



Australian Tourism Industry Council (ATIC)

Reimagining the Visitor Economy – Submission

June 2021

About the Australian Tourism Industry Council (ATIC)

The Australian Tourism Industry Council (ATIC) is the national body representing State and Territory Tourism Industry Councils (TIC) and their members. Our collective membership of over 10,000 predominantly small tourism businesses, covers all regions and all sectors of the industry from accommodation to tours, attractions and aviation.

Our membership is reflective of the true make-up of our greater industry where tourism product and experiences are predominantly delivered by small tourism business enterprises.

ATIC and its State/Territory TIC members deliver the Quality Tourism Framework, which incorporates three national, industry driven tourism program streams that support quality Australian tourism businesses in their continued development, to review and to benchmark:

- The Quality Tourism Accreditation programs
- The Australian Tourism Awards; and
- Star Ratings Australia Program.

All Australian States and two Territory TICs are represented by ATIC. Our members are:

- Victorian Tourism Industry Council (VTIC) - Victoria
- NSW Tourism Industry Council (Business NSW) - NSW
- Queensland Tourism Industry Council (QTIC) – Queensland
- Tourism Industry Council South Australia (TiCSA) – South Australia
- Tourism Council Western Australia (TCWA) – Western Australia
- Tourism Industry Council Tasmania (TICT) – Tasmania
- Tourism Top End (Northern Territory)
- Canberra Regional Tourism Industry Council (CRTIC) - ACT

Overview and Tourism2020

ATIC and its members have welcomed the opportunity to directly meet and engage with the Federal Government and the Expert Panel during this consultation period around '*Reimagining the Visitor Economy*'.

Over a number of participatory sessions, we have directly inputted on behalf of our business members and greater industry.

We strongly welcome forward progress towards delivery of Australia's next long-term national tourism strategy and plan – such as *Tourism2030*. A new national plan must be delivered.

Our organisation has been a proactive voice for some time calling for the next long-term national tourism strategy and plan, including through a global pandemic, as *Tourism2020* has concluded.

We recognise the value of such a strategic document and acknowledge State and Territory Governments have put in place their own next decade plans out to year 2030. Our State and Territory TICs have directly inputted into those detailed processes.

Australian tourism was served well by the last long-term strategy and plan – *Tourism2020*. It was accepted by governments and industry and its measurement against a series of tourism metrics and sectorial performance, provided context to what became Australian tourism's strongest ever decade of growth and visitation.

Further, the 6-pillars of *Tourism2020*, including: Growing Demand from Asia; Building competitive digital capability; Encourage investment & implement the regulatory reform agenda; Ensure tourism transport environment supports growth; Increase supply of labour, skills and indigenous participation; and, build industry resilience, productivity and quality; remain highly relevant in the run up to 2030 and for the next long-term strategy for our industry.

The *Tourism2020* Plan, prior to the advent of the COVID-19 pandemic, which has dramatically impacted and reshaped Australia's tourism and visitor economy; met most of its then targets.

But we acknowledge the former Plan lagged in some critical areas. In particular the ongoing labour resource and workforce skills shortages which continue to hinder our diverse industry. Further, despite a recent post-COVID burst of visitors to some Australian regions, the genuine lack of regional visitor dispersal to most regions by both domestic and international tourists. Finally, *Tourism2020*, had little federal budgetary responsibility specifically tied to its fundamental pillars.

We believe it is critical the next long-term plan requires alignment with the Federal budgetary process and be better recognised by key Federal Departments and agencies, critically including those of Prime Minister and Cabinet, Treasury, Transport, Home Affairs, Immigration and DFAT.

ATIC long-standing policy priorities for a new long-term Plan

ATIC has long-identified 6 major policy priorities to support the many tourism destinations and operators we represent and to see them return to invest, grow and prosper. These priorities should remain fundamental in any new long-term national tourism strategy.

A. To grow our gateways

Ensure our Airports in the COVID-economy remain competitive in attracting, supporting and sustaining new aviation services, including from international markets. This today includes both capital city and regional gateways. Australian Government assistance will be needed to incentivise this as our borders will only gradually re-open over time. Initiatives like the Regional Aviation Access Programme (RAAP) and Tourism Australia's previous *Aviation Attraction Fund* can help facilitate aviation market re-entry and new market opportunities over time when the time is right.

