have discretion over where (and whether) they travel, and not at people who must travel to a particular destination for work, study or other commitments. For example:

- rebates under the Australian Government’s 2001-02 holiday incentive program were restricted to households purchasing a limited duration travel package that included at least \$750 of non-flight expenditure and three nights in commercial accommodation, with business and government travellers explicitly excluded;
- tourism promotion advertisements typically depict cultural, recreational and/or physical items of interest in the place being promoted — not the business opportunities, medical facilities or educational courses available there; and
- more generally, the main focus of government tourism policies is on attracting *discretionary* travellers — mainly holidaymakers (see box 2.1) — even though some of the policies also effect some people travelling for other purposes.

As most tourism support measures would have little effect on non-leisure travel, particularly on normal business travel and other non-discretionary travel, they would benefit a smaller part of the economy than suggested by reference to official tourism statistics.

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### Box 2.1 The focus of government tourism policies and support measures

The Australian and each State and Territory government has an agency, department or departmental unit dedicated to tourism. Examination of their websites, annual reports and strategic plans shows that, while most cite broad visitor-based statistics when discussing the significance of tourism, their tourism policies and support measures typically focus on attracting and facilitating discretionary travel, and predominantly holiday and leisure travel. Thus, for example:

- The NSW Department of Tourism, Sport and Recreation's aim is "...to promote and develop the state as a premier *holiday* destination. Where opportunities exist we will use sporting events as flagships for our tourism industry..." (emphasis added).
- The South Australian Tourism Commission aims "...to ensure that South Australia is a compelling part of any Australian *holiday*" (emphasis added), focusing on "the State's competitive strengths – good living, festivals and events, and accessible nature."
- The Tasmanian Government's *Tourism 21* plan focuses on "...providing customers with world-class *holiday* experiences that meet their needs and continue to build Tasmania's reputation as a premier *holiday* destination." (emphasis added)

This holiday/leisure travel focus is reflected in many of the associated support measures. For example, Queensland's *Strategy For Growing Tourism* embodies measures such as the *Heritage Trails* program, the *Drive Tourism Program* and the *Queensland Cruise Shipping Plan*.

The tourism agencies generally also have some policy input on transport or accommodation quality and availability, which can impact on all travellers — including those travelling for business or study or to visit relatives; not just holidaymakers.

However, none of the tourism agencies appear to undertake significant programs to, for example, promote study, medical treatment or business opportunities (apart from business opportunities *in* the tourism industry) in their jurisdiction that might encourage visits for these purposes. Other government agencies and private institutions have primary responsibility for these tasks.

That said, some tourism agencies and/or plans recognise that tourism promotion activities might influence travel to, and tourism expenditure in, their jurisdiction by non-leisure travellers. Thus, for example, the Australian Tourist Commission has collaborated with other bodies to develop a '*Study and Explore*' brochure aimed at foreigners coming to Australia to study English. Similarly, according to its *Pathways Forward — Strategic Plan 2003-2008*, the Western Australia Tourist Commission will "represent WA and its vast tourism opportunities ... to prospective students ... and potential visitors, such as family and friends". And Tourism Queensland has recently promulgated 'image CDs' for students and a '*Learning Journey to Queensland*' booklet.

As well, many of the tourism agencies have programs to attract the holding of meetings, conventions and exhibitions in their jurisdictions to attract discretionary 'business tourism', as distinct from normal business travel (see chapter 4).

*Sources:* NSW DTSR (undated); Queensland DTRFT (2001); Tourism Queensland (2004); SATC (2002 and undated); Tourism Tasmania (undated); Tourism Victoria (undated); WATC (undated); ATC (2003).



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### *The Commission's approach*

While this study has focussed on activities of leisure travellers rather than the activities of visitors generally, there remain considerable difficulties and 'grey areas' in delineating tourism from non-tourism activity. For example:

- While normal business travel is not ordinarily considered to be tourism, travel for conferences or conventions is less clear. One of the attractions of conferences, particularly those held in exotic locations, is the non-work activities that are available for delegates. Further, the location at which a conference is held, and attendance at the event, is often discretionary. And some government 'tourism' policies specifically target this aspect of business-related travel. Thus, even if the prime motive for attending a conference is to do business, there is a strong case for seeing such activity as partly associated with tourism.
- Travelling to a different location to study is not ordinarily considered to be a tourism activity. For most, the choice of study location will depend mainly on the cost and quality of courses offered at different educational institutions, as well as other non-tourism-related considerations such as the lifestyle and amenities available at or near those institutions. But some might also be influenced by the holidaying opportunities that Australia affords and/or by promotion of Australia as a tourist destination in their home countries.
- Although people who need to travel for the purpose of getting together with relatives or friends are not ordinarily considered tourists, such journeys can entail a degree of tourism, particularly when international travel is involved. Often people taking such trips will engage in sight-seeing and holidaying activities in addition to (or in conjunction with) visiting their relatives. Of course, they may have visited even if there were no opportunities for engaging in such activities. Even so, there can be a tourism component to such trips.

Accordingly, the Commission has taken tourism to encompass not only the activities of people who have travelled outside their usual environment predominantly for leisure purposes, but also certain tourism-related activities of travellers for whom leisure is not their principle motive for travelling outside their usual environment — that is, a proportion of travel undertaken primarily to visit friends and relatives, for business or for other reasons.

In comments on a draft of this paper, a number of government tourism agencies argued against the use of the study's conception of tourism on the basis that it is 'narrow', diverges from the definition used internationally in tourism statistics, and contributes to an underestimation of the economic importance of the tourism industry. (These comments are discussed in appendix D.)

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In turn, it was suggested that the Commission should examine assistance to all activity covered by the WTO definition, including all visitor travel for non-holiday/leisure purposes.

Assessing assistance to all visitor-related activity would be extremely complex. For example, it would be necessary to determine the extent to which elements of public support for health care and education affected the demand for, and the spatial distribution of, these services, and thereby induced travel by people for medical or study purposes. The effects on visitor activity of many other Australian and State and Territory government programs and policies, such as regional and remote community and business assistance programs, and telecommunications subsidies, may also need consideration (see chapter 7). Even if such an exercise could produce meaningful results, it would be beyond the scope of the current study.

Overall, the Commission considers that its approach to delineating tourism should yield a more accurate measure of tourism as the term is commonly understood, and provide a more appropriate basis for assessing the extent of relevant government assistance, than the use of broader ‘visitor-based’ definitions.

## **2.2 What is the tourism ‘industry’?**

### *How tourism differs from conventional industries*

In industry classification systems, such as the Australian and New Zealand Standard Industrial Classification (ANZSIC) that underpins the Australian national accounts, all national production is divided into distinct ‘industry’ categories. Examples of ANZSIC industries include *Dairy cattle farming, Horticulture & fruit growing, Textiles, clothing & footwear, Transport & storage, Construction, Retail trade and Education*. These industries are defined according to the nature of their production processes and the goods and services which they produce, irrespective of their use or purchaser. For example, the manufacture of a suit is included in the *Textiles, clothing & footwear* (TCF) industry category whether the suit is purchased by a business or an individual consumer, a local resident or a tourist, or for business or leisure wear. Identifying industries on this basis is relatively straightforward, with the businesses within each industry generally sharing similar characteristics in terms of the types of inputs they use and the products they make.

In contrast, tourism has traditionally been associated with the *use* of goods and services, rather than with their production, and therefore is not included as a separate industry category in ANZSIC. More specifically, definitions of tourism are generally based on one particular type of consumer — the ‘tourist’ — who purchases a range of products, including transport, accommodation, food, clothing,

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and cultural, leisure and entertainment services. Thus, the production consumed by tourists comprises all or part of the output of many different industries as defined in conventional industry classification systems.

Indeed, because of the disparate nature of the businesses and production processes that are involved in supplying goods and services to tourists, it is questionable whether it makes sense to speak of a single tourism ‘industry’.

### *Approaches to delineating the tourism industry*

In the early 1990s, the WTO suggested the development of potential ‘tourism satellite accounts’ (TSAs) to provide information on tourism and the contribution of the tourism industry to the economy.

International standards for compiling TSAs — called the *Tourism Satellite Account: Recommended Methodological Framework* (WTO et al. 2001) — were subsequently developed by the WTO in conjunction with the OECD, Eurostat and the United Nations Statistical Commission, drawing on input from national statistical agencies. There was considerable debate about aspects of the standards during their development, and the standards provide scope for differences in application between countries. Several countries now publish TSA based on the standards. In Australia, the ABS commenced publishing a TSA in 2000, supported by funding from the Australian Government Department of Industry, Tourism and Resources (box 2.2).

The international standards provide three possible approaches for measuring the value of production by local industries linked to ‘tourism’ (WTO et al. 2001, pp. 68-70).

- One involves aggregating the total production of each of the key designated ‘tourism-characteristic’ industries, namely *Travel agency and tour operator services, Taxi transport, Air and water transport, Motor vehicle hiring, Accommodation and Cafes, restaurants and takeaway food outlets*.<sup>4</sup>
- A second involves a ‘supply and use’ approach to map all *visitor* consumption back to the industries that supply it, and aggregates the production by the local businesses that have a direct relationship with visitors and supply the products to them. Under this approach, a proportion (often minor) of several service industries’ production, not just the tourism-characteristic industries, is counted as tourism industry output.
- A third approach extends the second to include production by local businesses further up the supply chain that are involved in producing goods consumed by visitors. For example, rather than counting only the retail margin of clothes sold to visitors, it also includes the contribution of the clothing manufacturer, transporter and wholesaler. Under this approach, a proportion of virtually all industries’ production is counted as output of the tourism industry.

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## Box 2.2      **The Australian Tourism Satellite Account**

The Australian Tourism Satellite Account (ABS Cat. No. 5249.0) was developed by the ABS with support and funding from the Australian Government Department of Industry, Tourism and Resources. The first TSA was published in October 2000. A series of updates has since been released; the last, with data for 2002-03, in May 2004.

Since its initial release, the Australian TSA has been seen as the principle source of data on the tourism industry in Australia, and the TSA estimates of gross product and employment associated with tourism have been widely cited.

In essence, the TSA seeks to:

- identify the goods and services consumed by tourists;
- estimate the value that Australian producers add in supplying these products; and
- calculate the share of GDP and employment associated with this activity.

The TSA draws on detailed BTR/TRA surveys of international and domestic 'visitors' to identify visitor consumption for some 148 categories of goods or services across the economy. 'Tourists' are effectively equated with 'visitors' in the TSA.

Several steps are involved in determining the value that Australian businesses add in supplying these products, which is called 'tourism gross value added' in the TSA. First, visitor consumption is mapped from the 148 products back to the 42 industries that supply them. For example, the hiring of hotel rooms is mapped to the *Accommodation* industry, as is the hiring of camping sites; and sales of caravans are mapped partly to the *Retail trade* industry and partly to the *Transport equipment manufacturing* industry. Second, the value of the share of each industry's output (at 'basic prices') that is accounted for by visitor consumption is calculated. From this is subtracted the 'intermediate consumption' (that is, the cost of the material inputs) required to produce that industry's tourism output. This leaves the tourism share of each industry's gross value added (GVA). Finally, all the industries' tourism GVA is summed to arrive at an estimate of total tourism GVA for the economy.

Total tourism GVA includes a share of some manufacturing industries' GVA, because, in relation to goods purchased by visitors, the TSA counts the value added from the production-of-the-finished-good stage (inclusive) forwards as tourism GVA.

The TSA also calculates a 'tourism GDP' figure by adding estimated net taxes on tourism products to tourism GVA. Indicative estimates of the employment associated with producing tourism value added are also calculated.

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<sup>4</sup> *Tourism characteristic* industries are defined in the international standards as those that would either cease to exist in their present form, or that would be significantly affected, if tourism ceased. Technically, for an industry to be classified as 'tourism characteristic' in the Australian TSA, at least 25 per cent of its output must be consumed by 'visitors', and/or it must account for at least 10 per cent of total visitor consumption.

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None of these approaches is entirely satisfactory. Among other things, the first includes some production that is consumed by local residents, including, for example, their (substantial) expenditure on taxis and dining out. The second and third avoid this problem. However, they encompass a range of non-tourist consumption, and thus production, because they are based on the WTO's visitor-based definition of tourism. This problem could in theory be addressed by adopting a narrower definition of a tourist.

An additional source of concern with the third approach relates to its treatment of upstream production (termed 'value added'). The Australian TSA, in following the third approach, includes upstream value added in its estimates of total tourism output (termed tourism 'gross value added', or GVA). Its inclusion was a key area of contention during the development of the international standards for TSAs. The issue is considered below.

#### *Background: the treatment of value added in the national accounts*

The supply of a product to a consumer involves a number of steps. While varying from product to product, these may include: invention and design of the product; extraction or cultivation of raw materials; manufacture; transportation; wholesaling; retailing; and after-sales servicing.

In the national accounts, the part of the production process allocated to a particular industry is the *value* that the industry itself *adds* to the inputs used in the product during its passage along the supply chain. As noted earlier, this is typically called the industry's 'value added'. To provide a simple example, assume the raw materials used in the production of a garment cost an Australian clothing manufacturer \$8 to obtain, the manufacturer sold the finished garment to the retailer for \$20 who, after paying an additional \$4 in transport and storage (of which \$1 was accounted for by material input costs), sold the garment for \$35 to a consumer. For the supply of this garment, the value added by the *Textiles, clothing & footwear (TCF)* industry would be \$12, the value added by *Transport & storage* would be \$3, and the value added by *Retail trade* would be \$11 (that is, \$35 less purchase and transport and store costs).

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### *The treatment of value added in the Australian TSA*

The documentation for the Australian TSA indicates that it is intended to put tourism on a similar footing to other industries in the national accounts. It also emphasises that the estimates relate to output for which there is a direct relationship between visitors and tourism producers:

The estimates of tourism gross value added, GDP and tourism employment in this publication relate to the direct impact of tourism only. A direct impact occurs where there is a direct relationship (physical and economic) between the visitor and the producer of a good or service. (ABS 2003, p. 4)

However, the approach taken varies from that in the national accounts generally and results in some production for which there is not a *direct* relationship between the supplying business and a tourist being counted as tourism industry output. Specifically, if a tourist is deemed to purchase a good, the item's total value added from (and inclusive of) the production-of-the-finished-good stage onwards is included in tourism GVA. Thus, in the earlier example, if the garment was purchased by a 'visitor', this would be recorded as \$26 of tourism value added in the TSA, comprising not only \$11 of *Retail trade* value added but also \$15 of value added from 'upstream' businesses (ie, in *TCF* and *Transport & storage*). Similarly:

- when a tourist buys fresh vegetables and canned food in a supermarket, the farmers who grew the vegetables, the workers in the food processing plant and the truck drivers who transported the goods, as well as the supermarket employees, are in effect all considered to have been part of the tourism industry; and
- when a tourist fills up his or her vehicle with petrol, the oil refinery workers and the tanker driver, as well as the petrol station attendant, are in effect all deemed to have been working as part of the tourism industry;

and the value added at each of these stages of production is included in tourism GVA.

The explanation of the approach taken in the TSA commences as follows:

The general principle is that the value of the services provided by businesses with whom the visitor has direct contact should be included in tourism consumption. For retailers, the value of the service is the retail margin. One view is that only the value of these margins should be included in the TSA ... (ABS 2000, pp. 13-14)

However, in line with the third option for preparing TSAs provided in the international standards, an all-inclusive approach has been taken:

... However, the [international] standards recommend that the full value of the retail good should be included in tourism consumption. Although businesses that supply the product may not have direct physical contact with the visitor, they do have a strong economic link. (ABS 2000, p. 14)

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In reality, from a business's perspective, the link between a goods producer (or a transporter or wholesaler) and a tourist or visitor is no stronger than the link that equivalent businesses involved in the supply of any product have with the final consumer of the product. For example, a car manufacturer does not have direct physical contact with an ordinary car purchaser, but can be said to have a strong economic link. Thus, the treatment of the tourism industry in the TSA differs to the treatment of other industries in the national accounts — the national accounts do not aggregate value added along the supply chain and attribute it to one particular industry. For example, there is no one 'car industry' in the national accounts that comprises the value added of car producers, car transporters, car wholesalers, car retailers etc.

From a tourist's perspective, the link with particular goods-producing businesses is relatively weak. For instance, tourism activity and consumption could continue unabated were the supply of the goods sold by local retailers to tourists to switch from one source or locality to another (including an offshore source), because the tourist typically has no direct contact with the manufacturer. By contrast, tourism activity and consumption would necessarily be altered or disrupted were a supplier who has direct contact with the tourist to cease operating or to switch to a new location.

### *Implications for assistance measurement*

The inclusion of upstream value added in tourism GVA therefore has some counter-intuitive implications for the measurement and interpretation of assistance to tourism. For example, if part of TCF manufacturing output is counted as tourism output (as is currently the case in the Australian TSA), an equivalent proportion of 'assistance to TCF' arguably should be included as 'assistance to tourism'. Yet much assistance to the Australian TCF industry — specifically, tariff assistance — has the effect of keeping the price of textiles and garments on the domestic market higher than they would otherwise be. This assistance *penalises* businesses within the tourism industry. On the other hand, were the TCF industry seen as separate and as providing inputs to the tourism industry, tariffs on imported garments would (more sensibly) count as a tax on tourists and negative assistance would need to be deducted from measures of net assistance to the tourism industry.

### *The Commission's approach*

The approach in the Australian TSA of including the upstream value added of goods in tourism GVA varies from the treatment of other industries in the national accounts. It includes as part of the tourism industry the output of many businesses

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that have neither a direct nor strong link to tourism activity as such, and it has counter-intuitive, even perverse, implications for assistance measurement and interpretation.

An approach that aligns the tourism industry more closely with the basis on which other industries are defined, and that provides an appropriate basis for assistance evaluation, would be to view the *service* of supplying a product directly to tourists as containing the value that ‘the tourism industry’ adds in relation to the supply of goods consumed by tourists. It is the act of supplying goods or services *to a tourist, at a particular place and time*, that embodies the essential character of the tourism industry. This implies that there should be a direct relationship between a business and the tourist for the business to be considered a part of the tourism industry. Thus, in accordance with the second approach provided for in the international standards for TSA (set out earlier), this study excludes the value added of upstream businesses from tourism GVA.<sup>5</sup>

In conclusion, this study has opted for a different approach for defining and measuring the tourism industry than the approach in the Australia TSA. The study has focussed on the production activities of economic entities directly involved in supplying goods and services to tourists. And it has taken the meaning of a tourist to be as commonly understood (rather than as defined by the WTO).

## **2.3 Estimating the output of the Australian tourism industry**

The foregoing analysis suggests that the estimates presented in the Australian TSA would require adjustments to align them with the approach to defining the tourism industry adopted by the Commission. These are to exclude:

- upstream value added; and
- production related to consumption by visitors not engaged in tourism.

There may also be a case for excluding expenditure by tourists on day-to-day items, although the Commission has not sought to do this (see box 2.3). Among other reasons, identifying this proportion of tourist expenditure would be problematic.

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<sup>5</sup> In response to a draft of this paper, a number of comments were received both for and against the removal of upstream value added from tourism GVA. These comments are set out and discussed in appendix D.



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**Box 2.3      The relationship between ‘day-to-day’ or normal living expenses and tourism expenditures**

When people travel away for a holiday, they spend money on many different goods and services. Some of this expenditure, such as travel and accommodation costs, fares for sightseeing tours, fees for entry to local attractions and the like, are unarguably tourist expenditures. These expenditures would not have been made had the person not taken the trip. However, some of the products purchased on such trips, such as, for example, drinks and groceries, are likely to have been purchased anyway. That is, had the person not made the trip, they would still have had to eat and so on.

To the extent that Australians’ expenditure on domestic tourist trips is the same as when they are at home, tourism does not generate a change in economic activity. Rather, the economic activity is merely redistributed from one location to another. Thus, while visitors generally have a positive economic impact on their destination, this is offset to some extent by the negative economic impact that their (displaced) expenditure has on their local area.

To focus attention on the impact of tourism on the pattern and level of expenditure, in principle it would be appropriate to only include expenditures that are not ‘normal’ or day-to-day expenses as part of tourist expenditure. Such tourist expenditures are discretionary and it is they that could be altered by government policies directed at influencing the level or nature of tourist activity.

However, identifying this element of tourist expenditure would be problematic, and the estimates developed by the Commission have not been adjusted in this way.

### *Removing upstream value added*

The adjustments to remove upstream value added from the TSA estimates are reasonably straight-forward. They involve the removal of:

- all manufacturing, agricultural and mining value added;
- the removal of associated wholesale and transport margins; and
- the removal of associated taxes and subsidies.

As the adjusted estimates remain based on the WTO’s visitor-based definition of tourism, they continue to measure production associated with consumption by all ‘visitors’, not just ‘tourists’. Thus, the estimates can be termed ‘visitor-related’ GVA, gross product and employment, rather than tourism-related GVA, gross product and employment.

The adjusted estimates for 2001-02, together with the original figures from the TSA, are presented in table 2.1. Visitor-related GVA is estimated to have been

\$20.2 billion in 2001-02, and visitor-related gross product is estimated to have been \$22.7 billion. The new estimate represents around 3.2 per cent of GDP, compared to the 4.3 per cent estimate in the TSA.

**Table 2.1 Visitor-related<sup>a</sup> gross value added and gross product, 2001-02**  
\$ million

<i>Industry</i>	<i>TSA estimates</i>	<i>Adjusted estimates<sup>b</sup></i>
<i>Tourism characteristic industries</i>		
Travel agency and tour operator services	966	966
Taxi transport	207	206
Air and water transport	3 592	3 558
Motor vehicle hiring	287	287
Accommodation	2 855	2 855
Cafes, restaurants and takeaway food outlets	2 601	2 601
<i>Total tourism characteristic industries</i>	10 509	10 473
<i>Tourism connected industries</i>		
Clubs, pubs, taverns and bars	1 279	1 279
Other road transport	693	253
Rail transport	412	312
Food manufacturing	657	00
Beverage manufacturing	518	00
Transport equipment manufacturing	224	00
Other manufacturing	1 430	00
Automotive fuel retailing	173	173
Other retail trade	2 145	2 145
Casinos and other gambling services	173	173
Libraries, museums and arts	440	440
Other entertainment services	693	693
Education	1 252	1 252
Ownership of dwellings	1 660	1 660
<i>Total tourism connected industries</i>	11 748	8 380
<i>All other industries</i>	2 972	1 374
<b>Total visitor-related GVA</b>	<b>25 229</b>	<b>20 227</b>
<b>Net taxes on tourism products</b>	<b>5 637</b>	<b>2 433</b>
<b>Visitor-related gross product</b>	<b>30 865</b>	<b>22 660</b>
<b>Visitor-related share of GDP<sup>c</sup></b>	<b>4.3%</b>	<b>3.2%</b>

<sup>a</sup> Based on the WTO definition of 'visitor', as used in the Australian TSA. <sup>b</sup> Adjustments comprised the removal of all manufacturing, agriculture and mining value added, removal of associated wholesale and transport margins and removal of associated taxes and subsidies. <sup>c</sup> Trend GDP (chain volume measure).

Sources: ABS (2003 and 2004a), Commission estimates.

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### *Excluding consumption by non-tourists*

Excluding consumption by non-tourists from the TSA estimates is more difficult. The TSA itself is not calibrated to allow identification of the subset of production associated with consumption by ‘tourists’, as against other ‘visitors’.

The BTR/TRA visitor survey data that underpins the consumption estimates in the TSA provides an (imperfect) way forward. The survey data are collected using the WTO’s visitor-based definition of tourism. However, the surveys also categorise visitors according to their stated primary reasons for travel. The categories are:

- holiday/leisure;
- visiting friends and relatives (VFR);
- business; and
- other (including education and employment).

Most, if not all, visitors whose main purpose for travel is stated to be holiday/leisure would be tourists. Visitors in this category accounted for 52 per cent of all visitor expenditure in 2002. Information is not readily available that would allow this expenditure to be converted precisely to its GVA equivalent. Instead, the share of visitor expenditure attributable to this category is used as a proxy for the visitor share of GVA, gross product and employment attributable to holiday/leisure visitors. On this basis, in relation to visitors in the holiday/leisure category in 2001-02:

- tourism-related GVA was about \$10.5 billion (ie 52 per cent of \$20 227 million); and
- tourism-related gross product was around \$11.8 billion (ie 52 per cent of \$22 660 million), or 1.6 per cent of GDP.

While the simplifying assumptions necessary to make these estimates means that they are not precise,<sup>6</sup> they are considered likely to provide a reasonable base line measure of tourism industry output.

As noted in section 2.1, a subset of the activities of visitors in the other (ie non-holiday/leisure) categories may also be deemed tourism consumption. For example, business spending for attendance at conferences and conventions, expenditure

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<sup>6</sup> Accurately estimating tourism-related GVA is more complex than the approach adopted, for two reasons. First, the relative importance of items consumed varies between different types of visitors. For example, business visitors typically spend proportionately more on air transport and less on shopping than do leisure visitors. Secondly, the contribution that each of the different industries that supply products to tourists make to tourism GVA also varies. For example, each dollar of consumption on air transport makes a different contribution to tourism GVA than each dollar spent on shopping.

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during trips to visit family and friends, particularly where overseas travel is involved, and consumption by foreign students in Australia, can entail tourism consumption.

The share of expenditure by visitors in the non-holiday/leisure categories that may constitute tourism expenditure, as defined in this paper, is examined in detail in appendix C, drawing mainly on detailed data from the BTR/TRA visitor surveys. In summary, it shows that:

- expenditure on conferences and conventions is a small share of total expenditure by business visitors, and there is little evidence of much other tourism activity by business travellers, particularly domestic business travellers, who account for more than 40 per cent of all expenditure in the non-holiday leisure categories;
- although the expenditure of many people who stay with their family and friends primarily for holiday/leisure purposes is already included in the Commission's base line estimates, there is also evidence of significant tourism activity by people in the VFR category proper, who account for almost 40 per cent of non-holiday/leisure expenditure; and
- evidence of tourism activity and expenditure in the 'other' category is more variable, although it is difficult to argue that much expenditure by students, who account for half of the spending in this category, can be counted as tourism expenditure.

Overall, while precision is not possible, the available evidence suggests that not more than one-third of expenditure by visitors in the non-holiday/leisure categories would constitute tourism expenditure, as defined in this paper, and that the 'actual' share would be somewhat less.

Accordingly, for the purposes of developing an 'upper bound' estimate of the size of the tourism industry, it has been assumed that up to one-third of all expenditure by visitors in the non-holiday/leisure categories can be counted as tourist expenditure. On this basis, in 2001-02, tourism-related GVA would have been as much as \$13.8 billion (ie 68 per cent of \$20 227 million), with tourism gross product as much as \$15.4 billion, or 2.2 per cent of GDP.

A summary of the Commission's base line and upper bound estimates of tourist consumption and tourism industry GVA and gross product is set out in table 2.2. The estimates for 2000-01 and 2002-03 are based on the Commission's estimates for 2001-02, adjusted to reflect changes in activity levels between the three years as measured in the TSA. The estimates suggest that tourism contributed in the order of between 1.6 and 2.2 per cent of GDP, on average, during the three years — around half or less of the equivalent TSA estimates.

**Table 2.2 Tourism consumption, gross value added and gross product, 2000-01 to 2002-03**

	2000-01		2001-02		2002-03	
	<i>BL</i> <sup>a</sup>	<i>UB</i> <sup>b</sup>	<i>BL</i>	<i>UB</i>	<i>BL</i>	<i>UB</i>
Consumption (\$m) <sup>c</sup>	37 192	48 636	36 995	48 379	38 120	49 849
Gross value added (\$m) <sup>d</sup>	10 346	13 529	10 518	13 754	10 768	14 082
Gross product (\$m) <sup>d</sup>	11 651	15 236	11 783	15 408	12 140	15 875
Share of GDP (%) <sup>e</sup>	1.7	2.3	1.6	2.2	1.6	2.1

<sup>a</sup> Base line tourism estimate, based on estimated visitor-related activity levels multiplied by 0.52; where 0.52 equals estimated share of visitor expenditure accounted for by holiday/leisure visitors. <sup>b</sup> Upper bound tourism estimate, based on estimated visitor-related activity levels multiplied by 0.68, where 0.68 equals 0.52 plus one-third of visitor expenditure by non-holiday/leisure visitors. <sup>c</sup> Visitor consumption as measured in TSA, adjusted for Commission estimates of tourism share of visitor consumption. <sup>d</sup> Estimates for 2001-02 are as calculated in table 2.1. Estimates for 2000-01 and 2002-03 are based on estimates for 2001-02, adjusted to reflect differences between TSA estimates for these years. <sup>e</sup> GDP share estimates derived by dividing the Commission's tourism gross product estimates by GDP as estimated in the national accounts.

Source: Commission estimates.

## 2.4 Summing-up

Although tourism has traditionally been considered a consumption activity, not a production activity, in recent years efforts have been made to measure production associated with tourism as if it were a single industry. One widely used measure is provided in the Australian TSA, which draws on international concepts of tourism and standards for measuring it.

The conception of the tourism industry used in the TSA is far broader than would commonly be understood to constitute tourism, and does not provide a good basis for assessing assistance to the industry. The TSA counts many people as tourists even when travelling for work, shopping or study. It also includes much day-to-day expenditure as tourist expenditure. And, unlike conventional measures of the activity levels of other industries, it includes in tourism output the production of upstream businesses, such as manufacturers.

Adjustments to more closely align the tourism industry with the basis on which other industries are defined and with a more common understanding of tourism yield estimates significantly smaller than indicated by the TSA. They suggest that tourism accounted for at least 1.6 per cent of GDP, and possibly as much as 2.2 per cent of GDP, over the three years to 2002-03.

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Importantly, these national figures hide regional variations. In some areas, such as far north Queensland, tourism would account for a more significant share of output and employment. In others, little tourism-related activity may occur.

While these estimates suggest that the tourism industry is smaller than often supposed, this does not mean that the main industries whose output is counted as part of tourism output, such as *Accommodation, cafes & restaurants, Air passenger transport* and *Taxi transport*, are less important. Rather, it means that a smaller proportion of their output is tourism-related than often supposed, with a larger proportion related to demand by ordinary business travellers and other non-tourist travellers, in addition to the output they supply to local residents.

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## 3 Identifying and measuring assistance to tourism: methodological issues

Governments around the world actively promote and foster tourism in their countries. Australian governments are no exception. International visitors are seen as providing a valuable boost to the economy, and domestic tourism in particular is seen as creating employment opportunities, especially in rural and regional areas.

Chapters 4 to 6 and their associated appendixes catalogue, explain and, as far as possible, quantify a range of assistance that the Australian Government and State and Territory governments provide to tourism.

However, identifying and measuring assistance is not straight-forward, particularly in the context of an activity as diffuse and multi-faceted as tourism.

Thus, to provide a framework for the ensuing analysis, in this chapter the Commission discusses several over-arching methodological issues that arise in identifying and measuring assistance to tourism. In doing so, it provides an introduction to the various ways that government intervention favours and penalises tourism.

### 3.1 What government actions constitute assistance?

As noted in chapter 1, the *Productivity Commission Act 1998* defines *assistance* as:

... any act that, directly or indirectly: (a) assists a person to carry on a business or activity; or (b) confers a pecuniary benefit on, or results in a pecuniary benefit accruing to, a person in respect of carrying on a business or activity' (s. 10(6))

This definition does not proscribe any government act *per se*. Thus, in theory, *anything* a government does could constitute assistance provided it meets the other requirements of the definition — that is, to directly or indirectly assist a business or activity etc.

Below, the Commission lists a range of government actions that potentially meet these requirements, before setting out principles for narrowing down the range of government measures evaluated in assistance studies.

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### *Government actions that may benefit (or penalise) business*

Governments undertake many actions — some major, others less so — that may affect businesses. At the broadest level, governments may alter or seek to influence macro-economic policy settings, such as the exchange rate or interest rates, so as to enhance the general business environment. Of course, some changes to macro-economic policy settings may constrain the general business environment, while others may be neutral or stimulatory. Similarly, general regulatory frameworks may benefit (or disadvantage) businesses.

In addition to broad policy settings, government measures that can benefit business include the following.

- Governments sometimes subsidise general infrastructure and other services used by businesses. Like businesses in many other industries, tourism businesses may benefit from government provision of facilities and services, such as transport networks, water supply, meteorological forecasts and business information services, that are provided at less than their full cost.
- Governments provide some services that indirectly support businesses. In relation to tourism, they may organise and help stage festivals and events and/or finance government-operated facilities, such as tourist information centres or hospitality training courses. In the ACT, the staging of the Floriade festival and the operation of the Canberra Visitors Information Centre are examples.
- Governments provide direct financial support to certain businesses in the form of tax concessions — tax exemptions, deductions, offsets, rebates, lower tax rates or a deferral of tax liabilities. Examples include the Australian Governments' development allowance, infrastructure borrowings tax offset scheme and small business CGT roll-over provisions, which provide tax breaks for some tourism businesses, along with businesses in other industries.
- Governments provide direct financial support for some businesses in the form of grants and subsidies. In the case of tourism, governments sometimes provide such assistance to the operators of tourist attractions, as well as to agencies involved in tourism promotion. Subsidies tied to the use of labour or other inputs may also provide (indirect) support to businesses.
- Governments provide support for many businesses via tariffs, quotas, anti-dumping duties, government procurement policies that favour local companies, and regulatory restrictions on some imported products. These allow domestic businesses to maintain their prices at levels higher than they otherwise could without losing market share to imports. As a services industry, the domestic tourism sector does not receive protection of this nature against imports (although, as discussed below, some government measures, such as tariffs, affect the price that tourism businesses pay for their inputs).



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Importantly, some government measures that assist particular businesses may also penalise others. For example, while tariffs on imported textiles provide protection to local textile producers, they also penalise Australian textile importing businesses and local clothing and upholstery manufacturers who use textiles as an input. In turn, the higher cost of garments penalises consumers, including some tourists.

Aside from actions intended to assist industries, many other government actions may restrict, penalise and/or increase the costs of businesses. For example:

- Governments impose various generally-applicable taxes, charges and levies on businesses, such as company tax, fringe benefits tax, land tax and excise duties. Except where exemptions are given, these apply to tourism businesses as they do to businesses in other industries.
- Governments sometimes levy imposts selectively on specific businesses or industries. Examples in the case of tourism include the Ansett ticket levy and the departure tax. Where such imposts are not accompanied by an off-setting benefit to the business, they can adversely effect the business's financial position.
- Governments regulate many aspects of the operation of businesses. Regulations relevant to tourism include environmental and employment regulations, planning and development approvals, and restrictions on retail operating hours. That said, some regulations of this nature can benefit some businesses.

Other government policies, even though neither predominantly economic-focussed nor directly related to a particular industry or activity, may affect demand for its output. In the case of tourism, for example, a government's foreign and security policies could affect tourism businesses by altering prospective tourists' perceptions of the safety and desirability of a country as a tourist destination — although the effect could be positive rather than negative, depending on the particular policies.

### *Selectivity and measurement constraints*

In line with the Commission's general approach to identifying and estimating assistance, some of the above (positive and negative) government measures are excluded from further consideration, for two main reasons.

First, the Commission focuses on those government measures that discriminate against an industry or activity relative to other industries or activities. *Selective* (as opposed to *general*) government measures enable the affected firms to gain an advantage (or, in the case of negative assistance, to suffer a disadvantage) relative to other firms in the economy, thereby artificially enhancing (or reducing) their competitiveness and influencing resource use in the economy. Thus, this paper does not consider as assistance the numerous general government measures that apply

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across all industries, such as macro-economic policies and the many regulations that apply to firms and activities generally, rather than selectively.

Second, at a practical level, the Commission's assistance estimates cover only those government measures that can be quantified given practical constraints in measurement and data availability. Accordingly, the effects of many regulations, preferential procurement policies and other non-financial measures that are difficult to identify and quantify are generally not considered in quantitative studies of assistance. For similar reasons, any pecuniary benefits to businesses from the undercharging of particular government services may be excluded. Moreover, in relation to tax measures, the Commission's assistance estimates do not include the effects of general *revenue-raising* taxes, such as company tax, excise and the goods and services tax (GST), mainly because there are significant difficulties in identifying appropriate benchmarks against which to assess the effects of many revenue-raising taxes on individual industries. Rather, assistance estimates focus mainly on selective tax arrangements, particularly those that have been introduced for *industry policy* reasons such as the development allowance, the R&D tax concession and customs tariffs on imports.

## 3.2 Delineating assistance to tourism

In line with the industry-focus of the Commission's normal approach to assistance measurement, this paper examines assistance to tourism *production*, rather than to tourism *consumption* (see box 3.1).

Under the definition of assistance in the Commission's Act, government policies and programs that *directly* benefit businesses constitute assistance to that industry or activity. Thus, for example, government subsidies, tax concessions or other support for passenger airlines, hotels, cafes and restaurants, and travel agency and tour operator services etc, clearly qualify in whole or part as assistance to tourism.

However, the Commission's Act also includes as assistance any government measure that *indirectly* benefits the businesses in an industry or activity. Because of the diverse nature of tourism, a wide range of government measures could potentially meet this criterion:

- most obviously, government spending on tourism advertising and promotion that increases demand for tourism services would constitute assistance to tourism;
- government funding or support for historical sites, art galleries and museums, zoos, national parks, symphony orchestras, high-profile sporting events and cultural festivals, that draw visitors, could also constitute assistance to tourism; and

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**Box 3.1      The focus of analysis: assistance to tourism consumption or assistance to tourism production?**

As earlier chapters note, 'tourism' has both a consumption and a production meaning:

- Tourism is conventionally understood to relate to the activities of leisure travellers, particularly the taking of holidays or other leisure trips and the activities that tourists undertake along the way. This is tourism as a consumption concept.
- However, the term can also refer to the activities of businesses in supplying goods and services to tourists. This is tourism as a production concept.

One issue that arises in identifying and measuring 'assistance to tourism' is: against which of these aspects of tourism should assistance be measured?

If the approach is to measure assistance to 'tourism consumption', government actions that assisted, or conferred pecuniary benefits on, tourists would constitute assistance to tourism. For example, the 'holiday incentive program' introduced by the Australian Government in 2002, which offered a \$150 rebate for eligible domestic travellers for the taking of approved holidays, would constitute direct government assistance to tourism.

If the approach is to measure assistance to 'tourism production', the holiday incentive program would not provide direct assistance to tourism. Rather, only government measures that provided a pecuniary benefit directly to firms involved in tourism production, such as subsidies to passenger transport companies, tour operators or hoteliers etc, would constitute direct government assistance to tourism.

Even so, for many government measures that support tourism activity, this distinction does not affect whether the measure constitutes assistance to tourism. For example, in the case of the holiday incentive package, although it would not constitute *direct* assistance to tourism production, it would constitute *indirect* assistance to it because it would increase demand for holiday travel. Thus, under either approach, this program would be included as assistance to tourism.

In some cases, however, the distinction matters. Consider, for example, a government restriction on domestic competition between airlines, such as the two-airline agreement that prevailed prior to October 1990. To the extent that such a restriction increased returns to incumbents in the passenger airline industry by, for example, allowing them to maintain high prices, the restriction would provide direct (positive) assistance to this element of tourism production. However, passenger air travel is an input into the activities of tourists, so the restriction would constitute *negative* assistance to tourism defined as a consumption activity.

As the standard approach to assistance measurement undertaken by the Commission focuses on the incentives provided to individuals and businesses to undertake production activities, 'assistance to tourism' in this paper is taken to mean assistance to tourism production, not to tourism as a consumption activity.

That said, most of the government measures considered in this paper provide positive assistance to both tourism production and tourism consumption; thus, the distinction has little impact on the range of government actions included as tourism assistance.

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- at the broadest level, tourism could not occur without much of the basic infrastructure of society, including airports, roads, civic amenities, hospitals, police and so on. Thus, government support for such infrastructure could also be deemed to provide some degree of assistance to tourism.

While some of the above government measures benefit tourism production businesses alone, many also serve other purposes. For example, as well as benefiting eco-tourism, national parks can also preserve flora and fauna. Likewise, the inter-urban road network, while important for regional tourism, mainly benefits the freight industry and people living along the route. Indeed, the primary rationale for much of the government support that benefits tourists and tourism businesses is often not tourist-related at all.

This raises the question of which of these government measures should be included within the scope of assistance to tourism.

Under the Commission's Act, the criteria for whether a government action constitutes assistance relate to the *effect* of the action; not the governments' *objective* in undertaking it. Thus, the fact that some government actions that selectively support tourism do so incidentally, rather than intentionally, does not disqualify those actions from being included as assistance to tourism.

The study therefore considers a wide range of government measures that potentially assist (or penalise) tourism. The measures have been grouped into different categories, namely 'assistance provided by tourism and events agencies', 'multi-purpose' and 'incidental' budgetary outlay assistance and tax assistance. The nature of these categories, the government measures considered under each, and the part of this report in which they are assessed, is set out in table 3.1.

Where government measures are multi-purpose or assist tourism incidentally, the Commission has apportioned the assistance they provide between tourism and other activities, such that generally only a small proportion of this support is counted as assistance to tourism (see further below).

Where the assistance to tourism is provided through incidental means and has been deemed sufficiently remote from tourism activity, it has been omitted from the estimates. Indeed, in a number of cases, such as the provision of utilities and policing, the measure can be considered 'non-selective' in that it benefits industries generally. As noted earlier, non-selective measures are not considered to be assistance. On the other hand, some incidental measures that provide very limited assistance to tourism businesses, such as the R&D tax concession, have been included to retain consistency with the Commission's estimates of assistance to other industries, as published each year in *Trade & Assistance Review*.

**Table 3.1 Government interventions considered**

<i>Category</i>	<i>Description</i>	<i>Title, nature and/or focus of measures</i>
Dedicated tourism, events and convention support (chapter 4)	Spending by government agencies to assist tourism and/or events and convention travel.	Tourism promotion Subsidies to firms for tourism purposes Tourism research Tourism policy advice and administration <sup>a</sup> Event attraction Convention centres and bureaus
Multi-purpose budgetary outlay assistance (section 5.1)	Government spending partly intended to assist tourism although mainly intended to meet other objectives.	Heritage, the arts and cultural institutions Nature-based and recreational amenities Elite sport
Incidental budgetary outlay assistance (section 5.2)	Government spending that does not explicitly aim to assist tourism, but may do so incidentally.	Passenger transport infrastructure and services Export promotion Regional development assistance Small business assistance
Incidental tax assistance <sup>b</sup> (section 6.1)	Industry policy measures in the form of tariffs and tax concessions that may incidentally assist or penalise some tourism businesses.	Tariffs (on tourism inputs) Development allowance Infrastructure bonds Infrastructure borrowings tax offset scheme R&D tax concession Small business CGT roll-over provisions
Tourism-related tax imposts <sup>c</sup> (section 6.2)	Taxes and charges levied on tourists or tourism-related industries or activities.	Air passenger ticket levy Aircraft noise levy Great Barrier Reef environmental management charge NSW accommodation levy NT tourism marketing duty Passenger movement charge Visa entry charges

<sup>a</sup> Policy advice and non-program specific administration costs are not ordinarily included as assistance. However, as discussed in chapter 4, partly due to data availability, such costs have been included in the assistance estimates in this paper. <sup>b</sup> While government measures in the categories other than the financial imposts category provide positive assistance to tourism, tariff assistance on tourism inputs constitutes negative assistance to tourism. <sup>c</sup> As discussed in the text, these measures are not ordinarily included in the Commission's assistance studies, but are included in the paper for completeness.

Although the Commission's assistance estimates generally cover the effects of only those tax arrangements that have industry support as a policy rationale, for completeness this paper also assesses a range of tourism-related financial imposts. The imposts include the departure tax, the Ansett levy and the aircraft noise levy. The paper also canvasses some effects (in section 6.3) of general revenue-raising tax

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measures, such as fuel excise and the GST, which some have suggested may impact in a selective manner on tourism. However, there are significant difficulties in identifying appropriate benchmarks for assessing how these taxes affect individual industries. For this reason, and in accordance with the Commission's normal approach to assistance measurement, the effects of such taxes have not been included in the estimates in this paper.

### **3.3 Estimating assistance to tourism**

In the first instance, the estimates of assistance afforded by the government expenditure and tax measures included in this paper have been prepared according to the methodology used for the Commission's other assistance estimates (box 3.2).

However, reflecting the unusual nature of the tourism industry and the assistance it receives, particular difficulties arise in apportioning the assistance provided by some government programs between the tourism industry and other industries that may also benefit from the programs. The approach to apportioning assistance to tourism adopted in this paper is discussed below.

#### *Allocating assistance: the initial benefiting industry concept*

While some government expenditure and tax measures are clearly targeted at a single industry or activity that can be easily identified, difficulties in allocating assistance to particular industries can arise because:

- the identities of the recipients of some government measures are not always clear;
- some government measures assist multiple industries or activities; and
- sometimes, the benefits (or costs) of government measures can flow (or be passed) backwards or forwards along the supply chain or to the consumer.

For the purposes of its assistance estimates, the Commission applies an initial benefiting industry (IBI) methodology in allocating assistance to particular industries. Under this approach, assistance is allocated to the industry hosting the firm that initially benefits from the assistance. Where a number of firms, in different industries, initially benefit from a particular program, the Commission seeks to apportion the assistance between those industries.<sup>1</sup> In cases where assistance benefits firms indirectly via an intermediate organisation, such as the Australian Tourism Commission or Austrade, the beneficiaries are identified as the firms that utilise the services these organisations provide; not the organisations that receive the assistance and deliver the services. Where the Commission cannot identify the

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### Box 3.2      **Measuring the value of assistance**

The approach for estimating the value of the different forms of assistance varies depending upon the instruments used to provide the support:

- Where governments provide grants and subsidies directly to firms, the program costs of the subsidy are recorded as assistance. The Commission's estimates normally exclude the policy advice and general administration costs of government agencies that administer grants and other assistance programs. However, as discussed in chapter 4, partly for reasons of data availability, such costs are included in this paper's estimates.
- Where governments fund services that indirectly assist an industry, such as funding of the ATC to conduct tourism promotion activities, the full funding is deemed to be assistance. Importantly, this assumes that the funded body operates efficiently and/or that the industry obtains benefits from the services equal to their cost of provision.
- Where governments provide tax concessions — exemptions, deductions, offsets, rebates, lower tax rates or tax liability deferrals — on a selective basis, the value of the assistance provided is estimated as the amount of tax revenue forgone by the government, at current industry activity levels.
- Where governments impose tariffs on imports, the assistance to competing Australian producers is determined as the price increase allowed (in principle) by the tariff multiplied by Australian producer's domestic sales; not the amount of tariff revenue collected on imports.
- Where the protected goods are used by other industries as inputs, the negative assistance caused by tariffs on inputs is assessed as the increase in the price of inputs that tariffs allow multiplied by the quantity of all such inputs (whether locally-produced or imported) used in production.

To simplify measurement, industries are generally assumed to benefit from assistance in the year that it is reported in the budget papers.

The assistance estimates are based on a 'static' model. Thus, they focus on the *initial* impact of assistance on different industries. They do not explicitly take account of:

- changes in production and consumption patterns in response to the changes in incentives caused by assistance; and
- any flow-on changes to broader economic variables, such as exchange rates, interest rates, inflation and so on.

In practice, the provision of assistance is likely to induce a range of responses from consumers and producers, as well as having flow-on effects. These effects will in general reduce the value of assistance to the initial benefiting industry.

Importantly, the Commission's estimates represent transfers of income to producers from consumers, taxpayers and intermediate suppliers; they do not indicate the overall 'welfare' costs to the community arising from those transfers.

More details on the Commission's approach to assistance measurement is set out in the Methodological Annex to *Trade & Assistance Review 2001-02* (PC 2003a).

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initial beneficiary of a program, it does not allocate the assistance to a particular industry or activity.

The IBI approach does not attempt to identify all of the beneficiaries of assistance. For example, budgetary assistance to the Australian film industry is allocated to the ANZSIC industry category of *Cultural services*. However, the benefits of this assistance could extend beyond this particular industry, say to *Construction services* in the case where film production requires these services as inputs. Further, an increase in demand for construction services may increase demand in the *Wood & paper products* industry, and so on.

Even so, identifying the incidence of assistance by the initial benefiting industry provides a useful basis for analysing the effects of government assistance measures on the allocation of economic resources amongst different industries and uses.<sup>2</sup>

The IBI approach has been adopted for the assistance estimates in this paper, but the unconventional make-up of the tourism industry — which overlaps parts of many other (conventionally defined) industries — has implications for how the approach is applied. For example, as noted earlier, assistance to art galleries may have a flow-on effect for (other) tourism production by increasing tourist demand. However, were tourism considered to be a separate industry from the *Cultural services* industry in which art galleries are located, then under the IBI approach the assistance provided to art galleries might be included only in the *Cultural services* category and not in the tourism industry category. However, because part of the output of art galleries is classified as tourism output, a portion of assistance to art galleries is by definition assistance to the tourism industry, as well as being assistance to *Cultural services*.

### *Apportioning assistance: the production share approach*

Many government actions that assist tourism-related activities benefit other activities as well. For example, government support for transport networks and infrastructure assists not only tourism but also the freight industry and non-tourist

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<sup>1</sup> The Commission uses a variety of techniques to allocate assistance from individual programs among initial benefiting industries (see, for example, PC 2000b and 2002c). The technique used depends in particular on data availability. In some cases, where suitable data are unavailable, the full value of an assistance program is allocated to the industry deemed to be the main beneficiary of the program. The approach taken in this paper for allocating assistance between tourism and other industries is discussed overleaf.

<sup>2</sup> To identify all of the beneficiaries of budgetary assistance would require working through the production chain to find how industry groupings are likely to be affected by the initial assistance. The Commission uses general equilibrium models to do this, such as when conducting inquiries into specific industries. Such an extended analysis is beyond the scope of this paper.



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passenger transport. Thus, only a minor proportion of the support for transport networks and facilities should be counted as assistance to tourism.

In principle, a number of ways could be used to determine the extent to which assistance on such facilities and activities can be attributed to tourism:

- One way is to estimate the increase, if any, in government expenditure to the facility/activity that is attributable to tourism. This approach presupposes that the remaining government expenditure would have occurred anyway for the benefit of users other than tourists, and that tourism induces expenditure on those services only at the margin. Such an approach might be deemed of relevance for allocating the cost of constructing many roads, where the primary beneficiaries are likely to be local residents or freight users.
- Another way is to do the converse; that is, to estimate the increase, if any, in government expenditure to the facility/activity that is attributable to non-tourists, and to subtract this from the total, with the remainder being designated assistance to tourism. This approach might be deemed of relevance for allocating the cost of events run primarily to attract tourists, but which are also attended by some local residents.
- An alternative way is to apportion assistance to the facility/activity between tourists and non-tourists on the basis of some appropriate benchmark, such as the percentage of users of a facility/activity who are tourists. This approach presupposes that the expenditure varies on a fixed basis, such as with the number of people using that good or service. The approach might be deemed of particular relevance, for example, for allocating the cost of the Bass Strait Passenger Vehicle Equalisation Scheme.

While each of these approaches has merit for certain purposes, the first two approaches discussed above are difficult to apply in practice, as it is hard to identify the incremental component of government expenditure on tourists (or non-tourists) with any precision using publicly available information. Further, even where government expenditure is not influenced by tourism-related considerations, tourism may still be assisted by that expenditure. Equally, non-tourist activities may benefit from assistance provided purely on the basis of tourism considerations.

Consequently, for the purposes of assistance measurement, this paper takes the third approach and allocates to tourism a share of all of the assistance measures considered to be related to tourism.

For some measures provided by tourism or event agencies, as in the case of the holiday incentive package, it is straightforward to allocate all of the assistance to tourism. However, some of the activities undertaken or supported by these agencies

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— in particular, supporting major conventions or sporting events — provide significant benefits for local residents as well as visitors, and some of the activities benefit visitors travelling for non-tourism reasons, such as business. As there are insufficient data to isolate these different effects, a range of estimates, based on judgments by the Commission, have been used to complete the estimates of assistance afforded through these categories of expenditure.

For *multi-purpose* and *incidental* measures, which assist both tourism and non-tourism activities, the share used to apportion assistance between the activities is mainly the share of tourism value added in the total value added of the activity to which the measure is targeted. For example, in the case of government expenditure on art galleries, tourism accounts for around 8 to 11 per cent of the value added of *Cultural services* (box 3.3). The shares adopted for each multi-purpose and incidental measure are discussed in chapters 5 and 6 and their associated appendices. The share estimates are presented as base line and upper bound estimates to reflect the base line and upper bound estimates of the size of the tourism industry reported in chapter 2 (see box 3.3).

### **Box 3.3      Calculating tourism value added shares**

A two-stage process is followed to determine the share of tourism value added in the total value added of particular industries and activities.

The first step is to determine the visitor value added in the total value added of the relevant industries and activities. The ABS Tourism Satellite Account provides data on this. For example, it shows that visitor-related value added comprised 15.4 per cent of the value added of *Cultural services*. (In some cases, these estimates have been calculated using secondary data sources to derive estimates of visitor-related value added for industry sub-categories).

In the second stage, these estimates have then been reduced to reflect only the share of visitor expenditure accounted for by tourists. For the calculation of base line estimates, a share of 52 per cent has been used, which is the proportion of visitor expenditure by visitors in TRA surveys who gave 'holiday or leisure' as their primary purpose for travel. Thus, in the case of *Cultural services*, the share of its value added that is accounted for by the base line estimate of tourism value added is estimated to be 8 per cent (that is, 15.4 per cent multiplied by 0.52).

As noted in chapter 2, expenditure by some visitors in the non-holiday/leisure categories also constitutes tourism expenditure. For the calculation of upper bound estimates, a share of 68 per cent has been used, which is the proportion of expenditure by visitors in TRA surveys who gave 'holiday or leisure' as their primary purpose for travel, plus one-third of the expenditure of non-holiday/leisure visitors.

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### *Quantification constraints*

While the Commission has gone to some lengths to quantify assistance to tourism, a number of practical problems arise in applying the framework discussed above.

Budget papers do not always provide sufficient information to allow for the separation of the assistance elements from the non-assistance elements of program spending. Nor are budget data always available on a consistent basis across jurisdictions, which leads to some inconsistencies in the estimates.

Further, in relation to the budgetary outlays for convention centres and bureaus, and for major events, data limitations make it difficult to determine the extent to which the outlays assist tourism rather than other activities. Accordingly, as noted above, a range of estimates, based on judgments, has been used to apportion these items. Funding identified for convention centres and bureaus was \$14 million in 2000-01 and \$30 million in 2001-02. At this level, judgment in respect to this item has limited potential to affect the robustness of the overall estimates of assistance to tourism — which range from \$880 million to \$959 million per annum (in base line terms) for the years covered by the study. However, the funding identified for convention centres and bureaus increased to \$95 million in 2002-03. Funding identified for events was \$367 million in 2000-01, \$196 million in 2001-02 and \$99 million in 2002-03. At these levels, alternative assumptions about the extent to which these items assist tourism have greater potential to affect the overall estimates of assistance to tourism.

The multi-purpose and incidental estimates are also subject to caveats due to the difficulties involved in apportioning the assistance they provide between tourism and non-tourism activities. As indicated above, in most cases, the Commission has had to use production share data from the TSA to allocate the assistance. While this may be a reasonable approximation in some cases, in others it may give only a rough indication. For example, in allocating the assistance provided to nature-based and recreational amenities between tourism and other activities, the Commission has used production share data for *Cultural services*, which is the most disaggregated category containing these items for which data are available. This category contains a wide range of items, some of which, such as art galleries, museums and libraries, are quite unrelated to nature-based and recreational amenities. The upshot is that, often, the production share used may not be sufficiently robust to provide a good estimate. Thus, caveats apply to the estimates based on such shares.

Some similar issues arise in relation to estimates of tax concessions, although the amounts involved are small relative to the other assistance considered in this paper.

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### 3.4 Interpreting assistance estimates for policy purposes

Industry assistance has a range of benefits and costs. For example:

- Assistance generally benefits the firms or industries that receive it. For example, firms protected by tariffs levied on competing imports are generally able to sustain higher prices on the domestic market than they otherwise could. Also, direct business subsidies increase returns to recipient firms and industries. Thus, assistance can allow the targeted firms to earn higher profits, pay higher wages and/or expand output and employment (although sometimes assistance can lead to inefficiency in the targeted firms over the longer term).
- Assistance often comes at a cost to other sectors of the economy. For example, to fund business subsidies, governments must increase taxes and charges, cut back on other spending, or borrow additional funds. Similarly, while tariffs provide some price support to domestic producers, they result in higher costs to local businesses (for their inputs) and higher prices for consumers, who then have less money to spend on other goods and services.

Assistance estimates help to reveal the industries and activities that, in aggregate, gain and lose from government intervention, and can highlight the costs to the community of industry support. They also provide a broad indication of the resource allocation effects of assistance policies, and thus can provide an input into policy. For example, where an industry or activity is found to receive more assistance than other industries or activities, particularly those with which it competes for economic resources, there is *generally* potential to improve overall economic efficiency through reductions in assistance to the more highly assisted industry or activity.

However, a finding that a particular industry or activity is highly assisted relative to other industries and activities does not *necessarily* mean that the assistance should be reduced. Likewise, a finding that a particular industry or activity receives relatively little, or even negative, assistance does not necessarily mean that its assistance should be increased or that selective taxes applying to it should be reduced. Such judgments need to consider, among other things, the merits of the government measures that provide the assistance.

In this context, classifying a particular government measure as conferring assistance does not of itself indicate the policy merits of the measure. While some classes of industry support, such as tariff protection, generally tend to generate net costs, sometimes government measures that provide assistance can be beneficial overall. For example, up to some point, support for R&D may counteract the ‘free-rider’ problem which might otherwise cause insufficient R&D to be undertaken. Likewise,

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subsidising the adoption of clean fuel technologies is one way of reducing airborne pollution. While analysis would be needed to ensure that these policies represent the most efficient way of dealing with R&D and air pollution issues, government assistance measures of this nature can potentially deliver net community benefits.

Some policy implications arising from the Commission's estimates of assistance to tourism are discussed in chapter 7.

### **3.5 Summing-up**

A range of government measures have the potential to assist (or penalise) tourism.

The manner in which tourism is assisted differs from most other industries. Many government tourism initiatives seek to assist the industry indirectly, by attracting tourists to various locations within Australia. Because the tourism industry overlaps with a number of conventional industries, a proportion of assistance to these conventional industries can also be regarded as assistance to tourism.

Measuring the extent of assistance to tourism is difficult. While the estimates in this paper are generally based on the Commission's normal assistance measurement methodology, the unusual nature of the tourism industry and the assistance it receives, in conjunction with data limitations, have made the estimation of assistance to tourism more problematic than estimating assistance to traditional industries. These difficulties are addressed in part in this paper through the use of base line and upper bound assistance estimates and their designation as 'exploratory'.

For these reasons, and because assistance estimates do not, by themselves, indicate the merits of assistance policies, the estimates published in this paper need to be interpreted carefully. The estimates provide a guide to the direction and possible extent of assistance to tourism, and thereby complement the qualitative discussion of assistance to tourism in the paper. They may also be interpreted as providing 'suggestive' evidence of the relative levels of assistance provided by different programs to tourism, and the level of assistance to tourism in aggregate relative to the level of assistance to other industries and activities. This, in turn, may support other information and judgements relevant to policy analysis. However, the estimates remain 'exploratory' and, in particular, they do not negate the need for careful evaluation of the merits of existing tourism assistance policies and proposals for additional assistance.

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## 4 Dedicated tourism assistance and event and convention support

This chapter examines the nature and extent of ‘dedicated’ tourism assistance provided through Australian (Commonwealth), State and Territory government budgetary outlays — outlays that are deemed to predominantly benefit tourism and tourism-related activities and businesses. Classed under this heading are:

- many of the activities of government tourism promotion agencies, including marketing, the provision of tourist information and other services, and the assembling and selling of package holidays;
- grants made to private firms and organisations for tourism-related purposes; and
- the provision of tourism research, policy advice and administration.

The chapter also examines the assistance to tourism provided in the form of support for event attraction activities and for convention centres and bureaus.

Estimates of the assistance to tourism provided through dedicated tourism assistance and event and convention support are provided for the financial years 2000-01 to 2002-03. They are based on information primarily sourced from the budget papers of each jurisdiction. Box 4.1 provides a brief overview of the approach taken to estimate industry assistance from the information contained in the budget papers. Appendix A provides detailed information on the government assistance measures discussed in this chapter, including details of the budget outlays underlying the assistance estimates for each jurisdiction.

It is not possible to present precise estimates of the assistance to tourism provided by these support measures. One difficulty is that support for events and conventions, and to a lesser degree some dedicated tourism measures such as the provision of visitor information, provide benefits for local residents as well as visitors, and/or benefit some visitors travelling for primarily non-tourism reasons, such as education or business (box 4.2). Further, tourism promotion in overseas (or interstate) markets could raise consciousness of Australia (or a particular state), and increase demand for certain of its produce (eg wine), in those markets. In other words, these outlays assist some non-tourist travel and other economic activity, in addition to tourism. However, there is insufficient data to isolate these different effects. Even if the degree of assistance to tourism provided by particular assistance

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#### **Box 4.1      Estimating budgetary outlay assistance**

The assistance estimates in this chapter are based primarily on each jurisdiction's budget papers. While these present data on a consistent basis for each agency in a jurisdiction, the information varies somewhat between jurisdictions, thereby leading to some inconsistencies. For example, some budget papers report actual expenditure, some present a combination of actual and estimated expenditure, and some only present budget forecasts. In some budget papers, spending details are highly aggregated, so that some non-tourism related activities may be included in budget 'outputs' considered to be tourism-related and some tourism-related activities may be included in budget outputs considered to be not tourism-related. These and other data issues are discussed in more detail in appendix A.

Many of the budget outputs that governments fund also gain external funds from industry contributions, advertising or the sale of goods and services. As far as practicable, these external sources of revenue are netted from total expenditure as they do not constitute government assistance — they represent payment for the goods and services received. For example, the net cost to the Australian Government of running the Australian Tourist Commission in 2001-02 was \$97.9 million — total expenditure of \$120.2 million less revenue from industry contributions, advertising, sales etc of \$22.3 million (Portfolio Budget Statement 2002-03, No. 1.13, p. 126).

#### **Box 4.2      The scope of tourism agencies' activities**

In comments on a draft of this paper, the Australian Government's Department of Industry, Tourism and Resources stated:

Tourism agencies of both state and federal governments focus a significant part of their effort on attracting business tourism, including the conferences, conventions and incentives sector. (Federal focus on this sector has been ramped up with the creation of Tourism Australia, but the former Australian Tourist Commission also had a longstanding unit devoted to attracting business tourism). Tourism aligned to both health and education is also recognised as a growing market and increasingly targeted by Australian tourist promotion agencies.

Rather than just seeking to attract recreational travellers, the work of the Australian Tourist Commission (now Tourism Australia), has been centred around promoting 'brand Australia' overseas, ie establishing Australia as a high aspirational destination for all discretionary travel. Arguably the same is true at a state and territory level. Thus the assistance provided in the form of government promotion of the destination is about broadly attracting visitors rather than narrowly attracting only recreational tourists.

While these agencies may thus assist some forms of business and other travel, in addition to holiday and leisure travel, it should be recognised that many non-holiday/leisure visitors (such as ordinary business travellers or people travelling for family get-togethers) are unlikely to be influenced significantly, if at all, by tourism considerations or the activities of tourism agencies. Further, as discussed in box 2.1, an examination of tourism agencies websites, annual reports and strategic plans suggests that their activities focus mainly on holiday and leisure travel.

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measures could be determined, another difficulty is that these categories of assistance often overlap in practice. For example, as well as undertaking general tourism marketing, a governmental tourism promotion agency may fund the attraction of major events and promote convention and business incentive travel. However, it is not always possible to decompose the available budget or annual report information into the different types of support without gaps or overlaps.

On the basis that most expenditure by tourism agencies assists tourism as defined in this paper, in the first instance the Commission has included all of the assistance provided by these agencies in its estimates. However, for convention centres and bureaus, where such funding has been separately identified, it is excluded from the base line assistance estimates, and one-third is included in the upper bound estimates. Similarly, in relation to funding for events, one-quarter (base line) to one-third (upper bound) of the funding identified has been included in the estimates of assistance to tourism.

## **4.1 Dedicated tourism assistance**

### **Tourism promotion agencies**

The Australian and all State and Territory governments have agencies that undertake dedicated tourism promotion and marketing within Australia and overseas (table 4.1).

Until recently, the Australian Tourism Commission (ATC) was the Australian Government's principal tourism promotion agency. Established in 1967, its stated mission was to '... market Australia internationally to create a sustainable advantage for our tourism industry — for the benefit of all Australians.'

In July 2004, the ATC was merged with the Bureau of Tourism Research, the Tourism Forecasting Council and the 'See Australia' national tourism initiative to form a new body: Tourism Australia. As well as promoting Australia internationally as a 'tourist and business event travel destination', Tourism Australia also seeks to encourage Australians to travel domestically and undertakes other functions, including the provision of tourism research.

Each State and Territory has its own tourism organisation to promote it as an attractive tourist destination to interstate and overseas residents, and to encourage its own residents to holiday locally, including in regional areas. As well as marketing its jurisdiction, these State and Territory tourism organisations (STOs) provide planning and advice to government and industry on tourism-related matters.



**Table 4.1 Tourism promotion agencies of Australian governments**

As at 31 December 2003

<i>Jurisdiction</i>	<i>Tourism promotion organisation(s)</i>	<i>Stated role</i>
Australia	Australian Tourist Commission (now Tourism Australia)	Market Australia internationally to create a sustainable advantage for our tourism industry — for the benefit of all Australians.
NSW	Tourism New South Wales	Market New South Wales as a holiday destination within Australia and overseas and provide strategic direction and leadership to the New South Wales tourism industry to ensure a wide range of tourism products and holiday experiences are available in the marketplace.
Vic.	Tourism Victoria <sup>a</sup>	Develop and market Victoria as a premium tourist destination for Australian and international travellers.
Qld	Tourism Queensland <sup>b</sup>	Provide an integrated approach to tourism policy, planning, destination development and marketing, implement the <i>Growing Tourism Strategy</i> , and provide guidance and leadership to Queensland's tourism industry.
WA	Western Australian Tourism Commission (now Tourism Western Australia)	Develop and market Western Australia as a premier tourist destination for Australians and international travellers.
SA	South Australian Tourism Commission	Market the State's tourism product intrastate, interstate and internationally to ensure that South Australia is a compelling part of any Australian holiday.
Tas.	Tourism Tasmania <sup>c</sup>	Promote Tasmania nationally and internationally as a world-class visitor destination, in the process providing jobs and revenue to the people and State of Tasmania.
NT	Northern Territory Tourist Commission	Market and influence the development of the Northern Territory as a competitive tourism destination for the continuing benefit of all Territorians. <sup>d</sup>
	Territory Discoveries	Package Northern Territory tourism products for sale in the domestic marketplace. <sup>d</sup>
ACT	Australian Capital Tourism	Maximise the social, cultural, economic and employment benefits of tourist visitation to the community through the provision of quality tourism events and services.

