

PRE BUDGET 2019/20

SUBMISSION

**AUSTRALIAN TOURISM
EXPORT COUNCIL**

JANUARY 2019

Budget
20

Australian Tourism Export Council Limited

**Suite 9.04, 6A Glen Street
Milsons Point NSW 2061**

**Telephone: +61 2 8262 5500
Email: atec@atec.net.au
Web: www.atec.net.au**



TABLE OF CONTENTS

1.	About the author	5
2.	Foreword	6
3.	Budgetary recommendations	8
	3.1 Tourism Australia funding	
	9	
	3.2 Visitor visas	10
	3.3 Approved Destination Status	11
	3.4 Labour & skills	12
	3.5 Growth Centre for Tourism	12
	3.6 Export Market Development Grants	13
	3.7 Passenger Movement Charge	14
	3.8 The visitor experience	15
	3.9 Austrade funding	15
	3.10 Connectivity & WiFi	15
4.	Concluding statement	16

1. ABOUT THE AUTHOR

The Australian Tourism Export Council (ATEC) is the peak industry body representing the thousands of companies throughout Australia that provide tourism services to foreign visitors. Whilst the tourism export sector is experiencing positive growth, ATEC's role is to maximise opportunity for Australian businesses in both existing and emerging markets, and to ensure any impediments to that growth are managed and kept to a minimum.

ATEC is the only, singularly-focused national body with inbound tourism at its core. Our membership represents the depth and breadth of our industry and includes more than 1,000 large national and multinational companies as well as small-and medium-sized enterprises, many of whom are based in regional and remote parts of Australia. In this way, we have a solid connection to the 'grass-roots' of our industry. We see and hear their direct experiences and we work alongside these businesses to alleviate the pressures and provide support. Our core functions are to:

- Advocate for policy that supports growth
- Connect buyers and sellers and deliver commercial opportunity
- Support, train and mentor for export excellence
- Promote inbound tourism's contribution to the broader Australian community

2. FOREWORD

Tourism drives growth.

It is well documented that tourism and the visitor economy create jobs, facilitate economic prosperity and drive investment – particularly for regional Australia.

Australia's tourism export industry is now more valuable to the national economy than coal or rural exports, and with international tourism spend growing at more than 10% a year the future looks extraordinary.

Internationally we are seeing more people engaged in global travel with demand driven by a huge growth in the number of people who now have disposable income from countries like China, Indonesia and India.

Travel & tourism forecasts over the next ten years also look extremely favourable with predicted growth rates of 3.8% annually.¹ The World Travel & Tourism Council's 2018 Annual Research Key Facts² illustrate the global industry's stellar growth forecasts for the current year and to 2028:

GDP: DIRECT CONTRIBUTION

The direct contribution of Travel & Tourism to GDP was USD2,570.1bn (3.2% of total GDP) in 2017, and is forecast to rise by 4.0% in 2018, and to rise by 3.8% pa, from 2018-2028, to USD3,890.0bn (3.6% of total GDP) in 2028.



GDP: TOTAL CONTRIBUTION

The total contribution of Travel & Tourism to GDP was USD8,272.3bn (10.4% of GDP) in 2017, and is forecast to rise by 4.0% in 2018, and to rise by 3.8% pa to USD12,450.1bn (11.7% of GDP) in 2028.



EMPLOYMENT: DIRECT CONTRIBUTION

In 2017 Travel & Tourism directly supported 118,454,000 jobs (3.8% of total employment). This is expected to rise by 2.4% in 2018 and rise by 2.2% pa to 150,139,000 jobs (4.2% of total employment) in 2028.



EMPLOYMENT: TOTAL CONTRIBUTION

In 2017, the total contribution of Travel & Tourism to employment, including jobs indirectly supported by the industry, was 9.9% of total employment (313,221,000 jobs). This is expected to rise by 3.0% in 2018 to 322,666,000 jobs and rise by 2.5% pa to 413,556,000 jobs in 2028 (11.6% of total).



VISITOR EXPORTS

Visitor exports generated USD1,494.2bn (6.5% of total exports) in 2017. This is forecast to grow by 3.9% in 2018, and grow by 4.1% pa, from 2018-2028, to USD2,311.4bn in 2028 (6.9% of total).



