



A U S T R A L I A N  
**REGIONAL** **TOURISM**  
L T D

Federal Budget Submission  
2020/21

# A U S T R A L I A N REGIONAL TOURISM L T D

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

31 January 2020

Dear Treasurer,

Thank you for the opportunity for Australian Regional Tourism (ART) to offer a submission to the Australian Government Treasury office for the 2020 -21 Federal Budget.

The submission offered below is based on insights developed in close consultation with the Australian regional tourism community undertaken with State Tourism Organisations (STOs) and our membership through the ART's Annual National Tourism Convention.

The following document outlines the top six national regional tourism priorities as agreed upon by our industry members and refined by ART's State Tourism Organisation partners.

ART recommend that these top six national regional tourism priorities be considered in the development of the next federal budget and tourism funding allocation.

Kind regards



**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 focussed research, destination management planning, product development, marketing and the development of skilled human resources

The ART 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

## 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. Tourism Research Australia reports 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 provides \$51 billion to regional visitor economies. This much needed boost means around one-third of tourism-related businesses and more than half of the country's tourism workforce is employed in regional Australia. Tourism itself accounts for 4% of economic output and 8% of jobs in regional Australia.

## Enabling infrastructure

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

Current data suggests that while the increases in domestic tourism have had a significant impact in regions, their inability to capture the massive growth in international tourism suggests that planning and development of new infrastructure in regional Australia has not sufficiently met demand. ART promotes stronger consideration of the regional tourism industry's gaps and opportunities to ensure the sector is not restricted in contributing to the future development of the industry as a whole.

### 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.
- To capitalise on the significant international and domestic growth in cruise tourism, the Sydney Cruise Port needs capacity enhancement and a number of regional ports need further development.
- 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.
- Special interest tourism, such as mountain biking and multi-day walks, have seen massive growth in the past decade. The growth in adventure activities attracts a new market looking for diverse experiences. The emerging niche markets provide the potential for growth to regional locations but often requires capital investment, ongoing maintenance commitment and supporting tourism infrastructure. Funding to support development of such infrastructure will enable assets owners to build tracks, trails and similar infrastructure, while they advance funding models and best practice solutions to support the ongoing maintenance.
- Growth in regional events and the utilisation of regional venues has seen 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 projects that successfully receive funding align with the Tourism 2030 Strategy.

### Providing strategic advice

Provide regional intelligence from industry to inform tourism policy.

Challenges exist with many regional local governments 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 are also critical sources of information.

#### Recommendation:

- Funding for the NVS and IVS should remain. 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.
- Regional targets set in the Tourism 2030 strategy should interlink with Tourism Research Australia (TRA) to produce relevant data for future projects.

## Regional Dispersal

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

There is insufficient analysis on how international growth has flowed through into regional dispersal.

The strong growth in international markets from Asia, and particularly China, is not transferring into regional overnight stays during their first visit. There is a risk that we are not doing enough to convert first time visitors from Asian marketing 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 and Australian Tourism Export Council (ATEC) to set regional dispersal targets that are achievable and measurable.
- Fund industry development to enable regions to become export ready.
- Conduct market research to determine which segments of the China market are most likely to return and disperse into regions.
- Use the research to develop marketing 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 & 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.
- Allocate a larger proportion of the Tourism Australia (TA) marketing budget for marketing to Chinese visitors while they are in Australia, to increase these visitors' awareness and understanding of regional Australia with the aim of attracting visitors to these areas.
- 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.
- 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, that will give more reason for visitors to travel to regional destinations.

Example. A national strategy on Agritourism would assist in achieving an agreed direction on the opportunities this sector offers and what could be done to generate additional business in regional locations.

There are currently a number of constraints to growing Agritourism in Australia. Some of these constraints relate to local government and regulation, resulting in an inconsistent approach on how to facilitate growth of Agritourism. Some local governments have overcome these constraints with innovative policy and guidelines, providing potential for sharing 'best practice' solutions.

In October 2018, ART released the discussion paper *Boosting Regional Australia through Agritourism*. Key findings of the paper were:

1. National leadership is needed for the establishment and adoption of an Agritourism strategy
2. Issues of regulation must be addressed to advance the sector, in particular land use planning and food safety systems
3. A 'supply side' (farmer) development program is a critical component if this sector is to be supported and successful
4. Improved marketing and communications are integral in the future development of Agritourism

### Recommendation:

- Provide regional product and experience development funding that aligns with the Tourism 2030 Strategy.
- Engage industry bodies and representatives, including ART, to form a National Agritourism Advisory Group.
- Develop a national Agritourism Strategy.
- Pilot a National Agritourism Program under the guidance of an Agritourism Advisory Group to implement the recommendations of the strategy.
- Provide resources to support the development and marketing of Agritourism products and experiences nationally.

## Skills and Capability

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

In many regions there is a shortage of labour to support their visitor economies. To help regions become and remain competitive, ART has identified the need to lift skill levels across many sectors of the visitor economy. However, it is much more difficult to source and/or train a skilled workforce in regional areas compared to cities.

### Recommendation:

- Engage with industry bodies such as ART to conduct a national regional tourism and events skills audit; identifying skills gaps and training opportunities.
- Engage with industry bodies to conduct a strategic review of 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 *The Tourism Hub* and based on the findings above, to support regional tourism industry professionals.

For further information contact:

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