FEDERAL PRE-BUDGET SUBMISSION 2021/22

The Hon Josh Frydenberg MP
Treasurer
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

28 January 2021

Dear Treasurer,

Thank you for the opportunity for Australian Regional Tourism (ART) to offer a submission to the Australian Government Treasury Office for the 2021-22 Federal Budget.

The submission offered below is based on insights developed in close consultation with the Australian regional tourism community, undertaken with the State Tourism Organisations (STOs) and our members through ART's annual tourism Convention. The following submission outlines the top six national regional tourism priorities, as identified by our industry members, then refined and agreed upon by our STO partners. ART recommend that these top six national regional tourism priorities be considered in the development of the next federal budget and tourism funding allocations.

ART also highlight the urgent need for a long-term national tourism strategy to replace the Tourism 2030 strategy. Stakeholder consultation and engagement has already been undertaken and albeit delays caused by the bushfire crisis and COVID-19 pandemic, delivery of the new strategy is long overdue.

It is essential the new long-term strategy includes outcomes and deliverables for regional Australia, and provides clear direction to support a strong and resilient visitor economy for the future.

Yours faithfully,

Lauren Douglass
Executive Officer
Australian Regional Tourism

Australian Regional Tourism

Australian Regional Tourism (ART) is the peak body that represents regional tourism practitioners and acts as a hub for collaboration, cooperation, ideas generation, knowledge sharing, networking and more. On behalf of its members, ART promotes sustainable regional development through regionally focused research, destination management planning, product development, marketing and the development of skilled human resources.

ART's purpose is to build regional tourism through improving the environment to operate a tourism business in regional Australia. ART has worked with the State and Territory-based Tourism Organisations (STO) to identify a set of six priority issues facing regional tourism and work collaboratively with STO and *Federal Government* to address these. The priorities are:

- Enabling infrastructure
- Provide strategic advice
- Reliable and useful tourism data
- Regional dispersal of growing international markets
- Skills shortages
- Product development

Importance of the Regional Visitor Economy

Regional tourism is a vital sector of the Australian economy and key to the sustainability and vibrancy of many of our communities. Prior to bushfires and COVID-19, Tourism Research Australia reported that nearly half of the nation's tourism expenditure (44 cents in every tourism dollar) occurred in regional Australia. During the 2017-18 financial year this contribution provided $51 billion to regional visitor economies. At that time, this meant around one-third of tourism-related businesses and more than half of the country's tourism workforce was employed in regional Australia. Tourism itself accounted for 4% of economic output and 8% of jobs in regional Australia.

Impacts of bushfires and COVID-19

The impacts of the pandemic have hit the tourism industry hard and regional areas are far from immune to the challenges being faced. For regional destinations, the crippling effects of COVID-19 came on the back of prolonged drought, bushfires and floods. Despite government assistance through programs such as JobKeeper, the extended periods of diminished income due to reduced visitation, first caused by bushfire evacuation orders, then followed by COVID-19 travel restrictions and border closures have been devastating. Resulting in job losses, temporary or in some cases permanent business closure and significant consequences for the mental health of tourism operators nationwide.

Top Six Regional Tourism Priorities

Enabling infrastructure

Ensure better access to regions and supply of digital infrastructure. This is critical to regional areas becoming more accessible, competitive and attractive.

Digital connectivity has long been a challenge and barrier for regional areas, and this issue has only been amplified by the bushfires and subsequent pandemic. For months now, events, meetings and communications have been hosted online; business owners have shifted their focus to e-commerce and attempted to increase their digital presence; and small businesses have been encouraged to attend virtual workshops hosted by various industry bodies, yet for so many access to a quality internet connection is impossible. To boost recovery and as we move to a post-COVID world, digital infrastructure to support regional connectivity is essential.

Recommendation:

- Targeted investment is needed in critical infrastructure that improves connectivity between cities and regions.
- Reduction of blackspots and consistency of NBN service delivery is required to enable regions to effectively market and attract visitors being influenced by technology.
- Key regional tourism roads are in need of upgrading or sealing in order to grow the drive market, with roads funding still well below the allocation required.
- Funding to support development of special interest infrastructure, such as multi-day walks and mountain biking, to enable assets owners to build tracks, trails and similar infrastructure, while they advance funding models and best practice solutions to support the ongoing maintenance.
- Prior to COVID-19, growth in regional events and the utilisation of regional venues saw significant growth in recent years and provides one of the best opportunities to increase regional visitation by providing a compelling reason to visit. To address the deficits in regional infrastructure that enables the delivery of these experiences, a national commitment to grant funding is critical for continued success and growth in the sector.
- Provide on-going funding to assist the many regional local governments across the country that are struggling to meet the demand of infrastructure for which they are responsible for, ranging from multi-lingual signage to visitor amenities. Increased international visitation does not directly transfer to increased revenue for managing such infrastructure on the ground.
- Undertake a review of Commonwealth grant funding programs such as Building Better Regions Fund (BBRF). Including consideration of the following:
  - Actively engage industry bodies such as ART to provide input into grant funding assessment criteria and program release/timeframes.
  - Engage State Tourism Organisations in selection panels for grant funding programs.
  - Ensure funded projects align with long-term plans and strategies.

Providing strategic advice

Provide regional intelligence from industry to inform tourism policy.

Challenges exist with many regional local government's understanding of the visitor economy. Support for the visitor economy is often impacted by change of elected councillors, resulting in support of tourism dipping in and out for many regional councils.

