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RE: 2020-21 Pre-Budget Submission

On behalf of the Queensland tourism industry, the Queensland Tourism Industry Council (QTIC) would like to make this submission to you for the 2020-21 Commonwealth Budget.

QTIC is the state peak body for tourism in Queensland. As the 'voice of tourism', QTIC represents the interests of the tourism industry, including business operators, Regional Tourism Organisations (RTOs) and sector associations. QTIC is a private sector, membership-based tourism industry organisation; all of Queensland's 13 RTOs are members of QTIC, as are 20 of the industry sector associations and in excess of 3,000 regional members, operating across all sectors of the tourism industry.

Tourism is a key economic driver in many Queensland regions. The tourism industry in Queensland contributes \$27 billion to Queensland's Gross State Product. Tourism supports regional employment and community growth, employing over 236,000 people directly and indirectly across a broad range of careers. This is substantially more than the mining sector or even agriculture, forestry and fishing combined.

Tourism is a strong growth sector for Australia and Queensland, contributing significantly to federal tax revenues. Net taxes on tourism products arising from direct tourism consumption in Queensland raised \$1,147 million in federal, state and local government revenues, accounting for 25% of total taxes on tourism products in Australia in 2017-18¹. When considering this budget, QTIC recommends that sufficient budget is allocated to the tourism industry to ensure taxes raised are invested appropriately in the growth of the industry now and into the future.

¹ Tourism Research Australia. State Satellite Accounts (2016-2017). <https://www.tra.gov.au/>

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QTIC suggests the follow key funding priorities for the future growth of the tourism industry:

- 1. Assist the tourism industry to respond and adapt to climate change:**
 - **\$100,000 for a climate strategy**
 - **\$10 million adaptation fund**

For tourism businesses, climate change is both a risk and an opportunity too big to ignore. The industry is urgently calling on the Federal Government to invest in climate adaptation and mitigation measures to protect the future of the industry and communities.

The recently released report, *'The expected impacts of climate change on the ocean economy'*, assesses different climate change scenarios and their impacts on fisheries and reef tourism. It suggests potential economic losses by the end of the century of over 90% for reef tourism around the world. Australia's Great Barrier Reef – an industry that sustains 64,000 jobs and generates \$6billion for the economy - despite its best management practices, will not be insulated from any losses due to likely global climate impacts.

The current and future impacts of climate change on the tourism sector extend beyond reef tourism, as extreme weather events and other forms of related business disruption demonstrate. In addition, the domestic and international impacts on consumer perceptions on our destination(s) in relation to climate change are already being felt.

Australia is a signatory to the Sustainable Development Goals developed by the United Nations. The goals are designed *"to protect the planet from degradation, including through sustainable consumption and production, sustainably managing its natural resources and taking urgent action on climate change, so that it can support the needs of the present and future generations"*.

Goal 13 specifically focuses on Climate Change:

Goal 13. Take urgent action to combat climate change and its impacts*

- 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
 - 13.2 Integrate climate change measures into national policies, strategies and planning
 - 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning
 - 13.a Implement the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change to a goal of mobilizing jointly \$100 billion annually by 2020 from all sources to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation and fully operationalize the Green Climate Fund through its capitalization as soon as possible.
 - 13.b Promote mechanisms for raising capacity for effective climate change-related planning and management in least developed countries and small island developing States, including focusing on women, youth and local and marginalized communities
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By signing up to the *Paris Agreement*, the government has reaffirmed its commitment to reducing emissions and toward low-carbon, climate resilient future.

It is important that a coordinated approach is established into climate mitigation and adaptation strategies. The tourism industry, tourism infrastructure and tourism assets cross multiple industries (e.g. agriculture, transportation etc.) therefore it is essential that these sectors take a united

approach toward mitigation and adaptation strategies. Coordination across all levels of government is also important to ensure that plans support overarching climate change mitigation goals and that the nation works together to achieve and exceed the targets outlined in the Paris Agreement.

Funding of the development and implementation of national, sector-based adaptation and mitigation plans will assist in creating a coordinated approach to dealing with the impacts of climate change on the tourism industry. There should be a clear pathway for business owners to be able to access information and implement changes without having to navigate the complexities associated with multiple levels of government.