INVESTMENT

Travel & Tourism investment in 2017 was USD882.4bn, or 4.5% of total investment. It should rise by 4.8% in 2018, and rise by 4.3% pa over the next ten years to USD1,408.3bn in 2028 (5.1% of total).



By 2028, travel & tourism is expected to support more than 413 million jobs globally, an increase of 2.5% per annum over the next decade. Total travel & tourism GDP is expected to account for 11.7% of global GDP and global visitor exports are expected to increase 4.1% per annum to 2028.

¹ World Travel & Tourism Council (2018) Travel & Tourism Economic Impact 2018

² World Travel & Tourism Council (2018) Travel & Tourism Economic Impact 2018

INTERNATIONAL VISITORS IN AUSTRALIA

YEAR ENDING SEPTEMBER 2018

VISITORS

▲6%

8.4 MILLION

NIGHTS

▲1%

271 MILLION

SPEND

▲5%

\$43.2 BILLION

The tourism industry is proud of its contribution to the Australian economy. With international expenditure now pegged at \$43.2 billion³, it is clear that tourism is delivering stunning results for the Australian economy.

With such strong inbound forecasts in the frame, it has never been more important for industry and government to work together effectively. Global travel is growing at such a rate that Australia must address supply-side challenges that could potentially mitigate our market share if ignored.

Our strategic focus should be simple: maintain Australia as a **competitive destination** and deliver a **high quality experience** to the international visitor.

QUESTIONS LIKE:



Where will our visitors be going?



How will they get there?



Where will they stay?



How do we preserve our tourism assets?



And, what will the industry need to meet this increasing demand?

TAKING ACTION

It is important that any strategy development for the future embraces a bold and visionary approach. ATEC advocates for policy development that demonstrates leadership and will cement Australia as a respected and enviable competitive force.

Measuring success is a critical component of any strategy development. Australia must invest in global benchmarking studies across key areas to ensure we:

- Monitor the activities of our key competitors
- Remain attuned to international trends in destination marketing
- Understand changing traveller needs and expectations

The benchmarking studies should focus on (but not necessarily be limited to):

- Tourism marketing investment by competitor NTOs
- Visa processing systems and products
- Capacity-building and tourism infrastructure development
- Social licence and 'over-tourism'

³ International Visitor Arrivals, Tourism Research Australia June 2018

We must challenge ourselves to drive for change that delivers sustained growth into the future. ATEC recommends a number of budgetary measures to support the tourism industry such that our sector can continue to deliver net economic benefits to the whole of Australia.

3. BUDGETARY RECOMMENDATIONS

The table below presents a summary of budgetary recommendations.

3.1	Increase the Commonwealth government’s commitment to fund Tourism Australia by upwards of \$100m to ensure it remains globally competitive
3.2	Competitiveness of visitor visas : continue reforms to streamline visa application processes and the visitor experience: <ul style="list-style-type: none"> <li data-bbox="427 819 1382 887">- Invest in digital technology and biometrics to reach a 2030 goal of passport-free and visa-free travel <li data-bbox="427 891 1374 1032">- Apply appropriate human and technological resources to Posts (especially India & China) where visa delays are costing Australia business (and lost potential government revenue) <li data-bbox="427 1037 1337 1066">- Explore solutions which engage the consumer via smart phones/devices <li data-bbox="427 1070 1362 1137">- Implement competitively priced multiple-entry visas for short-medium haul Asian markets <li data-bbox="427 1142 1050 1171">- Implement “visa for life” to approved applicants <li data-bbox="427 1176 1102 1205">- Condense visa classes to reflect purpose of visit only <li data-bbox="427 1209 1342 1238">- Implement a system which allows for native language completion online <li data-bbox="427 1243 1321 1310">- Continue to review the caps policy for 462 visa sub-class, including the reciprocity requirement <li data-bbox="427 1314 1401 1382">- Extend the Trusted Trader program to include the services sector, particularly tourism exports
3.3	Labour and skills : implement measures which allow for a flexible and nimble tourism workforce <ul style="list-style-type: none"> <li data-bbox="443 1581 1086 1610">- Maintain funding for the Youth Jobs PaTH program <li data-bbox="443 1615 1187 1644">- Allow for greater visa flexibility to ease seasonal challenges <li data-bbox="443 1648 1382 1749">- Consider tourism-specific, regional work placement programs for long term unemployed, disadvantaged youth and/or new Australians seeking semi-skilled employment
3.4	Maintain the Commonwealth government’s commitment to Approved Destination Status (ADS) of at least \$10m over four years in the forward estimates
3.5	Build capacity by establishing a Growth Centre for Tourism within the Department of Industry. Earmark dedicated funds to build export capability/capacity of new tourism business, particularly in regional centres

