



## Pre-Federal Budget Submissions – UPDATED

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**Pre-Federal Budget Submission – 2020/21**  
**Australian Tourism Industry Council**  
**UPDATED at 30 JANUARY 2020**

### **About ATIC**

The Australian Tourism Industry Council (ATIC) is the national representative body of Australia's State and Territory tourism industry councils (TIC). Together, ATIC members represent around 9000 tourism operators across the nation from Broome to Bruny Island and Port Lincoln to Port Douglas and the majority of which are small to medium sized enterprises.

ATIC is the largest and most diverse representation of tourism enterprises across Australia which today operate in our \$150 billion visitor economy. As well understood by the Australian Government, tourism is one of Australia's fastest growing industries and has become an established economic pillar and often of great significance to many individual Australian and regional cities and associated regions.

The industry supports direct employment of around 1 million Australians – representing 1 in 13 jobs - and contributes close to \$50 billion directly into our economy each year through 302,000 businesses. Tourism Research Australia indicate that at a regional level an estimated 43 cents in every visitor dollar is spent outside our capital cities and ATIC supports policy outcomes that seek to grow this towards 1 in 2 dollars (50c) over the next decade (by 2030) as part of a sustainable and growing industry.

ATIC and its members deliver three major national tourism programs to support quality Australian tourism businesses in their continued development, to review and to benchmark:

- **The Australian Tourism Accreditation Program (within the Quality Tourism Framework)**
- **The Australian Tourism Awards (held annually); and**
- **Star Ratings Australia Program.**

ATIC is a not for profit, independent organisation supported by industry. Its Board is made up of the Chief Executives of the State and Territory TICs. Chair of ATIC is Evan Hall (CEO - Tourism Council WA). Our Executive Director is the tourism and aviation executive, Simon Westaway and General Manager is Erin McLeod, an experienced tourism industry leader.

## **2020 / 2021 Pre-Federal Budget Submission**

For the 2020 / 2021 Federal Budget, ATIC seeks the Australian Government's consideration and support for the following growth and job enhancing initiatives for a more sustainable Australian tourism industry. See over for further information. **This is a slightly updated submission from our 18 December 2019 original submission to which the core elements remain, but some figures have been refreshed based on the impact of the tragic bushfires and more recently coronavirus.**

### **Invest in the Next Generation of Australian Icon Attractions (i.e. Regional Tourism Icons)**

**To continue to grow and be competitive as a destination, Australia must invest in quality visitor infrastructure and experiences. But some of our most important national destinations, particularly in regional parts of our country, are under pressure from growing visitor demand (and supporting infrastructure), a requirement for better experiences and accommodation and the lag-effect of previous long-term investment, including by Government.**

ATIC believes like industry, the Australian Government, has an important role in supporting economic-enabling infrastructure that stimulates regional visitation and Australia's competitiveness. This is because domestic tourism in Australia continues to represent around 75 per cent of total visitor spend and greater than 90 per cent in many of our regions, despite continued record international inbound visitation and similar record highs for domestic travel.

In 2019, in the lead-up to the Federal election, ATIC successfully advocated for a \$50 million Regional Tourism Icons Package of direct Commonwealth support of infrastructure associated with key regional tourism product offering in specific regions and across a series of sites. This has proven to be an excellent policy concept.

With the subsequent re-election of the Morrison McCormack Government, its Federal Tourism Ministers; Senator the Hon. Simon Birmingham (as senior Minister) and Senator the Hon. Jonathon Duniam (as Assistant Federal Minister for Regional Tourism), have overseen the commenced rollout of a Regional Tourism Icons Package.

Several project approvals and funding allocations have now occurred at a range of sites including Western Australia (Rottnest Island), Tasmania (Freycinet National Park) and in Queensland, with further state-by-state projects to soon come on-stream post their formal approval process such as Victoria's Sovereign Hill.

