ATEC

Australian Tourism Export Council

Federal Budget Submission 2017-18

January 2017

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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.

Our core functions are to…

- Facilitate business-to-business opportunities for our members;
- Provide business development advice, opportunity and support to our members;
- Foster and promote excellence in service delivery and business best practice management;
- Represent the collective views of our membership to governments and other external stakeholders;
- Liaise with industry and government to facilitate cohesion between commercial imperatives and policy development;
- Raise the profile of the tourism export sector to the broader community.

ATEC is a 45 year old industry organisation servicing a member footprint of thousands of businesses, small & large

ATEC members attract & service international visitors from over 50 countries and trade in more than 25 foreign currencies

ATEC members directly employ more than 400,000 Australians

ATEC members collectively hold 20,000 years of experience in tourism exports

EXECUTIVE SUMMARY

Australia's export tourism 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 latest Global Travel & Tourism, Global Impact Update from the World Travel & Tourism Council predicts the travel and tourism sector will remain resilient and continue to grow at a faster rate (3.1%) than the wider global economy.

The South East Asian region is set to be the powerhouse of tourism growth through to 2020 and beyond, 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.

With such strong inbound forecasts in the frame, it has never been more important for industry and government to work together effectively – ATEC firmly believes that cross-portfolio collaboration is the only way to ensure all sectors touched by tourism exports and the broader visitor economy are able to focus their collective energy.

It is also critical that government and industry are well prepared for the long-term. It is tempting to develop policy platforms that address the current situation – or even historical issues. With global travel growing at such rates, Australia must address supply-side challenges that will potentially exclude us from our piece of the pie if ignored. Further to that, we must resist the temptation to focus all our energy on China and the South East Asia region: we have seen before how financial, political, medical and countless other crises can "turn off the tap" from markets pegged as being economic panaceas. Australia needs to embrace the opportunities presented from key emerging and growth markets, as well as to support and invest in our traditional Western markets. With 2017 named as the World Tourism Organisation's Year of Sustainable Tourism, we must develop policy that is growth-focused, measured and industry-enabled.

SUMMARY OF RECOMMENDATIONS

1. Demand drivers

Marketing investment

- Maintain Tourism Australia funding at real levels

Passenger processing

- Invest in face identification technology at airports
- Allow for premium processing including off-terminal processing
- Continue negotiation of air services agreements
- Improve customs and immigration systems to allow for rapid exit;
- Reform the Tourist Refund Scheme

Connectivity

- Expand WiFi connectivity across Australia, particularly in key regional tourism hot-spots.

Visa policy

- A price-competitive China 10-year visa
- Remove/address fee inequities in visitor visa costs
- Consider single fee applications for families travelling together
- Consider options for long-term (or life-long) visas for key growth markets
- Introduce/expand a fee-for-service premium option for faster processing of visitor visas.
- Honour the commitment to reduce the WHM visa fee from $440 to $390 from 1 July 2017
- Roll out e-lodgement in all markets
- Invest in technology that allows for native language completion of visa applications

Taxes and charges

- Freeze the PMC at $60 for 17/18 fiscal year and commit to a full review of the charge during 2017

2. Supply-side imperatives

Cross-portfolio collaboration

- Convene a Joint Standing Committee on Visitor Economy Excellence with representatives from industry and Ministers from portfolios which are impacted by tourism or the visitor economy

Build capacity

- Add an Industry Growth Centre to the Department of Industry, Science and Innovation's current six to include tourism
- Maintain funding for key research platforms executed by the Australian Bureau of Statistics and Tourism Research Australia
- Maintain funding for Austrade to ensure ongoing implementation of key export programs and activities
- Maintain and improve access to EMDG by implementing the recommendation of the Lee (2015) report
- Develop a national campaign to educate the public (the voter) on the value of the visitor economy

SUMMARY OF RECOMMENDATIONS continued

Labour and skills

- Implement visa reforms that allow for greater flexibility to allow worker mobility to ease seasonal challenges
- Invest in technology solution(s) / app to match workers to employers, tourism experiences etc - location services enabled