<sup>a</sup> Part of the Department of Innovation, Industry and Regional Development (Tourism output group) [since December 2002]. <sup>b</sup> Funded through an administered appropriation to the Department of Tourism, Racing and Fair Trading. <sup>c</sup> Part of the Department of Tourism, Parks, Heritage and the Arts (Tourism output group) [since August 2002]. <sup>d</sup> The NTTC's stated role now refers to "the development and growth of the Northern Territory as a quality, experiential tourism destination", while Territory Discoveries is "to increase market distribution and exposure of the range and diversity of Australia's NT tourism products and experiences".

Sources: Agency websites.

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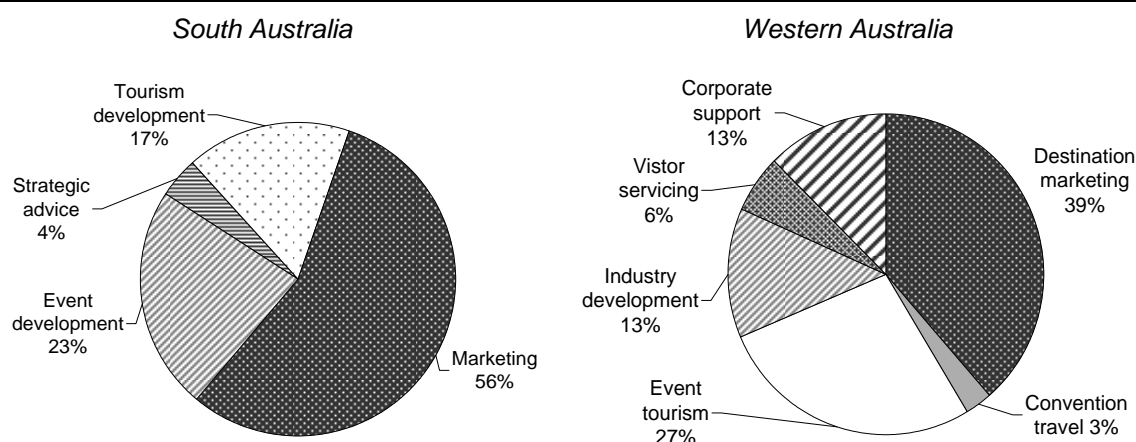
These agencies assist the tourism industry by:

- providing general information for the benefit of potential and actual tourists, and the wider public;
- commissioning and disseminating promotional material highlighting the tourist attractions, festivals, events and facilities that their jurisdictions have to offer;
- funding local visitor information centres and regional tourism organisations to market attractions, distribute tourist information, arrange accommodation and promote local businesses, and provide assistance to visitors;
- increasingly, playing a role in attracting, hosting or sponsoring major national and international sporting events, such as the Commonwealth Games and the Australian Formula One Grand Prix; and
- in some jurisdictions, such as the Northern Territory and Tasmania, assembling and selling package holidays.

The weighting given to different activities varies from agency to agency, depending in part on other institutional arrangements. In some jurisdictions, the tourism promotion agency has significant responsibility for event attraction, along with marketing and other functions. For example, in 2002-03 around one-third of expenditure by the Western Australian Tourism Commission (WATC) was on event attraction, and around 40 percent on destination marketing (figure 4.1). The budget output groups for the South Australian Tourist Commission indicate that event attraction accounted for over 20 percent of its expenditure in 2002-03, although its total expenditure on marketing — domestic and international — was substantially higher, accounting for around three-fifths of its expenditure (figure 4.1). In contrast, in Queensland, a separate agency — Queensland Events Corporation — has responsibility for event attraction activities, so Tourism Queensland focuses on marketing and other activities.

Expenditure on the key tourism promotion agencies totalled around \$370 million in 2000-01 and 2002-03, and around \$390 million in 2001-02 (table 4.2). As noted, all of this expenditure has been included as assistance to tourism, other than that allocated to event attraction and convention centres and bureaus, for which only a share has been included (sections 4.2 and 4.3).

**Figure 4.1 Composition of tourism promotion agencies' expenditure,<sup>a</sup> selected States, 2002-03 (per cent)**



<sup>a</sup> Outputs or output groups as defined in the budget papers.

Source: Government of South Australia (2004) and Western Australia Tourism Commission (2004, p. 66).

**Table 4.2 Budgetary outlays on tourism promotion agencies, 2000-01 to 2002-03**  
\$ million

Organisation	2000-01	2001-02	2002-03
<b>Australian Government</b>	<b>92</b>	<b>98</b>	<b>90</b>
Australian Tourist Commission	92	98	90
<b>State and Territory Governments</b>	<b>279</b>	<b>295</b>	<b>283</b>
Tourism New South Wales	45	48	47
Tourism Victoria <sup>a</sup>	35	39	39
Tourism Queensland <sup>b</sup>	43	45	43
South Australian Tourism Commission	53	55	46
Western Australian Tourism Commission	33	32	33
Tourism Tasmania <sup>c</sup>	29	29	29
Northern Territory Tourist Commission <sup>d</sup>	27	28	31
Canberra Tourism and Events Corporation <sup>e</sup>	14	19	14
<b>Total tourism promotion agency outlays</b>	<b>371</b>	<b>393</b>	<b>373</b>

Figures may not add to totals due to rounding. <sup>a</sup> Part of the Department of Innovation, industry and Regional Development. <sup>b</sup> Part of the Department of Tourism, Racing and Fair Trading. <sup>c</sup> Part of the Department of State Development (Tourism Marketing and Development output group). <sup>d</sup> Also includes *Territory Discoveries* (\$1.6 million in 2000-01, \$2.4 million in 2001-02 and \$5.2 million in 2002-03). <sup>e</sup> Became Australian Capital Tourism on 1 July 2003.

Sources: Budget papers (various); data supplied by DIIRD and Australian Capital Tourism.

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## Tourism-related grants to firms and organisations

Some grants and subsidies to tourism-related activities and businesses come from clearly defined programs that are administered by government departments. For example, during the period 2000-01 to 2002-03, the Department of Industry, Tourism and Resources administered the following Australian Government programs that provided funds to firms and associations in the tourism industry:

- the Regional Online Tourism Program;
- the Regional Tourism Program;
- Tasmanian Regional Tourism;
- Small Business Assistance (Tourism);
- the Tourism Assistance Package; and
- the Travel Compensation Fund.

The total value of the grants provided under these general programs was \$24.2 million in 2001-02 and \$3.4 million in 2002-03.<sup>1</sup>

Tourism agencies also provide grants and subsidies, although the basis on which they are paid is less clear than those provided under publicly announced guideline-based programs. There is generally little, if any, information published on the recipients and the size and purpose of the grants provided. As a result, State and Territory grants can be discussed only at an aggregated level under the names used by the agencies themselves.

At the State level, in 2001-02 and 2002-03:

- Tourism New South Wales provided \$8.2 million and \$4.4 million, respectively, in *Grants and subsidies*;
- Tourism Victorian provided:
  - \$3.2 million and \$1.7 million, respectively, for *Regional tourism cooperative marketing*;
  - \$1.6 million and \$2.0 million, respectively, for *Major events*;
  - \$0.7 million and \$0.8 million, respectively, for *Industry development*; and
  - \$0.2 million and \$0.3 million, respectively, for *Infrastructure projects*;

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<sup>1</sup> Funding for these programs was \$3.8 million in 2000-01. The difference in funding between 2001-02 and the surrounding years is accounted for primarily by the last three programs on the list, which were introduced following the collapse of Ansett Airlines in September 2001 and amounted to \$20.5 million in that year.

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- Tourism Queensland provided \$3.1 million each year in *Regional Tourist Organisation Grant Payments* to develop Queensland's tourism industry;
  - the South Australian Tourism Commission provided \$16.1 million and \$12.9 million, respectively, in *Industry assistance*; and
  - the Western Australian Tourism Commission provided \$2.8 million and \$2.4 million, respectively, in *Grants for tourist facilities and organisations*.

Other funding occurs at the behest of government on an ad hoc basis and is often announced as a separate budget measure. For example, in its 2003 budget, the Australian Government allocated \$4 million in funding to the Australian Stockman's Hall of Fame and Outback Heritage Centre in Longreach over two years. In a similar vein, the Western Australia Government paid \$2.5 million in 2000-01 to the Australian Prospectors & Miners Hall of Fame in Kalgoorlie (Western Australia Department of Premier and Cabinet 2002, p. 102).

## **Tourism research**

A number of government agencies undertake research on tourist activity. These agencies typically also research some other elements of visitor activity of interest to tourism agencies, such as convention travel, and report data on visitor activity in general.

Until recently, the Bureau of Tourism Research (BTR) — a unit within the Australian Government's Department of Industry, Tourism and Resources — was the main tourism research agency in Australia. Its mission was:

... to provide independent, accurate, timely and strategically relevant statistics and analyses to the tourism industry, government and the community at large in order to enhance the contribution of tourism to the well-being of the Australian community. (DISR 2001, p. 62)

Jointly funded by the Australian, State and Territory governments, its core activities centred on conducting two major travel surveys — the National Visitors Survey (NVS) and the International Visitors Survey (IVS) — and analytical and forecasting work. Governmental contributions for the BTR averaged \$4.3 million per annum over the three years to 2002-03.

In July 2004, Tourism Research Australia (TRA) — a unit within Tourism Australia — was established, taking on the functions of the BTR and Tourism Forecasting Council. Tourism research is to receive an additional \$21.5 million over 4 years to provide an enhanced research and statistics base to better meet government and industry needs (Australian Government 2003).

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In addition, the *CRC for Sustainable Tourism* (CRC Tourism) is a tourism-based Cooperative Research Centre (CRC). Its mission is:

... the development and management of intellectual property to deliver innovation to business, community and government enhancing the environmental, economic and social sustainability of tourism. (CRCST undated)

The CRC is located at the Gold Coast campus of Griffith University in Southport.

The State and Territory tourism promotion agencies also fund their own research as part of their on-going and strategic operations. This research may, for example, underpin marketing campaigns and infrastructure development proposals or inform key stakeholders and the general public on the extent or importance of tourism in that state or territory, its drivers or the associated economic, environmental and social impacts. The net cost to government of this research is included in this study under the funding for the tourism promotion agencies.

### **Tourism policy advice and administration**

Some jurisdictions also have tourism-related sections of government departments to deal with tourism-related policy and administrative matters. In addition to administering tourism-related grants (discussed above), these sections:

- provide tourism-related policy advice to government;
- develop, implement and administer tourism policy;
- administer tourism-related budget outlays; and
- oversee the operations of other tourism-related agencies within the portfolio.

For example, the Tourism Division of the Department of Industry, Tourism and Resources (DITR) advises the Australian Government on tourism-related matters and formulates and implements tourism-related government policies. Until recently, it also oversaw operation of the BTR.

Many of the activities of these sections arguably support and promote tourism by providing advice to government on matters pertinent to the industry, by working with industry (generally for the benefit of the industry) and by administering government grants that benefit tourism. Governments primarily undertake these activities in an attempt to boost the economic activity resulting from tourism. For example, the function of the DITR Tourism Division, as stated in its *Business Plan* for 2002-03, is that it:

... seeks to contribute to the development of a stronger, sustainable and internationally competitive Australian tourism industry. (DITR 2002, p. i)

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The Division's concern with the sustainable growth of tourism is also reflected in its *Mission Statement*, and in the highlights and key goals set out in its *2002-03 Business Plan* (DITR 2002, pp. 2–7).

That said, the Commission does not ordinarily classify government outlays on general departmental administration and policy advice as assistance to industry. For example, in its annual estimates of Australian Government assistance, contained in *Trade & Assistance Review*, the Commission includes only the individual program costs of financial assistance benefiting industries, and not general departmental overhead costs. This is made possible because the Australian Government's budget papers provide sufficient detail to isolate program spending from other departmental costs.

However, apart from those for Western Australia, State and Territory budget papers generally do not provide sufficient detail to allow these spending components to be readily isolated. That is, most State and Territory budget papers contain a tourism output figure that covers not only a number of separate tourism programs but also various policy advice and administration costs not related directly to the particular programs.

As this paper covers assistance to tourism provided by all Australian governments, and in view of the potential support for the tourism industry associated with such expenditure, the Commission has included all such expenditure in the estimates in this paper. That said, policy advice and non-program specific administration costs are not a major component of total funding. For example, the WATC's corporate and operational support unit attracted \$4.5 million funding in 2002-03, or around 13 per cent of total WATC funding.<sup>2</sup> Funding for the operations of DITR Tourism Division amounted to around \$6.1 million in 2002-03. This is equivalent to 6 per cent of the dedicated tourism assistance estimated to be funded through the department and the ATC in that year.

## **Total dedicated tourism assistance**

Estimates of total dedicated assistance to tourism, as defined in this paper, are set out in table 4.3.

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<sup>2</sup> The figure for the corporate and operational support function includes around \$25 000 spent on 'advertising and promotions', and 'grants, tourist facilities and organisations', following expenditure of \$550 000 on these items in the preceding year. In addition to funding for its corporate and operational support function, a further \$14 million was spent on administrative functions directly related to the WATC's tourism marketing, events and other programs in 2002-03.

Table 4.3 **Dedicated<sup>a</sup> budgetary outlay assistance to tourism, exploratory estimates, 2000-01 to 2002-03**

\$ million

<i>Jurisdiction</i>	<i>2000-01</i>	<i>2001-02</i>	<i>2002-03</i>
<b>Australian Government</b>	<b>110</b>	<b>138</b>	<b>112</b>
<b>State and Territory Governments</b>			
New South Wales	45	48	46
Victoria	32	35	34
Queensland	41	44	42
South Australia	36	39	35
Western Australia	29	24	24
Tasmania	29	29	30
Northern Territory	27	28	31
Australian Capital Territory	5	12	10
<b>Total State and Territory</b>	<b>244</b>	<b>259</b>	<b>252</b>
<b>Total dedicated tourism assistance</b>	<b>354</b>	<b>397</b>	<b>364</b>

Figures may not add to totals due to rounding. <sup>a</sup> Includes funding on tourism promotion agencies, grants for tourism-related purposes, tourism research, policy advice and administration costs, but excludes identified funding for event attraction and convention centres and bureaus. <sup>b</sup> Base line estimate equal to upper bound estimate.

Source: Commission estimates (see appendix A).

## 4.2 Event attraction activities

State and Territory governments actively seek to attract, host or sponsor major national and international events partly to attract tourists and other visitors (and the associated economic activity) to their jurisdiction and to gain local and overseas media coverage.

Some States have their own event attraction agency, while other States contain an event attraction (or similarly named) output in their budget papers (table 4.4). For example, in 2001-02 and 2002-03:

- Queensland provided \$8.9 million and \$11.8 million, respectively, to the Queensland Events Corporation to secure major events for the State and to develop regional events to increase local economic development;
- Western Australia provided \$9.3 million and \$9.8 million, respectively, to the *Event Tourism* output in the Western Australian Tourism Commission; and
- Victoria provided \$29.8 million and an estimated \$36.7 million, respectively, to the *Sport and Major Event Facilitation* output in the Department of Tourism, Sport and the Commonwealth Games (now the Department for Victorian Communities).



**Table 4.4 Government event attraction agencies and budget programs**

As at 31 December 2003

<i>Jurisdiction</i>	<i>Event attraction agencies or budget output</i>
NSW	<i>Events NSW</i>
Vic.	<i>Sport and Major Event Facilitation</i> (part of the <i>Sport, Recreation and Racing</i> output group in the <i>Department of Tourism, Sport and the Commonwealth Games</i> )
Qld	<i>Queensland Events Corporation</i> <i>Events</i> (part of the <i>Protocol and Communication Services</i> output group in the <i>Department of the Premier and Cabinet</i> )
WA	<i>EventsCorp Western Australia</i> <i>Support for the Premier as Head of Government</i> (in the <i>Department of Premier and Cabinet</i> )
SA	<i>Australian Major Events</i> (part of the <i>South Australian Tourism Commission</i> )
Tas.	<i>Events Tasmania</i> <i>Major Events Grants and Assistance</i> (funded through the <i>Department of State Development</i> )
NT	<i>Northern Territory Major Events Company</i> <i>Events</i> (part of <i>Sport and Recreation</i> output group in the <i>Department of Community Development, Sport and Cultural Affairs</i> )
ACT	<i>Economic Development, Business and Tourism</i> (part of the <i>Economic Development, Business and Tourism</i> output group in the <i>Chief Minister's Department</i> )

Sources: Budget papers (various).

State and Territory governments often compete to host the same event or to lure events from each other. For example, Melbourne secured the rights in 1993 to host the Australian Formula One Grand Prix from 1996 onwards from Adelaide. However, in some cases, States and Territories co-operate to co-host an event. For example, in the case of the 2000 Olympic Games football matches and the 2003 Rugby World Cup, a number of States and Territories effectively 'co-hosted' both tournaments, although both events were centred on Sydney.<sup>3</sup>

The Australian Government also provides funding for some event attraction activities, although not to the same extent as the State and Territory governments. This funding usually overlaps with State funding.

<sup>3</sup> The New South Wales, Queensland, Victorian, South Australian, Western Australian, Tasmanian and ACT Governments all provided assistance to the organisers of the 2003 Rugby World Cup.

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With the formation of Tourism Australia in July 2004, a unit was established to ‘help attract major events to Australia’. Among other things, the unit is to promote Australia as an international business and major events destination, provide insights and market intelligence in relation to events, and develop a National Events Calendar, although it will not coordinate bidding for events or the selling of Australian events. The unit has been allocated funding of \$4 million for 2004-05 (Tourism Australia 2004).

In addition to general event attraction activities, Australian governments provided significant funding during the financial years covered by this paper to the hosting of, or preparation for, four major international events: the 2000 Olympic and Paralympic Games in Sydney, the 2001 Goodwill Games in Brisbane and the 2006 Commonwealth Games in Melbourne. In particular:

- the Australian Government provided the organisers of the 2001 Goodwill Games and the 2000 Olympic and Paralympic Games with \$30.1 million in 2000-01;
- the New South Wales Government provided the Olympic Coordination Authority with \$254.9 million in 2000-01 and \$80.9 million in 2001-02 for expenses incurred in hosting the 2000 Olympic and Paralympic Games; and
- the Victorian Government allocated \$35.6 million in 2001-02 to the *Melbourne 2006 Commonwealth Games* output group in the Department of Tourism, Sport and the Commonwealth Games, with a further \$16.1 million allocated in 2002-03.<sup>4</sup>

As well as seeking to generate additional tourism, either directly or through the effects of media exposure for the host city, governments may fund these events with other benefits in mind. For example, the facilities built or upgraded for some major events — such as sports stadiums and transport facilities built for the Sydney Olympics — provide benefits afterwards for athletes and local residents. Local residents themselves often attend the events or view them on television. And the staging of such events may generate intangible benefits associated with community spirit and volunteerism.

Indeed, in many cases, the main benefit flowing from assistance for an event provided by a tourism or events agency may accrue to non-tourism activity. This is most likely to be the case for spending on infrastructure built for an event, such as venues, accommodation or transport links, that have alternative uses after the event is held. It will be less so in the case of spending on infrastructure built for an event which has little or no alternative use — such as the pit-lane and grandstand complex

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<sup>4</sup> Victorian Government expenditure on the 2006 Commonwealth Games has since increased. The Department for Victorian Communities, which now oversees the Games, spent around \$80 million for this purpose during 2003-04, and is expected to spend over \$170 million on Games preparations in 2004-05.

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built at Albert Park for the Formula One Grand Prix — and for money spent on the running of an event itself.

Determining an appropriate share for allocating event attraction expenditures between tourism and non-tourism activities is problematic. One allocation method would be to use the tourism share of the relevant industry's output (as is done in chapter 5 for allocating multi-purpose assistance). For example, many of the items funded as part of the Olympics would fall under the ANZSIC industry grouping of *Cultural and recreational services*, for which the base line tourism share is 8 per cent, or under a 'sporting events' sub-category of *Cultural and recreational services* for which the base line tourism share is 5 per cent. However, this could seem, *prima facie*, to substantially understate the share of assistance to tourism associated with such events.

Further, for some events, the benefits estimated for tourism are very large in comparison to the assistance provided. For example, prior to the Sydney Olympics, the Tourism Forecasting Council forecast that the event would attract around 130 000 international visitors (between 1997 and 2000) associated with the games themselves, and a further 1.5 million international visitors (between 1998 and 2004) as a result of the promotional impact of the games. Subsequently, the ATC estimated that the event had generated \$3.8 billion worth of publicity (Bombara 2000).

In a draft of this paper circulated mainly to government agencies, the Commission included 100 per cent of government expenditure on events as assistance to tourism. This was done on the basis that assisting tourism is a key driver of government event attraction activities, in view of the significant benefits to tourism that some events have been estimated to generate, and in the absence of information that would allow a more precise allocation.

In comments in response to the draft (see box 4.3), some suggested that this figure would substantially overstate the assistance to tourism, and that a lower, or even zero, estimate should be used.

For the estimates in this paper, the Commission has included a share of one-quarter of identified funding for events in its base line estimates of assistance to tourism. For ease of calculation, and to align with the larger tourism base in the paper's upper bound estimates of the tourism industry's size, the base line level has been scaled up by around thirty per cent such that one-third of event funding has been included in the upper bound assistance estimates. On this basis, the event funding separately identified in this paper is tentatively estimated to have assisted tourism by between \$92 million and \$122 million in the Olympics year of 2000-01, between \$49 million and \$65 million in 2001-02 and between \$25 and \$33 million in 2002-03.

#### Box 4.3 Comments on the Commission's treatment of events funding

In its comments on the draft, Queensland Treasury stated that 'it is difficult to understand justification of 100% tourism share [for the Queensland Events Corporation funding of Major Events Securement and Support] as substantial attendance at these events is by local residents'.

The Australian Government's Department of Industry, Tourism and Resources stated:

In relation to government funding for events, the report notes that there can be many benefits deriving from these events other than tourism, eg. participation by residents, upgrading of facilities and infrastructure. Consequently, the report states that such funding could be treated as multi-purpose assistance rather than dedicated tourism assistance. However, the report ultimately treats such funding as dedicated tourism assistance on the basis of "the absence of information that would allow a more precise allocation". While we agree that any such allocation would be based on judgment rather than solid information, the allocation of 100% of such funding to tourism grossly overstates the extent to which such funding actually assists the tourism sector. We think a more appropriate estimate of the allocation should be arrived at to more accurately reflect the actual assistance to tourism.

In his referees' comments, Professor Peter Forsyth stated:

I am not convinced by the inclusion of subsidies for special events as a form of tourism assistance. It is true that special events are often puffed up on the claim that they will lead to tourism booms, but these claims must be treated sceptically. For example, there is not much evidence of a boom in tourism to Australia created by the Sydney Olympics. Fundamentally, the Olympics was a case of bread and circuses for the local (voting) population. This is probably so for most special events. Granted that special event funding was so large, and with the tenuous link to tourism, there is a case for leaving it out of assistance for tourism.

Table 4.4 Assistance to tourism — event attraction, 2000-01 to 2002-03 (\$ million)

Jurisdiction	2000-01		2001-02		2002-03	
	BL <sup>a</sup>	UB <sup>b</sup>	BL	UB	BL	UB
<b>Australian Government</b>	<b>8</b>	<b>10</b>	—	—	—	—
<b>State and Territory Governments</b>						
New South Wales	64	85	20	27	...	...
Victoria	9	12	17	22	14	18
Queensland	2	2	2	3	3	4
South Australia	4	6	4	5	3	4
Western Australia	2	3	2	3	2	3
Tasmania	0	0	0	1	1	1
Northern Territory	1	1	0	1	1	1
Australian Capital Territory	2	3	3	4	1	1
<b>Total State and Territory</b>	<b>84</b>	<b>112</b>	<b>49</b>	<b>65</b>	<b>25</b>	<b>33</b>
<b>Total assistance</b>	<b>92</b>	<b>122</b>	<b>49</b>	<b>65</b>	<b>25</b>	<b>33</b>

... less than \$0.5 million. Figures may not add to totals due to rounding. <sup>a</sup> Base line estimate of one-quarter of identified funding. <sup>b</sup> Upper bound estimate of one-third of identified funding. Source: Commission estimates.

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## 4.3 Convention centre and bureau support

Some State and Territory Governments own convention centres or fund convention centres to host exhibitions, conferences and conventions. For example, the South Australia Government owns and runs the Adelaide Convention Centre. Many conferences, conventions and exhibitions are targeted at business people, although some — such as the Melbourne International Motor Show and Sexpo, which have been held at the Melbourne Exhibition and Convention Centre in recent years — are likely to attract a broader clientele.

Some governments also provide financial assistance to convention bureaus to:

- identify, develop and convert leads for potential new national and international meetings, conferences, conventions, exhibitions etc and incentive travel business;
- bid for new conferences and conventions etc; and
- work with meeting planners and local businesses to boost delegate numbers at confirmed national and international conferences and conventions etc and increase pre- and post-event touring activities.

Support for convention centres and bureaus is generally through grants from their tourism promotion organisations, although in some cases support is provided directly through appropriations from the budget. In 2001-02 and 2002-03:

- the Sydney Convention and Visitors Bureau received government support of \$2.6 million and \$2.9 million, respectively;<sup>5</sup>
- Tourism Victoria provided \$2.2 million and \$3.2 million, respectively, to the Melbourne Convention and Visitors Bureau;
- Tourism Queensland provided \$2 million and \$1.9 million, respectively, to the state's convention bureaus, and the Queensland Department of State Development spent \$11 million and \$31.4 million, respectively, on the Gold Coast Convention and Exhibition Centre;
- the Western Australian Tourism Commission spent \$1.7 million in relation to the Perth Convention and Exhibition Centre in 2000-01 and, following the transfer of responsibility from 1 July 2001, the Western Australia Department of Housing and Public Works spent \$47.6 million in 2002-03;<sup>6</sup>

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<sup>5</sup> Figures sourced from Sydney Convention and Visitors Bureau annual reports. The Commission has been unable to ascertain whether this funding is additional to other 'tourism' funding provided by New South Wales Government agencies, such as the dedicated tourism assistance provided through Tourism NSW, and it has not been included in the estimates in this section.

<sup>6</sup> The Department of Housing and Public Works made a further payment of \$74 million in July 2003. (Western Australia Department of Housing and Public Works 2003, p. 24)

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- the net cost to the South Australian Government of the Adelaide Convention Centre was \$11.4 million and \$8.3 million, respectively; while the Adelaide Convention and Tourism Authority also received some support from government sources;<sup>7</sup>
  - the Tasmanian Department of State Development paid \$0.5 million to the Tasmanian Convention Bureau in both of the years;
  - the Canberra Tourism and Events Corporation paid \$0.7 million in both years to the Canberra Convention Bureau; and
  - the Northern Territory Convention Bureau received funding of \$0.8 million and \$0.9 million, respectively, through the Northern Territory Tourist Commission.

In total, some \$30 million in 2001-02 and \$95 million in 2002-03 (and \$14 million in 2000-01) has been identified as being directed at convention centres and convention bureaus. Some other expenditures by tourism promotion agencies also promote travel for conferences and conventions etc, although budget papers and annual report data do not allow the amount to be determined precisely.

Governments typically fund convention centres and convention bureaus to attract major conventions and exhibitions from other Australian or overseas cities (or to keep them from going elsewhere) to increase visitor numbers and to gain an economic advantage for their jurisdiction. As noted in chapter 2, some expenditure by business travellers during trips for conferences and conventions etc, particularly those held in exotic locations, can be considered to be tourism expenditure under the definition of tourism adopted in this paper.

That said, the development of conference and convention facilities in a particular locale is likely to provide benefits mainly for people other than tourists. Business people, particularly those situated in the capitals, often attend conferences and conventions in their own city. Indeed, the effect of building and/or subsidising a conference centre in one location may be to reduce travel away to other locations, thereby reducing total travel and visitor activity. In any case, it is not clear that most, or even much, expenditure during trips for conferences and conventions could necessarily be considered to be tourism expenditure, as defined in this paper (chapter 2).

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<sup>7</sup> The South Australian Tourism Commission (SATC) provides grants to the Adelaide Convention and Tourism Authority, although the amounts are not disclosed publicly. The Authority's annual reports also do not contain such information, although they do indicate that the Authority received 'government grants' of \$0.9 million in 2002-03. The Commission understands that the 'government grants' figure may contain government revenue from sources additional to that provided by the SATC, and has not included them in the estimates in this section.

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**Box 4.4      Some comments on the Commission's treatment of funding for convention centres and bureaux**

In a draft of this paper circulated mainly to government agencies, the Commission included 100 per cent of funding for convention centres and bureaux in its estimates of assistance to tourism.

In its comments on the draft, the Australian Government's Department of Industry, Tourism and Resources stated:

We consider that the PC's treatment of funding of convention centres and bureaux is inappropriate. Not all of this funding benefits tourism. It is also inconsistent with the PC's definition of tourism as only holiday/leisure travel. While the PC made an allowance of 25% of non-holiday/leisure visitors to be added to provide an upper limit to the size of the tourism sector, it is not clear how the inclusion of 100% of funding for convention centres and bureaux as assistance reconciles with this.

The Victorian Department on Innovation, Industry and Regional Development stated:

There seems to be an inconsistency in the treatment of convention centres and bureaux whereby it seems that all government expenditure on convention centres and bureaux is included as assistance to tourism, yet at the same time the paper recognises that conference and convention facilities also provide benefits to non-tourists. Also only some expenditure by Meetings, Incentives, Conventions and Exhibitions (MICE) travel is included in the paper's definition of tourism expenditure. ...Hence, the full government expenditure is divided by a smaller definition of the tourism industry, thereby overstating the proportion of government expenditure in this industry.

The Tasmanian Department of Treasury and Finance stated:

...most jurisdictions seek to attract business-related travel. These activities generate investment and employment, regardless of whether they are formally included within the definition of "tourism". I am surprised, therefore, that the Commission has chosen to include financial assistance associated with convention bureaux within the broad 'assistance to tourism' category, given that business-related travel is excluded from the definition of tourism adopted by the Commission.

The Commission accepts that the inclusion of all funding for convention centres and bureaux would overstate the level of assistance to tourism, particularly when compared to the base line estimates of the tourism industry's size which cover only the activity of visitors travelling primarily for holiday/leisure purposes. Thus, funding identified for convention centres has been omitted from the paper's base-line assistance estimates.

However, it should be noted that, in calculating the upper bound estimate of the tourism industry's size in chapter 2, the estimate was reached in part by assuming, for the purposes of that exercise, that *all* expenditure by business visitors who attended a conference etc could be classed as tourism expenditure (see section C.1 in appendix C).

To be consistent, this warrants the inclusion, in the paper's upper bound estimates of assistance to tourism, a share of funding for convention centres and bureaux to reflect their usage by business visitors, although it remains appropriate to deduct a share of the total funding to reflect the benefits to local residents who use convention centres. For this final paper, the Commission has included one-third of the funding in the upper bound assistance estimate.

This suggests that, at most, only a limited share of funding for convention centres and bureaus should be considered assistance to tourism. However, data are not available that would allow the appropriate share to be determined precisely. For the purposes of this paper, where funding for convention centres and bureaus has been separately identified, this funding is excluded from the base-line estimates assistance, and one-third is included in the upper bound estimates (box 4.4). Estimates of assistance to tourism from the funding of convention centres and bureaus, calculated on this basis, are presented for the three years to 2002-03 in table 4.5.

**Table 4.5 Assistance to tourism — convention centres and bureaus, upper bound estimates<sup>a</sup>, 2000-01 to 2002-03**  
\$ million

<i>Jurisdiction</i>	<i>2000-01</i>	<i>2001-02</i>	<i>2002-03</i>
<b>Australian Government</b>	—	—	—
<b>State and Territory Governments</b>			
New South Wales <sup>b</sup>	ne	ne	ne
Victoria	1	1	1
Queensland	1	4	11
South Australia <sup>c</sup>	2	4	3
Western Australia	1	...	16
Tasmania	...	...	...
Northern Territory	...	...	...
Australian Capital Territory	...	...	...
<b>Total State and Territory assistance</b>	<b>5</b>	<b>10</b>	<b>32</b>
<b>Total</b>	<b>5</b>	<b>10</b>	<b>32</b>

... less than \$0.5 million. ne: not estimated. Figures may not add to totals due to rounding. <sup>a</sup> Base line estimate of zero per cent of funding. Upper bound estimate of one-third of funding <sup>b</sup> New South Wales funding for convention bureaus not separately identified (see footnote 6) <sup>c</sup> Undisclosed funding for the Adelaide Convention and Tourism Authority not included (see footnote 8).

Source: Commission estimates.

## **4.4 Total assistance to tourism from dedicated tourism assistance, and event and convention support**

Based on the methodology used in this chapter, dedicated tourism assistance and funding identified for events and convention centres and bureaus is estimated to have provided assistance to tourism in the order of \$445 million to \$481 million in 2000-01, \$446 million to \$472 million in 2001-02, and \$388 million to \$428 million in 2002-03 (table 4.6).



Table 4.6 **Assistance to tourism — total dedicated tourism, events and convention funding, 2000-01 to 2002-03**

\$ million

<i>Jurisdiction</i>	<i>2000-01</i>		<i>2001-02</i>		<i>2002-03</i>	
	<i>BL<sup>a</sup></i>	<i>UB<sup>b</sup></i>	<i>BL</i>	<i>UB</i>	<i>BL</i>	<i>UB</i>
<b>Australian Government</b>	<b>118</b>	<b>120</b>	<b>138</b>	<b>138</b>	<b>112</b>	<b>112</b>
<b>State and Territory Governments</b>						
New South Wales	108	129	69	75	46	46
Victoria	41	45	52	58	48	53
Queensland	43	44	46	51	45	57
South Australia	41	44	43	48	38	42
Western Australia	31	32	26	27	27	44
Tasmania	30	30	30	30	31	31
Northern Territory	27	28	29	29	31	32
Australian Capital Territory	8	9	14	16	11	12
<b>Total State and Territory</b>	<b>328</b>	<b>361</b>	<b>308</b>	<b>334</b>	<b>277</b>	<b>317</b>
<b>Total</b>	<b>445</b>	<b>481</b>	<b>446</b>	<b>472</b>	<b>388</b>	<b>428</b>

Figures may not add to totals due to rounding. <sup>a</sup> Base line estimates, includes all dedicated tourism assistance and one-quarter of event funding, but excludes convention funding. <sup>b</sup> Upper bound estimate, includes all dedicated tourism assistance and one-third of event funding and funding for convention centres and bureaus.

Source: Commission estimates.

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## 5 Other budgetary outlay assistance to tourism

Tourists undertake a wide range of activities and visit various attractions, many of which are provided or funded by Australian governments. For example, the Sydney Opera House is operated and maintained for the New South Wales Government by the Sydney Opera House Trust. Likewise, the Kakadu and Uluru-Kata Tjuta National Parks are jointly managed by the Australian Department of Environment and Heritage and the indigenous owners. While governments fund these amenities and other items partly for the benefit of local residents or with non-tourism objectives, such as conservation, in mind, they are also intended to enhance a place's appeal as a tourist destination and thereby increase tourist demand. As a result, these budgetary outlays — here called 'multi-purpose' outlays — are likely to confer pecuniary benefits to tourism and, thus, may constitute assistance to it.

Governments also provide or subsidise various basic services, facilities and infrastructure without which tourism could not occur: the regional road network, for example. Such items may well be funded without any explicit consideration of their benefits for tourism. Even so, they provide 'incidental' benefits to tourism and, as discussed in chapter 3, may also be deemed to provide some element of assistance to tourism. Similarly, some common 'activity-based' assistance measures that provide support across a number of industries, such as export promotion grants and small business support, may also provide incidental assistance to tourism.

This chapter examines the nature of assistance to tourism provided through various multi-purpose and incidental outlays provided by Australian (Commonwealth), State and Territory governments.

Estimates of these forms of assistance to tourism for the three years to 2002-03 are also provided. In compiling the estimates, the Commission has not only had to identify the budget outlays that provide assistance but also to determine the share of these outlays that assist tourism rather than promote other goals. Base line and upper bound share estimates have been used, reflecting the base line and upper bound estimates of the extent of tourism in chapter 2. Box 5.1 outlines the methodology used; appendix A provides further detail. The available data do not allow shares to be derived with great precision, and the estimates accordingly have been designated as 'exploratory'.

### Box 5.1 Estimating multi-purpose and incidental outlay assistance

Estimates of multi-purpose and incidental outlay assistance to tourism are based partly on estimates of outlay assistance drawn from budget papers. In this regard, they entail some of the same limitations as the estimates of outlay assistance to tourism provided through dedicated tourism, event and convention support (see box 4.1).

However, because outlays in these categories assist non-tourism activities as well as tourism, it is necessary to estimate the proportion that assists tourism. The shares used to apportion these outlays to tourism are shown below. In most cases, they reflect the closest available tourism production share in the *Tourism Satellite Accounts* (ABS Cat. no. 5249.0). However, in some cases, the TSA shares mask important differences that warrant the derivation of separate shares. For example, the share for *Air and water transport* published in the TSA is unlikely to be appropriate for budget outlays on air transport or water transport, as their use by tourism differs significantly — the usage of air transport is significantly higher than that of water transport. The estimated shares are derived in appendix A, from other non-TSA data.

Given the difficulty in closely matching the expenditure categories used in the TSA with the budget outlays, the resulting estimates should be treated with some caution.

<i>Tourism-related outlay</i>	<i>Source</i>	<i>Visitor share</i>	<i>Tourist share</i>	
			<i>BL<sup>a</sup></i>	<i>UB<sup>b</sup></i>
		%	%	%
<b>Multi-purpose outlays</b>				
Cultural services	ABS [Libraries, museums and the arts]	15.4	8.0	10.5
Heritage	ABS [part of Cultural services]	15.4	8.0	10.5
National parks	ABS [part of Cultural services]	15.4	8.0	10.5
Recreational services	ABS [part of Cultural services]	9.6	5.0	6.5
Sport	ABS <sup>c</sup>	9.6	5.0	6.5
Stadiums	ABS <sup>c</sup>	9.6	5.0	6.5
<b>Incidental outlays</b>				
Air transport	Estimated	81.6	42.4	55.5
All other	ABS	0.8	0.4	0.5
Average	ABS	4.1	2.1	2.8
Export promotion	ABS	11.2	5.8	7.6
General transport	Estimated	12.1	6.3	8.2
Public transport	Estimated	12.1	6.3	8.2
Rail transport	ABS	10.7	5.6	7.3
Regional development	Assumed [same as Average]	4.1	2.1	2.8
Small business	Assumed [same as Average]	4.1	2.1	2.8
Water transport	Estimated	2.6	1.4	1.8

<sup>a</sup> Base line estimate of tourist share. Equal to visitor share multiplied by 0.52; where 0.52 equals base line estimate of tourist expenditure as a share of visitor expenditure (see chapter 2) <sup>b</sup> Upper bound estimate of tourist share. Equal to visitor share multiplied by 0.68, where 0.68 equals upper bound estimate of tourist expenditure as a share of visitor expenditure (see chapter 2). <sup>c</sup> Balance of *Cultural and recreational services* not accounted for by *Libraries, museums and the arts*.

*Data sources:* ABS (2004a, p. 19) and Commission estimates.

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## 5.1 Multi-purpose budgetary outlay assistance

Outlays considered as falling in this category include government expenditure on:

- heritage, the arts and selected cultural institutions (historic buildings, museums, art galleries, entertainment centres, orchestras, theatres, festivals, the Australian War Memorial etc);
- nature-based and recreational amenities (botanic gardens, zoological gardens, parks, visitor facilities at national parks, certain conservation activities etc); and
- sport and related facilities (stadiums, training facilities, etc).

### Heritage, the arts and selected cultural institutions

Research by the BTR (2003a, 2003b) indicates that domestic and international tourists attend a diverse range of historical, artistic and cultural attractions and activities in Australia, including:

- visiting historical buildings or monuments;
- visiting museums or art galleries;
- attending theatres, concerts or other performing arts;
- experiencing Aboriginal arts, crafts and cultural displays; and
- attending festivals, fairs or cultural events.

For example, 30 per cent of international holiday/leisure visitors to Australia in 2002 visited museums or art galleries, and 31 per cent visited historic buildings or monuments (BTR 2003b, p. 161). Anecdotal evidence suggests that up to one-quarter of all visitors to high profile museums within Australia, especially those in cities such as Sydney, are international tourists (Casey and Wehner 2001). Among the domestic population, 15 per cent of overnight holiday/leisure visitors visited an arts or heritage site or activity in 2002, including 5 per cent who visited heritage buildings, sites or monuments and 6 per cent who visited museums or art galleries (BTR 2003a, p. 50).

Australian governments provide significant financial support to historical, artistic and cultural attractions. For example, they:

- fund the purchase, restoration and preservation of important historical sites and works of art visited by tourists;
- own or fund many of the facilities visited by tourists or that host productions attended by tourists, especially major museums and art galleries;

- fund the artistic companies, orchestras, etc whose performances tourists attend, such as the Australian Ballet, Opera Australia and various symphony orchestras;
- fund non-government organisations that provide similar services.

In total, the estimates in this paper cover some \$1512 million (for 2001-02) and \$1489 million (for 2002-03) in budgetary outlays for heritage, the arts and cultural institutions, of which from 8 per cent (base line) to 10.5 per cent (upper bound) has been deemed assistance to tourism (table 5.1).

Government outlays on other culturally-related activities, such as film and television production, might also confer some pecuniary benefits to tourism. In particular, Australian films and television shows screened overseas may increase awareness of Australia and its attractions and, as a result, could increase tourism.

However, any links between government-financed films or television productions and inbound tourism seems unlikely to be strong. For instance, promoting Australia abroad, or even generating overseas sales, do not appear among the criteria listed in the Australian Film Commission's guidelines for film funding (AFC 2003). As a result, assistance for film and television production is not considered as assistance to tourism. The Commission has also excluded from its estimates funding for some other cultural institutions, including the National Archives, Screensound Australia and the National Library, even though they may attract some tourists.

Table 5.1 **Assistance to tourism — Heritage, arts and selected cultural institutions, exploratory estimates, 2000-01 to 2002-03**  
\$ million

<i>Jurisdiction</i>	<i>2000-01</i>		<i>2001-02</i>		<i>2002-03</i>	
	<i>BL<sup>a</sup></i>	<i>UB<sup>b</sup></i>	<i>BL</i>	<i>UB</i>	<i>BL</i>	<i>UB</i>
<b>Australian Government</b>	<b>44</b>	<b>57</b>	<b>54</b>	<b>70</b>	<b>53</b>	<b>69</b>
<b>State and Territory Governments</b>						
New South Wales	14	18	19	24	16	21
Victoria	20	26	21	28	21	28
Queensland	4	5	8	10	9	12
South Australia	6	7	6	8	6	8
Western Australia	6	8	5	7	5	7
Tasmania	1	1	1	2	1	2
Northern Territory	1	2	2	3	3	3
Australian Capital Territory	4	5	5	6	6	7
<b>Total State and Territory</b>	<b>56</b>	<b>73</b>	<b>67</b>	<b>88</b>	<b>67</b>	<b>87</b>
<b>Total multi-purpose outlay assistance<sup>c</sup></b>	<b>99</b>	<b>130</b>	<b>121</b>	<b>158</b>	<b>119</b>	<b>156</b>

<sup>a</sup> Base line estimate (based on estimate of tourism share of visitor activity of 0.52 — see box 5.1). <sup>b</sup> Upper bound estimate (based on estimate of tourism share of visitor activity of 0.68 — see box 5.1). <sup>c</sup> Figures may not add to totals due to rounding. *Source:* Commission estimates (see appendix A).

## Nature-based and recreational amenities

Nature-based tourism is important in Australia. Millions of tourists visit Australia's public parks and gardens, botanic gardens and zoos annually. For example, over 1.5 million people visited the New South Wales Government-owned Taronga Park Zoo in Sydney and the Western Plains Zoo in Dubbo in 2001-02 (Zoological Parks Board of New South Wales 2002, pp. 37 and 42). Tourists also visit a diverse range of natural attractions, such as beaches, world heritage listed sites, national parks, state forests, wilderness, lakes and rivers.

Australian governments own and/or fund many of these attractions, including national parks, botanic gardens and zoos. They also build visitor facilities at beaches and national parks, and undertake certain conservation activities that may benefit tourism, such as preserving wilderness or rare and endangered species.

While much of the expenditure on nature-based and recreational activities is directed towards non-tourism-related purposes, it nevertheless benefits tourism. For example, expenditure to preserve the Daintree rainforest benefits eco-tourism by conserving the rainforest and its flora and fauna. Similarly, measures undertaken to protect and conserve the Great Barrier Reef benefit current and future tourists.

**Table 5.2 Assistance to tourism — Nature-based and recreational amenities, exploratory estimates, 2000-01 to 2002-03**  
\$ million

<i>Jurisdiction</i>	<i>2000-01</i>		<i>2001-02</i>		<i>2002-03</i>	
	<i>BL<sup>a</sup></i>	<i>UB<sup>b</sup></i>	<i>BL</i>	<i>UB</i>	<i>BL</i>	<i>UB</i>
<b>Australian Government</b>	<b>10</b>	<b>13</b>	<b>10</b>	<b>13</b>	<b>7</b>	<b>10</b>
<b>State and Territory Governments</b>						
New South Wales	18	23	18	24	18	24
Victoria	14	18	14	19	18	24
Queensland	15	19	13	16	12	15
South Australia	5	7	5	6	5	6
Western Australia	6	8	6	8	7	10
Tasmania	3	5	6	7	3	5
Northern Territory	4	5	4	6	4	6
Australian Capital Territory	1	2	1	2	3	3
<b>Total State and Territory</b>	<b>66</b>	<b>86</b>	<b>67</b>	<b>88</b>	<b>71</b>	<b>93</b>
<b>Total multi-purpose outlay assistance<sup>c</sup></b>	<b>76</b>	<b>99</b>	<b>77</b>	<b>101</b>	<b>79</b>	<b>103</b>

<sup>a</sup> Base line estimate (based on estimate of tourism share of visitor activity of 0.52 — see box 5.1). <sup>b</sup> Upper bound estimate (based on estimate of tourism share of visitor activity of 0.68 — see box 5.1). <sup>c</sup> Figures may not add to totals due to rounding.

Source: Commission estimates.

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The estimates in this paper cover \$967 billion in budgetary outlays for nature-based and recreational activities for 2001-02 and \$982 million in 2002-03, of which between 8 and 10.5 per cent has been included as assistance to tourism (table 5.2).

## **Sport and related infrastructure**

‘Sports tourism’ is a rapidly growing segment of the tourism market. The BTR estimated that 302 497 international visitors in 2002 (7.4 per cent of the total) attended an organised sporting event while in Australia (BTR 2003b).

In addition to event funding provided by the STOs to major sporting events (discussed in chapter 4), Australian governments also fund and/or otherwise assist elite sport in Australia through other agencies, such as the Australian Sports Commission and the various State and Territory sport departments. They also provide much of the infrastructure that these sports (and spectators) use.

Governments assist elite sport and associated infrastructure for many reasons. Elite sport is often a big business in its own right and may generate significant local economic activity and employment. Government assistance may help attract or retain ‘footloose’ sporting teams, franchises or events that can easily move between cities or even countries. Success at the elite level also produces civic pride and public kudos.

Although not clear cut, general government assistance to elite-level sport arguably also provides some assistance for tourism. The development of elite local athletes may enhance the attractiveness of sports events to Australians — more people may travel to watch sports events in which Australians are highly ranked in world terms than those in which Australians are not strong competitors. In effect, high quality local athletes are important for the successful production of many elite sporting events that attract tourists. Some sports training facilities are themselves marketed as tourist attractions — the Australian Institute of Sport in Canberra, for example.

Tourism may also benefit to some extent from the funding of amateur and community sport. For example, a local amateur football tournament may attract players and spectators from the surrounding region. However, unlike elite sport, governments’ motivations for funding amateur and community sport generally have no tourism component. Rather, such funding occurs because amateur and community sport are seen to promote exercise and healthy lifestyles, reduce future

medical costs and build social capital. Thus, any benefits to tourism are likely to be ‘incidental’, rather than intentional. Even so, some limited benefits may result.<sup>1</sup>

For the exploratory estimates in this paper, the Commission has included a small share of this expenditure on sports and related infrastructure as multipurpose assistance. The estimates cover some \$425 million in budgetary outlays for 2001-02 and \$523 million in 2002-03, of which from 5 to 6.5 per cent has been counted as assistance to tourism (table 5.3).

**Table 5.3 Assistance to tourism — Sport and related infrastructure, exploratory estimates, 2000-01 to 2002-03**  
\$ million

<i>Jurisdiction</i>	<i>2000-01</i>		<i>2001-02</i>		<i>2002-03</i>	
	<i>BL<sup>a</sup></i>	<i>UB<sup>b</sup></i>	<i>BL</i>	<i>UB</i>	<i>BL</i>	<i>UB</i>
<b>Australian Government</b>	<b>4</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>6</b>	<b>8</b>
<b>State and Territory Governments</b>						
New South Wales	4	5	3	4	6	8
Victoria	1	2	2	2	2	3
Queensland	6	8	6	8	7	9
South Australia	1	1	1	2	1	2
Western Australia	2	3	2	2	2	2
Tasmania	..	..	..	..	..	..
Northern Territory	1	1	1	1	1	1
Australian Capital Territory	1	1	1	1	1	1
<b>Total State and Territory</b>	<b>15</b>	<b>20</b>	<b>16</b>	<b>20</b>	<b>20</b>	<b>26</b>
<b>Total multi-purpose outlay assistance<sup>c</sup></b>	<b>20</b>	<b>26</b>	<b>21</b>	<b>28</b>	<b>26</b>	<b>34</b>

.. Less than \$0.5 million. <sup>a</sup> Base line estimate (based on estimate of tourism share of visitor activity of 0.52 — see box 5.1). <sup>b</sup> Upper bound estimate (based on estimate of tourism share of visitor activity of 0.68 — see box 5.1). <sup>c</sup> Figures may not add to totals due to rounding.

Source: Commission estimates.

<sup>1</sup> While there is a case for omitting assistance to amateur and community sport from estimates of assistance to tourism, a complication is that some budget outputs cover elements of both the elite and the amateur and community aspects of sport. An example is Sport and Recreation Queensland’s output — Services, Infrastructure and Facilities to Queensland — which seeks ‘to encourage participation in physical activity, from unstructured recreation to the highly organised and competitive environment of elite sport’. The programs covered under this output range from the development of sport and recreation programs for disadvantaged groups to promotion of Queensland’s international-standard sports facilities to attract international and national training and competition, and support for Queensland Academy of Sport athletes. As there are likely to be some benefits to tourism from the funding of amateur and community sport, given the difficulties involved in separating the different elements of budget programs, and in view of the limited impact of such programs on the estimates in aggregate, the Commission has not sought to exclude funding for amateur and community sport from the estimates.



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## 5.2 Incidental budgetary outlay assistance

At the broadest possible level, almost all remaining government outlays are likely to benefit tourism to some extent. Basic economic and social infrastructure, such as airports, roads, civic amenities, hospitals, police and so on are used by tourists as well as local residents and other (non-leisure) travellers and, without them, Australia would be a less attractive tourist destination. Thus, government funding and other support for such infrastructure could also be deemed to provide some degree of support to tourists and tourism, even though such funding might be made without any consideration of tourism.

Many of these outlays provide general benefits to all industries and do not selectively benefit tourism. The link with tourism for most of this remaining expenditure is also insufficiently strong for it to be considered assistance to tourism.

However, there remain other government expenditures that provide incidental benefits to tourism and for which the connection with tourism is stronger. Thus, their provision, even where undertaken for non-tourism reasons, may be counted as ‘incidental’ assistance to tourism.

### Passenger transport infrastructure and services

Substantial public funds are tied up in the provision and upkeep of roads, public transport (buses, trains and ferries) and other transport infrastructure. While usually built primarily for the benefit of local residents, they are also used by tourists. For example, although primarily undertaken to facilitate internal freight movements, the construction of the Alice Springs to Darwin railway will, it has been suggested, generate sizable incidental benefits for tourism (box 5.2). More widely, as holiday/leisure travellers are significant users of the road system, especially regional highways, expenditure on the provision of roads incidentally benefits tourism.

Of course, some expenditure on transport infrastructure may be made with little consideration of the needs of tourism and/or may be little affected by tourists’ use of the infrastructure.

- Expenditure on the building and upkeep of non-urban rail networks, for example, is driven primarily by assessments of the needs of the freight industry, while expenditure on the building and upkeep of metropolitan rail networks is driven primarily by assessments of the needs of local commuters.
- Tourist usage may have little impact on decisions to build, and the cost of maintaining, many lightly trafficked country roads, particularly given that most pavement damage (and, thus, the expenditure necessary for their upkeep) is caused by heavy vehicles such as trucks carrying transportable commodities.

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### Box 5.2      **Alice Springs-Darwin Railway**

The Alice Springs to Darwin railway is an example of an infrastructure project undertaken for mainly non-tourism reasons that incidentally benefits tourism. Construction of the \$1.3 billion (including rolling stock) Alice Springs to Darwin leg of the railway commenced in May 2001 and was officially opened on 17 January 2004.

Many rationales have been put forward for the building of the railway over the years — ranging from its “nation building” qualities to providing a means of moving troops and equipment to northern Australia for defence support.

However, the main economic rationales for the railway revolve around transporting freight between the southern states and the port of Darwin. The railway’s proponents envisage the opening up of a new trade route between Asia and South Eastern Australia, and cheaper and more competitive freight to and from the Northern Territory.

The railway nevertheless benefits train travellers and, with it, tourism through the current weekly return passenger services between Adelaide and Darwin and twice weekly services between Adelaide and Alice Springs. Great Southern Railways anticipates a doubling of passengers with the extension of the line to Darwin.

In her press release of 2 February 2004, the NT Chief Minister Clare Martin stated that:

The Ghan will transport up to 20 000 passengers to Darwin annually stopping in Alice Springs, Tennant Creek, and Katherine ...Tens-of-thousands of tourists will make their way through the Territory from Adelaide — experiencing some of the best we have to offer — finishing in our capital city, .... [M]any thousands of tourists would also fly into Darwin and Alice Springs annually to catch The Ghan. This will provide an important boost in numbers for international and domestic flights to and from Darwin and Alice Springs and will result in more people visiting the Territory’s tourist spots, ... Passengers heading either way on The Ghan will spend time in Territory hotels, travelling, dining out, shopping and experiencing all that is on offer in the Territory.

*Source:* Martin (2004).

This may suggest to some that little or none of the expenditure on such infrastructure or services should be included as assistance to tourism, even though tourists still benefit from the subsidised provision of the services. Indeed, the Commission received comments to this effect in response to a draft of this paper circulated to government agencies (see box 5.3).

In other cases, expenditure on passenger transport infrastructure or services is clearly made with the benefits of tourism in mind.

- The construction of the AirportLink railway line in Sydney, that opened in 2000 ahead of the Olympics, was intended to facilitate tourism by linking the international and domestic terminals at Sydney Airport with the Central Railway Station (and, through it, the rest of the Sydney rail network).

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- In 2000-01, the Northern Territory Government spent \$1.5 million building a cruise liner terminal at the Port of Darwin to service arriving and departing passengers and for use by the public as a private function centre.
  - In 2002, the Western Australia Government provided unspecified funding to secure an agreement for Emirates Airlines to fly non-stop from Dubai to Perth from August 2002 (Government of Western Australia 2002, p. 79). The Government stated that this agreement:

... will provide a boost to the state's tourism industry, as nearly 1000 visitors per week will arrive in Perth on the airline. It is estimated that the impact of the new service on the WA economy will be \$47 million a year from tourist-related activities. (Western Australian Department of Premier and Cabinet 2002, p. 20)
  - Some roads are built or upgraded especially for tourism or marketed as tourist drives. For example, the Great Ocean Road in Victoria is marketed as 'one of the world's most scenic roads'. (GOR undated)

For such items, a significant proportion of the cost should arguably be classified as assistance to tourism.

While determining the appropriate approach to these issues is not straight-forward, the Commission is of the view that specific benefits from passenger transport infrastructure and services accrue to the tourism industry and has included a share of all subsidies for such items, other than road funding (see below), in its estimates of assistance to tourism. In total, the estimates cover some \$5435 million of budgetary outlays for 2001-02 and \$5214 million in 2002-03, of which between around 6 and 8 per cent, on average, has been counted as incidental assistance to tourism. These shares are weighted averages of the shares of tourism activity in different transport modes, other than roads, drawn from ABS production data (see appendix A).

To examine the sensitivity of its overall assistance estimates to the inclusion of this item, the Commission has also examined the effect of omitting such assistance, or of altering the share allocated to tourism. That analysis is contained in chapter 7.

In the case of roads, an additional issue in deciding whether to include a share of expenditure as assistance to tourism, even when it is for the construction or upgrading of tourist roads, is that motorists pay significant tax revenue to the government in the form of fuel excise. To the extent that this excise acts as a 'user charge' for roads, it would be inappropriate to include road funding as positive assistance to tourism. As noted, subsidies for road funding have been omitted from the estimates.<sup>2</sup>

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### Box 5.3 Comments on the Commission's treatment of transport subsidies

In the draft of this paper circulated to government agencies, a share of all expenditure on passenger transport infrastructure and services, other than road funding, was included as incidental assistance to tourism. This treatment drew a range of comments.

The Western Australia Treasury did not disagree with the Commission's general approach, but recommended inclusion of a share of road funding too, stating:

... While the reasons for the exclusion of roads are understood, there appears to be some anecdotal evidence that some roads have been progressed specifically to encourage and develop tourism. Main Roads Western Australia includes the needs of tourism as a criterion in the prioritisation of roads and in an impact study it conducts for roads.

The NSW Treasury argued that airport infrastructure support could be classified as multi-purpose assistance, rather than incidental assistance, noting:

...a case could be made that a specific objective of providing air transport facilities is to provide a gateway for visitors (and the economic activity that accompanies them) into the country and its regions.

On the other hand, some agencies expressed concern about the inclusion of general infrastructure expenditures (and, indeed, any indirect expenditure) as tourism assistance. The Queensland Treasury stated:

... while it is undeniable that government expenditure on, for example, passenger transport initiatives will have some tourism-related benefits, the same argument could equally be made to, for example, energy infrastructure (which obviously is critical to industry) or education courses (which can benefit industry by raising skills) etc. In other words, the apportionment of indirect expenditures is inherently problematic and best avoided unless it is clear that a project is specially tourism-oriented (such as the Kuranda railway in Far North Queensland).

And the NSW Treasury argued:

... where tourists are using government services such as the rail network and they do not impose any net costs on the system, it is unsatisfactory to attribute a share of government subsidies as assistance to tourism. In fact, if the fare revenue from tourists fully covers marginal operating costs and provides a contribution to fixed costs, the more tourists use the service, the better for government finances.

Determining the appropriate approach to these issues is not straight-forward. However, a key point is that, under the definition of the tourism industry adopted in this paper (and, indeed, the definition used in the TSA), a part of the public transport sector and of other transport services is itself part of the tourism industry. This differs from the case for other industries, in which, for example, transport (or energy, etc) is considered to be an *input* to other industries, such as manufacturing and retail industries; not part of the *output* of those industries. Accordingly, support for transport services used by tourists is by definition support for the tourism industry.

The issue of the incremental costs and benefits of trips on a transport network — raised by the NSW Treasury — is clearly relevant for some policy purposes, such as determining appropriate ticket prices and service frequency. However, tourists could not use the network at all were it not built, maintained and operated. Moreover, any public subsidy that leaves ticket prices below full cost recovery is a transfer to transport users, including tourists. This suggests that it is appropriate to allocate a share of all these costs to tourism when measuring assistance to the industry.

Table 5.4 **Assistance to tourism — Passenger transport services and infrastructure, exploratory estimates, 2000-01 to 2002-03**

\$ million

<i>Jurisdiction</i>	<i>2000-01</i>		<i>2001-02</i>		<i>2002-03</i>	
	<i>BL<sup>a</sup></i>	<i>UB<sup>b</sup></i>	<i>BL</i>	<i>UB</i>	<i>BL</i>	<i>UB</i>
<b>Australian Government</b>	<b>20</b>	<b>27</b>	<b>24</b>	<b>31</b>	<b>9</b>	<b>12</b>
<b>State and Territory Governments</b>						
New South Wales	139	182	139	182	148	194
Victoria	70	91	76	99	78	102
Queensland	57	74	61	79	60	78
South Australia	11	14	9	12	11	14
Western Australia	22	29	23	30	6	8
Tasmania	4	5	4	5	3	4
Northern Territory	9	12	1	1	1	1
Australian Capital Territory	3	4	3	4	3	5
<b>Total State and Territory</b>	<b>315</b>	<b>412</b>	<b>316</b>	<b>413</b>	<b>310</b>	<b>406</b>
<b>Total multi-purpose outlay assistance<sup>c</sup></b>	<b>336</b>	<b>439</b>	<b>340</b>	<b>444</b>	<b>320</b>	<b>418</b>

<sup>a</sup> Base line estimate (based on estimate of tourism share of visitor activity of 0.52 — see box 5.1). <sup>b</sup> Upper bound estimate (based on estimate of tourism share of visitor activity of 0.68 — see box 5.1). <sup>c</sup> Figures may not add to totals due to rounding.

Source: Commission estimates (see appendix A).

## Activity-based assistance programs

Some ‘activity-based’ assistance measures — export promotion, R&D subsidies and small business support — that provide assistance across a number of industries also provide incidental assistance to tourism.<sup>3</sup>

The services and grants provided by the Australian Trade Commission (Austrade) benefit many tourism businesses. Such businesses can, subject to certain conditions being met, apply for assistance under the Export Market Development Grants scheme (EMDG) if they promote the export of Australian goods, services,

<sup>2</sup> Similarly, it would be inappropriate to include the fuel excise paid by tourists and passenger transport businesses as negative assistance to tourism in this paper. Excise duty is not included in the tax-related assistance estimates in chapter 6.

<sup>3</sup> Measures such as export support, R&D subsidies and small business support are deemed assistance primarily because they discriminate between different forms of economic activity — exporting versus production for the domestic market, for instance. Although these measures are technically open to eligible firms in all industries, they also have the effect of favouring some industries over others where firms able to meet the eligibility criteria are concentrated in particular industries.

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intellectual property and know-how.<sup>4</sup> Tourism businesses received 526 grants worth around \$18 million of EMDG assistance in 2001-02 (Austrade 2004). The general export promotion activities of Austrade may also assist tourism. The Commission's assistance estimates included some \$301 million for 2001-02 and \$297 million for 2002-03 of general export promotion outlays, of which from 5.8 per cent to 7.6 per cent has been included as incidental assistance to tourism in this study.

Tourism businesses are also likely to benefit incidentally from regional development assistance. Such assistance is often intended to diversify the economic base and create employment in regional areas. As tourism is often seen as a way of increasing regional activity and employment, some tourism businesses and attractions are recipients of assistance under such programs, or at least indirect beneficiaries where investments in general infrastructure are funded. While it is not clear how much of this expenditure benefits tourism, a small share (from 2.1 per cent to 2.8 per cent) of regional development assistance is included in the estimates, based on the average proportion of all industries production in tourism value added (box 5.1).

Similarly, some tourism businesses are also likely to benefit incidentally from the availability of small business assistance. The average share of all industries production in tourism value added (ie 2.1 per cent to 2.8 per cent) has also been used to impute an estimate of the amount of small business assistance that assists tourism.

In total, this paper has identified some \$1123 million (2001-02) and \$1148 million (2002-03) of expenditure from activity-based programs that could benefit tourism. Of this total, \$33 million to \$43 million has been treated as assistance to tourism in 2001-02, and \$33 million to \$44 million in 2002-03 (table 5.5).

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<sup>4</sup> Eligibility depends on certain conditions being met, such as being an Australia-based enterprise that spends at least \$15,000 on eligible export promotion per annum (over two years for the first grant) and having total annual income of less than \$30 million.

Table 5.5 **Assistance to tourism — Activity-based assistance programs, exploratory estimates, 2000-01 to 2002-03**

\$ million

<i>Jurisdiction</i>	<i>2000-01</i>		<i>2001-02</i>		<i>2002-03</i>	
	<i>BL<sup>a</sup></i>	<i>UB<sup>b</sup></i>	<i>BL</i>	<i>UB</i>	<i>BL</i>	<i>UB</i>
<b>Australian Government</b>	<b>18</b>	<b>24</b>	<b>19</b>	<b>25</b>	<b>19</b>	<b>25</b>
<b>State and Territory Governments</b>						
New South Wales	2	3	2	2	2	3
Victoria	2	2	2	3	3	5
Queensland	..	..	4	5	5	6
South Australia	2	2	3	4	3	3
Western Australia	2	2	2	2	1	1
Tasmania	..	..	..	1	..	1
Northern Territory	..	..	..	1	..	..
Australian Capital Territory	..	..	..	..	..	..
<b>Total State and Territory</b>	<b>8</b>	<b>10</b>	<b>14</b>	<b>18</b>	<b>15</b>	<b>19</b>
<b>Total multi-purpose outlay assistance<sup>c</sup></b>	<b>26</b>	<b>34</b>	<b>33</b>	<b>43</b>	<b>33</b>	<b>44</b>

.. Less than \$0.5 million <sup>a</sup> Base line estimate (based on estimate of tourism share of visitor activity of 0.52 — see box 5.1). <sup>b</sup> Upper bound estimate (based on estimate of tourism share of visitor activity of 0.68 — see box 5.1). <sup>c</sup> Figures may not add to totals due to rounding.

Source: Commission estimates (see appendix A).

### 5.3 Total multi-purpose and incidental assistance

Based on the methodology used in this chapter, the tourism-related assistance provided through multi-purpose outlays is assessed to have been in the order of \$195 million to \$255 million in 2000-01, \$219 million to \$287 million in 2001-02, and \$224 million to \$293 million in 2002-03 (table 5.6). The States and Territories accounted for around 70 per cent of expenditure on multi-purpose assistance.

Incidental outlay assistance to tourism is estimated to have been in the order of \$362 million to \$473 million in 2000-01, \$373 million to \$487 million in 2001-02, and \$353 million to \$462 million in 2002-03 (table 5.7). Reflecting the sizable contribution of transport, State and Territory Government expenditure accounted for approximately 90 per cent of this figure.

**Table 5.6 Multi-purpose budgetary outlay assistance to tourism, 2000-01 to 2002-03**

\$ million

<i>Jurisdiction</i>	<i>2000-01</i>		<i>2001-02</i>		<i>2002-03</i>	
	<i>BL<sup>a</sup></i>	<i>UB<sup>b</sup></i>	<i>BL</i>	<i>UB</i>	<i>BL</i>	<i>UB</i>
<b>Australian Government</b>	<b>58</b>	<b>76</b>	<b>69</b>	<b>90</b>	<b>66</b>	<b>86</b>
<b>State and Territory Governments</b>						
New South Wales	36	46	40	53	41	54
Victoria	35	45	37	49	41	54
Queensland	24	32	26	34	27	36
South Australia	12	15	12	16	12	16
Western Australia	14	18	13	17	15	19
Tasmania	5	6	7	9	5	7
Northern Territory	6	7	7	10	8	10
Australian Capital Territory	6	8	7	9	9	12
<b>Total State and Territory</b>	<b>137</b>	<b>179</b>	<b>150</b>	<b>197</b>	<b>158</b>	<b>207</b>
<b>Total multi-purpose outlay assistance<sup>c</sup></b>	<b>195</b>	<b>255</b>	<b>219</b>	<b>287</b>	<b>224</b>	<b>293</b>

<sup>a</sup> Base line estimate (based on estimate of tourism share of visitor activity of 0.52 — see box 5.1). <sup>b</sup> Upper bound estimate (based on estimate of tourism share of visitor activity of 0.68 — see box 5.1). <sup>c</sup> Figures may not add to totals due to rounding.