- 3.6 **EMDG:** Increase the Commonwealth government’s commitment by \$12.5m to \$175m in 2019/20. Consider implementing a tiered EMDG program with varied criteria and varied eligibility
- 3.7 Freeze the **Passenger Movement Charge** at current level of AUD\$60
- 3.8 Enhance the **visitor experience** at airports
- Reform the **Tourist Refund Scheme**
 - Extend **international gateways** to more regional airports
 - Invest in **biometric and facial recognition** technology at major gateways
 - Allow for **premium processing** including off-terminal processing – user pays systems
- 3.9 Maintain **Austrade’s** funding for 2019/20 at current levels & retain an independent **Tourism Research Australia**. Continue to support the regions via the **Building Better Regions Fund**
- 3.10 **Connectivity:** commit to expanding WiFi connectivity across Australia

3.1 Increase the Commonwealth government’s commitment to fund Tourism Australia

Tourism Australia is tasked with “growing demand and fostering a competitive and sustainable Australian tourism industry through partnership marketing to targeted global consumers in key markets”.⁴ In an increasingly competitive global environment, it is important that Tourism Australia is appropriately funded to achieve conversion. Australia, according to data published by UNWTO⁵ has 0.67% of the total global tourism market. National tourism organisations are becoming increasingly competitive, particularly as the costs of media continue to rise. In fact, media cost inflation sits well above global regular inflation (around 4.5%) and in some markets such as China and India, even more so. This heavily impacts Tourism Australia’s purchasing power and subsequent ability to achieve cut-through in such a competitive and crowded market: nations aggressively vying for a slice of the USD\$1.3 trillion expenditure pie.

ATEC fully supports the activities and role of Tourism Australia. It is of concern that Tourism Australia’s funding has decreased in real terms, and ATEC urges the government to lift its commitment over the forward estimates to ensure Australia is not put at risk from increasingly competitive rivals.

Over recent fiscal years, Tourism Australia’s real funding appropriation has reduced which is concerning, particularly at a time where competing national tourism organisations are receiving record increases to their annual funding allocation. Japan, New Zealand and Indonesia are all examples of neighbouring competitors with significant funding boosts: Japan with an increase of 2.4 times its budget in the

⁴ Commonwealth of Australia (2017) Portfolio Budget Statements 2017-18 Budget Related Paper No. 1.9 Foreign Affairs and Trade Portfolio

⁵ UNWTO (2018) Tourism Highlights 2018

FY2016⁶, New Zealand committing an additional \$20m over four years⁷ and Indonesia quintupling its budget to RP1.2 trillion in 2016.⁸

RECOMMENDATION – demonstrate the Commonwealth government’s **commitment to fund Tourism Australia by increasing the total forward estimate appropriation by upwards of \$100m for 2019/20 and beyond**

3.2 Visitor visas: continue reforms to streamline visa application processes and the visitor experience

Visa policy remains a key challenge for our industry. Finding the balance between border integrity and inhibiting growth from emerging tourism markets is critical to long term economic growth.

A TEC respects the need for tightly managed passenger movement but we also identify several areas where simple adjustment of policy levers would address issues and allow for sustainable growth – particularly from China. A TEC also commends the Commonwealth government on the significant reforms already implemented, including the move to 100% online applications across the globe.

The global trend of surging passenger movements is taking its toll on antiquated systems built decades ago. Today, with more than 1.2 billion international travellers going to great lengths and costs to obtain a visa, wasting time waiting in lines, many with old fashioned paper documents in hand, we face new challenges that cannot be addressed by legacy systems. Threats such as terrorism and disease go beyond borders and are outside the ability of any one country to control.⁹ The right to travel should be based on who you are, not where you were born or the colour of your passport. Arne Sorensen, President and CEO of Marriott International states “Governments will need to adopt new policies that enable greater information and data-sharing across national borders. Building these digital bridges will enable security agencies to integrate many disparate national systems and better protect their borders and citizens by allowing them to focus resources on the true threats.....moving to a fully digital process built on biometrics will help to protect and verify a traveller’s identity...”

