



**Accommodation  
Association  
of Australia**

**Energy Efficiency Information**

**Grants Program – 2011**

**Submission of the Accommodation  
Association of Australia**

## **INTRODUCTION**

1. The Accommodation Association of Australia welcomes the opportunity to put forward the following formal submission to be considered by the Department of Climate Change and Energy Efficiency (DCCEE) about the design of the Energy Efficiency Information Grants Program.

## **ABOUT THE ACCOMMODATION ASSOCIATION**

2. The Accommodation Association of Australia (the Accommodation Association) is the national industry body for the Australian accommodation industry.
3. Members of the Accommodation Association include major hotels, resorts, motels, motor inns, serviced and holiday apartments, bed and breakfasts, guesthouses, backpackers and time-share establishments in metropolitan, regional and rural Australia across all states and territories.
4. The Association's membership base includes almost 2000 properties and more than 110,000 guest rooms.
5. The Association's members include major international accommodation chains, including Accor Hotels, Mirvac Hotels and Resorts, Hilton Hotels, Toga Hospitality, Mantra Group, Quest Serviced Apartments, Amora Hotels and InterContinental Hotels Group.
6. By number of properties, major international accommodation chains make up approximately 20 per cent of the membership of the Accommodation Association. The remainder of our membership is predominantly small businesses (with 20 or less employees), many of which are located in regional and rural parts of Australia.

## **THE ACCOMMODATION SECTOR – AN INTEGRAL PART OF THE TOURISM INDUSTRY**

7. Tourism contributes \$34 billion to Australia's gross domestic product (GDP), a 2.6 per cent share.<sup>1</sup>
8. Around 500,000 Australians are employed in the Australian tourism industry – 4.5 per cent of total employment.<sup>2</sup>
9. Employment within Australia's accommodation sector stands at 71,500 – 14.3 per cent of the total employment in tourism.<sup>3</sup>
10. Tourism is Australia's leading services export and it is the sixth-largest total export earner.<sup>4</sup>

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<sup>1</sup> Tourism Industry Facts & Figures (at a glance), Department of Resources, Energy and Tourism/Tourism Research Australia, May 2011, Page 44

<sup>2</sup> Ibid, Page 44

<sup>3</sup> Ibid, Page 51

<sup>4</sup> Ibid, Page 45

11. Tourism contributes \$23 billion or 9 per cent of Australia’s total export earnings for all goods and services.<sup>5</sup>
12. There are 4279 tourism accommodation establishments in Australia.<sup>6</sup>
13. There are 227,320 tourism accommodation rooms within Australia and 640,454 bed spaces.<sup>7</sup>
14. Tourism’s share of the Australian economy has been declining.
15. The number of domestic overnight trips taken by Australians has fallen by 1.1 per cent on average each year over the period 2001-2010.<sup>8</sup>
16. The total number of domestic visitor nights fell by 1.2 per cent on average each year between 2001-2010.<sup>9</sup>
17. Outbound tourism from Australia is growing at a much faster rate than inbound tourism.
18. Tourism has a number of unique characteristics in comparison to other industries. These include:
  - It is highly labour intensive;
  - It requires the input of many service providers into a single “product” to the end consumer;
  - It is dominated by a significant number of small businesses;
  - Tourism competes against all other discretionary expenditures for the “hearts and minds” expenditure of the consumer; and
  - Tourism businesses operate in a highly complex environment requiring significant compliance skills and costs.

## **CLEAN ENERGY FUTURE – ACCOMMODATION INDUSTRY**

19. For an extended period, Australia’s accommodation industry has embraced the need to address climate change by constituent businesses reducing their carbon footprint.
20. This is consistent with broader tourism principles of corporate social responsibility and sustainability.
21. Accommodation businesses across Australia are at varying stages of preparedness for the introduction of a price on carbon from 1 July 2012 and the transition to an emissions trading scheme from 2015.
22. By and large, there is a direct relationship between the level of readiness for the introduction of a price on carbon/emissions trading scheme and the size of the accommodation business – both in terms of turnover and number of staff. For example, major international hotels have, for many years, employed staff whose specific roles are to promote sustainability within the businesses and, if applicable, across the hotel/accommodation chain. For the

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<sup>5</sup> Ibid, Page 45

<sup>6</sup> Ibid, Page 55

<sup>7</sup> Ibid, Page 55

<sup>8</sup> Ibid, Page 26

<sup>9</sup> Ibid, Page 26

overwhelming majority of small motels and other small tourism accommodation businesses, operators have incorporated sustainability tasks into existing employment structures, placing additional pressure on already-thin resources and margins.