Source: Commission estimates.

**Table 5.7 Incidental budgetary outlay assistance to tourism, 2000-01 to 2002-03**

\$ million

<i>Jurisdiction</i>	<i>2000-01</i>		<i>2001-02</i>		<i>2002-03</i>	
	<i>BL<sup>a</sup></i>	<i>UB<sup>b</sup></i>	<i>BL</i>	<i>UB</i>	<i>BL</i>	<i>UB</i>
<b>Australian Government</b>	<b>39</b>	<b>51</b>	<b>43</b>	<b>56</b>	<b>28</b>	<b>37</b>
<b>State and Territory Governments</b>						
New South Wales	141	185	141	185	150	196
Victoria	72	94	78	102	82	107
Queensland	57	74	65	85	64	84
South Australia	12	16	12	16	13	17
Western Australia	24	31	25	33	7	10
Tasmania	4	6	4	5	4	5
Northern Territory	9	12	1	2	1	2
Australian Capital Territory	3	4	3	4	3	5
<b>Total State and Territory</b>	<b>323</b>	<b>422</b>	<b>330</b>	<b>431</b>	<b>325</b>	<b>425</b>
<b>Total multi-purpose outlay assistance<sup>c</sup></b>	<b>362</b>	<b>473</b>	<b>373</b>	<b>487</b>	<b>353</b>	<b>462</b>

<sup>a</sup> Base line estimate (based on estimate of tourism share of visitor activity of 0.52 — see box 5.1). <sup>b</sup> Upper bound estimate (based on estimate of tourism share of visitor activity of 0.68 — see box 5.1). <sup>c</sup> Figures may not add to totals due to rounding.

Source: Commission estimates.



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## 6 Taxation measures

Businesses and activities are affected by a range of taxes, charges and levies collected by governments. Some apply to most or all businesses and activities, such as company tax, the GST and capital gains tax. Others apply more narrowly, such as excise duties on particular products. Also, some firms may be able to avail themselves of special tax arrangements, such as tax deductions available for R&D expenditure.

The Commission's assistance estimates generally cover the effects of only those taxes and tax arrangements that have industry policy rationales. These include tariffs on imports and tax expenditures such as the development allowance and the R&D tax concession. None of these measures is targeted specifically at tourism, but they do have incidental effects on it — moderate negative effects in the case of tariffs, and minor positive effects in the case of the tax concessions, as estimated by the Commission. Estimates of these effects are presented in section 6.1.

To provide a broader understanding of the effects of government intervention on tourism, this chapter also canvasses a range of taxes or financial imposts that could be regarded as having selective impacts on tourism. Some of these imposts, such as air passenger ticket levy (the 'Ansett levy') and the passenger movement charge (the 'departure tax'), are reasonably identifiable with tourist-related activities. Others, such as the goods and services tax (GST), are linked only incidentally with tourist-related activities.

Because the Commission's assistance estimates traditionally do not include the effects of these taxes and imposts, and as there can be difficulties in identifying appropriate benchmarks for assessing how they affect individual industries, they are not included in the assistance estimates in this paper.

### 6.1 Industry policy measures

#### Tariff assistance

Tariffs are in effect taxes on the importation of goods into Australia. They shelter the domestic industry from import competition and usually enable local producers to maintain prices higher than they otherwise could. Thus, tariffs provide pecuniary

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*benefits* to domestic producers who compete against the imported item and, hence, constitute *positive* assistance to those producers. However, tariffs provide no benefits of this nature for tourism, as the industries that form tourism supply services that are not subject to tariffs.

On the other hand, by raising the price of goods used as inputs by other Australian producers, tariffs result in pecuniary *costs* to tourist operators and domestic producers and, hence, constitute selective tax penalties. For example, tariffs on clothing raise the cost of domestic and imported clothing sold by tourism firms that sell souvenir clothing. The amount of assistance varies between the industries making up tourism, reflecting differences in the composition of goods used as inputs and the tariff rates applying to those goods.

Based on the methodology outlined in box 6.1, tariffs are estimated to have raised the cost of intermediate inputs to tourism by:

- \$80 million in 2000-01, \$82 million in 2001-02 and \$88 million in 2002-03, based on base line estimates of the size of the tourism industry (table 6.1); to
- \$105 million in 2000-01, \$107 million in 2001-02 and \$115 million in 2002-03, based on upper bound estimates of the industry's size.<sup>1</sup>

As tourism does not receive any offsetting benefit from tariffs on its outputs, this translates into a selective tax penalty of the same amount.

#### **Box 6.1      Estimating tariff assistance to tourism**

The methodology used to estimate the tariff assistance to tourism is based on that used by the Commission in its annual *Trade & Assistance Review*, as described in *Methodological Annex A* to the 2001-02 report (PC 2003a). The assistance estimates measure the increase in the price of intermediate inputs resulting from *all* non-excise tariffs on goods using data on tariff rates and concessions and ABS input-output data.

Tariff assistance to tourism is derived by applying visitor-related industry shares from the TSA, deflated by the tourism component of visitor expenditure, to industry-specific tariff assistance estimates published in the 2003-04 *Trade & Assistance Review* (PC 2004). Base line and upper bound estimates are provided to reflect the base line and upper bound estimates of the tourism component of visitor expenditure reported in chapter 2. The base line estimates and shares are set out in table 6.1.

The estimates do not include the price-raising effects of tariffs on the capital stock, which may be significant for certain tourism activities, such as the effect of motor vehicle tariffs on the car hire industry.

**Table 6.1 Base line estimates of tariff assistance on inputs into tourism,<sup>a</sup> 2000-01 to 2002-03**

<i>ANZSIC industry</i>	<i>Australian total</i>			<i>Tourism share (BL)<sup>b</sup></i>	<i>Inputs into tourism</i>		
	<i>2000-01</i>	<i>2001-02</i>	<i>2002-03</i>		<i>2000-01</i>	<i>2001-02</i>	<i>2002-03</i>
	\$m	\$m	\$m	%	\$m	\$m	\$m
Retail trade	-184	-203	-222	6.3	-12	-13	-14
Accommodation, cafes & restaurants	-199	-197	-208	21.7	-43	-43	-45
Transport & storage	-170	-183	-197	10.6	-18	-19	-21
Communication services	-67	-69	-73	1.2	-1	-1	-1
Finance & insurance	-45	-49	-56	0	0	0	0
Property & business services	-247	-257	-265	0.3	-1	-1	-1
Government administration and defence	-167	-185	-197	0.2	0	0	0
Health & community services	-80	-86	-92	1.0	-1	-1	-1
Cultural & recreational services	-55	-57	-60	7.0	-4	-4	-4
Personal & other services	-58	-62	-68	0.4	0	0	0
<b>Total</b>	<b>1 273</b>	<b>-1 347</b>	<b>-1 438</b>		<b>-80</b>	<b>-82</b>	<b>-88</b>

<sup>a</sup> Negative sign indicates that tariffs on inputs increase costs to tourism. <sup>b</sup> Base line estimate of tourism share. Equal to visitor share multiplied by 0.52; where 0.52 equals base line estimate of tourism expenditure as a share of visitor expenditure (see chapter 2). Visitor share is of ANZSIC division gross value added for 1997-98.

Sources: Commission estimates based on PC (2004a) and ABS (2004a).

## Tax expenditures

Some businesses are favoured by certain taxation arrangements that are put in place to serve industry policy objectives. For example, the infrastructure borrowings tax offset scheme allows resident lenders to receive a rebate at the company tax rate for interest income received from loans for approved land transport infrastructure projects. A 'tax expenditure' represents an estimate of the additional tax revenue that would be raised at current activity levels if a given concession — an exemption, a deduction, an offset (rebate), a lower tax rate, or a deferral of tax liabilities — did not apply for a specific activity or to a class of taxpayer.

Although tax expenditures do not, by and large, target tourism, some do favour businesses engaged in activities directly associated with tourism, such as transport

<sup>1</sup> The tariff assistance estimates in Table 6.1 are base line estimates, derived in part by applying the base line estimate of the tourism component of visitor expenditure of 52 per cent, as set out in chapter 2. The upper bound tariff assistance estimates are derived by multiplying the base line estimates by 68/52, or 1.31, where 68 per cent is the upper bound estimate of the tourism component of visitor expenditure (chapter 2).

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infrastructure. As a result, part of these concessional arrangements may constitute assistance to tourism.

In examining tax expenditures that may assist tourism, the Commission has focused on those provided by the Australian Government, as they are generally more transparent than those of State and Territory governments. That is not to say that tourism does not benefit from certain State and Territory tax concessions; just that they are harder to identify and measure.<sup>2</sup>

Several tax expenditures are considered to provide assistance to tourism, including:

- the development allowance;
- infrastructure bonds;
- the infrastructure borrowings tax offset scheme;
- the R&D tax concession; and
- small business CGT roll-over provisions (Appendix B).

Based on the methodology outlined in box 6.2, the concessions considered in this paper are estimated to have provided assistance to tourism of approximately \$7 million to \$9 million in 2000-01, and around \$3 million in 2001-02 and 2002-03<sup>3</sup> (table 6.2). Consistent with the treatment of budget outlays on roads in chapter 5, these estimates generally exclude the value of tax concessions to road-related projects.

**Box 6.2      Estimating assistance to tourism from tax expenditures**

The tax expenditure assistance estimates for tourism presented in this paper are derived from:

- estimates of total revenue foregone from each major tax concession, as compiled by the Australian Government Department of the Treasury;
- shares representing the extent to which visitor-related production from each tax concession, based on Australian Taxation Office tax concession data or ABS industry share data; and
- base line and upper bound estimates of the tourist component of visitor expenditure.

The estimates and shares are set out in table 6.2, and their derivation is discussed in detail in appendix B.

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<sup>2</sup> In keeping with major projects in other areas, major tourism projects are likely to benefit from State and Territory government tax concessions, especially land and payroll tax holidays whereby no or a concessional amount of tax is paid for a specific period of time before being taxed in the standard manner. Such assistance tends to be provided on a case-by-case basis and is not generally disclosed publicly.

**Table 6.2 Base line estimates of tax expenditure assistance to tourism-related activities<sup>a</sup>**

2000-01 to 2002-03

<i>Tax concession</i>	<i>Australian total</i>			<i>Visitor share<sup>b</sup></i>	<i>Tourism share<sup>c</sup></i>	<i>Assistance to tourism</i>		
	<i>00-01</i>	<i>01-02</i>	<i>02-03</i>			<i>00-01</i>	<i>01-02</i>	
	\$m	\$m	\$m	%	%	\$m	\$m	\$m
Development allowance	220	200	170	3.8	2.0	4.4	0.7	0.4
Infrastructure bonds	60	25	20	1.0	0.5	0.3	0.1	0.1
Infrastructure borrowings tax offset scheme	15	20	20	0.4	0.2	..	0.1	0.1
R&D tax concession	430	460	270	0.4	0.2	0.9	1.0	0.6
Small business CGT roll-over provisions	60	35	60	4.3	2.2	1.3	0.8	1.3
<b>Total</b>	<b>785</b>	<b>740</b>	<b>540</b>			<b>7.0</b>	<b>2.6</b>	<b>2.5</b>

Figures may not add to totals due to rounding. <sup>a</sup> Australian Government revenue foregone from the concessional tax arrangements applying to, or that benefit, tourism-related activities. <sup>b</sup> Visitor share of ANZSIC division gross value added for 2000-01. <sup>c</sup> Base line estimates of tourist shares. Equal to visitor share multiplied by 0.52; where 0.52 equals base line estimate of tourist expenditure as a share of visitor expenditure (see chapter 2)

Source: Commission estimates.

## 6.2 Tourism-related financial imposts

Tourists and tourism-related businesses and industries are, or have recently been, subject to a range of selective government financial imposts, including:

- the passenger movement charge (the ‘departure tax’);
- the air passenger ticket levy (the ‘Ansett levy’);
- the aircraft noise levy;
- the Great Barrier Reef Environmental management charge;
- the NSW Accommodation levy (the ‘bed tax’);
- the Northern Territory tourism marketing duty; and
- the requirement for visas for entry into Australia.

Most of these imposts are imposed by the Australian Government. They are described and analysed in detail in appendix B. The key points are outlined below.

<sup>3</sup> The tax expenditure estimates in Table 6.2 are base line estimates, derived in part by applying the base line estimate of the tourism component of visitor expenditure of 52 per cent, as set out in chapter 2. Upper bound assistance estimates are derived by multiplying the base line estimates by a factor of 1.31.

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To the extent that these imposts constitute ‘tax penalties’ that apply selectively to tourists or tourism producers, they may have effects on the industry akin to negative assistance. The NSW accommodation levy constituted a minor selective tax penalty — \$4–5 million in 2000-01 and less than \$1 million in 2001-02. The (now defunct) air passenger ticket levy is found to have constituted a selective tax penalty on tourism, amounting to around \$39 million, in 2001-02 based on base line estimates of the size of the tourism industry.<sup>4</sup> The proceeds of the levy were initially used to fund ex-Ansett staff entitlements, and did not benefit the passengers or airlines who paid the levy. The revenue from tourists in 2002-03 is estimated to have amounted to around \$36 million. Some surplus funds raised by the levy were subsequently directed towards an expansion in the aviation security regime.

On the other hand, where an impost is a ‘user charge’ for which the entity paying the impost receives an off-setting benefit, it does not constitute a tax. The Great Barrier Reef environmental management charge and the Northern Territory tourism marketing duty are found to be de facto user charges, and visa requirements are not considered a tax as most tourist visas are issued at little or no cost to tourists.

The passenger movement charge (PMC) can be considered a defacto user charge for the costs of customs, immigration and quarantine services provided in relation to people arriving and departing Australia. Recent information suggests that the charge under-recovered these costs during the years covered by this study, providing a benefit to tourism estimated at approximately \$11 million in 2000-01, \$1 million in 2001-02 and \$3 million in 2002-03, based on base line estimates of the size of the tourism industry.<sup>5</sup>

In some cases, financial imposts are introduced to reflect the ‘external’ costs associated with a particular activity. For example, the aircraft noise levy also may be seen as a tax that impacts on tourism, with that impact estimated at around \$11 million to \$14 million per annum during the three years to 2002-03. The levy may be considered justified as a means of making airlines take into account the noise pollution that jet aircraft impose on areas adjoining certain airports. The funds raised are also used to ameliorate those effects through the acquisition and acoustic insulation of houses and public buildings in the vicinity of the airports (appendix B).

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<sup>4</sup> The equivalent upper bound estimate is \$51 million in 2001-02, with revenue of \$47 million in 2002-03, based on the upper bound estimate of the size of the industry.

<sup>5</sup> The equivalent upper bound estimates are \$15 million, \$2 million and \$4 million, respectively, derived by multiplying the base line estimates by 1.31. The decline in the level of cost under-recovery from 2000-01 to 2001-02 reflects an increase in the PMC from July 2001.

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## 6.3 General revenue-raising measures

Governments at all levels employ a number of taxes that are primarily intended to fund the provision of a wide range of government services (hospitals, welfare payments, certain infrastructure services etc). Some of these revenue-raising taxes are broad-ranging and apply to all or most businesses (for example, company tax and the capital gains tax). Others are more narrowly based and apply to only designated activities (for example, excise taxes on petroleum products, alcohol and tobacco).

Some representatives of tourism businesses have claimed that, as some of these revenue-raising taxes impact more severely on tourism than on most other industries, they selectively penalise the industry; that is, they are equivalent to ‘negative assistance’. In this context, it is often suggested that the way the goods and services tax (GST) applies to exports discriminates against tourism implicitly because of differences in the way that merchandise and services are exported. Merchandise exports occur when Australian goods are shipped abroad, and are free of GST. However, many services exports take the form of sales to foreigners *in Australia* and are subject to the GST — for example, when a foreign tourist hires a taxi in Sydney. Thus, from the perspective of the Australian tourism industry, the GST paid on tourism exports appears to represent a selective penalty, at least when compared to the tax position of merchandise exporters.

There is no doubt that governments’ revenue-raising taxes *do* affect business activity, and may do so in a differential manner. As another example, State government payroll taxes are more of a burden to labour-intensive businesses (like much of the tourism industry) than they are for relatively capital-intensive firms (such as electricity generators). Likewise, fuel excise also represents more of a burden on transport-related businesses than on others — again affecting tourism more heavily than many other industries.

However, there are significant difficulties in identifying appropriate benchmarks against which to assess the effects of many revenue-raising taxes on individual industries. For example:

- The assistance implications of the GST can be assessed against a range of plausible benchmarks relating to its coverage. The outcomes for four possible benchmarks are shown in box 6.3. Broad estimates indicate that, at one end of the spectrum, the effects of the GST could be viewed as a tax penalty on tourism of around \$400 million in 2002-03, reflecting the GST paid on sales to foreign tourists in Australia. At the other end, the effects could be viewed as a tax concession to tourism, potentially also of around \$400 million, reflecting the GST exemption on sales to international tourists made off-shore, prior to their departure for Australia (see box 6.3).

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### Box 6.3      **Possible GST evaluation benchmarks**

The GST is a 10 per cent value-added tax on the sale of most goods and services sold within Australia. GST is not levied on certain items such as fresh food, health and education. In addition, GST is not paid on Australian products sold overseas.

Whether the treatment of tourism under the GST is regarded as a selective tax penalty or a tax concession to tourism, and to other activities, depends on the benchmark used. An indication of the possible range of outcomes is illustrated below in relation to four different benchmarks. (A benchmark used elsewhere in this report — the ‘no tax’ benchmark — is not shown because it is hard to justify given the wide-ranging nature of the GST’s application.)

#### *GST applying to all sales in Australia*

If assessed against this benchmark, most GST currently paid would be treated as being neutral, but the exemptions for domestic sales of items such as basic foodstuffs, health and education services would qualify as tax concessions. Hence, most GST paid on tourism would be neutral. However, GST refunds provided to international visitors under the Tourist Refund Scheme would constitute a small tax concession to tourism — less than \$20 million per year.

#### *GST applying to all sales in Australia that are consumed in Australia*

Against this benchmark, the GST currently paid on sales in Australia to international tourists who then take the goods out of the country, but are not eligible to claim for them under the TRS, would constitute a tax penalty on tourism. Although it is not possible to accurately gauge its value, this theoretical penalty appears likely to be relatively minor. The current exemption from the GST on cross-border sales to international tourists prior to their departure for Australia would be neutral, as would be the GST refunded under the TRS.

#### *GST exempting all exports*

If assessed against this benchmark, the GST currently paid on sales in Australia to international tourists — the main method of tourism exports — would constitute a tax penalty. It is estimated that international tourists paid GST of around \$400 million in 2002-03. The current exemption from the GST on cross-border sales to international tourists prior to their departure would be assessed as neutral, as would the GST currently applying to sales to domestic tourists and payments made to international tourists under the TRS.

#### *GST applying to all sales (including all exports)*

Against this benchmark, all GST currently levied on goods and services would be neutral in assistance terms, but all exemptions would constitute tax concessions. Accordingly, the GST currently paid on most tourism sales would not be considered a selective tax penalty, but the current GST exemption on cross-border sales to international tourists prior to their departure for Australia would constitute a selective tax concession, of around \$400 million, as would the relatively minor payments made to international tourists under the TRS.



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- Although petroleum excises increases the cost of passenger transport, whether or not this is considered a penalty depends in part on the rationale for the excise. To the extent that it is a user charge (for roads and for certain aviation services), it could not be construed as a tax penalty. The revenues raised were originally hypothecated to road funding and to designated aviation services. These links have been changed, severed and/or reinstated at various times since, and there is still debate about whether the excise, or part of the excise, remains as a de facto user charge.

Accordingly, the Commission has not in the past included financial imposts on businesses resulting from the levying of general revenue-raising taxes in its assistance estimates. Consistent with that approach, the assistance estimates in this report do not include the impact of general revenue-raising taxes on tourism, other than where exemptions are discriminatory and clearly provide assistance to a particular activity (as in section 6.1).



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## 7 Summary assistance estimates and some implications

Earlier chapters have identified, described and attempted to quantify an array of government measures that assist or penalise tourism. The unusual nature of the tourism industry and the assistance it receives, in conjunction with data limitations, have made the estimation of assistance to tourism more problematic than estimating assistance to traditional industries. Indeed, while some of the estimates are considered to be quite robust, others may be only indicative of the actual level of assistance provided. The appropriate treatment of some expenditure measures is also not clear-cut.

In this chapter, the Commission:

- draws together these estimates to provide an indication of the net effect of government assistance measures on tourism;
- examines the effects of alternative treatments of some elements of the estimates on the overall level of estimated assistance to tourism; and
- discusses some implications arising from the study.

### 7.1 Exploratory assistance estimates

#### Base line estimates

Based on the ‘base line’ methodology used in this study, total net assistance to tourism provided by the measures examined is estimated to have amounted to around \$930 million in 2000-01, \$959 million in 2001-02 and \$880 million in 2002-03. These figures represent around 9 per cent, on average, of the Commission’s base line estimate of tourism gross value added (GVA) over the period. Almost 85 per cent of this net assistance was provided by State and Territory governments (table 7.1) although, when the assistance is measured in gross terms (that is, omitting the negative effects of tariffs on tourism inputs), this share falls to a little over 75 per cent.

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### *Budgetary outlay assistance*

Assistance to tourism delivered via budgetary outlays is estimated to have been in the order of \$1003 million in 2000-01, \$1038 million in 2001-02 and \$966 million in 2002-03 (table 7.1).

Of this total, some \$445 million, \$446 million and \$388 million, respectively, was delivered in the form of dedicated tourism assistance and support for events and convention centres and bureaus. These amounts cover all funding for tourism promotion, research, policy advice and administration by government agencies; and grants to private firms and organisations for tourism-related purposes. They also include one-quarter of identified expenditure on event attraction. Funding for convention centres and bureaus is also included in the category, although none has been included as assistance to tourism in the base line estimates.

The estimates also cover multi-purpose budgetary outlays by Australian governments, of which a small share — amounting to \$195 million in 2000-01, \$219 million in 2001-02, and \$224 in 2002-03 — has been classified as assisting tourism. These outlays relate to heritage, the arts and cultural programs, spending on nature-based and recreational amenities, and funding for sport and related infrastructure, all of which may assist tourism by increasing the attractiveness of particular destinations for tourists.

In addition, the estimates cover budgetary outlays by Australian governments that assist tourism incidentally. A small share of these outlays has been included as assistance to tourism but, reflecting the large base of expenditure covered, the resultant estimates of incidental assistance to tourism are significant — averaging around \$360 million in each of the years covered. The bulk of this assistance is State government expenditure on passenger transport services and infrastructure necessary to facilitate much tourism activity. However, primarily reflecting taxation arrangements which could be seen in part as a user charge, government expenditure on roads has not been included in these estimates.

### *Tax measures*

In contrast to the impact of budgetary outlay assistance, the impact of the tax measures included in this paper's estimates — essentially industry policy measures such as tariffs, the development allowance and the R&D tax concession — is small. The main component is the effects of tariffs on intermediate inputs, which are estimated to have increased the costs of tourism businesses, based on base line estimates of the size of the industry, by around \$80 to \$90 million in each of the three years covered by this study. The development allowance and some other tax concessions, on the other hand, afford a modest benefit to the industry.

Table 7.1 **Assistance to tourism,<sup>a</sup> exploratory estimates, 2000-01 to 2002-03**

\$ million

<i>Form of assistance</i>	<i>Australian Government</i>		<i>State &amp; Territory Governments</i>		<i>Total assistance</i>	
	<i>BL<sup>b</sup></i>	<i>UB<sup>c</sup></i>	<i>BL</i>	<i>UB</i>	<i>BL</i>	<i>UB</i>
<b>2000-01</b>						
<b>Budgetary outlays</b>	<b>215</b>	<b>247</b>	<b>788</b>	<b>962</b>	<b>1003</b>	<b>1209</b>
Tourism/conventions/events	118	120	328	361	445	481
Multi-purpose	58	76	137	179	195	255
Incidental	39	51	323	422	362	473
<b>Tax measures</b>	<b>-73</b>	<b>-95</b>	<b>...</b>	<b>...</b>	<b>-73</b>	<b>-95</b>
Tax expenditures	7	9	...	...	7	9
Tariffs on inputs	-80	-104	...	...	-80	-104
<b>Net measured assistance</b>	<b>142</b>	<b>152</b>	<b>788</b>	<b>962</b>	<b>930</b>	<b>1114</b>
<b>2001-02</b>						
<b>Budgetary outlays</b>	<b>250</b>	<b>285</b>	<b>788</b>	<b>962</b>	<b>1038</b>	<b>1247</b>
Tourism/conventions/events	138	138	308	334	446	472
Multi-purpose	69	90	150	197	219	287
Incidental	43	56	330	431	373	487
<b>Tax measures</b>	<b>-79</b>	<b>-104</b>	<b>...</b>	<b>...</b>	<b>-79</b>	<b>-104</b>
Tax expenditures	3	3	...	...	3	3
Tariffs on inputs	-82	-107	...	...	-82	-107
<b>Net measured assistance</b>	<b>171</b>	<b>180</b>	<b>788</b>	<b>962</b>	<b>959</b>	<b>1142</b>
<b>2002-03</b>						
<b>Budgetary outlays</b>	<b>206</b>	<b>235</b>	<b>760</b>	<b>948</b>	<b>966</b>	<b>1183</b>
Tourism/conventions/events	112	112	277	317	388	428
Multi-purpose	66	86	158	207	224	293
Incidental	28	37	325	425	353	462
<b>Tax measures</b>	<b>-85</b>	<b>-112</b>	<b>...</b>	<b>...</b>	<b>-85</b>	<b>-112</b>
Tax expenditures	3	3	...	...	3	3
Tariffs on inputs	-88	-115	...	...	-88	-115
<b>Net measured assistance</b>	<b>121</b>	<b>124</b>	<b>760</b>	<b>948</b>	<b>880</b>	<b>1071</b>

... not costed. <sup>a</sup> Excludes local government assistance to tourism. Estimates include certain policy advice and administration costs. Columns and rows may not sum to totals due to rounding. <sup>b</sup> Base line estimates. <sup>c</sup> Upper bound estimates.

Source: Commission estimates.

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Although not included in the assistance estimates in table 7.1, some other financial imposts that selectively apply to tourism activities have been considered in this paper. Of these measures, the NSW accommodation levy constituted a minor selective tax penalty — \$4–5 million in 2000-01 and less than \$1 million in 2001-02. The (now defunct) air passenger ticket levy is found to have constituted a selective tax penalty on tourism, amounting to around \$39 million, in 2001-02. The aircraft noise levy may also be seen as a tax on tourism, of around \$11 million in 2000-01 and \$12 million in 2001-02. The passenger movement charge, which can be considered a de facto user charge, under-recovered costs during the period covered by the study, providing a benefit to tourism estimated at around \$11 million in 2000-01 and \$4 million over the following two years.

More broadly, a number of general revenue-raising taxes have the potential to affect the tourism industry. In this context, it has been suggested that the way the GST applies to exports discriminates against tourism. However, the impact of the Australian GST on tourism is sensitive to the benchmark used to evaluate it — indeed, the effects of the GST on tourism could range (in the base line case) from a tax penalty of around \$400 million in 2002 to a tax concession of around the same amount (chapter 6). While these estimates highlight the significance of the GST on tourism, it is difficult to determine which benchmark, if any, is appropriate for measuring the assistance effects of general revenue-raising taxes. For this reason, and in accordance with the Commission's normal approach to assistance measurement, the effects of such taxes have not been included in the estimates in this paper.

## **Upper bound estimates**

As discussed in chapter 2, the Commission has developed an upper bound, as well as a base line, estimate of the size of the tourism industry. Whereas the base line estimate is based on the expenditure of holiday/leisure visitors only, the upper bound estimate is based on the additional inclusion of one-third of the expenditure of non-holiday/leisure visitors, such as visitors travelling for business, study or to visit their friends and relatives. Calculated on this basis, the upper bound estimate of the size of the tourism industry exceeds the base line estimate by around 31 per cent.

The Commission has developed upper bound estimates of assistance to tourism, to match its upper bound estimates of the size of the tourism industry. The upper bound assistance estimates include:

- one-third of identified expenditure on convention centres and bureaus, whereas the base line estimates exclude all such expenditure;

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- one-third of identified funding on event attraction, compared to the one-quarter share included in the base line estimates;
  - 31 per cent more of the value of multi-purpose and incidental assistance, compared to the base line estimates; and
  - 31 per cent more of the assistance value of tax expenditures and the (negative) value of tariff assistance on tourism inputs, compared to the base line estimates.

Calculated on this basis, net assistance to tourism provided by the measures examined is estimated to be \$1.1 billion per annum, on average, for the three years to 2002-03. This represents around 8 per cent, on average, of the Commission's upper bound estimate of tourism gross value added (GVA) over the period.

The upper bound estimates of net measured assistance provided by the Australian Government vary little from the base line estimates, because:

- most Australian Government budgetary outlay assistance included in the estimates takes the form of dedicated tourism assistance, which does not vary between the base line and upper bound scenarios; and
- the estimated (negative) impact of tariffs on tourism inputs is greater under the upper bound scenario, thus largely offsetting the (modest) increase in non-dedicated budgetary assistance to tourism and other tax assistance under the scenario.

The measured level of assistance to tourism provided by State and Territory Governments is significantly higher under the upper bound scenario. This is because more than half of State and Territory budgetary assistance is multi-purpose or incidental, which increases in line with the industry base, and there is not offsetting increase in tariff penalties on tourism inputs at the State and Territory level.

## **Sensitivity analysis**

### *Excluding funding for public transport services and infrastructure*

As noted in chapter 5, the treatment of subsidies for passenger transport infrastructure and services as assistance to tourism is not straight-forward. Although these services are a part of tourism output as defined in the TSA, some respondents to a draft of this paper argued that such subsidies are non-selective or should be excluded from the estimates as they do not have an industry policy focus. There was also a concern that the methodology and data used overstated the level of any assistance provided.

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Mainly because these services are included in estimates of tourism output, for the purposes of the study, a part of the subsidies, other than those for road funding, has been included in the Commission's assistance estimates. In total, they account for 36 per cent of the base line estimate of net measured assistance, although their importance varies from jurisdiction to jurisdiction. For example, the item is a minor part of Australian Government assistance to tourism, but accounts for one-half or more of NSW's estimated assistance to tourism.

Excluding the item would reduce net measured assistance from \$880 million to \$560 million in 2002-03.

### *Adjustments to tourism shares*

A feature of the study's approach has been the application of tourism shares to the different assistance items (eg, funding for art galleries, spending on events) to estimate the level of assistance *to tourism* provided. As discussed in chapter 3, in most cases, the Commission has had to use production share data from the TSA to allocate multi-purpose and incidental assistance to tourism. However, reflecting the aggregated nature of the available data, sometimes the production share used may not provide a good estimate.

The extent to which imprecision in a particular share estimate affects the overall estimates of assistance to tourism depends on both the appropriateness of the share estimate and the magnitude of the expenditure item to which it applies. A poorly fitting share estimate may have little impact if the expenditure item is minor, whereas a better-but-still-imperfect fitting share estimate may have a significant impact if it applies to a major assistance item.

By dint of the extent of expenditure on *Passenger transport infrastructure and services*, of which some \$5.2 billion was covered by the Commission's estimates for 2002-03, the share used for this item will have significant effects on the overall level of assistance estimated. As noted above, the item accounts for around 36 per cent of net assistance to tourism, as measured in this study. Thus, for example, halving the base line share would reduce net measured assistance by \$160 million, or 18 per cent, from \$880 to \$720 million (2002-03).

While expenditure on the item *Heritage, arts and selected cultural institutions* is not as large, the share applied to it appears, *prima facie*, likely to understate the assistance to tourism. The base line share is only 8 per cent — essentially 52 per cent of an estimate of the visitor share of Australian GVA for *Libraries, museums and the arts* — and may not be a good proxy for the extent to which expenditure on the items captured in the Commission's estimates under the *Heritage, arts and*



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*selected cultural institutions* heading assist tourism. Doubling the share would increase net measured assistance to tourism by \$119 million in 2002-03, from \$880 million to \$999 million.

Similarly, the share for national parks and recreational activities may also understate the related assistance to tourism. Doubling its share would increase net measured assistance to tourism by a further \$79 million (2002-03 — base line figures).

An item to which significant uncertainty attaches is event spending. The estimates cover some \$367 million of event expenditure for 2000-01, reflecting in particular the effects of spending on the Sydney Olympics. The amount covered fell to \$196 million in 2001-02 and \$99 million in 2002-03. For allocating this expenditure, the Commission adopted an ‘arbitrary’ base line share estimate of 25 per cent. For the Olympic year of 2000-01, doubling the share estimate would have increased net measured assistance by around 10 per cent from \$930 million to \$1022 million; halving the estimate would have reduced net measured assistance by around 5 per cent to \$884 million.

### *Implications*

Most multi-purpose and incidental budgetary assistance, and event attraction funding, is provided by State and Territory governments, both in aggregate and as a share of the net assistance attributable to particular governments. The estimates are clearly sensitive to the inclusion of, and tourism share used for, *Passenger transport infrastructure and services* and, to a lesser degree, for the other items mentioned above. In conjunction with the other data limitations and methodological difficulties encountered in compiling the estimates (chapter 3), this limits the robustness of the State and Territory estimates. It also implies that cross-jurisdictional comparisons of the estimated level of assistance should be undertaken only with significant caution, taking into account the extent to which different governments provide assistance to tourism in forms that are most sensitive to different treatments and assumptions.

In contrast to the States and Territories, most Australian Government assistance to tourism takes the form of dedicated tourism assistance, and includes very little expenditure on *Passenger transport infrastructure and services* or event attraction. This provides more confidence that the estimates for this government are reasonably robust. That said, the Australian Government estimates include expenditure of around \$65 million per annum — about a quarter of its total in gross terms — for multi-purpose activities, for which there is the possibility that the shares used may understate the true value of the assistance provided.

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## 7.2 Some implications

### Comparisons with assistance to other activities

The *nature* of assistance to tourism differs from assistance to most other industries. Most government support measures assist industries directly, through the provision of subsidies, tax concessions etc to firms in the industry or through tariff protection for the industry's output. By contrast, many government tourism initiatives work indirectly, by attracting tourists to Australia or to particular locations within it. Thus, they seek to lift demand for the output of tourism businesses by creating more tourism or redirecting tourism activity.

Regardless of the form in which support is provided, comparisons of the *level* of assistance to different industries can provide a broad indication of the resource allocation effects of government policy measures, and thus can provide an input into policy. For example, where an industry or activity is found to receive more assistance than other industries or activities, particularly those with which it competes for economic resources, there is generally potential to improve overall economic efficiency through reductions in assistance to the more highly assisted industry or activity.

That said, whether any particular assistance measure is warranted depends on detailed considerations — such as whether the measure addresses 'market failure'.

Focussing on the assistance to tourism provided by the Australian Government, total estimated budgetary outlay assistance was \$224 million, on average, over the three years to 2002-03. When the effects of industry policy-related tax measures are included, net assistance to tourism provided by the Australian Government is estimated at \$145 million per annum over the period. On this basis, Australian Government assistance to tourism amounted to around 1.4 per cent of tourism GVA according to baseline estimates (or 1.1 per cent according to upper bound estimates).

Table 7.2, drawn in part from *Trade & Assistance Review 2003-04*, provides an indication of the average level of Australian Government assistance to each of four sectors — primary production, manufacturing, mining and services — over the three years to 2002-03, as well as to tourism.

**Table 7.2 Australian Government assistance, sectoral averages and tourism, per annum averages, 2000-01 to 2002-03**  
\$ million

<i>Sector</i>	<i>Budgetary outlays</i>	<i>Tax measures<sup>a</sup></i>	<i>Net subsidy equivalent</i>	<i>NSE<sup>b</sup> / GVA<sup>c</sup></i>
Primary production	529	426	1175 <sup>d</sup>	4.9
Mining	72	-46	25	0.1
Manufacturing	701	4696	5397	7.0
Services	488	-1973	-1495	-0.3
Tourism (base line estimates) <sup>e</sup>	224	-79	145	1.4

<sup>a</sup> Includes net tax concessions and tariff assistance. <sup>b</sup> Net subsidy equivalent. <sup>c</sup> Gross value added. <sup>d</sup> Net subsidy equivalent for primary production includes other assistance from statutory pricing arrangements.

<sup>e</sup> The estimates for tourism are not strictly comparable with estimates for other sectors, in part because they include policy advice and administration costs. The estimates are base line assistance divided by base line GVA.

Source: Based on PC (2004b) and Commission estimates.

The comparison suggests that tourism received a significantly lower rate of assistance from the Australian Government than was received on average by the manufacturing and primary production sector, but relatively more Australian Government assistance than was estimated for the mining sector.

The comparison also suggests that tourism has received relatively more assistance from Australian Government measures than that received on average by service industries. Indeed, most services industries, and the sector as a whole, receives negative net assistance, due to the effects of tariffs on manufactured goods used as inputs by service industries. However, the Commission has not undertaken dedicated studies of assistance in some services industries, such as education and health care, where government expenditure is large and complex issues arise in determining the level of assistance entailed. Also, the main assistance provided to some services industries — for example, certain professions — may take the form of regulatory restrictions on competition, which are difficult to measure and to date have not covered in the Commission's general assistance estimates.

Although tourism receives relatively less Australian Government assistance than the manufacturing and primary production sectors, most assistance to tourism stems from State and Territory governments, and possibly also from local government measures. However, comparable estimates of State and Territory assistance to manufacturing, primary production, mining and services are not available. And, in any case, as noted above, significant uncertainty attaches to the State and Territory estimates.

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## The basis for determining support levels

A number of arguments are commonly advanced for tourism support policies. A key rationale for tourism promotion assistance has been that, because of fragmentation in the private sector, individual tourism businesses have insufficient incentive to adequately promote particular destinations, as other tourism businesses located in the same routes and destinations will be able to ‘free-ride’ on their promotion efforts. Also, tourism is seen as enhancing the viability of many small to medium sized businesses in regional areas. More broadly, successive governments are said to have ‘intervened to address market failure and instances of external shock creating market disequilibrium’ in relation to the tourism industry (Hockey 2003, p. 3).

Whatever the merits of these rationales, given the significant level of dedicated tourism assistance — totalling between around \$350 million to \$400 million per annum during the years covered by this study — together with support for convention and events which are often justified at least partly on tourism promotion grounds, it is important that support to tourism be rigorously reviewed from time to time to ensure that it addresses genuine instances of market failure or inequity, does so in an efficient manner and that it is associated with net benefits for the community.

In this context, assessments of the potential benefits of tourism promotion depend in part on views of the initial size of the tourism industry. The estimates in this paper indicate that much of what has been counted as ‘tourism’ is expenditure and production that is unlikely to be affected significantly, if at all, by tourism promotion measures. Their inclusion can cloud assessments of the effectiveness of tourism support measures, as well as potentially distorting estimates of the rate of assistance that tourism receives, relative to other industries.

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# A Budgetary outlay assistance estimates

This appendix provides supporting material to the estimates of budgetary-outlay assistance contained in chapters 4 and 5. It starts by discussing aspects of the methodology used in compiling the estimates. Annexes A1 to A9 set out the particular budget outlays deemed to assist tourism, and the assistance to tourism associated with those outlays, provided by:

- the Australian Government (annex A1);
- the New South Wales Government (annex A2);
- the Victorian Government (annex A3);
- the Queensland Government (annex A4);
- the South Australian Government (annex A5);
- the Western Australian Government (annex A6);
- the Tasmanian Government (annex A7);
- the Northern Territory Government (annex A8); and
- the Australian Capital Territory Government (annex A9).

## A.1 Data sources and data quality issues

Estimating assistance to tourism provided by budgetary outlays is not straightforward as it is difficult to:

- identify which budget outlays benefit tourism;
- measure outlay expenditure on a consistent basis across jurisdictions; and
- determine the extent to which these outlays benefit tourism.

The first of these difficulties is discussed in chapters 3, 4 and 5. This section addresses the second and third of these difficulties.

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### *Budget papers: an introduction*

The budget papers present financial data for each agency in that jurisdiction on a consistent basis.

In addition to providing forecasts for the forthcoming financial year, the budget papers generally include details on each agency's expenditure in the previous financial year. While the information reported and the way it is presented varies between jurisdictions, the budget papers follow more-or-less similar accounting practices in reporting the activities of each government agency.

The budget papers report three financial statements for each agency:

- a statement of financial performance (akin to an income statement);
- a statement of financial position (akin to a balance sheet); and
- a statement of cash flows.

The budget papers also classify the functions that each agency performs into broad groupings called *output groups*. These output groups are, in turn, often subdivided into individual *outputs* for which the agency is funded. For example, the South Australian Tourism Commission had three 'outputs groups' in 2001-02: (1) *Coordination and advice*, (2) *Tourism development* and (3) *Marketing South Australia*. The *Marketing South Australia* output group consisted of two 'outputs': (3.1) *Tourism marketing* and (3.2) *Event development*.

Each agency is funded on the basis of these outputs, although each agency has discretion in how the funds are spent in supplying the specified outputs.

Some budget papers only report the total operating cost of each output, while others also include any associated revenue.

Despite many similarities, the information contained in budget papers and the way it is presented is not the same across jurisdictions. The differences may have implications for cross-jurisdictional studies such as this one.

### *Data terminology and data consistency*

Ideally, each tourism-related budget outlay should be valued at its overall cost to the government, or its *net cost of service* — total government expenditure less total non-government sources of revenue (box A.1). The net cost of service is a better measure of government assistance than total expenditure, as it removes services that are essentially funded by industry through direct financial contributions and the sale of goods and services.

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#### Box A.1      **The net cost to government of an agency's activities**

The overall cost to government of each output is *not* the total operating cost, as some of the cost is funded from other non-government sources (eg contributions by industry). Neither is it the budget appropriation (see box A.2).

Instead, the overall cost to government of each output is the net cost of service, which also includes indirect sources of funding. That is:

$$\text{Net cost of service} = \text{Total expenditure} - \text{Total non-government operating revenue}$$

It is often easier to estimate the net cost of service than to directly identify all of the different sources by which governments effectively fund their agencies (see box A.2).

Unfortunately, as noted, the type of financial data in the budget papers varies between jurisdictions, as does the terminology used. New South Wales was the only jurisdiction to report a comprehensive net cost of service for each program output in 2000-01, 2001-02 and 2002-03 that took into account the effects of extraordinary activities and all of the main sources of government funds. The Western Australia budget papers also contained a 'net cost of service' measure, but its scope is narrower than the NSW definition as it does not include extraordinary items and implicit funding from changes in Government equity (ie total assets over total liabilities). Although the terminology used varies, the Australian, Queensland, Western Australian and South Australian Governments had broadly similar measures for each budget output in 2000-01, 2001-02 and 2002-03 to the NSW net cost of service. However, the Victorian, Tasmanian and the ACT budget papers report only the total expenditure on each output and do not provide details on non-government revenue for each output, although they may provide revenue for the output group as a whole.<sup>1</sup> For some agencies in some jurisdictions, sufficient data are provided to enable the net cost of service to be estimated (box A.1).

In the case of selected agencies in the ACT, supplementary information from Auditor-General reports was used in this paper to distinguish between government and non-government sources of revenue. In some cases, data from annual reports or other sources has been used to estimate a net cost of service figure, and/or to apportion an agency's revenue and expenditure across different outputs.

As the budgets are typically handed down in May, and thus before the end of the financial year, the budget papers for most jurisdictions present 'estimated actual' data for the financial year just ended. These 'estimated actual' figures represent a combination of actual data for most of the year for which actual data are available

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<sup>1</sup> Where an output earns minimal non-government revenue, the total expenditure will approximate the net cost of service.

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(say nine months) supplemented with estimates for the remainder of the financial year (say three months).

Unlike all other jurisdictions, the Tasmanian budget papers only published budget estimates for each agency output. Given the absence of *actual* or *estimated actual* estimates in their budget papers, the assistance estimates presented in this paper for Tasmania are based on the published budget estimates.

Consequently, the budget figures used in this paper to estimate the value of outlay assistance to tourism are less than ideal. The budget papers generally represent the governments' funding intentions rather than the actual net cost of service. Moreover, there can be difficulties in deriving measures from agency annual reports and Auditor-General reports that are consistent with those contained in the budget papers.

### *Aggregation of data*

Each tourism-related budget output is still rather aggregated and, as a result, may contain some non-tourist-related activities. Hence, in the first instance, the values used in this paper may overstate the extent of government assistance to tourism (although the use of 'shares' — described in section A.2 — for estimating the amount of multi-purpose and incidental assistance that assists tourism reduces the extent of this possible overestimation in relation to those categories of assistance). However, neither the budget papers nor the annual reports of the agencies include financial data on activities below the output level. Thus, in general no adjustment has been made to individual budget paper outputs to account for those elements that assist tourism to some degree, and those which do not.

The aggregated nature of the budget outputs may also mean that some non-tourism-related activities may be inadvertently excluded when they should be included in annexes A1 to A9. Accordingly, the coverage of tourism-related outputs may be somewhat narrower than they should be.

That said, the assistance estimates presented in chapters 4 and 5 cover the main budgetary outlays benefiting tourism and, despite possible inconsistencies across jurisdictions that may arise from differences in budget practices and outputs, the resulting estimates are indicative of government budgetary outlays that assist tourism and the amount of funding involved.

Using a common terminology, table A.1 summarises the budget data used in this paper to derive the budgetary assistance estimates.



## Box A.2 The budgetary funding of agencies

The budget papers report the annual lump sum appropriation that each agency receives from the government to finance its operations. In essence, this funding represents the government purchasing a number of pre-specified outputs from each agency. Each agency then has discretion as to how to spend its annual appropriation, and any non-tax revenue that it raises, to best meet the outputs specified in the budget. Agencies may also receive supplementary funding through additional appropriations in special circumstances.

In addition, each agency may also receive an additional allocation from the budget (called an 'administered' appropriation) to cover all of the additional expenditure items for which the agency has no discretion over the amount of money to be spent or how it is to be spent. Administered appropriations usually cover the funding of other government agencies in the portfolio or specific government grant schemes administered by the agency. For example, the Tasmanian Department of Economic Development receives an administered appropriation to fund Major Events Grants and Assistance, which assists with the promotion and conduct of major events to develop and stimulate tourism-related industries within the state.

These budget allocations may cover both operating and capital expenditure.

Governments can and do fund the operations of agencies in other ways as well, such as taking responsibility for the agency's liabilities, by allowing or forcing the agency to sell some of its assets or by making capital injections. Alternatively, the agency may be forced to run down its asset base. Such actions effectively alter the net value of the government's ownership.

Table A.1 **Basis of measurement of budgetary outlays on tourism and tourism-related activities<sup>a</sup>**

<i>Jurisdiction</i>	<i>Primary source</i>	<i>Outlay measure</i>	<i>2000-01 value</i>	<i>2001-02 value</i>	<i>2002-03 value</i>
Aust.	Budget	NCOS	Est. Actual	Est. Actual	Est. Actual
NSW	Budget	NCOS	Est. Actual	Est. Actual	Est. Actual
Vic.	Budget	OE	Actual	Actual	Actual
Qld	Budget	NCOS	Est. Actual	Est. Actual	Est. Actual
SA	Budget	NCOS	Est. Actual	Actual	Actual
WA	Budget	NCOS	Actual	Actual	Actual
Tas.	Budget	OE	Forecast	Forecast	Forecast
NT	Budget	OE	Est. Actual	Est. Actual	Est. Actual
ACT	A-G Budget	NCOS OE	Actual Est. Actual	Actual Est. Actual	Actual Est. Actual

<sup>a</sup> The terminology used in the budget papers has been standardised across jurisdictions.

A-G: Auditor-General. NCOS: Net cost of service. OE: Operating expenses. Est. Actual: Estimated actual.

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## Capital use charges

Another source of difference between jurisdictions relates to the application of capital user charges. The ‘capital use charge’ is a Government levied charge on government sector agencies and authorities. The charge represents a dividend requirement on government sector agencies and authorities that reflects the opportunity cost of the Government’s investment in those entities. The charge is typically levied as a fixed proportion of the end-of-financial-year net assets or equity of a government agency, and is funded by government and included in departmental or agency appropriation revenue. In effect, the government levies its agencies with a capital use charge and then reimburses them for it. The aim is to provide incentives for government agencies to make more efficient use of their capital resources.

Jurisdictions in which this charge applied during the years covered by the estimates in this study — 2000-01 to 2002-03 — were Victoria, Queensland, Western Australia and the Australian Government, although the latter subsequently ceased the practice in 2003-04.<sup>2</sup> Other jurisdictions do not apply such a charge.

As the charge reflects an internal transfer, as well as a source of difference between jurisdictions’ reported budget outlays, it has been netted out of the assistance estimates in this paper. Where a capital use charge relates specifically to an output group included in the assistance estimates, then the charge is removed directly from that group’s estimates. More commonly, however, a capital user charge will relate to an entire department or agency where the output group included in the assistance estimates is a sub-part of that entity. To remove the capital user charge, the share of the output group in total departmental or agency funding is multiplied by the capital use charge rate. This estimate is then subtracted from the output group included in the assistance estimates. Because of these adjustments, the assistance estimates for those jurisdictions that apply a capital use charge will vary from the funding estimates reported in budget papers.<sup>3</sup>

## A.2 Shares used to estimate outlay assistance

Estimates of multi-purpose and incidental budgetary outlay assistance, which are contained in chapter 5, are estimated as a *proportion* of each tourism-related outlay.<sup>3</sup> This is because tourism is not the only activity that benefits from these outlays. This section explains the derivation of the shares used to allocate these outlays between tourism and non-tourism activities.

Ideally, the shares used to apportion budget outlays to assistance to tourism should reflect the extent to which tourism benefits from each outlay.

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However, such detailed information is not generally available for most types of government expenditures on an accurate and consistent basis. For example, there is a lack of detailed data on attendances at, and expenditure on, cultural activities. This makes it difficult to gauge the extent to which ‘visitors’, let alone ‘tourists’, attend many of these activities and the extent to which they benefit from government expenditure on cultural activities.<sup>4</sup> Data from the Bureau of Tourism Research (BTR 2003b) — now Tourism Research Australia — indicate that international visitors to Australia attend a wide range of cultural activities: over one-in-four of all international visitors visited historical buildings, sites or monuments in 2002, for example, and a similar number visited museums or art galleries. Yet it is unclear what proportion of total attendances these visitors account for, and how their expenditure compares to that of local residents. Domestic visitors also need to be taken into consideration to gauge the overall importance of tourism to these activities. It is even harder to gauge the significance of tourists.

In the absence of such information, this paper uses a two stage process:

- first, it primarily uses TSA production data to estimate the share of total activity accounted for by visitors; and
- second, it uses BTR visitor survey expenditure data to estimate the share of visitor activity accounted for by tourists.

Thus, each budget outlay is scaled down twice: firstly to eliminate the benefit flowing to non-visitors; and secondly to eliminate the benefit flowing to non-tourist visitors.<sup>5</sup>

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<sup>2</sup> The title given to the charge differs in jurisdictions — from ‘capital use charge’ (Australian Government), ‘capital user charge’ (Western Australia), ‘capital asset charge’ (Victorian Government) and ‘equity return expense’ (Queensland) Western Australia’s capital user charge did not apply before 2001-02.

<sup>3</sup> Estimates of assistance to tourism from funding for event attraction and convention centres and bureaus have also been developed using a share approach. However, in those cases, the shares chosen reflect judgments, rather than the approach detailed here and used generally to allocate multi-purpose and incidental outlay assistance between tourism and other activities.

<sup>4</sup> For example, the key ABS publication on attendances at cultural venues and events in Australia (Cat. no. 4114.0) does not distinguish between local residents and intrastate, interstate and international visitors. Likewise, the attendance figures published in annual reports do not differentiate visitors and non-visitors.

<sup>5</sup> For outlays by tourism agencies (other than funding identified for convention centres and bureaus and event attraction), the full outlay is treated as assistance to tourism. That is, the visitor and tourist shares are effectively assumed to be 100 per cent. This may overstate the assistance to tourism from these outlays to some extent.

## Visitor shares

The visitor share used for each multi-purpose outlay (chapter 5) is, in most cases, the share of Australian gross value added (GVA) accounted for by visitors for the closest corresponding activity in the TSA (table A.2).<sup>6</sup> For example, given that the ABS estimates that production for visitors accounts for 15.4 per cent of the GVA of *Libraries, museums and the arts* (cultural activities), 15.4 per cent of net government outlays on tourism-related cultural activities is considered to benefit visitor activity. That is, 84.6 per cent is considered to benefit non-visitors.

Table A.2 Visitor share of industry GVA, 2000-01<sup>a</sup>

Industry	Visitor GVA	Australian GVA	Visitor share
	\$ million	\$ million	%
<b>Tourism characteristic industries</b>			
Travel agency and tour operator services	992	1 022	97.1
Taxi transport	218	589	37.0
Air and water transport	3 727	5 556	67.1
Motor vehicle hiring	284	536	53.0
Accommodation	2 775	3 081	90.1
Cafes, restaurants and takeaway food outlets	2 501	8 136	30.7
<b>Tourism connected industries</b>			
Clubs, pubs, taverns and bars	1 226	6 635	18.5
Other road transport	709	9 617	7.4
Rail transport	419	3 919	10.7
Automotive fuel retailing	171	1 761	9.7
Other retail trade	2 124	27 186	7.8
Casinos and other gaming services	158	2 573	6.1
Libraries, museums and the arts	446	2 895	15.4
Other entertainment services	705	6 426	11.0
Ownership of dwellings	1 553	60 233	2.6
<b>All other industries</b>	<b>2 974</b>	<b>369 264</b>	<b>0.8</b>

GVA: gross value added. <sup>a</sup> ABS shares used to compile the 2002-03 *Tourism Satellite Account*.

Source: (ABS 2004a, p. 28).

<sup>6</sup> *Gross value added* is the value added at each stage in the production chain over and above the value of goods and services used as inputs into production (excluding the consumption of fixed capital). Technically, it is 'the value of output at basic prices [excluding net taxes and margins] minus the value of intermediate consumption at purchasers' prices [including net taxes and margins]' (ABS 2003, p. 37).

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Owing to the highly aggregated nature of the TSA, the shares used to allocate certain budget outlays were calculated from other sources to give more representative measures of the extent to which visitors benefit from these outlays. The remainder of this section discusses the derivation of those shares, which are not listed in table A.2, used for budget outlays on:

- export promotion;
- cultural, heritage and nature-based recreational services;
- sport and non-nature-based recreation;
- air and water transport; and
- general transport.<sup>7</sup>

### *Export promotion*

A share of 11.2 per cent is used to allocate budget outlays on export promotion to assistance to visitors (table A.7 at the end of this section), as visitor-related exports (labelled ‘tourism exports’ in the TSA) accounted for 11.2 per cent of Australian exports on average over the three years to 2002-03 (ABS 2004a, p. 8).

### *Cultural, heritage and nature-based recreational services*

The TSA provides a visitor share of Australian GVA for *libraries, museums and the arts* (table A.2). However, it does not indicate visitors’ shares for the activities of other cultural and recreational activities.

Despite its name, *libraries, museums and the arts* also includes:

- parks and gardens (including aquariums, aviaries, botanical gardens, flora and fauna reserves, national parks, picnic grounds, tourist caves, wildlife sanctuaries and zoological gardens);
- historic houses (part of museums); and
- sound recording studios (part of *services to the arts*) (see box A.3).

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<sup>7</sup> General transport includes public transport and other non-road transport.

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**Box A.3     The ABS *Cultural and recreational services* industry**

The *Cultural and recreational services* industry (Division P of ANZSIC) includes:

**92     Libraries, Museums and the Arts**

- 921   Libraries
  - 9210   Libraries
- 922   Museums
  - 9210   Museums
- 923   Parks and Gardens
  - 9231   Zoological and Botanic Gardens
  - 9239   Recreational Parks and Gardens
- 924   Arts
  - 9241   Music and Theatre Productions
  - 9242   Creative Arts
- 925   Services to the Arts
  - 9251   Sound Recording Studios
  - 9252   Performing Arts Venues
  - 9259   Services to the Arts not elsewhere classified

**93     Sport and Recreation**

- 931   Sport
  - 9311   Horse and Dog Racing
  - 9312   Sports Grounds and Facilities not elsewhere classified
  - 9319   Sports and Services to Sports not elsewhere classified
- 932   Gambling Services
  - 9321   Lotteries
  - 9322   Casinos
  - 9329   Gambling Services not elsewhere classified
- 933   Other Recreation Services
  - 9330   Other Recreation Services

Source: ABS (1993, *Australian and New Zealand Standard Industrial Classification*, Cat. no 1292.0)

Some of the activities covered by *libraries, museums and the arts* are not assessed to be tourism-related activities. Libraries are viewed as principally being for the benefit of local residents or as repositories for historical documents (archives) and not as tourist attractions, although some visitors included in the TSA may visit them. Consequently, it is considered that governments would continue to fund these activities to the same extent in the absence of tourism. Similarly, sound recording studios have not been treated as tourist attractions, and, as such, any public funding of sound recording studios has not been considered assistance.

As heritage items, and parks and gardens (including national parks), form part of *library, museums and the arts* category, the share for *library, museums and the arts* (table A.2) is also applied to government expenditure on these activities (table A.7). Unfortunately, it is not possible to ascertain separate shares for the activities that make up *library, museums and the arts* to account for differences in the tourist share of the different activities — for example, to exclude the share for ‘libraries’ given that no assistance to libraries is included as assistance to tourism. Instead, the ABS share used is the weighted-average use across all of the activities making up *library, museums and the arts*.

### *Sport and non-nature based recreational services*

The TSA separately identifies usage of sport, stadiums and non-nature-based recreational activities by visitors.

In the absence of such information, a share of 9.6 per cent is used to allocate government expenditure on sport, stadiums and non-nature-based recreational services to assistance to visitors (table A.3). This share represents the share implied for the balance of cultural and recreational services that is not accounted for by *libraries, museums and the arts*, as these activities form part of the wider ABS group *cultural and recreational services* (box A.3).

**Table A.3 Visitor share of other cultural and recreational services, 2000-01**

	Visitor GVA	Industry GVA	Visitor share
	\$ million	\$ million	%
Cultural and recreational services <sup>a</sup>	1 309	11 895	11.0
less Libraries, museums and arts <sup>a</sup>	446	2 895	15.4
<b>Other cultural and recreational services</b>	<b>863</b>	<b>9 000</b>	<b>9.6</b>

<sup>a</sup> ABS shares used to compile the 2002-03 *Tourism Satellite Account*.

Source: Estimates based on ABS (2004a, pp. 16–18).

### *Air and water transport*

Although reporting a combined share for *air and water transport*, the TSA does not report separate visitor shares for *air transport* and *water transport*. Yet visitors are unlikely to use both forms of transport in similar proportions; they are likely to be significant users of *air transport*, but only minor users of *water transport* — an activity mainly concerned with merchandise freight.

To more accurately capture the different usage of these transport modes, the study has made separate estimates for the ABS industries *air and space transport* and *water transport* (table A.4) from the ABS share for *air and water transport* (table A.2), by assuming that:

- visitor usage of *air transport* and *water transport* is in the same proportions as collections of the *passenger movement charge* at airports and seaports;<sup>8</sup> and
- Australian GVA from *air transport* and *water transport* is distributed in-line with gross output.

The resulting estimates suggest that the 67.1 per cent of the GVA of *air and water transport* accounted for by visitors is split roughly 81.6 per cent for *air transport* and 2.6 per cent for *water transport* (table A.1). These shares were, respectively, used to estimate the extent of assistance to visitors afforded by budget outlays on air transport and water transport.

**Table A.4 Visitor share of air and water transport GVA**

<i>Transport mode</i>	<i>PMC revenue</i>		<i>Total production (1996-97)</i>		<i>Visitor GVA<sup>a</sup></i>	<i>Australian GVA<sup>b</sup></i>	<i>Visitor share</i>
	\$ million	%	\$ million	%	\$ million	\$ million	%
Air and space	281.3	99.3	12 886	81.6	3700.9	4533.7	81.6
Water	2.4	0.7	2 904	18.4	26.1	1022.3	2.6
Air and water	283.6	100.0	15 790	100.0	3 727.0	5 556.0	67.1

GVA: gross value added. PMC: passenger movement charge (see appendix B). Figures may not add to totals due to rounding. <sup>a</sup> Estimated by applying the actual share of *PMC revenue* for 2000-01 to the actual *Tourism GVA* for *Air and water transport* for 2000-01. <sup>b</sup> Estimated by applying the actual share of *Total production* in 1996-97 to the actual GVA for *Air and water transport* for 2000-01.

Source: Estimates based on ABS (2004a, p. 16); ABS (2001, p. 52); and ACS (2001, p. 62).

### *General transport*

Some transport expenditures have *not* been incorporated in the assistance estimates, most notably those relating to vehicle registration, driver licensing, safety and traffic management, transport planning and road funding.

Where a budgetary outlay is closely linked to a particular transport mode — air, water and rail — the corresponding expenditure share is used to derive the extent of assistance to visitors.

<sup>8</sup> Visitor use of domestic and international air and water transport may vary from that used here as the passenger movement charge is only levied on departures from Australia.



However, where the budgetary outlay relates to more than one transport mode, a general land-based transport share of 12.1 per cent is used to derive the assistance estimate (table A.5).

**Table A.5 Visitor share of land-based transport GVA, 2000-01<sup>a</sup>**

	<i>Visitor GVA</i>	<i>Industry GVA</i>	<i>Visitor share</i>
	\$ million	\$ million	%
Transport and storage	5 506	34 400	18.1
less Air and water transport	3 235	5 039	64.2
Taxi transport	218	589	37.0
Other road transport	259 <sup>b</sup>	9 617	2.7
<i>Total air, road and water transport</i>	<i>4 204</i>	<i>15 762</i>	<i>26.7</i>
<b>General transport</b>	<b>1 827</b>	<b>15 920</b>	<b>12.1</b>

GVA: gross value added. <sup>a</sup> ABS shares used to compile the 2002-03 *Tourism Satellite Account*. <sup>b</sup> Based on TSA estimates revised to remove upstream value added (see chapter 2).

Source: Estimates based on ABS (2004a, pp. 16) and unpublished ABS data.

## Tourism share

As discussed in chapter 2, it is difficult to precisely identify what proportion of visitor expenditure is accounted for by tourism. Most visitors whose main purpose for travel is stated to be holiday/leisure would be tourists. Visitors in this category accounted for 52 per cent of overall visitor expenditure in 2002 (table A.6).

**Table A.6 Tourist share of visitor expenditure, 2002**

	<i>International<sup>a</sup></i>	<i>Domestic overnight</i>	<i>Domestic day trippers</i>	<i>Total</i>
Holiday/leisure	10 889	20 229	7 083	38 200
All visitors <sup>b</sup>	21 277	39 929	11 878	73 085
<b>Tourism share</b>				<b>52.0%</b>

<sup>a</sup> Includes package expenditure and prepaid airfares, but excludes major equipment purchases. <sup>b</sup> Also includes people travelling for the primary purpose of visiting friends and relatives (VFR); business; and 'other' reasons, including education and employment.

Data source: BTR/TRA (see appendix C)

While 52 per cent represents the average across all visitor expenditure, the benefits received by tourism will vary across expenditure items in line with differences in tourists' consumption compared to consumption by non-tourist visitors. Ideally, each type of budget outlay should have its own share to reflect differences in the extent to which tourism benefits.

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However, in the absence of reliable quantitative information on differences between the sectors, an average share of 52 per cent has been used for the Commission's 'base line' assistance estimates, in relation to relevant assistance programs. When multiplied by the visitor share that attaches to those programs, the outcome (called the tourism share in table A.7) is used as a deflator to determine the level of assistance to tourism provided by the program expenditures delivering multi-purpose and incidental assistance to tourism.

For upper bound estimates, the analysis in appendix C suggests that not more than one third of the expenditure of visitors in the non-holiday/leisure categories would constitute tourism expenditure. When added to the base line estimate, this yields an upper bound tourism share of 68 per cent of visitor expenditure. Thus, a share of 68 per cent has been used for the Commission's upper bound assistance estimates, with the upper bound deflator determined by multiplying the visitor share by 0.68, for relevant programs.

### *Summary*

The full set of shares used to derive the assistance estimates presented in annexes A1 to A9 is shown in table A.7.

## **A.3 Detailed estimates**

The following annexes contain detailed estimates of assistance to tourism provided by the Australian, State and Territory governments for the years 2000-01, 2001-02 and 2002-03. As noted, the information has been obtained primarily from jurisdictions' budget papers. The Commission circulated a draft of this paper to Australian Government and State and Treasury agencies in 2004. That draft contained detailed estimates for the years 2000-01 and 2001-02. Feedback on the specific items has been taking into account in preparing this document.

**Table A.7 Assistance share of tourism-related budgetary outlays**

Per cent

<i>Tourism-related outlay:</i>	<i>Code<sup>a</sup></i>	<i>Source</i>	<i>Visitor share</i>	<i>Tourism share<sup>b</sup></i>	
				<i>BL<sup>c</sup></i>	<i>UB<sup>d</sup></i>
Air transport	Ar	Estimated	81.6	42.4	55.5
All other	AO	ABS	0.8	0.4	0.5
Average	Av	ABS	4.1	2.1	2.8
Convention centres	CC	Assumed	na	0	33.0
Cultural services	CS	ABS	15.4	8.0	10.5
Sport	Sp	Estimated	9.6	5.0	6.5
Export promotion	Ex	ABS	11.2	5.8	7.6
General transport	GT	Estimated	12.1	6.3	8.2
Heritage	HG	ABS [part of libraries, museums & art]	15.4	8.0	10.5
National parks	NP	ABS [part of libraries, museums & art]	15.4	8.0	10.5
Public transport	PT	Estimated	12.1	6.3	8.2
Rail transport	RT	ABS	10.7	5.6	7.3
Recreational services	RS	Assumed [same as cultural services]	9.6	5.0	6.5
Special events	SE	Assumed	na	25.0	33.0
Small business	SB	Assumed [same as average]	4.1	2.5	2.8
Stadiums	St	Assumed [same as sport]	9.6	5.0	6.5
Tourism	To	Assumed	100.0	100.0	100.0
Water transport	Sp	Estimated	2.7	1.4	1.8

<sup>a</sup> Used in annexes A1 to A9 to signify the assistance share applied to the budgetary outlays to derive the assistance estimates listed. <sup>b</sup> Tourists as a share of visitors. <sup>c</sup> Base line estimate of tourism share, in most cases equal to visitor share multiplied by 0.52, where 0.52 equals Commission's base line estimate of tourism expenditure as a share of visitor expenditure (see chapter 2). <sup>d</sup> Upper bound estimate of tourism share, in most cases equal to visitor share multiplied by 0.68, where 0.68 equals Commission's upper bound estimate of tourism expenditure as a share of visitor expenditure (see chapter 2).