B. No new or increased tourism taxes

Australia's tourism industry has historically been asked time and again to increase its share of revenue burden, with the significant Passenger Movement Charge, through to disruptive changes to the income tax framework for Working Holiday Makers (WHMs). In COVID-recovery the tax take on tourism simply cannot increase to impede its rate of recovery.

C. Invite (and continue to encourage) Australians to holiday at home.

Domestic visitation makes up the bulk of the Australian tourism market, especially in regional parts of the country. This will remain very-much the case in the future COVID-economy.

The next long-term tourism strategy needs to ensure Australian visitor destinations remain competitive with our primary visitor market – Australians.

The Australian Government can continue to play a more proactive role in leading and pursuing collaboration among State and Territory destination marketing organisations, and industry sector bodies, through national campaigns, reminding Australians of the value of holidaying at home.

Out of the bushfire crisis of late 2019 / early 2020 and the COVID-19 pandemic, Tourism Australia was empowered to again work across the country on strategic marketing activities designed to better align the resources of the nation in domestic marketing activities and directly promote domestic travel. TA should retain its role in national domestic campaigns moving forward (currently 'Holiday Here This Year') and this needs to be captured by the next long-term strategy.

Further, TA should continue, and form part of its Corporate Plan, to promote specific domestic activities on a national basis. Examples would include interstate self-drive touring, Signature Experiences for domestic audiences, indigenous tourism initiatives and quality tourism.

D. Invest in the next generation of Australian tourism icon attractions.

To grow and be competitive as a destination in the COVID-world, Australia must invest in quality visitor infrastructure and experiences. Australia must also retain high tourism yields based on the higher costs of transport, accommodation, distances travelled, local wages and cost of doing business. Pre the pandemic, Tourism Research Australia identified that Australia was the highest-yielding (per international pax visitor) destination on a global scale.

But some of our most important national destinations, particularly in regional parts of the country, remain under pressure, from past and existing visitor demand, but principally due to a lack of long-term investment by State and Federal Governments.

The Australian Government has a critical role in supporting economic-enabling infrastructure that stimulate regional visitation and Australia's competitiveness. This has been demonstrated with tremendous success through Australian Government support for the Three Capes Track in Tasmania,

and the Stockman's Hall of Fame in Queensland, and in more recent times tourism infrastructure projects for Freycinet, Tasmania, regional Victoria and far north Queensland.

Australia needs to continue to identify and invest in the next generation of demand driving visitor infrastructure across the country and encouraging further strategic investment in our industry.

The Australian Government needs to continue to show leadership in supporting projects that have been identified by the tourism industry as critically important in developing key destinations across the country, along with direct investment in projects with far-reaching economic and tourism outcomes.

This could be achieved through an ongoing Tourism Demand Driving Infrastructure Fund being directed to medium to large scale public visitor infrastructure projects with destination-wide benefit, rather than grants to individual proponents.

Supply side investment and industry support should become a key pillar of the next long-term tourism plan.

E. Support a national Quality Tourism Framework including accreditation.

The resilience of tourism enterprises has come to the fore over the last 18-months in the unprecedented events which have so heavily impacted the industry.

A significant remaining gap in Australian tourism's recovery is the lack of a genuine national commitment from the Australian Government to an industry-driven program to develop quality tourism.

As an identified high-cost destination, for Australian tourism to future compete in both a global and domestic market, we must also be recognised as a destination renowned for the quality and professionalism of our visitor experiences, as well as our unique natural and built heritage. To do this, we need to support and assist Australia's tourism businesses to not only grow, but also develop their tourism skills, business capabilities, service quality and digital expertise.

ATIC has assumed industry leadership in this space with the launch of the national Quality Tourism Framework (QTF) which has combined disparate industry development, accreditation and awards programs to a single capacity building program for tourism businesses.

The QTF provides a tailored pathway for each business, from start-up through to niche products and international markets. The QTF is a single portal for online training, quality assurance, product development, digital distribution, reputation management and market development. The QTF applies to businesses across all regions and in all tourism sectors including tours, attractions, retail, hospitality and accommodation.

Our QTF has been rolled out across almost 10,000 operators nationwide and has the potential to significantly expand Australia's range of internationally competitive high quality tourism businesses. Our 2020 innovation for a *COVID-Clean Practicing Business* module inside the QTF was adopted by thousands of Australian tourism businesses.