TOURISM EXPORTS – a growth industry

VISITORS	NIGHTS	EXPENDITURE	DIRECT EMPLOYMENT
7.4 MILLION	251 MILLION	$38.8 BILLION	580,000

***Source: TRA** International Visitor Survey, September quarter 2016.*

The tourism industry is proud of its contribution to the Australian economy. With international expenditure now pegged at $38.8 billion[1], it is clear that tourism is delivering on its Deloitte (Positioning for Prosperity? Catching the next wave) label as one of Australia's five super-growth sectors[2]. Furthermore, international education is also named as one of the five – which has natural synergies with the business of tourism.

Visitors from China are the world's fastest-growing source of international tourism, with total tourism expenditure by visitors from China increasing almost tenfold since the year ending 2000. Australia is enjoying the fruits of this growth along with numerous other destinations – most of which are in the Asia Pacific region. It is interesting to note that, despite China delivering around 1.2 million visitors in 2016, Australia is still a long way down the list compared to the likes of Thailand, South Korea, Japan, Singapore, Malaysia, the United States and Indonesia[3] - which illustrates that there is enormous potential for further growth.

Tourism is projected to be among the world's fastest-growing industries. According to the UNWTO, demand for international tourism remained robust in 2016 despite global challenges. International tourist arrivals grew by 3.9% to reach a total of 1,235 million and some 46 million more tourists (overnight visitors) travelled internationally last year compared to 2015.[4] Deloitte forecasts have tourism growing at 4% per annum from now to 2033 – that is, more than doubling in size over the next two decades[5].

The UNWTO also reported that 2016 was the seventh consecutive year of sustained growth following the 2009 global economic and financial crisis. A comparable sequence of uninterrupted solid growth has not been recorded since the 1960s. As a result, 300 million more international tourists travelled the world in 2016 as compared to the pre-crisis record in 2008.

Furthermore, tourism is highly exposed to global economic factors, including shifts in the exchange rate and the impact of financial turbulence in the global economy. Tourism exporters have been particularly impacted by significant changes in consumer purchase behaviour, including:

- The changing source markets where export growth potential lies;
- Increased online and short lead-time purchasing of travel; and
- Major shifts in the distribution system for travel and tourism.

Importantly for Australia, our traditional markets are also seeing strong growth. Trips from markets including the UK and USA have both recorded increases[6] and it is critical that our industry and governments remain committed to these markets.

As a destination, our key assets include our proximity to Asia, beauty in our natural assets, safety and a divergence of spoken languages, lower cost aviation and excellence in our educational offering. The Deloitte report acknowledges that we face numerous challenges as a destination, but notes that inadequate infrastructure, travelling around a vast continent and accommodation shortages in key gateway cities are paramount.

[1] *International Visitor Arrivals, Tourism Research Australia September 2016*
[2] *Deloitte (2013) Positioning for Prosperity? Catching the next wave*
[3] *Travel China Guide 2016 / China National Tourism Administration*
[4] *UNWTO, Sustained growth in international tourism despite challenges 17 Jan 2017*
[5] *Deloitte (2013) Positioning for Prosperity? Catching the next wave*
[6] *Source: International Visitors In Australia: September 2016*

BARRIERS TO GROWTH

Inherent lack of cross-portfolio collaboration

Tourism continues to suffer by a lack of recognition by government of the sector's contribution to the Australian economy. Whilst there has been some improvement in recent times with the collaborative work on the 2020 Strategy, the tourism industry needs an all-of-government approach to ensure the sector is elevated to a similar stature as agriculture and mining. The "visitor economy" as tourism is often termed, touches all sectors and is a main artery for prosperity in regional Australia. A lack of effective collaboration often results in duplication of effort, fragmented approach to building capacity and a poor understanding in local communities of the contribution tourism makes.