In strongly advocating for a Regional Tourism Icons Package, ATIC welcomes the full allocation of monies and timely completion of the announced projects over the remainder of this Government's term. Moving forward **ATIC** strongly advocates the benefits of a *continuation* of this funding package but to transition to a **REGIONAL TOURISM ICONS PROGRAM** over a forward estimates period commencing at this Federal Budget.

The benefits of an ongoing **Regional Tourism Icons Program** to which industry could advance, through all tiers of government and through state and regional tourism bodies, a pipeline of qualified projects for Federal Government's due consideration against set criteria as a 'regional icon', must be considered to retain momentum and greater net benefit through the investment.

**This future Program is designed to support and drive greater regional visitor dispersal and should be in the vicinity of \$15 million on an annual basis. Based on recent events surrounding the bushfires and coronavirus, this figure could be expanded one-off for year 2020/21 (between \$25-\$50 million) before returning to a normalised Program of \$15 million p.a. over the forward estimate period. Examples for additional 2020/21 funding are outlined below.**

**In 2020/21 this could include renewal of fire affected infrastructure on Kangaroo Island (such as \$10 million for a re-imagined Seal Bay including tourism staging point, beach access and Sea Lion Experience as well as fast-track the infrastructure rebuild including private accommodation investment). In Adelaide Hills (\$5 million for a Koala Centre of Excellence at Cleland); and soon to be developed infrastructure renewal concepts in Victoria's Gippsland (such as Buchan Caves) and Alpine Regions and NSW South Coast (up to \$10 million across a range of projects). Other projects provided by both private and public sector for potential support should be encouraged to be submitted.**

Industry firmly believes this will help enable the next long-term national tourism strategy, *Tourism2030*, which is due for release in the first half of 2020, and effectively align to its likely serious focus on expanding our regions and their respective visitor economies.

The timely October 2019 Report - *Deloitte Economics / Tourism Research Australia (TRA) 'Understanding Regional Dispersal of Australian Tourists'* and its core findings are strongly supported by ATIC. It provides the clear evidence base to systematically address the impediments to greater regional visitor dispersal in a growing visitor economy, such as through a well-targeted Regional Tourism Icons Program and through the long-term strategic *Tourism2030 plan*.

43 cents in every visitor dollar is today spent in Australia's regions and this can further grow. But this spending is not evenly spread with the *Deloitte / TRA Report* identifying few of Australia's regions are capturing significant benefit from visitation to their regions. Ongoing focus on supply side opportunities can help fast-track a bridging of this gap which this Regional Tourism Icons Program can play a primary role.

### **Support a National Quality Tourism Framework (QTF)**

**ATIC retains its consistent call for a 'partnership' between the Australian government and industry to expand upon a strong national industry-driven program to develop quality tourism.**

As a high cost global tourism destination (ranked greater than 130 by agreed world tourism research) but also one of high value (7<sup>th</sup> globally for international tourism receipts) - for Australia to continue to effectively compete we must also be recognised as a destination renowned for the quality and professionalism of our visitor experiences as well as our unique natural, indigenous and built heritage.

To do this we need to better support and enable Australia's tourism businesses to not only grow but also develop their tourism skills, business capabilities, service quality and digital expertise. It is the quality of the delivery of tourism and visitor experiences, by the large cohort of small to medium tourism business enterprises, that will help define our industry's overall future performance, including in our regions and enable tourism enterprises to help best meet the future *Tourism2030* targets.

ATIC has assumed industry leadership in this space through its success with the **national Quality Tourism Framework (QTF)** which has combined disparate industry development, accreditation and awards programs to a single capacity building program for tourism businesses. It is a tourism industry developed, led and managed accreditation program, targeted specifically for current, emergent or future first-time tourism enterprises.

The QTF provides a tailored pathway for each business, from start-up through to enterprises planning and building their business plans, strategies and develop resilience when engaging in international markets. Few industries in Australia has so many small business operators directly engaged in export markets!

