

TROPICAL NORTH QUEENSLAND FOUR POINT PLAN TO ADDRESS THE LOSS OF AIR CAPACITY FROM JAPAN

Cummings Economics has undertaken initial research to determine the economic fallout from the capacity cuts announced by Qantas Group. This will cover:

- Direct and indirect employment analysis: job losses (*est. at 1,200 jobs*), loss of room nights (*approx 350,000*)
- Loss of expenditure to region (*\$100 million*)
- Total loss of direct seats (*100,000*)
- Total percentage loss of Japanese seats (*62%*)
- Total percentage loss of all direct international access into Cairns (*25%*)
- Flow on effects to the region (multiplier) and rest of Australia (eg Uluru, Alice Springs, Hamilton Island, etc)
- Loss of freight capacity (*TBA*)
- Loss of tax revenue for Government (*TBA*)
- What impact on airport sale?
- Assess impacts on other markets using the Japan air corridor (eg US, UK, Europe, Korea) - under review
- Identify the impact on the domestic market due to loss of connecting seats – under review

I. REVIEW JAPAN MARKET OPTIONS

Industry

a. Shore up existing Japanese business:

- Immediate market visit by a TTNQ representative to Japan to meet with wholesalers and discuss with trade on-going support for the Tropical North Queensland destination. Seek guidance from Japanese trade on the type of support they need from the destination.
- Undertake a comprehensive ITO and wholesaler communications strategy designed to keep key stakeholders informed and as comfortable as possible with new opportunities and options
- Review all marketing and advertising and promotion activities/budget in light of the new circumstances
- Reinforce TNQ's commitment to Japan directly to in-market trade, ITO's and Australian-based stakeholders through personal visits
- Review TTNQ Japan Mission dates and potential high level delegation (inc Minister Boyle and Cairns Regional Council Mayor Schier)
- Align Tourism Queensland and Tourism Australia's trade marketing activities to reassure Japanese trade of TNQ's commitment
- Engagement with education sector to understand potential ramifications
- Review impact of Japan Action Plan

- b. Packaging issues – continue with current packaging options and develop new packaging opportunities through active engagement with trade:
- Work with wholesalers in western Japan on the issue of the Shimoki brochure
 - Duo destination packaging for Cairns / Gold Coast and Sydney / Cairns
 - International duo destination packaging for Guam / Cairns (with Continental Airlines)
 - International duo destination packaging Hong Kong / Cairns (Cathay Pacific)
 - Multi destination packages with Northern Territory / Cairns

Aviation

- a. Preserve existing aviation access from Japan and explore potential opportunities to redress shortfall:
- Engage Qantas Group in negotiations to ameliorate impact of decision
 - Investigate charter options
 - Identify other potential airline opportunities

2. ACCELERATE TTNQ'S EXISTING STRATEGY TO BUILD ALTERNATIVE AND EMERGING MARKETS:

Industry

- a. In-market representatives for TNQ in China
- b. Identify opportunities to grow new source markets with key partners
- c. Visit China in June 2008 to speak to key wholesalers, industry stakeholders and airlines to strengthen relationships
- d. Actively engage with Australian ITO's
- e. Step up activity in western and domestic markets – UK, Europe, NZ, North America and domestic
- f. Identify major wholesaler partners for activity

Aviation

- a. Meet with Chinese airlines and wholesalers to discuss new charter and scheduled service access opportunities
- b. Strengthen relationship with Cathay Pacific
- c. Strengthen TATQ/TTNQ/Cairns Ports integrated aviation activity in emerging markets

3. FUNDING OPTIONS

- a. Funds are urgently sought to accelerate our scheduled marketing and aviation access activities in priority and emerging markets
- b. \$4million provided by State Government needs to be matched by the same Federal government contribution
- c. Review current funding obligations to redirect uncommitted budgets (especially those which will require government approval)
- d. Discuss with Cairns Regional Council the early introduction of the area benefit levy and/or supplementary funding
- e. Industry commitment to same or increased level of in-market activity

4. BUSINESS SUPPORT

- a. Extend EMDG preference for TNQ operators
- b. Government assistance for businesses to plan and train staff to service alternative markets
- c. Financial assistance package to allow business to maintain skilled and trained staff