



Joint Standing Committee on Northern Australia

Committee Secretariat

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Friday 10 February, 2017

RE: Inquiry into Opportunities and Methods for Stimulating the Tourism Industry in Northern Australia – Tourism Top End Submission

To the Joint Standing Committee on Northern Australia,

Tourism Top End

Tourism Top End (TTE) is the peak Tourism Association in the Top End of Australia's Northern Territory and has been representing the interests of the Tourism Industry since 1973. Tourism Top End is a non-profit Incorporated Association committed to the growth of Tourism in the Northern Territory. We service and represent the interest of over 550 members and work in partnership with Australian Tourism Industry Council, Australian Hotels Association (NT), Tourism Central Australia, Tourism NT, NT Airports, Darwin Convention Centre and associated stakeholders to further develop Tourism in the Northern Territory. Our focus for this submission is on key enablers that allow us to build on and be more resilient with our traditional markets, let us respond to the challenges of our emerging markets in Asia, allow investment in visitor infrastructure that leverages our natural assets, and grow our industry resilience for the challenges ahead.

Economic Impact of Tourism

Tourism is a significant economic driver for the Northern Territory. Tourism in the Territory was estimated to be worth \$1.765 billion to the economy (GVA) and is an important employing industry.¹ This means the NT has a high reliance on Tourism compared to other states and territories.

¹ NT Tourism Satellite Account 2014-15



Red Tape

The Tourism and Hospitality industry in the Northern Territory is completely wrapped up in Red Tape that stifles productivity, costs industry money, provides no certainty for investors and is the cause for much industry frustration. A 2016 study conducted by Deloitte, “Get out of your own way” Unleashing productivity in the Tourism and Hospitality sector identified three themes across the Federal and Territory government that are impacting the development of Tourism in the Northern Territory:

- Access to Land and Tenure
- Access to People
- Customer Centric Service

Access to land and tenure is critical for future investment and to put this in context, over 50% of the Territory’s land is indigenous owned with a further substantial proportion under native title claim. We have an example of an indigenous family waiting for eight years for land tenure to be finalised, so they can start up an Indigenous Tourism business. Some land owners may not want investment to occur on their land, as is their right, but many people do in order to make economic freedom a reality, so all industry ask for is a timely yes or no.

Land access concerns extend beyond tenure arrangements, even in the very National Parks that are such a draw card for visitors to the Northern Territory, Kakadu, Litchfield, etc. The maximum licence or permit to operate in a Park is five years. Advice from the National Australia Bank suggests that a minimum land tenure/leasehold/permit of 25 years would be required before a bank would consider funding a commercial operation. So clearly, the rules and regulations make our industry commercially unviable, yet we expect Tourism operators to invest in delivering experiences, invest in new facilities and equipment, invest in marketing and promotion in the hope a licence or permit will be renewed. All industry ask for is certainty.

Some gains have been made in accessing people with the introduction of the NT Designated Area Migration Agreement (DAMA), but visa reform must stay high on the agenda as the NT slips into negative interstate migration. A key area of feedback from industry involves the Temporary Skilled Migration Income Threshold (TSMIT), which requires a minimum salary for subclass 457 visa holders at \$53,900 which is higher than hospitality award rates leaving some employers in a difficult position paying a migrant worker a higher rate than a local worker. Coordination across government agencies is required.

Working Holiday Makers are an important part of the access to people argument, but as we all know, our competitors in New Zealand and Canada offer similar tourism experiences with much lower costs, so we need to broaden the supply of semi and unskilled workers for Tourism and Hospitality. As demand for International education increases in Australia a potential part time workforce is evolving and resetting the study calendar to include a major



mid-year semester break (June, July August) would enable students to fill the workforce gap when demand for workers is at its highest.

Further efforts to encourage domestic migration will also assist with fulfilling the demand for labour across Tourism and Hospitality. Investing in Australia's Defence Forces, both infrastructure and people will assist the Northern Territory's population grow and spouses will provide much needed assistance with filling skilled and unskilled jobs. These new Territorians also inject enthusiasm into the 'visiting friends and relatives' segment as they showcase their new backyard.

The Tourism and Hospitality industry is overtly licensed by government regulation and industry tells us of the constant frustration of the time taken to provide the same information to different government authorities year in and year out. One example, is a small business owner was required to provide a police check to four different government agencies in order to fulfil his different licence obligations. Surely one police check would suffice and all agencies could obtain a copy? Government interactions need to be streamlined with a customer centric service delivery approach. **Recommendation 1** - We recommend the actions identified in "Get out of your own way" Unleashing productivity in the Tourism and Hospitality sector, Deloitte 2016 Report be explored.

Infrastructure

Infrastructure will play an integral role in the development of Tourism across the Northern Territory. Development should include a mix of public and private investment that enables visitation in shoulder and low seasons to increase. Several focus areas are listed below:

- **Roads** – only 25% of roads across the Northern Territory are bitumen. A focus on developing our road network to all weather access will benefit the Tourism industry, transport and logistics, the cattle industry and link regional towns and indigenous communities enabling economic development and growth. During the 2016 Federal election the Australian Automobile Association lobbied all sides of politics around 'congestion' across capital cities in the Southern states, yet for the Northern Territory the message was 'lay some bitumen' develop a road network that connects the Territory for business, leisure and recreation. **Recommendation 2** – Key roads infrastructure be developed across the Top End enabling all weather access to Tourism destinations.
- **Telecommunications** – gone are the days where we could say "come visit the outback, and leave the phone and stress of every-day life behind." Full access to telecommunications is essential and expected by businesses and consumers, and the Northern Territory has too many 'black-spots' that are inhibiting engagement and



business growth. The Australian Government's commitment of \$220 million to the Mobile Black Spot Program to invest in telecommunications infrastructure to improve mobile coverage along major regional transport routes, in small communities and in locations prone to natural disasters should be concentrated on Northern Australia and not prejudiced by the Northern Territory Government's fiscal ability to contribute or not. **Recommendation 3** – The Top End be included as a priority region under the Mobile Black Spot Program.

