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Australian Chamber- Tourism Pre-budget Submission 2022-23

January 2022



Australian Chamber
-Tourism

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Introduction

As the peak body for business groups operating in tourism, Australian Chamber – Tourism recommends the 2022-23 Budget include a suite of dedicated initiatives to support rebuilding tourism businesses and kickstarting tourism growth in order to continue to contribute to Australia's future economic and social wellbeing and spread the benefits across the country. Our advocacy covers international and domestic tourism, as well as all sectors in tourism, from business events and hospitality to cruise and transport.

Prior to COVID-19 and the 2019-20 Bushfire crises, Tourism was a driver of growth for the Australian economy, with domestic and international tourism spend totalling \$122 billion in 2018-19, and a direct benefit to the regions, with 44 cents of every tourism dollar being spent in regional destinations. In the same year Australia generated \$60.8 billion in direct tourism gross domestic product (GDP), representing a growth of 3.5 per cent over the previous year – faster than the national GDP growth. Tourism was Australia's fourth largest exporting industry, accounting for 8.2 per cent of Australia's exports earnings. Tourism also directly employed 666,000 Australians, making up 5 per cent of Australia's workforce. However, Tourism suffered from Australia's image internationally being negatively impacted by reporting of the bushfire activity and was also first to feel the impacts of COVID-19. This continued throughout 2021, with several periods of lockdowns and restrictions in states and territories at various periods of time.

2022 represents an opportunity to support and rebuild tourism businesses, so that Australia can continue to benefit from the significant contribution tourism makes to Australia and Australians. With some restrictions still in place into 2022 and uncertainty over new COVID variants a live issue, tailored support will be necessary to ensure the survival of sectors that are not going to recover until later in 2022 due to ongoing international travel restrictions and related hits to consumer confidence, including travel and international tour operators and business events.

If managed well, there is also a real opportunity for the Australian market to be the front runner following the re-opening of borders, when international markets start vying for the tourist dollar. The right policy settings are vital to ensuring Australia can once again enjoy the jobs, growth and export income that tourism creates, including the multiplier effect generated, for example from trade and consumer shows, and the specific benefits to our regional communities.

The Tourism Restart Taskforce, established by Australian Chamber – Tourism to help restart tourism following the global pandemic, continued to meet throughout the year. The taskforce comprises of tourism industry leaders and has created a number of iterations of an industry roadmap to assist in recovery efforts throughout the year, providing a runway back to operations for the industries that comprise Australia's largest services export and the creator of one in 13 jobs in the Australian economy.

Australian Chamber – Tourism has identified key policy initiatives for the Government's consideration in order to assist in the recovery and capitalise on the potential of the visitor economy. This submission includes insights from industry and our member network. Australian Chamber-Tourism also supports the recommendations made in the broader ACCI Pre-budget submission regarding skills, employment and migration.

Recommendation 1: Extend financial support to tourism businesses still heavily impacted by government restrictions arising from COVID 19

Recommendation 2: Remove the passenger movement charge to improve Australia's overall price competitiveness and attract visitors in the post COVID-19 travel environment

Recommendation 3: Remove the Fringe Benefit Tax on entertainment and travel for a limited period of up to two years and reinstate deductibility for business expenditure on entertainment and travel

Recommendation 4: Increase Tourism Australia funding to \$240 million per annum with an ongoing domestic role and an increase to the business events bid fund.

Recommendation 5: Extend the EMDG scheme to businesses that were previously deemed ineligible due to reaching the maximum eight grant limit as well as specifically for tourism businesses that will need to rebuild trust and confidence in key as well as new and emerging markets

Recommendation 6: Commence an improvement of the Tourist Refund Scheme system

Recommendation 7:

- **Monitor and if needed regulate insurance classes to ensure certainty and affordability for the tourism sector**
- **Consider other alternative risk mitigations such as advance deposit schemes that underwrite the tourism and events supply chains**

- Introduce a national, Commonwealth led event reinsurance scheme, achieved in partnership with state and territory governments, to cover for government-enforced cancellations and postponements resulting from COVID-19 restrictions
- Adequately fund a Discretionary Mutual Fund (DMF) to cover risk for the leisure industries that include parts of the tourism sector

Recommendation 8: Retool passenger facilitation systems to enable contactless movement through Australian ports

Recommendation 9: Increase Funding for Tourism Research Australia

Recommendation 10: Develop Australian Product

10.1 Reinstate a coordination role around domestic promotion and product development within Tourism Australia to ensure development aligns with strategy. 10.2 Continue the prioritisation of funding for tourism infrastructure projects under all existing hard and soft infrastructure grants.

