



10<sup>th</sup> March 2017

The Foreign Policy White Paper Taskforce  
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### **Supplementary submission to Foreign Policy White Paper**

Dear Sir / Madam

As Chair of the Australia-ASEAN Council I recently lodged a submission on behalf of the members of the board of the AAC. I wish to lodge a supplementary submission in my own right. This submission focusses on one issue, the importance of tourism in Australian foreign policy and the potential economic impact of Chinese tourism for Australia.

In 2016, 1.2 million Chinese tourists visited Australia with an average spend of over \$5,000 per visitor, which is the highest spending per visitor than any other country of origin.

Chinese tourism represents a large and growing opportunity for Australia. A recent Report by L.E.K. Consulting titled 'How the China tourism boom is transforming Australia' explains how the experience of Chinese tourists translates into broader economic opportunities for Australia and how it is the key to unlocking the full value of the Chinese tourism market. Australia's foreign policy has a role in changing our thinking about tourism. As the L.E.K. report concludes, "when we think about tourism as the front door to much deeper economic engagement, we quickly see that a range of implications and responsibilities arises".

A recent report published jointly by Monash University, the Australian Centre for Financial Studies, the Australia China Business Council and Shine Wing Australia titled 'The Long Boom: What China's Re-balancing means for Australia's Future' notes that continued stimulus to the Australian economy from rising household consumption in China is substantial. The Report asks the question, "are we prepared for the day when 25% or more of Australia's services exports will be destined for China? When the commodity boom began in the early 2000s it was difficult to foresee the magnitude of the impact it would have on the Australian economy. The possibility of a similar story being written about healthcare, education, tourism, financial services, and construction ten years from now seems clear".

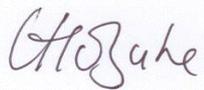
Even as airline capacity grows, and more direct services are established between Australian and Chinese cities, the boom in Chinese visits will require investment and (re)training.

Australia's ability to accommodate rising Chinese demand will depend on the quality of its tourism infrastructure and, perhaps most crucially, its ability to find sufficient labour with adequate cultural knowledge to service a growing Chinese market that is demanding increasing differentiation in how to experience Australia.

In early 2017, Australia's Minister for Trade, Investment & Tourism, Hon. Steven Ciobo, launched 'China Australia Year of Tourism' at the Opera House, which has an objective of boosting the visitor experience and driving visitations while drawing attention to the economic potential of the sector.

In setting Australia's foreign policy guidelines for the next ten years I believe we should see the tourism industry as an instrument for advancing Australia's national interest. The industry is the sum of individual engagements on our terms and on our soil between ordinary Australians and over one million Chinese citizens every year. This approach sets a new paradigm in thinking about Australian tourism.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'CHolgate', enclosed in a light blue rectangular box.

Christine Holgate  
Chief Executive Officer