Source: Commission estimates and ABS (2004, *Australian National Accounts: Tourism Satellite Accounts, 2002-03*, Cat. no. 5249.0, pp. 8-17)

Annex A1: Australian Government budgetary outlays on tourism and tourism-related activities, base line estimates, 2000-01 to 2002-0<sup>a</sup>

Agency		Total Funding (\$ million)				Tourism	Tourism assistance (BL)		
Output group					Share	Share	(\$ million)		
Output	Stated objectives and/or description	2000-01	2001-02	2002-03	code	(BL) <sup>b</sup>	2000-01	2001-02	2002-03
AUSTRALIAN TOURISM COMMISSION (ATC)									
The number of visitors to Australia from overseas will increase and the benefits to Australia from overseas visitors will be maximised, including benefits from employment, while promoting the principles of ecologically sustainable development and seeking to raise awareness of the social and cultural impacts of international tourism in Australia.									
Consumer Marketing (1)	Promotes the strategic development and implementation of Brand Australia using television, cinema, print and outdoor advertising, the Internet, media relations, public relations and by hosting international journalists in Australia, and provides information for travellers in both printed and electronic form.	67.1	70.3	63.8	To	100.0%	67.1	70.3	63.8
Trade Marketing (2)	Facilitates the communication of timely, relevant international trade market intelligence to the inbound industry; provides effective opportunities for industry participation in trade events; undertakes product and segment development in conjunction with ATC regions, state and territory tourism organisations, inbound tour operators and the Meetings, Incentives, Conventions and Exhibitions (MICE) industry, and maximises tourism opportunities through the Destination Australia Marketing Alliance and Team Australia activities.	24.8	27.7	26.1	To	100.0%	24.8	27.7	26.1
Subtotal for Output Group		91.9	97.9	89.9			91.9	97.9	89.9
Subtotal for Australian Tourism Commission		91.9	97.9	89.9			91.9	97.9	89.9
DEPARTMENT OF INDUSTRY, TOURISM AND RESOURCES									
Tourism Division	Develop, implement and administer tourism policy and programs.	5.0	6.3	6.1 <sup>c</sup>	To	100.0%	5.0	6.3	6.1
Bureau of Tourism Research (BTR)	Collect and analyse tourism information and disseminate that information to the general public.	1.5	1.4	1.4 <sup>d</sup>	To	100.0%	1.5	1.4	1.4
Administered Appropriations									
2001 Goodwill Games	Support the Games Volunteer Program; assist in meeting the costs of an anti-doping program; and to assist in the purchase of other Commonwealth services at the 2001 Goodwill Games in Brisbane.	3.0	...		SE	25.0%	0.8	...	...
Back of Bourke Exhibition Centre	Support the development of: a flood river pavilion; structures and displays; a cafe; and marketing.	...	0.9	0.2	To	100.0%	...	0.9	0.2

# Annex A1: Australian Government (continued)

Agency Output group Output	Stated objectives and/or description	Total Funding (\$ million)			Share code	Tourism Share (BL) <sup>b</sup>	Tourism assistance (BL) (\$ million)		
		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
Business Incubator Program	Assist new and growing businesses to become established and profitable by providing premises, advice, services and other support.	4.7	3.7	2.6	SB	2.1%	0.1	0.1	0.1
Small Business Assistance (Tourism)	Assistance for small businesses that have honoured components of holiday packages for which they were not paid and that have been directly affected by the collapse of Ansett Airlines.	...	10.5	...	To	100.0%	...	10.5	...
Small Business Enterprise Culture Program	Foster the growth of small businesses by improving the capacity of small business owner/managers to access skills development and mentoring services which meet their needs, and on developing the business skills of women small business managers.	2.5	1.2	5.9	SB	2.1%	0.1	0.0	0.1
Sydney Organising Committee for the Olympic Games (SOCOG)	Covers a number of initiatives relating to: · the staging of the Sydney 2000 Games (including a coordinated visitors' information campaign); · undertaking Games-related research on performance-enhancing substances and strengthening Australia's anti-doping programme; and · promoting Australia in the context of the Games (including initiatives that enhance coverage of Australia overseas; exploit economic opportunities provided by the Games; provide support for unaccredited media personnel; and additional funding of Australian Tourist Commission activities).	17.9	...		SE	25.0%	4.5	...	...
Sport and Recreation	Funding towards the cost of organising the 2000 Paralympics.	9.1	...		SE	25.0%	2.3	...	...
Stockmans Hall of Fame	Funds improvements to the Australian Stockman's Hall of Fame, and the Outback Heritage Centre and its displays.	...	1.4	1.4	To	100.0%	...	1.4	1.4
Tasmanian Regional Tourism	Assistance for two regional tourism infrastructure initiatives in Tasmania: Low Head Tourism Precinct and the Mersey River Foreshore Upgrade.	...	0.2	0.4	To	100.0%	...	0.2	0.4
Tourism Assistance Package	Stimulate consumer demand for travel in the short term following the terrorist attacks in the United States and the collapse of Ansett.	...	5.0	...	To	100.0%	...	5.0	...
Tourism Operations	Fund the National Action Plan for Tourism, which seeks to enhance the international competitiveness of the tourism industry by reducing impediments to industry growth and capitalising on opportunities for sustainable industry development.	0.5	0.5	0.5	To	100.0%	0.5	0.5	0.5
Travel Compensation Fund	Compensate consumers who purchased a holiday package from a licensed travel agent but lost the value of that package due to the Ansett collapse.	...	5.0	...	To	100.0%	...	5.0	...
See Australia Domestic Tourism Initiative	Funding for the See Australia Domestic Tourism Initiative			1.5	To	100.0%		...	1.5
Subtotal for Administered Appropriations		37.7	28.3	12.4			8.1	23.5	4.1

# Annex A1: Australian Government (continued)

Agency		Total Funding (\$ million)			Share code	Tourism Share (BL) <sup>b</sup>	Tourism assistance (BL) (\$ million)		
Output group		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
Output	Stated objectives and/or description								
<b>Grants</b>									
Regional Online Tourism Program	Develop geographically based, e-commerce enabled regional tourism web sites which cover a range of tourism products and services in regional areas.	1.0	1.4	...	To	100.0%	1.0	1.4	...
Regional Tourism Program	Help boost the capacity of organisations, businesses and individuals to deliver high quality tourism products and services in regional Australia.	2.8	1.9	3.0	To	100.0%	2.8	1.9	3.0
Subtotal for Grants		3.9	3.3	3.0			3.9	3.3	3.0
Subtotal for Department of Industry, Tourism and Resources		48.0	39.4	22.9			18.5	34.6	14.6
CRC FOR SUSTAINABLE TOURISM		2.3	2.4	2.4	To	100.0%	2.3	2.4	2.4
<b>AUSTRALIAN TRADE COMMISSION (AUSTRADE)</b>									
<b>Australian's succeeding in international business with widespread community support (1)</b>									
Awareness Raising (1.1)	Community commitment to trade and investment; understanding of the Federal Government's export assistance program; and create a positive business image of Australia overseas.	9.8	12.5	16.0	Ex	5.8%	0.6	0.7	0.9
Government Advice and Coordination (1.2)	Advice to the Commonwealth Government and coordination of the Commonwealth's export activities	9.8	8.7	10.1	Ex	5.8%	0.6	0.5	0.6
Services and Opportunities (1.3)	Export and outward investment services and opportunities for Australians through a national and global network: (1) New exporters, (2) Knowledge based industries, (3) Other Businesses	123.0	129.9	120.6	Ex	5.8%	7.2	7.6	7.1
Inward Investment Attraction Services (1.4)	In partnership with the Department of Industry, Tourism and Resources, Austrade manages Invest Australia to bring foreign investment to Australia	7.7	6.6	... <sup>e</sup>	Av	2.1%	0.2	0.1	...
Subtotal for Output Group		150.3	157.8	146.8			8.5	9.0	8.6
<b>Administered Appropriations</b>									
Austrade Administered: Grants	Administers Export Market Development Grants for small to medium sized businesses and loans (ITES, IAMP)	151.5	150.0	150.4	Ex	5.8%	8.9	8.8	8.8
Subtotal for Administered Appropriations		151.5	150.0	150.4			8.9	8.8	8.8

# Annex A1: Australian Government (continued)

Agency		Total Funding (\$ million)			Share code	Tourism	Tourism assistance (BL)		
Output group		2000-01	2001-02	2002-03		Share (BL) <sup>b</sup>	(\$ million)		
Output	Stated objectives and/or description	2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
<b>Australians informed about and provided access to consular, passport and immigration services in specific locations overseas (2)</b>									
Consular, Passport and Immigration Services (2.1)	Where Austrade is the only Federal Government agency present in a country, Austrade provides consular, passport and immigration services on behalf of the Department of Foreign Affairs and Trade, and the Department of Immigration and Multicultural Affairs.	8.0	8.0	9.3	AO	0.4%	0.0	0.0	0.0
Subtotal for Output Group		8.0	8.0	9.3			0.0	0.0	0.0
Subtotal for Australian Trade Commission (Austrade)		309.7	315.7	306.5			17.4	17.8	17.4
<b>DEPARTMENT OF COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS (DCITA)</b>									
<b>A rich and stimulating cultural environment and a stronger, sustainable and internationally competitive Australian sports sector (1)</b>									
Strategic Policy Advice, Support and Awareness for the Cultural and Sport Sectors (1.1)	Provides strategic policy advice covering the arts, cultural development, film and new media and sport; and support for the cultural and sport agencies. Among other things, delivers the Cultural Development Program and Federation Fund Programs, and coordinates the involvement of the Australian Government in the 2006 Commonwealth Games.	12.6	17.9	18.0 <sup>f</sup>	CS	8.0%	1.0	1.4	1.4
Increase Awareness, Knowledge and Understanding of the Centenary of Federation and Encourage Participation in Events Celebrating the Centenary (1.2)	Secretariat support for the National Council for the Centenary of Federation, which promotes the awareness and understanding of the centenary across the community and plans and co-ordinates a range of national events and celebrations to mark the centenary.	25.8	7.8	...	CS	8.0%	2.1	0.6	...
Understanding and Knowledge of Australian History, Culture and Portraiture through access to Old Parliament House and the National Portrait Gallery (1.3)	Management of Old Parliament House (OPH) and the National Portrait Gallery (NPG), including the NPG and OPH collections; the provision of a range of education and public programs, including tours, exhibitions, seminars, lectures and special events.	6.4	6.4	8.3 <sup>g</sup>	CS	8.0%	0.5	0.5	0.7
New Facilities for the National Museum of Australia (1.4) and the Australian Institute of Aboriginal and Torres Strait Islander Studies (1.4)	Construct new facilities for the National Museum of Australia and the Australian Institute of Aboriginal and Torres Strait Islander Studies.	1.6	...		CS	8.0%	0.1	...	...
Subtotal for Output Group		46.4	32.2	26.3			3.7	2.6	2.1

# Annex A1: Australian Government (continued)

Agency		Total Funding (\$ million)				Tourism	Tourism assistance (BL)		
Output group					Share	Share	(\$ million)		
Output	Stated objectives and/or description	2000-01	2001-02	2002-03	code	(BL) <sup>b</sup>	2000-01	2001-02	2002-03
<b>Administered Appropriations</b>									
Contemporary Music Package	Support tours by musicians to all States and Territories, giving audiences access to a diverse range of musical experiences.	1.6	...		CS	8.0%	0.1	...	...
Cultural Development Program (including grants to Cultural Agencies and Support for Cultural Activities)	Financial support for seven national organisations which are centres of excellence in performing arts training: National Institute of Dramatic Art (NIDA); Australian Youth Orchestra (AYO); Australian National Academy of Music (ANAM); Australian Ballet School (ABS); Flying Fruit Fly Circus (FFFC); National Institute of Circus Art (NICA); and National Aboriginal and Islander Skills Development Association (NAISDA) Dance College.	87.8	31.5	37.3	CS	8.0%	7.0	2.5	3.0
Depreciation	Covers the depreciation of land, buildings and heritage assets such as: Old Parliament House; Australian Federation Centre; National Institute of Dramatic Arts; National Museum of Australia; and the ScreenSound Australia collection.	1.0	3.1	12.4	CS	8.0%	0.1	0.2	1.0
Hall of Fame Grant	Additional grant to the Prospectors' and Miners' Hall of Fame in Kalgoorlie, Western Australia to assist with the construction costs of a public museum and mining interpretative centre.	...	1.0	...	CS	8.0%	...	0.1	...
St John's Cathedral Completion Fund	Government contribution towards the restoration of St John's Anglican Cathedral in Brisbane to its original design.	2.0	...		CS	8.0%	0.2	...	...
Subtotal for Administered Appropriations		92.5	35.6	49.7			7.4	2.8	4.0
<b>Special Accounts</b>									
Federation Fund	Financial assistance to a number of major projects of national significance to commemorate the Centenary of Federation in 2001.	93.0	65.4	24.3	Hg	8.0%	7.4	5.2	1.9
National Cultural Heritage	Supports the conservation of places of cultural significance - historic and Indigenous heritage - that are on the Register of the National Estate, its Interim list or a State heritage list that provides long-term Statutory protection.	0.3	0.1	...	Hg	8.0%	0.0	0.0	...
Subtotal for Special Accounts		93.2	65.5	24.3			7.5	5.2	1.9
Subtotal for Department of Communications, Information Technology and the Arts		232.0	133.2	100.3			18.6	10.7	8.0



## Annex A1: Australian Government (continued)

Agency		Total Funding (\$ million)			Share code	Tourism Share (BL) <sup>b</sup>	Tourism assistance (BL) (\$ million)		
Output group		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
Output	Stated objectives and/or description								
NATIONAL GALLERY OF AUSTRALIA									
Encourage understanding, knowledge and enjoyment of the visual arts by providing access to, and information about, works of art locally, nationally and internationally (1)									
Collections Development (1.1)	To build a collection of works of art that are of outstanding quality through acquisition, gift and bequest, and disposal.	6.7	8.3	9.9	CS	8.0%	0.5	0.7	0.8
Collections Management (1.2)	Accession, document, store, secure and conserve each work of art in the collection in order to preserve it for the Australian people, both now and for the future.	7.8	8.9	10.1	CS	8.0%	0.6	0.7	0.8
Access to and Promotion of Works of Art (1.3)	Provide access to works of art by displaying, exhibiting and lending its collection, as well as borrowing works from other sources. Enhance the understanding, knowledge and enjoyment of art by providing information about and promoting the benefits of works of art through visitor services, education and public programs, and multimedia.	10.4	12.5	14.1	CS	8.0%	0.8	1.0	1.1
Subtotal for Output Group		25.0	29.7	34.1			2.0	2.4	2.7
Subtotal for National Gallery of Australia		25.0	29.7	34.1			2.0	2.4	2.7
NATIONAL MUSEUM OF AUSTRALIA									
Australians have access to the National Museum's collections and public programmes to encourage awareness and understanding of Australia's history and culture (1)									
Collections Development and Management (1.1)	Collections development and management	10.2	9.9	13.5	CS	8.0%	0.8	0.8	1.1
National Exhibitions, Programs and Services (1.2)	National exhibitions, programs and services	10.8	23.3	25.8	CS	8.0%	0.9	1.9	2.1
Subtotal for Output Group		20.9	33.2	39.3			1.7	2.7	3.2
Subtotal for National Museum of Australia		20.9	33.2	39.3			1.7	2.7	3.2
AUSTRALIAN NATIONAL MARITIME MUSEUM									
Increased knowledge, appreciation and enjoyment of Australia's relationship with its waterways and the sea (1)									
Acquire, Manage and Maximise Accessibility to Australia's Maritime Heritage (1.1)	Acquire, manage and maximise accessibility to Australia's maritime heritage.	19.1	20.5	19.9	CS	8.0%	1.5	1.6	1.6
Subtotal for Australian National Maritime Museum		19.1	20.5	19.9			1.5	1.6	1.6

# Annex A1: Australian Government (continued)

Agency		Total Funding				Tourism	Tourism assistance (BL)		
Output group		(\$ million)			Share	Share	(\$ million)		
Output	Stated objectives and/or description	2000-01	2001-02	2002-03	code	(BL) <sup>b</sup>	2000-01	2001-02	2002-03
AUSTRALIAN WAR MEMORIAL									
Australians remember, interpret and understand the Australian experience of war and its enduring impact on Australian society through maintenance and development, on their behalf, of the national memorial and a national collection of historical material, and through commemorative ceremonies, exhibitions, research, interpretation and dissemination (1).									
National Memorial and Grounds (1.2)	Conserve and develop the building and grounds as a national memorial to Australians who served and died at war.	1.9	3.7	4.2	CS	8.0%	0.2	0.3	0.3
National Collection (1.3)	Develop, manage, preserve, interpret and make accessible a national collection of historical material related to Australia's military history.	7.0	17.9	18.8	CS	8.0%	0.6	1.4	1.5
Exhibitions (1.4)	Both develop and maintain the Memorial's permanent and temporary exhibitions and a program of travelling exhibitions.	3.1	2.0	1.6	CS	8.0%	0.2	0.2	0.1
Interpretative Services (1.5)	Enhance the understanding of Australia's experience of war, through: the provision of school and public education; interpretive programs; and public events.	1.0	0.7	0.8	CS	8.0%	0.1	0.1	0.1
Promotion and Community Services (1.6)	Promote the Memorial as an outstanding national institution and to assist the community to understand the Memorial's roles, activities, programs, relevance and future.	1.0	0.7	1.2	CS	8.0%	0.1	0.1	0.1
Visitor Services (1.8)	Visitors are provided with a standard of service that enhances their experience and encourages them to return and promote others to visit.	0.9	0.7	0.8	To	100.0%	0.9	0.7	0.8
Subtotal for Output Group		14.9	25.6	27.4			2.0	2.7	2.9
Subtotal for Australian War Memorial		14.9	25.6	27.4			2.0	2.7	2.9
ABORIGINAL AND TORRES STRAIT ISLANDER COMMISSION (ATSIC)									
Preservation and Promotion of Indigenous Culture (1.4)									
National Arts and Crafts Industry Support Strategy (NACISS)	Provides operational and other support to community-based art centres and promotes Indigenous arts regionally and nationally.	6.2	na	4.9			0.5	na	0.4
Regional Arts and Crafts Support (RACS)	Funds arts and crafts as well as festivals, exhibitions and other unique cultural events.	6.9	na	6.7			0.6	na	0.5
Subtotal for Output		13.1	na	11.6			1.0	na	0.9
Subtotal for Aboriginal and Torres Strait Islander Commission		13.1	13.5	11.6	CS	8.0%	1.0	1.1	0.9

## Annex A1: Australian Government (continued)

Agency		Total Funding (\$ million)			Share	Tourism Share (BL) <sup>b</sup>	Tourism assistance (BL) (\$ million)		
Output group		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
Output	Stated objectives and/or description				code				
JOINT HOUSE DEPARTMENT (PARLIAMENT HOUSE)									
An effectively functioning legislative building for the Parliament of Australia which preserves its value as a heritage complex and raises public awareness of the Australian Federal Parliamentary system and the Parliament House building.									
Asset Management Services (1)	Provide asset management services.	20.7	23.9	22.4	Av	2.1%	0.4	0.5	0.5
Building Occupant and Visitor Services (2)	Provide a wide range of business and visitor services to Senators, Members of Parliament and their staff, parliamentary staff, contract staff, the media and members of the public including the management of the Parliament Shop and the guide service for visitors.	11.8	9.3	11.0	Av	2.1%	0.3	0.2	0.2
Subtotal for Output Group		32.5	33.2	33.5			0.7	0.7	0.7
Subtotal for Joint House Department		32.5	33.2	33.5			0.7	0.7	0.7
AUSTRALIA COUNCIL									
Australian artists create and present a body of distinctive cultural works characterised by the pursuit of excellence (1)									
Investments in Artistic Production and Development of Artistic Practice (1.1)	Invest in artistic production and development of artistic practice and industry development for Australia's creative arts.	63.0	110.3	114.3	CS	8.0%	5.0	8.8	9.2
Industry Development of Australia's Creative Arts (1.2)	Nurture the ecosystem for the creative arts which forms the Council's indirect support of Australian artistic endeavours.	5.7	10.0	10.4	CS	8.0%	0.5	0.8	0.8
Subtotal for Output		68.7	120.3	124.6			5.5	9.6	10.0
Australian citizens and civic institutions appreciate, understand, participate in, enjoy and celebrate the arts (2)									
Policy, Promotional and Cultural Relation Services (2.1)	Promote an understanding, enjoyment and appreciation of the arts by Australian citizens and civic institutions, and an appreciation, understanding and respect for Australian culture internationally. Undertake policy analysis and policy advice. To understand key issues and challenges facing artists and arts organisations that can fundamentally affect the ongoing development of the sector.	6.2	10.9	11.3	CS	8.0%	0.5	0.9	0.9
Subtotal for Output Group		6.2	10.9	11.3			0.5	0.9	0.9
Subtotal for Australia Council		74.9	131.2	135.9			6.0	10.5	10.9

# Annex A1: Australian Government (continued)

Agency		Total Funding (\$ million)			Share code	Tourism Share (BL) <sup>b</sup>	Tourism assistance (BL) (\$ million)		
Output group		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
Output	Stated objectives and/or description								
DEPARTMENT OF THE ENVIRONMENT AND HERITAGE									
The environment, especially those aspects that are matters of national environmental significance, is protected and conserved (1)									
Heritage (1.5)	Contribute to the protection and conservation of Australia's natural and cultural heritage places.	11.7	9.6	9.1	Hg	8.0%	0.9	0.8	0.7
Parks and Reserves (1.9)	Contribute to the effective management of Commonwealth national parks and reserves.	53.6	40.8	42.0	NP	8.0%	4.3	3.3	3.4
Subtotal for Output Group		65.3	50.4	51.0			5.2	4.0	4.1
Administered Appropriations									
Conservation of Rural and Regional Historic Hotels	Fund restoration and preservation works to the historic features of the hotel where the works can bring benefits to the local or regional communities, and can be completed within 18 months of commencement; and for historic hotels that are more than 50 years old or entered on a Commonwealth, State, Territory, local government or National Trust list for their historical significance.	...	0.9	2.3	Hg	8.0%	...	0.1	0.2
Grants-in-aid - National Trust	Allocate funds to the Australian Council of National Trusts and the State and Territory Trusts to support activities that increase public awareness, understanding and appreciation of Australia's cultural heritage, and enhance and promote its conservation, and assist the Trusts to advocate and work for the preservation and enhancement of the National Estate.	0.8	0.8	0.8	Hg	8.0%	0.1	0.1	0.1
Payments to the National Heritage Trust	Coordinate an integrated, long-term approach to the conservation and sustainability of Australia's land vegetation, water, biodiversity, coasts and oceans.	123.9	250.8	249.9	Hg	8.0%	9.9	20.1	20.0
Payment to the National Cultural Heritage Account	Encourage Australian cultural organisations to buy objects that they could not otherwise afford with the intention that they be preserved and made accessible to the public.	...	0.1	0.2	Hg	8.0%	...	0.0	0.0
St Paul's Anglican Cathedral (and St George's Cathedral in Perth in 2003-04)	Support the heritage restoration of St Paul's Anglican Cathedral in Melbourne.	...	1.2	1.3	Hg	8.0%	...	0.1	0.1
Subtotal for Administered Appropriations		124.7	253.8	254.5			10.0	20.3	20.4

## Annex A1: Australian Government (continued)

Agency		Total Funding (\$ million)			Share	Tourism Share	Tourism assistance (BL)		
Output group							(\$ million)		
Output	Stated objectives and/or description	2000-01	2001-02	2002-03	code	(BL) <sup>b</sup>	2000-01	2001-02	2002-03
<b>Specific Payments to the States and Territories</b>									
Goondiwindi Serpentine Water Park	Government grant to the Goondiwindi Town Council to develop a natural heritage and recreational facility at Serpentine Lagoon, Goondiwindi.	...	4.2	0.3	NP	8.0%	...	0.3	0.0
Management of World Heritage Properties	Grant to State Governments the (on-ground) management and protection of Australia's World Heritage properties.	5.2	5.3	...	NP	8.0%	0.4	0.4	...
Subtotal for Specific Payments to the States and Territories		5.2	9.5	0.3			0.4	0.8	0.0
<b>Non-appropriated payments</b>									
Federation Fund grants	To improve Australia's infrastructure, enhance cultural and social facilities and contribute to economic growth.	19.9	21.3	...	NP	8.0%	1.6	1.7	...
Subtotal for Non-Appropriated Payments		19.9	21.3	...			1.6	1.7	...
<b>Subtotal for Department of the Environment and Heritage</b>		<b>215.1</b>	<b>335.0</b>	<b>305.9</b>			<b>17.2</b>	<b>26.8</b>	<b>24.5</b>
<b>AUSTRALIAN HERITAGE COMMISSION</b>									
<b>Australia's natural and cultural heritage places are valued and conserved</b>									
Heritage (1)	Identifying, conserving and maintaining a register of the National Estate (places that have an aesthetic, historic, scientific or social significance or other special value for future generations as well as the present community)	6.8	6.2	6.9	Hg	8.0%	0.5	0.5	0.6
Subtotal for Output Group		6.8	6.2	6.9			0.5	0.5	0.6
<b>Subtotal for Australian Heritage Commission</b>		<b>6.8</b>	<b>6.2</b>	<b>6.9</b>			<b>0.5</b>	<b>0.5</b>	<b>0.6</b>
<b>SYDNEY HARBOUR FEDERATION TRUST</b>									
<b>Trust lands on Sydney Harbour are conserved and enhanced for the benefit of present and future generations of Australians (1)</b>									
Trust Plans (1.1)	After a process of extensive community consultation, develop a plan for the future use and management of the seven Trust sites.	...	2.2	2.5	Hg	8.0%	...	0.2	0.2
Public Information (1.2)	Inform the public about the sites, how and when access may be possible and activities of the Trust.	...	1.3	1.4	Hg	8.0%	...	0.1	0.1
Site Conservation (1.3)	Conserve, make safe and maintain the sites to protect them from further deterioration.	...	6.0	6.6	Hg	8.0%	...	0.5	0.5
Subtotal for Output Group		...	9.5	10.5			...	0.8	0.8
<b>Subtotal for Sydney Harbour Federation Trust</b>		<b>...</b>	<b>9.5</b>	<b>10.5</b>			<b>...</b>	<b>0.8</b>	<b>0.8</b>

## Annex A1: Australian Government (continued)

Agency		Total Funding (\$ million)			Share code	Tourism Share (BL) <sup>b</sup>	Tourism assistance (BL) (\$ million)		
Output group		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
Output	Stated objectives and/or description								
DIRECTOR OF NATIONAL PARKS									
Conservation and appreciation of Commonwealth reserves									
Parks and Reserves (1.1)	Declares and manages parks and reserves on land owned or leased by the Commonwealth, in Commonwealth waters, and on certain areas of Aboriginal land; and protects and manages the natural and cultural features of declared parks and reserves.	49.4	48.7	49.1	NP	8.0%	4.0	3.9	3.9
Subtotal for Output Group		49.4	48.7	49.1			4.0	3.9	3.9
Subtotal for Director of National Parks		49.4	48.7	49.1			4.0	3.9	3.9
GREAT BARRIER REEF MARINE PARK AUTHORITY									
Tourism and recreation (1.4)									
Sustainable Growth of Tourism and Recreation Opportunities in the Marine Park (1.4.1)	Sustainable growth of tourism and recreation opportunities in the Great Barrier Reef Marine Park	0.9	1.1	1.2	To	100.0%	0.9	1.1	1.2
Subtotal for Great Barrier Reef Marine Park Authority		0.9	1.1	1.2			0.9	1.1	1.2
NATIONAL CAPITAL AUTHORITY									
A National Capital which symbolises Australia's heritage, values and aspirations, is internationally recognised, and of which Australians are proud									
Culture and Awareness Strategies and Programmes for the National Capital (2)	Encourage participation, appreciation and celebration of the National Capital as a symbol of the Nation and a place for significant national and international events; inform and educate about the role and the significance of the National Capital; and promote Canberra as host to a broad range of cultural, recreational and ceremonial occasions.	5.0	4.9	4.9	CS	8.0%	0.4	0.4	0.4
Subtotal for National Capital Authority		5.0	4.9	4.9			0.4	0.4	0.4

## Annex A1: Australian Government (continued)

Agency		Total Funding (\$ million)			Share	Tourism	Tourism assistance (BL)			
Output group						Share		(\$ million)		
Output	Stated objectives and/or description	2000-01	2001-02	2002-03	code	(BL) <sup>b</sup>	2000-01	2001-02	2002-03	
<b>DEPARTMENT OF EDUCATION, SCIENCE AND TRAINING</b>										
<b>Administered Items</b>										
Tasmanian Environment Tourism Employment & Training Initiative	Initiative to educate and train 300 people over four years for employment in the tourism and hospitality sector, concentrating on the Tasmania's eco-tourism industry. To be funded through the sale of the second tranche of Telstra.	3.2	1.5	3.1	To	100.0%	3.2	1.5	3.1	
Subtotal for Administered Items		3.2	1.5	3.1			3.2	1.5	3.1	
Subtotal for Department of Education, Science and Training		3.2	1.5	3.1			3.2	1.5	3.1	
<b>DEPARTMENT OF PRIME MINISTER AND CABINET</b>										
<b>Administered Appropriations</b>										
National Australia Day Council	Grant to the National Australia Day Council to inspire national pride and spirit to enrich the life of the nation.		0.6	1.3 <sup>h</sup>	CS	8.0%	...	0.0	0.1	
Subtotal for Administered Appropriations		...	0.6	1.3			...	0.0	0.1	
Subtotal for Department of Prime Minister and Cabinet		...	0.6	1.3			...	0.0	0.1	
<b>AUSTRALIAN SPORTS COMMISSION</b>										
<b>An effective national sports system that offers improved participation in quality sports activities by Australians (1)</b>										
National Sports System Development (1.1)	The development and maintenance of an effective national sports system that offers improved participation in quality sports activities by Australians.	17.1	24.5	26.7	Sp	5.0%	0.9	1.2	1.3	
Subtotal for Output Group		17.1	24.5	26.7			0.9	1.2	1.3	
<b>Excellence in sports performances by Australians (2)</b>										
National Elite Athlete Development (2.1)	Secures excellence in sports performance by Australians.	67.4	87.9	93.2	Sp	5.0%	3.4	4.4	4.6	
Subtotal for Output Group		67.4	87.9	93.2			3.4	4.4	4.6	
Subtotal for Australian Sports Commission		84.6	112.4	119.9			4.2	5.6	6.0	

## Annex A1: Australian Government (continued)

Agency		Total Funding (\$ million)				Tourism	Tourism assistance (BL)		
Output group					Share	Share	(\$ million)		
Output	Stated objectives and/or description	2000-01	2001-02	2002-03	code	(BL) <sup>b</sup>	2000-01	2001-02	2002-03
DEPARTMENT OF FOREIGN AFFAIRS AND TRADE									
Consular and passport services (2.1)									
Consular services (2.1.1)	Provision of consular services.	35.7	42.1	41.6 <sup>i</sup>	AO	0.4%	0.1	0.2	0.2
Subtotal for Output Group		35.7	42.1	41.6			0.1	0.2	0.2
Subtotal for Department of Foreign Affairs and Trade		35.7	42.1	41.6			0.1	0.2	0.2
DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES (DOTARS)									
A better transport system for Australia									
Transport programmes (1.4)	Administer a range of transport and infrastructure programmes and grants on behalf of its Ministers.	10.7	15.7	13.4	GT	6.3%	0.7	1.0	0.8
Subtotal for Output Group		10.7	15.7	13.4			0.7	1.0	0.8
Administered Programs									
2002 - Year of the Outback	Contribution to Outback 2002 Pty Ltd to fund improved understanding of what the outback has meant to the nation's development and self-image.	...	1.8	0.6	CS	8.0%	...	0.1	0.0
Alice Springs to Darwin Rail Link	Additional funding towards the construction of the Alice Springs to Darwin railway.	...	65.0	13.9	RI	5.6%	...	3.6	0.8
Ansett - Rapid Route Recovery Scheme	Provide short-term transitional support to restore air services to communities affected by the collapse of the Ansett Group.	...	11.3	5.9	Ar	42.4%	...	4.8	2.5
Bass Strait Passenger Vehicle Equalisation Scheme	Funding to reduce the cost of travel for passengers accompanying their vehicles across Bass Strait.	15.1	17.1	31.8	GT	6.3%	0.9	1.1	2.0
Federation Fund projects	Grants to Federation Fund projects to improve the productivity of transport activities and enhance accessibility, economic prosperity and employment.	176.1	103.7	21.7	GT	6.3%	11.1	6.5	1.4
International Civil Aviation Organisation - Contribution	Contribution to the funding of the International Civil Aviation Organisation.	1.5	2.0	1.5	Ar	42.4%	0.6	0.8	0.6
International Maritime Organisation - Contribution	Contribution to the funding of the International Maritime Organisation.	0.2	0.3	0.3	Wa	1.4%	0.0	0.0	0.0
Regional Solutions Program	Provide assistance to regional, rural and remote areas of Australia to build their capacity to implement opportunities to solve local problems and achieve self-sustainability through economic diversification.	2.6	25.6	20.6	RG	2.1%	0.1	0.5	0.4
Relief for Stranded Ansett Passengers	Financial assistance to qualifying passengers stranded by the collapse of the Ansett Group (reimbursement of reasonable direct fare costs).	...	4.8	...	Ar	42.4%	...	2.1	...



# Annex A1: Australian Government (continued)

Agency Output group Output	Stated objectives and/or description	Total Funding (\$ million)			Share code	Tourism Share (BL) <sup>b</sup>	Tourism assistance (BL) (\$ million)		
		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
Remote Air Services Subsidy Scheme	Provide subsidised air services where there are no alternative forms of transport to enable access to passenger transport, goods delivery and other transport needs.	1.5	2.0	2.3	Ar	42.4%	0.6	0.8	1.0
Sydney West Airports - Land Acquisition and Works	Resolution of compensation claims related to the purchase of land at the possible Sydney West airport site at Badgerys Creek.	0.2	0.0	...	Ar	42.4%	0.1	0.0	...
Tamworth Australasian-Pacific Aeronautical College	Provide additional aircraft maintenance engineering training in regional Australia.	...	1.3	0.9	Ar	42.4%	...	0.6	0.4
Upgrade of Canberra Airport to International Wide-bodied Jet Standard	Improve infrastructure at Canberra Airport to accommodate wide-bodied jet aircraft.	3.2	5.6	...	Ar	42.4%	1.3	2.4	...
Upgrade of Rockhampton Airport Runway	Improve infrastructure at Rockhampton Airport to accommodate B747 jumbo jets.	6.0	...	...	Ar	42.4%	2.5	...	...
Upgrade of the Mainline Interstate Railway Track	Funding to upgrade the quality of the interstate rail track.	46.1	...	...	RI	5.6%	2.6	...	...
Gold Coast Light Rail Project	Funding for the Gold Coast light rail project.		...	0.3	RI	5.6%		...	0.0
Bert Hinkler Hall of Aviation Museum	Funding for the construction of the Bert Hinkler Hall of Aviation Museum.		...	0.1	CS	8.0%		...	0.0
Subtotal for Administered Programs		252.4	240.6	99.7			19.9	23.4	9.1
Subtotal for Department of Transport and Regional Services		263.1	256.3	113.1			20.5	24.4	9.9
TOTAL BUDGETARY ASSISTANCE		1,548	1,694	1,481			215	250	206

## Annex A1: Australian Government (continued)

BASE-LINE ASSISTANCE ESTIMATES		Total Funding (\$ million)			Tourism assistance (BL) (\$ million)		
		2000-01	2001-02	2002-03	2000-01	2001-02	2002-03
<b>Key Tourism Agency(s)</b>	Australian Tourism Commission	92	98	90	92	98	90
<b>Type of outlay:</b>							
Tourism	To	110	138	112	110	138	112
Convention centres & bureaus	CC	0	0	0	0	0	0
Special events	SE	30	0	0	8	0	0
Heritage	Hg	236	345	305	19	28	24
Cultural services	CS	311	328	350	25	26	28
National parks	NP	128	120	91	10	10	7
Recreational services	RS	0	0	0	0	0	0
Sport	Sp	85	112	120	4	6	6
Stadiums	St	0	0	0	0	0	0
Air transport	Ar	12	27	10	5	11	4
General transport	GT	202	137	67	13	9	4
Road transport	Rd	0	0	0	0	0	0
Public transport	PT	0	0	0	0	0	0
Rail transport	RI	46	65	14	3	4	1
Water transport	Wa	0	0	0	0	0	0
Export promotion	Ex	294	301	297	17	18	17
Regional development	RG	3	26	21	0	1	0
Small business	SB	7	5	9	0	0	0
All other	AO	44	50	51	0	0	0
Average	Av	40	40	33	1	1	1
<b>Total by type of outlay</b>		<b>1,548</b>	<b>1,694</b>	<b>1,481</b>	<b>215</b>	<b>250</b>	<b>206</b>
<b>Outlay groupings:</b>							
Dedicated tourism, events and conventions		140	138	112	118	138	112
Heritage, the arts and selected cultural institutions		547	673	656	44	54	53
Nature-based and recreational amenity		128	120	91	10	10	7
Sport and related infrastructure		85	112	120	4	6	6
Passenger transport infrastructure and services		261	229	92	20	24	9
Activity-based assistance programs		388	422	411	18	19	19
<b>Total outlay groupings</b>		<b>1,548</b>	<b>1,694</b>	<b>1,481</b>	<b>215</b>	<b>250</b>	<b>206</b>
<b>Broad outlay groups:</b>							
Dedicated tourism, events and conventions		140	138	112	118	138	112
Multi-purpose		760	905	867	58	69	66
Incidental		648	650	503	39	43	28
<b>Total broad outlay groups</b>		<b>1,548</b>	<b>1,694</b>	<b>1,481</b>	<b>215</b>	<b>250</b>	<b>206</b>

Annex A1: **Australian Government** (continued)

UPPER BOUND ASSISTANCE ESTIMATES		Total Funding (\$ million)			Tourism assistance (UB) (\$ million)		
		2000-01	2001-02	2002-03	2000-01	2001-02	2002-03
<b>Key Tourism Agency(s)</b>	Australian Tourism Commission	92	98	90	92	98	90
<b>Type of outlay:</b>							
Tourism	To	110	138	112	110	138	112
Convention centres & bureaus	CC	0	0	0	0	0	0
Special events	SE	30	0	0	10	0	0
Heritage	Hg	236	345	305	25	36	32
Cultural services	CS	311	328	350	33	34	37
National parks	NP	128	120	91	13	13	10
Recreational services	RS	0	0	0	0	0	0
Sport	Sp	85	112	120	6	7	8
Stadiums	St	0	0	0	0	0	0
Air transport	Ar	12	27	10	7	15	6
General transport	GT	202	137	67	17	11	5
Road transport	Rd	0	0	0	0	0	0
Public transport	PT	0	0	0	0	0	0
Rail transport	RI	46	65	14	3	5	1
Water transport	Wa	0	0	0	0	0	0
Export promotion	Ex	294	301	297	22	23	23
Regional development	RG	3	26	21	0	1	1
Small business	SB	7	5	9	0	0	0
All other	AO	44	50	51	0	0	0
Average	Av	40	40	33	1	1	1
<b>Total by type of outlay</b>		<b>1,548</b>	<b>1,694</b>	<b>1,481</b>	<b>247</b>	<b>285</b>	<b>235</b>
<b>Outlay groupings:</b>							
Dedicated tourism, events and conventions		140	138	112	120	138	112
Heritage, the arts and selected cultural institutions		547	673	656	57	70	69
Nature-based and recreational amenity		128	120	91	13	13	10
Sport and related infrastructure		85	112	120	6	7	8
Passenger transport infrastructure and services		261	229	92	27	31	12
Activity-based assistance programs		388	422	411	24	25	25
<b>Total outlay groupings</b>		<b>1,548</b>	<b>1,694</b>	<b>1,481</b>	<b>247</b>	<b>285</b>	<b>235</b>
<b>Broad outlay groups:</b>							
Dedicated tourism, events and conventions		140	138	112	120	138	112
Multi-purpose		760	905	867	76	90	86
Incidental		648	650	503	51	56	37
<b>Total broad outlay groups</b>		<b>1,548</b>	<b>1,694</b>	<b>1,481</b>	<b>247</b>	<b>285</b>	<b>235</b>

## Annex A1: Australian Government (continued)

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na: Not available. Figures for individual outputs may not add up to total due to rounding.

### Notes:

Outlay measure: net cost of service (departmental appropriations)

Figures for 2000-01: Estimated actual (budget papers), final estimates (annual reports).

Figures for 2001-02: Estimated actual (budget papers), final estimates (annual reports).

Figures for 2002-03: Estimated actual (budget papers), final estimates (annual reports).

<sup>a</sup> From 2000-01 to 2002-03, the Australian Government levied a capital use charge on most government departments, agencies and authorities to reflect the opportunity cost of the Commonwealth's investment in those entities. Funding for the charge was included in the price of output appropriations for each department, agency and authority, and has been removed from the estimates. The charge was abolished on 1 July 2003.

<sup>b</sup> Base line tourism shares.

<sup>c</sup> Presented separately to the rest of the Department of Industry, Tourism and Resources. Estimates based on the business plan of the Tourism Division (DITR 2002).

<sup>d</sup> Estimates reflect Commonwealth payments. In addition, BTR also received funding from State and Territory Governments of \$2.8m, \$2.5m and \$3.2m in 2000-01, 2001-02 and 2002-03, respectively.

<sup>e</sup> The functions of output group 1.4 were transferred to Invest Australia in 2002-03.

<sup>f</sup> Changed to output group 1.1 (Policy advice, program management and agency support which promotes access to and excellence in Australia's cultural activities and preservation and development of our cultural collections) in 2002-03.

<sup>g</sup> Changed to output group 1.2 (Preservation of and access to Old Parliament House, the National Portrait Gallery, ScreenSound Australia and their respective collections) in 2002-03. Excludes funding for ScreenSound Australia of \$48.6 m in 2002-03.

<sup>h</sup> Previously administered by the Department of Communications, Information Technology and the Arts. Expenditure since 26 November 2001.

<sup>i</sup> From 2002-03 onwards, consular services are not reported separately, but rather as part of the combined consular and passport services group. For 2002-03, funding for consular services is based on the average share of consular services in total consular and passport services in 2000-01 and 2001-02.

### Sources:

Commonwealth of Australia 2001, *Portfolio Budget Statements 2001-02* (agencies).

Commonwealth of Australia 2002, *Portfolio Budget Statements 2002-03* (agencies).

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# Annex A2: New South Wales budgetary outlays on tourism and tourism-related activities, base line estimates, 2000-01 to 2002-03

Agency		Total funding				Tourism	Tourism assistance (BL)			
Output group		(\$ million)				Share	Share	(\$ million)		
Output	Stated objectives and/or description	2000-01	2001-02	2002-03		code	(BL) <sup>a</sup>	2000-01	2001-02	2002-03
DEPARTMENT OF TOURISM, SPORT AND RECREATION										
Development of the Tourism Industry <sup>b</sup>										
A Sustainable Tourism Industry (1.1)	The New South Wales Tourism Masterplan co-ordinates Government action, and regional development and marketing plans to set future directions for tourism. Other activities include working with industry and industry associations to encourage investment in infrastructure and continuously improve business skills and service standards.	3.0	3.5	5.4	To		100.0%	3.0	3.5	5.4
Tourism Growth (1.2)	Promotion of tourism to New South Wales through packaging and marketing existing tourism products and holiday experiences which match consumers' needs, with the aim of attracting high spending visitors.	41.5	45.0	40.6	To		100.0%	41.5	45.0	40.6
Regional Flagship Events Program		...	...	0.3	SE		25.0%	...	...	0.1
Strategic Events Program		...	...	0.9	SE		25.0%	...	...	0.2
Subtotal for Development of the Tourism Industry		44.5	48.4	47.2				44.5	48.4	46.3
Subtotal for Department of Tourism, Sport and Recreation		44.5	48.4	47.2				44.5	48.4	46.3
MINISTRY FOR THE ARTS										
Policy Formulation and Review, Cultural Grants Program and Other Arts Assistance										
Policy Formulation and Review, Cultural Grants Program and Other Arts Assistance (1.1)	Policy formulation; strategic review; industry and infrastructure support; management of the Cultural Grants Program and other support to non-profit arts organisations; and provision of awards and fellowships to individuals.	57.2	110.8	73.5	CS		8.0%	4.6	8.9	5.9
Subtotal for Ministry for the Arts		57.2	110.8	73.5				4.6	8.9	5.9

## Annex A2: New South Wales (continued)

Agency		Total funding (\$ million)			Share code	Tourism	Tourism assistance (BL)		
Output group		2000-01	2001-02	2002-03		Share (BL) <sup>a</sup>	(\$ million)		
Output	Stated objectives and/or description	2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
<b>ART GALLERY OF NEW SOUTH WALES</b>									
<b>Art Gallery of New South Wales</b>									
Art Gallery of New South Wales (1.1)	Acquisition of art works for public exhibition; and the promotion of public appreciation of art through education programs and art competition awards. Administration of the Art Gallery of New South Wales, (AGNSW).	11.7	12.5	15.7	CS	8.0%	0.9	1.0	1.3
<b>Subtotal for Art Gallery of New South Wales</b>		<b>11.7</b>	<b>12.5</b>	<b>15.7</b>			<b>0.9</b>	<b>1.0</b>	<b>1.3</b>
<b>AUSTRALIAN MUSEUM</b>									
<b>Australian Museum</b>									
Australian Museum (1.1)	Acquisition, preservation and research of collections. Provision of information to the public, industry and Government through exhibitions, educational programs and research.	25.8	25.6	27.7	CS	8.0%	2.1	2.0	2.2
<b>Subtotal for Australian Museum</b>		<b>25.8</b>	<b>25.6</b>	<b>27.7</b>			<b>2.1</b>	<b>2.0</b>	<b>2.2</b>
<b>MUSEUM OF APPLIED ARTS AND SCIENCES</b>									
<b>Museum of Applied Arts and Sciences</b>									
Museum of Applied Arts and Sciences (1.1)	Acquisition, conservation and research of artefacts relating to science, technology, design and society. Provision of knowledge and information through exhibitions, educational programs, publications, web based outreach programs and specialist advice.	33.2	32.1	32.6	CS	8.0%	2.7	2.6	2.6
<b>Subtotal for Museum of Applied Arts and Sciences</b>		<b>33.2</b>	<b>32.1</b>	<b>32.6</b>			<b>2.7</b>	<b>2.6</b>	<b>2.6</b>

## Annex A2: New South Wales (continued)

Agency		Total funding (\$ million)			Share code	Tourism Share (BL) <sup>a</sup>	Tourism assistance (BL) (\$ million)		
Output group		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
Output	Stated objectives and/or description								
HISTORIC HOUSES TRUST OF NEW SOUTH WALES									
Historic Houses Trust of New South Wales									
Historic Houses Trust of New South Wales (1.1)	Conservation, management and maintenance of the properties under the Trust's care, provision of school programs, exhibitions and advice to the visiting public.	16.3	17.1	17.1	Hg	8.0%	1.3	1.4	1.4
Subtotal for Historic Houses Trust of New South Wales		16.3	17.1	17.1			1.3	1.4	1.4
HERITAGE OFFICE									
Heritage Policy and Assistance									
Heritage Policy and Assistance (1.1)	Provision of specialist education and promotional programs and financial assistance towards heritage. Implement the regulatory functions of the Heritage Act and maintain the State Heritage Register and Inventory. Provision of heritage management advice to relevant authorities and the community.	4.3	7.9	7.3	Hg	8.0%	0.3	0.6	0.6
Subtotal for Heritage office		4.3	7.9	7.3			0.3	0.6	0.6
ROYAL BOTANIC GARDENS AND DOMAIN TRUST									
Royal Botanic Gardens and Domain Trust									
Research (1.1)	Collecting, maintaining and studying the State collection of preserved plants; making information about plants available; researching the cultivation and pathology of plants; and contributing to plant related State, national and international policies.	3.8	3.8	3.7	CS	8.0%	0.3	0.3	0.3
Botanic Gardens and Parks (1.2)	Managing, making accessible and interpreting the landscapes and living collections of plants in the botanic gardens. To maintain conservation collections and conserve and interpret the Aboriginal and contemporary heritage of the gardens.	17.9	16.5	18.9	CS	8.0%	1.4	1.3	1.5
Public Programs (1.3)	Researching, designing and delivering plant related programs for specific groups of visitors, including school students, home gardeners and tourists. Also for non-visitors, including regional schools, disadvantaged communities, and garden centre customers.	(0.1)	0.4	(0.2) <sup>c</sup>	CS	8.0%	(0.0)	0.0	(0.0)

## Annex A2: New South Wales (continued)

Agency Output group Output	Stated objectives and/or description	Total funding (\$ million)			Share code	Tourism Share (BL) <sup>a</sup>	Tourism assistance (BL) (\$ million)		
		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
Commercial Services (1.4)	Providing opportunities for commercial activities on the Trust's sites operated by licensees or by the Trust, and by exploiting commercial opportunities in other locations that relate to the Trust's objectives.			...	CS	8.0%	...	...	...
<i>Subtotal for Royal Botanic Gardens and Domain Trust</i>		21.6	20.7	22.4			1.7	1.7	1.8
<b>Subtotal for Royal Botanic Gardens and Domain Trust</b>		<b>21.6</b>	<b>20.7</b>	<b>22.4</b>			<b>1.7</b>	<b>1.7</b>	<b>1.8</b>
<b>CENTENNIAL PARK AND MOORE PARK TRUST</b>									
<b>Centennial Park and Moore Park Trust</b>									
Centennial Park and Moore Park Trust (1.1)	Protect and enhance the Centennial Parklands; provide recreational and cultural opportunities for the community enjoyment; promote the recreational, historical, scientific, educational, cultural and environmental values of the Centennial Parklands.	5.0	6.0	6.3	CS	8.0%	0.4	0.5	0.5
<b>Subtotal for Centennial Park and Moore Park Trust</b>		<b>5.0</b>	<b>6.0</b>	<b>6.3</b>			<b>0.4</b>	<b>0.5</b>	<b>0.5</b>
<b>NATIONAL PARKS AND WILDLIFE SERVICE</b>									
<b>Conservation of Nature, Aboriginal Heritage and Historic Heritage</b>									
Conservation Assessment (1.1)	Assess and monitor natural and cultural heritage and community conservation attitudes and values.	26.4	26.2	23.5	NP	8.0%	2.1	2.1	1.9
Conservation Planning (1.2)	Develop appropriate frameworks for decision making on the conservation of natural and cultural heritage, and the means by which this can be achieved.	26.4	23.4	21.1	NP	8.0%	2.1	1.9	1.7
Conservation Management (1.3)	Manage natural and cultural heritage values across the State, using methods such as conservation incentives, education and advice, regulation and enforcement, nurturing, rehabilitation and reserve establishment.	70.5	66.9	59.8	NP	8.0%	5.6	5.4	4.8
Conservation Facilitation (1.4)	Encourage and support community stewardship, appreciation and enjoyment of natural and cultural heritage.	85.9	90.7	103.3	NP	8.0%	6.9	7.3	8.3
<i>Subtotal for Conservation of Nature, Aboriginal Heritage and Historic Heritage</i>		209.2	207.2	207.8			16.8	16.6	16.6
<b>Subtotal for National Parks and Wildlife Service</b>		<b>209.2</b>	<b>207.2</b>	<b>207.8</b>			<b>16.8</b>	<b>16.6</b>	<b>16.6</b>



## Annex A2: New South Wales (continued)

Agency		Total funding (\$ million)			Share code	Tourism Share (BL) <sup>a</sup>	Tourism assistance (BL) (\$ million)		
Output group		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
Output	Stated objectives and/or description								
ENVIRONMENT PROTECTION AGENCY									
Zoological Parks Board									
Grants to the Zoological Parks Board	Grants to the Zoological Parks Board as a contribution towards the operating costs of the Taronga and Western Plains Zoos.	11.4	13.1	12.8	NP	8.0%	0.9	1.0	1.0
Capital contribution to the Zoological Parks Board	Capital contributions to the Zoological Parks Board for the maintenance of assets at the Taronga and Western Plains Zoos.	2.0	9.0	10.3	NP	8.0%	0.2	0.7	0.8
Subtotal for Zoological Parks Board		13.4	22.1	23.1			1.1	1.8	1.9
Subtotal for Environment Protection Agency		13.4	22.1	23.1			1.1	1.8	1.9
SYDNEY OLYMPIC PARK AUTHORITY									
Administration									
Administration (1.1)	Promote, develop, manage and maintain Sydney Olympic Park for the benefit of the New South Wales community.	...	1.1	59.3	St	5.0%	...	0.1	3.0
Subtotal for Administration		...	1.1	59.3			...	0.1	3.0
Subtotal for Sydney Olympic Park Authority		...	1.1	59.3			...	0.1	3.0
OLYMPIC CO-ORDINATION AUTHORITY									
Sydney Olympics 2000									
Infrastructure Development of Homebush Bay and Related Sites	Plan, redevelop and manage Homebush Bay and related areas, Australia Centre Business Park; and the development of infrastructure and the common domain.	25.8	...		SE	25.0%	6.4	...	...
Delivery of Olympic and Paralympic Facilities and Venues	Construct sporting and recreation facilities and venues complementary to the continuation of the major urban renewal program at Homebush Bay; programs at Penrith Lakes, Horsley Park, Liverpool, Bankstown and Blacktown; and administer Commonwealth and State grants for Olympic and Paralympic projects.	103.3	...		SE	25.0%	25.8	...	...

## Annex A2: New South Wales (continued)

Agency Output group Output	Stated objectives and/or description	Total funding (\$ million)			Share code	Tourism Share (BL) <sup>a</sup>	Tourism assistance (BL) (\$ million)		
		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
Co-ordination of Olympic and Paralympic Activities	Co-ordinate, monitor and report on all works associated with the preparation for the hosting of the Olympic and Paralympic Games including the redevelopment of the Homebush Bay area; and maintain liaison with the Sydney Organising Committee for the Olympic Games, the Sydney Paralympic Organising Committee and Government agencies.	125.8	80.9	...	SE	25.0%	31.5	20.2	...
Subtotal for Sydney Olympics 2000		254.9	80.9	...			63.7	20.2	...
Subtotal for Olympic Co-Ordination Authority		254.9	80.9	... <sup>d</sup>			63.7	20.2	...
<b>DEPARTMENT OF SPORT AND RECREATION</b>									
<b>Sport and Recreation in the Community</b>									
Sport and Recreation Development (1.1)	Build community and industry capacity to use sport, recreation and physical activity as a means of contributing to the community's well being, balancing profit providers and subsidised activities, providing products and services that are relevant to client's needs and maintaining a high performance management and workforce	75.9	61.5	68.6	Sp	5.0%	3.8	3.1	3.4
Eastern Creek Raceway (2.2)	The Eastern Creek Raceway is leased on a commercial basis so that promoters can stage events.	(0.2)	1.6	0.1 <sup>c</sup>	St	5.0%	(0.0)	0.1	0.0
State Sports Centre Trust	Care and management of the State Sports Centre at Homebush Bay. Operate the State Sport Centre, the Hockey Centre and the Sydney Indoor Sports Centre and carry out certain maintenance and repair work.	(1.6)	(0.1)	(0.3) <sup>c</sup>	St	5.0%	(0.1)	(0.0)	(0.0)
Subtotal for Sport and Recreation in the Community		74.1	63.0	68.3			3.7	3.1	3.4
Subtotal for Department of Sport and Recreation		74.1	63.0	68.3			3.7	3.1	3.4
<b>DEPARTMENT OF STATE AND REGIONAL DEVELOPMENT</b>									
<b>Development of the New South Wales Economy</b>									
Development of the New South Wales Economy (1.1)	Advance the economic development of New South Wales by securing sustainable economic and business growth in metropolitan and regional areas.	97.1	85.4	94.3	RG	2.1%	2.1	1.8	2.0
Subtotal for Development of the New South Wales Economy		97.1	85.4	94.3			2.1	1.8	2.0
Subtotal for the Department of State and Regional Development		97.1	85.4	94.3			2.1	1.8	2.0

## Annex A2: New South Wales (continued)

Agency		Total funding (\$ million)			Share code	Tourism Share (BL) <sup>a</sup>	Tourism assistance (BL) (\$ million)		
Output group		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
Output	Stated objectives and/or description								
<b>OLYMPIC ROADS AND TRAFFIC AUTHORITY</b>									
<b>Road and Transport Planning</b>									
Royal Easter Show and Special Events - Transport Support and Services	Plan and provide operational support and delivery of integrated transport services for the 1999 and 2000 Royal Easter Shows and Special Events at Homebush Bay.	...	...		RI	5.6%	...	...	...
Olympic Planning - Transport Support and Services	Plan and provide the operational support functions and the means of delivery of integrated transport services for use by the Olympic Family and both ticketed and non-ticketed Olympic spectators to the 2000 Olympic and Paralympic Games.	138.1	...		RI	5.6%	7.7	...	...
<i>Subtotal for Road and Transport Planning</i>		<i>138.1</i>	<i>...</i>	<i>...</i>			<i>7.7</i>	<i>...</i>	<i>...</i>
<b>Subtotal for Olympic Roads and Traffic Authority</b>		<b>138.1</b>	<b>...</b>	<b>...</b>			<b>7.7</b>	<b>...</b>	<b>...</b>
<b>DEPARTMENT OF TRANSPORT</b>									
<b>Transport Policy and Strategy</b>									
Transport Policy and Strategy (1.1)	Deliver to the Minister and Government sound, impartial and independent advice on policy and related issues. Undertake strategic co-ordination of the transport budget allocation. Manage portfolio legislation and support the Minister in his statutory, Parliamentary, Cabinet and other roles. Co-ordinate the activities of portfolio agencies. Maintain strong working relationships with external and other Government agencies.	132.4	471.0	(94.0) °	GT	6.3%	8.3	29.6	(5.9)
<i>Subtotal for Transport Policy and Strategy</i>		<i>132.4</i>	<i>471.0</i>	<i>(94.0)</i>			<i>8.3</i>	<i>29.6</i>	<i>(5.9)</i>

## Annex A2: New South Wales (continued)

Agency		Total funding (\$ million)			Share code	Tourism	Tourism assistance (BL)		
Output group						Share	(\$ million)		
Output	Stated objectives and/or description	2000-01	2001-02	2002-03		(BL) <sup>a</sup>	2000-01	2001-02	2002-03
<b>Contracting and Regulating Transport Services</b>									
Contracting and Regulating Transport Services (2.1)	Develop and improve regulated standards and monitoring/auditing of transport service providers. Provide efficient and effective regulation services for transport service providers. Contract and fund services from providers (e.g. State Rail Authority, State Transit Authority, private transport operators, Rail Infrastructure Corporation and freight providers) which would not otherwise be available at the current fare and/or service levels. Fund improvements to public transport. Provide direct funding to identified community groups and certain individuals to meet their particular transport service needs.	1,959.1	1,744.4	2,450.1	PT	6.3%	123.1	109.6	153.9
Subtotal for Contracting and Regulating Transport Services		1,959.1	1,744.4	2,450.1			123.1	109.6	153.9
Subtotal for Department of Transport		2,091.5	2,215.4	2,356.1			131.4	139.2	148.0
<b>OFFICE OF CO-ORDINATOR GENERAL OF RAIL</b>									
<b>Office of Co-Ordinator General of Rail</b>									
Office of Co-Ordinator General of Rail (1.1)	Review the effectiveness of existing arrangements, including contractual arrangements, between the State Rail Authority and Rail Infrastructure Corporation in achieving reliable service standards for CityRail services	5.4	5.0	4.2	RI	5.6%	0.3	0.3	0.2
Subtotal for Office of Co-Ordinator General of Rail		5.4	5.0	4.2			0.3	0.3	0.2
Subtotal for Office of Co-Ordinator General of Rail		5.4	5.0	4.2			0.3	0.3	0.2
<b>TOTAL BUDGETARY ASSISTANCE</b>		<b>3,103</b>	<b>2,961</b>	<b>3,063</b>			<b>285</b>	<b>250</b>	<b>238</b>

Annex A2: **New South Wales** (continued)

BASE-LINE ASSISTANCE ESTIMATES		Total Funding (\$ million)			Tourism assistance (BL) (\$ million)		
		2000-01	2001-02	2002-03	2000-01	2001-02	2002-03
<b>Key Tourism Agency(s)</b>	Tourism New South Wales	45	48	47	45	48	46
<b>Type of outlay:</b>							
Tourism	To	45	48	46	45	48	46
Convention centres & bureaus	CC	0	0	0	0	0	0
Special events	SE	255	81	1	64	20	0
Heritage	Hg	21	25	24	2	2	2
Cultural services	CS	154	208	178	12	17	14
National parks	NP	223	229	231	18	18	18
Recreational services	RS	0	0	0	0	0	0
Sport	Sp	76	62	69	4	3	3
Stadiums	St	-2	3	59	0	0	3
Air transport	Ar	0	0	0	0	0	0
General transport	GT	132	471	-94	8	30	-6
Road transport	Rd	0	0	0	0	0	0
Public transport	PT	1,959	1,744	2,450	123	110	154
Rail transport	RI	144	5	4	8	0	0
Water transport	Wa	0	0	0	0	0	0
Export promotion	Ex	0	0	0	0	0	0
Regional development	RG	97	85	94	2	2	2
Small business	SB	0	0	0	0	0	0
All other	AO	0	0	0	0	0	0
Average	Av	0	0	0	0	0	0
<b>Total by type of outlay</b>		<b>3,103</b>	<b>2,961</b>	<b>3,063</b>	<b>285</b>	<b>250</b>	<b>238</b>
<b>Outlay groupings:</b>							
Dedicated tourism, events and conventions		299	129	47	108	69	46
Heritage, the arts and selected cultural institutions		175	233	203	14	19	16
Nature-based and recreational amenity		223	229	231	18	18	18
Sport and related infrastructure		74	64	128	4	3	6
Passenger transport infrastructure and services		2,235	2,220	2,360	139	139	148
Activity-based assistance programs		97	85	94	2	2	2
<b>Total outlay groupings</b>		<b>3,103</b>	<b>2,961</b>	<b>3,063</b>	<b>285</b>	<b>250</b>	<b>238</b>
<b>Broad outlay groups:</b>							
Dedicated tourism, events and conventions		299	129	47	108	69	46
Multi-purpose		472	526	561	36	40	41
Incidental		2,332	2,306	2,455	141	141	150
<b>Total broad outlay groups</b>		<b>3,103</b>	<b>2,961</b>	<b>3,063</b>	<b>285</b>	<b>250</b>	<b>238</b>

Annex A2: **New South Wales** (continued)

UPPER BOUND ASSISTANCE ESTIMATES		Total Funding (\$ million)			Tourism assistance (UB) (\$ million)		
		2000-01	2001-02	2002-03	2000-01	2001-02	2002-03
<b>Key Tourism Agency(s)</b>	Tourism New South Wales	45	48	47	45	48	46
<b>Type of outlay:</b>							
Tourism	To	45	48	46	45	48	46
Convention centres & bureaus	CC	0	0	0	0	0	0
Special events	SE	255	81	1	85	27	0
Heritage	Hg	21	25	24	2	3	3
Cultural services	CS	154	208	178	16	22	19
National parks	NP	223	229	231	23	24	24
Recreational services	RS	0	0	0	0	0	0
Sport	Sp	76	62	69	5	4	4
Stadiums	St	-2	3	59	0	0	4
Air transport	Ar	0	0	0	0	0	0
General transport	GT	132	471	-94	11	39	-8
Road transport	Rd	0	0	0	0	0	0
Public transport	PT	1,959	1,744	2,450	161	143	201
Rail transport	RI	144	5	4	10	0	0
Water transport	Wa	0	0	0	0	0	0
Export promotion	Ex	0	0	0	0	0	0
Regional development	RG	97	85	94	3	2	3
Small business	SB	0	0	0	0	0	0
All other	AO	0	0	0	0	0	0
Average	Av	0	0	0	0	0	0
<b>Total by type of outlay</b>		<b>3,103</b>	<b>2,961</b>	<b>3,063</b>	<b>361</b>	<b>313</b>	<b>297</b>
<b>Outlay groupings:</b>							
Dedicated tourism, events and conventions		299	129	47	129	75	46
Heritage, the arts and selected cultural institutions		175	233	203	18	24	21
Nature-based and recreational amenity		223	229	231	23	24	24
Sport and related infrastructure		74	64	128	5	4	8
Passenger transport infrastructure and services		2,235	2,220	2,360	182	182	194
Activity-based assistance programs		97	85	94	3	2	3
<b>Total outlay groupings</b>		<b>3,103</b>	<b>2,961</b>	<b>3,063</b>	<b>361</b>	<b>313</b>	<b>297</b>
<b>Broad outlay groups:</b>							
Dedicated tourism, events and conventions		299	129	47	129	75	46
Multi-purpose		472	526	561	46	53	54
Incidental		2,332	2,306	2,455	185	185	196
<b>Total broad outlay groups</b>		<b>3,103</b>	<b>2,961</b>	<b>3,063</b>	<b>361</b>	<b>313</b>	<b>297</b>

## Annex A2: New South Wales (continued)

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na: Not available. Figures for individual outputs may not add up to total due to rounding.

### Notes:

Outlay measure: net cost of service.

Figures for 2000-01: Estimated actual (Revised).

Figures for 2001-02: Estimated actual (Revised).

Figures for 2002-03: Estimated actual (Revised).

<sup>a</sup> Base line tourism shares.

<sup>b</sup> Funding estimates for NSW do not separately identify expenditure on the Sydney Convention and Visitors Bureau. The Bureau's annual reports indicate that it received government support of \$2.6m and \$2.9m in 2001-02 and 2002-03, respectively. The Commission has been unable to ascertain whether this funding is additional to other 'tourism' funding provided by New South Wales Government agencies, such as the dedicated tourism assistance provided through Tourism NSW. Nor has the Commission received information from NSW government agencies on the extent of any event funding that may be undertaken beyond the data for the Regional Flagships Event Program and the Strategic Events Program (and Olympics-related funding) listed in this annex.

<sup>c</sup> Negative entries represent negative output assistance as output group ran at a profit.

<sup>d</sup> The previous responsibilities Olympic Co-ordination Authority, in respect to the Sydney Olympic Park, were transferred to the Sydney Olympic Park Authority.

### Sources:

New South Wales 2001, *Budget Estimates 2001-02*, vols. 1 to 3, Budget Paper no. 3, NSW Treasury, Sydney.

New South Wales 2002, *Budget Estimates 2002-03*, vols. 1 to 3, Budget Paper no. 3, NSW Treasury, Sydney.

New South Wales 2003, *Budget Estimates 2003-04*, vols. 1 to 3, Budget Paper no. 3, NSW Treasury, Sydney.