10.3 Develop a Visitor Economy Development Fund which includes capacity building as eligible projects.

10.4 Integrate initiatives that build capacity in long term tourism strategies.

Recommendation 11: Reinstate the Tourism Labour Force Survey

Recommendation 12: Allocate \$10 million to develop a promotional campaign to encourage careers pathways in Tourism and Hospitality

Recommendation 13: Accelerate visa reform, including rapid rollout of streamlined and online visa processes

Recommendation 14: Implement additional measures to address skills and labour shortages

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1 Extend business support

The success of the tourism sector has been severely impacted for over two years now, since the reporting of the bushfire activity in 2019 and the ongoing COVID-19 pandemic throughout 2020 and 2021. Australia lost almost \$80 billion in tourism revenue in 2020,¹ and significant loss although not yet formally quantified, would have also occurred in 2021. The unpredictability of State & Territory government decisions on borders made it difficult for many tourism businesses to successfully pivot to domestic travel, and it is not possible to replace all of the \$63 billion spent by international tourists with domestic spend as the spending and travel patterns differ significantly.

Although restrictions have now started to ease in line with the National Plan, there is still a way to go. While there are no official lockdowns, business conditions are tough, with reports of a “shadow lockdown” as many people are opting to stay home amid the Omicron outbreak. In addition, many tourism businesses, particularly those which overwhelmingly relied on international tourism, continue to struggle to survive until the international border is reopened for tourists. The cruise ban is also still in place and there remains no indication when it will be lifted, impacting not only the cruise operators but those who depend on cruise tourism.

Even when the international border fully reopens and the ban on cruise is lifted there will be a lag at the reopening period due to the delay in the ability to attract customers and revenue. For example, given the significant lead time required for sectors such as business events and cruise, many businesses are facing the challenge of surviving without functional revenue, as any deposits received for future activity must be securely held until services are delivered. This means these businesses will continue to run at a loss for another six months or more.

In addition, the Omicron variant has demonstrated the extreme unpredictability that businesses who are reliant on inbound visitors have faced in almost two years since the borders were closed, and could face again should another variant emerge.

It is imperative that these businesses are delivered support so they can bounce back and continue to contribute to Australia’s global competitive advantage in tourism, business events and major events in the future. It is important to remember that the struggle to survive is through no fault of their own, but as a result of COVID and government-imposed sanctions to manage the health crisis.

The most important support that can be delivered to business to enable future success is through:

- certainty in the way federal, state and territory governments respond to new COVID variants including in relation to restrictions, borders, international travel and quarantine requirements;
- effective roll out and implementation of the vaccination and vaccine booster program.

¹ Deloitte Access Economics, The Value of Tourism, June 2021.

It is essential that support measures are provided to businesses that will continue to be negatively impacted beyond the lifting of restrictions, including the Travel Agents, ITO sector and business events.

Recommendation 1: Extend financial support to tourism businesses still heavily impacted by government restrictions arising from COVID-19

2 Removal of the Passenger Movement Charge

Particularly in the COVID-19 recovery period, existing taxes and charges will reduce demand for tourism services. In the 2019 Travel and Tourism Competitiveness Report, Australia ranked 130th of 140 countries for tourism price competitiveness. The component that creates this abysmal ranking is ticket taxes and airport charges. This includes the price of visas to come to Australia as well as the Passenger Movement Charge. In the absence of most international travel these taxes and charges are not being collected to any great extent.

In addition to direct demand stimulus undertaken by Tourism Australia, the Government is asked to consider at least a reprieve in these demand dampening charges, specifically the Passenger Movement Charge. Contrary to international agreements, the Passenger Movement Charge is already being treated as general revenue by the Government and raises significantly more than the costs such as border processing including customs, immigration and quarantine it was introduced to cover. Pre-COVID, the Passenger Movement Charge generated over \$1 billion in tax revenue each year. Spending on border management in 2017/18 by Home Affairs and Department of Agriculture and Water was a maximum of \$616 million² which is a considerable over-collection of revenue.