More critically, we continue to see unacceptable processing times for visas in key markets like India and South America. More recently, China is also experiencing delays with anecdotal reports indicating that there was displacement from the sub class 600 to the ADS visa in a bid to avoid delays. Government must recognise that the global population is actively mobile, and the concept of a ‘long weekend’ in Australia is very much a reality for our neighbouring countries in south east Asia. It is vital that we find real solutions to visa processing times, and, when there are reasons for delays that these are promptly communicated to the wholesaler and inbound tour operator.

Whilst it is important to be ambitious with regard to visa-free and passport-free travel in the future, we need to consider in the short term implementing long validity visas (3, 5, & 10 years) for all short-medium haul Asian markets. These multi-entry products must also be competitively priced.

The travelling global population need to become an active part of the solution: enabling passengers to voluntarily participate in biometric data sharing programs can thereby mitigate risk and ensure borders are not an open door to threats, but rather a gateway to opportunity.

The factors and considerations outlined above set the scene for much-needed reform of Australia’s visa system. We need to embrace technology, be nimble with change, enhance the visitor experience and

⁶ Travel Voice Japan (5 Jan 2016)

⁷ John Key (May 2016) Budget 2016: Tourism sector gets further boost (press release via www.beehive.govt.nz)

⁸ Novianti Setuningsih (6 Jan 2015) Indonesia to Quintuple Tourism Promotion Budget (Jakarta Globe)

⁹ Arne Sorensen, Disrupting Travel for 2030: Building Bridges not Walls 2017

at the same time maintain strong vigilance on border integrity and security. ATEC looks forward to active consultation with government as part of the visa review process.

ATEC is also aware of the government's *Trusted Trader* program administered by the Department of Home Affairs. It is currently very much focused on exporters of goods (rather than services) and ATEC believes there is an excellent opportunity to explore how this program might transfer to services – particularly tourism exports. Ideally, we foresee an opportunity whereby Australian tourism operators (for example, inbound tour operators or destination management companies) which meet ATEC's export criteria could be anointed as Trusted Traders, and would thereby receive trade benefits: for example, expedited visa processing and labour mobility.

Whilst we do not purport to have a full solution as to how this might be administered, nor what protocols or systems may be required, we see this as an excellent example of broadening a current program to facilitate mutual benefits between government and industry. ATEC's poll of buyer members indicated that over 60% of respondents would support a program where they could effectively act as visa processing agents and believe this would deliver a commercial benefit to their offshore clients.

We encourage the government to work with ATEC on exploring this opportunity further through stakeholder consultation.

Presented below is a table that presents a summary of key short-term wins that drive growth without mitigating border integrity platforms.

RECOMMENDATIONS

Australia's visa system must be ambitious and internationally competitive

- Invest in digital technology and biometrics to reach a 2030 goal of passport-free and visa-free travel
- Implement competitively priced multiple-entry visas (3, 5 & 10 year) for short-medium haul Asian markets
- Explore solutions which engage the consumer via smart phones/devices
- Implement "visa for life" to approved applicants

Australia's visa system must be simple, consistent, nimble and intuitive

- Address severe processing delays in key markets like India and China with a commitment to efficient systems and/or increased in-post resources to manage case flows
- Condense visa classes to reflect purpose of visit only
- Implement a system which allows for native language completion online
- Continue to review the caps policy for 462 visa sub-class, including the reciprocity requirement

Engage with industry partners to create visa efficiency

- Extend the *Trusted Trader* program to include the services sector, particularly tourism exports

3.3 Maintain the Commonwealth government's commitment to Approved Destination Status (ADS)

The Approved Destination Status (ADS) scheme has been operating since 1999 and facilitates group travel from the People’s Republic of China. ADS is a bilateral arrangement between the Chinese Government and a destination country that establishes a regulatory framework for Chinese tourists to undertake group leisure travel to that country.

Authority for the ADS scheme is established in the memorandum of understanding on tourism cooperation between Australia and China.