Greater supply-side initiatives, including a role for Tourism Australia to work more closely with industry through service agreements, such as a QTF, can improve the resilience and performance of more sustainable tourism enterprises.

F. Continue to assist the tourism industry in responding to climate change.

Some of Australia's great visitor economies are within natural landscapes highly susceptible to the impact of climate change. This includes the Great Barrier Reef, the Kimberley, the Australian Alps, Victoria's Great Ocean Road, Tasmanian Wilderness World Heritage Area, Kakadu and our majestic coastlines amongst others.

Destinations and tourism businesses need to be supported to understand the risks to destinations and businesses, while considering what adaptations may be necessary as climate change starts to affect their visitor experience and brand. This includes current and future Australian Government's commitments towards a lower carbon future and effective zero carbon emissions in time.

There is a lack of national leadership within the Australian tourism industry in confronting this profound challenge to our core brand and industry attributes. ATIC has assumed this industry leadership. The Queensland Tourism Industry Council (QTIC) has developed an effective and practical program engaging its operators on the challenges emerging from climate change.

This next long-term national tourism plan needs to support and ensure tourism operators can have access to specialist advice, latest information and consider how they can effectively position their local destination and business in a period of climate change.

'Reimagining the Visitor Economy'.

Counteract the current economic impact.

The next national long-term tourism strategic plan for our industry must immediately counteract the current situation facing our industry, before we can rebuild for an improved, sustainable future.

Australia tourism's overall economic value incredibly fell by around half during 2020 due to COVID-19 and the bushfire crisis. Our national tourism and hospitality workforce also fell in greater numbers than any other sector across the Australian economy. These and other critical economic points need to be recognised in this next plan.

As Tourism Research Australia (TRA) reported in late 2020, the *'Australian tourism industry had (previously) reached a high point in 2019, with total spend by domestic tourists and international visitors of \$152 billion. It marked a 10th successive year of expenditure growth'*.

So, despite our potential, through the impacts of COVID-19 and the bushfire crisis, Australian tourism collectively lost tens of billions of dollars and international tourism has been closed effectively since the 2020 first calendar year quarter.

As recently indicated by the Federal Minister for Tourism, Hon. Dan Tehan MP, there is *'confidence'* around the long-term future for Australian tourism. ATIC agrees. But it requires significant levels of future strategic planning, national industry development measures, co-ordinated marketing and effective funding and investment facilitation initiatives to underpin its recovery.

We provide some further inputs which we believe should be factored into the next long-term national tourism strategy.

Long-term strategy needs to reflect economic decline & impact on tourism enterprises.

Despite COVID-business recovery across numerous parts of the Australian economy, the nation's economic rebound is still not reaching many tourism enterprises and has re-opened the serious legacy issues of labour resourcing and workforce skill shortages.

The next national long-term tourism strategy needs to recognise that tourism enterprises are the primacy of our industry and its sustainable future, and direct federal policies and strategic inputs need to be better designed to support them.

Australian tourism's contribution to national GDP has dramatically fallen from above 3% pre-COVID to 2.5% (2019/20). It will officially fall further in 2020/21FY.

Tourism Research Australia has indicated that for over a year, domestic visitor spend and visitation, the bedrock of Australia's tourism industry, has consistently fallen each comparative month in the ranges of between (20-80%). Immediate recovery will not be quick and a revival of intrastate travel in many States cannot come close to making up the current difference from over a year ago.

For the year ending December 2020, domestic overnight trips fell (38%) and domestic spend fell (43%) by over \$35 billion. Overall intrastate spending whilst rising, failed to compensate for these losses. Total domestic and international tourism losses were (\$78.3 billion) according to TRA. Such falls have never been before experienced.

The national COVID-19 vaccine rollout was, and is, argued, will be a catalyst to support renewed confidence in Australian travel and tourism and a future re-opened international border. Until our nation reaches high vaccination rates and assessed 'herd immunity' against the disease, restrictions to our borders, the most proven impost towards confidence returning to both domestic interstate and international travel, will remain stifled and in many cases, halted.

Despite recent strong COVID-19 vaccination rates, less than 1 in 5 Australians in mid-June 2021 have received their first vaccine dose, with around only 2% of the country fully vaccinated. There is a long-period before high vaccination rates will be achieved in Australia, and this will inevitably make sustainable border re-openings more difficult over the next 12-18 months. This is over an above an expanded approach to quarantine infrastructure capability and/or early discussion of a revised process to accept new international arrivals, such as those fully vaccinated.