The QTF is a single portal for online training, quality assurance, product development, digital distribution, reputation management and market development. The QTF applies to businesses across all regions and in all tourism sectors including tours, attractions, retail, hospitality and accommodation. It also includes a highly-successful China visitor readiness and capability modules which is vital as China remains our largest international visitor market in both volume and spend by some margin.

The QTF already has an important business resilience and sustainability delivery module which ATIC is now enhancing for the benefit of our small and medium sized tourism business enterprise users. This will prove an important tool to support business planning and mitigation activities by tourism businesses considering the impact of recent crisis afflicting the visitor economy.

ATIC's QTF has been rolled out across almost 7000 operators nationwide and has the potential to significantly expand Australia's range of internationally competitive high-quality tourism businesses – potentially to 10,000 businesses through a new partnership arrangement.

**The ability to significantly expand the Quality Tourism Framework and better leverage the performance of Australian tourism enterprises would be achieved through a \$6 million four-year funding and policy commitment by the Australian Government to enable ATIC to train and mentor greater than 2,000 SME operators through the QTF and achieve close to 10,000 high quality tourism businesses across Australia in the Program.**

A small component of the \$6 million to the QTF, as operated by ATIC, would go towards B2B and direct marketing and promotion of the Framework, to drive greater engagement and uptake.

An expansion of the ATIC Quality Tourism Framework could be easily measurable (such as by TRA) and has clear performance metrics and low-cost of operation and administration. A new tourism business could progress through the early modules of the framework as part of its tourism-readiness within weeks of commencing and with the support of tourism leaders as mentors.

#### **Greater sustainable funding for Tourism Australia**

**ATIC again repeats the annual 'industry' call for enhanced funding and a more sustainable funding model for Tourism Australia.**

**ATIC acknowledges the commitments made by the Morrison McCormack Government for Tourism Australia within this term. However, the leverage opportunities around Australia's largest services export, tourism, through real and lasting increases in funding for Tourism Australia for marketing, promotion and partnerships (such as with Airlines, Airports and Business Events) needs to be tackled.**

**ATIC has called and remains committed to see a fresh commitment by the Commonwealth to again undertake direct domestic tourism marketing.** This includes a specific, targeted focus on regional, supporting 'national' or cross-state road touring and creating federally recognised and marketed 'trails' and 'journeys'.

Since our previous submission (of 18 December 2019) ATIC has strongly and publicly welcomed the 'one off' \$20 million commitment for TA to support domestic tourism marketing campaigns, including in collaboration with the States and Territories. This was an important development and in the matter of days since its announcement, funds have already been allocated.

It is a core part of ATIC's policy platform and our retained position that Tourism Australia should within its approved corporate plan and strategic intent that it provides direct marketing into the Australian domestic visitor market, and that this be effectively coordinated. This should be additional monies to TA's existing funding.

**ATIC believes at least an additional \$20 million p.a. from 2020/21 should be dedicated to Tourism Australia for domestic marketing to provide ongoing, strategic and significant resources to allow Federal tourism policy and its application to be effectively leveraged and applied. This would be through TA driven programs to the right areas of the visitor economy, pending the circumstances, and enable shareability with States, Territories and Industry – similar to the 23 January 2020 announced #HolidayHereThisYear initiative.**

The ability to also **expand TA's airline partnership model** can help bring forward and achieve sustainable start-up of new international (and strategically delivered domestic air services), in particular targeting key tourism hot spots such as Broome, Darwin, Cairns and other capital city airports with lesser scale than the major Sydney/Melbourne/Brisbane and Perth hubs.

**ATIC previously announced its support for up to a \$25 million funding lift in Tourism Australia's annual allocation would make a substantive difference to further lifting international visitor arrivals, embed our market position in the key China, US and UK markets; specifically target domestic (regional) visitor activity and better leverage the role of events.**

**ROI on direct international marketing spend can be in the range of greater than 20:1 and up to 30 times return for \$1 directly invested. We support the same additional monies for the 2020/21 year and subsequently of the 4-year forward estimate.**

As with the \$76 million Rebuilding Australian Tourism Program, ATIC strongly and publicly endorsed this one-off measure. Due to the significant impact already of coronavirus and the lag affect from the bushfires, we stand by the thrust of our pre-Budget submission that additional monies over the 4-year forward estimate need to be provided to Tourism Australia to help restore our international image and both retain and then build upon international visitor volumes.