The Passenger Movement Charge has increased by over 120% since it was first introduced (to replace the departure tax) in 1995. A 5-year freeze on any increases to the passenger movement charge commenced on 1 July 2017, meaning that it will be shortly be open to Government to once again increase the amount. In a post pandemic travel environment, where competition for visitation in the international market will be intense, even a small disadvantage will set us back considerably.

² The Department of Home Affairs Border Management Program cost \$242m in 2017/18. The Department of Agriculture and Water Resources Australian Quarantine and Inspection Service cost \$374m in 2017/18. Australian Quarantine and Inspection Service Special Account is used for the purposes of providing quarantine, inspection and certification services for passengers, cargo, mail, animals, plants, and animal or plant products arriving in Australia and agricultural products exported from Australia) This covers both goods and passenger inspections with no line item for passengers listed separately.

Recommendation 2: Remove the passenger movement charge to improve Australia's overall price competitiveness and attract visitors in the post COVID-19 travel environment.

3 Removal of Fringe Benefit Tax on Entertainment and Travel

Fringe benefits tax (FBT) provides only a small contribution to the overall tax take (0.85 percent of total tax revenue in 2018-19) but represents a significant cost to business and acts as a disincentive to employment and constraint on consumption. This proposal is aimed at stimulating domestic spend on tourism and hospitality products in the medium-term to assist recovery.

FBT is levied on non-cash benefits an employer provides to an employee, including entertainment-related expenses such as food, drink or recreation and any accommodation or travel in connection with it. The tax, paid by the employer, is at the top personal income tax rate, which is significantly higher than the corporate tax rate. While fringe benefits are not included in an employee's taxable income, the value is included in their payment summary on a 'grossed-up' basis. Therefore, the fringe benefit is effectively treated as if it is purchased out of after-tax income of the employee.

FBT involves a considerable amount of red-tape and adds administrative costs to businesses. The administrative burden, in addition to raising an employer's wages bill, acts as a major disincentive to take on new employees.

The removal of FBT on entertainment-related expenses for a limited time, such as meals and entertainment, and travel and accommodation will boost spending in sectors hardest hit by the COVID-19 shutdowns, such as accommodation, restaurants, cafes and bars. In addition, there is opportunity to stimulate the domestic corporate incentive sector and encourage domestic tourism activity.

Recommendation 3: Remove the Fringe Benefit Tax on entertainment and travel for a limited period of up to two years and reinstate deductibility for business expenditure on entertainment and travel

4 Increase Tourism Australia Funding

Tourism Australia is a world leader when it comes to international destination marketing and it is critical that it remains a leader given the highly competitive international tourism market. In response to the Bushfire crisis, Tourism Australia took on a domestic marketing role in addition to international marketing efforts which was welcome. Domestic Tourism campaigns by Tourism Australia and State Tourism bodies launched in June 2020 are welcome. The international recovery campaign along with the domestic campaign in partnership with states and territories demonstrated how vital the activities of Tourism Australia are. The post pandemic environment will create opportunities for Australian tourism both internationally and domestically, which Tourism Australia should be well resourced to fully take advantage of. Tourism Australia is tasked to promote Australian tourism at a time in which there will be fierce competition in the global market to capture tourist spend.

In 2019, the Federal Government gave a welcome funding commitment to Tourism Australia announcing \$644.7 million over four years. Tourism Australia has received additional targeted funding in 2020 and this will total \$195 million in the FY 2020-21. Given the post COVID-19 marketing effort needed, funding needs to increase to \$240 million over the forward estimates for FY 22-23.

Australian Chamber – Tourism welcomed the announcement by Government this month that an additional \$3 million will be given to Tourism Australia to support a marketing program to target backpackers and students. It is also vitally important that Tourism Australia is equipped to attract tourists to Australia once the borders reopen to all international travellers. The marketing effort post COVID-19 will involve targeting markets as they open, as well as more generally. We have seen some bi-lateral arrangements such as with New Zealand, Singapore, Japan and Korea. Any further gradual opening to tourists in a market by market approach will require a focussed marketing effort based on upcoming market arrangements. Tourism Australia will need to pivot their efforts to new markets as they become open for travel to Australia. These specific markets may not be those in which individual business and Tourism Australia have any experience or presence in and therefore require adequate funding including for Business Events Australia to deal with the challenges.

In addition, as Australia opens up to tourists broader, a greater effort will be required to compete with other countries for tourists, and to ensure Australia remains an attractive destination including by managing any perceptions relating to how Australia responds to potential new variants of COVID.

