

Ms Kerrie Mather

Chair

Beyond Tourism 2020 Steering Committee

Via email: beyond2020@austrade.gov.au

Dear Ms Mather,

Thank you for the opportunity to provide input into the Steering Committee's process for scoping the development of the next long-term tourism strategy to take our industry to 2030.

This is an important time for our industry as we acknowledge the impressive growth our current tourism strategy has helped to steer, the enormous input our industry has had in driving this success and the policy reforms implemented by governments across the nation designed to future-proof our industry.

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:

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

In this submission, we have endeavoured to bring together the voices of our industry and you will find a number of clickable video interviews with a range of industry members sharing their priority issues. Our goal was to provide an insight into the commercial reality of businesses operating in today's tourism environment. These are the people who can truly tell the story of our industry and can provide the intelligence that will lead to better policy outcomes to which we are all collectively committed.

I recommend this report to your committee.

Yours sincerely,



Peter Shelley

Managing Director

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.

POSITIONING OUR INDUSTRY FOR SUCCESS IN THE NEXT DECADE

Global tourism is growing at an astounding rate with predictions of 15 million international visitors travelling to Australia by 2030. While these figures are exciting, we need to consider how will our industry cope? If we are to realise this potential, what does success look like and how do we get there?

There are important questions our industry needs to address if we are to maintain global **COMPETITIVENESS** in attracting high yielding international visitors and if we are committed to delivering a **HIGH QUALITY EXPERIENCE**.

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?

STRATEGIES FOR SUCCESS

ATEC believes there are two core principles behind tourism's future **strategies for success** which are:

MAINTAINING A COMPETITIVE DESTINATION

- Attracting visitors - marketing funding, marketing diversity, new/ changing markets, new marketing technology
- Visitor access - visa processing, fees, digital technology and artificial intelligence, airport experience, internationally approved travellers, premium products/fee for service
- Visitor experience - WIFI connectivity, market trends and demands, new products, social license, market diversity, preserving environmental and cultural assets

DELIVERING A HIGH QUALITY EXPERIENCE

- Overcoming barriers - labour and skills, service delivery, consistency of quality
- Meeting demand - fostering opportunities, building on knowledge, product options, tourism infrastructure
- Tourism evolution - moving existing product forward, keeping pace with new tourism developments

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'

We must challenge ourselves to drive for change that delivers sustained growth into the future.

With specific reference to your Steering Committee's request for suggestions and ideas for the next long term tourism strategy to 2030, ATEC has identified key areas which we believe are of particular relevance and priority for members of the export tourism industry. In this document, we have aligned our **strategies for success** with the key pillars identified by the Steering Committee.

1. Access development (ATEC priority: visitor access)

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 industry success.

ATEC understands the need for tightly managed passenger movement, but the huge surge in global travellers (more than 1.2 billion a year) brings new challenges that cannot be addressed by legacy visa processing systems.

We advocate for new policies that enable greater information and data-sharing across national borders and which build digital bridges, moving to a fully digital process built on biometrics to verify a traveller's identity.

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.

We must embrace technology, be nimble with change, enhance the visitor experience and at the same time maintain strong vigilance on border integrity and security.

Our present visa system threatens to hinder growth from new and emerging markets including India, where delays to visa processing means other destinations are becoming a more attractive option for this growth market.



According to a leading Indian wholesaler, Ganesh Rao (General Manager, Ascon Travel) Australian processing times are a real deterrent for his clients and destinations like the US and Canada do it better.

Along with visa processing, the potential for growth in international tourist visitation is heavily mitigated by a poorly administered tourist refund scheme, inadequate gateway access, particularly in regional Australia and a lack of premium processing technology at airports.

ATEC RECOMMENDS

- Be bold and look to visa-free and passport-free travel for the future
- Invest in digital technology and biometrics
- Explore solutions which engage the consumer via smart phones/devices
- Implement “visa for life” to approved applicants
- Develop visa products which reflect market requirements eg family visas for Indian market
- Condense visa classes to reflect purpose of visit only
- Fast-track the visa systems review to address slipping processing times
- Implement a system which allows for native language completion online
- Review the caps policy for 462 visa sub-class, including the reciprocity requirement
- Extend the DIBP's Trusted Trader program to include the services sector, particularly tourism exports
- Reform the Tourist Refund Scheme to allow for private operators to process GST refunds
- Extend international gateways to more regional airports
- Allow for premium processing including off-terminal processing – user pays systems

2. Driving demand (ATEC priority: attracting visitors)

Australia has an amazing international tourism product with a strong reputation but we also face the challenges of marketing our destination in a highly competitive environment where issues such as distance, cost and size work against us.