Visitor visas

Global unrest and the threat of terrorism have changed border management strategies enormously. The notion of more relaxed visa conditions, particularly for countries high on the Department of Immigration and Border Protection's risk list, is challenged: both by government and the Australian population. However, it is critical for an industry like tourism that we remain committed to visa policy that delivers simple, efficient, cost-effective and seamless outcomes. Simpler, faster visas translate into increased visitation and positive consumer sentiment. The use of biometrics and other facial recognition technology will be critical to how we proceed with visa reform in the future.

The Federal government's 2015 budget announcement that visa fees were again being increased was of significant concern. E-lodgment and other technology solutions must surely lower the cost of visa issuance for government. Australia is a long haul destination for many of our key source markets. Conversion remains our greatest challenge as we strive for greater visitation, high yielding business and penetration of new and emerging markets. It is therefore important that our visa fees remain competitive on the global stage.

Many markets still experience processing delays, and ATEC has been provided with direct feedback from key Chinese international wholesalers that the online lodgment process for China is just as lengthy and cumbersome as the paper application.

Taxes and charges – including the Passenger Movement Charge

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

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

It is important to remember that a visitor has paid for their ticket, their visa, the costs of their stay and experiences – including GST – and then a departure tax. As a country with the second-highest departure tax in the OECD, Australia risks eroding its global competitiveness with the PMC in its current form. ATEC is a strong advocate of minimising the tax impact on international visitors – but concurrently supports a transparent approach to reviewing the passenger movement charge.

[7] *International Air Transport Association, 2013*

Marketing investment constraints

Countries across the globe are actively and aggressively vying for a bigger slice of the $USD 1.4 trillion tourism pie. Innovative and savvy campaigns flood consumers' inboxes, social feeds and TV screens with strategic messages designed to convert aspiration to actual travel.

Australia has to work harder than other nations to penetrate the clutter of global travel messaging – we are a long haul destination for most markets, and it is comparatively expensive to get here compared to our European, Asian and American counterparts.

As such, our commitment to international marketing is critical to any purported forecasts for international tourism growth.

In the 2015/16 Federal Budget, the government committed to fund Tourism Australia to the tune of AUD709 million over the forward estimates to 2019/20. However, the government has indicated that it will look to reduce overall funding to Tourism Australia, at a time where competing national tourism organisations are receiving record increases to their annual funding allocation. Japan, New Zealand and Indonesia are all examples of neighbouring competitors with significant funding boosts: Japan with an increase of 2.4 times its budget in the FY2016[8], New Zealand committing an additional $20m over four years[9] and Indonesia quintupling its budget to RP1.2 trillion in 2016.[10]

It is well documented that there is market failure when it comes to tourism marketing investment. Therefore, it is crucial that Tourism Australia continue to receive funding at levels which maintain its purchasing power and which enable it to effectively compete with other destinations, particularly in the South East Asian and Oceania regions.

Export Market Development Grant caps

ATEC is a vigorous supporter of the EMDG scheme. It is the only government support program of which we are aware that philosophically suits SMEs in the export services sector. It recognises that businesses need to be flexible in their expenditures and even with the most careful management, some ideas take many years to develop.

Since the last review of EMDG in 2015, there have been a number of significant changes in the Australian tourism export market. Industry welcomed the comments presented in "*Winning in World Markets*", the Commonwealth's last commissioned research paper into the EMDG scheme, including the effectiveness indicators and the notion that the scheme has a positive net benefit. As the paper states, each dollar of EMDG generates some $13.50-$27.00 of exports.

The EMDG scheme is fundamental to the realisation of tourism's full potential. The recent Free Trade Agreements and other trade negotiations underway will serve to improve Australia's terms of trade and global competitiveness. EMDG is a critical component that will continue to contribute to the growth from the work that governments have already undertaken.

The current provisions of the scheme result in many SMEs being forced out of markets after they have exhausted their grant eligibility. With the cap currently at eight, this often results in businesses withdrawing from markets that they have been actively trying to penetrate. Success in international markets is not a short-term investment and external forces including exchange rates have a significant impact.