There is a lack of leadership and gap in existing plans, strategies and framework in relation to the impact of climate change on the long-term future of the country and specifically the tourism industry. It is important that government and industry plans, strategies and frameworks are amended to consider the significant impact that climate change is and will continue to have.

The budget must reflect and commit to the need for the delivery of plans and strategies that make a difference to global warming threats and that assist in reaching the outcomes agreed to in the *Paris Agreement*. Serious commitment is required before the threshold is passed and we can no longer make a difference.

2. Strengthen our Tourism Workforce:

- **\$4 million to review ANZCO Infrastructure**
- **\$10 million in apprenticeship support**

Tourism in Australia is currently experiencing record growth in visitor arrivals, expenditure and investment. The *Queensland Tourism Workforce Plan 2017-2020* identifies that as the industry continues to grow faster than the wider economy. The challenge will be to ensure that the industry is able to attract and retain sufficient numbers of entrants to build and grow a suitably skilled workforce.

A core priority of the *Queensland Tourism Workforce Plan 2017-2020* is the development of a set of strategies to create a skilled labour pool through partnerships with schools, employers and governments to identify and build pathways and opportunities for school students. Support across all levels of government is integral for the realisation of these priorities. The Queensland Government Statistician's Office labour forecast indicates South East Queensland, for example, will require an additional 26,405 workers by 2025-26, a 20% increase from 2015-16, in the accommodation and food services sector alone. Outside of South East Queensland, a further 9,127 employees will be required over the same period in accommodation and food services, a 16% increase.

QTIC supports the Australian Chambers of Commerce and Industry's (ACCI's) submission and request a review of the Australian and New Zealand Standard Classification of Occupations (ANZSCO) system. The current structure of ANZSCO codes fails to reflect the changes that have emerged across industries and does not adequately reflect jobs within sectors. It fails to effectively categorise occupations, making it challenging to make realistic assumptions of employment by sector and even more challenging to forecast future needs.

According to the ABS Forward Work Program, released October 2018, the resource required to fully implement the review, is \$4 million. The last review (major or minor) of the ANZSCO was issued in 2013, based on consultation over 2011-2012. During the release of the 2013 ANZSCO, the ABS noted, "The ABS and Statistics New Zealand (SNZ) have completed a review of the Australian and New Zealand Standard Classification of Occupations (ANZSCO). The resulting classification (ANZSCO

Version 1.2) builds on a review conducted in 2009 (ANZSCO First Edition, Revision 1) following the classification's introduction in 2006." In summary, it was adopted in 2006, reviewed in 2009 and then in 2012-13. This timeframe broadly meets their original commitment of every 2 to 3 years, and suggests the next review was due in 2016. The discussions we have had with ABS over the years is that they considered that the 2016 review was planned as the 'major review', given the last two reviews were only 'minor reviews'.

With a chef shortage across Australia, pathways and apprenticeships have become an important issue for the tourism industry. The current approach to apprenticeships is not sufficiently successful in training and retaining chefs in the industry. It is recommended that apprenticeship support funding should also be increased, providing wage subsidies for those willing to take on a career with an identified shortage.

The continued short-sighted changes to the Short-Term Skilled Occupation List frustrating for industry. The addition of the SAF levy applied to skilled migration in the 2017 budget was also unwelcome by employers. Making skilled migration more expensive and challenging is impeding businesses ability to recruit skilled staff. Challenges are felt in rural and regional locations particularly that have only small resident populations. QTIC supports the ACCI recommendation to halve the SAF levy for temporary and permanent employer nominated visa and to improve the refund policy.

3. Growing Australia's tourism gateways:

- **\$2 billion in road, rail and air upgrades**
- **\$80 million blackspot reduction**

Accessibility remains a key issue for numerous Australian destinations, particularly in regional areas. A funding priority needs to be efficient and seamless transport where there are opportunities for tourism growth. Investment must be prioritised for regional Australia to ensure rural and remote economies that are supported and accessible to facilitate transitioning into tourism and other emerging industries. Developing opportunities for air, rail or road accessibility are integral to supporting the long-term sustainability of regional Australia.