23. In its public (media) commentary about the policy issue of climate change and specifically putting a price on carbon (a carbon tax), the Accommodation Association has taken care when describing the impact of this major economic and environmental reform. The reasons for this include the industry's commitment to sustainability by addressing climate change and the uncertainty over what the real impact of the carbon tax will be on businesses within the accommodation industry.
24. During regular, ongoing consultation with members of the Accommodation Association, it is clear that the accommodation industry is cautious about the introduction of carbon pricing.
25. Such caution has come about as a result of a lack of clarity about the information which has been publicly released, notably the industry's direct and indirect exposure to the carbon tax.
26. Notwithstanding the many initiatives which have been announced by the Federal Government to cushion the impact of the carbon tax on discretionary spending, the accommodation industry is concerned that if consumer sentiment is negatively affected by the introduction of the carbon tax, then businesses within the industry will suffer adverse financial consequences.
27. This had led to uncertainty within the industry, especially where forward business planning is concerned.
28. With this being the case, it is the submission of the Accommodation Association that a comprehensive industry communication campaign with broad reach is required to provide operators of accommodation businesses with information that will assist them to prepare and adjust to the introduction of the carbon tax and subsequent emissions trading scheme.
29. Provision of communication will maximise the likelihood of confidence being engendered among operators of accommodation businesses about the effects of the carbon tax and subsequent emissions trading scheme.

## **PROGRAM OVERVIEW**

30. Regardless of whether or not the Accommodation Association of Australia receives direct or indirect assistance from the Australian Government, the Association is planning increased communication with member accommodation businesses in the lead-up to and during the initial phase of Australia's new carbon pricing regime.
31. The proposed comprehensive industry communication campaign would have a number of different facets, including:
  - Regular communication with members;
  - A specialised website for members (and the general public) to access;
  - Development of other communication tools such as information kits, fact sheets and DVDs/online video clips; and
  - Significant online and social media components.

32. Support from the Government for the campaign would enable this communications strategy to include the provision of specialised technical guidance from a qualified expert in sustainability in the tourism industry.
33. In conjunction with the senior management team of the Accommodation Association, including its communications team, the qualified expert would be tasked to provide operators of accommodation businesses with training and tools to assist them with more in-depth monitoring of energy use, with the intention of promoting higher levels of energy efficiency and, therefore, reducing the industry's carbon emissions.
34. Given the high number of small businesses within our industry, it is imperative that the information and tools which are developed take into account this target audience, contain key messages that will resonate with the target audience and the information/tools are provided to the target audience using communications channels which maximise engagement and understanding among the target audience.

### **ISSUES ARISING FROM PROGRAM OBJECTIVES**

35. The principal challenges presented by the program's objectives for the accommodation industry are:
  - Convincing operators of accommodation businesses – predominantly small accommodation businesses – that they should directly engage on this issue and therefore, devote time to such direct engagement;
  - The form direct engagement should take; and
  - The results of direct engagement – ultimately, it must be beneficial to the individual business, as well as the broader industry and the Australian economy.
36. Given its history – the Association has been in existence since for more than 40 years under various names, including the Hotel Motel & Accommodation Association (HMAA) – and the respect it commands within the industry, the Accommodation Association is wide viewed by operators of accommodation businesses as being a trusted advisor to members on a range of legislation, regulatory and other high-level issues.
37. The sole focus of the Accommodation Association's advocacy and member services is operators of businesses which provide tourism accommodation within Australia.
38. No matter which state or territory of Australia they are located in, accommodation businesses are direct members of our Association.
39. Taking all this into consideration, the Accommodation Association is the ideal organisation to manage the provision of communication and advice about the introduction of a price on carbon to the accommodation industry across Australia.

### **MANAGEMENT OF THE PROGRAM**

40. The Accommodation Association has a highly skilled and professional management team which enjoys a strong rapport with the industry.

41. The Association employs 10 staff within our principal office in Sydney and its resources include high-level communications professionals who also have experience with working closely with government departments and agencies. This understanding extends to government reporting and evaluation processes.
42. The Association will manage all aspects of the industry communication campaign, whether or not the campaign is conducted as part of the Energy Efficiency Information Grants Program.

### **PROCESS FOR APPLICATION ASSESSMENT**

43. The Accommodation Association acknowledges that applications for the first funding round will be required within five weeks of the release of the program guidelines and that this is a reasonable time-frame.
44. A critical component of the Association's application would be a clearly articulated budget which would reflect the cost activities as accurately as possible. The budget would also quantify the contribution of the Association the campaign.
45. Currently, the Association has the level of resources required to meet the deadline for applications for funding as part of the program.