Given tourism's undoubted growth in economic value going forward, marketing destination Australia to the world will remain an essential investment in a successful 2030 strategy. While our global competitors continue to increase investment in their tourism industry as an economic development strategy, our governments must consider opportunities to increase tourism marketing funding and recognise the positive return on investment it generates for GDP, jobs and export earnings.

ATEC fully supports the activities and role of Tourism Australia and feels decreasing 'real terms' funding for the organisation is counter-productive to a continuing successful industry. According to the Productivity Commission, Tourism Australia's activities generate tourism expenditure in a ratio of 15:1 and ATEC urges the Federal Government to not only maintain its commitment to the national marketing body, but to increase it in order to ensure Australia is not at risk from its rivals.

From an external viewpoint, Australia is being 'outspent' in key luxury growth markets like the United States despite the industry having a clear view of its potential. Travel wholesalers based in the US, like Kirk Demeter from Downunder Answers who says there is much more that can be done with strategic marketing investment.



"You're in such a competitive environment in the United States and at times I see that Australia does get outspent, so sometimes I believe that if there was a bit more funding put into Australian tourism... we have a pretty good idea of what we can be doing in order to draw more visitors and sometimes with additional funding I think we can get a real good bang for the buck and a great return on investment."

Japan, New Zealand and Indonesia are all examples of neighbouring competitors with a focus on tourism growth through increased marketing budgets with Japan multiplying its tourism budget by almost 2.5 times its budget in the FY2016, New Zealand committing an additional \$20m over four years and Indonesia quintupling its budget to RP1.2 trillion in 2016.

ATEC RECOMMENDS

- Demonstrate global leadership in tourism marketing investment
- Ensure Tourism Australia remains internationally competitive via funding models that ensure our visibility is stronger than our competitors
- Identify markets where specific opportunities for growth exists and invest additional funding
- Continuing to pursue diverse marketing mix
- Expand capacity of digital and other new marketing technologies

3. Infrastructure investment (ATEC priority: meeting demand)

Some of our greatest tourism assets exist in remote and regional Australia, the areas of our country which are regularly highlighted as having the least access to the essential resources required to meet their business needs. Along with labour force pressures, our industry's ability to present a consistent experience for our visitors across the country is patchy, as is the ability of tourism businesses to sell themselves successfully to the international market.

Along with working to find solutions to current business needs, we must look forward and support businesses to develop the kind of products and infrastructure required for them to take full advantage of a growing inbound market. There are many places across Australia where we are already behind and there is an urgent need to address capacity issues both present and future.

At one of our country's most famous tourist landmarks, Uluru, operators have highlighted the need to increase premium air access into the centre along with building additional rooms. They argue that without room capacity, the destination is at risk of losing visitors to other parts of the country. In turn this has an impact on the perceived diversity of Australia's tourism offering and makes us less attractive as a destination in the first place, particularly with returning visitors.



"We are struggling to provide rooms for increased capacity. So if we bringing the Chinese market into the NT, we need to have rooms before they come, not after they come, we can't start turning them away." Wayne Thompson, ATG Downunder.

In other parts of the country, like Tropical NQ, there is a significant amount of infrastructure development, but without the corresponding premium air access there is a concern this investment may not be able to convert this opportunity successfully.



"We need planes, Cairns and TNQ is an island and if we don't have planes coming in then we don't have a tourist destination. This is one of the key issues we need to be looking at how do we get airlines into regional destinations. We're not talking about smaller airlines we are talking about full service airlines coming into our destination." Michael Nelson, Pinnacle Tourism Marketing.

ATEC believes infrastructure investment must be seen as a part of the tourism continuum and cannot be addressed in isolation. It must include a strategic analysis of needs which also fosters opportunities, supports and builds industry knowledge and expands product options and capacity.

ATEC RECOMMENDS

- Identify growth opportunities in new and existing destinations
- Support regions to build a strong tourism industry with appropriate investment in accommodation infrastructure
- Subsequently support these regions by helping to develop appropriate airline access that encourages international visitors to explore beyond our major cities
- Increase the Commonwealth government's commitment to the Export Market Development Grant (EMDG)

4. Visitor experience (ATEC priority: visitor experience)

Given our competitive environment, Australia must work hard to stand out and provide a point of difference through visitor experience. Building a reputation as an accessible, reliable, easily navigated and modern destination we can stand out as a destination of choice.

Modern travellers are increasingly discerning and look for destinations that can meet their individual needs with bespoke or luxury itineraries (wellness/experiential/eco/gourmet) and want to be able to find all they need easily with WiFi connectivity helping to navigate the destination.

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.



For Fastrak's Richard Beere, who helps tourism businesses to become China ready, the growing uptake and use of technology by visitors makes this a key issue for our industry. With international visitors now using 'soft' language tools via their mobile device to access information on destinations, WiFi availability is crucial to their experience and Australia's tourism future.

