

The Treasurer  
Langton Crescent  
PARKES ACT 2600  
prebudgetsubs@treasury.gov.au

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## **RE: 2019-20 Pre-Budget Submission**

The Queensland Tourism Industry Council (QTIC) offers a submission to the Australian Government Treasury office for the 2019-20 Budget.

The Queensland Tourism Industry Council (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 \$25 billion to Queensland's Gross State Product. Tourism supports regional employment and community growth, employing over 217,000 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 and contributes significantly to federal tax revenues. Net taxes on tourism products arising from direct tourism consumption in Queensland raised \$1,142 million in federal, state and local government revenues, accounting for 25% of total taxes on tourism products in Australia in 2016-17<sup>1</sup>. Sector specific fees and charges such as visa fees and the Passenger Movement Charge (PMC) additionally raise in excess of \$1billion<sup>2</sup>. It is a concern to the industry that the PMC specifically has imposed a disproportionate burden on tourism with no commensurate expenditure directed at supporting the growth of tourism. 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.

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

<sup>2</sup> Tourism & Transport Forum Australia. Passenger Movement Charge Explained (2013). <http://www.ttf.org.au/wp-content/uploads/2016/06/TTF-Passenger-Movement-Charge-Explainer-2013.pdf>

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

### **1. Growing Australia's tourism gateways**

Accessibility remains a key issue for a number of Australian destinations, particularly in regional Queensland. Consultations for a number of recent strategy processes<sup>3</sup> have highlighted the overwhelming concerns of regional destinations about the lack of accessibility. 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 transitioning into tourism are supported and accessible.

Research indicates that tourism has the 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.

A core opportunity to strengthen opportunities in regional Australia is through the consideration of connectivity. A well connected and seamless transport system is a central requirement of a destination to be successful and competitive. Economic analysis of causality running from air transport to economic growth indicates that regional aviation significantly impacts local economies. Thus, local economic development strategies should ensure a strong focus on air transport to boost local industries, such as tourism<sup>4</sup>. 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 society<sup>5</sup>. The Federal Government has an important role in the investment and attraction of suitable transport routes that open regional Australia.

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 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 2018-19 budget to ensure that all businesses have the chance for success.

### **2. Adequate resourcing for the implementation of the Reef 2050 Plan**

The 2019-20 federal budget must provide adequate funding for environmental management and protection, maintenance and supporting tourism infrastructure in protected areas, particularly in areas of state and national significance.

QTIC supports the Australian Government's strong ambition to protect and responsibly manage the Great Barrier Reef region consistent with the principles of ecologically sustainable use and to enhance its Outstanding Universal Value attributed to the World Heritage status. The federal budget must provide certainty for industry and communities that the long-term protection of our natural assets,

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<sup>3</sup> For example Queensland Tourism Transport Plan - Future Transport.

<sup>4</sup> 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.

<sup>5</sup> 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.



like the Great Barrier Reef, will be adequately funded to adequately address the scope of environmental and development challenges.

The *Reef 2050 Long-term Sustainability Plan* is recognised as a comprehensive plan for ensuring the long-term sustainability of the Great Barrier Reef however adequate commitment – supported by sufficient funding – for the implementation is needed.

In 2016, QTIC in partnership with Queensland Farmers Federation and World Wildlife Fund commissioned a report to assess the economic value of the reef and the investment needed to manage water quality and other adverse impacts on the reef. The report identifies an annual budget requirement of \$547million annually to maintain and build the resilience of the reef for the long term. The Great Barrier Reef is a \$56 billion asset that supports 64,000 jobs and contributes \$6.4billion to the economy<sup>6</sup>, investment in an asset that generates such a significant return to the economy is integral to ensure its sustainability and continued ability to attract visitation.

### **3. Support a national Quality Tourism Framework**

The tourism industry needs a genuine national commitment from the Australian Government to an industry-driven program too develop quality tourism.

Australia is renowned as an expensive destination, ranking 94<sup>th</sup> globally for ticket taxes and airport changes and 70<sup>th</sup> for hotel price index. As an expensive destination, quality is assumed 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.

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

### **4. Climate change adaptation and mitigation**

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”.

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<sup>6</sup> Deloitte. Access Economics. At What Price? The economic, social and icon value of the Great Barrier Reef. 2017.

Goal 13 specifically focuses on Climate Change:

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**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 the targets outlined in the Paris Agreement.

Funding of the development and implementation of 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 gap in existing plans, strategies and framework in relation to consideration of 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 2018-19 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.

**5. Invest in the next generation of Australian icon attractions**

To continue to grow and enhance destination competitiveness, Australia must invest in quality visitor infrastructure and experiences. As tourism continues to grow at a rate faster than the broader economy, destinations are likely to enjoy increasing potential demand. Investment is essential from both State and Federal Governments to support critical infrastructure that drives visitation across Australia.



The Australian Government was providing funding to the states and territories over four years as part of the Tourism Demand Driver Infrastructure (TDDI) Program, which commenced in 2014-15. The TDDI program helped to deliver essential infrastructure and business capability programs for the tourism industry. TDDI or a similar funding stream needs to be part of the growth plan for our industry. There is currently a gap for support of this type across the tourism industry.

QTIC supports an increase to major tourism infrastructure grant programs from the Federal Government to support an industry that provides, and will continue to provide, a significant contribution to regional and capital cities' economies.

## **6. Education and training**

Tourism in Australia is currently experiencing record growth in visitor arrivals, expenditure and investment. The recently released *Queensland Tourism Workforce Plan 2017-2020* (attached) identifies that as the industry continues growing faster than the wider economy, the challenge will be to ensure that the industry is able to attract and retain the best entrants and build a skilled workforce. A core priority of the *Queensland Tourism Workforce Plan 2017-2020* is the development of a set of strategies to create accessibility to 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 *Australian Tourism Labour Force Report: 2015-2020* estimates a current Australian tourism sector workforce shortage of around 38,000 workers and a Queensland shortage of over 10,300 workers. It is forecast that an additional 123,000 new workers will need to be sourced for the Australian tourism industry by 2020, over 23,000 of these in Queensland. In addition to these numbers, the industry is also challenged to replace employees who leave the industry as part of the normal staff attrition. With a strong demand for new workers, initiatives to transition education leavers into sustainable employment in the tourism industry are integral.

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.

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.

Yours sincerely,



**Daniel Gschwind**  
**Chief Executive**