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[8] *Travel Voice Japan (5 Jan 2016)*
[9] *John Key (May 2016) Budget 2016: Tourism sector gets further boost (press release via www.beehive.govt.nz)*
[10] *Novianti Setuningsih (6 Jan 2015) Indonesia to Quintuple Tourism Promotion Budget (Jakarta Globe)*

Airport processing

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

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

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

- inadequate international gateway access, particularly in regional Australia
- inadequate resourcing at the primary and secondary immigration/customs airside checkpoints
- poorly administered tourist refund scheme (GST refund)
- lack of premium processing and/or off-terminal processing options

Taxes and charges

The Australian tourism industry comprises tens of thousands of small to medium enterprises, as well as large multi-national corporations – all of whom are dedicated to growing their profits from international visitors.

Recent research from the Institute of Chartered Accountants Australia has shown that tax compliance is costing the 1.7 million Australian businesses in the small to medium sector $18.4 billion every year, and representing 1.2% of GDP and 14% of total tax revenue collected by the Commonwealth[11]. Whilst the Federal Government's Budget 2015/16 announcement of a 1.5% reduction in company tax for SMEs was welcome, ongoing compliance costs and the challenges of the absence of a level playing field as foreign companies competing in Australia remain exempt from local taxes remains acutely present.

Global companies in both supply and distribution are syphoning profits off-shore at the same time as diluting the market share for Australian small businesses through tax exemptions, consolidation or operating outside regulatory frameworks such as licenses and insurances.

Labour and skills

Current labour and skills shortages acutely felt by the tourism and hospitality sector limit its productive capacity and hamper efforts to compete with other global destinations. Current policy settings have restricted the tourism and hospitality industry's access to a variety of skilled staff at different skill levels. Access to adequate and properly trained staff is critical to ensuring we have a tourism workforce capable of giving visitors a world-class experience. ATEC supports the position of Restaurant and Catering Australia in relation to workforce reform, the Skilled Occupation List and funding for the Youth Jobs PaTH program.[12]

Connectivity

In today's ever-increasing reliance on all things digital, access to WiFi has become top priority for today's traveller. Australia must keep pace with global trends on providing widespread coverage in all areas – improved regional connectivity will almost certainly assist with growing visitor numbers to rural and remote Australia.

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[11] *Review of the impediments facing small business, Institute of Chartered Accountants, May 2014*
[12] *Restaurant & Catering Australia (2017) Federal Budget 2017-18: Submission to the Australian Government*

POLICY PRIORITIES

Cross-portfolio collaboration

Governments need to increase cross-portfolio collaboration on tourism issues within all levels of government. ATEC recommends a joint Standing Committee which brings together the Ministers from:

- Foreign Affairs and Trade
- Immigration and Border Protection
- Treasury
- Education and Training
- Infrastructure and Regional Development
- Prime Minister and Cabinet
- Employment
- Environment and Energy
- Finance
- Industry, Innovation and Science
- Agriculture and Water Resources

Joining the Ministerial representatives should be industry leaders from peak national and sectoral associations, Tourism Australia, Austrade, state/territory tourism organisations and relevant departmental representatives. The Standing Committee on Visitor Economy Excellence, or SCOVEX, meets twice per year and is an integral part of the 2030 strategy planning and a driver of other supply-side initiatives, including capacity building.

Investment in marketing

Global competitors are investing in tourism as an economic development strategy. Governments must consider opportunities to increase tourism marketing funding recognising the positive return on investment it generates for GDP, jobs and export earnings.

ATEC fully supports the activities and role of Tourism Australia. It is of concern that Tourism Australia's funding has decreased in real terms, although ATEC commends the government on its four-year commitment to TA funding over the forward estimates. ATEC urges the government to maintain its commitment to ensure Australia is not put at risk from increasingly competitive rivals.