Recommendation 4: Increase Tourism Australia funding to \$240 million per annum for FY 22-23 with an ongoing domestic role and an increase to the business events bid fund.

5 Extend the Export Market Development Grants Scheme

The Export Market Development Grants (EMDG) administered by Austrade was expanded at the beginning of the COVID-19 interventions. This increased flexibility and provided support for the marketing effort by individual business, which is vital if businesses are to leverage demand generation that will be activated by the Federal and State Governments.

This recommendation reflects the need for tourism businesses to claim for investment in promotional activities, particularly in the post pandemic scenario where these businesses would most likely need to change markets or refocus marketing efforts towards existing markets to bring back visitors. Trust will need to be rebuilt in key as well as new and emerging markets. The recommendation also highlights the need to extend the EMDG to businesses that have already reached the maximum grant quota of eight.

Recommendation 5: Extend the EMDG scheme to businesses that were previously deemed ineligible due to reaching the maximum eight grant limit as well as specifically for tourism businesses that will need to rebuild trust and confidence in key as well as new and emerging markets.

6 Reform the Tourist Refund Scheme

The antiquated Tourist Refund Scheme (TRS) is an embarrassment to Australia. Pre COVID-19, departing tourists were being delayed by long queues while they wait for paper-based manual processing of their goods and services tax (GST) refunds. The system delayed the departure of international flights and left a negative final impression of Australia.

Shopping is a key holiday attraction for many tourists particularly from Asia and our out-dated system is a deterrent to return visits and to increasing retail sales. This issue has been on the table for several years while competitors have forged ahead with simple and quick online processing.

The barrier in the past has been the reduction in GST revenue that may result from more efficient refund processing (through outsourcing). Given that international travel has reduced by 97 percent, revenue is virtually zero. This being the case, it is an ideal time to improve the TRS system in advance of the restart. In the COVID-19 recovery period every dollar that can be earned from international visitors will be vital to capture. The efficiency of the TRS will assist in creating additional retail spend.

Recommendation 6: Commence an improvement and/or transition of the TRS system.

7 Insurance Reform

Visitors and business involved in the broader tourism sector insure against the risks of travelling and providing services to visitors. Insurance classes such as workers compensation, public liability and travel insurance all face impacts from COVID-19. Businesses are responding to these risks by being more flexible with bookings and refunds but will need the support of insurers and their underwriters to be able to offer the certainty that insurance provides, at a cost the insured can afford. There may be a role for Government in monitoring and, if necessary, regulating to ensure certainty and affordability can be achieved.

This recommendation reflects the need to ensure that insurance responses to COVID-19 do not make insurance inaccessible for tourism and visitor facing businesses, especially Workers Compensation, Public Liability, Travel and Event insurance. Affordability and accessibility of adequate insurance coverage is crucial so that businesses can protect their employees, their consumers and their operations. There are a number of key insurance concerns currently faced by the tourism sector, including operators not being able to access appropriate insurance products or facing issues with renewal increasing premiums and decreasing cover; the lack of a national solution to the business events cancellation risk; coverage of supply chain risks; and the unavailability of travel insurance that covers travellers quarantining and contractions of COVID-19 is a serious issue in the lead up to easing border restrictions and the flow of international travellers resuming.

Liability caps may be imposed if necessary, to ensure businesses remain solvent. An accessible and competitive travel insurance market will facilitate travel and not act as a deterrent in an already tight and competitive market. The Australian Small Business and Family Enterprise Ombudsman (ASBFEO) Insurance Inquiry Final Report also recommended that the liability for personal injury should be subject to statutory caps and where there is only one or no insurers left in a professional indemnity market, that the Federal Government should provide an insurance scheme of last resort for small business.

Consideration should also be given to other risk mitigation measures, such as advance deposit schemes that underwrite the tourism and events supply chains. It is expected that post-COVID there will be international expectation of changed payment arrangements that will severely impact cash flows in Australian businesses in the medium term.