Annex A3: **Victorian budgetary outlays on tourism and tourism-related activities, base line estimates, 2000-01 to 2002-03<sup>a</sup>**

Agency		Total funding				Tourism	Tourism assistance (BL)		
Output group		(\$ million)				Share	Share	(\$ million)	
Output	Stated objectives and/or description	2000-01	2001-02	2002-03	Share code	(BL) <sup>b</sup>	2000-01	2001-02	2002-03
DEPARTMENT OF TOURISM, SPORT AND THE COMMONWEALTH GAMES <sup>c</sup>									
Tourism <sup>d</sup>									
Melbourne Convention and Visitors Bureau		1.8	2.2	3.2	CC	0.0%	...	...	...
Major Events		1.4	1.6	2.0	SE	25.0%	0.3	0.4	0.5
Other activities <sup>e</sup>		32.2	34.9	34.0	To	100.0%	32.2	34.9	34.0
Subtotal for Tourism		35.4	38.7	39.2			32.5	35.3	34.5
Sport, Recreation and Racing <sup>f</sup>									
Sport and Major Event Facilitation	Attract, plan and retain major national and international sporting and other events that raise the profile of Victoria.	34.6	29.6	36.7 g	SE	25.0%	8.6	7.4	9.2
Sport and Recreation Industry Development	Provide strategic leadership and facilitate the development of the sport and recreation industry.	13.9	20.3	24.1	Sp	5.0%	0.7	1.0	1.2
Sport and Recreation Facility Development	Fund, co-ordinate and facilitate investment in developing, improving and extending sport and recreation facilities throughout Victoria ranging from community to State and international level.	11.9	15.1	17.2	Sp	5.0%	0.6	0.8	0.9
Subtotal for Sport, Recreation and Racing		60.3	64.9	78.1			9.9	9.2	11.2
Melbourne 2006 Commonwealth Games <sup>f</sup>									
Melbourne 2006 Commonwealth Games	Provision of planning, development, coordination and management services (by the Office of Commonwealth Games Coordination with Melbourne 2006 Commonwealth Games Pty Ltd) to ensure the successful preparation and staging of the 2006 Commonwealth Games in Melbourne.	na	35.3	16.1	SE	25.0%	na	8.8	4.0
Subtotal for Melbourne 2006 Commonwealth Games		...	35.3	16.1			...	8.8	4.0
Subtotal for Department of Tourism, Sport and the Commonwealth Games		95.7	139.0	133.3			42.5	53.3	49.7
DEPARTMENT OF PREMIER AND CABINET									
Arts and Cultural Development									
Arts Development and Access	Support the creation and presentation of arts product and for the development of artists and arts organisations; and for the expansion of access to a diversity range of arts experiences.	19.2	22.4	22.3 h	CS	8.0%	1.5	1.8	1.8
Infrastructure and Cultural Facilities	Support for Victorian cultural venues and state-owned facilities.	68.3	77.3	73.1	CS	8.0%	5.5	6.2	5.9



# Annex A3: Victoria (continued)

Agency Output group Output	Stated objectives and/or description	Total funding (\$ million)			Share code	Tourism Share (BL) <sup>b</sup>	Tourism assistance (BL) (\$ million)		
		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
Portfolio Services and Policy	Provide agencies governance, policy implementation and advice, research, planning and communications services across the portfolio.	2.6	2.0	2.3	CS	8.0%	0.2	0.2	0.2
Arts Portfolio Agencies	Promotion, presentation and preservation of our heritage and the arts through Victoria's cultural agencies: Australian Centre for the Moving Image, Film Victoria, Geelong Performing Arts Centre, Museum Victoria, National Gallery of Victoria, Public Record Office Victoria, State Library of Victoria and the Victorian Arts Centre.	137.6	150.8	155.1	CS	8.0%	11.0	12.1	12.4
<i>Subtotal for Arts and Cultural Development</i>		<i>227.7</i>	<i>252.5</i>	<i>252.8</i>			<i>18.2</i>	<i>20.2</i>	<i>20.3</i>
<b>Subtotal for Department of Premier and Cabinet</b>		<b>227.7</b>	<b>252.5</b>	<b>252.8</b>			<b>18.2</b>	<b>20.2</b>	<b>20.3</b>
<b>DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENT</b>									
<b>Conservation and Recreation</b>									
Park Management Services	Oversee the management and expansion of Victoria's parks and reserves system and historic properties to ensure their protection, conservation and enjoyment for present and future generations.	129.1	140.7	138.2 <sup>i</sup>	NP	8.0%	10.3	11.3	11.1
Biodiversity Conservation Management Services	Assist the Victorian Community to achieve better biodiversity conservation outcomes in the context of the ecologically sustainable development of our natural resources.	17.6	16.2	22.7 <sup>i</sup>	NP	8.0%	1.4	1.3	1.8
Coastal Planning and Management Services	Improve the understanding and adherence to the principles of Integrated Coastal Zone Management.	23.5	21.3	64.8 <sup>i</sup>	NP	8.0%	1.9	1.7	5.2
<i>Subtotal for Conservation and Recreation</i>		<i>170.2</i>	<i>178.2</i>	<i>225.8</i>			<i>13.6</i>	<i>14.3</i>	<i>18.1</i>
<b>Subtotal for Department of Natural Resources and Environment</b>		<b>170.2</b>	<b>178.2</b>	<b>225.8</b>			<b>13.6</b>	<b>14.3</b>	<b>18.1</b>
<b>DEPARTMENT OF INNOVATION, INDUSTRY AND REGIONAL DEVELOPMENT</b>									
<b>Business</b>									
Investment Facilitation and Attraction	Offer incentives and facilitation services to attract new international investment and encourage additional investment by companies already operating in Victoria.	38.7	30.9	78.9	Av	2.1%	0.8	0.7	1.7
Business Development	Implement industry growth strategies and firm-level assistance to improve innovation and technology uptake, export marketing and knowledge sharing.	25.5	28.1	23.9	Av	2.1%	0.5	0.6	0.5

# Annex A3: Victoria (continued)

Agency Output group Output	Stated objectives and/or description	Total funding (\$ million)			Share code	Tourism Share (BL) <sup>b</sup>	Tourism assistance (BL) (\$ million)		
		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
Regional Strategic Leadership	Undertake program, development, economic intelligence and policy development and services that build the Department's capacity to undertake a leadership role in regional development.	2.2	3.3	2.6	RG	2.1%	0.0	0.1	0.1
Rural Community Development	Understand the needs and concerns of rural communities, ensure their input to the policy, program and service development process, assist their access to government and enhance their social, economic and commercial growth and development.	3.6	4.9	9.5	RG	2.1%	0.1	0.1	0.2
Regional Infrastructure Development	Capital works funds for infrastructure development projects in regional Victoria.	6.9	27.8	35.9	RG	2.1%	0.1	0.6	0.8
Regional Economic Development	Facilitate new investment in regional Victoria and support business development across key regional industry sectors through the Victorian Business Centre Network.	3.3	4.3	5.7	RG	2.1%	0.1	0.1	0.1
Small Business Support and Online Business Services	Develop and deliver business information, advisory and referral services through the Victorian Business Line , Business Channel and regional offices operating across rural and metropolitan Victoria, including managing the delivery of initiatives and events and promote small business.	4.6	5.4	6.3	SB	2.1%	0.1	0.1	0.1
<i>Subtotal for Business</i>		<i>84.7</i>	<i>104.7</i>	<i>162.7</i>			<i>1.8</i>	<i>2.2</i>	<i>3.5</i>
<b>Subtotal for Department of Innovation, Industry and Regional Development</b>		<b>84.7</b>	<b>104.7</b>	<b>162.7</b>			<b>1.8</b>	<b>2.2</b>	<b>3.5</b>
<b>DEPARTMENT OF INFRASTRUCTURE</b>									
<b>Balanced Planning and Environmental System</b>									
Heritage Conservation	Provide heritage policy advice to Government and its agencies and deliver the statutory obligations defined in the Heritage Act 1995, including collection and management of heritage data and its efficient delivery to the community.	16.8	12.2	10.6	Hg	8.0%	1.3	1.0	0.9
<i>Subtotal for Balanced Planning and Environmental System</i>		<i>16.8</i>	<i>12.2</i>	<i>10.6</i>			<i>1.3</i>	<i>1.0</i>	<i>0.9</i>
<b>Ports and Intermodal Gateways</b>									
Passenger Interchange Development	Deliver improved accessibility and ease of use of road, rail, sea passengers, and air travel interchange facilities for the community that will encourage mobility and sustained growth in the utilisation of the State's transport infrastructure by domestic and international travellers.	14.4	15.1	34.7	GT	6.3%	0.9	0.9	2.2
<i>Subtotal for Ports and Intermodal Gateways</i>		<i>14.4</i>	<i>15.1</i>	<i>34.7</i>			<i>0.9</i>	<i>0.9</i>	<i>2.2</i>

# Annex A3: Victoria (continued)

Agency		Total funding (\$ million)			Share code	Tourism	Tourism assistance (BL)		
Output group						Share	(\$ million)		
Output	Stated objectives and/or description	2000-01	2001-02	2002-03		(BL) <sup>b</sup>	2000-01	2001-02	2002-03
<b>Regional and Rural Transport Services</b>									
Country/Interstate Rail Services	Manage the contractual arrangements with private operators for the delivery of quality rail passenger and associated road coach services to regional and rural areas of Victoria.	110.6	124.4	116.4	RI	5.6%	6.1	6.9	6.5
Country Bus Services	Manage the contractual arrangements with private operators for the delivery of bus services in accordance with the contractual service standards and implement initiatives for new rural services, air conditioning and lowering rural student fares to a statewide standard of 50 per cent of the adult fare areas of Victoria.	37.4	40.4	45.9	PT	6.3%	2.4	2.5	2.9
Subtotal for Regional and Rural Transport Services		148.0	164.8	162.3			8.5	9.5	9.4
<b>Regional and Rural Transport Infrastructure</b>									
Regional Public Transport Passenger and Freight Development	Ensure delivery of the Government's commitment to regional and rural transport infrastructure development and monitor the quality of rail infrastructure as set out in the contracts with the private operators.	18.5	24.6	12.1	PT	6.3%	1.2	1.5	0.8
Subtotal for Regional and Rural Transport Infrastructure		18.5	24.6	12.1			1.2	1.5	0.8
<b>Metropolitan Transport Services</b>									
Metropolitan Train Services	Manage the contractual arrangements with private operators for the delivery of quality metropolitan train services.	528.3	568.8	555.6	RI	5.6%	29.4	31.6	30.9
Metropolitan Tram Services	Manage the contractual arrangements with private operators for the delivery of quality metropolitan tram services.	254.1	300.5	314.7	RI	5.6%	14.1	16.7	17.5
Metropolitan Bus Services	Manage the contractual arrangements with private operators for the delivery of quality metropolitan bus services in accordance with the contractual service standards and implementation of approved initiatives for new bus services, including new weekday evening and weekend Metropolitan bus services and air conditioning on bus replacements.	231.2	239.7	275.4	PT	6.3%	14.5	15.1	17.3
Subtotal for Metropolitan Transport Services		1,013.6	1,109.0	1,145.8			58.0	63.4	65.7

# Annex A3: Victoria (continued)

Agency		Total funding (\$ million)			Share code	Tourism Share (BL) <sup>b</sup>	Tourism assistance (BL) (\$ million)		
Output group		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
Output	Stated objectives and/or description								
<b>Metropolitan Transport Infrastructure and Public Development Projects</b>									
Metropolitan Public Transport Development	Provide enhanced transport networks planning capacity to ensure delivery of the Government's commitment for metropolitan public transport infrastructure development and to monitor the quality of rail infrastructure as set out in the contracts with the private operators.	24.0	10.2	5.3	RI	5.6%	1.3	0.6	0.3
Major Public Construction and Land Development	Management and delivery of nominated public construction and land development projects, the coordination of development projects and associated feasibility studies.	na	na	0.4	RI	5.6%	na	na	0.0
<i>Subtotal for Metropolitan Transport Infrastructure and Public Development Projects</i>		<i>24.0</i>	<i>10.2</i>	<i>5.7</i>			<i>1.3</i>	<i>0.6</i>	<i>0.3</i>
<b>Subtotal for Department of Infrastructure</b>		<b>1,235.3</b>	<b>1,335.9</b>	<b>1,371.1</b>			<b>71.3</b>	<b>76.9</b>	<b>79.1</b>
<b>TOTAL BUDGETARY ASSISTANCE</b>		<b>1,814</b>	<b>2,010</b>	<b>2,146</b>			<b>147</b>	<b>167</b>	<b>171</b>

Annex A3: **Victoria** (continued)

BASE-LINE ASSISTANCE ESTIMATES		Total Funding (\$ million)			Tourism assistance (BL) (\$ million)		
		2000-01	2001-02	2002-03	2000-01	2001-02	2002-03
<b>Key Tourism Agency(s)</b>	Tourism Victoria	35	39	39	33	35	34
<b>Type of outlay:</b>							
Tourism	To	32	35	34	32	35	34
Convention centres & bureaus	CC	2	2	3	0	0	0
Special events	SE	36	67	55	9	17	14
Heritage	Hg	17	12	11	1	1	1
Cultural services	CS	228	253	253	18	20	20
National parks	NP	170	178	226	14	14	18
Recreational services	RS	0	0	0	0	0	0
Sport	Sp	26	35	41	1	2	2
Stadiums	St	0	0	0	0	0	0
Air transport	Ar	0	0	0	0	0	0
General transport	GT	14	15	35	1	1	2
Road transport	Rd	0	0	0	0	0	0
Public transport	PT	287	305	333	18	19	21
Rail transport	RI	917	1,004	992	51	56	55
Water transport	Wa	0	0	0	0	0	0
Export promotion	Ex	0	0	0	0	0	0
Regional development	RG	16	40	54	0	1	1
Small business	SB	5	5	6	0	0	0
All other	AO	0	0	0	0	0	0
Average	Av	64	59	103	1	1	2
<b>Total by type of outlay</b>		<b>1,814</b>	<b>2,010</b>	<b>2,146</b>	<b>147</b>	<b>167</b>	<b>171</b>
<b>Outlay groupings:</b>							
Dedicated tourism, events and conventions		70	104	92	41	52	48
Heritage, the arts and selected cultural institutions		245	265	263	20	21	21
Nature-based and recreational amenity		170	178	226	14	14	18
Sport and related infrastructure		26	35	41	1	2	2
Passenger transport infrastructure and services		1,218	1,324	1,361	70	76	78
Activity-based assistance programs		85	105	163	2	2	3
<b>Total outlay groupings</b>		<b>1,814</b>	<b>2,010</b>	<b>2,146</b>	<b>147</b>	<b>167</b>	<b>171</b>
<b>Broad outlay groups:</b>							
Dedicated tourism, events and conventions		70	104	92	41	52	48
Multi-purpose		440	478	531	35	37	41
Incidental		1,303	1,428	1,523	72	78	82
<b>Total broad outlay groups</b>		<b>1,814</b>	<b>2,010</b>	<b>2,146</b>	<b>147</b>	<b>167</b>	<b>171</b>

Annex A3: **Victoria** (continued)

UPPER BOUND ASSISTANCE ESTIMATES		Total Funding			Tourism assistance (BL)		
		(\$ million)			(\$ million)		
		2000-01	2001-02	2002-03	2000-01	2001-02	2002-03
<b>Key Tourism Agency(s)</b>	Tourism Victoria	35	39	39	33	36	36
<b>Type of outlay:</b>							
Tourism	To	32	35	34	32	35	34
Convention centres & bureaus	CC	2	2	3	1	1	1
Special events	SE	36	67	55	12	22	18
Heritage	Hg	17	12	11	2	1	1
Cultural services	CS	228	253	253	24	26	26
National parks	NP	170	178	226	18	19	24
Recreational services	RS	0	0	0	0	0	0
Sport	Sp	26	35	41	2	2	3
Stadiums	St	0	0	0	0	0	0
Air transport	Ar	0	0	0	0	0	0
General transport	GT	14	15	35	1	1	3
Road transport	Rd	0	0	0	0	0	0
Public transport	PT	287	305	333	24	25	27
Rail transport	RI	917	1,004	992	67	73	72
Water transport	Wa	0	0	0	0	0	0
Export promotion	Ex	0	0	0	0	0	0
Regional development	RG	16	40	54	0	1	1
Small business	SB	5	5	6	0	0	0
All other	AO	0	0	0	0	0	0
Average	Av	64	59	103	2	2	3
<b>Total by type of outlay</b>		<b>1,814</b>	<b>2,010</b>	<b>2,146</b>	<b>184</b>	<b>209</b>	<b>214</b>
<b>Outlay groupings:</b>							
Dedicated tourism, events and conventions		70	104	92	45	58	53
Heritage, the arts and selected cultural institutions		245	265	263	26	28	28
Nature-based and recreational amenity		170	178	226	18	19	24
Sport and related infrastructure		26	35	41	2	2	3
Passenger transport infrastructure and services		1,218	1,324	1,361	91	99	102
Activity-based assistance programs		85	105	163	2	3	5
<b>Total outlay groupings</b>		<b>1,814</b>	<b>2,010</b>	<b>2,146</b>	<b>184</b>	<b>209</b>	<b>214</b>
<b>Broad outlay groups:</b>							
Dedicated tourism, events and conventions		70	104	92	45	58	53
Multi-purpose		440	478	531	45	49	54
Incidental		1,303	1,428	1,523	94	102	107
<b>Total broad outlay groups</b>		<b>1,814</b>	<b>2,010</b>	<b>2,146</b>	<b>184</b>	<b>209</b>	<b>214</b>

## Annex A3: Victoria (continued)

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na: Not available. Figures for individual outputs may not add up to total due to rounding.

### Notes:

Outlay measure: gross outlays

Figures for 2000-01: Estimated actual (Actuals).

Figures for 2001-02: Estimated actual (Actuals).

Figures for 2002-03: Estimated actual (Actuals).

<sup>a</sup> From 2000-01 to 2002-03, the Victorian Government levied a capital use charge on most government departments, agencies and authorities to reflect the opportunity cost of the Government's investment in those entities. Funding for the charge was included in the price of outputs appropriations for each department, agency and authority, and has been removed from the estimates.

<sup>b</sup> Base line tourism shares.

<sup>c</sup> Presentation reflects departmental structure during 2002. In December 2002, Tourism Victoria was transferred to the Department of Innovation, Industry and Regional Development, while the Sport, Recreation and Racing output group, and the Melbourne 2006 Commonwealth Games output group, were transferred to the newly created Department for Victorian Communities.

<sup>d</sup> In March 2002, the tourism output group was transferred from the then Department of State and Regional Development to the newly created Department of Tourism, Sport and the Commonwealth Games. Further, in December 2002, the tourism output group transferred to the current Department of Innovation, Industry and Regional Development.

<sup>e</sup> The Commission was advised by DIIRD that departmental restructuring had contributed to variability in budget data relating to Tourism Victoria. The estimates reported here are based on annual report and other

<sup>f</sup> In March 2002, the Sport, Recreation and Racing, and Melbourne 2006 Commonwealth Games output groups were transferred from the then Department of State and Regional Development to the newly created Department of Tourism, Sport and the Commonwealth Games. Further, in December 2002, these output groups were transferred to the current Department for Victorian Communities.

<sup>g</sup> In 2002-03, the sport, recreation and racing output groups were combined into a single output group. To derive estimates for the original output groups for 2002-03, the share of each group in the 2001-02 estimates was applied to the single output group for 2002-03.

<sup>h</sup> Arts product and development and audiences and access.

<sup>i</sup> Department of Natural Resources and Environment 2002, pp. 74-83).

### Sources:

State of Victoria 2001, *Budget Estimates 2001-02*, Budget Paper no. 3, Department of Treasury and Finance, Melbourne.

State of Victoria 2002, *Budget Estimates 2002-03*, Budget Paper no. 3, Department of Treasury and Finance, Melbourne.

State of Victoria 2003, *Budget Estimates 2003-04*, Budget Paper no. 3, Department of Treasury and Finance, Melbourne.

State of Victoria 2004, *Budget Estimates 2004-05*, Budget Paper no. 3, Department of Treasury and Finance, Melbourne.

Department of Natural Resources and Environment 2002, *Annual Report 2001-02*, Melbourne.

Annex A4: **Queensland budgetary outlays on tourism and tourism-related activities, base line estimates, 2000-01 to 2002-03 <sup>a</sup>**

Agency Output	Stated objectives and/or description	Total funding (\$ million)			Share code	Tourism Share (BL) <sup>b</sup>	Tourism assistance (BL) (\$ million)		
		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
TOURISM QUEENSLAND									
Tourism Policy, Destination Development and Marketing	Develop and market Queensland's tourism destinations in partnership with industry, government and the community.	40.9	43.4	41.5 <sup>c</sup>	To	100.0%	40.9	43.4	41.5
Convention centres and bureaus		2.0	2.0	1.9	CC	0.0%	...	...	...
Subtotal for Tourism Queensland		42.9	45.4	43.4			40.9	43.4	41.5
QUEENSLAND EVENTS CORPORATION									
Major Events Securement and Support	Support the Queensland tourism industry by placing major events in tourism shoulder and low periods to provide the industry with greater degree of stability and certainty and to assist operators in the tourism industry with their business planning and forecasting by securing and develop major events with long-term agreements.	6.7	7.9	10.8	SE	25.0%	1.7	2.0	2.7
Queensland Events Regional Development	Provide grants of usually between \$5 000 and \$25 000 to new and existing regional events that demonstrate the capacity to: increase local economic development; enhance the appeal of the destination in which they are held; and enhance the visitor experience.	...	1.0	1.0	SE	25.0%	...	0.3	0.3
Subtotal for Queensland Events Corporation		6.7	8.9	11.8			1.7	2.2	3.0
ARTS QUEENSLAND									
Assistance to the Arts (Arts Queensland)	Develops policy which informs the Government's allocation of resources to cultural activities; delivery of grants programs for individual artists and cultural organisations; implementation of the Millennium Arts and Queensland Heritage Trails Network capital works programs; manages the Government's 2% for public art program - Art Built-In through the Public Art Agency; administers funding for the State Library of Queensland; Queensland Art Gallery; Queensland Museum; Queensland Performing Arts Trust, and Queensland Theatre Company; provides corporate services for a number of arts organisations and government departments; and manages the Queensland Cultural Centre, Judith Wright Centre of Contemporary Arts, and the 381 Brunswick Street Arts Centre.	18.7	63.2	71.0	CS	8.0%	1.5	5.1	5.7
Subtotal for Arts Queensland		18.7	63.2	71.0			1.5	5.1	5.7



# Annex A4: Queensland (continued)

Agency		Total funding (\$ million)			Share code	Tourism	Tourism assistance (BL)		
Output	Stated objectives and/or description	2000-01	2001-02	2002-03		Share (BL) <sup>b</sup>	(\$ million)		
QUEENSLAND ART GALLERY									
Access to the Visual Arts (Queensland Arts Gallery)	Provide a focus for the visual arts in Queensland and a dynamic and accessible Art Museum of international standing.	10.0	10.2	14.1	CS	8.0%	0.8	0.8	1.1
Subtotal for Queensland Art Gallery		10.0	10.2	14.1			0.8	0.8	1.1
QUEENSLAND MUSEUM									
Museum Services (Queensland Museum)	Provide musicological services covering all areas of science, the natural environment, and cultural heritage to create a stimulating environment of discovery and understanding.	12.4	13.5	14.9	CS	8.0%	1.0	1.1	1.2
Subtotal for Queensland Museum		12.4	13.5	14.9			1.0	1.1	1.2
QUEENSLAND PERFORMING ARTS TRUST									
Venue Management, Theatrical Productions, and performing Arts Development (Queensland Performing Arts Trust)	Ensure that Queensland Performing Arts Centre is an accessible and innovative world class cultural facility which is managed and operated at the highest industry standards; and assist in the development of strong and vibrant performing arts throughout Queensland while respecting the catering for the diversity of people, heritage and culture.	8.6	7.7	8.1	CS	8.0%	0.7	0.6	0.7
Subtotal for Queensland Performing Arts Trust		8.6	7.7	8.1			0.7	0.6	0.7
QUEENSLAND THEATRE COMPANY									
Theatre Production (Queensland Theatre Company)	Provide quality artistic, entertaining experiences for our audiences, develop artists and their work, and to explore and promote the art form.	2.2	2.2	2.6	CS	8.0%	0.2	0.2	0.2
Subtotal for Queensland Theatre Company		2.2	2.2	2.6			0.2	0.2	0.2

# Annex A4: Queensland (continued)

Agency		Total funding (\$ million)			Share	Tourism Share	Tourism assistance (BL)		
Output	Stated objectives and/or description	2000-01	2001-02	2002-03	code	(BL) <sup>b</sup>	2000-01	2001-02	2002-03
ENVIRONMENTAL PROTECTION AGENCY									
Environmental Protection	Maintain and enhance Queensland's natural capital and cultural heritage.	66.1	...	<sup>d</sup>	NP	8.0%	5.3	na	
Parks, Forests and Wildlife	Enhance, manage and promote protected areas, wildlife and State forests and leases in Queensland.	106.0	...	<sup>d</sup>	NP	8.0%	8.5	na	
Protecting Our Natural and Cultural Heritage	Preserve the diversity and integrity of natural ecosystems, maintain or enhance the conservation status of native species, recognise and protect Queensland's historic cultural heritage and Aboriginal and Torres Strait Islander cultural resources, and support Indigenous peoples' interests and aspirations.	...	85.9	91.3 <sup>d</sup>	NP	8.0%	na	6.9	7.3
Promoting Sustainable Use of Our Natural Capital	Minimise the negative environmental impacts and wastage of natural capital; encourage the use of renewable energy; facilitate development of sustained industries; provide opportunities for sustainable use of protected areas and State forests; raise community awareness of and engagement with sustainability issues; and encourage the progressive adoption of market mechanisms to foster the transition to sustainable use.	...	63.7	55.4 <sup>c</sup>	NP	8.0%	na	5.1	4.4
Subtotal for Environmental Protection Agency		172.1	149.6	146.6			13.8	12.0	11.7
STADIUM REDEVELOPMENT AUTHORITY									
Redevelopment of Suncorp Metway Stadium	Oversees the redevelopment of Suncorp Metway Stadium as a world-class sports venue and performs financial and administrative functions associated with the development, management and operations of the venue during the redevelopment period.	16.5	22.1	15.1 <sup>e</sup>	St	5.0%	0.8	1.1	0.8
Subtotal for Stadium Redevelopment Authority		16.5	22.1	15.1			0.8	1.1	0.8

# Annex A4: Queensland (continued)

Agency Output	Stated objectives and/or description	Total funding (\$ million)			Share code	Tourism Share (BL) <sup>b</sup>	Tourism assistance (BL) (\$ million)		
		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
SOUTH BANK CORPORATION									
South Bank Corporation	Plans and facilitates the development and operation of a successful, world-class leisure, business and residential precinct for the enjoyment of visitors and the economic benefit of Brisbane's community and investors.	10.0	12.2	7.5	AO	0.4%	0.0	0.1	0.0
Subtotal for South Bank Corporation		10.0	12.2	7.5			0.0	0.1	0.0
DEPARTMENT OF TOURISM, RACING AND FAIR TRADING									
Olympic 2000 Opportunities for Queensland	Coordinates an integrated Government and community approach to maximise the benefits to Queensland from the Sydney 2000 Olympic and Paralympic Games.	0.1	...		SE	25.0%	0.0	...	
Subtotal for Department of Tourism, Racing and Fair Trading		0.1	...	...			0.0	...	...
DEPARTMENT OF INNOVATION AND INFORMATION ECONOMY, SPORT AND RECREATION QUEENSLAND									
Sport and Recreation Queensland									
Services, Infrastructure and Facilities to Queensland	Develops policies and strategies, administers funding and delivers programs and services which seek to foster greater participation by Queenslanders in physical activity.	86.5	91.5	115.3	Sp	5.0%	4.3	4.6	5.7
Subtotal for Sport and Recreation Queensland		86.5	91.5	115.3			4.3	4.6	5.7
Subtotal for Department of Innovation and Information Economy, Sport and Recreation Queensland		86.5	91.5	115.3			4.3	4.6	5.7
DEPARTMENT OF THE PREMIER AND CABINET									
Events, Protocol and Communication Services	Provides Whole-of-Government coordination for the communication of the Government Priorities and key messages, ensuring local, national and international audiences receive clear and consistent messages in an effective and efficient manner. Events sponsored include: Riverfestival, Heritage Week and the Woodford Folk Festival.	19.2	21.9	8.9 <sup>f</sup>	AO	0.4%	0.1	0.1	0.0
Subtotal for Department of the Premier and Cabinet		19.2	21.9	8.9			0.1	0.1	0.0

# Annex A4: Queensland (continued)

Agency Output	Stated objectives and/or description	Total funding (\$ million)			Share code	Tourism Share (BL) <sup>b</sup>	Tourism assistance (BL) (\$ million)		
		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
DEPARTMENT OF STATE DEVELOPMENT									
Business and Market Development services	Attract major domestic and international firms to Queensland through providing information and intelligence on emerging markets and opportunities, and on accurately presenting Queensland's competitive advantages across a range of industry growth sectors.	...	142.7	167.4	Av	2.1%	...	3.0	3.6
Infrastructure and Project Facilitation	Plan and develop public infrastructure and facilitate and coordinate private sector development proposals.	...	25.2	21.1	Av	2.1%	...	0.5	0.4
International Trade Development	Identify and develop international markets for Queensland goods and services, provide targeted market intelligence and advice and in-market support to assist Queensland business and Government agencies capture international trade opportunities, and strengthen the supply capability of Queensland's exporters.	...	22.2	23.4	Av	2.1%	...	0.5	0.5
Subtotal for Department of State Development		...	190.1	211.9			...	4.0	4.5
Capital Acquisitions									
Gold Coast Convention and Exhibition Centre	Develop and operate a convention centre on the Gold Coast for conventions, exhibitions, concerts and major indoor sporting events.	...	11.0	31.4	CC	0.0%	...	...	...
South Bank Pedestrian and Cycle Bridge (The Goodwill Bridge)	Provide a dedicated pedestrian and cycle link across the Brisbane River between the City Botanic Gardens on the northside and the Queensland Maritime Museum and SouthBank Parklands on the southside of the river.	14.6	12.6	0.7	RS	5.0%	0.7	0.6	0.0
Suncorp-Metway Stadium Redevelopment	Resumption of land and property as necessary preliminary work to the redevelopment of the Lang Park Stadium.	12.5	4.3	1.5	St	5.0%	0.6	0.2	0.1
Turtle Interpretative Centre	Funding for a turtle interpretive centre in the Bundaberg region.	...	0.3	0.2	To	100.0%	...	0.3	0.2
Subtotal for Capital Acquisitions		27.1	28.2	33.7			1.4	1.1	0.3
Subtotal for Department of State Development		27.1	218.3	245.6			1.4	5.1	4.8

Annex A4: **Queensland** (continued)

Agency Output	Stated objectives and/or description	Total funding (\$ million)			Share code	Tourism Share (BL) <sup>b</sup>	Tourism assistance (BL) (\$ million)		
		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
DEPARTMENT OF TRANSPORT									
Rail, Ports & Aviation Systems	Develops policies, regulations and strategic plans to promote more efficient and effective rail travel, port and aviation systems in Queensland and facilitate internationally competitive freight logistic practices. Purchases rail passenger, rail infrastructure and regional train services and provides financial assistance for rural and remote aviation.	385.0	386.8	403.8	GT	6.3%	24.2	24.3	25.4
Maritime Services	Fosters a safe and vibrant maritime community and industry in Queensland by managing and influencing the operation and use of maritime resources and infrastructure to increase and support State-wide economic development and ensure environmental sustainability and quality of life.	73.7	77.4	78.2	Wa	1.4%	1.0	1.1	1.1
Public Transport Services	Provides a high quality public transport system through the facilitation of services provided by private bus operators, Brisbane Transport, Queensland Rail, the taxi and limousine industries and western air service operators.	503.2	562.9	528.6	PT	6.3%	31.6	35.4	33.2
Subtotal for Department of Transport		962.0	1,027.2	1,010.6			56.8	60.7	59.6
TOTAL BUDGETARY ASSISTANCE		1,395	1,694	1,716			124	137	136

Annex A4: **Queensland** (continued)

BASE-LINE ASSISTANCE ESTIMATES		Total Funding (\$ million)			Tourism assistance (BL) (\$ million)		
		2000-01	2001-02	2002-03	2000-01	2001-02	2002-03
<b>Key Tourism Agency(s)</b>	Tourism Queensland	43	45	43	41	43	42
<b>Type of outlay:</b>							
Tourism	To	41	44	42	41	44	42
Convention centres & bureaus	CC	2	13	33	0	0	0
Special events	SE	7	9	12	2	2	3
Heritage	Hg	0	0	0	0	0	0
Cultural services	CS	52	97	111	4	8	9
National parks	NP	172	150	147	14	12	12
Recreational services	RS	15	13	1	1	1	0
Sport	Sp	86	91	115	4	5	6
Stadiums	St	29	26	17	1	1	1
Air transport	Ar	0	0	0	0	0	0
General transport	GT	385	387	404	24	24	25
Road transport	Rd	0	0	0	0	0	0
Public transport	PT	503	563	529	32	35	33
Rail transport	RI	0	0	0	0	0	0
Water transport	Wa	74	77	78	1	1	1
Export promotion	Ex	0	0	0	0	0	0
Regional development	RG	0	0	0	0	0	0
Small business	SB	0	0	0	0	0	0
All other	AO	29	34	16	0	0	0
Average	Av	0	190	212	0	4	5
<b>Total by type of outlay</b>		<b>1,395</b>	<b>1,694</b>	<b>1,716</b>	<b>124</b>	<b>137</b>	<b>136</b>
<b>Outlay groupings:</b>							
Dedicated tourism, events and conventions		50	66	87	43	46	45
Heritage, the arts and selected cultural institutions		52	97	111	4	8	9
Nature-based and recreational amenity		187	162	147	15	13	12
Sport and related infrastructure		116	118	132	6	6	7
Passenger transport infrastructure and services		962	1,027	1,011	57	61	60
Activity-based assistance programs		29	224	228	0	4	5
<b>Total outlay groupings</b>		<b>1,395</b>	<b>1,694</b>	<b>1,716</b>	<b>124</b>	<b>137</b>	<b>136</b>
<b>Broad outlay groups:</b>							
Dedicated tourism, events and conventions		50	66	87	43	46	45
Multi-purpose		354	377	390	24	26	27
Incidental		991	1,251	1,239	57	65	64
<b>Total broad outlay groups</b>		<b>1,395</b>	<b>1,694</b>	<b>1,716</b>	<b>124</b>	<b>137</b>	<b>136</b>

Annex A4: **Queensland** (continued)

UPPER BOUND ASSISTANCE ESTIMATES		Total Funding (\$ million)			Tourism assistance (UB) (\$ million)		
		2000-01	2001-02	2002-03	2000-01	2001-02	2002-03
<b>Key Tourism Agency(s)</b>	Tourism Queensland	43	45	43	42	44	42
<b>Type of outlay:</b>							
Tourism	To	41	44	42	41	44	42
Convention centres & bureaus	CC	2	13	33	1	4	11
Special events	SE	7	9	12	2	3	4
Heritage	Hg	0	0	0	0	0	0
Cultural services	CS	52	97	111	5	10	12
National parks	NP	172	150	147	18	16	15
Recreational services	RS	15	13	1	1	1	0
Sport	Sp	86	91	115	6	6	8
Stadiums	St	29	26	17	2	2	1
Air transport	Ar	0	0	0	0	0	0
General transport	GT	385	387	404	32	32	33
Road transport	Rd	0	0	0	0	0	0
Public transport	PT	503	563	529	41	46	43
Rail transport	RI	0	0	0	0	0	0
Water transport	Wa	74	77	78	1	1	1
Export promotion	Ex	0	0	0	0	0	0
Regional development	RG	0	0	0	0	0	0
Small business	SB	0	0	0	0	0	0
All other	AO	29	34	16	0	0	0
Average	Av	0	190	212	0	5	6
<b>Total by type of outlay</b>		<b>1,395</b>	<b>1,694</b>	<b>1,716</b>	<b>150</b>	<b>170</b>	<b>176</b>
<b>Outlay groupings:</b>							
Dedicated tourism, events and conventions		50	66	87	44	51	57
Heritage, the arts and selected cultural institutions		52	97	111	5	10	12
Nature-based and recreational amenity		187	162	147	19	16	15
Sport and related infrastructure		116	118	132	8	8	9
Passenger transport infrastructure and services		962	1,027	1,011	74	79	78
Activity-based assistance programs		29	224	228	0	5	6
<b>Total outlay groupings</b>		<b>1,395</b>	<b>1,694</b>	<b>1,716</b>	<b>150</b>	<b>170</b>	<b>176</b>
<b>Broad outlay groups:</b>							
Dedicated tourism, events and conventions		50	66	87	44	51	57
Multi-purpose		354	377	390	32	34	36
Incidental		991	1,251	1,239	74	85	84
<b>Total broad outlay groups</b>		<b>1,395</b>	<b>1,694</b>	<b>1,716</b>	<b>150</b>	<b>170</b>	<b>176</b>

## Annex A4: Queensland (continued)

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na: Not available. Figures for individual outputs may not add up to total due to rounding.

### Notes:

Outlay measure: state contribution.

Where applicable the equity return expense has been removed from the estimates.

Figures for 2000-01: Estimated actual.

Figures for 2001-02: Estimated actual.

Figures for 2002-03: Estimated actual.

<sup>a</sup> From 2000-01 to 2002-03, the Queensland Government levied a capital use charge on a number of government departments, agencies and authorities to reflect the opportunity cost of the Government's investment in those entities. Funding for the charge is included in the price of outputs appropriations for each department, agency and authority, and has been removed from the estimates.

<sup>b</sup> Base line tourism shares.

<sup>c</sup> Excludes funding for convention centres and bureaus.

<sup>d</sup> Output groups changed from 2000-01 to 2001-02.

<sup>e</sup> Stadium redevelopment was completed in May 2003. The stadium was then transferred to the Major Sports Facilities Authority who are responsible for managing the venue.

<sup>f</sup> In 2000-01, funding excludes the equity return expense of \$0.122m.

### Sources:

Queensland Government 2001, *Ministerial Portfolio Statements*, 2001-02 Budget Papers, Government Printer, Brisbane (relevant agencies).

Queensland Government 2002, *Ministerial Portfolio Statements*, 2002-03 Budget Papers, Government Printer, Brisbane (relevant agencies).

Queensland Government 2003, *Ministerial Portfolio Statements*, 2003-04 Budget Papers, Government Printer, Brisbane (relevant agencies).



# Annex A5: South Australian budgetary outlays on tourism and tourism-related activities, base line estimates, 2000-01 and 2002-03

Agency		Total funding (\$ million)			Share code	Tourism Share (BL) <sup>a</sup>	Tourism funding (BL) (\$ million)		
Output group		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
Output	Stated objectives and/or description								
SOUTH AUSTRALIAN TOURISM COMMISSION (SATC)									
Coordination and Advice (1)									
Strategic Advice (1.1)	Provide tourism forecasting, economic impact, product, performance and statistical research advice and evaluation; and industry policy and planning service.	1.5	1.7	1.9	To	100.0%	1.5	1.7	1.9
Subtotal for Coordination and Advice		1.5	1.7	1.9			1.5	1.7	1.9
Tourism Development (2)									
Tourism industry development (2.1)	Assist the tourism industry in raising standards, efficiencies and marketability of products and services, and develop tourism products that build on the State's competitive strengths.	4.6	1.2	2.0	To	100.0%	4.6	1.2	2.0
Tourism infrastructure development (2.2)	Identify, evaluate, assist and fund tourism infrastructure projects throughout the State.	8.1	8.4	5.9	To	100.0%	8.1	8.4	5.9
Subtotal for Tourism Development		12.7	9.6	7.8			12.7	9.6	7.8
Tourism Events (3)									
Tourism Events (3)	Bid for and manage major events held in South Australia.	17.2	15.6	10.6	SE	25.0%	4.3	3.9	2.6
Subtotal for Tourism Events		17.2	15.6	10.6			4.3	3.9	2.6
Tourism Marketing (4)									
Domestic Marketing (4.1)	Develop and implement national marketing campaigns and programs to maintain awareness of the State's tourism assets and that increase visitation to and within South Australia.	16.4	21.0	19.5	To	100.0%	16.4	21.0	19.5
International Marketing (4.2)	Position South Australia as a compelling part of an Australian journey for overseas visitors by working cooperatively with trade partners and implementing public relations campaigns to ensure the customer is aware of the destination and that every opportunity is taken to convert this awareness into travel.	5.6	7.2	6.2	To	100.0%	5.6	7.2	6.2
Subtotal for Tourism Marketing		22.1	28.2	25.6			22.1	28.2	25.6
Subtotal for South Australian Tourism Commission		53.4	55.0	46.0 <sup>b</sup>			40.5	43.3	38.0
ADELAIDE CONVENTION CENTRE									
	Manage, operate and be responsible for the Adelaide Convention Centre.	5.7	11.4	8.3	CC	0.0%	...	...	...

## Annex A5: South Australia (continued)

Agency		Total funding (\$ million)			Share code	Tourism Share (BL) <sup>a</sup>	Tourism funding (BL) (\$ million)		
Output group		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
Output	Stated objectives and/or description								
ARTS SA									
Arts, Museum and Heritage Services (2)									
Access to and preservation of state collection (2.1)	Provide community access to State collections through the Art Gallery of SA, Carrick Hill, SA Museum and the History Trust of SA and preservation of State collections by ArtLab.	18.4	18.5	20.1	CS	8.0%	1.5	1.5	1.6
Subtotal for Arts, Museum and Heritage Services		18.4	18.5	20.1			1.5	1.5	1.6
Arts, Industry Development and Access to Artistic Product (3)									
Development of, and access to art activities for the community through lead agencies, other funded companies and individual artists (3.1)	Provide services that enhance opportunities for emerging artists, cultural tourism, festivals and events and provide for productions, exhibitions, tours and events to the community.	36.2	36.3	31.2 °	CS	8.0%	2.9	2.9	2.5
Cultural Facilities (6.2)	Services to the community delivered by the Adelaide Festival Centre Trust.	5.8	11.1	9.5 °	CS	8.0%	0.5	0.9	0.8
Subtotal for Arts, Industry Development and Access to Artistic Product		41.9	47.4	40.8			3.4	3.8	3.3
Subtotal for Arts SA		60.3	65.9	60.9			4.8	5.3	4.9
DEPARTMENT FOR ENVIRONMENT AND HERITAGE									
pre 2001-02 output structure									
National Parks and Wildlife (2)									
Biodiversity Conservation Services (2.1)	Research, systematic and comprehensive survey of the State's biodiversity recorded and reported in a readily accessible form; protection and restoration of wildlife species and ecological communities; the regulated use and destruction of wildlife to ensure ecological sustainability; provision of public awareness information, involvement and interpretation of the conservation of biological diversity; a well-planned, established and managed system of reserves which adequately represent the natural diversity of the State.	26.6	21.8	...	NP	8.0%	2.1	1.7	...
Coast and Marine Management Services (2.2)	Manage the metropolitan Adelaide coastline and develop an ecologically and economically sustainable strategy for the maintenance and protection of the quality and value of the beach amenity; manage the conservation and protection of the State's coastal, marine and estuarine environment.	1.6	4.8	...	NP	8.0%	0.1	0.4	...
Park Visitor Services (2.3)	Maintain and manage visitor facilities and services in parks; on-park conservation of features of heritage significance.	33.6	31.4	...	NP	8.0%	2.7	2.5	...

# Annex A5: South Australia (continued)

Agency Output group Output	Stated objectives and/or description	Total funding (\$ million)			Share code	Tourism Share (BL) <sup>a</sup>	Tourism funding (BL) (\$ million)		
		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
Native Vegetation Services (2.4)	Manage the regulated clearance of native vegetation in the State of South Australia in accordance with the Native Vegetation Act 1991.	2.0	2.3	...	NP	8.0%	0.2	0.2	...
Animal Welfare Services (2.5)	Public awareness and information services relating to animal welfare, and the provision of external advisory services; administration and enforcement of the Prevention of Cruelty to Animals Act 1985.	0.8	0.9	...	NP	8.0%	0.1	0.1	...
<i>Subtotal for National Parks and Wildlife</i>		64.6	61.1	...			5.2	4.9	...
<b>Heritage Conservation (3)</b>									
Heritage Conservation Services (3.1)	Develop policy and provide advice, information and awareness services to promote, educate and encourage the conservation of the State's heritage; heritage survey to record and report on the State's cultural heritage, and action under the Heritage Act 1993, the Historic Shipwrecks Act 1981 (SA) and Historic Shipwrecks Act 1976 (Cwlth); and protect the State's cultural heritage.	2.1	2.2	...	Hg	8.0%	0.2	0.2	...
<i>Subtotal for Heritage Conservation</i>		2.1	2.2	...			0.2	0.2	...
<b>Botanic Gardens (4)</b>									
Botanic Gardens Management Services (4.1)	Provide a well-planned, established and managed system of landscaped botanical displays which adequately represent the natural diversity of the world's flora; management and maintenance of visitor facilities and services in gardens which are of an appropriate quality; and conservation of features of heritage significance in gardens.	7.6	7.9	...	CS	8.0%	0.6	0.6	...
<i>Subtotal for Botanic Gardens</i>		7.6	7.9	...			0.6	0.6	...
<i>post 2001-02 output structure</i>									
<b>Nature Conservation (2)</b>									
Scientific Services (2.1)	Informing effective conservation management by undertaking and supporting research, surveys and monitoring of South Australia's ecosystems, habitats, species and populations.		...	7.7	NP	8.0%		...	0.6
Biodiversity Conservation Services (2.2)	Protecting and restoring ecosystems, habitats, species and populations by developing conservation programs with industries, government and communities.		...	9.5	NP	8.0%		...	0.8
Regulatory Services (2.3)	Regulating the use of wildlife and DEH managed lands and preventing the illegal clearance of native vegetation through the management of permits, community education, voluntary compliance and pro-active enforcement.		...	1.1	NP	8.0%		...	0.1
<i>Subtotal for Nature Conservation</i>			...	18.3				...	1.5

# Annex A5: South Australia (continued)

Agency		Total funding (\$ million)			Share code	Tourism Share	Tourism funding (BL)		
Output group		2000-01	2001-02	2002-03		(BL) <sup>a</sup>	2000-01	2001-02	2002-03
Output	Stated objectives and/or description								
<b>Public Land Management (3)</b>									
Visitor Management Services (3.1)	Promote public enjoyment and the conservation of the State's natural and cultural heritage through the development of environmentally sensitive, economically viable and socially responsible visitor experiences.		...	29.4	NP	8.0%		...	2.4
Land Administration Services (3.2)	Improve the conservation of South Australia's natural biodiversity by assisting the establishment of a comprehensive, adequate and representative system of protected areas.		...	1.7	NP	8.0%		...	0.1
Botanic Gardens (3.3)	Advance plant conservation and sustainable horticultural practices and enriching society by managing the and cultural assets and resources of the Botanic Gardens of Adelaide.		...	8.9	CS	8.0%		...	0.7
Land Management Services (3.4)	Manage public lands in an ecologically sustainable manner, by developing statutory planning and policy frameworks, undertaking on-ground work on reserves and engaging the community.		...	5.8	NP	8.0%		...	0.5
Subtotal for Public Land Management				...				...	3.7
<b>Coast and Marine Conservation (4)</b>									
Coast and Marine Conservation Services (4.1)	Ensure the conservation and sustained productivity of the State's coastal, estuarine and marine environments by implementing planning and legislative initiatives from the Living Coast Strategy.		...	2.1	NP	8.0%		...	0.2
Coastal Protection Services (4.2)	Protect the State's built and natural coastal assets by providing advice on coastal planning, development proposals and implementing targeted coastal works programs.		...	3.6	NP	8.0%		...	0.3
Subtotal for Coast and Marine Conservation				...				...	0.5
<b>Heritage Conservation Services (5)</b>									
Heritage Conservation Services (5.1)	The understanding, conservation and protection of the State's heritage.		...	3.0	Hg	8.0%		...	0.2
Subtotal for Heritage Conservation Services				...				...	0.2
<b>Animal Welfare Services (6)</b>									
Animal Welfare Services (6.1)	The promotion and regulation of the humane treatment of animals.		...	0.7	NP	8.0%		...	0.1
Subtotal for Animal Welfare Services				...				...	0.1
Subtotal for Department for Environment and Heritage		74.3	71.2	73.6			5.9	5.7	5.9

# Annex A5: South Australia (continued)

Agency Output group Output	Stated objectives and/or description	Total funding (\$ million)			Share code	Tourism Share (BL) <sup>a</sup>	Tourism funding (BL) (\$ million)		
		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
<b>ADELAIDE ENTERTAINMENT CENTRE</b>	Manage and operate the Adelaide Entertainment Centre site; manage, promote and sponsor events at the Adelaide Entertainment Centre site; foster and assist the commercial development of the Adelaide Entertainment Centre site in order to complement and enhance the commercial potential of the Adelaide Entertainment Centre; and to carry out other functions conferred on the subsidiary by the Minister.	<b>1.2</b>	<b>3.1</b>	<b>0.8</b>	CS	8.0%	<b>0.1</b>	<b>0.3</b>	<b>0.1</b>
<b>OFFICE OF VENUE MANAGEMENT</b>	Manage, on behalf of the Government, the Hindmarsh Stadium.	<b>0.6</b>	<b>0.8</b>	<b>0.6</b>	St	5.0%	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>DEPARTMENT FOR ADMINISTRATIVE AND INFORMATION SERVICES</b>									
<b>Recreation, Sport and Racing (2)</b>									
Recreation and Sport Participation (2.2)	Provide information, education and support to clubs and community groups to address the desirability of increased participation by the South Australian community in recreation and sport activities, and focus on special needs groups across the community; and work with the recreation and sport industry to increase the economic contribution recreation and sport makes to South Australia's economy.	10.4	12.2	13.3 <sup>d</sup>	Sp	5.0%	0.5	0.6	0.7
Athlete and Coach Development (2.3)	Provide sports science services, information and training to address the State's role in assisting with the development of high performance athletes and coaches.	3.5	3.7	4.0 <sup>d</sup>	Sp	5.0%	0.2	0.2	0.2
Facilities Management (2.4)	High quality and well-managed sporting and recreation facilities at all levels.	4.3	8.4	9.1 <sup>d</sup>	St	5.0%	0.2	0.4	0.5
<i>Subtotal for Recreation, Sport and Racing</i>		<i>18.2</i>	<i>24.3</i>	<i>26.5</i>			<i>0.9</i>	<i>1.2</i>	<i>1.3</i>
<b>Subtotal for Department for Administrative and Information Services</b>		<b>18.2</b>	<b>24.3</b>	<b>26.5</b>			<b>0.9</b>	<b>1.2</b>	<b>1.3</b>

# Annex A5: South Australia (continued)

Agency		Total funding (\$ million)			Share code	Tourism Share	Tourism funding (BL)		
Output group		2000-01	2001-02	2002-03		(BL) <sup>a</sup>	2000-01	2001-02	2002-03
Output	Stated objectives and/or description								
DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT									
pre 2000-01 output structure									
Industry Development (3)									
Investment Attraction (3.1)	Identify, attract and facilitate key strategic investment from interstate and overseas to South Australia; provide support for the expansion of local major corporates and export-oriented, growth-oriented small–medium enterprises (SMEs), and for new investment in regional SA; develop joint ventures and alliances with international companies and facilitation of venture and development capital to SMEs — to facilitate new investment by existing South Australian based enterprises as well as encourage complementary investment by companies new to South Australia.	37.5	...		Av	2.1%	0.8	...	
Enterprise Development (3.2)	Provide advice, information and training to small businesses (and other businesses) on business management/development; uptake of research and development and new technologies; support product development and implementation of quality and safety systems; and provide services related to manufacturing design and advanced manufacturing computers by working with individual businesses to assist with improving their	31.8	...		Av	2.1%	0.7	...	
Industry Support (3.3)	Develop formal networks, clusters and incubators, and industry logistics support systems; assist with informal networking events and industry promotion; provide industry research analysis and planning; and support industry associations and regional boards — to assist the development and promotion of industry clusters through broad sector facilitation.	6.5	...		Av	2.1%	0.1	...	
Trade Development (3.4)	Provide overseas market intelligence research including export opportunities and market access advice; and deliver programs related to import replacement, procurement and exporting — to assist enterprises accessing national and international markets and support local industry to secure procurement contracts.	3.9	...		Av	2.1%	0.1	...	
Market South Australia (3.5)	Provide services promoting the competitive case for South Australia as an investment destination and attract migrants under business, skilled and regional migration programs to support the State's economic development.	3.7	...		Av	2.1%	0.1	...	
Subtotal for Industry Development		83.5					1.8	...	
post 2000-01 output structure									
Business and manufacturing capability (2)	Promote economic growth through innovation with a focus on accelerating the uptake of new leading technologies, skills, business and management practices applicable to South Australian industry and building export capabilities in the manufacturing and traded services sectors.	...	15.9	24.6	Av	2.1%	...	0.3	0.5

## Annex A5: South Australia (continued)

Agency Output group Output	Stated objectives and/or description	Total funding (\$ million)			Share code	Tourism Share (BL) <sup>a</sup>	Tourism funding (BL) (\$ million)		
		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
Small business (3)	Formulate policies and strategies to promote the growth of the small business sector and provide advice on small business impacts of policy developments. In collaboration with local government, support and coordinate the delivery of information, training and advisory services to including Business Enterprise Centres and Regional Development Boards.	...	4.5	5.2	Av	2.1%	...	0.1	0.1
Trade development (4)	Facilitate the development and implementation of strategies to increase the value and diversify the composition of South Australia's exports. Support industry to develop key export markets through the provision of market intelligence on export opportunities, promotion of South Australian industry capabilities and removal of barriers to export. Promote the importance and benefits of export development to industry and the community.	...	11.3	10.4	Av	2.1%	...	0.2	0.2
Regional development (5)	In partnership with regional stakeholders, including Regional Development Boards, actively promote the sustainable development of regional communities in South Australia through building community and business capacity, improving coordination of government activities impacting on regions and providing strategic and timely advice to government on regional issues.	...	10.1	10.6	Av	2.1%	...	0.2	0.2
Major project facilitation and implementation (6)	Facilitate the development of key strategic private sector projects that strengthen industry capabilities and international competitiveness and promote business investment and export led growth. Build upon existing strengths to grow future defence business in South Australia by enhancing infrastructure, improving workforce skills and developing R&D credentials, as well as securing a greater share of Defence Procurement Projects.	...	94.7	66.8	Av	2.1%	...	2.0	1.4
<i>Subtotal for Industry Development</i>			136.5	117.5			...	2.9	2.5
<b>Subtotal for Department of Trade and Economic Development</b>		<b>83.5</b>	<b>136.5</b>	<b>117.5</b>			<b>1.8</b>	<b>2.9</b>	<b>2.5</b>
<b>DEPARTMENT FOR TRANSPORT AND URBAN PLANNING (DTUP)</b>									
<i>pre 2000-01 output structure</i>									
<b>Maintenance and Operation of the Transport System (2)</b>									
Maintenance and Operation of Marine Facilities and System (2.2)	Provide services to efficiently and effectively maintain and operate DTUP-controlled marine infrastructure and manage marine pollution.	7.3	...		Wa	1.4%	0.1	...	
Public Transport Asset Maintenance (2.3)	Provide services to efficiently and effectively manage the metropolitan public transport bus fleet, bus depots, busway and ticketing infrastructure.	18.1	...		PT	6.3%	1.1	...	

# Annex A5: South Australia (continued)

Agency Output group Output	Stated objectives and/or description	Total funding (\$ million)			Share code	Tourism Share (BL) <sup>a</sup>	Tourism funding (BL) (\$ million)		
		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
Metropolitan Public Passenger Services (2.4)	Develop and manage contracted passenger transport services within the metropolitan area.	143.2	...		PT	6.3%	9.0	...	
Regional Public Passenger Services (2.5)	Regulate and partially fund passenger transport services within country and regional areas, and foster rural transport initiatives.	2.0	...		PT	6.3%	0.1	...	
Aviation Policy Advice and Support Programs and Rail Property Services (2.7)	Provide services to efficiently and effectively manage rail property, and provide aviation policy advice and support programs.	0.4	...		Ar	42.4%	0.2	...	
<i>Subtotal for Maintenance and Operation of the Transport System</i>		170.9					10.5		
<b>Information Services (4)</b>									
Information and Advice to the Public, Industry and Government Agencies (4.1)	Provide transport, planning, safety, socioeconomic, cultural, artistic and environmental information including marketing and promotional material, interagency service level agreements and provide information to support Commonwealth Government programs and initiatives.	18.0	...		AO	0.4%	0.1	...	
<i>Subtotal for Information Services</i>		18.0					0.1		
<i>post 2000-01 output structure</i>									
<b>Transport Services</b>									
<b>Operations</b>									
Operating and maintaining the marine system (3.3)	Provide services to efficiently and effectively maintain and operate the Department of Transport and Urban Planning controlled marine infrastructure and manage pollution.	...	(4.3)	2.8	Wa	1.4%	...	(0.1)	0.0
Operation of rail (3.4)	Provide services to efficiently and effectively maintain and dispose of rail property.	...	(0.8)	0.9	PT	6.3%	...	(0.0)	0.1
Maintenance of public transport assets (3.5)	Provide services to efficiently and effectively manage the public transport bus fleet, bus depots, busway, park and ride facilities and other public transport infrastructure.	...	(29.6)	1.6	PT	6.3%	...	(1.9)	0.1
<i>Subtotal for Operations</i>		...	(34.6)	5.3			...	(2.0)	0.2
<b>Community Information and Education</b>									
Community Information and Education	Provide transport (incorporating safety) information, advertising, promotional, educational and behavioural change material.	...	1.2	1.8	AO	0.4%	...	0.0	0.0
<i>Subtotal for Community Information and Education</i>		...	1.2	1.8			...	0.0	0.0



# Annex A5: South Australia (continued)

Agency		Total funding (\$ million)			Share code	Tourism Share	Tourism funding (BL)		
Output group		2000-01	2001-02	2002-03		(BL) <sup>a</sup>	(\$ million)		
Output	Stated objectives and/or description	2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
<b>Office of Public Transport</b>									
<b>Operations</b>									
Public transport asset maintenance (2.1)	Provide services to efficiently and effectively manage public transport infrastructure.	...	4.9	5.4	PT	6.3%	...	0.3	0.3
Metropolitan Public Passenger Services (2.2)	Develop and manage contracted passenger transport services within the metropolitan area.	...	144.8	147.0	PT	6.3%	...	9.1	9.2
Regional Public Passenger Transport Services (2.3)	Regulate and partially fund transport services in country and regional areas, and fostering regional transport initiatives.	...	4.9	3.8	PT	6.3%	...	0.3	0.2
Subtotal for Operations		...	154.5	156.2			...	9.7	9.8
<b>Information Services</b>									
Information Services	Provide transport information including timetable, marketing and promotional material.	...	5.1	5.8	AO	0.4%	...	0.0	0.0
Subtotal for Information Services		...	5.1	5.8			...	0.0	0.0
<b>TransAdelaide</b>									
<b>Metropolitan Public Passenger Services</b>									
Metropolitan Public Passenger Services	Develop and manage contracted passenger transport services within the metropolitan area and the maintenance and management of associated infrastructure.	...	18.9	8.5	PT	6.3%	...	1.2	0.5
Subtotal for Metropolitan Public Passenger Services		...	18.9	8.5			...	1.2	0.5
Subtotal for Department for Transport and Urban Planning		188.9	145.1	177.6			10.6	9.0	10.6
TOTAL BUDGETARY ASSISTANCE		486	513	512			65	68	63

Annex A5: **South Australia** (continued)

BASE-LINE ASSISTANCE ESTIMATES		Total Funding (\$ million)			Tourism assistance (BL) (\$ million)		
		2000-01	2001-02	2002-03	2000-01	2001-02	2002-03
<b>Key Tourism Agency(s)</b>	South Australian Tourism Commission	53	55	46	41	43	38
<b>Type of outlay:</b>							
Tourism	To	36	39	35	36	39	35
Convention centres & bureaus	CC	6	11	8	0	0	0
Special events	SE	17	16	11	4	4	3
Heritage	Hg	2	2	3	0	0	0
Cultural services	CS	69	77	71	6	6	6
National parks	NP	65	61	62	5	5	5
Recreational services	RS	0	0	0	0	0	0
Sport	Sp	14	16	17	1	1	1
Stadiums	St	5	9	10	0	0	0
Air transport	Ar	0	0	0	0	0	0
General transport	GT	0	0	0	0	0	0
Road transport	Rd	0	0	0	0	0	0
Public transport	PT	163	143	167	10	9	11
Rail transport	RI	0	0	0	0	0	0
Water transport	Wa	7	-4	3	0	0	0
Export promotion	Ex	0	0	0	0	0	0
Regional development	RG	0	0	0	0	0	0
Small business	SB	0	0	0	0	0	0
All other	AO	18	6	8	0	0	0
Average	Av	83	136	118	2	3	3
<b>Total by type of outlay</b>		<b>486</b>	<b>513</b>	<b>512</b>	<b>65</b>	<b>68</b>	<b>63</b>
<b>Outlay groupings:</b>							
Dedicated tourism, events and conventions		59	66	54	41	43	38
Heritage, the arts and selected cultural institutions		71	79	74	6	6	6
Nature-based and recreational amenity		65	61	62	5	5	5
Sport and related infrastructure		19	25	27	1	1	1
Passenger transport infrastructure and services		171	139	170	11	9	11
Activity-based assistance programs		102	143	125	2	3	3
<b>Total outlay groupings</b>		<b>486</b>	<b>513</b>	<b>512</b>	<b>65</b>	<b>68</b>	<b>63</b>
<b>Broad outlay groups:</b>							
Dedicated tourism, events and conventions		59	66	54	41	43	38
Multi-purpose		155	165	162	12	12	12
Incidental		272	282	295	12	12	13
<b>Total broad outlay groups</b>		<b>486</b>	<b>513</b>	<b>512</b>	<b>65</b>	<b>68</b>	<b>63</b>

Annex A5: **South Australia** (continued)

UPPER BOUND ASSISTANCE ESTIMATES		Total Funding (\$ million)			Tourism assistance (UB) (\$ million)		
		2000-01	2001-02	2002-03	2000-01	2001-02	2002-03
<b>Key Tourism Agency(s)</b>	South Australian Tourism Commission	53	55	46	42	45	39
<b>Type of outlay:</b>							
Tourism	To	36	39	35	36	39	35
Convention centres & bureaus	CC	6	11	8	2	4	3
Special events	SE	17	16	11	6	5	4
Heritage	Hg	2	2	3	0	0	0
Cultural services	CS	69	77	71	7	8	7
National parks	NP	65	61	62	7	6	6
Recreational services	RS	0	0	0	0	0	0
Sport	Sp	14	16	17	1	1	1
Stadiums	St	5	9	10	0	1	1
Air transport	Ar	0	0	0	0	0	0
General transport	GT	0	0	0	0	0	0
Road transport	Rd	0	0	0	0	0	0
Public transport	PT	163	143	167	13	12	14
Rail transport	RI	0	0	0	0	0	0
Water transport	Wa	7	-4	3	0	0	0
Export promotion	Ex	0	0	0	0	0	0
Regional development	RG	0	0	0	0	0	0
Small business	SB	0	0	0	0	0	0
All other	AO	18	6	8	0	0	0
Average	Av	83	136	118	2	4	3
<b>Total by type of outlay</b>		<b>486</b>	<b>513</b>	<b>512</b>	<b>75</b>	<b>80</b>	<b>75</b>
<b>Outlay groupings:</b>							
Dedicated tourism, events and conventions		59	66	54	44	48	42
Heritage, the arts and selected cultural institutions		71	79	74	7	8	8
Nature-based and recreational amenity		65	61	62	7	6	6
Sport and related infrastructure		19	25	27	1	2	2
Passenger transport infrastructure and services		171	139	170	14	12	14
Activity-based assistance programs		102	143	125	2	4	3
<b>Total outlay groupings</b>		<b>486</b>	<b>513</b>	<b>512</b>	<b>75</b>	<b>80</b>	<b>75</b>
<b>Broad outlay groups:</b>							
Dedicated tourism, events and conventions		59	66	54	44	48	42
Multi-purpose		155	165	162	15	16	16
Incidental		272	282	295	16	16	17
<b>Total broad outlay groups</b>		<b>486</b>	<b>513</b>	<b>512</b>	<b>75</b>	<b>80</b>	<b>75</b>

## Annex A5: South Australia (continued)

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na: Not available. Figures for individual outputs may not add up to total due to rounding.

### Notes:

Outlay measure: net expenses.

Figures for 2000-01: Estimated actual (Estimated result).

Figures for 2001-02: Actual.

Figures for 2002-03: Actual.

<sup>a</sup> Base line tourism shares.

<sup>b</sup> The SATC provides grants to the Adelaide Convention and Tourism Authority, although the amounts are not disclosed publicly. The Authority's annual reports also do not contain such information, although they do indicate that the Authority received 'government grants' of \$903 220 in 2002-03. The Commission understands from the South Australian Department of Treasury and Finance (SADTF) that equivalent data for earlier years does not appear to be published. SADTF also indicated that the 'government grants' figure for 2002-03 may contain government revenue from sources additional to that provided by the SATC. The estimates in this annex have not been adjusted to reflect the government moneys paid to the Authority, nor to reclassify the share of SATC funding provided to the Authority as 'support for convention centres and bureaux', rather than 'dedicated tourism assistance'.

<sup>c</sup> In 2001-02, the two output groups were combined into a single output group. To derive estimates for the original output groups in 2001-02 and 2002-03, the share of each group for the 2000-01 estimates was applied to the single output group from 2001-02 onwards.

<sup>d</sup> In 2001-02, the three output groups were combined into a single group. To derive estimates for the original output groups in 2001-02 and 2002-03, the share of each group for the 2001-02 estimates, originally published in the previous year's budget papers, was applied to the single output group from 2001-02 onwards.

### Sources:

Government of South Australia 2001, *Portfolio Statements 2001-02*, vols. 1 & 2, Budget Paper no. 5, Department of Treasury and Finance, Adelaide.

Government of South Australia 2002, *Portfolio Statements 2002-03*, vols. 1 & 2, Budget Paper no. 4, Department of Treasury and Finance, Adelaide.

Government of South Australia 2003, *Portfolio Statements 2003-04*, vols. 1, 2 & 3, Budget Paper no. 4, Department of Treasury and Finance, Adelaide.

Government of South Australia 2004, *Portfolio Statements 2004-05*, vols. 1, 2 & 3, Budget Paper no. 4, Department of Treasury and Finance, Adelaide.