ADS arrivals have seen steady growth over the past eighteen years and continues to grow, despite strong growth in the FIT sector. With just over 205,000 ADS visa holders arriving in Australia in 2017/18¹⁰, ADS remains an important segment from China and also demonstrates to the Chinese government Australia’s ongoing commitment to quality. In fact, since inception we have welcomed more than 2.5 million ADS visitors to Australia.

In a time of increasing trade uncertainty, the ADS scheme is one that offers structure, positive trade sentiment and efficiency for leisure travel from China.

The ADS unit of Austrade must be resourced to deliver training, quality frameworks including a contemporary Code of Conduct, capacity building for product servicing the China market and educational programs for the ADS agents in China on destination Australia, particularly in emerging tier-three or four provinces.

RECOMMENDATION – *maintain the Commonwealth government’s commitment to ADS of \$10m over four years in the forward estimates*

3.4 Labour and skills: implement measures which allow for a flexible and nimble tourism workforce

Current labour and skills shortages acutely felt by the tourism and hospitality sector limit its productive capacity and hamper efforts to compete with other global destinations. Current policy settings have restricted the tourism and hospitality industry’s access to a variety of skilled staff at different skill levels. Access to adequate and properly trained staff is critical to ensuring we have a tourism workforce capable of giving visitors a world-class experience. ATEC supports the position of Australian Chamber - Tourism in relation to workforce reform, the Skilled Occupation List review and funding for the Youth Jobs PaTH program.¹¹

RECOMMENDATIONS

Maintain funding for the Youth Jobs PaTH program

Allow for greater visa flexibility to ease seasonal challenges

*Implement a work placement program for **regional centres dedicated to tourism and hospitality** for disadvantaged youth, long-term unemployed or semi-skilled new Australians.*

3.5 Build capacity by establishing a Growth Centre for Tourism

In 2014, the Federal Government announced the creation of Industry Growth Centres. As outlined in the 2015/16 Budget, the program was allocated \$94 million in 2017/18.

¹⁰ Department of Home Affairs 2018 (BP0005)

¹¹ Restaurant & Catering Australia (2017) Federal Budget 2017-18: Submission to the Australian Government

According to the Department of Industry, Innovation & Science, the Industry Growth Centres initiative drives innovation, productivity and competitiveness by focusing on areas of competitive strength and strategic priority. The initiative enables national action on key issues such as collaboration, commercialisation, international engagement, skills and regulation reform¹².

Industry Growth Centres are tasked with addressing barriers to success, and their broad terms of reference include:

1. Identifying regulations that are unnecessary or over-burdensome for the key growth sectors and impede their ability to grow, and suggesting possible reforms;
2. Improving engagement between research and industry, and within industry, to achieve stronger coordination and collaboration of research and stronger commercialisation outcomes in the key growth sectors;
3. Improving the capability of the key growth sectors to engage with international markets and access global supply chains; and
4. Improving the management and workforce skills of key growth sectors.

A TEC asserts that the various impediments to growth outlined in this submission could effectively be addressed, along with other key capacity-building strategies by a Growth Centre for Tourism and recommends that a Growth Centre be added to the current list of six to reflect the industry's enormous potential contribution to the economy over coming years.

An example of industry-led programs currently being developed and rolled out which could be more actively championed by a Growth Centre include the ATEC industry development initiatives: KITE (*Know-How for Inbound Tourism Excellence*), *ChinaHost*, (*IndiaHost & JapanHost* under development) ELITE (*Emerging Leaders of Inbound Tourism Excellence*), BRITE (*Building Readiness for Inbound Tourism Excellence*) and EXCITE (*Excellence in China Inbound Tour Guiding Education*) programs which all deliver on the much-needed capacity building for metropolitan AND regional Australia. These programs focus on regional development as well as personnel upskilling, leadership, and international commercial readiness. ATEC's programs can also be adapted to sector-specific needs, as has been the case with the *Growing Wine Tourism* project.

In order to maximise the opportunity that a growth in tourism exports presents, it is vital that businesses have access to relevant, accessible and practical education and training. We need to foster the development of new and emerging products to ensure Australia's offering to the global traveller is desirable and export ready. Australia must be in a position to cater to a range of different markets with different expectations and cultural needs. A vibrant and progressive "international ready" program and toolkit is essential.