In addition, on 6 December 2021 ASBFEO released its final report into the insurance crisis facing Australia's amusement, leisure, and recreation sector, *'Discretionary Mutual Fund Review Final*

Report: 'The Show Must Go On'. In conjunction with the interim report, the final report has explored and found that a Discretionary Mutual Fund (DMF) is currently the only workable and durable solution to enable the amusement, leisure and recreation sector to remain operational in a hardened global insurance market. It was highlighted that if these businesses cannot secure risk protection, they face imminent closure and that will lead to significant job losses (particularly in regional areas) and a loss of economic activity generated by metro and regional shows and amusement parks. The DMF solution as set out in the final report is reliant on all foundational support from all levels of government, including Federal. Adequate funding of the DMF is necessary to cover risk for the leisure industries that include parts of the tourism sector.

Recommendation 7:

- **Monitor and if needed regulate insurance classes to ensure certainty and affordability for the tourism sector**
- **Consider other alternative risk mitigations such as advance deposit schemes that underwrite the tourism and events supply chains**
- **Introduce a national, Commonwealth led event reinsurance scheme, achieved in partnership with state and territory governments, to cover for government-enforced cancellations and postponements resulting from COVID-19 restrictions**
- **Adequately fund a Discretionary Mutual Fund (DMF) to cover risk for the leisure industries that include parts of the tourism sector**

8 Improve Passenger Facilitation

As the Australian border reopens, it is an ideal time to invest in the already agreed work program to streamline the systems and processes for movements of passengers across the border. The streamlined process and contactless travel will also assist in making ports more COVID safe.

The return to effective implementation of new generation of Smart Gates will greatly improve passenger movements. In addition, while the funding committed for the introduction of the new Digital Passenger Declaration and development of the underlying permissions capability technology is welcome, more needs to be done.

Further trials of coordinated passenger identification, luggage handling, security screening and processing, including cooperation between ports, airlines and ships must be progressed as a matter of priority. Australia is losing competitiveness in the area of passenger facilitation in ports, which will affect our attractiveness as a destination.

Additionally, the decision by the Australian Border Force/Department of Home Affairs to pass on the full fixed and variable costs of facilitating passenger movements for all new commencing international services, to the ports themselves, is a disincentive to the growth of services and routes. Smaller airports wishing to commence international routes will not be able to fully fund on an ongoing basis the Border Force passenger facilitation charges, and thus will abandon the idea of expansion altogether, stymying tourism growth and dispersal to the regions. The International Port Operators Policy also perversely benefits the established ports in larger cities, which get a competitive advantage in comparison to other airports without current international routes.

Recommendation 8: Retool passenger facilitation systems to enable contactless movement through Australian ports

9 Increase Funding for Tourism Research Australia

Successful investment in tourism needs to effectively and appropriately target emerging growth markets. To enable this, Government and business need accurate data in a timely manner, increasingly at an individual level. The current global pandemic has also highlighted the need for accurate research and data within our existing markets to gauge interest in Australian travel and products. This will be needed to target and tailor marketing and promotional campaigns and create new and interesting products for our international and domestic visitors. Tourism Research Australia already provides very useful information through the National Visitor Survey Results, International Visitor Survey Results and the State Tourism Satellite Accounts, however this data has proven to be relatively broad and simplistic in contrast to Australia's competitors. It is vital that Tourism Research Australia pursue new collection methodologies to ensure that timely, individual, predictive data is made available to industry and Tourism Australia and State/Territory tourism market bodies. It is also important that the relativity of the National Visitors Survey and International Visitors Survey time-series is maintained. Significant investment is required to bring in third-party data to achieve this objective. The data sets must be able to determine search and booking behaviours, potential visitation and spend. There is scope to broaden data collection and produce industry specific research to aid in the recovery and ramp up of tourism in Australia.

Recommendation 9: Increase funding for Tourism Research Australia to improve the availability of timely and relevant data in an increasingly competitive post COVID-19 travel environment and to assist in the monitoring of the recovery activity in as close to real time as possible.

10 Developing Australian Product

Re-growing the number of domestic and international visitors presents the challenge of continuing to provide a diverse range of product that will attract new and repeat visitors, along with promoting geographic dispersal of visitors and ensuring that tourism infrastructure is up to the task. Federal governments have an inconsistent history when it comes to funding tourism-related and demand-driven infrastructure. Local grant programs appeal to governments and local members because they can produce valuable product. On occasion, they fail to link their focus and investments to the broader objectives. There is an ongoing need to fund tourism-related infrastructure including smaller projects that can drive demand and develop quality product by understanding existing and potential markets.

The Australian Chamber recommends the Government consult with industry in the allocation of tourism development funding and the infrastructure programs for tourism.