Annex A6: **Western Australian budgetary outlays on tourism and tourism-related activities, base line estimates, 2000-01 and 2002-03<sup>a</sup>**

Agency		Total funding				Tourism	Tourism assistance (BL)		
Output group		(\$ million)				Share	Share	(\$ million)	
Output	Stated objectives and/or description	2000-01	2001-02	2002-03	Share code	(BL) <sup>b</sup>	2000-01	2001-02	2002-03
<b>WESTERN AUSTRALIAN TOURISM COMMISSION</b>									
Destination Marketing (1)	Promote Western Australia as a desirable holiday destination in the core intrastate, interstate and international target market segments and in future international market segments, and undertake marketing strategies which will maximise the economic benefit to the State.	13.1	16.1	16.8	To	100.0%	13.1	16.1	16.8
Event Tourism (2)	Develop, attract, support and, where appropriate, manage events that are capable of generating substantial economic benefit, visitor expenditure and can cost-effectively market Western Australia nationally and internationally.	7.9	9.3	9.8	SE	25.0%	2.0	2.3	2.5
Convention and Incentive Travel (3)	Fund the Perth Convention Bureau to identify, develop and convert leads for potential new national and international meetings and incentive travel business, bid for new business, support the tourist industry and work with meeting planners and the local tourist industry to boost delegate numbers at confirmed national and international conferences and increase pre and post conference touring activities.	1.1	1.0	1.0	CC	0.0%	...	...	...
Industry Development (4)	Promote, foster and facilitate investment in and the development of new tourist infrastructure and products, and improves existing tourist facilities and services in Western Australia.	7.9	3.5	3.1	To	100.0%	7.9	3.5	3.1
Visitor Servicing (5)	Provides destinational and product information and booking facilities throughout Western Australia to increase the likelihood of visitors travelling within the State and to encourage them to increase their length of stay.	2.9	1.9	2.4	To	100.0%	2.9	1.9	2.4
<b>Subtotal for Western Australian Tourism Commission</b>		<b>32.9</b>	<b>31.7</b>	<b>33.2</b>			<b>25.9</b>	<b>23.8</b>	<b>24.8</b>
<b>PERTH CONVENTION AND EXHIBITION CENTRE</b>									
Funded through Western Australian Tourism Commission		1.7	...	...	CC	0.0%	...	...	...
Funded through Department of Housing and Works		...	...	47.6	CC	0.0%	...	...	...
<b>Subtotal for Perth Conference and Exhibition Centre</b>		<b>1.7</b>	<b>...</b>	<b>47.6</b>			<b>...</b>	<b>...</b>	<b>...</b>

## Annex A6: Western Australia (continued)

Agency		Total funding				Tourism	Tourism assistance (BL)		
Output group		(\$ million)				Share	(\$ million)		
Output	Stated objectives and/or description	2000-01	2001-02	2002-03	Share code	Share (BL) <sup>b</sup>	2000-01	2001-02	2002-03
<b>ROTTNEST ISLAND AUTHORITY</b>									
Administered grants subsidies and other transfer payments	To provide and operate recreational and holiday facilities on Rottnest Island, to protect the Island's fauna and flora, and to maintain and protect the Island's natural environment and man-made resources.	2.1	1.7	1.7	To	100.0%	2.1	1.7	1.7
Capital works		2.5	0.5	0.0	To	100.0%	2.5	0.5	0.0
<b>Subtotal for Rottnest Island Authority</b>		<b>4.6</b>	<b>2.2</b>	<b>1.8</b>			<b>4.6</b>	<b>2.2</b>	<b>1.8</b>
<b>DEPARTMENT OF CULTURE AND THE ARTS</b>									
Art Gallery Services (1)	Delivery of the State Art Collection and access to art gallery services and programs through visual arts advocacy, collection development, facilities and services. Services ensure that primary access to art, heritage and ideas locally, regionally and internationally are preserved and displayed for future generations.	15.5	12.7	12.5	CS	8.0%	1.2	1.0	1.0
Museum Services (3)	Deliver and promote museum services through collection development and management, research, education and visitor services.	16.7	15.4	16.0	CS	8.0%	1.3	1.2	1.3
Arts Industry Support (4)	Develop, fund and promote the arts industry.	16.9	13.5	15.2	CS	8.0%	1.4	1.1	1.2
Venue Management Services (6)	Manage and promote performing arts venues.	6.4	5.0	4.7	CS	8.0%	0.5	0.4	0.4
<b>Subtotal for Department of Culture and the Arts</b>		<b>55.5</b>	<b>46.5</b>	<b>48.4</b>			<b>4.4</b>	<b>3.7</b>	<b>3.9</b>
<b>HERITAGE COUNCIL OF WESTERN AUSTRALIA</b>									
Cultural Heritage Conservation Services (1)	Establish and maintain a comprehensive Heritage Register; provide conservation advice on development referrals and other relevant matters; develop the role of public authorities in conserving and managing heritage places; provide financial assistance and other conservation incentives; and provide publications, seminars and other promotions.	3.3	3.4	3.3	Hg	8.0%	0.3	0.3	0.3
<b>Subtotal for Heritage Council of Western Australia</b>		<b>3.3</b>	<b>3.4</b>	<b>3.3</b>			<b>0.3</b>	<b>0.3</b>	<b>0.3</b>

# Annex A6: Western Australia (continued)

Agency		Total funding (\$ million)			Share code	Tourism Share	Tourism assistance (BL)		
Output group		2000-01	2001-02	2002-03		(BL) <sup>b</sup>	(\$ million)		
Output	Stated objectives and/or description	2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
<b>NATIONAL TRUST OF AUSTRALIA (WA)</b>									
Heritage Identification (1)	Identify and assess places and objects of national state and local heritage significance (including natural landscapes).	0.0	0.1	0.2 <sup>c</sup>	Hg	8.0%	0.0	0.0	0.0
Heritage Conservation (2)	Manages a number of heritage properties over which the Trust has direct control; and sponsor the conservation of properties over which it has no direct responsibility or control.	0.7	2.5	3.8 <sup>c</sup>	Hg	8.0%	0.1	0.2	0.3
Heritage Education and Awareness (3)	Raise public awareness of places and objects of national, state and local heritage significance through its publications, public programs, education programs and properties that are open to the public.	0.0	0.1	0.2 <sup>c</sup>	Hg	8.0%	0.0	0.0	0.0
<b>Subtotal for National Trust of Australia (WA)</b>		<b>0.7</b>	<b>2.7</b>	<b>4.1</b>			<b>0.1</b>	<b>0.2</b>	<b>0.3</b>
<b>Botanic Gardens and Parks Authority</b>									
Customer Service and Cultural heritage (1)	Enhance and promote recreational and tourist resources and facilities by maintaining Kings Park and Botanic Garden; enhance and promote awareness and understanding of Kings Park, Bold Park and the State's Botanic Garden through customer awareness and education forums; and conserve, promote and develop cultural heritage including indigenous, colonial and contemporary heritage by staging events and displays on the Authority's designated land.	6.2	4.1	3.6	CS	8.0%	0.5	0.3	0.3
Conservation and Scientific Research (2)	Demonstrate leadership in urban bushland management, horticultural services including new plants developed for the nursery trade, and undertake and promote leading edge science and interpretation pertinent to integrated conservation of flora for present and future generations.	1.8	1.2	1.6	CS	8.0%	0.1	0.1	0.1
<b>Subtotal for Botanic Gardens and Parks Authority</b>		<b>8.0</b>	<b>5.3</b>	<b>5.3</b>			<b>0.6</b>	<b>0.4</b>	<b>0.4</b>

# Annex A6: Western Australia (continued)

Agency		Total funding (\$ million)			Share code	Tourism Share (BL) <sup>b</sup>	Tourism assistance (BL) (\$ million)		
Output group	Stated objectives and/or description	2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
Output									
<b>ZOOLOGICAL GARDENS BOARD</b>									
<i>pre 2001-02 output structure</i>									
Conservation of Biodiversity (1)	Present native and exotic wildlife at Perth Zoo in a way that provides learning opportunities for visitors to support conservation; and to promote and enhance the conservation of biodiversity through selection, breeding for re-introduction and research.	4.9	5.6	...	CS	8.0%	0.4	0.5	...
Customer Services, Community Education and Awareness (2)	Provide a quality and unique 'value for money' attraction, which promotes a clear conservation message to the community.	1.8	1.7	...	CS	8.0%	0.1	0.1	...
<i>post 2001-02 output structure</i>									
Visitor Services (1)	To maximise visitation (to Perth Zoo) by providing a quality and unique 'value for money' attraction that provides recreation, education and commercial facilities set in ecologically themed botanic gardens.		...	0.8	CS	8.0%		...	0.1
Community education and awareness (2)	To promote clear conservation messages to the community through providing educational programs and publications, interpretation and information services that educate the community about conservation issues.		...	0.5	CS	8.0%		...	0.0
Wildlife collection management (3)	The optimise the conservation value of the wildlife collection through effective management, selection, captive breeding, breeding for re-introduction and provision of research opportunities.		...	5.9	CS	8.0%		...	0.5
<b>Subtotal for Zoological Gardens Board</b>		<b>6.7</b>	<b>7.3</b>	<b>7.3</b>			<b>0.5</b>	<b>0.6</b>	<b>0.6</b>
<b>DEPARTMENT OF CONSERVATION AND LAND MANAGEMENT</b>									
Nature Conservation (1)	Develop and implement programs for flora and fauna conservation, for threatened species and ecological communities and for commercially exploited species according to the principles of ecological sustainability; acquire, conserve and protect representative ecosystems; and encourage public awareness, understanding and support for nature conservation services and policies.	40.0	39.1	50.8	NP	8.0%	3.2	3.1	4.1



# Annex A6: Western Australia (continued)

Agency Output group Output	Stated objectives and/or description	Total funding (\$ million)			Share code	Tourism Share (BL) <sup>b</sup>	Tourism assistance (BL) (\$ million)		
		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
Resources and Services Provide to the Conservation Commission of Western Australia (3)	Provide resources and services to the Conservation Commission of Western Australia for the satisfaction of its functions which include: having vested in it the State's national parks, conservation parks, nature reserves, State forest and timber reserves; policy development for the preservation and community enjoyment of the State's natural environment; and promote the appreciation of flora, fauna and the natural environment; advice to the Minister for the Environment and Heritage on the development of policies for the conservation and management of biodiversity throughout the State and on the ecologically sustainable management of State forest, timber reserves and forest produce; and audit the Department of Conservation and Land Management's and the Forest Products Commission's performance against management plans.	0.3	0.5	0.5	NP	8.0%	0.0	0.0	0.0
Parks and Visitor Services (4)	Manage land; deal with public involvement, visitation and appreciation of the natural environment on lands and waters managed by the Department, including providing, managing and maintaining appropriate access, recreation opportunities and visitor facilities and working with local tourist bureaux and commercial tour operators; provide visitor facilities and services; and provide visitor information and design and initiate educational and interpretive activity programs which enrich visitor experience and help develop greater community awareness and support for parks, natural areas, nature-based tourism and recreation services and policies.	31.6	32.1	37.1	NP	8.0%	2.5	2.6	3.0
<b>Subtotal for Department of Conservation and Land Management</b>		<b>71.8</b>	<b>71.6</b>	<b>88.4</b>			<b>5.8</b>	<b>5.7</b>	<b>7.1</b>
<b>SWAN RIVER TRUST</b>									
Regulate Riverside Development (2)	Assess application for development, planning schemes and policy.	0.5	0.5	0.5	NP	8.0%	0.0	0.0	0.0
Management Plans (3)	Prepare management programs and plan for the management of the waterways and the management area (includes catchment plans).	0.1	(0.1)	0.0	NP	8.0%	0.0	(0.0)	0.0
Protection of Waterways and Foreshores (4)	Maintain and restore waterways and foreshores.	3.1	3.2	3.3	NP	8.0%	0.2	0.3	0.3
<b>Subtotal for Swan River Trust</b>		<b>3.6</b>	<b>3.7</b>	<b>3.8</b>			<b>0.3</b>	<b>0.3</b>	<b>0.3</b>

# Annex A6: Western Australia (continued)

Agency		Total funding				Tourism	Tourism assistance (BL)		
Output group		(\$ million)				Share	(\$ million)		
Output	Stated objectives and/or description	2000-01	2001-02	2002-03	Share code	Share (BL) <sup>b</sup>	2000-01	2001-02	2002-03
DEPARTMENT OF INDUSTRY AND RESOURCES									
Industry and Business Development (1)	Promote and assist the growth of internationally competitive industry within Western Australia, through the delivery of specific projects and provision of direct services to clients.	24.8	27.4	11.8 <sup>d</sup>	Av	2.1%	0.5	0.6	0.3
Innovation and Technology (3)	Assist clients through the development of specific services and projects that promote the use of innovation and new technology; and deliver online business solutions.	6.5	7.2	3.1 <sup>d</sup>	Av	2.1%	0.1	0.2	0.1
Infrastructure Facilitation (4)	Provide comprehensive and appropriate strategic infrastructure, services and projects.	6.0	6.7	2.9 <sup>d</sup>	Av	2.1%	0.1	0.1	0.1
Subtotal for Department of Industry and Resources		37.3	41.3	17.8			0.8	0.9	0.4
SMALL BUSINESS DEVELOPMENT CORPORATION									
Information, Guidance, referral and Business Development Services (1)	Provide specialised information, referral, and business facilitation services for the effective development of enterprises in Western Australia.	8.9	8.0	8.5	SB	2.1%	0.2	0.2	0.2
Subtotal for Small Business Development Corporation		8.9	8.0	8.5			0.2	0.2	0.2
GASCOYNE DEVELOPMENT COMMISSION									
Policies, Strategies and Plans (1)	Develop policies, plans, strategies and position statements on key development issues and facilitate their implementation.	0.3	0.3	0.3 <sup>e</sup>	RG	2.1%	0.0	0.0	0.0
Industry and Enterprise Development (2)	Facilitate greater unity and cohesion within the business community and encourage new business investment that is environmentally sustainable.	0.5	0.4	0.4 <sup>e</sup>	RG	2.1%	0.0	0.0	0.0
Infrastructure Identification and Co-ordination (3)	Identify and coordinate key economic, social and cultural infrastructure that will generate business growth as well as improve the quality of life for residents.	0.4	0.4	0.3 <sup>e</sup>	RG	2.1%	0.0	0.0	0.0
Subtotal for Gascoyne Development Commission		1.2	1.1	1.0			0.0	0.0	0.0

# Annex A6: Western Australia (continued)

Agency		Total funding				Tourism	Tourism assistance (BL)		
Output group		(\$ million)				Share	(\$ million)		
Output	Stated objectives and/or description	2000-01	2001-02	2002-03	Share code	Share (BL) <sup>b</sup>	2000-01	2001-02	2002-03
GOLDFIELDS-ESPERANCE DEVELOPMENT COMMISSION									
Policies, Strategies and Plans (1)	Provide advice on opportunities, policies and strategies for the economic and social development of the region and facilitate the planning and implementation of regional and local development initiatives.	0.3	0.6	0.3	RG	2.1%	0.0	0.0	0.0
Industry and Enterprise Development (2)	Assist industry, business and commerce so as to enable them to contribute significantly to the region's economy, employment and population base.	0.6	0.4	0.3	RG	2.1%	0.0	0.0	0.0
Co-ordination of Infrastructure Identification (3)	Coordinate the identification of appropriate infrastructure services to the region so as to ensure that they are provided effectively and efficiently to meet the expanding needs of the region.	0.2	0.1	0.1	RG	2.1%	0.0	0.0	0.0
Regional Promotions (4)	Promote the region's advantages and attractions so as to encourage investment that will contribute to economic growth, employment and an increased population base in the region.	0.3	0.4	0.6	RG	2.1%	0.0	0.0	0.0
Subtotal for Department of Goldfields-Esperance Development Commission		1.4	1.5	1.3			0.0	0.0	0.0
GREAT SOUTHERN DEVELOPMENT COMMISSION									
Supporting and Facilitating Business and Enterprise Development (2)	Broaden the region's economic base through industry partnerships, value-adding activities, encouragement of investment and knowledge intensive industries.	0.9	0.7	0.6 <sup>f</sup>	RG	2.1%	0.0	0.0	0.0
Facilitation Regional Infrastructure (3)	Develop the capital infrastructure needed to maximise the region's potential.	0.5	0.4	0.3 <sup>f</sup>	RG	2.1%	0.0	0.0	0.0
Subtotal for Great Southern Development Commission		1.4	1.2	1.0			0.0	0.0	0.0

# Annex A6: Western Australia (continued)

Agency		Total funding				Tourism	Tourism assistance (BL)		
Output group		(\$ million)			Share	Share	(\$ million)		
Output	Stated objectives and/or description	2000-01	2001-02	2002-03	code	(BL) <sup>b</sup>	2000-01	2001-02	2002-03
<b>KIMBERLEY DEVELOPMENT COMMISSION</b>									
Policies, Strategies, Plans and Regional Promotion (1)	Provide effective regional development policies, strategies together with accurate and accessible information on the region to facilitate and support the economic and social development of the region.	0.6	0.5	0.6	RG	2.1%	0.0	0.0	0.0
Industry and Infrastructure Identification, Coordination and Development (2)	Identify, coordinate and promote through its major strategies, the establishment, improvement and diversification of the region's infrastructure, industries and enterprises.	1.0	0.9	0.6	RG	2.1%	0.0	0.0	0.0
<b>Subtotal for Kimberley Development Commission</b>		<b>1.6</b>	<b>1.4</b>	<b>1.2</b>			<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>MID WEST DEVELOPMENT COMMISSION</b>									
Information and Advice (1)	Contribute to economic growth and employment by developing strategic partnerships between government, business, and the community, providing a central point of coordination and contact and by raising awareness of the Mid West region.	0.5	0.4	0.5	RG	2.1%	0.0	0.0	0.0
Investment Facilitation (2)	Assist business to be successful and to create a business environment within the Mid West region that has a diverse economic base and is attractive to investors.	0.4	0.3	0.5	RG	2.1%	0.0	0.0	0.0
Infrastructure and Services Development in the Mid West (3)	Assist the development of infrastructure and services to support business and to have a future directions and long term economic development strategies in place for the Mid West.	2.3	0.6	0.4	RG	2.1%	0.0	0.0	0.0
<b>Subtotal for Mid West Development Commission</b>		<b>3.2</b>	<b>1.2</b>	<b>1.3</b>			<b>0.1</b>	<b>0.0</b>	<b>0.0</b>
<b>PEEL DEVELOPMENT COMMISSION</b>									
Facilitation and Co-ordination (1)	Facilitate and coordinate regional development activities.	1.5	1.3	1.2	RG	2.1%	0.0	0.0	0.0
Industry and Enterprise Development (2)	Provide advice and information on regional development activities or matters.	0.5	0.3	0.2	RG	2.1%	0.0	0.0	0.0
<b>Subtotal for Peel Development Commission</b>		<b>2.0</b>	<b>1.6</b>	<b>1.4</b>			<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Annex A6: Western Australia (continued)

Agency		Total funding (\$ million)			Share code	Tourism Share (BL) <sup>b</sup>	Tourism assistance (BL) (\$ million)		
Output group		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
Output	Stated objectives and/or description								
<b>PILBARA DEVELOPMENT COMMISSION</b>									
Business and Industry Development (1)	Encourage business and industry development through identification and coordination of projects.	1.6	0.6	(0.2)	RG	2.1%	0.0	0.0	(0.0)
Infrastructure and Service Identification and Coordination (2)	Identify infrastructure needs and coordinate the removal of impediments to achieve delivery of service.	0.4	1.0	2.6	RG	2.1%	0.0	0.0	0.1
<b>Subtotal for Pilbara Development Commission</b>		<b>2.0</b>	<b>1.6</b>	<b>2.4</b>			<b>0.0</b>	<b>0.0</b>	<b>0.1</b>
<b>SOUTH WEST DEVELOPMENT COMMISSION</b>									
Regional Development (1)	Provide a regional development service which contributes to sustainable development within the South West through the provision of information, advice and support together with marketing and promotion of the region.	3.9	5.0	4.5	RG	2.1%	0.1	0.1	0.1
<b>Subtotal for South West Development Commission</b>		<b>3.9</b>	<b>5.0</b>	<b>4.5</b>			<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
<b>WHEATBELT DEVELOPMENT COMMISSION</b>									
Information and Promotion Services (1)	Gather, store and value add information based around the needs of the Agency's clients and the develop initiatives to promote opportunities for the region itself, and the Commission.	0.6	0.8	0.7	RG	2.1%	0.0	0.0	0.0
Facilitation Services (2)	Assist, support and encourage the Commission's clients, based around identified regional opportunities.	0.4	0.5	0.6	RG	2.1%	0.0	0.0	0.0
<b>Subtotal for Wheatbelt Development Commission</b>		<b>1.0</b>	<b>1.2</b>	<b>1.3</b>			<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>DEPARTMENT OF THE PREMIER AND CABINET</b>									
Support for the Premier as Head of Government (1)	Provide administrative support and advice responsive to the Premier's requirements as Head of Government, promote Western Australia's interests overseas and communicate Government policies and activities.	11.8	10.4	10.0	RG	2.1%	0.3	0.2	0.2
<b>Subtotal for Department of the Premier and Cabinet</b>		<b>11.8</b>	<b>10.4</b>	<b>10.0</b>			<b>0.3</b>	<b>0.2</b>	<b>0.2</b>

## Annex A6: Western Australia (continued)

Agency		Total funding (\$ million)			Share code	Tourism Share (BL) <sup>b</sup>	Tourism assistance (BL) (\$ million)		
Output group		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
Output	Stated objectives and/or description								
WESTERN AUSTRALIAN SPORTS CENTRE TRUST									
Management of Elite Sport Facilities (1)	Manage and maintain facilities of an international level for elite sport programs.	11.7	4.4	5.6	St	5.0%	0.6	0.2	0.3
Management of Community Sport, Entertainment and Recreation Facilities (2)	Manage and market facilities which encourage community sport, entertainment and recreation to maximise utilisation, revenue and reduce net operating cost.	1.8	1.0	3.6	St	5.0%	0.1	0.0	0.2
Subtotal for Western Australian Sports Centre Trust		13.6	5.4	9.2			0.7	0.3	0.5
DEPARTMENT OF SPORT AND RECREATION									
Infrastructure and Organisational Development (1)	Provide industry leadership and support for infrastructure and organisational development, through funding and advice to sport and recreation organisations statewide, including state and local government.	24.8	23.3	24.4	Sp	5.0%	1.2	1.2	1.2
People Development in Sport and Recreation (2)	Provide information, advice and education support to personnel involved in sport and recreation service delivery (eg coaches, officials, administrators and volunteers).	1.5	4.5	4.5	Sp	5.0%	0.1	0.2	0.2
Subtotal for Department of Sport and Recreation		26.3	27.7	28.9			1.3	1.4	1.4
DEPARTMENT FOR PLANNING AND INFRASTRUCTURE									
Land Use and Transport Infrastructure Service Delivery (2)	Service delivery in the areas of transport infrastructure, land development, land and property services and management of the portfolio's land and transport infrastructure assets.	352.6	370.9	98.8	PT	6.3%	22.1	23.3	6.2
Subtotal for Department for Planning and Infrastructure		352.6	370.9	98.8			22.1	23.3	6.2
TOTAL BUDGETARY ASSISTANCE		657	654	432			68	64	49

Annex A6: **Western Australia** (continued)

BASE-LINE ASSISTANCE ESTIMATES		Total Funding (\$ million)			Tourism assistance (BL) (\$ million)		
		2000-01	2001-02	2002-03	2000-01	2001-02	2002-03
<b>Key Tourism Agency(s)</b>	Western Australian Tourism Commission	33	32	33	26	24	25
<b>Type of outlay:</b>							
Tourism	To	29	24	24	29	24	24
Convention centres & bureaus	CC	3	1	49	0	0	0
Special events	SE	8	9	10	2	2	2
Heritage	Hg	4	6	7	0	0	1
Cultural services	CS	70	59	61	6	5	5
National parks	NP	75	75	92	6	6	7
Recreational services	RS	0	0	0	0	0	0
Sport	Sp	26	28	29	1	1	1
Stadiums	St	14	5	9	1	0	0
Air transport	Ar	0	0	0	0	0	0
General transport	GT	0	0	0	0	0	0
Road transport	Rd	0	0	0	0	0	0
Public transport	PT	353	371	99	22	23	6
Rail transport	RI	0	0	0	0	0	0
Water transport	Wa	0	0	0	0	0	0
Export promotion	Ex	0	0	0	0	0	0
Regional development	RG	30	26	25	1	1	1
Small business	SB	9	8	9	0	0	0
All other	AO	0	0	0	0	0	0
Average	Av	37	41	18	1	1	0
<b>Total by type of outlay</b>		<b>657</b>	<b>654</b>	<b>432</b>	<b>68</b>	<b>64</b>	<b>49</b>
<b>Outlay groupings:</b>							
Dedicated tourism, events and conventions		39	34	83	31	26	27
Heritage, the arts and selected cultural institutions		74	65	68	6	5	5
Nature-based and recreational amenity		75	75	92	6	6	7
Sport and related infrastructure		40	33	38	2	2	2
Passenger transport infrastructure and services		353	371	99	22	23	6
Activity-based assistance programs		76	76	52	2	2	1
<b>Total outlay groupings</b>		<b>657</b>	<b>654</b>	<b>432</b>	<b>68</b>	<b>64</b>	<b>49</b>
<b>Broad outlay groups:</b>							
Dedicated tourism, events and conventions		39	34	83	31	26	27
Multi-purpose		190	174	199	14	13	15
Incidental		428	446	150	24	25	7
<b>Total broad outlay groups</b>		<b>657</b>	<b>654</b>	<b>432</b>	<b>68</b>	<b>64</b>	<b>49</b>

Annex A6: **Western Australia** (continued)

UPPER BOUND ASSISTANCE ESTIMATES		Total Funding (\$ million)			Tourism assistance (UB) (\$ million)		
		2000-01	2001-02	2002-03	2000-01	2001-02	2002-03
<b>Key Tourism Agency(s)</b>	Western Australian Tourism Commission	33	32	33	27	25	26
<b>Type of outlay:</b>							
Tourism	To	29	24	24	29	24	24
Convention centres & bureaus	CC	3	1	49	1	0	16
Special events	SE	8	9	10	3	3	3
Heritage	Hg	4	6	7	0	1	1
Cultural services	CS	70	59	61	7	6	6
National parks	NP	75	75	92	8	8	10
Recreational services	RS	0	0	0	0	0	0
Sport	Sp	26	28	29	2	2	2
Stadiums	St	14	5	9	1	0	1
Air transport	Ar	0	0	0	0	0	0
General transport	GT	0	0	0	0	0	0
Road transport	Rd	0	0	0	0	0	0
Public transport	PT	353	371	99	29	30	8
Rail transport	RI	0	0	0	0	0	0
Water transport	Wa	0	0	0	0	0	0
Export promotion	Ex	0	0	0	0	0	0
Regional development	RG	30	26	25	1	1	1
Small business	SB	9	8	9	0	0	0
All other	AO	0	0	0	0	0	0
Average	Av	37	41	18	1	1	0
<b>Total by type of outlay</b>		<b>657</b>	<b>654</b>	<b>432</b>	<b>81</b>	<b>77</b>	<b>72</b>
<b>Outlay groupings:</b>							
Dedicated tourism, events and conventions		39	34	83	32	27	44
Heritage, the arts and selected cultural institutions		74	65	68	8	7	7
Nature-based and recreational amenity		75	75	92	8	8	10
Sport and related infrastructure		40	33	38	3	2	2
Passenger transport infrastructure and services		353	371	99	29	30	8
Activity-based assistance programs		76	76	52	2	2	1
<b>Total outlay groupings</b>		<b>657</b>	<b>654</b>	<b>432</b>	<b>81</b>	<b>77</b>	<b>72</b>
<b>Broad outlay groups:</b>							
Dedicated tourism, events and conventions		39	34	83	32	27	44
Multi-purpose		190	174	199	18	17	19
Incidental		428	446	150	31	33	10
<b>Total broad outlay groups</b>		<b>657</b>	<b>654</b>	<b>432</b>	<b>81</b>	<b>77</b>	<b>72</b>



## Annex A6: Western Australia (continued)

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na: Not available. Figures for individual outputs may not add up to total due to rounding.

### Notes:

Outlay measure: net cost of service.

Where applicable the capital user charge has been removed from the estimates.

Figures for 2000-01: Actual.

Figures for 2001-02: Actual.

Figures for 2002-03: Actual.

<sup>a</sup> From 2001-02 to 2002-03, the Western Australian Government levied a capital use charge on most government departments, agencies and authorities to reflect the opportunity cost of the Government's investment in those entities. Funding for the charge is included in the price of outputs appropriations for each department, agency and authority, and has been removed from the estimates.

<sup>b</sup> Base line tourism shares.

<sup>c</sup> In 2002-03, the three national trust output groups were combined into a single output group. To derive estimates for these output groups in 2002-03, the share of each group in the 2001-02 estimates was applied to the single output group for 2002-03.

<sup>d</sup> In 2001-02, the Department of Industry and Resources three output groups were combined into a single output group (industry development services). To derive estimates for the three output groups in 2001-02 and 2002-03, the share of each group in the 2000-01 estimates was applied to the single output group from 2001-02 onwards.

<sup>e</sup> In 2001-02, the output groups were combined into a single output group (regional development). To derive estimates for the original output groups in 2001-02 and 2002-03, the share of each group in the 2000-01 estimates was applied to the single output group from 2001-02 onwards.

<sup>f</sup> In 2001-02, the two output groups were combined into a single output group (regional development). To derive estimates for the original output groups in 2001-02 and 2002-03, the share of each group in the 2000-01 estimates was applied to the single output group from 2001-02 onwards.

### Source:

The Government of Western Australia, Budget Statements, vols. 1 to 3, Budget Paper no. 2, Department of Treasury and Finance, Perth. Various Years.

# Annex A7: Tasmanian budgetary outlays on tourism and tourism-related activities, base line estimates, 2000-01 to 2002-03

Agency Output group Output	Stated objectives and/or description	Total funding (\$ million)			Share code	Tourism Share (BL) <sup>a</sup>	Tourism assistance (BL) (\$ million)		
		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
DEPARTMENT OF STATE DEVELOPMENT									
Tourism Marketing and Development <sup>b</sup>									
Tourism Marketing (3.1)	Create appeal and generate demand for travel to Tasmania among Tasmania's most profitable prospects.	14.2	14.3	14.5	To	100.0%	14.2	14.3	14.5
Tourism Industry Development (3.2)	Facilitate sustainable development of market ready product, infrastructure and services to meet identified market opportunities.	3.4	3.5	3.5	To	100.0%	3.4	3.5	3.5
Tourism Distribution Services (3.3)	Convert demand for Tasmanian travel product to retail sales and act as a channel for travel related consumer information and ensures effective and efficient presentation and distribution of Tasmanian tourism products.	10.7	10.2	10.3	To	100.0%	10.7	10.2	10.3
Major Events Support (3.4)	Support existing major events and the attraction of participatory events to Tasmania, which assist in attracting revenue and promoting the state and the expansion of business opportunities.	0.6	0.7	0.7	SE	25.0%	0.2	0.2	0.2
Subtotal for Tourism Marketing and Development		28.9	28.7	29.1			28.4	28.2	28.5
Investment, Trade and Development <sup>c</sup>									
Trade Development and Export marketing (1.1)	Develop national/international markets for Tasmanian goods and services.	1.5	1.7	1.7			0.0	0.0	0.0
Food and Beverages Industry Development (1.2)	Undertake investment attraction initiatives in the industries within the food and beverage sector with the ability to grow and that support Tasmania's clean green and innovative image.	na	1.5	1.5 <sup>d</sup>			na	0.0	0.0
Manufacturing and Services Industry Development (1.3)	Increase the start-up, expansion, diversification and sustainable development of manufacturing and services industries in Tasmania.	na	2.1	2.0 <sup>d</sup>			na	0.0	0.0
Resource Processing and Energy Industry Development (1.4)	Actively pursue an increase in investment in greenfield exploration in Tasmania with key industry stakeholders, including the marketing of existing scientific information to potential exploration companies.	na	1.1	1.1 <sup>d</sup>			na	0.0	0.0
Investment Attraction and Finance Facilitation (1.6)	Pursue the introduction of innovative financiers to the State who are able to provide new opportunities for appropriate funding arrangements to strategically-placed businesses capable of contributing to the Tasmanian economy.	na	1.4	1.6 <sup>d</sup>			na	0.0	0.0
Innovations, Science and Technology (1.7)	Services Market Tasmania's contact centre advantages to national and international markets, including a focus on attracting specialised operations such as shared service, back-office processing, information technology and advanced technology industries.	na	3.0	3.1 <sup>d</sup>			na	0.1	0.1
Small and Medium Enterprise Services (1.8)	Deliver the New Markets Access program, which helps businesses improve their market entry strategies through provision of information, advice, improved skill and access to subsidised services.	na	3.1	3.0 <sup>d</sup>			na	0.1	0.1
Skills and Employment Services (1.9)	Ensure a skilled labour force for Tasmania.	na	0.4	0.6 <sup>d</sup>			na	0.0	0.0
Subtotal for Investment, Trade and Development		12.9	14.3	14.6	Av	2.1%	0.3	0.3	0.3

# Annex A7: Tasmania (continued)

Agency		Total funding				Tourism	Tourism assistance (BL)		
Output group		(\$ million)			Share	Share	(\$ million)		
Output	Stated objectives and/or description	2000-01	2001-02	2002-03	code	(BL) <sup>a</sup>	2000-01	2001-02	2002-03
<b>Cultural, Heritage and Recreation Industry Development<sup>e</sup></b>									
Tasmanian Museum and Art Gallery	Acquire, document, research and store collection items. Maintain the collection's relevance to the community by ensuring that collection items and their associated ideas and information are available to the public.	3.5	4.1	4.1	CS	8.0%	0.3	0.3	0.3
Arts Industry Development	Advise the Minister for State Development on all matters relating to the formulation, development and implementation of arts policies and provide financial assistance for the arts.	0.7	0.6	0.6	CS	8.0%	0.1	0.0	0.0
Sport and Recreation (4.3)	Develop opportunities for all Tasmanians to participate in quality sport and recreation activities.	3.2	3.2	3.2	Sp	5.0%	0.2	0.2	0.2
<i>Subtotal for Cultural, Heritage and Recreation Industry Development</i>		<i>7.4</i>	<i>7.9</i>	<i>7.9</i>			<i>0.5</i>	<i>0.5</i>	<i>0.5</i>
<b>Payments Administered by the Department</b>									
Employment Assistance Grants	Grants to small businesses aimed at encouraging the employment of new apprentices.	0.8	0.8	0.8	AO	0.4%	0.0	0.0	0.0
Government Contribution to Tasmanian Symphony Orchestra	Government contribution to the maintenance of the Tasmanian Symphony Orchestra in accordance with the Tasmanian Symphony Orchestra (Financial Assistance) Amendment Act 1996.	0.1	0.1	0.2	CS	8.0%	0.0	0.0	0.0
Industry Development Grants and Subsidies	Grants, subsidies and development support to assist with the development of businesses that can demonstrate a net economic benefit to the State in accordance with the provisions of the Tasmanian Development Act 1983.	21.0	22.7	37.1	AO	0.4%	0.1	0.1	0.2
Local Employment Initiatives	Encourage local communities to conduct activities that will create long-term employment in Tasmania.	0.6	0.6	0.6	AO	0.4%	0.0	0.0	0.0
Major Events Grants and Assistance	Assist with the promotion and conduct of major events to further develop and stimulate tourism related industries within the State.	0.8	1.0	2.2	SE	25.0%	0.2	0.2	0.5
Meet in Tasmania Incentive	Grant to the Tasmanian Convention Bureau to attract conferences, conventions and meetings to Tasmania during the Tasmanian winter season between 1 May and 30 September each year.	0.2	...	<sup>f</sup>	CC	0.0%	...	...	
Museum and Art Gallery Grants	Government contribution to the general operational expenses of regional museums and art galleries.	1.2	1.2	1.3	CS	8.0%	0.1	0.1	0.1
Regional Gateway Marketing Groups	Assist in the intrastate marketing of Tasmania.	0.3	...	<sup>f</sup>	To	100.0%	0.3	...	
Sport and Recreation Grants	Grants to create environments that encourage Tasmanians to access quality sport and recreation opportunities.	1.1	1.1	2.0	Sp	5.0%	0.1	0.1	0.1
Sports Scholarships	Scholarships for individual athletes and team squads.	0.3	0.3	0.4	Sp	5.0%	0.0	0.0	0.0
Sundry Arts Grants and Loans	Grants are provided in accordance with, and for the purposes of, the Tasmanian Arts Advisory Board Act 1975, and includes the Government's support to provide the basic arts activity infrastructure on a statewide basis.	2.1	2.1	2.3	CS	8.0%	0.2	0.2	0.2

## Annex A7: Tasmania (continued)

Agency Output group Output	Stated objectives and/or description	Total funding (\$ million)			Share code	Tourism Share (BL) <sup>a</sup>	Tourism assistance (BL) (\$ million)		
		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
Tasmania Convention Bureau	Support and enhance the marketing capability of the Tasmanian Convention Bureau by providing an appropriate level of financial marketing support.	0.5	0.5	0.5 <sup>f, g</sup>	CC	0.0%	...	...	...
Tasmanian Icon Program	Funding of the State's icons to promote the State both nationally and internationally, including the Tasmanian Symphony Orchestra, the State cricket team and the Menzies Centre for Population Health Research.	0.3	0.4	0.4 <sup>h</sup>	To	100.0%	0.3	0.4	0.4
Tasmanian International Velodrome	Fund the operating deficit of the Tasmanian International Velodrome in accordance with the Tasmanian International Velodrome Management Authority Act 1984.	0.2	0.2	0.2	St	5.0%	0.0	0.0	0.0
Tasmanian Travel Centres	Provide support for the Hobart, Launceston, Devonport and Burnie travel centres in their role of providing information to visitors.	0.4	...	<sup>f</sup>	To	100.0%	0.4	...	
Tasmanian Visitor Information Network	Support the administration of the over 30 visitor centres in the Tasmanian Visitor Information Network that provide visitors with accurate, impartial information around the State.	0.1	...	<sup>f</sup>	To	100.0%	0.1	...	
Theatre Royal Grant	Funding to meet certain insurance costs of the Theatre Royal.	0.1	0.1	0.1	CS	8.0%	0.0	0.0	0.0
Tourism Development Grants	Grants to assist the development of tourism infrastructure, products and regional planning.	0.1	...	<sup>f</sup>	To	100.0%	0.1	...	
Tourism Development Assistance	Funding to support the development of the Tasmanian tourism industry.		1.1	1.1 <sup>g</sup>	To	100.0%	...	1.1	1.1
<i>Subtotal for Payments Administered by the Department</i>		29.9	32.0	49.0			1.8	2.1	2.6
<b>Subtotal for Department of State Development</b>		<b>79.1</b>	<b>82.9</b>	<b>100.6</b>			<b>30.9</b>	<b>31.2</b>	<b>32.0</b>
<b>DEPARTMENT OF PRIMARY INDUSTRIES, WATER AND ENVIRONMENT</b>									
<b>Resource Management and Conservation</b>									
Conservation of Tasmania's Flora, Fauna and Geoheritage (3.2)	Effectively conserve and manage the State's natural and physical heritage and promotes sustainable land use in Tasmania.	7.1	8.5	8.6	NP	8.0%	0.6	0.7	0.7
Cultural Heritage Services (3.3)	Effectively conserve and manage the State's cultural heritage.	2.0	2.4	2.3	Hg	8.0%	0.2	0.2	0.2
<i>Subtotal for Resource Management and Conservation</i>		9.1	10.9	10.9			0.7	0.9	0.9
<b>Parks and Wildlife Service<sup>i</sup></b>									
Parks and Wildlife Management (5.1)	Manage all Tasmanian National Parks, Reserves, Crown land and real property under the <i>National Parks and Wildlife Act 1970</i> and the <i>Crown Lands Act 1976</i> .	24.8	21.8	30.3	NP	8.0%	2.0	1.7	2.4
<i>Subtotal for Parks and Wildlife Service</i>		24.8	21.8	30.3			2.0	1.7	2.4

# Annex A7: Tasmania (continued)

Agency		Total funding (\$ million)				Tourism	Tourism assistance (BL)		
Output group					Share	Share	(\$ million)		
Output	Stated objectives and/or description	2000-01	2001-02	2002-03	code	(BL) <sup>a</sup>	2000-01	2001-02	2002-03
<b>Payments Administered by the Department</b>									
Botanic Gardens - Government Contribution	Government contribution to the operation of the Royal Tasmanian Botanical Gardens	1.5	1.9	2.0	CS	8.0%	0.1	0.1	0.2
Contribution to Commonwealth, State and Industry Organisation	State contribution to cost sharing arrangements as agreed at meetings of the Natural Resource Management Ministerial Council, the Primary Industries Ministerial Council and the Environment Protection and Heritage Council.	0.5	0.5	0.5	AO	0.4%	0.0	0.0	0.0
National Estates Grants Program	Disbursement of grants from the Commonwealth's National Estates Grants Program.	0.3	0.1	0.1	NP	8.0%	0.0	0.0	0.0
National Heritage Trust	Disbursement of funds provided by the Commonwealth Government to community organisations and individuals for projects that conserve, repair and replenish Australia's environment and natural resources.	9.8	38.3	3.6	NP	8.0%	0.8	3.1	0.3
Payments on behalf of Royal Tasmanian Botanical Gardens (RTBG)	Provide a bureau service for payroll functions for the Royal Tasmanian Botanical Gardens.	2.8	2.8	1.5	CS	8.0%	0.2	0.2	0.1
Wellington Park Contribution	Government contribution to the costs of administering the Wellington Park Management Authority.	0.1	0.1	0.1	NP	8.0%	0.0	0.0	0.0
Subtotal for Payments Administered by the Department		14.9	43.6	7.7			1.2	3.5	0.6
Subtotal for Department of Primary Industries, Water and Environment		48.8	76.3	48.9			3.9	6.1	3.9
<b>DEPARTMENT OF INFRASTRUCTURE, ENERGY AND RESOURCES</b>									
<b>Provision of Transport Services and Infrastructure</b>									
Island Shipping (3.2)		0.1	0.1	0.1	Wa	1.4%	0.0	0.0	0.0
Provision and Management of Public Passenger Transport (3.3)		2.4	2.4	2.7	PT	6.3%	0.2	0.1	0.2
Subtotal for Provision of Transport Services and Infrastructure		2.5	2.5	2.8			0.2	0.2	0.2
<b>Support for the Minister in Infrastructure Development and Business Management</b>									
Support for the Minister in Infrastructure Development and Business Management (7.1)	Provides the Minister for Infrastructure, Energy and Resources and the Minister for Racing and Gaming with strategic policy advice and support in relation to forestry and infrastructure policy and development and business management in accordance with Tas	0.3	0.3	0.5	AO	0.4%	0.0	0.0	0.0
Subtotal for Support for the Minister in Infrastructure Development and Business Management		0.3	0.3	0.5			0.0	0.0	0.0

# Annex A7: Tasmania (continued)

Agency		Total funding				Tourism	Tourism assistance (BL)		
Output group		(\$ million)			Share	Share	(\$ million)		
Output	Stated objectives and/or description	2000-01	2001-02	2002-03	code	(BL) <sup>a</sup>	2000-01	2001-02	2002-03
<b>Payments Administered by the Department</b>									
Bruny Island Ferry Service	The Department administers contract payments for the provision of the Bruny Island Ferry Service.	0.4	0.4	0.5	Wa	1.4%	0.0	0.0	0.0
Contribution to Marine and Safety Tasmania (MAST)	Marine and Safety Tasmania (MAST) has responsibility for the management of the Government's non-commercial marine facilities and Tasmania's marine regulatory environment. This contribution supports MAST in carrying out its functions.	0.7	0.7	0.7	Wa	1.4%	0.0	0.0	0.0
Furneaux Shipping Contract	The Department manages the contract for the operation of a shipping service to the Furneaux Group of islands.	0.2	0.2	0.2	Wa	1.4%	0.0	0.0	0.0
King Island Shipping	The Department manages the contract for the operation of a shipping service to King Island.	0.2	0.2	0.2	Wa	1.4%	0.0	0.0	0.0
Urban Bus Service	This item relates to the contract payments to urban bus service operators, excluding Metro Tasmania Pty Ltd.	1.0	1.2	1.2	Rd	2.6%	0.0	0.0	0.0
Tasmanian Racing Assistance	This payment is directed towards the stakes for thoroughbred, harness and greyhound racing. It is provided to support the level of the programs and stake levels in each of the codes.	1.1	0.0	1.1	Sp	5.0%	0.1	0.0	0.1
Interdominion Grant	This payment is for the funding of the third of eight annual grants of \$25 000 to the racing industry. This funding is provided to support the return of the Interdominion Pacing Championship to Tasmania in 2006.	0.0	1.1	0.0	Sp	5.0%	0.0	0.1	0.0
Subtotal for Payments Administered by the Department		3.6	3.8	3.9			0.1	0.1	0.1
<b>Capital Investment Program</b>									
Environmental Management		0.9	0.6	0.8	NP	8.0%	0.1	0.0	0.1
Infrastructure Development		24.1	18.4	15.4	GT	6.3%	1.5	1.2	1.0
Infrastructure Maintenance		32.5	31.6	28.0	GT	6.3%	2.0	2.0	1.8
Program Management		3.8	4.8	4.5	GT	6.3%	0.2	0.3	0.3
Wiltshire Junction to Smithton Railway		0.9	0.5	...	RI	5.6%	0.0	0.0	...
Subtotal for Capital Investment Program		62.1	55.8	48.7			3.9	3.5	3.1
Subtotal for Department of Infrastructure, Energy and Resources		68.5	62.5	56.0			4.2	3.8	3.4
TOTAL BUDGETARY ASSISTANCE		196	222	205			39	41	39

Annex A7: **Tasmania** (continued)

BASE-LINE ASSISTANCE ESTIMATES		Total Funding (\$ million)			Tourism assistance (BL) (\$ million)		
		2000-01	2001-02	2002-03	2000-01	2001-02	2002-03
<b>Key Tourism Agency(s)</b>	Tourism Tasmania	29	29	29	28	28	29
<b>Type of outlay:</b>							
Tourism	To	29	29	30	29	29	30
Convention centres & bureaus	CC	1	1	1	0	0	0
Special events	SE	1	2	3	0	0	1
Heritage	Hg	2	2	2	0	0	0
Cultural services	CS	12	13	12	1	1	1
National parks	NP	43	69	43	3	6	3
Recreational services	RS	0	0	0	0	0	0
Sport	Sp	6	6	7	0	0	0
Stadiums	St	0	0	0	0	0	0
Air transport	Ar	0	0	0	0	0	0
General transport	GT	60	55	48	4	3	3
Road transport	Rd	1	1	1	0	0	0
Public transport	PT	2	2	3	0	0	0
Rail transport	RI	1	1	0	0	0	0
Water transport	Wa	2	2	2	0	0	0
Export promotion	Ex	0	0	0	0	0	0
Regional development	RG	0	0	0	0	0	0
Small business	SB	0	0	0	0	0	0
All other	AO	23	25	39	0	0	0
Average	Av	13	14	15	0	0	0
<b>Total by type of outlay</b>		<b>196</b>	<b>222</b>	<b>205</b>	<b>39</b>	<b>41</b>	<b>39</b>
<b>Outlay groupings:</b>							
Dedicated tourism, events and conventions		31	32	33	30	30	31
Heritage, the arts and selected cultural institutions		14	15	14	1	1	1
Nature-based and recreational amenity		43	69	43	3	6	3
Sport and related infrastructure		6	6	7	0	0	0
Passenger transport infrastructure and services		66	61	54	4	4	3
Activity-based assistance programs		36	39	54	0	0	0
<b>Total outlay groupings</b>		<b>196</b>	<b>222</b>	<b>205</b>	<b>39</b>	<b>41</b>	<b>39</b>
<b>Broad outlay groups:</b>							
Dedicated tourism, events and conventions		31	32	33	30	30	31
Multi-purpose		63	90	65	5	7	5
Incidental		102	100	108	4	4	4
<b>Total broad outlay groups</b>		<b>196</b>	<b>222</b>	<b>205</b>	<b>39</b>	<b>41</b>	<b>39</b>

Annex A7: **Tasmania** (continued)

UPPER BOUND ASSISTANCE ESTIMATES		Total Funding (\$ million)			Tourism assistance (UB) (\$ million)		
		2000-01	2001-02	2002-03	2000-01	2001-02	2002-03
<b>Key Tourism Agency(s)</b>	Tourism Tasmania	29	29	29	28	28	29
<b>Type of outlay:</b>							
Tourism	To	29	29	30	29	29	30
Convention centres & bureaus	CC	1	1	1	0	0	0
Special events	SE	1	2	3	0	1	1
Heritage	Hg	2	2	2	0	0	0
Cultural services	CS	12	13	12	1	1	1
National parks	NP	43	69	43	5	7	5
Recreational services	RS	0	0	0	0	0	0
Sport	Sp	6	6	7	0	0	0
Stadiums	St	0	0	0	0	0	0
Air transport	Ar	0	0	0	0	0	0
General transport	GT	60	55	48	5	4	4
Road transport	Rd	1	1	1	0	0	0
Public transport	PT	2	2	3	0	0	0
Rail transport	RI	1	1	0	0	0	0
Water transport	Wa	2	2	2	0	0	0
Export promotion	Ex	0	0	0	0	0	0
Regional development	RG	0	0	0	0	0	0
Small business	SB	0	0	0	0	0	0
All other	AO	23	25	39	0	0	0
Average	Av	13	14	15	0	0	0
<b>Total by type of outlay</b>		<b>196</b>	<b>222</b>	<b>205</b>	<b>42</b>	<b>45</b>	<b>42</b>
<b>Outlay groupings:</b>							
Dedicated tourism, events and conventions		31	32	33	30	30	31
Heritage, the arts and selected cultural institutions		14	15	14	1	2	2
Nature-based and recreational amenity		43	69	43	5	7	5
Sport and related infrastructure		6	6	7	0	0	0
Passenger transport infrastructure and services		66	61	54	5	5	4
Activity-based assistance programs		36	39	54	0	1	1
<b>Total outlay groupings</b>		<b>196</b>	<b>222</b>	<b>205</b>	<b>42</b>	<b>45</b>	<b>42</b>
<b>Broad outlay groups:</b>							
Dedicated tourism, events and conventions		31	32	33	30	30	31
Multi-purpose		63	90	65	6	9	7
Incidental		102	100	108	6	5	5
<b>Total broad outlay groups</b>		<b>196</b>	<b>222</b>	<b>205</b>	<b>42</b>	<b>45</b>	<b>42</b>



## Annex A7: Tasmania (continued)

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na: Not available. Figures for individual outputs may not add up to total due to rounding.

### Notes:

Outlay measure: budget outputs.

Figures for 2000-01: Forecast.

Figures for 2001-02: Forecast.

Figures for 2002-03: Forecast.

<sup>a</sup> Base line tourism shares.

<sup>b</sup> The Tourism Marketing and Development output group was transferred to the Department of Tourism, Parks, Heritage and the Arts in July 2002-03.

<sup>c</sup> The Investment, Trade and Development output group was transferred to the Department of Economic Development in August 2002.

<sup>d</sup> Outputs within output group change from 2000-01 to 2001-02.

<sup>e</sup> The Cultural and Heritage output group was transferred to the Department of Tourism, Parks, Heritage and the Arts in July 2002-03, while the Recreation Industry Development output group was transferred to the Department of Economic Development in August 2002.

<sup>f</sup> Included as part of the Tourism Development Assistance Program.

<sup>g</sup> From 2001-02, funding for the Tasmanian Convention Bureau (TCB) was included as part of the Tourism Development Assistance (TDA) program. For classification and estimation reasons, funding for the TCB, of \$0.5m per year, has been reported separately in 2001-02 and 2002-03, while the estimates for the TDA program have been adjusted to reflect the removal of TCB funding.

<sup>h</sup> Tourism Tasmania estimates that no more than 30 percent of expenditure on this program could be attributed to tourism. For simplicity, the program funding recorded in the annex is 25 percent of the budget outlay.

<sup>i</sup> The Parks and Wildlife Service output group was transferred to the Department of Tourism, Parks, Heritage and the Arts in July 2002-03.

### Sources:

Parliament of Tasmania 2001, *Operations of Government Departments 2001-02*, vols. 1 & 2, Budget Paper no. 2, Government Printer, Hobart.

Parliament of Tasmania 2002, *Operations of Government Departments 2002-03*, vols. 1 & 2, Budget Paper no. 2, Government Printer, Hobart.

Parliament of Tasmania 2003, *Operations of Government Departments 2003-04*, vols. 1 & 2, Budget Paper no. 2, Government Printer, Hobart.

# Annex A8: Northern Territory budgetary outlays on tourism and tourism-related activities, base line estimates, 2000-01 to 2002-03

Agency		Total funding				Tourism	Tourism assistance (BL)		
Output group		(\$ million)				Share	(\$ million)		
Output	Stated objectives and/or description	2000-01	2001-02	2002-03	Share code	Share (BL) <sup>a</sup>	2000-01	2001-02	2002-03
NORTHERN TERRITORY TOURIST COMMISSION									
Tourism <sup>b</sup>									
Marketing	Position the Northern Territory and its tourism products in the national and international marketplace by market research, advertising and promotional campaigns, information provision and the sale of holiday products.	20.6	20.9	20.9 <sup>c, d</sup>	To	100.0%	20.6	20.9	20.9
Northern Territory Convention Bureau (NTCB)		0.6	0.8	0.9 <sup>e</sup>	CC	0.0%	...	...	...
Industry and Infrastructure Development	Facilitate the development of tourism infrastructure and products relevant to consumer demand including liaison with industry, private sector entities and government partners and the provision of advice and market intelligence to industry.	4.4	4.2	4.3	To	100.0%	4.4	4.2	4.3
Subtotal for Tourism		25.6	25.9	26.1			25.0	25.1	25.1
Subtotal for Northern Territory Tourist Commission		25.6	25.9	26.1			25.0	25.1	25.1
TERRITORY DISCOVERIES									
Wholesaling									
Wholesaling	Package Northern Territory tourism products for sale in the domestic marketplace and through the domestic retail network and directly to consumers through advertising and other promotional activities.	1.6	2.4	5.2 <sup>f</sup>	To	100.0%	1.6	2.4	5.2
Subtotal for Territory Discoveries		1.6	2.4	5.2			1.6	2.4	5.2
DEPARTMENT OF COMMUNITY DEVELOPMENT, SPORT AND CULTURAL AFFAIRS <sup>g</sup>									
Arts, Museums and Library Services									
Sector Support	Financial and other support services to the arts, regional museums and public library sector and maintenance and management of physical infrastructure for major arts and museums organisations and activities.	4.2	11.6	13.0	CS	8.0%	0.3	0.9	1.0
Collections and Research	Preserve, conserve, maintain and disseminate information concerning the Northern Territory's natural, cultural and documentary collections (including heritage properties).	4.4	9.9	11.2	CS	8.0%	0.4	0.8	0.9
Public Programs	Develop and present exhibitions, education and interpretive programs, public events, advisory services and information services.	4.9	4.9	5.5	CS	8.0%	0.4	0.4	0.4
Subtotal for Arts, Museums and Library Services		13.5	26.4	29.7			1.1	2.1	2.4

# Annex A8: Northern Territory (continued)

Agency		Total funding					Tourism assistance (BL)		
Output group		(\$ million)				Share	Share	(\$ million)	
Output	Stated objectives and/or description	2000-01	2001-02	2002-03	Share code	(BL) <sup>a</sup>	2000-01	2001-02	2002-03
<b>Sport and Recreation</b>									
Participation and Development Programs	Administer grants program, manage facilities and support and assist the delivery of quality programs across the community.	8.6	8.8	10.2	Sp	5.0%	0.4	0.4	0.5
Northern Territory Institute of Sport	Quality coaching, support programs and training environments.	2.4	2.5	2.5	Sp	5.0%	0.1	0.1	0.1
Events	Manage the biennial Alice Springs Masters Games and Arafura Games and the annual Northern Territory Sports Awards.	3.1	1.7	3.8	SE	25.0%	0.8	0.4	0.9
Subtotal for Sport and Recreation		14.1	13.0	16.5			1.3	1.0	1.6
Subtotal for Department of Community Development, Sport and Cultural Affairs		27.5	39.4	46.2			2.4	3.1	4.0
<b>TERRITORY WILDLIFE PARKS</b>									
Territory Wildlife Park	Provide a quality experience to visitors through the presentation of flora and fauna in a variety of natural habitats in the Top End.	5.1	5.1	5.3	NP	8.0%	0.4	0.4	0.4
Alice Springs Desert Park	Provide a quality experience to visitors through the presentation of flora and fauna in a variety of natural habitats in Central Australia.	5.7	5.7	5.8	NP	8.0%	0.5	0.5	0.5
Subtotal for Territory Wildlife Parks		10.8	10.7	11.1			0.9	0.9	0.9
<b>NORTHERN TERRITORY TREASURY</b>									
<b>Community Grants and Subsidies</b>									
Tax-Related Subsidies (Fuel and Liquor subsidies only)	Provide policy advice and management of selected tax-related subsidy arrangements including First Home Owner Grants, liquor and fuel subsidies, and includes providing policy advice on subsidy projects.	5.6	4.8	3.6 <sup>h</sup>	AO	0.4%	0.0	0.0	0.0
Assistance to the racing industry	Payment to the racing industry in accordance with the 1999 Northern Territory Racing Industry Agreement following the sale of the NT TAB.		5.4	5.4 <sup>h</sup>	Sp	5.0%		0.3	0.3
Subtotal for Community Grants and Subsidies		5.6	10.2	9.0			0.0	0.3	0.3
Subtotal for Northern Territory Treasury		5.6	10.2	9.0			0.0	0.3	0.3

# Annex A8: Northern Territory (continued)

Agency		Total funding (\$ million)			Share code	Tourism Share (BL) <sup>a</sup>	Tourism assistance (BL) (\$ million)		
Output group		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
Output	Stated objectives and/or description								
<b>DEPARTMENT OF BUSINESS, INDUSTRY AND RESOURCE DEVELOPMENT</b>									
<b>Business, Trade and Industry Development Services</b>									
Business, Trade and Industry Development Services	Provide development information, advisory and facilitation services to Territory business operators and industry sectors.		14.2	12.1	Av	2.1%		0.3	0.3
Business, Trade and Industry Services	Assistance Provide enterprise improvement services, financial assistance services for small to medium size enterprises and financial assistance services to industry associations.		6.0	5.2	SB	2.1%		0.1	0.1
<i>Subtotal for Business, Trade and Industry Development Services</i>		...	20.2	17.2			...	0.4	0.4
<b>Subtotal for Department of Business, Industry and Resource Development</b>		...	20.2	17.2			...	0.4	0.4
<b>DEPARTMENT OF INFRASTRUCTURE, PLANNING AND ENVIRONMENT</b>									
<b>Office of Environment and Heritage</b>									
Heritage Conservation Services	Advise, assist and regulate services to protect and conserve the Territory's heritage assets.	1.1	1.3	1.5	Hg	8.0%	0.1	0.1	0.1
<i>Subtotal for Office of Environment and Heritage</i>		1.1	1.3	1.5			0.1	0.1	0.1
<b>Management of Parks and Reserves, Bio-Diversity and Bushfires</b>									
Management of the Territory's Bio-Diversity	Sustainable use of the natural environment through identification, description, regional planning and cooperative management of wildlife and feral animals.	10.7	11.7	11.9	NP	8.0%	0.9	0.9	1.0
Parks and Reserves Management	Manage a representative system of parks for the preservation of bio-diversity, promotion of conservation and provision of quality tourism and recreational experiences.	17.6	23.7	24.2	NP	8.0%	1.4	1.9	1.9
Territory Wildlife Parks Community Services Obligations	Provide financial assistance to the Territory Wildlife Park and the Alice Springs Desert Park for non-commercial and scientific research functions performed on behalf of the community.	8.2	8.5	8.7	NP	8.0%	0.7	0.7	0.7
<i>Subtotal for Management of Parks and Reserves, Bio-Diversity and Bushfires</i>		36.5	43.9	44.9			2.9	3.5	3.6
<b>Transport</b>									
Public Transport Services	Provide urban public transport services in Darwin and Alice Springs.	12.0	10.9	11.4	PT	6.3%	0.8	0.7	0.7
<i>Subtotal for Transport</i>		12.0	10.9	11.4			0.8	0.7	0.7
<b>Subtotal for Department of Infrastructure, Planning and Environment</b>		49.7	56.1	57.8			3.8	4.3	4.4

# Annex A8: Northern Territory (continued)

Agency Output group Output	Stated objectives and/or description	Total funding (\$ million)			Share code	Tourism Share (BL) <sup>a</sup>	Tourism assistance (BL) (\$ million)		
		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
<b>DARWIN BUS SERVICE</b>	Provide an efficient, safe and reliable urban public bus service to meet the needs of the Darwin and Palmerston communities, services for special events and children travelling to and from schools.	<b>0.8</b>	<b>(0.5)</b>	<b>(0.2)</b> <sup>f</sup>	PT	6.3%	<b>0.0</b>	<b>(0.0)</b>	<b>(0.0)</b>
<b>DARWIN PORT CORPORATION</b>									
Small Craft Services	Manage and operate the Mooring Basin, Fisherman's Wharf and Hornibrooks Wharf.	0.7	0.8	1.1 <sup>f</sup>	Wa	1.4%	0.0	0.0	0.0
Cruise and Defence Facilities	Provide a cruise shipping and naval presence in the Northern Territory, including the facilities of Stokes Hill Wharf, the roll on/roll off facility and the Cruise Ship Terminal.	1.3	(0.7)	(0.9) <sup>f</sup>	Wa	1.4%	0.0	(0.0)	(0.0)
Tourism Real Estate Development	Manage the Wharf Precinct which provides retail outlets and associated facilities, entertainment, infrastructure and services on the wharf, in support of general tourism activities.	na	0.6	0.2 <sup>f</sup>	To	100.0%	na	0.6	0.2
<b>Subtotal for Darwin Port Corporation</b>		<b>1.9</b>	<b>0.7</b>	<b>0.5</b>			<b>0.0</b>	<b>0.6</b>	<b>0.2</b>
<b>DEPARTMENT OF THE CHIEF MINISTER</b>									
<b>NT Railway</b>									
NT Railway	Provide financial and other support to the AustralAsia Railway Corporation, advice to Government and promotion of the Alice Springs to Darwin railway to ensure the Northern Territory's obligations and entitlements in relation to the construction of the railway, including its obligations relating to management of the railway corridor construction and investment in the rail project are met.	149.4	2.0	1.7	RI	5.6%	8.3	0.1	0.1
<b>Subtotal for Department of the Chief Minister</b>		<b>149.4</b>	<b>2.0</b>	<b>1.7</b>			<b>8.3</b>	<b>0.1</b>	<b>0.1</b>
<b>TOTAL BUDGETARY ASSISTANCE</b>		<b>273</b>	<b>167</b>	<b>174</b>			<b>42</b>	<b>37</b>	<b>41</b>

## Annex A8: Northern Territory (continued)

BASE-LINE ASSISTANCE ESTIMATES		Total Funding (\$ million)			Tourism assistance (BL) (\$ million)		
		2000-01	2001-02	2002-03	2000-01	2001-02	2002-03
<b>Key Tourism Agency(s)</b>	Northern Territory Tourist Commission, Territory Discoveries	27	28	31	27	28	30
<b>Type of outlay:</b>							
Tourism	To	27	28	31	27	28	31
Convention centres & bureaus	CC	1	1	1	0	0	0
Special events	SE	3	2	4	1	0	1
Heritage	Hg	1	1	1	0	0	0
Cultural services	CS	13	26	30	1	2	2
National parks	NP	47	55	56	4	4	4
Recreational services	RS	0	0	0	0	0	0
Sport	Sp	11	17	18	1	1	1
Stadiums	St	0	0	0	0	0	0
Air transport	Ar	0	0	0	0	0	0
General transport	GT	0	0	0	0	0	0
Road transport	Rd	0	0	0	0	0	0
Public transport	PT	13	10	11	1	1	1
Rail transport	RI	149	2	2	8	0	0
Water transport	Wa	2	0	0	0	0	0
Export promotion	Ex	0	0	0	0	0	0
Regional development	RG	0	0	0	0	0	0
Small business	SB	0	6	5	0	0	0
All other	AO	6	5	4	0	0	0
Average	Av	0	14	12	0	0	0
<b>Total by type of outlay</b>		<b>273</b>	<b>167</b>	<b>174</b>	<b>42</b>	<b>37</b>	<b>41</b>
<b>Outlay groupings:</b>							
Dedicated tourism, events and conventions		30	31	35	27	29	31
Heritage, the arts and selected cultural institutions		15	28	31	1	2	3
Nature-based and recreational amenity		47	55	56	4	4	4
Sport and related infrastructure		11	17	18	1	1	1
Passenger transport infrastructure and services		164	12	13	9	1	1
Activity-based assistance programs		6	25	21	0	0	0
<b>Total outlay groupings</b>		<b>273</b>	<b>167</b>	<b>174</b>	<b>42</b>	<b>37</b>	<b>41</b>
<b>Broad outlay groups:</b>							
Dedicated tourism, events and conventions		30	31	35	27	29	31
Multi-purpose		73	99	105	6	7	8
Incidental		170	37	34	9	1	1
<b>Total broad outlay groups</b>		<b>273</b>	<b>167</b>	<b>174</b>	<b>42</b>	<b>37</b>	<b>41</b>

## Annex A8: Northern Territory (continued)

UPPER BOUND ASSISTANCE ESTIMATES		Total Funding (\$ million)			Tourism assistance (UB) (\$ million)		
		2000-01	2001-02	2002-03	2000-01	2001-02	2002-03
<b>Key Tourism Agency(s)</b>	Northern Territory Tourist Commission, Territory Discoveries	27	28	31	27	28	31
<b>Type of outlay:</b>							
Tourism	To	27	28	31	27	28	31
Convention centres & bureaus	CC	1	1	1	0	0	0
Special events	SE	3	2	4	1	1	1
Heritage	Hg	1	1	1	0	0	0
Cultural services	CS	13	26	30	1	3	3
National parks	NP	47	55	56	5	6	6
Recreational services	RS	0	0	0	0	0	0
Sport	Sp	11	17	18	1	1	1
Stadiums	St	0	0	0	0	0	0
Air transport	Ar	0	0	0	0	0	0
General transport	GT	0	0	0	0	0	0
Road transport	Rd	0	0	0	0	0	0
Public transport	PT	13	10	11	1	1	1
Rail transport	RI	149	2	2	11	0	0
Water transport	Wa	2	0	0	0	0	0
Export promotion	Ex	0	0	0	0	0	0
Regional development	RG	0	0	0	0	0	0
Small business	SB	0	6	5	0	0	0
All other	AO	6	5	4	0	0	0
Average	Av	0	14	12	0	0	0
<b>Total by type of outlay</b>		<b>273</b>	<b>167</b>	<b>174</b>	<b>47</b>	<b>40</b>	<b>44</b>
<b>Outlay groupings:</b>							
Dedicated tourism, events and conventions		30	31	35	28	29	32
Heritage, the arts and selected cultural institutions		15	28	31	2	3	3
Nature-based and recreational amenity		47	55	56	5	6	6
Sport and related infrastructure		11	17	18	1	1	1
Passenger transport infrastructure and services		164	12	13	12	1	1
Activity-based assistance programs		6	25	21	0	1	0
<b>Total outlay groupings</b>		<b>273</b>	<b>167</b>	<b>174</b>	<b>47</b>	<b>40</b>	<b>44</b>
<b>Broad outlay groups:</b>							
Dedicated tourism, events and conventions		30	31	35	28	29	32
Multi-purpose		73	99	105	7	10	10
Incidental		170	37	34	12	2	2
<b>Total broad outlay groups</b>		<b>273</b>	<b>167</b>	<b>174</b>	<b>47</b>	<b>40</b>	<b>44</b>

## Annex A8: Northern Territory (continued)

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na: Not available. Figures for individual outputs may not add up to total due to rounding.

### Notes:

Outlay measure: operating expenses.

Figures for 2000-01: Estimated actual (Estimate).

Figures for 2001-02: Estimated actual (Estimate).

Figures for 2002-03: Estimated actual (Estimate).

<sup>a</sup> Base line tourism shares.

