

Tourism & Transport Forum | www.ttf.org.au

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Friday 9 December 2022

Senator Deborah O'Neill
Chair, Trade Subcommittee
Joint Standing Committee on Foreign Affairs, Defence and Trade
Inquiry into Australia's tourism and international education sectors
Parliament House, Canberra ACT 2601
Via email to jscfadt@aph.gov.au

Dear Chair

Tourism & Transport Forum (TTF) is the peak industry group for the tourism, transport and aviation sectors, representing organisations from airlines and airports to hotel operators and iconic tourism attractions.

On behalf of our members, TTF's submission provides the Committee with information on how our sector can be best supported so it can be positioned as a key contributor to the post COVID-19 recovery of Australia's economy. We also outline the effectiveness of recent tourism campaigns overseas, how Australia can support tourism in the Asia Pacific region and finally touch on international student numbers and the resulting impact on our sector.

Part One: In relation to tourism

1. Challenges and opportunities for growth & how Australia can reassert itself as an international tourism leader

The major **supply-side challenge** for Australian tourism over the short to medium term is to **tackle the skills shortage** in order to provide the required labour to adequately service the sector. While the skills shortage is a challenge globally, Australia is now competing with other tourism markets who are offering incentives to attract workers. For example, Canada¹ is offering 'fast track' attraction programs to address their own skills shortage. Australia would benefit from an attraction program and incentives like this.

The support could include various business tax incentives, business funding programs, or more general business support, to improve pathway processes. Our industry will also continue to work with the Australian Government to highlight the many career pathways that are available for Australian workers, but this longer-term challenge will need to be supported in the short term by dedicated programs to attract international skilled workers to help address this major supply constraint.

The major **demand-side challenge** for the sector is to address the ongoing delays in processing **visitor visas**. There is approximately a backlog of around 900,000 visa applications across a range of visitor categories. While there have been recent streamlines, a greater funding allocation will ensure that Australian tourism can meet the demand of international tourists.

There must be a complete and timely review of the entire Australian visitor visa system. Current visa settings are inadequate, and we have a real opportunity at present for game-changing visa reform to prepare for the workforce requirements of the visitor economy of tomorrow.

There is a misconception that the tourism industry is just cooks and chefs. It is a wide spread of professions including skilled workers in tourism management positions and highly skilled hospitality workers from overseas who have made the sector a lifelong career. Other areas that require focus include logistics, management, design and sustainability technology (i.e., in biofuels). Addressing and reviewing the visitor visa system will assist with this demand.

Another key challenge is to **re-attract air carrier aviation routes** to Australia from key markets, including Asia, North America and Europe. This has been exacerbated by the reluctance of carriers to put additional air routes on if the

¹ <https://destinationcanada.com.au/canadian-employer-options-for-hiring-foreign-workers/>

demand cannot be met due to the soaring cost of international air fares, driven by increased fuel prices due in part to international factors. Australian policymakers are encouraged to continue to press the case at bilateral engagements, and international forums that there is long term growth in demand within the Australian market for additional air routes.

There is a real opportunity for the Australian tourism sector to leverage off a range of **upcoming world class major events in the years ahead** to boost long-term visitation. These include the Brisbane 2032 Summer Olympics, the Men's and Women's Rugby World Cups in 2027 and 2029 respectively, Sydney WorldPride 2023 and (together with New Zealand) the FIFA Women's World Cup, both as soon as next year. Australian policymakers are encouraged to ensure that these events are appropriately leveraged to maintain visitation long after the events are complete, similar to efforts that took place when Sydney hosted the Summer Olympics back in 2000.

Ultimately, the **opportunities are many** and, in a world of increased uncertainty and risk, Australia remains a safe and secure destination for travellers to visit. There is also increased demand globally for tourism segments like nature-based tourism (see further below - *promotion of regional Australia as a world class international travel destination*) and events related tourism, both of which Australia provides first class premium content.

2. Effectiveness of recent tourism campaigns overseas

In October, Tourism Australia launched its new \$125 million global campaign, 'Come and say G'day'², the first global campaign in six years, which is now live in international markets. This campaign, as part of the wider 'There's nothing like Australia' brand platform will be critical in securing tourism growth particularly from key markets like the US and Canada. Various states and territories are also launching campaigns to reattract international visitation.

With respect to the come Say G'day Campaign, the below outlines some of the early results as of 28 October 2022:

- *The campaign has generated 2,800 total media mentions with an estimated advertising value of \$34.26m;*
- *Global views of the film since launch tracking at 101m across all channels;*
- *Aus.com website had 508,724 visits, 55% growth (compared to 9 days prior). The top 3 markets with strongest growth visits include India (372% growth), Canada (233%) and Malaysia (147%).*

TTF recommends **sustainable funding** of at least \$300 million annually for Tourism Australia each year over the long term, to ensure that the organisation continue developing campaigns in order for Australia to compete with other destinations as part of the tourism recovery.