10.1 Product Development Coordination – Tourism Australia

In 2013, Tourism Australia was refocused solely on international promotion. This concluded a long period of support for domestic tourism at a national level. The national coordination of product development was an unintended casualty of this policy change. Often infrastructure decisions are not connected to the national tourism strategy, and at times not even to the destination marketing and tourism strategies, as has been the case with important products in the past such as the Great Ocean Road. Tourism Australia's promotion of Australia is increasingly product focused. Many aspects of the tourism sector rely on a good supply of local, quality tourism product. Tourism Australia should Post-COVID retain some component of product development and destination marketing coordination, and be funded appropriately.

10.2 Prioritising Tourism Infrastructure Projects

Australian Chamber-Tourism welcomes the focus on regional tourism projects by earmarking \$100 million of the grant in the fifth round of the Building Better Regions Fund to tourism related infrastructure projects.

There is need to improve tourism-related infrastructure and support demand driven projects. Prioritising infrastructure with the aim of boosting local tourism has wider benefits for an entire local community. Particularly as domestic tourism is the basis for the restart post COVID-19 and drive tourism will likely be the starting point, increasing the capacity of a regional conference centre, a road leading to a local attraction, improving facilities for tourism vessels such as houseboats or expanding a regional airport directly benefits not just tourism operators but the regional economy more broadly. Long-term projects such as these will increase local tourism numbers and deliver benefits to the wider community, directly and indirectly, year on year. The Australian Chamber – Tourism also highlights the need for prioritisation of ground and waterways infrastructure for tourism.

In relation to supporting business events, consideration should also be given to conducting a national audit and infrastructure study of local and regional capacity and potential, including

transport, venues, accommodation, catering, attractions and event planners. Such an audit would support informed planning, investment attraction and growth, especially in regional areas.

10.3 Visitor Economy Development Fund

The Australian Chamber recommends the creation of a Visitor Economy Development Fund to fund new and additional visitor economy related programs, including research and development.

10.4 Building Capacity

The continuing attraction of Australia as a tourism destination to both domestic and international visitors is dependent upon a supply of quality experiences. The quality of tourism products is integral to attracting visitors, their experience, satisfaction and achieving greater spend. Product quality is a function of both infrastructure and skilled labour, both of which determine the standard of the product provided to the consumer. The supply of quality product is an issue across the country but is particularly limited in the regions. The quality of tourism product that is available needs to be promoted as part of promoting Australia and individual destinations. The gaps in available product need to be filled through the development of new or enhancement of existing operator capacity and product. Ongoing capacity building needs to be embedded in long-term tourism strategies. The Australian Chamber-Tourism calls on the Government to invest in building the capacity of tourism operators, particularly in relation to their export readiness and to facilitate investment in tourism product that builds tourism demand.

Recommendation 10: Develop Australian Product

10.1 Reinstate a coordination role around domestic promotion and product development within Tourism Australia to ensure development aligns with strategy.

10.2 Continue the prioritisation of funding for tourism infrastructure projects under all existing hard and soft infrastructure grants.

10.3 Develop a Visitor Economy Development Fund which includes capacity building as eligible projects.

10.4 Integrate initiatives that build capacity in long term tourism strategies.

11 Reinstate the Tourism Labour Force Survey

The Tourism Labour Force Survey 2015-2020 commissioned by Austrade worked to highlight the labour and skills needs of the sector. Deloitte Access Economics conducted a survey of tourism businesses to provide a snapshot of conditions in the tourism labour market. The focus of the survey was on the extent of recruitment, retention and skills deficiencies experienced by businesses. Industry welcomed the report's insights with expansion and growth activities planned around the labour and skills pipeline. However, the survey has not been undertaken since then leaving a gap in the insights available to the industry and Government.

With most hospitality and tourism businesses impacted by either or both crises, an accurate picture of the labour and skills in the industry as well as forecasts for the future are vital to allow businesses to rebuild and industry to regain lost ground. In the post pandemic environment, accurate industry insights will assist not only business but also those that have lost jobs and are looking to re-engage. It will also assist the Government to tailor assistance measures to specific sectors.

Recommendation 11: Reinstate the Tourism Labour Force Survey.

12 Encourage Career Pathways in Tourism and Hospitality

The task of rebuilding the tourism and hospitality workforce is immense. The 2015-2020 Tourism and Labour Force Survey reflected the dire need for skilled labour in the industry. In addition, the people behind the 310,000 jobs lost during the period of COVID-19 restrictions have either moved on to other careers in industries that were not as highly affected by lock-downs or relocated over this period.

