

# ADS REVIEW 2018

## BACKGROUND

The Australian Tourism Export Council (ATEC) is the peak industry body representing the thousands of companies throughout Australia that provide tourism services to foreign visitors. Whilst the tourism export sector is experiencing positive growth, ATEC's role is to maximise opportunity for Australian businesses in both existing and emerging markets, and to ensure any impediments to that growth are managed and kept to a minimum.

Our core functions are to...

- Facilitate business-to-business opportunities for our members;
- Provide business development advice, opportunity and support to our members;
- Foster and promote excellence in service delivery and business best practice management;
- Represent the collective views of our membership to governments and other external stakeholders;
- Liaise with industry and government to facilitate cohesion between commercial imperatives and policy development;
- Raise the profile of the tourism export sector to the broader community.

## INTRODUCTORY REMARKS

ATEC was a founding contributor to the launch of ADS in 1999. ATEC and its stakeholders played a pivotal role in the development of the first ADS Code, the application and approval processes and the compliance framework which still remain in place today. We are involved in a number of projects and industry development schemes focused on the China market which demonstrates our long term and ongoing commitment to growing visitation from China sustainably, profitably and competitively.

It is widely agreed that the ADS scheme has been a success in the nineteen years it has operated in Australia. Australia is regarded as the champion of ADS by the China National Tourism Administration and ADS has played an important role in trade relations with China. The success of ADS can be attributed to the efficient and thorough approach demonstrated by the Australian government departments engaged in ADS, but equally, the commitment from industry, through ATEC, to create real commercial opportunity as well as a strong belief in quality has ensured growth and collaboration.

Of critical importance is a visionary approach to the ongoing management of the ADS scheme. Whilst there are persistent concerns around shopping and quality, it is imperative that any measures introduced have a practical application commercially, are not inconsistent with other country's requirements and do not impact negatively on Australia's international competitiveness. We are now competing on a global stage for ADS business and whilst our scheme has received accolades from governments both here and in China, we must remain focused on growing our market share and aligned with the objectives and targets set out in the Tourism 2020 strategy.

ATEC fully supports the Australian government's commitment to ADS and congratulates Austrade for the current approach to continuous improvement of ADS and the importance of industry consultation.

**PRINCIPLE 1: POSITIVE SERVICE OUTCOMES FOR ADS TOURISTS: IMPLEMENT CRITERIA WHICH ENSURE DELIVERY OF PROMISED SERVICE OUTCOMES TO GUARANTEE A QUALITY TOURISM EXPERIENCE FOR ADS TOURISTS.**

**Q1: What new requirements do you think can be included in the code to assure delivery of the services promised to Chinese ADS tourists?**

All ADS ITOs are required to be “China Ready and Accredited” – a T-QUAL scheme

ATEC has forged a partnership with China Ready and Accredited (CRA) to address the quality gap which persists in the China ADS market. CRA is T-QUAL endorsed and is recognised by the Chinese government.

China Ready & Accredited (“CRA”) is a mainland Chinese global program which offers training and accreditation for all businesses and individuals seeking to operate successfully in the Chinese tourism market. It is a comprehensive program which offers sector-specific training and business to business services and solutions. It was developed in consultation with Chinese and international stakeholders from both government and industry sectors and is an Australian T-QUAL accredited scheme. Further information on CRA requirements and standards are available at [www.chinareadyandaccredited.com](http://www.chinareadyandaccredited.com).

The key to success with service delivery is understanding the market. Generic accreditation programs - whilst having merit – do not offer businesses engaged in the China market with the relevant business to business and cultural imperatives that are critical to commercial success and meeting (or exceeding) consumer expectations.

ATEC, in exclusive partnership with CRA will elevate the professional capability and service delivery of our Chinese inbound tour operator network. In the new deregulated distributor market it is critical that **market relevant, business to business** standards are implemented to ensure the financial viability, credibility and solvency of ADS operators. This approach integrally aligns with the over-arching ADS objectives of the bilateral agreement between Australia and the China National Tourism Administration and upholds the provisions of the Chinese tourism law.

**Q2. What are your views on how quality shopping activities can be incorporated into ADS itineraries that are compliant with the new Chinese tourism law?**

Feedback indicates that despite the introduction of the new Chinese tourism law, zero-cost shopping tours are re-emerging in ADS itineraries. ATEC has consistently since the inception of ADS engaged with our ITO stakeholders in an attempt to gauge the true extent and commercial ramifications of this issue. Whilst ATEC wholly and vehemently supports the eradication of misleading, underhanded or deceptive conduct from any shop or ITO, it would seem that commissioned-based shopping is a reality in Asian markets and we should be directing our energy into how it is delivered rather than attempting to remove it. It is always of critical importance to discern the difference between price and quality.

Recent discussions with the Vice Chairman of CNTA responsible for the operation and compliance of the Chinese tourism law has effected an agreement to work co-operatively to uphold the standards both in China and Australia.

Notwithstanding the new Chinese tourism law, ATEC supports a transparent, enforceable approach to full disclosure of the nature of the tour being offered. It is worth noting that this approach of disclosure and transparency **does not** impact upon the framework set out within the Chinese tourism law: it is consistent with Articles 32, 34 and 35 which refer to false promotion, qualified vendors and that shopping tours can be offered if done so “in consultation with tourists agreed to such activities”.