<sup>b</sup> NT Treasury indicated that NTTC undertakes minor event attraction activity under its marketing output. Estimates not separately included.

<sup>c</sup> Net of revenue raised from Tourism Marketing Duty, which is considered to be a de facto user charge. Also excludes funding for the NTCB.

<sup>d</sup> For classification and estimation reasons, funding for the NTCB has been subtracted from the marketing output.

<sup>e</sup> Data provided by NTTC/NT Treasury.

<sup>f</sup> Estimated net cost of service.

<sup>g</sup> Changed to the Department of Community Development, Sport and Cultural Affairs in November 2001.

<sup>h</sup> Northern Territory (2001, p. 16).

### Sources:

Northern Territory 2001, *Economic and Fiscal Outlook 2001-02*, Mini Budget Paper no. 3, NT Treasury, Darwin.

Northern Territory 2002, *The Budget 2001-02*, Budget Paper no. 2, NT Treasury, Darwin.

Northern Territory 2003, *The Budget 2002-03*, Budget Paper no. 3, NT Treasury, Darwin.

Northern Territory 2004, *The Budget 2003-04*, Budget Paper no. 3, NT Treasury, Darwin.

NT Treasury 2002, *Annual Report 2001-02*, NT Treasury, Darwin.

NT Treasury 2003, *Annual Report 2002-03*, NT Treasury, Darwin.

NT Treasury 2004, *Annual Report 2003-04*, NT Treasury, Darwin.



Annex A9: Australian Capital Territory budgetary outlays on tourism and tourism-related activities, base line estimates, 2000-01 to 2002-03

Agency		Total funding (\$ million)			Share code	Tourism	Tourism assistance (BL)		
Output group		2000-01	2001-02	2002-03		Share (BL) <sup>a</sup>	(\$ million)		
Output	Stated objectives and/or description	2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
<b>CANBERRA TOURISM AND EVENTS CORPORATION<sup>b</sup></b>									
Subsidy to Canberra Convention Bureau	Contribution to the operating activities of the Canberra Convention Bureau.	0.4	0.7	0.7	CC	0.0%	...	...	...
Events Assistance	Funding towards the events assistance program.	9.4	11.1	3.8 <sup>c</sup>	SE	25.0%	2.4	2.8	0.9
Other activities	Provide other quality tourism services.	4.5	7.2	9.8 <sup>c</sup>	To	100.0%	4.5	7.2	9.8
<b>Subtotal for Canberra Tourism and Events Corporation</b>		<b>14.4</b>	<b>19.0</b>	<b>14.2</b>			<b>6.9</b>	<b>10.0</b>	<b>10.7</b>
<b>ACT CHIEF MINISTER'S DEPARTMENT</b>									
<b>Government Strategy (1)</b>									
Government Strategic Priorities Management (1.5)	Develop and manage a range of strategic initiatives for the ACT Government, including the development of Canberra Airport as a regional transport hub.	21.0	4.9	... <sup>d</sup>	AO	0.4%	0.1	0.0	...
<b>Economic Development, Business and Tourism (3)</b>									
Economic Development, Business and Tourism (3.1) (Arts, Festivals and Cultural Programs only)	Stimulate economic growth, create new jobs, and create an attractive destination for visitors.	7.5	3.9	... <sup>e</sup>	CS	8.0%	0.6	0.3	...
<b>Sport and Recreation Services (3)</b>									
Sport and Recreation (3.1 and 3.2)	Provide opportunities to participation in sport and recreation in the ACT.	...	5.3	7.5 <sup>f</sup>	Sp	5.0%	...	0.3	0.4
<b>Subtotal for ACT Chief Minister's Department</b>		<b>28.5</b>	<b>14.2</b>	<b>7.5</b>			<b>0.7</b>	<b>0.6</b>	<b>0.4</b>
<b>AUSTRALIAN INTERNATIONAL HOTEL SCHOOL</b>	Provide education and training to develop knowledge and skills in hotel management and related fields.	<b>0.9</b>	<b>4.4</b>	<b>0.6</b> <sup>g, h</sup>	To	100.0%	<b>0.9</b>	<b>4.4</b>	<b>0.6</b>
<b>CULTURAL FACILITIES CORPORATION</b>									
	Manage the Canberra Theatre Centre, the Canberra Museum and Gallery, the Nolan Gallery, Civic Square, a number of historic sites and deliver programs in a creative, professional, and business-like manner to enrich the cultural life of people in, and visitors to, the ACT and region.	<b>7.1</b>	<b>7.0</b>	<b>7.5</b> <sup>g</sup>	CS	8.0%	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>

# Annex A9: Australian Capital Territory (continued)

Agency Output group Output	Stated objectives and/or description	Total funding (\$ million)			Share code	Tourism Share (BL) <sup>a</sup>	Tourism assistance (BL) (\$ million)		
		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
<b>EXHIBITION PARK IN CANBERRA</b>	Manage Exhibition Park in Canberra (EPIC) and conduct exhibitions, sporting, recreational and cultural activities and any other activities approved by the minister; and to provide buildings and facilities as appropriate.	<b>0.4</b>	<b>1.1</b>	<b>0.7</b>	St	5.0%	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>
<b>STADIUMS AUTHORITY</b>	Manage and promote the Canberra Stadium and attraction of major sport events.	<b>1.9</b>	<b>3.0</b>	<b>3.7</b> <sup>g</sup>	St	5.0%	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>
<b>DEPARTMENT OF EDUCATION AND COMMUNITY SERVICES</b>									
<b>Sport and Recreation Services (8)</b>									
Active Lifestyle Services (8.1)	Support and promote participation in sport and recreational activities in the ACT through the Active Australia initiative; manage and deliver a comprehensive range of sport and recreation facilities; and provide opportunities for community participation in a range of sporting and recreational activities.	11.3	4.0	... <sup>i</sup>	Sp	5.0%	0.6	0.2	...
Act Academy of Sport (8.2)	Prepare ACT athletes and teams in selected sports for national and international sporting competitions; develop the skills of sport coaches through the ACT Academy of Sport and the ACT Coaching Centre.	2.1	0.8	... <sup>i</sup>	Sp	5.0%	0.1	0.0	...
Administration of Grants (8.3)	Manage the Sport and Development Grant Program in order to facilitate participation in sport and recreational activities in the ACT.	3.7	0.4	... <sup>i</sup>	Sp	5.0%	0.2	0.0	...
<i>Subtotal for Sport and Recreation Services</i>		<i>17.0</i>	<i>5.2</i>	<i>...</i>			<i>0.8</i>	<i>0.3</i>	<i>...</i>
<b>Subtotal for Department of Education and Community Services</b>		<b>17.0</b>	<b>5.2</b>	<b>...</b>			<b>0.8</b>	<b>0.3</b>	<b>...</b>

# Annex A9: Australian Capital Territory (continued)

Agency		Total funding (\$ million)			Share code	Tourism Share (BL) <sup>a</sup>	Tourism assistance (BL) (\$ million)		
Output group		2000-01	2001-02	2002-03			2000-01	2001-02	2002-03
Output	Stated objectives and/or description								
<b>DEPARTMENT OF URBAN SERVICES</b>									
<b>Municipal Services (1)</b>									
Canberra Urban Parks and Places (1.4)	Provide asset, sport and recreational facilities use and management services for urban parks, lakes, sportsgrounds, pools and public urban open space, including policy, management planning, setting standards; inventory, creation, acceptance and refurbishment of assets; commissioning of horticultural maintenance, cleaning and pool management services; approvals and inspections; plant issue scheme, and public use management services in ACT Forests reserves.	32.9	39.5	48.5 j	CS	8.0%	2.6	3.2	3.9
Subtotal for Municipal Services		32.9	39.5	48.5			2.6	3.2	3.9
<b>Transport (2)</b>									
Public Transport (2.2)	Provide public transport services.	2.6	1.0	2.1 k	PT	6.3%	0.2	0.1	0.1
Subtotal for Transport		2.6	1.0	2.1			0.2	0.1	0.1
<b>Environment and Heritage (3)</b>									
Nature Conservation and Land Management (3.2)	Deliver sustainable management of natural and cultural resources, including the provision of visitor services in nature parks.	15.0	16.4	32.5	NP	8.0%	1.2	1.3	2.6
Heritage (3.3)	Manage designated heritage resources, administer heritage legislation and the support and promote heritage activities through grants and related programs.	1.9	1.4	1.6	Hg	8.0%	0.2	0.1	0.1
Subtotal for Environment and Heritage		16.9	17.8	34.1			1.4	1.4	2.7
<b>Arts and Cultural Services (4)</b>									
Arts and Cultural Services (4.1)	Provide policy advice to the ACT Government on arts, festivals, cultural planning, cultural program and cultural tourism issues; develop and implement government policies and strategies related to these areas; and provide administrative and professional support to Ministerial Advisory Bodies and Committees and administer related programs.	...	6.4	11.9 l	CS	8.0%	...	0.5	1.0
Subtotal for Arts and Cultural Services		...	6.4	11.9			...	0.5	1.0

# Annex A9: Australian Capital Territory (continued)

Agency		Total funding (\$ million)			Share code	Tourism Share (BL) <sup>a</sup>	Tourism assistance (BL) (\$ million)		
Output group		2000-01	2001-02	2002-03		2000-01	2001-02	2002-03	
Output	Stated objectives and/or description								
<b>Expenses on behalf of the Territory</b>									
Office of the Commissioner for the Environment (EBT 1.1)	Produce the State of the Environment report by the Territory and its agencies; conduct investigations as directed by the Minister responsible for the environment; and conduct investigations where the Commissioner considers actions by a Territory agency would have a substantial impact on the environment of the Territory.	0.4	0.3	0.4	NP	8.0%	0.0	0.0	0.0
Subtotal for Expenses on behalf of the Territory		0.4	0.3	0.4			0.0	0.0	0.0
Subtotal for Department of Urban Services		52.8	65.1	97.0			4.2	5.2	7.7
<b>ACTION</b>									
	Operate Canberra's public bus network and school services with the objective of providing effective and accessible passenger services, as well as providing special needs services and charter bus services.	47.6	51.4	53.3 <sup>g</sup>	PT	6.3%	3.0	3.2	3.4
<b>TOTAL BUDGETARY ASSISTANCE</b>		170	170	185			17	24	24

## Annex A9: Australian Capital Territory (continued)

BASE-LINE ASSISTANCE ESTIMATES		Total Funding (\$ million)			Tourism assistance (BL) (\$ million)		
		2000-01	2001-02	2002-03	2000-01	2001-02	2002-03
<b>Key Tourism Agency(s)</b>	Canberra Tourism and Events Corporation	14	19	14	7	10	11
<b>Type of outlay:</b>							
Tourism	To	5	12	10	5	12	10
Convention centres & bureaus	CC	0	1	1	0	0	0
Special events	SE	9	11	4	2	3	1
Heritage	Hg	2	1	2	0	0	0
Cultural services	CS	47	57	68	4	5	5
National parks	NP	15	17	33	1	1	3
Recreational services	RS	0	0	0	0	0	0
Sport	Sp	17	11	8	1	1	0
Stadiums	St	2	4	4	0	0	0
Air transport	Ar	0	0	0	0	0	0
General transport	GT	0	0	0	0	0	0
Road transport	Rd	0	0	0	0	0	0
Public transport	PT	50	52	55	3	3	3
Rail transport	RI	0	0	0	0	0	0
Water transport	Wa	0	0	0	0	0	0
Export promotion	Ex	0	0	0	0	0	0
Regional development	RG	0	0	0	0	0	0
Small business	SB	0	0	0	0	0	0
All other	AO	21	5	0	0	0	0
Average	Av	0	0	0	0	0	0
<b>Total by type of outlay</b>		<b>170</b>	<b>170</b>	<b>185</b>	<b>17</b>	<b>24</b>	<b>24</b>
<b>Outlay groupings:</b>							
Dedicated tourism, events and conventions		15	23	15	8	14	11
Heritage, the arts and selected cultural institutions		49	58	70	4	5	6
Nature-based and recreational amenity		15	17	33	1	1	3
Sport and related infrastructure		19	15	12	1	1	1
Passenger transport infrastructure and services		50	52	55	3	3	3
Activity-based assistance programs		21	5	0	0	0	0
<b>Total outlay groupings</b>		<b>170</b>	<b>170</b>	<b>185</b>	<b>17</b>	<b>24</b>	<b>24</b>
<b>Broad outlay groups:</b>							
Dedicated tourism, events and conventions		15	23	15	8	14	11
Multi-purpose		84	90	114	6	7	9
Incidental		71	57	55	3	3	3
<b>Total broad outlay groups</b>		<b>170</b>	<b>170</b>	<b>185</b>	<b>17</b>	<b>24</b>	<b>24</b>

# Annex A9: Australian Capital Territory (continued)

UPPER BOUND ASSISTANCE ESTIMATES		Total Funding (\$ million)			Tourism assistance (UB) (\$ million)		
		2000-01	2001-02	2002-03	2000-01	2001-02	2002-03
<b>Key Tourism Agency(s)</b>	Canberra Tourism and Events Corporation	14	19	14	8	11	11
<b>Type of outlay:</b>							
Tourism	To	5	12	10	5	12	10
Convention centres & bureaus	CC	0	1	1	0	0	0
Special events	SE	9	11	4	3	4	1
Heritage	Hg	2	1	2	0	0	0
Cultural services	CS	47	57	68	5	6	7
National parks	NP	15	17	33	2	2	3
Recreational services	RS	0	0	0	0	0	0
Sport	Sp	17	11	8	1	1	0
Stadiums	St	2	4	4	0	0	0
Air transport	Ar	0	0	0	0	0	0
General transport	GT	0	0	0	0	0	0
Road transport	Rd	0	0	0	0	0	0
Public transport	PT	50	52	55	4	4	5
Rail transport	RI	0	0	0	0	0	0
Water transport	Wa	0	0	0	0	0	0
Export promotion	Ex	0	0	0	0	0	0
Regional development	RG	0	0	0	0	0	0
Small business	SB	0	0	0	0	0	0
All other	AO	21	5	0	0	0	0
Average	Av	0	0	0	0	0	0
<b>Total by type of outlay</b>		<b>170</b>	<b>170</b>	<b>185</b>	<b>21</b>	<b>29</b>	<b>28</b>
<b>Outlay groupings:</b>							
Dedicated tourism, events and conventions		15	23	15	9	16	12
Heritage, the arts and selected cultural institutions		49	58	70	5	6	7
Nature-based and recreational amenity		15	17	33	2	2	3
Sport and related infrastructure		19	15	12	1	1	1
Passenger transport infrastructure and services		50	52	55	4	4	5
Activity-based assistance programs		21	5	0	0	0	0
<b>Total outlay groupings</b>		<b>170</b>	<b>170</b>	<b>185</b>	<b>21</b>	<b>29</b>	<b>28</b>
<b>Broad outlay groups:</b>							
Dedicated tourism, events and conventions		15	23	15	9	16	12
Multi-purpose		84	90	114	8	9	12
Incidental		71	57	55	4	4	5
<b>Total broad outlay groups</b>		<b>170</b>	<b>170</b>	<b>185</b>	<b>21</b>	<b>29</b>	<b>28</b>

## Annex A9: Australian Capital Territory (continued)

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na: Not available. Figures for individual outputs may not add up to total due to rounding.

### Notes:

Outlay measure: total cost (budget papers), net cost of service (Auditor-General).

For 2000-01: Actual (Auditor-General) and Estimated actual (budget estimates).

For 2001-02: Actual (Auditor-General) and Estimated actual (budget estimates).

For 2002-03: Actual (Auditor-General) and Estimated actual (budget estimates).

<sup>a</sup> Base line tourism shares.

<sup>b</sup> Renamed Australian Capital Tourism in July 2003.

<sup>c</sup> Based on revenue and expenditure data provided by Australian Capital Tourism.

<sup>d</sup> Excludes \$11.979 million for Tourism, Marketing and Promotional activities which was transferred to Canberra Tourism and Events Corporation (CTEC) in 2001-02. Recorded under CTEC for 2000-01.

<sup>e</sup> Cost of Arts activities and Cost of Cultural Program activities from outputs Government Strategic Priorities Management (output 1.2) and Business, Tourism and the Arts (output 3.1) in 2000-01. Measures relating to the Arts, Festivals and Cultural Services were transferred to the Department of Urban Services in 2002-03.

<sup>f</sup> Responsibility for sport and recreation services was transferred from the Department of Education and Community Services in November 2001. See the Department of Education and Community Services for the funding for 2000-01 and residual funding for 2001-02.

<sup>g</sup> Total expenditure - Non-government revenue (ie net cost of service) derived from Auditor-General (2002). An adjustment factor of 0.52 (ie holiday/leisure visitor expenditure as a proportion of total visitor expenditure) has been applied to reflect hotel use by non-holiday/leisure visitors.

<sup>h</sup> Includes a \$7.31 million waiver of borrowings.

<sup>i</sup> In November 2001, this output group, excluding sportsgrounds and aquatic services, was transferred to the ACT Chief Minister's Department. Sportsgrounds and aquatic services were transferred to the Department of Urban Services. See those departments for the residual funding for 2001-02.

<sup>j</sup> Responsibility for sportsgrounds and aquatic services were transferred to this output group from the Department of Education and Community Services in November 2001. See entries for the Department of Education and Community Services for 2000-01 and residual funding for 2001-02.

<sup>k</sup> Services provided by ACTION.

<sup>l</sup> Responsibility for Arts, Festivals and Cultural Services was transferred from the ACT Chief Minister's Department in 2002-03.

### Sources:

ACT Government 2001, *Budget Estimates 2001-02*, Budget Paper no. 4, Canberra, May.

ACT Government 2002, *Budget Estimates 2002-03*, Budget Paper no. 4, Canberra, June.

ACT Government 2003, *Budget Estimates 2003-04*, Budget Paper no. 4, Canberra, June.

Auditor-General 2002 *Financial Audits with years Ending to 30 June 2002*.

Auditor-General 2003 *Financial Audits with years Ending to 30 June 2003*.

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## B Tax measures: analysis and estimates

This appendix assesses a number of tax measures and financial imposts that affect tourists and tourism operators to determine whether they constitute either assistance or selective tax penalties for tourism and, if so, the extent of the assistance or penalties. Most are Australian Government measures; all were in place in 2000-01, 2001-02 and 2002-03. The appendix also discusses some aspects of the goods and services tax as it affects tourism.

### B.1 Industry policy tax concessions

Some businesses are favoured by certain taxation concessions that are put in place for industry policy reasons. For example, the infrastructure borrowings tax offset scheme allows resident lenders to receive a rebate at the company tax rate for interest income received from loans for approved land transport infrastructure projects. A ‘tax expenditure’ represents an estimate of the additional tax revenue that would be raised at current activity levels if a given concession — an exemption, a deduction, an offset (rebate), a lower tax rate, or a deferral of tax liabilities — did not apply for a specific activity or to a class of taxpayer.

This section assesses a number of industry policy tax concessions provided by the Australian Government, which are included in the annual estimates of assistance to all industries contained in the Commission’s *Trade & Assistance Review*. The measures considered are:

- the development allowance;
- infrastructure bonds;
- infrastructure borrowings tax offset scheme;
- the R&D tax concession; and
- small business CGT roll-over provisions.

Although these tax concessions do not target tourism, they assist some businesses that are coincidentally engaged in activities directly associated with tourism, such as transport infrastructure. As a result, part of these concessional arrangements may constitute assistance to tourism.



The total value of tax expenditures associated with these concessional arrangements is presented in table B.1. These estimates include tax expenditures on non-tourism as well as tourism-related activities, and have been calculated drawing on the tax expenditure estimates published by the Australian Government Department of the Treasury (2005).

The individual tax concessions, and how they have been apportioned to tourism-related activities, are described in the following sections. Consistent with the treatment of budget outlays on roads in chapter 5, the estimates generally exclude the value of tax concessions to road-related projects.

**Table B.1 Selected Australian Government tax expenditures,<sup>a</sup>  
all industries, 2000-01 to 2002-03**  
\$ million

<i>Tax expenditures costed</i>	<i>Item<sup>b</sup></i>	<i>2000-01</i>	<i>2001-02</i>	<i>2002-03</i>
Development allowance	B35	220	200	170
Infrastructure bonds	B90	60	25	20
Infrastructure borrowings tax offset scheme	D91	15	20	20
R&D tax concession	B53	430	460	270
Small business CGT roll-over	E14	60	35	60
<b>Total tax expenditures costed</b>		<b>785</b>	<b>740</b>	<b>540</b>

<sup>a</sup> Estimated tax revenue foregone. <sup>b</sup> The tax expenditure statement reference code used by the Department of the Treasury (2005).

Source: Department of the Treasury (2005).

## Development allowance

The development allowance was introduced in 1992. Major projects approved by the Development Allowance Authority are entitled, under ss. 15, 27 and 40 of the *Development Allowance Authority Act 1992*, to claim an immediate tax deduction of 10 per cent of their capital expenditure on plant and equipment, including motor vehicles and primary production. Registration for projects closed on 31 July 1996 for plant and equipment that was first used or installed ready for use by 1 July 2002. The allowance primarily benefits companies involved in the mining, manufacturing, communications and transport industries.

The Department of the Treasury estimates that tax expenditure associated with the development allowance was \$220 million in 2000-01, \$200 million in 2001-02 and \$170 million in 2002-03.

Although the proportion of the development allowance that relates to tourism cannot be directly observed, an estimate can be made from other data. Specifically,

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under the scheme, the *Services to air transport* industry claimed \$17.1 million in 1999-2000 (ATO 2002). Also, 81.6 per cent of activity in the air transport industry is estimated to be visitor-related (see table B.4). Thus, \$13.4 million, or 3.8 per cent of all development allowance funds claim in 1999-2000, is estimated to have been visitor-related. Using this share for 2000-01<sup>1</sup>, it is estimated that \$8.4 million (ie 3.8 per cent of \$220 million) of development allowance was visitor-related.

More recent ATO data shows that the proportion of claims declined to 0.6 per cent in 2000-01 and 0.5 per cent in 2001-02 (ATO 2003 and 2004). Using these shares, the visitor-related element of the development allowance tax expenditure is estimated to have been about \$1.3 million in 2001-02 and 0.8 million in 2002-03.

Tourist expenditure has previously been estimated to account for at least 52 per cent of all visitor expenditure (chapter 2). Applying this 'base line' share to the estimate of the visitor-related element of the development allowance, base line estimates of the tourism-related tax expenditure provided by the development allowance are \$4.4 million for 2000-01, \$0.7 million for 2001-02 and \$0.4 million for 2002-03.<sup>2</sup>

## Infrastructure bonds scheme

Infrastructure bonds were introduced in 1992. Under Div. 16L of the *Income Tax Assessment Act 1936*, interest income from loans to eligible infrastructure facilities is exempt from income tax, while the interest paid by the borrower is not deductible. After 15 December 1994, the lender could elect to include the income in assessable income and receive an offset at the company tax rate for the income. The scheme was closed to new projects from 14 February 1997, and replaced by the Infrastructure Borrowings Tax Offset Scheme in 1998. However, residual claims continue to be made on projects commenced before that date, and the tax expenditure on infrastructure bonds was \$60 million in 2000-01, \$25 million in 2001-02 and \$20 million in 2002-03 (table B.1).

Base line estimates of assistance to tourism under the scheme are \$0.3 million in 2000-01 and \$0.1 million in 2001-02 and 2002-03, based on 0.5 per cent of the claims made under the scheme being tourism-related. These shares are based on the following:

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<sup>1</sup> Claims made in a particular year are paid in the following year.

<sup>2</sup> An upper bound estimate can be derived by multiplying these base line estimates by 1.31 (ie 0.68/0.52, where 0.68 represents the Commission's upper bound estimate of the share of visitor expenditure accounted for by tourism — see chapter 2).

- *Transport and storage* claims are estimated to have accounted for \$29 million (ie 48 per cent) of a total of \$60 million for the infrastructure bonds scheme in 2000-01 (PC 2004);
- *Land transport* (as opposed to *Air and water transport*) accounted for all of the *Transport and storage* claims, in accordance with the intention of the concession;
- 1.8 per cent of all *Land transport* claims benefit visitor-related activities (table B.3); and
- 52 per cent of visitor expenditure is accounted for by tourism in the Commission's base line estimates.

**Table B.2 Land transport share of transport and storage, 1996-97**

<i>Description</i>	<i>ABS code</i>	<i>Australian production</i>	<i>Share of transport &amp; storage</i>
		\$ million	Per cent
Road transport	6101	21 506.0	
Rail, pipeline and other storage	6201	6 941.0	
<b>Land transport<sup>b</sup></b>	<b>6101</b>	<b>28 477.0</b>	<b>64.3</b>
Water transport	6301	2,904.0	
Air and space transport	6401	12,886.0	
<b>Air and water transport<sup>a</sup></b>		<b>15 790.0</b>	<b>35.7</b>
<b>Transport and storage<sup>a</sup></b>		<b>44 237.0</b>	<b>100.0</b>

<sup>a</sup> Excludes *Services to transport and storage* (\$18 614.8 million).

Source: Estimates based on ABS (2001, p. 52).

**Table B.3 Visitor-related share of land transport, 2001-02**

<i>Description</i>	<i>GVA</i>	<i>Share</i>
	\$ million	Per cent
<b>Land transport<sup>a</sup></b>	<b>22 324</b>	<b>64.3</b>
Other transport and storage	12 394	35.7
Transport and storage	34 718	100.0
<b>Visitor-related land transport<sup>b</sup></b>		
Rail transport	412	
<b>Visitor-related land transport</b>	<b>412</b>	<b>1.8<sup>c</sup></b>

GVA: gross value added. <sup>a</sup> Estimated as 64.3 per cent of *Transport and storage* (table B.2). <sup>b</sup> The hiring of taxis and motor vehicles form part of retail trade. <sup>c</sup> GVA from *Visitor-related land transport* expressed as a share of *Land transport*.

Source: Estimates based on ABS (2004a).

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## Infrastructure borrowings tax offset scheme

The Infrastructure Borrowings Tax Offset Scheme (IBTOS) is more tightly targeted at land transport investment than the Infrastructure Borrowings scheme, which it replaced in 1998.

Resident lenders receive a tax offset (a rebate) at the company tax rate for interest income received from loans for approved land transport infrastructure projects under ss. 396-5 to 396-110 of the *Income Tax Assessment Act 1997*. The interest paid by the borrower is not deductible.

The maximum cost of IBTOS is \$75 million per annum. Actual expenditure depends on the eligible projects that are supported under the scheme and the time period over which those projects are undertaken. The actual expenditure accounted for \$15 million in 2000-01 and \$20 million in 2001-02 and 2002-03.

The Commission estimates that *Transport and storage* firms received some \$2.6 million in 2000-01 and \$5.4 million in 2001-02 and 2002-03 under IBOTS (PC 2004). As set out in table B.3, 2.1 per cent of land transport activity is estimated to be visitor-related. From chapter 2, the Commission's base line estimate is that 52 per cent of visitor expenditure is accounted for by tourism. Multiplying these shares together, and assuming that all *Transport and storage* claims under IBOTS related to land transport, indicates that 0.2 per cent of claims paid under the infrastructure bonds scheme were tourism-related in 2000-01 and 0.3 per cent in 2001-02 and 2002-03. This suggests that at least \$0.03 million of IBOTS assistance in 2000-01 and \$0.06 million in 2001-02 was tourism-related.

## R&D tax concession

Eligible expenditure on R&D activities generally receive an immediate 125 per cent deduction under ss. 73B and 73BA of the *Income Tax Assessment Act 1936*. Until 29 January 2001, eligible expenditure on R&D plant was deductible at 125 per cent over three years. From that date, expenditure on plant used in R&D activities is deductible over its effective life with a 25 per cent loading. Expenditure on 'core technology' which relates to R&D activities is deductible at a rate of 100 percent over the period of the related R&D activities.

The tax expenditure from all R&D concessions amounted to \$430 million in 2000-01, \$460 million in 2001-02 and \$270 million in 2002-03.

The visitor shares of relevant activities are set out in table B.4. These data are derived from ABS Tourism Satellite Account data, adjusted to reflect the

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Commission's revisions to the definition of visitor-related gross value added set out in chapter 2.

These shares, together with ATO (2002) claims data, indicate that the tourism-related activities of *Accommodation, Cafes, Air transport, Road transport, Water transport* and *Culture*, collectively, accounted for 0.4 per cent of all R&D concessions in 1999-2000.<sup>3</sup>

Consequently, 0.4 per cent of Treasury's tax expenditure on R&D concessions is assumed to be visitor-related. Given this, the visitor-related tax expenditure for the R&D tax concession is estimated at \$1.7 million (ie 0.4 per cent of \$430 million) in 2000-01, \$1.8 million 2001-02 and \$1.1 million in 2002-03.

Using the base line estimate of tourism expenditure as a proportion of visitor expenditure (ie 52 per cent), the tourism-related tax expenditure is estimated to have been at least \$0.9 million in 2000-01, \$1.0 million in 2001-02 and \$0.6 million in 2002-03.

**Table B.4      Share of visitor-related activity in selected activities, 2001-02**  
per cent

<i>Visitor-related activity</i>	<i>Visitor share<sup>a</sup></i>
Accommodation	90.1
Air transport	81.6
Cultural and recreational services	15.4
Water transport	2.6

<sup>a</sup> Share of activity gross value added accounted for by visitors.

Source: Estimates based on ABS (2004a).

## **Small business CGT roll-over**

Since 1997, individuals receive a capital gains tax roll-over on the disposal of active small business assets under Div. 152 of the *Income Tax Assessment Act 1997* if they use the proceeds of the sale to purchase other active small business assets.

The tax expenditure from all small business GST roll-overs amounted to \$60 million in 2000-01 and 2002-03, and \$35 million in 2001-02.

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<sup>3</sup> In line with the exclusion of road funding from the paper's estimates of budgetary assistance to tourism (see chapter 5), there may be a case for excluding that element of the R&D tax concessions that relate to road transport. Such adjustments have not been attempted, however, due to difficulties in identifying the precise nature of the projects funded under the scheme and the small amounts of funding involved.

Given the visitor shares of each activity in table B.4, the ATO (2002) data indicate that the visitor-related activities in *Accommodation, Cafes, Air transport, Road transport, Water transport* and *Culture*, collectively, accounted for 4.3 per cent of all small business CGT roll-over claims in 1999-2000.

Consequently, 4.3 per cent of Treasury's tax expenditure on small business CGT roll-overs is assumed to be visitor-related. Using the Commission's base line estimate of the share of visitor expenditure accounted for by tourists (ie 52 per cent), the tourism-related tax expenditure for small business CGT roll-overs is estimated to have been at least \$1.3 million (ie 52 per cent of 4.3 per cent of \$60 million) in 2000-01 and 2002-03, and \$0.8 million in 2001-02.

### Total value of tax concessions considered

The total value to tourism-related activities of the tax expenditures considered here was around \$7 million to \$9 million in 2000-01, and around \$3 million in 2001-02 and 2002-03 (table B.5).

Table B.5 **Total tax expenditures<sup>a</sup> on tourism considered, 2000-01 to 2002-03**  
\$ million

Tax expenditure	2000-01		2001-02		2002-03	
	BL <sup>b</sup>	UB <sup>c</sup>	BL <sup>b</sup>	UB <sup>c</sup>	BL <sup>b</sup>	UB <sup>c</sup>
Development allowance	4.4	5.7	0.7	0.9	0.4	0.6
Infrastructure bonds	0.3	0.4	0.1	0.2	0.1	0.1
Infrastructure borrowings tax offset scheme	...	0.1	0.1	0.1	0.1	0.1
R&D tax concession	0.9	1.2	1.0	1.3	0.7	0.7
Small business CGT roll-over	1.3	1.7	0.8	1.0	1.3	1.7
<b>Total tax expenditure</b>	<b>-7.0</b>	<b>9.1</b>	<b>2.7</b>	<b>3.4</b>	<b>2.6</b>	<b>3.3</b>

... Less than \$0.1 million. <sup>a</sup> Estimated tax revenue foregone. <sup>b</sup> Base line estimates, based on tourism share of visitor activity of 52 per cent. <sup>c</sup> Upper bound estimates, based on tourism share of visitor activity of 68 per cent. <sup>c</sup> Figures may not add to totals due to rounding.

Source: Estimates based on Department of the Treasury (2005).

## B.2 Tourism-related financial imposts

Taxes, charges and other financial imposts that apply to a narrow range of businesses or activities and meet certain other conditions can be considered as 'selective tax penalties'. While the effects of such arrangements are, by convention, not included in the assistance estimates in this paper, they can have similar effects

to some conventional forms of assistance and may be taken into account in assessing the overall effect of government intervention on an industry.

This section assesses a number of financial imposts that apply selectively to tourists or tourism-related activities. The measures considered are:

- the NSW accommodation levy (the ‘bed tax’);
- the aircraft noise levy;
- the air passenger ticket levy (the ‘Ansett levy’);
- the Great Barrier Reef environmental management charge;
- the passenger movement charge (the ‘departure tax’);
- the NT tourism marketing duty (TMD); and
- the visa fee for tourists entering Australia.

Table B.6 shows the revenue raised by each of these imposts, both from tourism sources and in total. The following discussion sets out some principles for assessing these measures, and then each measure is assessed in turn.

**Table B.6 Revenue collected from the selected imposts<sup>a</sup>, 2000-01 to 2001-02**  
\$ million

	<i>Total revenue<sup>b</sup></i>			<i>Revenue from tourists<sup>c</sup> (Base line estimate)</i>		
	<i>2000-01</i>	<i>2001-02</i>	<i>2002-03</i>	<i>2000-01</i>	<i>2001-02</i>	<i>2002-03</i>
<b>Australian Government imposts:</b>						
Aircraft noise levy	40	41	38	11	12	11
Air passenger ticket levy (Ansett levy)	...	113	105	...	39	36
Environmental management charge	6	7	7	6	7	7
Passenger movement charge (departure tax)	242	284	291	32	85	26
<b>State and Territory imposts:</b>						
Accommodation levy (NSW)	8	1	...	4	1	...
Tourism marketing duty (NT)	1	...	...	1	...	...

... not applicable. Figures may not add to totals due to rounding. <sup>a</sup> Revenue raised by the Australian and State and Territory Governments. <sup>b</sup> Includes pure revenue-raising and user charge components. <sup>c</sup> Derived by multiplying total revenue by the visitor and base line tourist shares (discussed below).

Source: ACS (2003, p. 62); Australian Government (2001, p. 68; 2002, p. 57); Bourke, D (ABS, Canberra, pers. comm., 30 July 2003), GBRMPA (2002, p. 100; 2003, p. 106); NSW Treasury (2002, p. 109) and NT Treasury (2002, p. 40).

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## Assessment principles

### *When is a financial impost a selective tax penalty?*

Determining the extent, if any, to which a particular financial impost — whether termed a tax, charge, levy or fee — represents a selective tax penalty is not straightforward.

Only the *pure tax-revenue-raising component* of a selective financial impost constitutes a selective tax penalty. This component of the impost is taken to be the remainder of the impost above any ‘user charge’ or ‘cost recovery’ components.

*User charges* are made in direct exchange for an identifiable good or service that can be viewed as an offsetting benefit. For example, Airservices Australia levies an aviation rescue and firefighting charge to cover the cost of rescue and firefighting facilities and services at major airports.

Compulsion can be an important element in determining whether an impost, or part thereof, is a tax or user charge. Taxes are compulsory imposts backed by legal penalties for non-compliance, whereas user charges, in theory, are voluntary. However, in practice, many of the imposts considered in this appendix are only ‘voluntary’ at considerable cost to business. For example, beyond switching to quieter aircraft, the only way for an airline operator to avoid the aircraft noise levy at Sydney and Adelaide airports is to fly to an airport in a different city, such as Newcastle or Mount Gambier. However, Newcastle and Mount Gambier airports are unlikely to be viable alternatives for most passengers seeking to travel quickly to Sydney or Adelaide.

Once an impost is linked to the provision of services in certain locations or under certain conditions, some judgement is needed to gauge whether a particular impost is accompanied by an offsetting benefit in the context of the operation of affected firms. For example, air transport firms would benefit from aeronautical services provided at airports, and the right for aircraft to land or to make noise.

On first inspection, some of the imposts appear to be *hypothecated taxes*, whereby the revenue raised from the impost would fund particular activities. An often-used example of a hypothecated tax, although one unrelated to tourism, is the Medicare levy, which notionally funds the public health care system. A tourism example of a hypothecated tax is the (now repealed) NT tourism marketing duty, whereby the revenue collected from the levy was paid into a trust account to fund tourism promotion.



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If there is ‘sufficient proximity’ between the beneficiary of the accompanying expenditure and the taxpayer paying the hypothecated tax, the impost constitutes a *de facto user charge* and is *not* considered to be a selective tax penalty on tourism. However, if there is not sufficient proximity, the impost is considered to be a selective tax penalty. In this paper, sufficient proximity is taken to be whether tourists or tourism directly benefit from the subsequent expenditure, rather than whether the taxpayer directly benefits from the expenditure.

Some of the imposts considered in this study, such as the aircraft noise levy, might be argued to be *Pigouvian taxes*. A Pigouvian tax is essentially an impost levied on the adverse ‘external costs’ arising from particular activities. For example, a tax on fossil fuels, where the tax rate is tied to the amount of pollution produced, might constitute a Pigouvian tax. In theory, such a tax should allow the market to deliver a more efficient outcome for society than it otherwise would, by acting as a proxy for the adverse external costs in firms’ and individuals’ decisions. For an impost to be considered a Pigouvian tax, there must be adverse social effects (externalities) associated with the activity being taxed and that the tax rate should be linked to the adverse social effects.

Hence, a Pigouvian tax is not a user charge. Rather, an impost that is a Pigouvian tax constitutes a selective tax penalty, as it has an adverse pecuniary effect on the taxed entity and that the entity does not receive an offsetting benefit.

In the analyses of financial imposts below, each impost is assessed to see if any part constitutes a user charge from which some offsetting benefit is received in return. If so, that part of the impost corresponding to the value of the benefit received is considered to be an indirect payment for that benefit and, as such, is not classed as a selective tax penalty. The recovery of any costs directly associated with the provision of the benefit is also not considered to be part of the selective tax penalty.

### *Assessment constraints*

Assessing whether some or all of a financial impost constitutes a selective tax penalty involves dealing with a number of grey areas, where alternative interpretations are possible. The label given to an impost may not correspond to the underlying economic concept. For example, an impost described as a ‘user charge’ may be a tax if the fee imposed is unrelated to the value of the benefit received.

In practice, some of the imposts considered cannot be easily disaggregated into their possible user charge, cost recovery and pure tax-revenue-raising components. For example, how much of an impost is ‘excessive’ compared to the benefit received?

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As alluded to above, this is particularly difficult to determine where the benefits are services.

Lack of information about the nature of the imposts can also make it difficult to assess how they operate in practice, the associated administration and compliance costs, and resulting economic effects.

For these reasons, it is difficult to assess with certainty the extent of the ‘pure’ tax penalty associated with financial imposts. The results of the following analyses should be interpreted in this light.

### **Accommodation levy (bed tax)**

In 1997, the NSW Government introduced a 10 per cent accommodation levy on the value of residential accommodation provided at hotels and similar establishments in the Central Business District of Sydney (extending to Double Bay) and North Sydney.<sup>4</sup> At the time, the NSW Government stated that ‘the introduction of the Accommodation duty [levy] will broaden the State’s tax base’ (NSW Government 1996, p. 3-10). The levy was abolished from 1 July 2000, as part of State tax reform associated with the introduction of the GST. Pre-existing levy commitments were collected in subsequent years. The levy raised \$8 million in 2000-01 and \$1 million in 2001-02.

The NSW accommodation levy was clearly a revenue-raising tax and, as such, constituted a selective tax penalty on tourism. Revenue from the levy was paid into consolidated revenue along with other NSW taxes. The Act specifies that it is to be read ‘together with the *Taxation Administration Act 1996*, which makes provision for the administration and enforcement of this Act and other taxation laws’.

As the accommodation levy applied only to visitor accommodation,<sup>5</sup> a share of 52 per cent, which is the share of total visitor expenditure accounted for by holiday/leisure travellers, is used to apportion the revenue from the levy to the tax penalty on tourism for base line estimates. For upper bound estimates, a share of 68 per cent is used.

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<sup>4</sup> It was levied under the *NSW Accommodation Levy Act 1997* and administered by the NSW Office of State Revenue (part of NSW Treasury).

<sup>5</sup> The accommodation levy applied to hotels, motels, ‘bed and breakfasts’, holiday flats, serviced apartments, guesthouses and clubs, but not to boarding houses, lodging houses, refuges, and backpacker and youth hostels. The levy also applied to a maximum of 28 days per stay. As a result, the levy primarily applied to most, but not all, visitor accommodation, but not to accommodation used by local residents.

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As a result, it is estimated that the accommodation levy resulted in a penalty of between \$4.16 and \$5.44 million in 2000-01 and between \$520 000 and \$680 000 in 2001-02.

## **Aircraft noise levy**

The aircraft noise levy is an Australian Government levy on jet aircraft landings at specified airports — currently only Sydney (Kingsford-Smith) and Adelaide airports.<sup>6</sup> The airlines incur a levy on the number of landings and type of jet aircraft at the airports, with the size of the levy increasing more than proportionately with the noise level (in decibels) of each jet aircraft. The airlines formally pass this levy on to each domestic and international passenger arriving at these airports in the form of a \$3.40 charge.

Revenue from the levy is used by the Australian Government to fund the acquisition and acoustic insulation of houses and public buildings in the vicinity of the airports. The levy is intended to be revenue neutral in the long run, although not necessarily in the short run.

The levy raised approximately \$40 million in each of the three years to 2002-03, with 87 per cent of the revenue (in 2001-02) coming from Sydney Airport. Since its inception in 1996, the levy has raised in excess of \$250 million. In comparison, the Australian Government spent almost \$400 million on noise amelioration measures over the same period.

### *Does the levy constitute a selective tax penalty on tourism?*

The levy appears to have the characteristics of a Pigouvian tax, as the aircraft noise levy seeks to address one of the key externalities associated with urban airports — that of noise pollution impacting on the adjoining urban areas. The exponential nature of the levy — it increases more than proportionally with the number of decibels of the aircraft — reflects the logarithmic nature of the decibel scale used to measure sound intensity, thereby effectively tying the amount payable to the noise emanating from the jet aircraft used. In doing so, it aims to internalise the

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<sup>6</sup> The levy was introduced in Sydney on 1 October 1995 for a period of 10 years (subsequently increased to 12 years). It is currently scheduled to be phased out in April 2007. The Adelaide levy was introduced in May 2001 to cover the insulation of 600 houses and 5 public buildings. It is levied under the *Aircraft Noise Levy Act 1995*, collected under the *Aircraft Noise Levy Collection Act 1995*, and administered by the Department of Transport and Regional Services.

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externality, so that the airlines using those airports should, in principle, take into account the noise that their jet aircraft inflict onto adjoining areas.<sup>7</sup>

There is a less strong case that the aircraft noise levy is a de facto user charge on airline operators for the right to land jet aircraft at the specified airports (and to use the airport's infrastructure). First, the levy is discriminatory in that it applies to the landing of selected aircraft only at selected airports, despite jets landing at airports not subject to the levy receiving similar services. Second, if it is viewed as a user charge for this service, then the airlines are effectively being charged twice for the service, as landing charges of some form or other already exist at most Australian airports.

On the other hand, the levy technically might be seen as a de facto user charge for the right to emit significant noise into airspace 'occupied' by surrounding property owners.

However, on balance, the aircraft noise levy arguably appears more consistent with the characteristics of a Pigouvian tax, and, as such, may be seen as a tax on tourism.

### *Estimating the penalty*

As the aircraft noise levy applies to both passenger and freight aircraft landing at Sydney and Adelaide airports, the contribution made by air freight needs to be removed from the revenue collected from the aircraft noise levy prior to estimating the extent to which the levy impacts on tourism. Ideally, the share used for the levy should reflect the share of revenue raised from air passenger transport. However, in the absence of published information breaking the revenue collected down between air passenger and freight transport or by aircraft type, Australian production data is used to estimate the share of the levy raised from air passenger transport (table B.7). Based on these data, 82.1 per cent of the levy revenue is assessed to relate to air passenger transport.

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<sup>7</sup> As some airports pre-date the surrounding urban settlement and as airlines and airports have little, if any, control over flight paths used and the location and density of settlement around airports, it can be argued that the airlines should not have to cover the full cost of aircraft-induced noise pollution.

**Table B.7 Share of air passenger transport in air and space transport**  
1996-97

<i>Description</i>	<i>ABS code</i>	<i>Australian production</i>	<i>Share of air &amp; space transport</i>
		\$ million	Per cent
Margin – air freight transport services	64000010	255	
Non margin – air freight transport services	64000020	1 800	
Air passenger transport services	64000030	9 406	
Air passenger & freight transport services nec	64000040	1 425	
<b>Air and space transport</b>	<b>6401</b>	<b>12 886</b>	<b>100.0</b>
Estimated Australian production:			
Air passenger transport services <sup>a</sup>		10 575	82.1
Air freight transport services <sup>b</sup>		2 311	17.9

<sup>a</sup> Air passenger transport services and a pro-rata share of Air passenger & freight transport services nec (\$1169 million). <sup>b</sup> Margin – air freight transport services, Non margin – air freight transport services and a pro-rata share of Air passenger & freight transport services nec (\$256 million).

Source: Estimates based on ABS (2001, *Input-Output Tables 1996-97 (Product Details)*, Cat. no 515.0, p. 52).

It is next necessary to apportion the air passenger transport share of the aircraft noise levy revenue between tourists and other visitors. In the absence of data on the frequency with which different classes of domestic and international visitors use Sydney and Adelaide airports, a crude estimate can be constructed using data on air transport usage by visitor type.<sup>8</sup> For base line estimates, the number of holiday/leisure visitors that use air transport as a proportion of the number of visitors is used. Accordingly, a share of 34.4 per cent is used to calculate a base line estimate of tax penalty on tourism (table B.8).

**Table B.8 Number of air travellers by type of visitor, 2002**  
(000)

<i>Type of visitor</i>	<i>Main purpose of trip</i>			<i>Total</i>
	<i>International<sup>a</sup></i>	<i>Domestic overnight</i>	<i>Domestic day trippers</i>	
Holiday/leisure	2 446	3 466	151	6 063
All visitors	4 463	12 193	990	17 646
Tourism share				34.4%

<sup>a</sup> Assuming all international visitors arrive by aeroplane.

Source: Estimates based on BTR (2003a, pp. 53 & 72; 2003b, pp. 181 & 183).

<sup>8</sup> The estimate takes into account only whether particular visitors used air transport during their trip; it does not take into account the frequency with which such transport is used during each trip. For example, international visitors, as well as using air transport to travel to Australia, may make several flights between stopovers within Australia during their visit.

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As a result, the aircraft noise levy is estimated to have penalised tourism by at least \$11 million in each of the three years to 2002-03.

### **Air passenger ticket levy (Ansett levy)**

After the collapse of Ansett Airlines, the Australian Government imposed a \$10 levy on airline tickets from 1 October 2001.<sup>9</sup> The levy was exempt from GST. The Government stated that the revenue raised from the levy would fund the Special Employees Entitlements Support Scheme (SEESA), which was set up to fund the entitlements of former Ansett group employees who lost their jobs with the collapse of the airline.

The levy raised \$113 million in revenue in 2001-02 (table B.6), and had raised \$286.1 million in total to 31 August 2003 (Minchin 2003). The levy was repealed from 1 July 2003.

The Ansett levy is clearly a hypothecated tax, as the revenue raised from airline travellers funds the entitlements of former Ansett employees. At least until 2001-02, the levy is not assessed to be a de facto user charge, as there was no offsetting benefit to the (non-Ansett) airlines and airline passengers that pay the levy, or to tourism. In 2001-02, the magnitude of the tax penalty on tourism was \$39 million.<sup>10</sup>

However, by the time of its cessation, the levy had collected funds that were in excess of those needed to fund the entitlements of former Ansett group employees. The Australian Government stated that any excess revenue raised by the levy would fund aviation services (Anderson 2003). Excess funds were ultimately directed at an expansion of the aviation security regime. To the extent that such funds were additional (and would not have been otherwise provided from general revenue), the levy may have become more like a de-facto user charge, since it provided security benefits to the aviation (and tourism) industry.

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<sup>9</sup> It is levied under the *Air Passenger Ticket Levy (Imposition) Act 2001* and collected under the *Air Passenger Ticket Levy (Collection) Act 2001*. It is administered by the DOTARS.

<sup>10</sup> As the Ansett levy applied only to air passenger travel, close to 100 per cent of the revenue comes from visitors. As the levy was a fixed charge on each passenger, a share of 34.4 per cent is used to calculate a base line estimate tax penalty on tourism (table B.8).

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## Environmental management charge

The environmental management charge (EMC) is an Australian Government charge on users of the Great Barrier Reef Marine Park in Queensland, including:

- tourist operators;
- Australian-island resorts;
- mariculture (cultivation of the sea's resources); and
- land-based marine sewerage outflow operators.

It is administered by the Great Barrier Reef Marine Park Authority (the Authority).<sup>11</sup>

The EMC payable by standard commercial tourism operators is currently \$4.50 per passenger per day (or part thereof), although the amount payable varies according to the size and nature of the operation. The charge is indexed annually to movements in the consumer price index. GST is payable on the EMC.

The Authority also levies the EMC on other tourism-related activities, including on:

- the hiring of beach equipment and motorised water sports equipment;
- excursions undertaken using semi-submersible, glass-bottomed boats and sight-seeing aircraft;
- the operation of pontoons, floating hotels and underwater observatories; and
- the construction and operation of marinas.

The EMC raised \$6 million in 2000-01 and \$7 million in 2001-02.

Funds raised from the EMC must be paid into consolidated revenue under the *Great Barrier Reef Marine Park Act 1975* (Cwlth). An amount equal to the EMC *must* be paid to the Authority as a special appropriation.<sup>12</sup> The Authority uses the revenue from the EMC to fund research, provide user education and manage the marine park. A sizable proportion of revenue from the EMC funds the Cooperative Research Centre for The Great Barrier Reef World Heritage Area in Townsville.

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<sup>11</sup> Introduced on 1 July 1993, the EMC is levied under the *Great Barrier Reef Marine Park Act 1975*, the *Great Barrier Reef Marine Park (Environmental Management Charge — Excise) Act 1993*, the *Great Barrier Reef Marine Park (Environmental Management Charge — General) Act 1993* and the *Great Barrier Reef Marine Park Regulations 1983*.

<sup>12</sup> A special appropriation is money appropriated by Parliament in an Act separate to an annual Appropriation Act, where the payment is for a specified amount. Special appropriations are not subject to Parliament's annual budget control, unlike the annual appropriations.

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The EMC exhibits many of the characteristics of a user charge. The charge is accompanied by an identifiable benefit — the right to visit the marine park and to use its facilities. The charge is voluntary in that visitors are free to decide whether or not they want to enter the park and pay the charge — commercial operators reflect the EMC in the prices they charge visitors. However, the backing of its punitive penalties set out in the Act differentiates the EMC to some extent from other voluntary user charges.

There are also sound grounds for considering the EMC to be a hypothecated tax that is a de facto user charge on tourism, as the EMC funds the Great Barrier Reef Marine Park Authority, which preserves and maintains the reef for the benefit of, among others, tourists and tourism. Further, one part of the funding of the Marine Park Authority is explicitly linked to the revenue raised from the EMC.

The grounds for viewing the EMC as a Pigouvian tax are less firm. The EMC does meet the first criterion to be a Pigouvian tax in that the reef and its surrounding ecosystems are fragile and easily damaged by tourism (the externality). However, the lack of a clear link between the rate at which the charge is set and the accompanying environmental damage means that the second criterion is not met. Despite this lack of such a link, the nominal nature of the charge is likely to have broadly similar effects to a Pigouvian tax by reducing to some extent the amount of tourist activity and environmental damage caused.

On balance, the EMC is considered here to be a de facto user charge and, as such, is not considered to be a selective tax penalty on tourism.

### **Passenger movement charge (departure tax)**

The passenger movement charge (PMC), or ‘departure tax’ as it is commonly referred to, is an Australian Government charge on individuals leaving Australia through international airports and seaports, irrespective of whether they are Australian residents or not. It was introduced in January 1995 and replaced the departure tax that had been in operation since October 1978.<sup>13</sup>

The charge is currently levied at the rate of \$38 per person (since 1 July 2001). The rate of the PMC at 1 July 2000 was \$30 per person. It is collected by the airlines and shipping companies as part of their regular ticketing arrangements. It raised \$242

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<sup>13</sup> It is levied under the *Passenger Movement Charge Amendment Act 2001* and the *Passenger Movement Charge Act 1978*, and collected under the *Passenger Movement Charge Collection Act 1978*. It is administered by the Australian Customs Service (ACS).



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million, \$284 million and \$291 million in revenue in 2000-01, 2001-02 and 2002-03 respectively, with 99 per cent of the revenue being raised at airports.

The PMC is levied on international visitors to Australia and, hence, is an impost on tourism, but does it constitute a selective tax penalty? The answer to this question revolves around whether the PMC is a tax or a user charge.

When introduced, it was intended to fully recover the costs of government services provided at international airports and seaports — customs, immigration and quarantine processing of incoming and outgoing passengers and to recover the costs of issuing short-term visas (Willis 1994).

However, the Australian National Audit Office (ANAO) noted in 2000 that the policy objective of the PMC has changed over time, weakening the nexus between the PMC and cost recovery:

[W]ith the 1998-99 Budget decision to increase the PMC from \$27 to \$30 per passenger, a policy shift has taken place. The PMC is levied under Commonwealth taxing powers and is now applied partly as a general revenue-raising source. As a consequence, the PMC is no longer solely linked to cost recovery of Customs, Immigration and Quarantine services. (ANAO 2000, p. 31)

Further, a previous ANAO audit report had found that the PMC was technically a tax rather than a cost recovery charge (ANAO 1996). The ANAO audit report conducted in 2000 summarised the earlier findings as follows:

PMC bears all the characteristics of a tax and legal advice from the Attorney-General's Department and the firm, Blake Dawson Waldron, indicated that PMC is a tax. It is a compulsory extraction of money for public purposes, not being a fee for service. PMC is levied on outgoing passengers even though the charge is also designed to cover incoming passenger processing costs. As well, the whole charge is levied on all liable departing passengers, including departing Australian citizens and residents who do not require visas to re-enter Australia. (ANAO 2000, p. 30)

While this suggests that the PMC may not technically be considered a formal user charge, there is still sufficient proximity between those paying the PMC and the customs, immigration, quarantine and short-term visa costs for it to be considered at least a de facto user charge. The high degree of symmetry between international arrivals and departures means that Australians travelling abroad are effectively pre-paying to cover these processing costs, while overseas visitors are paying these costs in arrears. Thus, despite some timing differences, most people paying the PMC will pass through customs, immigration and quarantine. This is broadly consistent with the notion that the PMC represents a de facto user charge.<sup>14</sup>

Even when the PMC is considered a de facto user charge, it is not clear that it conveys a significant impost on (or assistance to) the tourism industry. In 1995, the

ANAO noted that the revenue received from the PMC exceeded the costs to government of providing customs, immigration, quarantine and short-term visa services by a significant margin. However more recent information provided by Customs indicates that the revenue raised by the PMC is now broadly in line with the costs to government (see table B.9). Indeed, in 2000-01, the PMC under-recovered costs such that there was a benefit conferred on tourism of \$11.1 million (baseline) to \$14.5 million (upper bound). Following the increase in the PMC in 2001-02, the negative tax penalty fell to \$1.3 million to \$1.7 million in 2001-02, and 2.9 million to 3.9 million in 2002-03.

**Table B.9 PMC tax penalty on tourists**  
\$ million

	2000-01	2001-02	2002-03
Revenue collected from PMC	241.9	283.6	290.5
Customs costs	na	165.0	158.3
Immigration costs	na	70.4	80.9
Quarantine costs	na	52.4	61.0
Total costs of CIQ	278.5 <sup>d</sup>	287.8	300.2
Tax penalty <sup>a</sup>	-36.6	-4.2	-9.7
Tax penalty on all visitors <sup>b</sup>	-21.4	-2.4	-5.6
Tax penalty on tourists (base line) <sup>c</sup>	-11.1	-1.3	-2.9
Tax penalty on tourists (upper bound)	-14.5	-1.7	-3.9

CIQ: customs, immigration and quarantine. <sup>a</sup> Total revenue from PMC less Total costs of CIQ. <sup>b</sup> As the PMC is levied on departures by international visitors and Australian residents travelling abroad, a share of 58.4 per cent — the proportion of overseas residents in all departures from Australia in 2001-02 (ABS 3401.0) — is used to apportion the tax penalty to international visitors. <sup>c</sup> Defined as 52 per cent of tax penalty on all visitors (see chapter 2). <sup>d</sup> Due to data limitations the Commission was unable to obtain actual costs of customs immigration and quarantine for 2000-01. To provide an indicative estimate of costs in 2000-01 the Commission has deflated the total cost for 2001-02 using the ABS Wage Cost Index (Wage Cost Index, December quarter 2003, Cat. No. 6345.0, p. 6).

Source: Australian Customs Service, pers. comm., 15 March 2005.

<sup>14</sup> It is less clear whether the component of the PMC that is notionally linked to recovering the cost of issuing and processing visas constitutes a de facto user charge compared to that for customs, immigration and quarantine services. Most Australia visas (discussed later) are issued at no cost, or at a nominal cost. This means that the cost-recovery component of the PMC relating to visas may indeed be a de facto user charge. However, not all visitors require visas to enter Australia, as Australian and New Zealand citizens do not. Yet all visitors pay the same PMC. This implies some cross-subsidisation from those that do not require a visa to those that do. Given that charges apply to the issuing of certain visas, some double charging may occur if the costs are also recovered through the PMC. Thus, it is uncertain whether the visa cost-recovery component of the PMC constitutes a de facto user charge. However, it is treated as a de facto user charge in this paper.

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## Tourism marketing duty

The Northern Territory Government levied a tourism marketing duty (TMD) at a rate of 5 per cent of the value of accommodation provided (up to a maximum of 14 nights) by all registered accommodation houses (hotels, motels, etc) in the Territory from 1 August 1987.<sup>15</sup> TMD was abolished from 1 July 2000, as part of State tax reform associated with the introduction of the GST. Pre-existing duty commitments were collected in subsequent years, especially in 2000-01.

The duty was introduced to fund a national and international promotion to enhance tourism in the Territory. The legislation stipulates that the revenue collected from TMD was to be paid into the Tourism Marketing Trust Fund.<sup>16</sup>

TMD raised \$1 million in 2000-01. Receipts in 2001-02 were negligible.

While TMD is in some ways similar to the NSW accommodation levy discussed earlier, a fundamental difference is that the revenue collected from TMD was paid into a trust account to fund tourism marketing, rather than being paid into consolidated revenue for general use. That said, the Northern Territory Government classified TMD as a tax in its budget, and not as a levy or user charge, and its operations are controlled by the *Taxation (Administration) Act*. Even so, the revenue from the trust fund was to be used to promote tourism, and the duty appears, from the publicly available information, to have been included as part of the budget allocation to the Northern Territory Tourist Commission.

In conclusion, the legislated use of TMD to fund tourism promotion suggests that it was in fact a de facto user charge and, thus, did not constitute a selective tax penalty on tourism.<sup>17</sup>

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<sup>15</sup> It was levied under the NT *Stamp Duty Act*, Schedule 1 clause 21A and Division 13A of the NT *Taxation (Administration) Act* and administered by the NT Treasury. Virtually all commercial accommodation in the Territory was required to be registered.

<sup>16</sup> See NT *Taxation (Administration) Act*, Division 80H, subsection (2).

<sup>17</sup> As TMD is assessed to be a de facto user charge, the budgetary assistance estimates in annex A8 that include the accompanying expenditure on tourism promotion need to be reduced by the amount of TMD raised from tourists. As TMD applied *only* to visitor accommodation, 52 per cent of TMD revenue is estimated to relate to tourism. As a result, tourists are estimated to have funded \$510 000 of tourism promotion through TMD in 2000-01. This has been netted off the relevant tourism promotion expenditures in annex A8.

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## Visas

All visitors except those from New Zealand<sup>18</sup> must obtain a valid visa before travelling to Australia — either as a stamp or label in their passport or, for most travellers, an electronic record authorising travel into Australia (called an electronic travel authority or ETA).<sup>19</sup> The Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) issues visas for travel into Australia.

International tourists generally enter Australia on an ETA (visitor) (subclass 976) or a visitor/tourist visa (subclasses 676 and 686). The holder is generally entitled to one visit to Australia of up to three months (short stay) or one year (long stay). The holders are not allowed to work while in Australia. ETAs are issued at no cost, while a manually issued visitor visas currently costs \$65 (from 1 July 2003).

Australia issued over 3 million ‘temporary-entry’ visas in 2000-01 and 2001-02, of which ‘visitors’ accounted for over 90 per cent (table B.10). However, some other temporary entrants may also be tourists, such as working holiday visa holders who use short-term employment to help fund their Australian holidays.

Visas are intended to place some restrictions on the short-term international movement of people. For example, visitors may not travel to Australia on an ETA visa if they are not of ‘good health’ or have criminal convictions with a combined sentence of 12 months or more. However, the majority of people applying for an Australian tourist visitor receive one (98 per cent for ETAs and 89 per cent for non-ETAs in 2001-02).

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<sup>18</sup> New Zealanders have been able to move freely to Australia under various agreements since the 1920s. The 1973 Trans-Tasman Travel Arrangement allows Australian and New Zealand citizens to enter each others’ country to visit, live and work, without the need to apply for authority to enter the other country.

<sup>19</sup> Visitor visas also apply to a range of other temporary entrants to Australia that do not fall within the Commission’s definition of ‘tourism’ (discussed in chapter 2) such as business visitors (subclass 977), overseas visitors sponsored by an Australian citizen or resident (subclasses 459 and 679) and those overseas residents travelling to Australia for medical treatment (subclasses 459 and 679).

Visitors may also enter Australia on an overseas student visa (subclasses 570, 572–574, 571, 575 and 576), a working holiday maker visas (subclass 417) or a range of other temporary visas. Over half of the 80 000 or so temporary visas are granted to skilled labour. The cost of these visas generally ranges from \$65 to less than \$400, depending on the type of visa issued. Some of these visitors such as working holidaymakers may fall within the Commission’s definition of tourism, while others such as overseas students generally do not.

**Table B.10 Australian temporary-entry visas granted, 2000-01 and 2001-02**

<i>Type of visa</i>	<i>Visas granted (no.)</i>	
	<i>2000-01</i>	<i>2001-02</i>
Visitor:		
Visitors (inc. business)	3 405 473	3 187 579
Business (short stay)	123 295	133 908
Medical treatment	7 380	7 389
Sponsored family visitor	4 030	3 982
Total visitor	3 540 178	3 332 858
Overseas student	146 565	151 894
Working holiday maker	76 550	85 207
Temporary residence visa	83 308	78 470
<b>Total temporary entry</b>	<b>3 763 293</b>	<b>3 648 429</b>

Source: DIMIA (2002, 2003).

The arbitrary restrictions on the length of stay may possibly have an impact on tourism at the margin, by forcing some tourists to have shorter holidays than they would otherwise have. Potential tourists from some countries might also be deterred from applying.

However, the requirement for tourist visas appears not to constitute a selective tax penalty, as over 90 per cent of all visas issued are issued at no cost. For those issues manually, the cost is nominal and is likely to relate, to some degree, to the administrative cost of issuance. This charge is not treated as constituting a selective tax penalty on tourism.<sup>20</sup>

### **B.3 Goods and services tax**

The goods and services tax (GST) is a 10 per cent value-added tax on the sale of most goods and services sold *in* Australia.<sup>21</sup> The GST essentially applies to tourists — whether international or domestic — as it does to local residents in general.

<sup>20</sup> Equally, the absence of any requirement for New Zealand citizens to hold a tourist visa to enter Australia is not considered to constitute a tax concession to tourism.

<sup>21</sup> However, it is not levied on so-called 'GST-free' goods and services (such as basic foodstuffs, approved education courses and medical and health services) and those that are zero-rated, such as certain financial services. The difference between GST-free and zero-rating is that businesses providing GST-free goods and services are able to claim a refund for the GST paid on their inputs, whereas those providing zero-rate goods and services are not. This means that there is no GST paid on GST-free goods and services, whereas GST is effectively paid on zero-rated goods and services, albeit at a lower tax rate than if they were subject to the GST in the same way as other goods and services.

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Thus, if a local resident pays GST on a good or service, tourists typically do so too. In this sense, the tax treatment of tourism exports (tourism involving non-residents) varies from that of most other exports, which involve sales made offshore and are not subject to the GST. Depending on the framework adopted (see below), the imposition of this tax may therefore be relevant to calculations of selective tax penalties on tourism.

### **Some tourism services are exempt**

While the bulk of tourism services are subject to the GST, there are several exemptions or clawback arrangements.

The clawback arrangements under the tourist refund scheme (TRS) allow international visitors — whether foreign or Australian — to obtain a refund for the GST (and the wine equalisation tax) paid on goods purchased with a value of \$300 or more that are taken out of Australia as part of their hand luggage.<sup>22</sup> The TRS does not refund any GST paid on goods or services consumed within Australia, even if the consumer is an international visitor. Since the question of the nationality and purpose of visit have a bearing on the assessment of the size of any selective tax penalty imposed on the tourism industry, it is important to break down GST refunds by foreign/domestic status and visit purpose (table B.11). In 2002-03, around one third of the GST refunds were paid to foreign tourists visiting Australia, with the rest split between foreigners visiting for a non-tourist purpose and Australians travelling abroad.

Exemptions include:

- transport to or from Australia, including a domestic leg, providing all trips are purchased on the same ticket (for example, a Canberra-Sydney-London air ticket would not require GST on the Canberra-Sydney leg);
- air transport within Australia that is purchased outside Australia by a non-resident; and
- insurance cover for GST-free transport.<sup>23</sup>

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<sup>22</sup> The goods must also be bought within 30 days before leaving Australia and must come from the same store or from multiple stores if the purchases from each store total \$300 or more. The visitor must have the original tax invoice when they depart. The scheme also applies to Australians travelling abroad.

<sup>23</sup> The relevant tourism exemptions are listed in subdivision 38-355 of the *A New Tax System (Goods and Services Tax) Act 1999* and discussed by the ATO in a fact sheet on the *GST and International transport of Passengers* available from the ATO website.

In fact, exemptions have been wider than these. While it was not the intention of the GST legislation, certain rights or options provided offshore are not subject to the GST, even when they are for goods or services that will be consumed in Australia (Pulle 2005). This feature of the GST legislation has allowed some foreign tour providers to avoid the GST on non-airfare components of their packages — such as accommodation. The Australian Government passed a bill through the House of Representatives in February 2005 seeking to remove the loophole, though the legislation has not yet passed the Senate. The estimates below of GST relief for inbound foreign tourism exclude the impacts of these unintended exemptions.