ATIC urges for a more rapid national COVID-19 vaccine rollout and its enhanced promotion, and that the vaccine rollout and coverage (domestically and internationally) must be factored into this next tourism strategy.

Addressing the Impact of post COVID conditions on Australian tourism enterprises

Many Australian tourism businesses continue to suffer significant downturn due to the ongoing international travel restrictions and a continuation of interstate travel restrictions and the associated consumer uncertainty.

Those businesses still in operation will continue to struggle by ongoing travel restrictions. Numbers of these, reflective of our industry, are sole trader or 'Mum/Dad' two-person partnerships. For these businesses, a large reduction in turnover has a drastic impact on their operations. **The next Federal tourism strategy must better recognise the key role of small and micro enterprises play in Australia's tourism industry.**

Recovery across the tourism sector remains patchy and confined to some sectors and locations. Areas like caravanning and camping, with most State/Territory borders open, has returned strongly.

Our capital cities however are performing poorly in terms of overall visitation and spend, with few business and public events. **The relative strength of our capital cities in Australia's visitor economy can also not be dismissed in the next long-term strategy.**

More generally, yield for many tourism enterprises remains lower, compared to pre-COVID trade, due to lower interstate visitor numbers and still zero international visitors.

The minority of tourism businesses and regions experiencing 'recovery' are typically intrastate, self-drive destinations in close proximity to 'source' population centres. Or they are businesses able to adjust operations in this new market. This however has generally equated to a low-yield recovery. The patchwork of recovery in Australian tourism needs to be recognised in the early phases of the next long-term national plan.

In terms of future pandemic preparedness (or another major impact) on the Australian tourism industry, this needs a vastly improved means of rapid engagement with government authorities and faster, more seamless response. This preparedness should possibly sit within Tourism Australia as part of an expanded supply-side role, with appropriate support from Austrade, given TA's overarching leadership capability and capacity across the industry at the federal level.

Far greater Federal Government to industry communication and insight sharing is required, in a more formalised process, with feedback, performance and follow-up mechanisms. This could be presumed to remain with Austrade, but improved government to industry communications is another critical requirement to feature in the next strategy.

What was most effective for Australian tourism businesses during the advent and height of the COVID-19 pandemic was the successful implementation of *JobKeeper*. This preferred short-term wage subsidy policy, targeted only at eligible businesses, should be the go-to approach during future crisis for our industry that directly impacts enterprises and jobs.

The next preference is for assistance to tourism enterprises through direct cashflow boost payments through the Australian Taxation Office (ATO), again targeted based on continuing need and through identification (such as through ANZSIC codes) through the ATO.

As well-understood by our industry, many tourism businesses across our industry are sole trader or 'Mum/Dad' two-person partnerships. For these businesses, as a measure, a 30% reduction in turnover over a short period greatly impacts their near-future operations. A Turnover Test and a Continuity Test (being a business of going concern) remain appropriate measures in terms of assessment and qualification for direct government to business support measures.

Re-Opening of International Borders and Visitor Cohorts.

A working Federal Government plan and timeframe for a safe, gradual re-opening of Australia's international borders, must be championed and form part of the next federal tourism strategy.

The Plan, where industry continues to bring commercial insight, acumen and a desire to re-open to the table, needs the detailed input and insight of the Australian Government and key Departments – including DFAT, Home Affairs, Immigration, Transport and PM&C – to bring a national plan to life.

A re-opening of Australia's borders requires a formal and informed process, of which this new long-term strategy can play an important role. ATIC supports a gradual international border re-opening

for our country, as well as for international visitor cohorts and fully vaccinated citizens to be re-welcomed. The progress of technology and acceptability of effective vaccine passports (such as a digital travel pass or passport) when in place, along with more streamlined quarantine arrangements, can facilitate the return towards sustainable international visitor, two-way travel volumes for Australia.

We note this staged, gradual approach commenced with the continued success of the safe travel zone opening between Australia and New Zealand and in place since April 2021.

Key markets such as Singapore must remain lead targets in the next phase of gradual re-opening, along with a future focus on other vital markets, the US and North America, greater Asia, the UK and Europe. A future plan for China, given its previous critical importance for our inbound tourism exports, must also be evolved.