ATEC would also support an increased marketing effort and consumer awareness focus in-market via the China Ready and Accredited channels and Tourism Australia.

**Q3. What accreditation requirements should there be for tour guides to operate in the ADS scheme and Q4. Do you have any other suggestions as to how the supply and quality of Chinese speaking tour guides could be increased and/or improved?**

ATEC is an official partner of “Servicing Chinese Visitors” - a tailored and culturally aware training program for Mandarin speaking individuals seeking to train as tour guides. The program aims to provide Chinese speakers with a nationally recognised qualification issued by Green Skills Institute (Aust) Pty Ltd (RTO ID 70060) so they can work as competent and professional tour guides anywhere in Australia, delivering a quality experience to Chinese visitors. More than one hundred individuals are currently undergoing training within the program across Australia.

For Australian tourism operators, the program aims to provide a pool of talented and certified guides that can be employed or contracted to provide quality service to Chinese visitors. ATEC will be supporting the program both in a marketing and a distribution context. The ATEC website will host a national register for Mandarin-speaking trained guides. These guides can be accessed by ITOs and/or attractions.

Other suggestions include:

- ITOs and/or attractions who develop or are included in ADS itineraries are required to contract a “Servicing Chinese Visitors” trained tour guide
- Target students and other individuals from Mandarin-speaking communities and educational institutions to engage in tour guide training
- Elevate the profile of professional tour guides through consumer awareness campaigns in mainstream and Chinese media
- Adopt learnings from Europe to emulate the success of their tour guide workforce, including requiring that all major tourist attractions employ a local Mandarin speaking guide.

**PRINCIPLE 2: IMPROVE SCHEME ADMINISTRATION: STREAMLINE ADMINISTRATION OF THE SCHEME FOR THE AUSTRALIAN GOVERNMENT AND ITOS.**

**Q5. How could the Code be rewritten to ensure that ITOs are provided with clear information on their responsibilities for ensuring quality standards are met?**

The code needs to be simplified and updated to ensure the following:

- remove duplication and simplify the language, particularly in the compliance monitoring and sanctions sections
- condense commentary to clear, concise instructions rather than verbose paragraphs
- include a table of contents and/or index for easy reference
- remove any standards that do not have relevance to quality service delivery
- introduce an ‘FAQs’ section on the Austrade website for current and/or potential ADS ITOs
- standards have a practical application – all standards must be practical and commercially achievable operationally to ensure ITOs can deliver service quality within the parameters of the code.

**PRINCIPLE 3: IMPROVE CODE CLARITY: CLARIFY AND CLEARLY STATE THE REQUIREMENTS FOR ITOS AND WHAT THE CONSEQUENCES ARE FOR NON-COMPLIANCE.**

The code can be simplified and sectioned to ensure ease of comprehension and a simplified format. The glossary could be an attachment at the back rather than in the first few pages. The content can be re-arranged into clearer sections that relate to specific components of the code (this has been done to a point but could be taken further). That is, all content that relates to quality service delivery is presented in one section and all content relating to complaints, compliance, sanctions, suspension etc is presented in another. The quality service delivery content should be the first information presented at the commencement of the document so that it is elevated immediately as the core purpose of the code.

**PRINCIPLE 4: MAXIMISE ECONOMIC BENEFITS: ENSURE THE ECONOMIC BENEFITS FROM THE CHINA TOURISM MARKET ARE SPREAD ACROSS THE AUSTRALIAN TOURISM INDUSTRY.**

**Q9. Can you suggest alternative independent and robust methods of promoting and checking the financial integrity and stability of ITOs?**

ATEC membership and risk mitigation

ATEC membership already offers the ADSEO a one-stop-shop for compliance with the ADS Code of Ethics and Business Practice. ATEC members are required to demonstrate that they are fit to operate on a range of criteria, including fit and proper person, legal/ASIC compliance, insurance, industry peer screening/referral and proven operational capacity. ATEC is currently investigating a new range of insurance products to add further weight and value to the risk mitigation of ITOs. Credit risk insurance covers the ITO against wholesaler failure – a commitment from the ITO to invest in prudent financial management of their business.

**Q10. Recognising that participation in the ADS scheme provides ITOs with commercial benefits, what fee level and structure would represent a fair and balanced approach for participants and what would be an appropriate timeframe to introduce a fee structure?**

ATEC would support a fee structure given that it implies a value to ADS approval and in the absence of licensing and TCF fees this would be appropriate. It would also act to reduce the number of ITOs who seek ADS approval but do not participate in the scheme.

Any fee structure however should consider other compliance costs that apply to attaining ADS approval, including those additional costs which may apply as outlined in this submission.

**CLOSING REMARKS**

ATEC thanks Austrade for the opportunity to comment on the operation of the ADS scheme and for considering the recommendations and suggestions outlined in this submission. We would be pleased to offer any additional comments or presentations to the ADS team should you require further explanation or clarity. Please contact Anna Taylor on 02 8262 5500 or [anna.taylor@atec.net.au](mailto:anna.taylor@atec.net.au) for any feedback or enquiry.