Free WiFi in hotels has overtaken parking, breakfast and swimming pool as the number one reason to book and the device-reliant millennial generation are officially the largest generation in history and have secured their status as leaders in travel and tourism.

At the same time, the growing number of connected travellers provides a unique opportunity for governments to benefit. Connectivity has become an excellent mechanism to "digitise" passenger movements and processing.

Along with providing a positive, direct visitor experience, we need to be mindful of managing our natural and cultural assets and ensuring we continue to deliver a high quality destination. We must manage the tension between a successful inbound tourism and the density of tourists this brings with maintenance of the essence of our Australian offering. This is an issue which is

facing tourism destinations globally and one which ATEC believes must be an integral part of our future tourism strategy.

- With that comes the demand (and expectation) for connectivity. Government must commit to expanding WiFi connectivity across Australia, particularly in key tourism hot-spots
- Engage with regional communities to elevate education on the contribution of the visitor economy to empower local decision-makers and residents to embrace sustainable tourism development

5. Tourism workforce (ATEC priority: overcoming barriers)

Access to adequate and properly trained staff is critical to ensuring we have a tourism workforce capable of giving visitors a world-class experience. This is an issue which has the ability to severely hamper our efforts to compete with other global destinations and current policy settings have restricted the industry’s access to a variety of skilled staff at different skill levels.



Labour and skills shortages are an acute issue which is of particular concern to regional areas of Australia. A greater focus on developing tourism career paths and promoting it as a long term career option for younger people is a consistent theme from industry operators across the nation. Kathryn O’Brien from Hamilton Island shares the challenges of attracting and keeping staff in regional locations.

Hand in hand with labour shortages come problems of service delivery, quality and consistency and Australia needs build on and maintain a reputation of offering

According to James Baillie of Baillie Lodges and Chair of Luxury Lodges Australia, the situation is dire in regional and remote areas where his lodges operate.

Ballie says advertisements for staff get minimal applications and Australians are ‘often almost non-existent’, with the reality being that tourism couldn’t function without the working holiday visa program.



“I believe that to service the current and projected growth, Australia will need to embrace a visiting worker program to fill the vacuum in hospitality jobs that locals don't want, or aren't trained to do.”

“The reality however, is that long before we get to 2030, the Australian tourism industry will need to be supported by a non-permanent labour force from offshore.”

Compounding the labour shortage issue is the perceived attractiveness of tourism and hospitality as a sought-after career choice. Our industry needs defined career development pathways to attract and retain young people with the objective of offering a long term and valued career. Craig Wickham of Exceptional Kangaroo Island says that youth in tourism is critical to our industry's future success:



“This is a real job, a real industry and we need to find ways to support that with the right pathways throughout people’s careers” Craig Wickham, Exceptional Kangaroo Island.

ATEC RECOMMENDS

- Maintain funding for the Youth Jobs PaTH program
- Allow for greater visa flexibility to ease seasonal challenges
- Support the development of employer cooperatives to attract, train and share a quality workforce program

6. Business and product sustainability (ATEC priority: tourism evolution)

Australia has now enjoyed almost a decade of tourism success and we have so far been largely capable of growing our industry to meet the steadily increasing demand. As our markets mature, they will require a deeper Australian experience and our products will also need to adjust and adapt to new and emerging markets.

Moving existing product forward and keeping pace with new tourism disruptors will require a focused body tasked with looking at barriers to success and addressing issues including collaboration, commercialisation, international engagement, skills and regulation reform.

In 2014, the Federal Government announced the creation of Industry Growth Centres, an initiative to drive innovation, productivity and competitiveness by focusing on areas of competitive strength and strategic priority.

ATEC believes a Growth Centre for Tourism 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 which have been widely supported:

- KITE (*Know-How for Inbound Tourism Excellence*),
- ELITE (*Emerging Leaders of Inbound Tourism Excellence*),
- BRITE (*Building Readiness for Inbound Tourism Excellence*)
- 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. A comprehensive China Pathway program is also under development to maximise business' capacity to service the growing China inbound market.

Tourism business capability development remains an area of 'market failure' which has fallen between the policy cracks of our industry – we need to invest in the supply side of our industry – including the people and those at the coalface delivering the experience.



As Grant Hunt told ATEC, our industry is doing well and we are successfully engaging with a number of markets but Australia's tourism businesses can, and in the future must, do better.

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.

ATEC RECOMMENDS

- The government establish a Growth Centre for Tourism within the Department of Industry
- Direct surplus funds from the budget allocation for growth centres (this is not currently exhausted) towards the establishment of this growth centre
- Invest in industry driven programs that meet the need to build capability

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.

We thank you for the opportunity to present this submission.