### **ASSESSMENT CRITERIA**

#### **PROPORSED ELIGIBILITY CRITERIA**

46. It is the submission of the Accommodation Association that the following eligibility criteria for funding as part of the Energy Efficiency Information Grants Program – including for the accommodation industry – should apply:
  - Applicants must be an industry association which is broadly representative of small-medium enterprises (SMEs) within the sector or industry that it represents;
  - The industry association must be a legal entity for at least 12 months and have public liability insurance to the value of \$10 million; and
  - The industry association must have members in all states and territories.
47. For your reference, the Accommodation Association is a registered industry association which has been in existence for more than 40 years. It also has public liability insurance to the value of \$5 million, but is currently in the process of upgrading this to the value of \$10 million.
48. To assist the Commonwealth Government with defining an SME for the purposes of this program, it is worth examining staffing numbers within Australia's accommodation industry.
49. Tourism accommodation businesses are among the most labour-intensive businesses in this country due to their service focus.

50. By and large, the number of accommodation rooms is commensurate with the number of full-time staff. For example, an accommodation business with 75 rooms requires in the vicinity of 75 full-time equivalent staff.
51. Taking this into consideration, the Accommodation Association submits that a reasonable definition of an SME should be an entity which has less than 200 full-time equivalent employees. Even then, it seems out of place that a tourism accommodation business which has, for example, 400 full-time equivalent staff would, by extension, be classified as a big business.

## **PROPOSED MERIT CRITERIA**

52. It is the submission of the Accommodation Association that the following merit criteria for funding as part of the Energy Efficiency Information Grants Program – including for the accommodation industry – should apply for eligible industry associations:
- Clearly demonstrated objectives;
  - The capability to develop a strategy to meet the objectives;
  - The capability to implement the strategy;
  - The capability to manage risks that would restrict implementation of the strategy;
  - The capability that messages and other information are able to reach and have traction with target audiences;
  - The scope of the reach of the association into the industry that it represents;
  - The capability to meet strategy implementation deadlines and conform to budgetary constraints;
  - Clearly demonstrated position as an independent trusted advisor within the industry it represents; and
  - The capability to meet the reporting requirements under the program.
53. In addition, when considering value for money of applications for funding as part of the program, the Australian Government should take into account co-contributions, including in-kind support.
54. Any assessment of value for money should also consider the ramifications for the successful implementation of carbon pricing in Australia for the particular sector should an industry association not receive financial support.

## **ADDITIONAL INFORMATION**

### **ROLES AND RESPONSIBILITIES**

55. The Accommodation Association supports the proposition contained in the Discussion Paper that any agreement for funding must clearly specify the roles and responsibilities of the parties.

56. Such responsibilities should clearly articulate what each party is responsible for.
57. The Association is cognisant of the need for applicants to maintain public liability insurance to the value of \$10 million.

### **MILESTONES, REPORTING, PAYMENTS AND AUDITING**

58. The Accommodation Association is supportive of all successful applicants being compelled to achieve project milestones.
59. Further, all successful applicants must demonstrate they have achieved project milestones through adequate reporting within clearly specified deadlines.
60. All funding from the Australian Government must be provided in accordance with agreements with applicants.
61. For financial auditing, the Accommodation Association concurs with the Discussion Paper's assertion that independent audit reports be provided in a timely fashion, with specified minimum qualifications for the auditor who carries out the reporting.
62. For auditing of effectiveness, the Accommodation Association advocates that not more than 5 per cent of any funding which is allocated by the Australian Government be used to fund a formal evaluation of the project.

### **BRANDING AND COMMUNICATION**

63. The Accommodation Association has no objection to the stipulation in the Discussion Paper that grant recipients must acknowledge the source of funding and adhere to the DCCEE guidelines for branding and communication of materials and activities undertaken.

### **DOCUMENT RETENTION**

64. The Accommodation Association has no objection to all documents and records as part of any successful application for funding being retained for seven years after the termination or expiry of the agreement.

### **INTELLECTUAL PROPERTY**

65. The Accommodation Association accepts that the program may seek a non-exclusive licence and a permanent right to sub-license on information products paid for with grant funds.

## **ELIGIBLE EXPENDITURE DRAFT GUIDANCE**

66. The Accommodation Association is broadly supportive of the list in the Discussion Paper of items that are eligible for funding.
67. The Association wishes to underline the importance of funding potential travel and accommodation to member engagement events. This is particularly relevant for the accommodation sector where there are a large proportion of businesses, indeed a large proportion of SMEs, are located in regional and rural Australia – where travel costs are, in many cases, much higher than travel between major metropolitan centres.

## **OTHER CONSIDERATION – INDIRECT BENEFITS**

68. The Accommodation Association has a high degree of confidence that the strategy or strategies it develops and implements can be replicated across other industries, should the Australian Government – through the DCCEE or otherwise – choose to do this.

## **CONCLUSION**

69. The Clean Energy Future or carbon pricing reforms are among the most significant environmental and economic changes that Australian business has encountered for many years.
70. It is for this reason that the transition to a clean energy economy must be as smooth as possible.
71. As an integral part of the tourism industry, the accommodation sector looks forward to playing an active role in this transition, both through its internal efforts and potentially, with assistance from the Australian Government via the Energy Efficiency Information Grants Program.

Date: 6 December 2011