With businesses looking to re-open and rebuild, trained and skilled labour will be needed across the board to assist in the recovery efforts. The skilled labour shortage in the industry will only exacerbate unless efforts are made to draw those looking to upskill into the industry.

The sources of labour that need to be considered for the recruitment effort include, school-leavers, people in the welfare system, women returning to the workforce, career changers, mature-aged workers, unskilled overseas workers (WHMs and students), skilled migrants and the families of skilled migrants. All of these sources of labour need to be targeted to fill current and future vacancies.

Meeting the labour challenges faced by the tourism and hospitality industry is going to require a coordinated cross-sector effort to re-position the image of the industry in the mind of potential jobseekers both on and off shore. This has been tried several times with only minimal success. The most successful campaign of this type was the Tourism Australia 'Best Job in the World', however, this predominantly focussed on the Australian destination as opposed to the individual job roles.

It is anticipated that this repositioning effort would include a number of elements including:

- The development of creative that positions tourism and hospitality as a great place to work;
- The use of creative in a campaign that is focussed in social media targeted to the markets identified in the sources of labour;
- The development of a platform that matches candidates and employers including screening of both candidates and employers, promotional elements and training pathways, and
- Planning and coordinating virtual and face to face recruitment events.

The repositioning should take account of the factors that motivate the target markets including the opportunity to own a business in the sector and to travel. Each of the sources of labour would also have levels of intervention required to attract that group, including school-leavers, welfare recipients, women returning to the workforce, career changers, and mature-aged workers. It should also cover working holiday makers and international students while the skills and labour crisis in the hospitality and tourism sector remains ongoing.

The promotional campaign should be funded to encourage career pathways in tourism and hospitality whilst also highlighting the importance of the Vocational Education and Training (VET) sector as an important pathway to develop labour and skills in the business and leisure tourism and hospitality industry to build a pipeline of skilled labour.

Recommendation 12: Allocate \$10 million to develop a promotional campaign to encourage career pathways in Tourism and Hospitality.

13 Accelerate Visa Reform

Australia's visa charges need to be more competitive – Australia ranks 130th of 140 Countries for tourism price competitiveness. The component of this that creates this abysmal ranking is ticket taxes and airport charges. This includes the price of visas to come to Australia as well as the Passenger Movement Charge.

The Competitiveness Index acknowledges Australia's improvements in visa conditions between 2013 and 2015, but still ranked Australia below the top five destinations for Chinese tourists. Since the index was released, the United States has added a 10-year visa for Chinese visitors costing US\$160, Germany has significantly reformed its visas and the United Kingdom has flagged reforms. In the absence of government action, Australia's 10-year visa for Chinese visitors will be at a cost more than four times higher than the US. This is acknowledged in the 2019 index.

As visitors are price sensitive, it is recommended that visa fees be lowered across the board particularly if the extremely high Passenger Movement Charge, which applies to all international travellers over 12 years old, is retained. Australian Chamber – Tourism welcomes the Government's commitment to refund the visa application fees for working holidaymakers for 12 weeks from 19 January 2022, which will be critical in attracting WHM to Australia and filling acute workforce gaps. However, the Australian Chamber–Tourism is concerned by the \$495 visa application charge for WHM beyond 13 April 2022 (also noting this is just prior to the Easter period, one of the peak periods for tourism and hospitality) The working holiday maker market is essential to Australian tourism, given their dispersal, length of stay and their contribution to the workforce, particularly in the regions. WHM are of great value to Australia, in pre-COVID times contributing \$3.2 billion in spend and filling 250,000 jobs, which is significant in the context of 1

Australian job being created for every 10 WHM visas granted. This temporary measure should be extended to ensure WHM can efficiently and affordably come to Australia beyond April.

In addition, the Australian Chamber – Tourism is calling for the fees for tourist visas to be temporarily refunded to attract visitors to Australia and maximise the benefits tourism can provide for Australia. Tourism creates a valuable pool of travellers who can share their experiences with others and who may return to visit Australia. As well as being ambassadors for Australian tourism, many visitors will make several trips across their lifetime. For each new international visitor to Australia, there is a lifetime value in connection to the multiple trips they will make to Australia, which can range from \$14,000 to \$38,000.³

The Australian Chamber-Tourism urges accelerated visa reform, as promised in the 2019 Federal Election policy, including more rapid roll-out of streamlined and online visa processes for citizens in rapidly expanding markets such as China, India and Indonesia. In particular, the Australian Chamber-Tourism urges the Government to undertake a thorough review of visa pricing with a view to enhancing Australia's competitiveness as a tourist destination. As part of this, the 2020-21 competitiveness review of visa charges, fees and processes should be promptly published and acted upon.