Reports indicate that the budget allocation for growth centres is not exhausted. ATEC asserts that a growth centre for tourism can be included within the parameters of the existing resources.

RECOMMENDATION – establish a Growth Centre for Tourism within the Department of Industry

3.6 Export Market Development Grant scheme (EMDG): increase the Commonwealth government commitment

¹² Department of Industry, Innovation & Science (October 2016) *Industry Growth Centres*: www.industry.gov.au/IndustryGrowthCentres.

EMDG is a key Commonwealth financial assistance programme for small to medium-sized businesses that want to begin exporting or grow their existing exports. It encourages businesses to increase international marketing and promotional expenditure to achieve more sustainable international sales.

The findings from a KPMG economic impact study¹³ commissioned for the 2015 review of the EMDG scheme support the conclusion that the EMDG scheme is effective in conferring a net benefit on the Australian economy and community¹⁴. With visitor arrivals forecast to grow at such significant rates, it is critical that our SMEs are well positioned to be ready exporters, achieving market penetration.

Programs like EMDG must keep pace with economic forecasts or they risk strangling Australia's export potential.

Every year, the EMDG pool is shrinking, and the tranche payments to participants decreasing. ATEC holds some concern over EMDG eligibility and asserts that some businesses receiving EMDG support should not be, thus resulting in bona fide businesses missing out. Some thought could be given to a tiered system where business meeting minimum criteria can access minimum funding for less years, and businesses that can demonstrate industry engagement, capacity building and training should be eligible for more funding for an extended period.

ATEC proposes that government facilitate EMDG reforms by adopting the recommendation in the 2015 EMDG review report, *Certainty and Confidence*¹⁵ that the budget allocation be progressively increased by \$12.4 million per year over the next three years (2016–17 to 2018–19) to \$175 million. To date, this recommendation has not been implemented.

RECOMMENDATION – increase the Commonwealth government's commitment by \$12.5m to \$175m in 2018/19. Consider a tiered approach to EMDG to cater to different business types and/or markets

3.7 Freeze the Passenger Movement Charge at current level of AUD\$60

The Passenger Movement Charge (PMC) was introduced in July 1995 (replacing the “departure tax”). The PMC was introduced to recover the cost of customs, immigration and quarantine processing of inbound and outbound international travellers and fully offset the cost of issuing short-term visitor visas.

Modelling by the International Air Transport Association suggests that holiday visitors (as distinct from those travelling to visit friends or relatives) are most sensitive to departure taxes such as the Passenger Movement Charge (PMC), with every price increase of 10% estimated to generate a decline of 5-7% in the number of leisure passengers travelling globally.

The Passenger Movement Charge, now at \$60 per person, has been under much scrutiny of late. Industry certainly supports a charge levied on the travelling individual that covers the increasing costs of border security and customs/quarantine. However, it is also well known that the PMC generates far in excess of the passenger processing costs at our borders and the government is over-collecting for what should be a cost-recovery exercise. Furthermore, the disparity between the revenue generated and growth-generating funding for tourism, including marketing, is of significant frustration and concern to the tourism sector.

That said, ATEC is of the view that it is time for industry and government to stop circling around the PMC and have an informed and innovative examination of how a de-constructed and re-constructed

¹³ KPMG (2015), *Economic impact of the Export Market Development Grants (EMDG) scheme*

¹⁴ Michael Lee (2015) *Certainty & Confidence – Exports and jobs for a changing global economy - Review of the Export Market Development Grants scheme*

¹⁵ Michael Lee (30 June 2015) *Certainty and Confidence: Exports and Jobs for a changing global economy – Review of the Export Market Development Grants Scheme*

PMC could deliver for both industry and government. International tourism arrivals and spending are growing. ATEC asserts that looking at this “tax” differently could drive more revenue and potentially create savings in other parts of the Federal Budget if appropriately structured.

It is strongly recommended that the government commit to a review of the Passenger Movement Charge during the 2019/20 fiscal year with a view to implementing a new structure in the 2020/21 budget.

RECOMMENDATION – Freeze the Passenger Movement Charge at current level of AUD\$60

3.8 Enhance the visitor experience at airports, including reforming the Tourist Refund Scheme to allow for privatisation

First impressions are paramount. Airport capacity, passenger processing, airside infrastructure and technology all contribute to a traveller’s first touch of Australia and its people.