The Chinese inbound market, both our largest by value (greater than \$12 billion p.a.) and volume (1.45 million annual short-term visitor arrivals) will face significant strain over the short to medium term due to the impact of coronavirus. Additional funds of at least \$25 million per annum – or \$100 million over the 4-year forward estimate to international marketing, (that may also include improved support for Airline attraction as well as the Australian Tourism Exchange and International Visiting Media Program) at the discretion of Tourism Australia. This new, sustainable funding would be a significant fillip for our industry and is the right response to ensure that consumer demand drivers underpin the Australian visitor economy as a key economic pillar of our future Australia.

**In summary for Tourism Australia:**

- An ongoing \$25 million p.a. for 2020/21 and over the 4-year budget forward estimate for increased international marketing activity by Tourism Australia, focussing on China, top tier and emerging markets. (\$25 million for 2020/21 and \$100 million over the 4-years)
- An ongoing \$20 million p.a. and over the 4-year budget forward estimate for dedicated domestic marketing activity and programs (\$20 million for 2020/21 and \$80 million over the 4-years). These total up to \$45 million p.a. in additional monies to Tourism Australia.

Industry would strongly support the prosecution of TA's corporate and strategic plan and assessment by TRA around their performance of activity, where its current strong management team will only be better enabled with access to greater resources to produce even better visitor results, in a more challenging market.

Ours is a globally competitive market and Australia is the only true long-haul international visitor market with the global top-10 country destinations. As such it must be funded appropriately to retain our pre-eminent and necessary position given the criticality of our \$150 billion visitor economy and 1 million direct tourism jobs.

**Beyond the budget process, the return role for the Commonwealth into domestic tourism marketing should be validated through *Tourism2030*.**

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| <b>Greater support for Tourism Research Australia</b> |
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The Australian tourism industry values the research and insights that continue to be delivered by **Tourism Research Australia (TRA)**.

Now part of Austrade, TRA continues to deliver high-quality and detailed reports, heralding key insights and are well-researched with the most modern techniques. TRA has continued to lead, arguably on a global scale, in its adaptability to digital and mobile phone data and its accurate comprehension.

The delivery of the quarterly International Visitor Survey (IVS) and National Visitor Survey (NVS) and their longitudinal status, make these highly-valued and important, co-funded research outcomes between the Commonwealth, the States and the tourism industry which vests so much in their findings. TRA should also continue to deliver a robust annual State-of-the-industry report.

It is understood the delivery of the IVS and NVS is seeing a real reduction in Federal funding over several years, with the States and Territories being asked to fill the funding hole. TRA increasingly is leaving opportunities to better prosecute data and digital findings on the table, in order to meet its BAU commitments.

Austrade is presently undertaking a review of its wider operations and this includes Tourism Research Australia.

Data, its management and assessment and derived insights will be at the forefront of Tourism2030. TRA requires additional federal funds and have its ability to undertake more commercial partnerships, including with industry and other governments, be allowed to be fostered.

**A minimum \$2 million in additional annual federal funding for 2020/21 (and maintain the 2020/21 level over the 4-year forward estimate) would assist towards the best delivery of the IVS and NVS and other activities. This would be strongly welcomed by the Australian tourism industry and better support the Tourism 2030 process.**

**At the same time Austrade and TRA should be encouraged to proactively pursue strong B2B and B2G commercial and operational partnerships to benefit a stronger TRA and a better informed and research Australian tourism industry.**

Should you require further information, please do not hesitate to contact the Executive Director of ATIC, Simon Westaway, on either [swestaway@qualitytourismaustralia.com](mailto:swestaway@qualitytourismaustralia.com) or 0401 994 627.

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