Research indicates that tourism provides an opportunity to play a positive role in diversifying regional economies, creating a sense of place, enhancing liveability, building communities and creating jobs and generating revenue. Regional growth can be stimulated through innovation and carefully considered decision making for investment, including in public infrastructure. This investment should consider not only local resident usage, but also that of visitors.

Local economic development strategies should ensure a strong focus on air transport to boost local industries, such as tourism². The UN Commission on Social Development acknowledges transport services and systems (including air transport) contribute to economic and social development as efficient and environmentally sound activities and that they should be affordable and accessible in order to ensure mobility on an equitable basis to all sectors of society³. The Federal Government has an important role in the investment and attraction of suitable transport routes that open regional Australia.

² Baker, D, Merkert, R, & Kamruzzaman, Md. Regional aviation and economic growth : cointegration and causality analysis in Australia. *Journal of Transport Geography*, 43, pp. 140-150. 2015.

³ United Nations Commission on Sustainable Development (UNCSD). "Report of the Inter-Sessional Ad Hoc Working Group on Transport and Atmosphere". (2001).E/CN/17/2001/16. UNCSD: New York.

Connectivity investment must also be made to support digital opportunities. There are still a number of areas across Queensland that suffer from intermittent, slow or unreliable internet and mobile service. This impedes businesses' ability to connect with consumers and complete daily operational requirements. Further roll out of the Black Spot program should be supported in the 2020-21 budget to ensure that all businesses have the chance for success. In particular, areas across the Whitsundays, Outback and Tropical North tourism regions require black spot reduction.

4. Support the national Quality Tourism Framework (QTF)

- **\$10 million**

The tourism industry needs a genuine national commitment from the Australian Government to an industry-driven program to develop quality tourism. Research indicates that a strong quality tourism approach assists businesses become more sustainable from a community, commercial and environmental perspective. It drives competitiveness and builds business resilience by ensuring that strong business management practices are in place.

Australia is renowned as an expensive destination, ranking 94th globally for ticket taxes and airport changes and 70th for hotel price index. As an expensive destination, high quality is assumed and expected by visitors. This means that operators must demonstrate strong customer service and business skills. The *Tourism Demand Driving Infrastructure* program funded by Federal and State Governments used to offer programs to support business owners in developing these skills. The TDDI program was not continued in 2018/19 and consequently has left a gap and a lack of support in this area.

The Australian Tourism Industry Council (ATIC) has implemented and evolved a national, comprehensive and robust Quality Tourism Framework (QTF), already adopted by thousands of tourism businesses. For the QTF to achieve its potential and support Australia and its destinations to boost its international competitiveness, an effective partnership with the government is critical. The funding sought would allow ATIC to engage with thousands of additional businesses with the aim to improve business skills, resilience and ultimately competitiveness.

Commitment from the Federal Government for a package to train, mentor and support tourism operators as the industry continues to grow would demonstrate a partnership with an industry that is driving jobs and growth across the country.

5. Invest in the Next Generation of Iconic Australian Attractions

- **\$20 million**

QTIC supports the Federal Government's investment in iconic Australian attractions through the previous budget. For Queensland, investment in the Wangetti Trail means realisation of an iconic walking trail that will act as a catalyst for new tourism to a region.

Further support for the investment of iconic attractions to regional Australia, as articulated in the ATIC election priority document, is strongly recommended as a highly effective way to drive visitation across the country. It is essential that the Australian tourism industry is competing at a world class level and has the world class attractions to make that a possibility.

6. Encourage Australians to Holiday at Home

- **\$5 million**

Domestic visitation makes up the majority of the Australian tourism market. The Australian Government can play a greater role in leading and collaborating with state and territory destination

marketing organisations and industry sector bodies on national campaigns reminding Australians of the value in holidaying at home.

For further discussion regarding any of the priority investment areas identified within this letter, please do not hesitate in contacting the QTIC policy team at (07) 3236 1445.

Kind regards



Daniel Gschwind
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