With airside challenges already prevalent, it is of concern that with growing visitor arrivals to Australia’s primary international gateways, our systems and capabilities will be inundated and unable to cope efficiently.

The potential for growth in international tourist visitation is heavily mitigated by:

- poorly administered tourist refund scheme (GST refund)
- inadequate international gateway access, particularly in regional Australia
- traveller identification technology at airports
- Lack of premium processing including off-terminal processing

RECOMMENDATIONS

Reform the Tourist Refund Scheme to allow for private operators to process GST refunds

Extend international gateways to more regional airports

Invest in biometric and facial recognition technology at major gateways

Allow for premium processing including off-terminal processing – user pays systems

3.9 Maintain Austrade funding / regional development funds

Austrade plays a vital role in delivering programs and support for supply-side imperatives including building capacity in regional Australia.

Research is essential at all levels of decision making. It is vital that adequate funding be allocated to maintain research including Tourism Research Australia’s *International Visitors’ Survey*, the Australian Bureau of Statistics’ *Overseas Arrivals and Departures* and other key studies like the Tourism Satellite Accounts. The independent role of Tourism Research Australia (TRA) remains important and ATEC supports the ongoing charter of TRA.

Austrade’s programs are critical to building skills and empowering new exporters to grow. Austrade must remain empowered to elevate tourism exports, particularly as we observe tourism’s surge towards being our largest export.

The Building Better Regions funding must be maintained in the 19/20 budget, and be included in the forward estimates, and should be earmarked for both hard and soft infrastructure projects.

RECOMMENDATIONS

Maintain Austrade’s funding for 2019/20 at current levels

3.10 Connectivity: commit to expanding WiFi connectivity across Australia

Travellers are becoming increasingly autonomous as they facilitate their own passage from domicile to terminal to aircraft to hotel via hand-held or wearable technology. Consumer reliance on their smart device(s) has changed the way they plan, execute and enjoy their travel, as well as how they manage their expectations and provide feedback. At the same time, the growing number of connected travellers provides a unique opportunity for governments to benefit.

Free WiFi in hotels overtook parking, breakfast and swimming pool as the number one reason to book back in 2015.¹⁶ Furthermore, the device-reliant millennial generation are officially the largest generation in history and have secured their status as leaders in travel and tourism¹⁷. With that comes the demand (and expectation) for connectivity.

By ensuring travellers are always connected, the opportunity for them to use travel apps, communicate with friends and family and share boastful images across their networks all deliver a valuable organic destination marketing benefit for Australia as well as a memorable experience for the traveller.

RECOMMENDATIONS

Government to work with industry and telecommunication providers to facilitate connectivity from start to finish of travels in Australia.

4. CONCLUDING STATEMENT

Australia's tourism export industry is now more valuable to the national economy than coal or rural exports, and with international tourism spend growing at more than 10% a year the future looks extraordinary.

Internationally, we are seeing more people engaged in global travel with demand driven by a huge growth in the number of people who now have disposable income from countries like China, Indonesia and India.

The South East Asian region is set to be the powerhouse of tourism growth through to 2030 and while China will continue to be strong, India is forecast to become the fastest growing travel and tourism economy closely followed by Vietnam and Indonesia.

The tourism industry has an enormous amount of potential and with the right investment, government policy settings and thorough consultation with tourism operators we can make much of this success for Australia's strong economic future.

Here, we have endeavoured to illustrate, through active engagement with leading business owners and senior executives, the key challenges that actually impact growth potential for the Australian tourism export sector.

ATEC believes none of these challenges are insurmountable and holds the view that through active collaboration between industry and government, Australia can further unlock the profitability, sustainability and maximise conversion.

¹⁶ *Forbes (3 Aug 2015) Niall Macarthy - Most Travelers Consider Free Wi-Fi The Most Important Factor In Choosing A Hotel*

¹⁷ *Treksoft (2017) Travel Trend Report 2017*

We thank you for the opportunity to present this submission.
For further information please contact:

Peter Shelley
Managing Director
Australian Tourism Export Council
peter.shelley@atec.net.au

Anna Taylor
National Policy Manager
Australian Tourism Export Council
anna.taylor@atec.net.au