Recommendation 13: Accelerate visa reform, including rapid rollout of streamlined and online visa processes

14 Additional measures to address workforce shortages

The National Skills Commission reports that Accommodation and Foodservices will be the second highest contributor to employment growth in the Australian economy to 2025. The projection of an additional 139,900 jobs was undertaken prior to the job losses in 2021. This will increase the number of new jobs created in the next 3 years.

While this growth is positive, it is occurring at a time when the sector faces severe skills and labour shortages. Prior to COVID, it is estimated that the sector was 77,903 workers short. It is now estimated that 310,000 staff have been lost from the travel, tourism, accommodation, hospitality and events sectors since March 2020 meaning workforce shortages are being felt more acutely.

In addition to the measures outlined above about encouraging career pathways in tourism and hospitality, and accelerating visa reform to encourage working holidaymakers, Australian Chamber – Tourism supports a range of measures to address skills and labour shortages as outlined in the broader ACCI Pre-Budget Submission including those focused on skills development, participation, and migration:

- Vocational education and training – Locking in support for apprentice wage subsidies and subsidised training are needed to address the difficulties that many businesses have faced

³ Deloitte Access Economics, The Value of Tourism, June 2021.

over the last 18 months and the now chronic need for skills. Job seekers need access to accredited training courses, both qualifications and skill sets, that quickly upskill and prepare them for work.

- Employment – Adequately funding the enhanced services for the long-term unemployed to ensure it is able to function as intended; pursuing options to improve the outcomes of the PaTH program and extend it to other cohorts on the jobactive caseload, including people with disability and mature age jobseekers; allowing age pension recipients to earn more without impacting their pension to incentivise greater participation in the workforce; Reintegrating the publicly funded disability employment service back into the core employment system, and introducing stronger policies to make childcare more accessible, with more options available to assist parents to return to the workforce sooner
- Migration – Given the severe skills shortages and the lack of migrants in the last 18 months, there is a strong argument for the annual migration target to be higher for the next two years at least, so as to replenish the skills lost during the pandemic. The SAF Levy should also be removed for temporary and permanent employer nominated visas.

Full details of the recommendations are contained in ACCI's Pre-Budget Submission.

Recommendation 14: Implement additional measures to address skills and labour shortages as outlined in ACCI's Pre-Budget Submission

About Australian Chamber - Tourism

Australian Chamber – Tourism is a part of the Australian Chamber of Commerce and Industry, Australia’s largest business advocacy network. Australian Chamber – Tourism represents one in eight Australian businesses engaged in the visitor economy. It brings together key participants in the tourism sector to advocate better policies, including in the areas of tax, regulation, tourism marketing, research, labour supply, visas and infrastructure.

The Australian Chamber of Commerce and Industry speaks on behalf of Australian business at home and abroad.

We are the largest and most representative business advocacy network in Australia.

We represent more than 300,000 businesses of all sizes, across all industries and all parts of the country, employing over four million Australian workers.

Our membership comprises all state and territory chambers of commerce and leading national industry associations. Individual businesses are also members of the Australian Chamber’s Business Leaders Council.

The Australian Chamber strives to make Australia a great place to do business in order to improve our standard of living and sustain and create jobs.

We seek to create an environment in which businesspeople, employees and independent contractors can achieve their potential as part of a dynamic private sector. We encourage entrepreneurship and innovation to achieve prosperity, economic growth and jobs.

We focus on issues that impact on business, including economics, industry policy, trade, workplace relations, work health and safety, and employment, education and training.

We advocate for Australian business in public debate and to policy decision-makers, including ministers, shadow ministers, members of parliament, ministerial policy advisors, public servants, regulators and other national agencies. We represent Australian business in international forums.

We represent the broad interests of the private sector rather than individual clients or narrow sectional interests.

OUR MEMBERS



STATE AND TERRITORY CHAMBERS



INDUSTRY ASSOCIATIONS

