



Reimagining the Visitor Economy

Terms of Reference

29 April 2021

Starting again and innovating for the future

Australia's visitor economy will face transformational and structural reform post-COVID-19 as a consequence of lasting global change to tourism and travel.

CONTEXT

COVID-19 had a devastating effect on Australia's \$152 billion visitor economy. International, state and territory borders closed, airlines were grounded and hotels were in hibernation. The sector faces a great deal of uncertainty as it recovers. Some businesses have already ceased trading, some are under threat, and others are strongly recovering.

In May 2020, Tourism Research Australia estimated COVID-19 would reduce tourism spend by 38 per cent in 2020-21 – a loss of almost \$70 billion. With interstate borders continuing to close intermittently and ongoing uncertainty regarding a date for the return of international tourism these estimates could change.

As a sector that thrives on person-to-person interactions, the visitor economy is highly exposed to issues around health, personal safety and social distancing. Tourism and related visitor economy businesses are also highly vulnerable to economic shocks because the sector is dominated by small and micro businesses, while being highly dependent on discretionary spending.

Even with a vaccine, the visitor economy will be facing an uncertain environment, affected by the pace at which aviation can return to scale, changes in consumer preferences, and the capacity to return to profitability with the impediments of social distancing. There may also be a less lucrative visitor mix (lower per night spend), lower demand and other changes impacting key source markets. Given the scale of these challenges and the long-lasting impacts of coronavirus, it is likely the visitor economy will look very different in future.

TRANSFORMATION WILL BE THE KEY TO SUCCESS

The visitor economy needs to be reimagined if it is to rebuild and flourish in these new circumstances.

The sector must remain viable and competitive over this period to continue delivering a world-class visitor experience. Transformation will be the key to success. Businesses that can embrace new opportunities, reset their operating model, adopt new technologies or successfully scale back operations will be rewarded. However, not every business will successfully adapt.

The visitor economy of 2030 will be leaner and more efficient, and positioned for resurgence and longer term sustainability as demand gradually returns to a new normal.

PLANNING FOR THE FUTURE

The Australian Trade and Investment Commission (Austrade) is commissioning an Expert Panel with strong industry representation and public policy expertise to identify the ingredients for an effective policy framework that enables tourism and other visitor economy businesses to adapt to the future.

The Expert Panel's purpose is to advise industry and the federal, state, territory, and local governments on the visitor economy and its transformation over the longer term by boosting productivity, increasing innovation and improving sustainability to meet future changes.

The Expert Panel will deliver its report to government and industry, and their report will be published. This process will also restart the work of the draft Tourism 2030 strategy with the goal of creating a globally competitive Australian visitor economy which provides a world-leading visitor experience, grows sustainably, benefits the environment, and enriches the lives of Australians.

SCOPE AND CONSULTATION

Stakeholder and industry engagement is critical to success of this work. The Expert Panel will consult widely to provide advice to governments and industry on the future of our visitor economy over a long-term horizon. The focus will be on how the sector can innovate, boost productivity and yield, and build long term sustainable growth in the post-COVID-19 world. The report will consider, among other things, likely trends in the visitor economy in Australia over a ten year timeframe, exploring demand and supply issues, and outlining opportunities for the sector to set a long-term growth pathway. Areas of investigation could include

- growing the domestic travel market including investing in our unique regional destinations
- diversifying the international visitor market
- supporting businesses to adapt and innovate
- harnessing digital technology and other disruptors
- building a stable, skilled workforce
- creating best practice in authentic visitor experiences including Indigenous tourism
- ensuring environmental sustainability and maintaining social licence in local communities, and
- adjusting government regulation.

EXPERT PANEL GOVERNANCE

Reimagining the Visitor Economy will be headed by an Expert Panel Chair with deep knowledge of and a commitment to the future of the sector. The Chair will drive consultations and be supported by the Expert Panel members as independent advisers spanning relevant sectors. Their role will be to provide additional guidance, insight and oversight as governments and industry work in partnership to embark on transition and structural reform. While individual advisers may have specific policy or industry expertise they will be expected to broadly act within the interest of the entire industry. The Expert Panel will convene consultations through multiple channels as required and make particular efforts to engage with relevant industry peaks and businesses to ensure the views of Australia's 300,000 plus tourism and other relevant businesses are fully considered. Timings for meetings will be determined by the Chair in consultation with the Expert Panel members.

Supporting the Expert Panel will be a Project Team responsible for project administration and oversight, conducting and commissioning research, drafting and reviewing reports, secretariat services and organising consultations.