- Project One – Cruise Ship Home Porting. In 2014-15 the cruise ship sector contributed approximately \$54 million to the NT economy. The bulk of this direct expenditure was operational expenses of \$39 million, while direct passenger and crew expenditure was approximately \$14 million and importantly occurs during our tourism shoulder and low seasons of Sept through to March. A public/private partnership to develop amenity, facilities and services required to cater for a home port cruise ship will impact positively across many industry sectors, including airlines, travel and touring, logistics and services, support services, crew accommodation and training facilities, construction, hospitality and retail. Further detail is located at Cruise Sector Activation Plan - <http://www.tourismnt.com.au/en/strategies/sector-strategies/cruise-sector-activation-plan>
- Project Two – Kakadu National Park, Mary River Precinct Development. The Mary River Precinct is the southernmost of seven visitor precincts identified within Kakadu National Park and provides a great opportunity to develop infrastructure and product that extends the range of experiences offered in Kakadu that can be accessible for most of the Top End's wet season. In 2016 Shannon Architects released the Mary River Precinct Development Plan on behalf of Parks Australia that details the opportunities that can only be realised once investment in roads and bridges is completed. (Full Report Attached)
- Project Three – The largest Waterpark in Asia. Built to rival Sunway Lagoon in Malaysia, Sentosa Island in Singapore and others, a major Waterpark development in Darwin will complement our existing Tourism product and tropical lifestyle. Nature based Tourism will only support visitation growth from Asia to the Top End, to a point. Development of key attractions, retail and dining precincts with 'brag factor' will be crucial to further attracting Asian travellers to the Top End. The Northern Territory – Latest Visitor Data (attached), for the Y/E September 2016 shows Greater China and other Asia visitation at 35,000 visitors, (Page 3 of 4) which equates to less than 10% of total International visitors. Compare this to the rest of Australia that



experienced a 23% increase in visitors from China to 1.1 million² and it is clear that product development is required in the Top End to attract this growing market.

All three projects have the potential to drive further International visitation in our shoulder and low season. **Recommendation 4** – Cruise Ship Home Porting, Kakadu National Park, Mary River Precinct Development Plan and the Largest Waterpark in Asia opportunities be explored as public/private investment projects with the potential to influence shoulder and low season visitation.

Business Events

Tourism NT estimates business events are worth in excess of \$70 million to the Northern Territory economy, providing much needed room nights, touring passengers, restaurant bookings and venue hire throughout the year, but predominantly concentrated from July to November each year. Currently the Northern Territory attract approximately 2-3% of all Business Events across Australia, estimated to be worth in excess of \$23 billion per year³ and are in need to access bid funds to improve this position. The Association of Australian Convention Bureaux (AACB) is advocating for a \$10 million per year bid fund and access to fee free online Electronic Travel Authority visa scheme for International delegates. Northern Australia require 'special assistance' measures to access such bid funds in order to increase competitiveness and develop the pipeline of visiting conferences from our Asian neighbours.

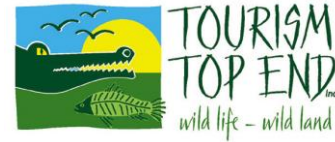
International delegates spend on average \$440 per day, so every dollar spent on bid funds returns a welcome economic injection into the local economy. It is however, the legacy of business events that has the potential to drive the Darwin economy further. Business Events build business collaboration, the sharing of ideas, specialist local knowledge, techniques and technologies.⁴ Events also elevate the profile of the destination and increase the desirability to live, work and study in the destination, all elements that will influence population growth and attracting talent that develops our Tourism sector.

Recommendation 5 – Northern Australia Convention Centres are granted 'special assistance' measures to access National bid funds in order to increase competitiveness and develop the pipeline of visiting conferences from our Asian neighbours.

² Tourism Research Australia – State of the Industry 2015-16

³ The Value of Business Events to Australia - Business Events Council of Australia February 2015

⁴ Beyond tourism benefits: measuring the social legacies of business events – Edwards, Foley and Schlenker, 2011.



Summary

The shift away from an economy dominated by resources to service based industries such as Tourism creates many challenges and opportunities, as the Tourism sector is predominantly made up of small businesses, the government focus is therefore spread across a broad base, completely opposite to the dealings with a small number of large mining companies. This shift in economic development focus will require a re-think of policy settings from all levels of government, but in particular in the North as the delivery of services and infrastructure is less developed compared to higher population centres in the South.

Tourism Top End is happy to provide this submission and hope our recommendations will be looked upon favourable by the Committee as we all work together for the benefit of the Tourism industry in Northern Australia.

Summary of Recommendations

Red Tape	1	We recommend the actions identified in “Get out of your own way” Unleashing productivity in the Tourism and Hospitality sector, Deloitte 2016 Report be implemented.
Road Infrastructure	2	Key roads infrastructure be developed across the Top End enabling all weather access to Tourism destinations.
Telecommunications	3	The Top End be included as a priority region under the Mobile Black Spot Program.
Infrastructure and Development	4	Cruise Ship Home Porting, Kakadu National Park, Mary River Precinct Development Plan and the Largest Waterpark in Asia opportunities be explored as public/private investment projects with the potential to influence shoulder and low season visitation.
Business Events	5	Northern Australia Convention Centres are granted ‘special assistance’ measures to access National bid funds in order to increase competitiveness and develop the pipeline of visiting conferences from our Asian neighbours.