Recommendation:

- Engage industry bodies such as ART and Australian Local Government Association (ALGA) to inform a national tourism policy for local government.
- Support regional local governments to better understand the visitor economy and establish business friendly environments.
- Reduce red tape in local government to become business enablers.
- Demonstrate the linkage between community wellbeing, regional liveability and a thriving visitor economy.

Reliable and Useful Data

Improve the accuracy, relevance and usability of tourism data to better equip regional destinations in planning for future tourism developments.

Reliable tourism data is an imperative resource of our industry. The National Visitor Survey (NVS) and International Visitor Survey (IVS) provide trends and the ability to data mine, resources that are highly valuable to our industry. Aggregation of data such as the Local Government Area (LGA) profiles is also critical sources of information.

Monitoring of recovery activity in as close to real time possible is essential right now and therefore the importance of Tourism Research Australia in providing timely and relevant data is critical.

Recommendation:

- Funding for Tourism Research Australia should be increased to improve availability of timely and relevant data in an increasingly competitive post-COVID travel environment.
- Continued funding for the NVS and IVS is essential. It is acknowledged that these sources are less effective in regions where there is a smaller sample size and aggregation of various data sources is difficult in regional areas. However, the importance of the NVS and IVS in providing trend data cannot be underestimated.
- Greater engagement and sharing of data between Tourism Australia and industry bodies such as ART for research such as big data, to support sharing of relevant information with industry stakeholders.
- Regional targets set in the new long term national tourism strategy should interlink with Tourism Research Australia (TRA) to produce relevant data for future projects.

Regional Dispersal

Provide for better dispersal of visitors into regional destinations. Develop research and marketing to convert first time visitors into return overnight regional visitors.

Regional dispersal is another challenge amplified by the bushfire crisis and COVID-19 pandemic. We are currently seeing the effects of this firsthand, whereby destinations 2-3 hours from cities and major centres are busy with domestic visitors, while more remote areas beyond these short travel times are struggling.

There is also a risk that we are not doing enough to convert first time visitors to regions into repeat visitors, and these visitors present an opportunity to generate significant economic benefit for regional destinations.

Recommendation:

- Work with industry bodies such as ART to set regional dispersal targets that are achievable and measurable.
- Fund industry development to enable regions to become export ready, to support preparedness for when international borders reopen.
- Use research data to develop marketing programs that are designed to convert first time visitors into return overnight regional visitors.
- Link the recognition of the need for increased regional dispersal to regional product development and training to ensure the experience is matched to market needs and expectations, e.g. multi-lingual signage and interpretation/guides, appropriate accommodation and facilities, food, Wi-Fi and other cultural considerations.
- Establish metrics and resources to report on regional dispersal. Rather than providing comparisons of capital cities against regional areas representing the rest of the State. Clearly identify and compare dispersal at the regional level.
- When international travel resumes, place a greater emphasis and recognition on results showing repeat international visitation as well as new visitation, and even greater emphasis on this occurring in regional areas.

Product Development

Support the development of new regional product and experiences, such as agritourism and adventure tourism, that will give more reason for visitors to travel to regional destinations.

There are currently a number of constraints relating to product development in regional areas. Some of these constraints relate to local government and regulation, resulting in an inconsistent approach on how to facilitate the development of new experiences and offerings.

A new challenge that has arisen is the ability of tourism business owners to access affordable insurance coverage that is sufficient for their operating needs. Some business owners are facing dramatic increases in their premiums while others are unable to find insurers willing to renew or provide suitable cover at all. The consequence is some operators are choosing operate without insurance cover (including public liability) and others are forced to cease trading altogether. This will have devastating impacts on regional product offering and without intervention may deter the development of new product in the future.

In a post-COVID world, industry particularly small business owners need support to navigate regulation, so they can grow businesses that are resilient and capable for long-term success.

Recommendation:

- Monitor and as required regulate insurance classes, including workers compensation, public liability and travel insurance (for visitors) to provide certainty and affordability for tourism businesses going forward.
- Provide regional product and experience development funding that aligns with the new long-term national tourism strategy.
- Engage industry bodies such as ART to develop best practice guidelines to support new and existing operators looking to develop new regional tourism products.

Skills and Capability

Address the shortages of skills and labour in regional areas that are restricting industry productivity and growth. Undertake a national approach to address the skills gap.

Prior to the bushfires and pandemic, skills shortages were significant concerns for regional areas and this is another key challenge that has been amplified. While Government support programs, such as JobKeeper have been a saviour for so many, they have been far from a perfect solution instead contributing to an industry-wide inability to access and keep skilled staff. Border closures and diminished rates of international travellers who typically fill many tourism and hospitality jobs have resulted in extreme labour shortages across all aspects of the industry, from entry level to management.

The emphasis on skills training is no longer to help regions become and remain competitive; the importance has escalated to a need for guaranteeing the survival of the regional visitor economy.

Recommendation:

- Funding be allocated to develop a nationwide promotional campaign to encourage career pathways into the tourism and hospitality sectors.
- Skills development programs and initiatives, such as apprentice and trainee wage subsidies be extended to all existing and commencing tourism and hospitality apprentices and trainees, through until 31 December 2021.
- Future Government handouts and support programs need to be directly linked to strategic KPIs to ensure the small businesses that together make up the regional visitor economy are resilient and capable to thrive for the long term.
- Engage with industry bodies to conduct a strategic review of tourism and hospitality skill shortages; identifying industry needs, gaps and training opportunities.
- Fund an industry body such as ART to develop and implement a pilot national training program utilising resources such as The Tourism Hub and based on the findings above, to support regional tourism industry professionals.

For further information contact:

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