International visitor cohorts coming back to Australia, beyond returning Australian citizens, must be prioritised to include Working Holiday Makers, international Students, Business Visa holders and fully vaccinated overseas travellers.

Addressing Australia's tourism workforce crisis

Outside of Australia's closed borders, our labour force resource and skills shortage, is the biggest pressure point on Australia's tourism and visitor economy and its recovery.

Australian tourism and hospitality continue to suffer from acute labour shortage (casual through to full-time employees). Whilst a key pillar of *Tourism2020*, the issue has not been resolved and today impacts capital city, adjacent regions and wider regional and rural tourism visitation markets.

The effective cessation of the Working Holiday Maker Program and few remaining international students in-country, has had an immediate impact on meeting current seasonal labour force requirements. This traditional high-flow of WHM visitors/workforce will not return in the immediate future. However, WHMs must remain a priority visitor cohort when open borders allow.

ATIC strongly backs key findings from the Federal Joint Standing Committee on Migration's Inquiry Final Report into the Working Holiday Maker Program (November 2020) as a benchmark for reform of this critical international visitor and seasonal workforce cohort. Its findings need to be considered by a future national tourism strategy and be implemented by the Federal Government.

Future reform should also include a review of future WHM caps from key source markets, as well as reinvigoration of a domestic gap year concept / initiative for graduating Australian secondary and tertiary students, to be encouraged to work and travel around Australia. This proposal featured in the draft Standing Committee Report and current federal policy responses have not compensated.

Further major policy reforms and initiatives, including the role of low-cost accommodation in tourism hotspots to support a tourism and services workforce, and improved use and communication of data and real-time information on immediate tourism and hospitality job vacancies, are but a series of reform opportunities.

Tourism Infrastructure and Support

As one of ATIC's policy reform pillars – investing in tourism infrastructure icons – remains one of the quickest ways to build greater industry resilience, drive infrastructure development and new tourism experiences. This can be better achieved through greater public/private partnerships.

Dedicated grants for private enterprise from specific government tourism infrastructure funds is sound public policy. Tourism grant development fund programs can effectively target, and deliver improved tourism infrastructure to appeal to high-yield visitors, increase overall visitor expenditure and grow jobs and across-sector collaboration.

ATIC points to examples such as the *South Australia Tourism Industry Development Fund*, as well as the successful fund established in New Zealand during the pandemic, the *Strategic Tourism Asset Protection Program (STAPP)*.

The STAPP directly targeted NZ's leading tourism product to support sustainable operations in anticipation of a future post COVID visitation turnaround. The policy was well supported by local industry across that country.

We believe these programs are far more effective than one-off Government grant schemes, usually designed and implemented without any industry consultation or Engagement, and to which many private enterprises are ineligible to participate.

Building the Resilience of Tourism enterprises and destinations

A major gap in Australian tourism's recovery remains the lack of a national commitment from the Australian Government to an industry-driven program to develop quality tourism for enterprises and within destinations. The next long-term national tourism strategy needs to better address the 'resilience gap' that remains far too open at this stage in the global pandemic.

Strengthening industry and individual tourism enterprise capability now becomes incredibly important in seeking sustainable recovery for many tourism enterprises and jobs in the new COVID economy. Industry leading and defining programs such as ATIC's Quality Tourism Framework (QTF) are a benchmark for wider industry.

The recent unveiled keynote research report between Victoria University and the Victorian Tourism Industry Council (VTIC), titled *'Building the Resilience of Tourism Destinations to Disasters'*, investigated the dual impact of the bushfire crisis followed by the pandemic on Victoria's tourism sector. The co-crises wiped close to \$20 billion off Victoria's visitor economy in a single year (2020).

The Report highlighted that impacted tourism businesses which adopted 'resilience' measures such as accredited training in risk management, leadership, contingency and continuity planning; had greater preparedness to counteract rapid, significant and defining change to their operations and has supported their sustainability.

Long term tourism targets

The next national long-term tourism strategy, like *Tourism2020*, requires legitimate targets, which should be regularly reported and published to assess, trend performance and the direction of the strategy.

A long-term strategy with no targets is not in the best interest of the Australian tourism industry.

Agreed and defined targets, at the commencement of the next long-term tourism strategy, should be measured and assessed by Tourism Research Australia over the life of the strategy. They should also be reported upon and published at least annually (at the same time each year) and be available at a common source point, such as TRA's website.

Further information

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Yours sincerely,

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