3. Promotion of regional Australia as a world class international travel destination

Australia enjoys a reputation for having world class regional content as part of its global tourism offering. Since the global pandemic, there has been a growing demand for nature-based tourism experiences globally. The World Travel & Tourism Council (WTTC) found 52 per cent of consumers are more likely to take an outdoor trip than before the pandemic, 47 per cent want their next trip to be in nature and 83 per cent of global travellers want to make sustainable travel a future priority.

While we have great natural assets, **Australia is not well-prepared to meet this increased demand without significant investment**, as many of our national parks and nature-based experiences don't have the infrastructure or facilities to accommodate increased patronage. Without this investment, Australia's tourism industry is forecast to miss out on at least \$50 billion per year by 2030, as travellers look to competitor destinations. Greater investment would also create environmental and social benefits through improved conservation and by **respectfully engaging with traditional owners**, ensuring nature-based experiences focus on indigenous culture.

Finally, incentives could be put in place to encourage Australians, particularly **young Australians**, to work in the sector including in regional locations. One possible mechanism is reduced fees for appropriate skills and training programs if the first year of employment is in a suitable region.

4. Role of Australia as a hub in support of tourism in the Asia Pacific region

Given Australia's proximity to major high yield tourism markets in Asia and our offering with respect to clean, green, safe and secure travel, the Australian Government is encouraged to work even more closely with other partner countries to further promote our status as a tourism hub within the Asia-Pacific region.

² <https://www.tourism.australia.com/en/resources/campaign-resources/come-and-say-gday.html>

Australia, New Zealand and the Pacific all have unique strengths in our respective tourism markets, we are also all long-haul destinations. Our geographic location should be leveraged in a range of innovative ways, such as stop-over incentives, package offerings and streamlined travel movements. Australia should continue to closely engage with New Zealand policymakers across a range of issues including the progression of joint visa offerings and potentially the opportunity to visit two to three other countries within the Pacific region as part of this visa reform.

5. Other Related Matters

Regulations, policies and procedures should never be set in stone and need to be constantly reviewed to ensure they remain fit-for-purpose – accounting for structural changes and innovations in the industries they service. For example, in previous years the **Passenger Movement Charge (PMC)** (levied at \$60 per departing international passenger) was raising approximately double the amount it cost to administer border services. Legislation to relinquish the PMC until 2030 and use existing government funding to fund border services should be considered.

Two additional examples to highlight are the **luxury travel and youth markets** – which are obviously attracted by different Australian offerings. The **luxury travel market** which is high yield is looking for unique experiences but in a five-star environment with first class eating and shopping options and luxurious accommodation with excellent customer service. Retirees are a significant component of this market meaning they often take longer trips visiting more than one destination and spend more money.

The **youth market** is lower yield but just as valuable. These travellers spend their money on adventures and experiences rather than on accommodation and food. Domestic youth travellers should be encouraged to have their “rite of passage” travel experience in Australia experiencing all the adventure activities on offer. This will require market repositioning, youth friendly travel schemes, flexible working settings in particular in regional and remote settings as well as a wider repositioning of the tourism and hospitality sector as an exciting and potentially longer-term career path for young people, both locals and international visitors, as they fund their ongoing travel.

Finally, Australia needs to continue positioning itself as the **leading environmentally sustainable destination of choice** for visitors in future years. One important initiative that has set us on this path is legislation to support Australia's adoption of net zero carbon emissions by 2050, in line with other similar nations globally. Other important initiatives the Australian Government could support alongside our industry, beyond the significant net zero emissions milestone, is the further development of aviation biofuel and related sustainable technologies.

Part Two: In relation to international education

6. Challenges associated with the loss of international student numbers and effective measures to attract and retain students to Australia.

There are significant pressures around procuring and maintaining the right skilled people for the right roles across Australian tourism. International students can provide an excellent pool of skills for the sector, given the range of industries represented. Australia should develop strategies and offer incentives to harness international students as a workforce, not just while they complete their degrees, but over the long term once they have earned their new skills.

Summary

Pre-COVID-19, Australia's tourism industry contributed almost 10 per cent of the nation's exports (fourth largest) and there were 2.8 million international airline passenger services over the month of February 2020. Our sector is resilient, and we can return back to this level of economic contribution over the long term, but we will need support to get there. Strategic investments in our industry over the coming years will enable us to again provide lasting economic benefits.

My team and I look forward to continuing to work with you and the Committee, and with the Government more broadly on a range of measures. Please reach out to the TTF Manager Policy and Government Relations Charlotte Renwick, [REDACTED] or [REDACTED], if you have any questions.

Yours sincerely

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Margy Osmond

Chief Executive

Tourism & Transport Forum