**Table B.11 Tourist refund scheme, 2000-01 to 2002-03**

	2000-01	2001-02	2002-03
Share of claims made by non-Australian residents (%)	78	75	66
Refunded value of all claims approved \$ million	29.3	41.9	45.3
Refunds to foreign visitors <sup>a</sup> \$ million	22.9	31.4	29.9
Refunds to foreign tourists <sup>b</sup> \$ million	10.1	13.8	13.2

<sup>a</sup> Share of claims made by non-Australian residents multiplied by Refunded value of claims approved. <sup>b</sup> An estimate of refunds to foreign tourists was calculated as 44 per cent of the refunds from all foreign visitors. This share was derived from the (baseline) ratio of total foreign tourist to total foreign visitor spending in Australia.

Source: ACS (unpublished) and Commission estimates.

The GST relief associated with cross-border sales to foreign tourists (around \$400 million — table B.12) and the TRS (a further \$13 million) comprises a relatively small share of total GST collected from tourist activities, but represents a significant share of total GST collected from foreign tourists (see below).

**Table B.12 Estimated GST relief on cross-border tourism sales, 2002**

Visitor category	\$ million
Pre-paid international airfares <sup>a</sup>	2 250
Estimated airfare component of pre-paid inbound package tours <sup>b</sup>	1 803
Implied GST relief <sup>c</sup>	405

<sup>a</sup> Data on pre-paid international airfares provided by TRA/BTR. <sup>b</sup> Generally, only pre-paid airfares included in the cost of package tours are not subject to the GST. BTR data (2003b, p. 193) suggest that international airfares comprise around 50 per cent of package tour costs (with domestic airfares comprising a negligible share). This share was used to estimate the GST-exempt component of pre-paid package tours by foreign tourists. <sup>c</sup> This is 10 per cent of the total exempt expenditures. Note that some foreign tour operators have used an apparent loophole in the GST legislation to avoid paying the GST on non-airfare components of package tours. To the extent that this has occurred, the above will underestimate GST relief to foreign tourism.

Source: Commission estimates based on IVS data supplied by TRA/BTR and BTR (2003b).

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## How much GST is levied on the tourism industry?

Excepting these refunds and exemptions, the bulk of purchases made by tourists face the GST, and consequently significant revenues are raised. The Commission estimates that the Australian Government collected around net \$2.4 billion from all tourists in 2002-03, though most (around 85 per cent) was from domestic tourists (table B.13). Tourists accounted for approximately 8 per cent of total GST revenue in 2001-02.

## How the GST discriminates between economic activities

Although the GST does not discriminate explicitly in favour of or against tourism, it does so incidentally as a result of the non-uniform way in which the GST applies to different economic activities.

First, the GST does not apply uniformly to all sales *within* Australia. It applies to sales of most goods and services in Australia, but not to GST-free goods and services. This means that the GST applies to most sales to tourists in Australia, but not to sales to consumers of basic food stuffs, approved education courses and medical and health services, who generally are not tourists.

Table B.13    **Actual GST revenue from visitors and tourists,  
2000-01 and 2001-02**  
(\$ million)

<i>Category of visitors</i>	<i>2000-01</i>	<i>2001-02</i>	<i>2002-03</i>
<b>Non-residents</b>			
GST on sales in Australia to foreign visitors <sup>a</sup>	894	851	856
Gross GST relating to foreign tourists <sup>b</sup>	393	374	377
Payments under the TRS to foreign tourists <sup>c</sup>	10	14	13
Net GST relating to foreign tourists <sup>d</sup>	383	360	364
<b>Residents</b>			
GST on sales in Australia to domestic visitors <sup>a</sup>	3481	3398	3763
GST on domestic tourists <sup>e</sup>	1845	1801	1994
<b>Actual GST on all tourists</b>	<b>2228</b>	<b>2161</b>	<b>2358</b>

<sup>a</sup> ABS estimate, based on the 1997-98 benchmark relationships on the 2002-03 *Tourism Satellite Account*, which differ from the earlier 2000-01 benchmark relationships. <sup>b</sup> Base line estimate, estimated as 44 per cent of the relevant broader international visitor category, and where the 44 per cent tourism share was based on 'spending in Australia data'. <sup>c</sup> Derived from the previous table. <sup>d</sup> Net = Gross less the relevant payments under the TRS. <sup>e</sup> Base line estimate, estimated as 53 per cent of the relevant broader domestic visitor category.

Source: Commission estimates based on ABS (2003, *Tourism Satellite Account*, 2001-02, Cat. no. 5249.0, unpublished).



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Second, the GST does not apply uniformly to exports. *Services* exports are subject to the GST to the extent that exporting occurs when overseas residents (including tourists) purchase services subject to the GST in Australia and are not eligible for a refund. For example, the GST applies to exports of taxi services, which occur when international visitors hire taxis in Australia. On the other hand, the GST does not apply to most *goods* exports, which are sold via cross-border trade.

Thus, the effect of the GST varies between different types of economic activity and whether or not the purchase is made inside or outside of Australia.

### **Possible measurement benchmarks**

There are several benchmarks that could be used to evaluate the effects of the GST, including:

- (1) no GST;
- (2) a GST exempting *all* exports; and
- (3) a GST applying to *all* sales *in* Australia;
- (4) a GST applying to *all* sales *in* Australia that are consumed *in* Australia;
- (5) a GST applying to *all* sales (including *all* exports).

Whether the treatment of tourism under the GST could be regarded as a selective tax penalty or tax concession to tourism would depend on the benchmark used. The implications of the different benchmarks are shown in table B.14 and discussed below.

#### ***Benchmark 1***

If assessed against the benchmark of no taxation, exempt activities would be recorded as being neither penalised or receiving a concession, while GST paid on any good or service would be recorded as a 'selective' tax penalty. In that context, the current GST on tourism would constitute a selective tax penalty, while the current exemption on cross-border sales to international tourists prior to their departure and payments made to international tourists under the TRS would leave the price of the good or service at the untaxed level and neither be a tax penalty nor a tax concession.

(While the no-tax benchmark is suitable for narrow, selective taxes, it is clearly inappropriate for assessing broadly based taxes, such as the GST, which apply to a wide range of economic activity.)

**Table B.14 GST tax penalties and concessions under various benchmarks**

<i>Sales</i>	<i>Goods</i>	<i>GST-exempt services<sup>d</sup></i>	<i>Tourism</i>	<i>Non-GST- exempt services</i>
<i>Benchmark 1: no GST</i>				
Cross-border sales	Neutral	Neutral	Neutral	Neutral
Sales in Australia to foreigners	<b>Penalty</b>	Neutral	<b>Penalty<sup>a</sup></b>	<b>Penalty</b>
Sales to Australians	<b>Penalty</b>	Neutral	<b>Penalty</b>	<b>Penalty</b>
<i>Benchmark 2: a GST exempting all exports</i>				
Cross-border sales	Neutral	Neutral	Neutral	Neutral
Sales in Australia to foreigners	<b>Penalty</b>	Neutral	<b>Penalty<sup>a</sup></b>	<b>Penalty</b>
Sales to Australians	Neutral	<b>Concession</b>	Neutral	Neutral
<i>Benchmark 3: a GST applying to all sales within Australia</i>				
Cross-border sales	Neutral	Neutral	Neutral	Neutral
Sales in Australia to foreigners	Neutral	<b>Concession</b>	Neutral <sup>b</sup>	Neutral
Sales to Australians	Neutral	<b>Concession</b>	Neutral	Neutral
<i>Benchmark 4: a GST applying to all products sold and consumed within Australia</i>				
Cross-border sales	Neutral	Neutral	Neutral	Neutral
Sales in Australia to foreigners	Neutral <sup>c</sup>	<b>Concession</b>	Neutral <sup>c</sup>	Neutral
Sales to Australians	Neutral <sup>c</sup>	<b>Concession</b>	Neutral <sup>c</sup>	Neutral
<i>Benchmark 5: a GST applying to all sales (including all exports)</i>				
Cross-border sales	<b>Concession</b>	<b>Concession</b>	<b>Concession</b>	<b>Concession</b>
Sales in Australia to foreigners	Neutral	<b>Concession</b>	Neutral <sup>b</sup>	Neutral
Sales to Australians	Neutral	<b>Concession</b>	Neutral	Neutral

Concession: selective tax concession (beneficial). Penalty: selective tax penalty (detrimental). <sup>a</sup> Payments under the TRS are neutral in their effect. <sup>b</sup> Payments under the TRS provide a tax concession. <sup>c</sup> Minor penalty arises where goods subject to GST in Australia are taken out of Australia but the GST is not refunded. <sup>d</sup> Also includes GST-free goods, such as basic foodstuffs.

### *Benchmark 2*

The ‘export-exempt’ benchmark emphasises the role of GSTs as broad-based *consumption* taxes. Under a tax regime that accorded with this benchmark, all sales to domestic residents would be taxed, but not all domestic production. Domestic production that is exported, whether through cross-border sales or by being sold to foreigners in Australia, would be untaxed.

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In relation to tourism, such a regime would tax sales to domestic tourists in Australia, but not sales to international tourists in Australia. Thus, domestic sales of the same item would be taxed differently, depending on the nationality of the purchaser.

If assessed against this benchmark, the GST currently paid on sales in Australia to international tourists — the main method of tourism exports — would constitute a selective tax penalty. The current exemption from the GST on cross-border sales to international tourists prior to their departure would be neutral, as would the GST currently applying to sales to domestic tourists and payments made to international tourists under the TRS. Accordingly, under this benchmark, the current GST would constitute a selective tax penalty on tourism of \$364 million in 2002–03 (table B.13).

### *Benchmark 3*

The third benchmark — a GST applying to all sales in Australia — is similar to the second, but a tax regime based on it would extend the GST to those exports that arise through consumption by foreigners in Australia.

The current Australian GST closely matches this benchmark. The key difference is the exemption under the current system for domestic sales of items such as basic foodstuffs, health and education services, which would qualify as tax concessions if measured against the benchmark.

If assessed against this benchmark, all GST currently paid on tourism would be neutral, except for payments made to international visitors under the TRS, which would constitute a small tax concession — around \$13 million in 2002–03 (table B.11).

### *Benchmark 4*

The fourth benchmark — a GST applying to *all* sales *in* Australia that are consumed *in* Australia — is similar to the third, differing only in that a tax regime based on it would exempt from the GST those sales made to people (locals or foreigners) in Australia who then take the goods abroad.

Against this benchmark, the GST currently paid on sales in Australia to international tourists who then take the goods out of the country, but are not eligible to claim for them under the TRS, would constitute a tax penalty on tourism. Although it is not possible to accurately gauge its value, the penalty calculated under this benchmark appears likely to be relatively minor. The current exemption

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from the GST on cross-border sales to international tourists prior to their departure for Australia would constitute neither a selective tax penalty or a tax concession, as would be the GST refunded under the TRS.

#### *Benchmark 5*

The final benchmark — a GST applying to all sales — is neutral in its treatment of exports relative to local production that is sold to Australians. A tax regime based on this benchmark would operate as a broad revenue-raising tax without discriminating between production based on where and/or to whom it is sold.

If assessed against this benchmark, all GST currently levied on goods and services would constitute neither a selective tax penalty or a tax concession, but all the current exemptions from the GST would constitute tax concessions.

Similarly, the GST currently paid on most tourism sales would not be considered a selective tax penalty, but the current GST exemption on cross-border sales to international tourists prior to their departure would constitute a selective tax concession. In total, the concession, if measured against this benchmark, would be around \$400 million in 2002.

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## C Tourism expenditure by non-holiday/leisure visitors

As part of formulating the estimates in chapter 2 of the output of the Australian tourism industry, the Commission has developed estimates of the share of the total spending by domestic and international ‘visitors’ in Australia that represents ‘tourism’ expenditure, given the dictionary-based definition of tourism adopted in this paper.

In the national and international visitor surveys (the NVS and IVS) run by Tourism Research Australia (TRA — formerly the Bureau of Tourism Research (BTR)), visitors are categorised according to their stated primary reason for travel. The categories are:

- holiday/leisure;
- business;
- visiting friends and relatives (VFR); and
- ‘other’ (including education and employment).

In broad accordance with the dictionary definition of tourism, which relates to people who travel away from their usual environment for experiences of culture, recreation or pleasure, all of the expenditure of visitors who nominate ‘holiday/leisure’ as their prime purpose for travelling has been included in this paper’s estimates of tourism expenditure. Data from the BTR/TRA surveys indicate that expenditure by holiday/leisure visitors accounted for 52 per cent of total expenditure by all visitors in 2002 (table C.1).<sup>1</sup> When this figure is applied to the amount of ‘visitor-related gross value added’ supplied by Australian industries, it provides a ‘base line’<sup>2</sup> estimate of the output of the Australian tourism industry (chapter 2).

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<sup>1</sup> The BTR/TRA visitor expenditure data used in this appendix includes package expenditure and prepaid airfares, but excludes major equipment purchases. This is the starting point for the estimates in the TSA. The BTR/TRA also provides visitor expenditure data on the basis of ‘spending in Australia’. Calculated on this basis, the share of total visitor expenditure attributable to ‘holiday/leisure’ visitors would be 0.51, rather than 0.52. Using ‘spending in Australia’ data would also reduce the international component of visitor expenditure slightly relative to the domestic component, which in turn would result in a slightly lower estimate of the degree of additional tourism activity by visitors in the non-holiday/leisure categories.

<sup>2</sup> These ‘base line’ estimates may include some expenditure that might be deemed by some to not be tourism expenditure — for example, expenditure on health, education or business by those visitors who identified themselves as traveling predominantly for holiday/leisure purposes, as well as day-to-day expenditures by tourists (see box 2.3 in chapter 2).

**Table C.1 Visitor expenditure by main purpose of visit, 2002**

	<i>Domestic</i>		<i>International<sup>a</sup></i>		<i>Total<sup>b</sup></i>	
	\$m	%	\$m	%	\$m	%
Holiday/leisure	27 312	37	10 889	15	38 200	52
Business	11 329	16	2 811	4	14 140	19
VFR	10 650	15	2 804	4	13 454	18
Other	2 517	3	4 770	7	7 287	10
Total <sup>b</sup>	51 808	71	21 277	29	73 085	100

<sup>a</sup> Includes package expenditure and prepaid airfares, but excludes major equipment purchases.

<sup>b</sup> Columns and rows may not sum to total due to rounding and omitted residuals.

Data source: BTR/TRA

### **Box C.1 Indicators of tourism activity and expenditure among non-holiday/leisure visitors**

There are four main aspects of International Visitor Survey (IVS) data that can provide an indication of the extent of tourism activity and associated expenditure engaged in by international visitors in the non-holiday/leisure categories.

- As well as asking international visitors their main reason for travelling to Australia, the IVS also asks them to nominate any subsidiary reasons. A subsidiary response of 'holiday/leisure' indicates a degree of tourism activity associated with the visitors' trip.
- Where international visitors stay at multiple destinations during the trip, their main purpose for each stopover is recorded. Again, where 'holiday/leisure' is recorded as the main purpose of a stopover, this indicates a degree of tourism with the trip.
- The IVS records the proportion of international visitors that engaged in selected leisure activities while in Australia. Some are especially suggestive of tourism, such as visits to national parks, going on guided tours and travel on tourist trains.
- The IVS also records international visitors' expenditure on different items during their trips to Australia. While most are typical expenses of travel and living generally, the item 'spending on organised tours' appears particularly indicative of tourism.

The BTR/TRA survey data on domestic visitors in the National Visitor Survey (NVS) differs to that available in the IVS. For example, the NVS does not include a question on visitors' subsidiary reasons for travel for day trips or overnight trips, although like the IVS it does contain information on visitors' principle reasons for undertaking specific legs of overnight trips where multiple destinations are visited. The NVS also contains information on domestic visitor's spending patterns and the activities engaged in during their trips, but these are not as detailed as the equivalent items in the IVS.

The nature of the NVS and IVS surveys needs to be noted. Both surveys are based on large sample sizes and professional surveying techniques. However, they rely on respondents to recall various aspects of trips they have recently undertaken and the activities and expenditure involved. They also rely on respondents subjective classifications of the main and, for the IVS, subsidiary purposes of their trips. This introduces a degree of imprecision into the results.

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This appendix focuses on the estimation of an ‘upper bound’ estimate of the industry’s output. More specifically, it examines how much of the remaining visitor expenditure — that is, the 48 per cent accounted for by visitors who nominated ‘business’, ‘VFR’ or ‘other’ as their primary reason for travelling — might also represent tourism expenditure, as defined in this paper.

The appendix draws on information mainly from the NVS and IVS (box C.1).<sup>3</sup> The estimates are based on data for the calendar year 2002. The data do not allow the amount of tourism expenditure by non-holiday/leisure visitors to be determined precisely. However, they do allow a broad estimate to be made, which in turn allows the derivation of an ‘upper bound’ estimate of tourism output.

## C.1 Business visitors

Of all expenditure by non-holiday/leisure visitors in 2002, expenditure by visitors in the ‘business’ category accounted for around 40 per cent. Domestic business visitors accounted for four-fifths of this, with the other fifth undertaken by international business visitors.

### *Domestic business visitors*

As discussed in chapter 2, while normal business travel is not considered to be tourism in this paper, there is likely to be an element of tourism expenditure associated with travel for conferences or conventions, particularly those held in ‘exotic’ locations.

Of the expenditure by domestic business visitors recorded in the NVS for 2002, around 9 per cent is recorded as being spent on trips by those who attended a ‘conference, exhibition, convention or trade fair’.<sup>4</sup> It is not clear that most, or even

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<sup>3</sup> The data used in this appendix is drawn mainly from the BTR publications, *Travel by Australians 2002* (BTR 2003a) and *International Visitors in Australia 1999-2002* (BTR 2003b), together with data sourced directly from TRA.

<sup>4</sup> As well as the expenditure (\$862 million) by domestic overnight business attendees at a ‘conference, exhibition, convention or trade fair’, and that of domestic day-trip conference attendees (\$137 million), the 2002 NVS also records some \$25 million in expenditure by ‘holiday/leisure’ visitors, and a further \$16 million by domestic VFR visitors, who attended a ‘conference, exhibition, convention or trade fair’. The expenditure of the ‘holiday/leisure’ travellers is included in the Commission’s base line estimate of tourism expenditure. Similarly, some 5391 international holiday/leisure visitors indicated that a subsidiary reason for their visit was to accompany an attendee at a convention, and 8426 such visitors indicated that a subsidiary reason for travel was to accompany a partner on business. The expenditure attributable to these companions is counted in the holiday/leisure category, and thus is also included in the Commission’s base line estimate.

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much, domestic travel for conferences etc entails a significant tourism component, as such trips are often undertaken purely or predominantly for work or business purposes. However, the NVS data do not provide a ready indication of what proportion of this expenditure might reasonably be regarded as tourism.

While it is also plausible that some business travellers might use (or extend) their ordinary business trips to take advantage of the tourism opportunities provided by their need to travel, there is little evidence of such activity among *domestic* business visitors. Their trips were generally brief — 44 per cent were single day trips, and the remainder were 3.2 days on average — and the NVS records only one per cent of ‘stopover nights’ by domestic business visitors as being for holiday/leisure purposes. Further, few domestic business visitors engaged in tourism-like activities,<sup>5</sup> and there is no evidence of significant expenditure on ‘organised tours/side trips’ by these visitors.<sup>6</sup>

### *International business visitors*

There is more evidence that *international* business visitors — who spent 12 nights in Australia on average — may extend their trips and/or engage in some tourism activity while here. According to the 2002 IVS:

- Of the expenditure by international business visitors, about 12 per cent is recorded as being spent on trips by those who attended a ‘conference, exhibition, convention or trade fair’. The IVS data indicate that one-quarter of these visitors gave ‘holiday’ as a subsidiary motive for their visit to Australia.
- Across all international business visitors (including conference attendees and non-conference attendees), around 14 per cent of respondents gave ‘holiday’ as a subsidiary reason for their visit to Australia and around 9 per cent of total ‘stopover’ nights were recorded as being for the primary purpose of ‘holiday/leisure’.
- In terms of activities, 15 per cent of international business visitors visited a national or state park and 6 per cent went bushwalking etc, 12 per cent visited an art gallery or museum, 16 per cent visited historic buildings etc, 3 per cent experienced aboriginal art, craft or culture, 9 per cent went on guided tours or excursions and 2 per cent travelled on a tourist train during their stay.<sup>7</sup>
- In terms of expenditure, international business visitors on average spent \$34 on ‘organised tours’ in 2002, which is around one-fifth of that spent on this item on average by international holiday/leisure visitors. (Total trip expenditure by international business visitors was \$4242 on average, around the same as the average expenditure by international holiday/leisure visitors (\$4428).)



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### *An upper bound estimate of tourism expenditure by business visitors*

The Commission considers that no more than 5 to 10 per cent of total expenditure by business visitors in Australia in 2002 is likely to have been tourism expenditure, as defined in this paper. Underpinning this assessment:

- 80 per cent of total expenditure by business visitors is accounted for by domestic business travellers, who engage in very little tourism outside of conferences and conventions;
- while there is more evidence that international business visitors engage in some tourism activity in Australia, the proportion of their total trip expenditure attributable to tourism seems unlikely to be major; and
- expenditure on trips associated with conferences etc accounts for only 10 per cent of total business visitor expenditure, and it is not clear that most travel for conferences entails a significant tourism component.

However, even if *all* expenditure by domestic and international business visitors who attended a conference etc, and the full trip expenditure of other international business visitors who gave ‘holiday’ as a subsidiary reason for their visit to Australia, were to be included as tourism expenditure, the tourism share of total business visitor expenditure would not exceed 15 per cent. The Commission has used the 15 per cent figure for the purposes of deriving an upper bound estimate of tourism expenditure.

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<sup>5</sup> Only 2 per cent of domestic overnight business visitors went bushwalking or visited national parks, 4 per cent attended ‘arts/heritage’ sites or events and 4 per cent visited ‘local attractions’ or undertook ‘tourist activities’ during their trip. The equivalent figures for domestic day-trip business visitors are lower again.

In comparison, 20 per cent of domestic overnight holiday/leisure visitors went bushwalking or visited national parks, 15 per cent attended ‘arts/heritage’ sites or events and 23 per cent visited ‘local attractions’ or undertook ‘tourist activities’ during their trip.

<sup>6</sup> The 2002 NVS records \$11 million of expenditure by domestic overnight business visitors on the item ‘organised tours/side trips’, which is equivalent to less than \$1 per visitor. In comparison, domestic overnight holiday/leisure visitors spent \$6.50 on this item on average. The NVS also records zero expenditure on this item by business day-trip visitors. However, the NVS cautions against reliance on the figures for business visitors due to sampling variability.

<sup>7</sup> In comparison, 52 per cent of international holiday visitors visited a national or state park and 28 per cent went bushwalking etc, 30 per cent visited an art gallery or museum, 31 per cent visited historic buildings etc, 12 per cent experienced aboriginal art, craft or culture, 42 per cent went on guided tours or excursions and 11 per cent travelled on a tourist train during their stay.

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## C.2 VFR visitors

Of all expenditure by non-holiday/leisure visitors in 2002, visitors in the ‘VFR’ category accounted for nearly 40 per cent. Domestic VFR visitors accounted for four-fifths of this, with the other fifth being attributable to international VFR visitors.

### *Domestic VFR visitors*

Australians often use their friends’ and relatives’ home as a base for a holiday or tourism activity. In particular, many people may organise to stay with a friend or relative over a holiday break where the family member or friend is well located for embarking on excursions or undertaking leisure activities. Thus, some country people may stay with relatives who live in a capital city (or vice-versa); some people from inland may stay during their summer holidays with friends or relatives who live by the sea; and some southerners might visit friends or relatives in a warmer state for holidays in winter.

If engaging in holidaying and/or leisure activities is the main reason for their travel, such people, when responding to the BTR/TRA visitor surveys, should give ‘holiday/leisure’ as the predominant reason for their trip, rather than ‘visiting friends and relatives’. *All* expenditure by visitors in the holiday/leisure category is included in the Commission’s base line estimates of tourism expenditure. In the 2002 NVS, for domestic visitors who gave ‘holiday/leisure’ as their primary motive, 21 per cent of their nights away were spent at a friend’s or relative’s place. Thus, a significant proportion of expenditure by visitors who stay with friends and relatives during their trip, or for the duration of their trip, would already be counted in the Commission’s ‘base line’ estimates of tourism.

For people who travel *primarily for the purpose of visiting their friends and relatives* — and who are thus counted in the VFR category, rather than the holiday/leisure category — determining the share of their expenditure that is tourism expenditure is more difficult, partly because holiday/leisure may still be an important subsidiary motive for the trip. Indeed, in a submission on a draft of this paper, the South Australian Tourism Commission stated: “Notwithstanding what the data implies, the decision to visit for holiday/pleasure and for visiting friends or relatives is often relatively inseparable”.

To assess the implications of VFR visitors having ‘dual motivations’ for travelling, it is useful to first consider the case of people whose sole motivation for travelling is ‘to visit their family and friends’ or who, even if having a secondary ‘holiday/leisure’ reason for travelling, would have undertaken the journey even without it. In such cases, it would seem inappropriate to include any of these visitors’ expenditures on travelling from their home to the destination, on their

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accommodation while there, and on the meals or other day-to-day items acquired during the trip, as tourism expenditure. Rather, only their expenditure on any discrete tourism activities which they might undertake during their trip — such as going on an organised tour or visiting local attractions — could reasonably be counted as tourism expenditure. Generally, expenditures on such ‘tourism activities’ are minor relative to the other costs of trips.

However, it could be argued that a share of the full trip expenses should be included as tourist expenditure in the case of VFR visitors for whom ‘holiday/leisure’, while still a secondary motivation for their trip, was sufficiently important that they would not have visited their friends or relatives were it not for the additional holiday/leisure activities they intended to do there; that is, for whom both motivations — VFR and holiday/leisure — were necessary to justify making the trip worthwhile.

Data on domestic VFR visitors’ subsidiary motivations for travelling, and whether they were influential in the decision to undertake a particular trip, are not available in the NVS. Rather, alternative indicators and analysis are required.

One possible ‘proxy’ indicator is the IVS data on international VFR visitors, for whom some information on their subsidiary reasons for travelling is collected. In the 2002 IVS, around 40 per cent of VFR respondents cited neither ‘holiday’ nor ‘working holiday’ (nor other holiday/leisure-related items such as ‘honeymoon’ or ‘to watch sport’) as even a subsidiary reason for their travels to Australia. (Indeed, around one-third of international VFR respondents indicated that they had ‘no other reason’, apart from visiting family and friends, for coming to Australia.) The data do not indicate how influential the subsidiary holiday/leisure motive was for the remaining 60 per cent of IVS respondents in the VFR category. Even so, to the extent that there are similarities between the travel motivations of domestic and international VFR visitors, this suggests that a significant proportion of the trips of domestic VFR visitors would occur irrespective of any holiday/leisure considerations.

Indeed, many Australians who travel for the purpose of visiting their friends and relatives will often make such journeys as a matter of course, without engaging in many, or even any, tourism activities while away, and without any significant discretion over their destination. This is particularly likely to be the case where visits occur on a regular rather than ad hoc basis. For example:

- many adults (together with their spouses and children) will travel to their parents’ or a siblings’ home each year at Christmas specifically to spend that time together with their family members;
- many retired people often take trips away to their adult children’s places to spend time with them and/or to help look after their grandchildren; and

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- many adults will regularly visit aged parents — with these visits sometimes corresponding with particular needs of the parents (eg to visit the doctor or to have household or yard maintenance performed).

It seems especially likely that virtually all day trips ‘to visit friends and relatives’ would be predominantly or solely for that purpose, because of the limited time available for other activities. This is supported by data from the NVS which indicates that VFR day-visitors undertake few discrete tourism-like activities<sup>8</sup> and appear to spend very little on organised tours. (Day-visitors accounted for almost one-quarter of all expenditure recorded in the domestic VFR category in 2002.)

The NVS data suggest that overnight VFR visitors — who account for three-quarters of domestic VFR expenditure — engage in more discrete tourism-like activities than VFR day-trippers. For example, in 2002, 7 per cent of domestic overnight VFR visitors went bushwalking or visited national parks, 8 per cent visited ‘arts/heritage’ sites or events and 10 per cent visited ‘local attractions’ or undertook ‘tourist activities’.

Drawing on this data, the South Australian Tourism Commission (SATC) has argued that the holiday/leisure component of this travel is significant and that at least 44 per cent of all domestic VFR spending should be included as tourism expenditure. It derived this figure by comparing NVS data on the rate at which domestic overnight VFR visitors report that they had engaged in selected tourist activities during their trip to the rate at which domestic overnight holiday/leisure visitors report that they engaged in the same activities (see box C.2).

This estimate seems likely to overstate the true level of tourism expenditure by domestic VFR visitors. There are limitations in the data and calculations used to derive the 44 per cent participation relativity figure for domestic VFRs (see box C.2). Further, the expenditure on some discrete tourism items recorded for VFR visitors, relative to expenditure by domestic holiday/leisure visitors, *appears* to be

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<sup>8</sup> The NVS indicates that, in 2002, only 2 per cent of VFR day-trippers went bushwalking or visited national parks, 2 per cent visited ‘arts/heritage’ sites or events and 2 per cent visited ‘local attractions’ or undertook ‘tourist activities’. Expenditure-wise, the NVS records total spending of just \$1 million (or less than \$1 per visitor) by VFR day-trippers on ‘organised tours/side trips’. However, the NVS cautions against reliance on the figure for VFR day-trip visitors due to sampling variability.

<sup>9</sup> Domestic overnight VFR visitors were recorded as spending just \$1.20 per person on ‘organised tours/side trips’, whereas domestic overnight visitors in the ‘holiday/leisure’ category spent \$6.50 per person on this item. However, the NVS cautions against reliance on the figure for overnight VFR visitors due to sampling variability. Further, a relatively low expenditure on this item by VFR visitors may be partly because, were VFR visitors to engage in sightseeing or tourism activities at their destination, they may undertake those activities with their hosts acting as guides etc, rather than taking organised tours.

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## Box C.2      **The SATC participation relativity figures**

In its submission on this paper, the SATC argued:

...even if the argument was not accepted that the VFR segment has a strong dual discretionary motivation component and therefore should be fully included in the calculations, it should at least be factored in at around 44 per cent for the domestic market and 77 per cent for the international market on the basis of participation relativities.

In calculating a 'domestic participation relativity' figure of 44 per cent, the SATC used NVS data for overnight VFR and holiday/leisure visitors who (a) went bushwalking or visited national parks; (b) visited 'arts/heritage' sites or events; and (c) visited 'local attractions' or undertook 'tourist activities'. Specifically:

- In 2002, 7 per cent of domestic overnight VFR visitors went bushwalking or visited national parks, 8 per cent visited 'arts/heritage' sites or events, and 10 per cent\* visited 'local attractions' or undertook 'tourist activities'.
- The equivalent figures for domestic overnight holiday/leisure travellers were 20 per cent (bushwalking/national parks), 15 per cent (arts/heritage), and 23 per cent\* (local attractions/tourist activities).

Thus, on average, VFR visitors were recorded as engaging in these activities at just under half the rate of holiday/leisure visitors.

The SATC used the same methodology to calculate its international participation relativity figure of 77 per cent, using IVS data for international VFR and holiday/leisure visitors who (a) went bushwalking; (b) visited national parks; (c) visited museums or art galleries; and (d) visited 'historic buildings'.

In relation to its domestic participation relativity estimate, the SATC did not adjust its figure to reflect the lower relative rate of participation of VFR day-visitors (compared to leisure day-visitors). According to the NVS, in 2002 VFR day-visitors engaged in the selected tourist activities at around 22 per cent of the rate of holiday/leisure day-visitors.

A further problem is that the data records only the number of visitors who engaged in a particular activity at some point during their trip; it does not show the frequency with which the visitors engaged in the activity. It seems plausible that people engaged in predominantly holiday/leisure activities might take a number of separate side-trips to, for example, visit 'local attractions' or to engage in 'tourist activities' during their stay, whereas those who have made the visit primarily to visit their friends and relatives might make a lesser number of such side-trips. As the IVS and NVS visitor surveys do not gauge the frequency with which visitors make such side-trips, the data may hide important variations in the propensity of different groups to engage in discrete tourism activities.

\* Data as revised by BTR/TRA.

much lower, although this may reflect data limitations and other factors.<sup>9</sup> More importantly, however, the SATC has applied its estimate of the rate at which VFR visitors engage in discrete tourism activities during their trips to their total trip expenditure — which includes spending on travelling from their home to the

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destination, on their accommodation while there, and on the meals or other day-to-day items acquired during the trip; not just their expenses on discrete tourism activities themselves.

Even so, reflecting data constraints, it is not possible to rule out that a reasonably significant proportion of expenditure by VFRs could, under certain assumptions about the importance of holiday/leisure as a subsidiary motive for their travels, be included as tourism expenditure.

### *International VFR visitors*

Journeys by people travelling abroad to visit friends or relatives seem more likely to entail a significant degree of tourism activity and expenditure. Often people taking such trips will engage in sight-seeing and holidaying activities in addition to (or in conjunction with) visiting their relatives and friends.

The IVS contains evidence that confirms that international VFR visitors engage in extensive tourism activity:

- Around 58 per cent of VFR respondents to the 2002 IVS indicated that ‘holiday’ was a subsidiary reason for their trip.<sup>10</sup>
- 37 per cent of international VFR visitors visited a national or state park and 18 per cent went bushwalking etc, 24 per cent visited an art gallery or museum, 25 per cent visited historic buildings etc, 6 per cent experienced aboriginal art, craft or culture, 12 per cent went on guided tours or excursions and 5 per cent went for a ride on a tourist train during their stay.
- Further, some 15 per cent of ‘stopover’ nights by international VFR visitors were recorded as being principally for the purpose of ‘holiday/leisure’, which supports the view that many international VFR visitors go touring within Australia, either on their own or with the friends and relatives they have come to see, during their visit here.

Even so, as noted above, around one-third of international VFR respondents indicated that they had ‘no other reason’, apart from visiting family and friends, for coming to Australia. Further, a relatively low number of international VFRs (12 per cent) went on guided tours or excursions, and international VFR visitors on average spent \$62 on ‘organised tours’, around one-third of that spent on this item by international holiday/leisure visitors. However, this relatively low incidence may be partly because many of those VFR visitors who travelled within Australia for tourist purposes travelled with their family or friends, rather than taking organised tours.

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### *An upper bound estimate of tourism expenditure by VFRs*

While the foregoing evidence suggests that a significant proportion of expenditure by VFR visitors, particularly by international VFR visitors, could be regarded as tourism expenditure, as defined in this paper, the data examined do not allow this share to be determined with much precision.

One basis for determining a share, suggested by the SATC, is to use ‘participation relativity’ estimates. Across all forms of VFR travel — domestic day-trips, domestic overnight trips and international visits — this approach would suggest that an average approaching 50 per cent of VFR expenditure should be included as tourism expenditure.

As noted above, the Commission considers that the use of ‘participation relativity’ estimates are likely to overstate tourism expenditure by VFR visitors. This is not least because these estimates relate to VFRs’ engagement in discrete tourism activities, rather than representing an appropriate basis for determining the share of their entire trip expenditure that can be called tourism expenditure.<sup>11</sup>

Even so, for purposes of deriving an ‘upper bound’ estimate of tourism expenditure as defined in this paper, it has been assumed that up to half of the total trip expenditures of all VFR visitors could be classed as tourism expenditure. In doing so, it should be emphasised that the ‘true’ share is considered likely to be far less.

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<sup>10</sup> Other subsidiary reasons given that might indicate a tourism motivation for travelling to Australia include for a ‘honeymoon’, ‘to watch sport’ and ‘to play sport’, and for a ‘working holiday’, which together accounted for 2 per cent of responses (although there may have been some overlap between respondents giving these as subsidiary reasons and those giving ‘holiday’ as a subsidiary reason). Other subsidiary reasons given by international VFR visitors included to visit a student in Australia (4 per cent of respondents), for business or to attend a convention (2 per cent), and ‘other’ (4 per cent).

<sup>11</sup> Further, if it were accepted the some share of VFR visitors’ entire trip expenditure should be allocated to tourism in cases where holiday/leisure is an influential subsidiary motive for a trip, the same logic would suggest that a share of the trip expenditures of holiday/leisure visitors should also be deducted from tourism expenditure, in cases where ‘visiting friends and relatives’ is a sufficiently important secondary motivation for these visitors’ travels. (At present, the Commission includes 100 per cent of holiday/leisure visitors’ expenditure as tourism expenditure in both its base line and upper bound estimates).

### C.3 ‘Other’ visitors

Of all expenditure by non-holiday/leisure visitors in 2002, visitors in the ‘Other’ category accounted for just over 20 per cent. Around two-thirds of this expenditure was accounted for by international visitors; with the other third undertaken by domestic visitors. The components of this category are shown in table C.2.

Table C.2 **Expenditure by ‘Other’ visitors, 2002**

	<i>Domestic</i>		<i>International<sup>a</sup></i>		<i>Total<sup>b</sup></i>	
	\$m	%	\$m	%	\$m	%
Education	340	5	3 536	49	3 875	53
Employment	255	3	609	8	864	12
Residual	1 923	26	625	9	2 548	35
Total <sup>b</sup>	2 518	34	4 770	66	7 287	100

<sup>a</sup> Includes package expenditure and prepaid airfares, but excludes major equipment purchases.

<sup>b</sup> Columns and rows may not sum to total due to rounding.

Data source: BTR/TRA.

#### *‘Education’ visitors*

More than half of the expenditure in the ‘Other’ category is associated with education visitors, predominantly foreign students.

International education visitors typically stay much longer in Australia than most other international visitors — 126 nights on average, compared to 19 nights for ‘holiday/leisure’ visitors — and data from the 2002 IVS indicates that they engage in many social, leisure and tourism-like activities during their time here.<sup>12</sup> However, only 22 per cent of respondents to the IVS in the education category gave ‘holiday’ as a secondary reason for travel, and only 6 per cent of total ‘stopover’ nights in Australia were classified as being mainly for holiday/leisure purposes.<sup>13</sup>

<sup>12</sup> In 2002, 46 per cent of international education visitors visited a national or state park and 25 per cent went bushwalking etc, 44 per cent visited an art gallery or museum, 39 per cent visited historic buildings etc, 13 per cent experienced aboriginal art, craft or culture, 25 per cent went on guided tours or excursions and 6 per cent rode on a tourist train during their stay. Further, 31 per cent visited casinos, 54 per cent visited pubs, clubs and discos and 69 per cent went to the beach during their stay.

<sup>13</sup> Of international visitors in the holiday/leisure category in 2002, 35 423 visitors, or about 1.5 per cent of respondents to the IVS, listed ‘education’ as a secondary reason for their trip to Australia. 46 308 international holiday/leisure travellers also listed ‘visit student’ as a secondary reason for their trip. Expenditure by these visitors is included in the Commission’s base line estimates of tourism.



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This is consistent with the view that foreign students choose to come to Australia predominantly on the basis of educational and lifestyle considerations, but may take the opportunity to engage in some tourism activities while here. Other research supports the view that considerations other than tourism are the main determinant of foreign students' decisions to study in Australia (box C.3).

**Box C.3      Some research on international students' reasons for studying in Australia and tourist activity undertaken while here**

Australian Education International (2003) surveyed around 2000 students from 82 countries, who were enrolled in 2000 with 66 Australian education providers — including schools, vocational education and training institutions, tertiary institutions and specialist English language colleges. The 'most important' factors underpinning these students choice of Australia as a study destination were reported as: studying in an English-speaking country; the quality of Australian education; the reputation of the specific course of study; the enhanced job prospects associated with gaining Australian qualifications; and Australia's safe and friendly environment. While not as important, having 'many things to see and do' in Australia — which appears indicative of a tourism motivation — was still considered to be an 'important' factor. Other 'important' factors included the course costs and living costs.

Michael and Patel (2001) surveyed 219 Asian students — Asian students comprise the bulk of international students in Australia — studying at Victorian post-secondary educational institutions and found that the key factors driving their choice to study in Australia were: the quality of education; recommendations by friends and relatives; course content and the costs of study. The study found that around 65 per cent of these students travelled within Australia, for a range of recreational and tourism-related reasons. Based on data on students' expenditures during trips, the authors estimated that expenditure on trips away by foreign university students studying in Victoria was around \$7 million in 1997.

In addition to tourism activities undertaken by students themselves, the presence of foreign students in Australia is recognised as a potential draw-card for visits from family and friends who may also engage in holiday or leisure activities during their visits.

*Sources:* Australian Education International (2003); Michael and Patel (2001).

In terms of expenditure, the IVS indicates that from an average visit expenditure of \$13 448 (including \$1925 in prepaid airfares and package tours) in 2002, the average spent on fees by foreign students was \$5036. This group also spent \$3756 on average on 'food, drink and accommodation'. As only 6 per cent of stopover nights were for the primary purpose of 'holiday/leisure', it seems likely that most of this expenditure would have related to these visitors' normal student life. Relative to total trip expenses, expenditure on 'organised tours' was limited — \$184 per person. Overall, the evidence suggests that most expenditure by international education visitors is for non-tourism purposes.

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Domestic education visitors typically take much shorter trips — 59 per cent are single day trips, and the remainder are 4.4 days on average — and it is more difficult to envisage the nature and extent of any tourism activity entailed. While domestic students frequently engage in outdoor sporting and recreational activities while away from home, their participation rate in other tourism-like activities is lower,<sup>14</sup> and there is no evidence in the NVS of any significant expenditure on organised tours/side trips by domestic education visitors.<sup>15</sup>

That said, uncertainty attaches to the make-up of visitors in the education category. For example, this category may contain a component of visitation by school groups on excursions. Compared to students who travel to do courses at a particular educational institution, such visitors might be deemed to have a stronger tourism motivation for their journey. However, such groups seem likely to represent a small proportion of total education visitors, particularly in relation to the international component, and the BTR/TRA has indicated that little data are currently available on the activities or expenditures (or relative significance) of this group. Another cause of uncertainty is that, although the BTR/TRA visitor surveys are intended to exclude international visitors who remain in Australia for more than a year, it seems possible that a number of longer-term foreign students may be unintentionally included in the IVS survey, and thus in the TSA estimates.<sup>16</sup>

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<sup>14</sup> In 2002, 16 per cent of domestic overnight education visitors went bushwalking, 7 per cent visited national or state parks and 30 per cent were recorded as participating in sport or active outdoor activities generally. (The equivalent figures for overnight holiday/leisure visitors were 16 per cent, 10 per cent and 39 per cent, respectively.) However, only 2 per cent of domestic education visitors visited an art gallery or museum, 4 per cent visited historic buildings etc and only 6 per cent were recorded as visiting ‘local attractions’ or undertaking ‘tourist activities’.

<sup>15</sup> The 2002 NVS records zero expenditure by domestic education day-trip visitors on the item ‘organised tours’. It also records \$4 million in expenditure on ‘organised tours/side trips’ by all domestic overnight visitors in the ‘Other’ category (which includes visitors in the employment and residual categories, as well as education visitors). This is equivalent to just \$1 per ‘Other’ overnight visitor. However, the NVS cautions against reliance on this figure due to sampling variability.

<sup>16</sup> In comments in response to a draft of this paper, the ABS indicated that the treatment of long term students (eg, those taking 3 year undergraduate degree courses) is “one of the most difficult and contentious components of the TSA”. Technically, when foreigners study abroad for more than one year, their usual environment extends to include the place of study. The TSA data exclude all course fees paid by such students. However, it appears that, when responding to BTR/TRA visitor surveys, students who temporarily reside at a campus outside their usual environment and return home during teaching breaks and/or holidays could consider their time in Australia as a number of separate study periods (eg semesters or single years), and thus respond as if they were a ‘visitor’. Thus, it is possible that the living and other expenses of such students find their way into the TSA.

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Overall, while precise data are unavailable, it is difficult to argue that much spending by education visitors can reasonably be considered to be tourism expenditure. In essence, it seems likely that most education visitors are not ‘tourists’; they are students, studying at an institution outside their usual environment.

### *‘Employment’ visitors*

‘Employment’ visitors accounted for around 12 per cent of expenditure in the ‘Other’ category in 2002 (or just 2 per cent of total expenditure by non-holiday/leisure visitors).

There is evidence that international employment visitors, who accounted for 70 per cent of expenditure in the employment sub-category, engage in significant tourism activity while here. For example, 22 per cent of respondents to the IVS in this category gave ‘holiday’ as a subsidiary reason for their visit and a further 8 per cent, which may include some backpackers, gave ‘working holiday’ as a subsidiary reason. Further, 20 per cent of ‘stopover’ nights by international employment visitors were recorded as being mainly for the purpose of holiday/leisure, and the IVS shows that these visitors, who on average remain in Australia for 4 months, typically undertake an array of leisure and tourism-like activities during their stay.<sup>17</sup>

By contrast, it seems unlikely that there would be much tourism expenditure associated with trips by domestic visitors travelling for the purposes of employment. Among other things, the NVS indicates that these trips are normally quite brief — around half are day trips, and the remainder are 3.2 days on average — and entail a low rate of tourism-like activities.<sup>18</sup>

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<sup>17</sup> In 2002, 52 per cent of international employment visitors visited a national or state park and 28 per cent went bushwalking etc, 31 per cent visited an art gallery or museum, 40 per cent visited historic buildings etc, 8 per cent experienced aboriginal art, craft or culture, 13 per cent went on guided tours or excursions and 5 per cent travelled on a tourist train during their stay.

In relation to a number of these items, the participation rates recorded for international employment visitors are similar to the participation rates recorded for international holiday/leisure visitors. The high rate of leisure and tourism-like activities recorded for international employment visitors may in part reflect the opportunities provided by the length of their stay in Australia — 132 nights on average, compared to 19 nights for international holiday/leisure visitors. Further, international employment visitors spend \$44 on average on ‘organised tours’, compared to \$187 on average spent by international holiday/leisure visitors on this item. Even so, it is clear that international employment visitors engage in significant tourism activity while in Australia.

<sup>18</sup> In 2002, 2 per cent of domestic overnight employment visitors visited a national or state park, zero per cent were recorded as going bushwalking, 3 per cent visited an art gallery or museum, 3 per cent visited historic buildings etc and, in total, 6 per cent were recorded as visiting ‘local attractions’ or undertaking ‘tourist activities’.

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### *Residual visitors*

Of expenditure in the 'Other' category in 2002, visitors in the 'residual' sub-category accounted for around 35 per cent. This sub-category includes visitors travelling for health-related reasons, for personal appointments or who are 'in transit'.

Domestic visitors accounted for 75 per cent of expenditure in the residual sub-category. The bulk of these visits were day-trips, participation in discrete tourism-like activities was limited<sup>19</sup>, and there is no evidence of any significant expenditure on organised tours/side trips by domestic residual visitors.<sup>20</sup>

There is evidence of substantial tourism activity by international visitors in this category. For example, 20 per cent of respondents to the IVS in this category gave 'holiday' or 'working holiday' as a subsidiary reason for their trip, and 68 per cent of 'stopover' nights by visitors in this group were recorded as being mainly for the purpose of holiday/leisure. On the other hand, visitors in this category engaged in fewer tourism-like activities.<sup>21</sup>

### *An upper bound estimate of tourism expenditure by 'Other' visitors*

While the available data do not allow the extent of tourism expenditure undertaken by visitors in the 'Other' category to be determined with precision, the foregoing analyses suggest that:

- It is unlikely that much of the expenditure by education visitors, who accounted for 53 per cent of all visitor expenditure in the 'Other' category in 2002, is tourism expenditure.

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<sup>19</sup> In 2002, 2 per cent of domestic overnight visitors in the residual category visited a national or state park, 2 per cent were recorded as going bushwalking, 1 per cent visited an art gallery or museum, 1 per cent visited historic buildings etc and, in total, 6 per cent were recorded as visiting 'local attractions' or undertaking 'tourist activities'.

<sup>20</sup> The 2002 NVS records \$217 000 of expenditure by domestic day-trip visitors in the residual category on the item 'organised tours'. This is less than \$1 per person. It also records \$4 million in expenditure on 'organised tours/side trips' by all domestic overnight visitors in the 'Other' category (which includes employment and education visitors, as well as visitors in the residual category). This is equivalent to just \$1 per 'Other' overnight visitor. However, the NVS cautions against reliance on this figure due to sampling variability.

<sup>21</sup> In 2002, 11 per cent of international visitors in the residual category visited a national or state park and 5 per cent went bushwalking etc, 9 per cent visited an art gallery or museum, 12 per cent visited historic buildings etc, 4 per cent experienced aboriginal art, craft or culture, 9 per cent went on guided tours or excursions and 2 per cent travelled on a tourist train during their stay. These visitor's average length of stay in Australia was two weeks.

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- There is also unlikely to be much tourism expenditure in the domestic employment or residual categories, which together accounted for 30 per cent of all visitor expenditure in the ‘Other’ category in 2002.
  - On the other hand, expenditure by international visitors in the employment and residual category, which together accounted for 17 per cent of visitor expenditure in the ‘Other’ category 2002, appears to contain a significant tourism component.

For purposes of deriving an ‘upper bound’ estimate of tourism expenditure as defined in this paper, it has been assumed that up to 30 per cent on average of the total trip expenditures of visitors in the ‘Other’ category could be classed as tourism expenditure. Again, the Commission considers that the actual share would be most unlikely to exceed this figure, and is probably much less.

## C.4 Summing-up

To develop an ‘upper bound’ estimate of tourism industry output, the Commission has sought to gauge the maximum share of visitor expenditure in the non-holiday/leisure categories that could be regarded as tourism expenditure, given the dictionary-based definition of tourism adopted in this paper.

The analyses suggests, unsurprisingly, that there is likely to be a higher share of tourism expenditure in some categories than in others. In summary:

- In the case of international and domestic business travel, which accounted for around 40 per cent of all non-holiday/leisure visitor expenditure in 2002, the share is unlikely to exceed 15 per cent.
- In the case of international and domestic travellers in the VFR category, which accounted for almost 40 per cent of total non-holiday/leisure visitor expenditure, the share seems unlikely to exceed 50 per cent.
- In the case of travel by education, employment and other international and domestic visitors, which accounted for the remaining non-holiday/leisure visitor expenditure, the share is considered unlikely to exceed 30 per cent.

Overall, these analyses suggest that the share of total trip expenditures by visitors in the non-holiday/leisure categories that could be regarded as tourism expenditure would not exceed one-third. While the Commission considers that the actual share is likely to be much lower, the one-third figure has been used in deriving an ‘upper bound’ estimate of tourism output (chapter 2).

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## D Comments on the paper’s approach to defining and measuring tourism

In chapter 2, the Commission noted that the World Tourism Organization’s (WTO) ‘visitor-based’ definition of tourism, which underpins most official statistical publications on tourism, including the Australian Tourism Satellite Account (TSA), includes the activities of non-discretionary visitors such as ordinary business travellers — not just discretionary visitors such as holidaymakers and leisure travellers. For this paper, the Commission has adopted a definition of tourism that emphasises holidaymakers and leisure travel, in accordance with the ordinary meaning of tourism embodied in dictionary definitions.

The Commission also argues that the approach in the Australian TSA of including the upstream value added of goods in tourism gross value added (GVA) varies from the treatment of other industries in the national accounts, and is inappropriate for assistance measurement and interpretation. Accordingly, upstream value added has been excluded from this paper’s estimates of tourism industry output.

In response to a discussion draft of this paper, which was circulated on a confidential basis mainly to selected Australian and State and Territory government agencies, the Commission received numerous comments on its approach to defining and measuring tourism. While a number of respondents indicated that they were comfortable or did not disagree with the paper’s approach, others, mainly tourism agencies, expressed significant misgivings about the approach. Box D.1 contains a selection of their concerns. These agencies indicated that the paper’s approach:

- is inconsistent with existing statistical approaches to defining and measuring the tourism industry;
- underestimates the economic importance of the tourism industry; and
- may result in unduly high estimates of the rate of assistance to tourism, particularly if the Commission’s assistance estimates do not align with the scope of the tourism industry as defined in the paper.

The key points raised under each of these headings are outlined and briefly discussed below.

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**Box D.1      Selected concerns about the Commission's approach to defining tourism and measuring the tourism industry**

Australian Government Department of Industry, Tourism and Resources:

[T]his Department has serious concerns about the Commission adopting a non-standard definition of the tourism sector for the purpose of its report. The standard international definition has been developed to provide the most accurate approach to capturing demand generated by visitors. It would be regressive to now see researchers and commentators, including agencies of the Australian Government, reverting to the earlier practice of generating unique definitions for the tourism sector, thereby defeating efforts at national and international comparison and potentially providing a less than accurate picture of the total economic contribution of the sector.

Western Australian Department of Treasury and Finance:

[T]he definition used in the paper is not consistent with the wider definition used by the World Tourism Organization, and as generally accepted by the [Australian Government] Department of Industry, Tourism and Resources. While we do not have an absolute preference for either definition, we are aware that the Western Australian Tourism Commission has concerns on the use of the narrow definition. Its primary concern is that the classification underestimates the perceived economic contribution of the tourism industry.

Queensland Department of the Treasury:

It is noted that the Commission's study has adopted the 'conventional' definition of tourism. This differs from the definition of tourism used in the following collections: [the WTO; the ABS *Australian TSA*; and the Queensland State Accounts]. While Queensland has no specific preferred methodology, the Commission's methodology adds yet another approach. It will be important therefore that there is an attempt to gain consensus on the most appropriate method of measurement to provide greater consistency and comparability.

South Australian Tourism Commission:

The Productivity Commission appears to be redefining the [tourism] industry, based on the dictionary definition of one aspect of this industry, which itself is based on a simple consumption perspective of this complex industry, rather than being mindful of the integrated industry 'production or service' perspective as is the case with all other industries.

Victorian Department of Industry, Innovation and Resources (inc. Tourism Victoria):

The Productivity Commission's approach of adopting a "dictionary" definition of tourism (excluding some expenditure by visitors who are visiting friends and relatives, on business or on other non-holiday/leisure travel) understates the importance of tourism in the economy.

Tasmanian Department of Treasury and Finance:

Officers in Tourism Tasmania have been provided with a copy of the draft report and have advised that they consider that the definition [of tourism] is unduly narrow. They also believe that the estimate of 25 per cent for the share of total expenditure of non-tourist visitors on tourism activities is too low. However, no data were provided to support this view. They also consider that an estimate of the value of the tourism industry should include the total value of production of all goods and services purchased by tourists, as without this demand these goods and services would not be produced. In sum, Tourism Tasmania considers that the Commission has underestimated, and therefore undervalued, the size of the tourism industry.

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## Consistency with existing statistical standards

In its comments on the draft paper, the Australian Bureau of Statistics (ABS) noted:

The Australian Tourism Satellite Accounts (TSA) are consistent with the standards and methodologies promulgated by the OECD, the UN Statistical Division, the WTO (World Tourism Organization) and Eurostat. The international standards were developed over a long period of time and after extensive discussion in a range of international forums. Tourism is a particularly difficult area in which to determine standards given that it is not part of the traditional industry framework, and scoping demand side activity to industries is not straightforward. One of the points that became clear in the discussions which led to the determination of the international standard was that there was no ‘commonly understood definition of tourism’ across countries and cultures. Accordingly it was designed for use in a wide range of policy and other applications.

While some agencies involved with tourism statistics in Australia have acknowledged that ‘what is usually referred to as ‘tourism’ [under the WTO definition] would, in fact, be more accurately referred to as ‘visitor activity’ (ABS quoted in DITR 2004, p. 37), it was argued in response to the draft paper that the WTO’s visitor-based definition of tourism should be accepted as being the standard or conventional definition of tourism, and misgivings were expressed that the Commission is ‘redefining’ the tourism sector. Among other things, concern was expressed that any redefining of tourism would prevent comparison of results with other data on tourism, both national and international.

On the other hand, Antonio Massieu, the WTO’s Chief of Statistics and Economic Measurement of Tourism, indicated in personal comments that the paper gives ‘greater specificity’ to the activity that is the focus of government tourism programs and, as such, he noted that it is a ‘useful and interesting application of the TSA framework’.

In this context, while the estimates in the Australian TSA have been adopted as the starting point for this study, attention has been confined to a subset of activities in that account that are the main focus of government tourism policies and measures, that accord more readily with the common perception of tourism, and that provide a meaningful basis for assistance measurement relative to other industries.<sup>1</sup>

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<sup>1</sup> While the definition of tourism adopted in this paper differs from the WTO’s visitor-based definition, it should be noted that the paper’s exclusion of upstream value from its measure of tourism output is not inconsistent with the international standards for compiling TSA. The international standards provide two options for treating upstream value added: inclusion or exclusion. The Australian TSA adopts the first of these; given the objectives of this study, the Commission has opted for the second (see further below).



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## Effects on the perceived economic importance of tourism

Comments from a number of agencies indicated a concern that the paper's approach to defining tourism and measuring the tourism industry's output reduces its perceived economic importance. Comments focussed on three particular causes of possible underestimation.

### *Visitors versus tourists*

While some agencies criticised the paper for not using the WTO's visitor-based definition of tourism, none directly challenged the point that many of the visitors covered under the WTO definition of tourism are not actually tourists.

However, a number of responses argued that the paper had included an insufficient share of expenditure by visitors in the non-holiday/leisure category as tourism expenditure, contending that the draft paper's 'upper bound' share estimate of one-quarter underestimated the true share. This matter is assessed in detail in appendix C. For this final paper, a higher upper bound estimate of one-third has been used, although the Commission considers that the actual share is likely to be much less.

### *Horizontal industry overlaps*

Several responses suggested that the paper's approach of measuring tourism industry output was unduly narrow or ignored important overlaps and interdependencies between production for tourists and production for other travellers. For example, the South Australian Tourism Commission (SATC) indicated that the term 'tourism industry', as used in the TSA, should be seen as a short-hand reference to what is generally understood among certain tourism agencies to be the 'travel and tourism industry'. It further stated:

SATC acknowledges that the discretionary part of travel constitutes tourism proper from a consumer (demand) perspective, but this is a simplistic view in terms of the interdependencies of the actual industry (supply) perspective.

...The dictionary definition [of tourism] is a narrow definition, a component of an industry that services the needs of travellers whether they be 'tourists', or otherwise. These travellers use common 'production' elements.

To elaborate, overlaps and interdependencies between travel and tourism arise because virtually all travellers/visitors make use of transport networks, accommodation suppliers, and catering and entertainment businesses, and from the supplier's viewpoint it makes little difference whether a particular customer is a

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tourist or another traveller. Further, without other (non-tourist) travellers, such as business visitors, some of these suppliers would be unviable and thus would be unable to supply services to tourists either (and vice-versa).

While these observations are correct, the same points apply to the distinction between travellers/visitors and local customers. That is, it makes little difference to a transport or accommodation provider, or to a restaurateur or entertainment business, whether a particular customer is a traveller or a local resident. Thus, defining an industry based on the consumption of travellers (including tourists) — which is essentially the approach followed in the Australian TSA — also fails to ‘capture’ some important interdependencies, just as does defining an industry based on the consumption of tourists.

That said, it should also be noted that defining an industry based on the consumption of tourists (or based on the consumption of visitors, as in the Australian TSA) involves the treatment of other supply-side inter-relationships that are not normally covered in industry classification systems. For example, even though a consumer who purchases a motor vehicle will almost inevitably purchase significant quantities of fuel too, this ‘joint-purchase’ aspect is not reflected within ANZSIC; rather, motor vehicle production and petroleum production are classified as separate industries, and there is no one ‘automotive’ industry that seeks to encapsulate all production brought about by the purchase and use of cars. This is in contrast to the ‘tourism’ industry, in which elements of disparate industries such as transport, accommodation and entertainment are combined into the one ‘industry’ category.

More generally, all industries have numerous linkages with other industries, and in industry classification systems such as ANZSIC, industries are not classified with the intention of encapsulating all such linkages within a single industry category.

As discussed in chapter 2, for the purposes of measuring assistance to tourism, it is appropriate to examine the size of the ‘tourism’ industry. The size of the ‘travel and tourism’ industry, while potentially of interest for other purposes, is not the focus of the current exercise.

### *Upstream value added*

Several agencies commented on the removal of the upstream value added of goods purchased by visitors from the paper’s estimates of tourism GVA. Box D.2 contains a selection of these comments.

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## Box D.2      **Selected comments on the upstream GVA issue**

Victorian Department of Innovation, Industry and Regional Development:

We are uncertain whether excluding “upstream” industries from tourism gross value added is helpful. The ABS Tourism Satellite Account includes the full value of retail goods in consumption, rather than just the retail margin. Consequently, manufacturing value added is included in the ABS measure of the value added in the tourism industry. ... By inferring that tourist activity in retail stores adds no more value than the retail margin on goods seems unnecessarily narrow, especially if tourism demand is additional to (rather than substituting for) domestic demand.

NSW Department of Treasury:

You are correct in excluding upstream impacts in estimating the value added for the tourism industry, although NSW Government agencies have indicated they believe it is necessary to include these wider impacts if the paper is to fully reflect who they are trying to benefit in providing assistance.

Australian Bureau of Statistics:

You say that the TSA treatment of upstream effects is a departure from the treatment of value added applied to other industries in the National Accounts, but this is not relevant ... because tourism is a demand side, rather than a supply side, concept. In the National Accounts, it is true that the value of final uses (excluding taxes and subsidies) is attributed to producing industries ... while in the TSA the upstream effects are included in the tourism ‘industry’ measure. However, the addition of separate intermediate transactions captured and measured separately in the National Accounts, means that the aggregate value added, including upstream industries, is captured in the overall GDP measures. My conclusion is that tourism is more akin to a domain of statistics; i.e. it is equivalent to domestic production (GDP) in total, with its industry components, rather than equivalent to an industry within the overall economy. In this context, the approach in the TSA is consistent with the practice adopted in the National Accounts more generally.

Tasmanian Department of Treasury and Finance:

I see no conceptual problem in valuing the tourism sector in the same way that exports or government expenditure on goods and services are valued, namely using the full value of the purchase. In both cases, the defining characteristic is the identity of the purchaser. For example, if a local boutique brewery sells 20 per cent of its output to tourists within the State, it would seem appropriate to attribute that share of the brewery’s output (and therefore employment) to tourism, and not just the retail margin. Therefore, I do not see merit in attempting to adjust the Australian Tourism Satellite Account estimate to exclude the value added of upstream businesses from tourism gross value added (GVA). For this reason, it is perhaps more appropriate to use the term ‘tourism sector’ rather than ‘tourism industry’.

Professor Peter Forsyth:

The paper makes a valid point about the nature of the TSA, and the way in which it includes an indirect component of value added, by including some value added of industries which supply the industry. For the purposes of measuring assistance rates, it makes sense to view the industry as not including some component of other industries which supply the tourism industry – in this way it is comparable to the way other industries’ outputs are measured.

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In supporting the inclusion of upstream value added in tourism GVA, some argued that estimates of the value of the tourism industry output should include the full value of Australian production of all goods and services purchased by tourists, contending that, without this demand, the goods as well as services would not be produced and the jobs associated with the production of the goods would be ‘lost’.

However, as discussed in box D.3, industry output or employment figures — whether they relate to the tourism industry or to other industries — cannot be interpreted as necessarily indicating the value of output or the number of jobs in the economy which are dependent on the existence of a particular industry or demand for its output.

**Box D.3      Upstream value added and the interpretation of industry output and employment figures**

Industry output or employment figures — whether they relate to the tourism industry or to other industries — should not be interpreted as indicating the value of output or the number of jobs in an economy which are dependent on a particular industry in the sense that they would not exist were a particular industry not to exist.

One reason in the case of tourism is that much of its effect is simply to shift demand from one location to another. For example, it is likely that domestic tourists who purchased groceries or clothing while travelling would have purchased some broadly similar items, at some point, had they remained at home, and the output and jobs associated with producing those items would also have been maintained. Even where trip-specific items such as (locally-produced) souvenirs or products are purchased, the money spent is no longer available to that consumer to be spent on other purchases, meaning that the output and employment associated with the production of those other items is forgone. (This direct ‘demand-switching’ effect is not relevant in the case of foreign tourists, although changes in other economic variables, such as the exchange rate, created by large scale international tourism may, to some degree, contribute to equivalent effects.)

Another reason is that where a particular industry ties up capital, land and labour resources, particularly skilled labour, those resources either cannot be used in other industries or must be lured away with a higher return. The upshot is that output and employment in other industries may be less than it would otherwise be.

In short, industry value added figures indicate how much value particular industries add to the intermediate inputs they use; they do not show how much value would be added if those same inputs were used in other industries. Likewise, industry employment figures simply show the number of jobs that reside in particular industries at a particular time; they do not indicate anything specific about the number of jobs in the economy that would exist were demand to switch to other products and/or were the resources tied up in the industry to be made available for use in other industries.

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On a different tack, it was suggested that it is reasonable to include upstream value added in measurements of the output of the tourism sector because tourism is a demand-side concept, more akin to exports or government consumption than to normal industries. The ABS national accounts data include upstream value added in its measures of the export sector and government consumption.

While there can be merit in this approach for some purposes, it is important that the output of a particular activity, *where it is to be compared with the output of other activities*, be measured in a manner as consistent as possible with the measurement of those other activities' output. For standard assistance measurement purposes, the focus is on comparisons of assistance between different 'industries'. The output of other industries, as measured in the national accounts, does not include upstream value added. Thus, for the purposes of this paper, it is appropriate to exclude from the measures of tourism GVA the value added by industries upstream of the tourism industry.

## Implications for assistance measurement

Some agencies contended that the definition of tourism adopted by the Commission results in unduly high estimates of the rate of assistance to tourism. For example, the NSW Treasury, while accepting that distinguishing between tourists and non-discretionary visitors seems 'a conceptually agreeable approach', contended that:

[U]sing this definition causes a disconnect between the assistance efforts you are trying to gauge and what tourism agencies are trying to do in practice. The effect of adopting the narrower definition of tourism is to overstate the relative level of assistance provided *to the extent that* it includes support for economic activity more broadly (emphasis added).

This concern relates not so much to the appropriateness of the underlying definition of tourism, as such, but rather to:

- the measurement of the size of the industry given that definition, and
- the identification and measurement of assistance afforded that activity.

Nevertheless, the comment highlights the importance of aligning the two aspects.

In finalising this paper, the Commission has reviewed its estimates of tourism industry output, in light of comments received. The paper includes both a base line estimate of tourism industry output together with an upper bound estimate of its size. Since the draft paper, the Commission has examined more closely the basis for determining its upper bound estimate (see appendix C).

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In addition, the alignment of assistance measures with the definition of the industry has been reviewed, and some revisions have been made on the basis of comments received. For example:

- Whereas draft estimates of assistance to tourism included all expenditure for events, a range has been presented in the final paper — with the base line estimates including one-quarter of the identified component of this expenditure, and the upper bound estimates including one-third.
- Similarly, whereas draft estimates of assistance to tourism included all expenditure for convention centres and bureaux, a range has been presented in the final paper — with the base line estimates excluding the identified component of this expenditure and the upper bound estimates including a share of one-third.
- In relation to some other expenditure by tourism agencies, such as spending on visitors information centres and tourism advertising in foreign markets, the paper now explicitly recognises that the measures may provide some benefits to non-tourism activities. However, these additional benefits are considered likely to be relatively small and, as they cannot be readily quantified from the available data, no adjustment to the estimates has been made.
- In calculating the assistance to tourism from multi-purpose and incidental assistance, an upper bound assistance estimate has been included in this final paper, whereas only a base line assistance estimate was included in the draft paper.

While subject to limitations of data availability and the assumptions needed to complete the analysis (discussed in chapter 3), the current alignment should aid in providing a guide to the level of assistance afforded to the tourism industry as defined in this paper.

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