Visa reform

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

ATEC respects the need for tightly managed passenger movement but we also identify several areas where simple adjustment of policy levers would address issues and allow for sustainable growth – particularly from China.

The two priorities for tourism exports are:

1. Position for growth
2. Be internationally competitive

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

Visa sub class / source market / issue	Recommended reform(s)
Visa fees and charges	• China - **10-year visa**: be competitive with the price – it should not be any more expensive to issue a visa with a longer validity. US 10-year visa is USD$160. (with a 2-year payable nominal fee to update details) • Examine the **current visa fee structure** to address inequities in visitor visa costs between Australia's traditional and emerging source markets. Visitors from Malaysia, Hong Kong and Singapore face an AUD20 service fee and visitors from Europe can apply for free, while visitors from our key target market, China, face an application fee of AUD135. • Consider **single fee applications** for families travelling together • Introduce/expand a fee-for-service **premium option** for faster processing of visitor visas **-** provides a faster option for passengers willing to pay for this service. A number of competitor destinations are introducing this service responding to shifts in trip planning behaviour and visitor demand.
Working holiday makers – 417 and 462	• Commit to the government's promise of reducing the **WHM visa fee** from $440 to $390 from 1 July 2017 and freeze • Raise the visa quotas (**caps**) in key 462 countries where caps are quickly exhausted upon release of annual allocations. These exhausted caps show clear pent-up demand and could drive additional visitors without any (or minimal) implementation costs
Processing	• Roll out **e-lodgement** in all markets • Invest in technology that allows for **native language completion** of visa applications. ATEC commends the government on its commitment to Mandarin applications – we are firm supporters of this being extended to include other languages, in priority of market opportunity
Visa innovation	• Look at options for long-term (or even life-long) visas for key growth markets to provide a competitive advantage for the destination

Taxes and charges

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

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

As part of the Working Holiday Maker Review process, the government moved to increase the Passenger Movement Charge last year in a bid to offset some of the loss in revenue that became apparent as a result of flawed Treasury modelling in relation to the removal of the tax-free threshold for working holiday makers. The uncertainty for industry – both here and off-shore – was concerning, and there is ample evidence to illustrate the slowing in arrivals of working holiday makers as a result. However, industry congratulated the government on their willingness to stimulate demand in key WHM markets like the UK and we are looking forward to seeing the conversion results from the recent youth campaign rolled out.

The Passenger Movement Charge, now at $60 per person, has been under much scrutiny of late. Industry certainly supports a charge that is levied on the travelling individual that covers the increasing costs of border security and customs/quarantine. However, it is also well known that the PMC generates far in excess of the passenger processing costs at our borders and the government is over-collecting for what should be a cost-recovery exercise.

That said, ATEC is of the view that it is time for industry and government to stop circling around the PMC and have an informed and innovative examination of how a de-constructed and re-constructed PMC could deliver for both industry and government. International tourism arrivals and spending are growing. ATEC asserts that looking at this “tax” differently could drive more revenue and potentially create savings in other parts of the Federal Budget if appropriately structured.

It is strongly recommended that the government commit to a review of the Passenger Movement Charge during the 2017/18 fiscal year with a view to implementing a new structure in the 2018/19 budget.

However, in the short term ATEC asks that government maintain its commitment to freeze the PMC at $60 for the 2017/18 fiscal year.

Building capacity – the need for a Tourism Industry Growth Centre

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.

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

According to the Department of Industry, Innovation & Science, the Industry Growth Centres initiative drives innovation, productivity and competitiveness by focusing on areas of competitive strength and strategic priority. The initiative enables national action on key issues such as collaboration, commercialisation, international engagement, skills and regulation reform[13].

Given the aforementioned Deloitte identification of tourism as one of our five super-growth sectors, it is clear that the absence of a tourism industry growth centre could be hindering the sector’s potential.

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

1. Identifying regulations that are unnecessary or over-burdensome for the key growth sectors and impede their ability to grow, and suggesting possible reforms;

2. Improving engagement between research and industry, and within industry, to achieve stronger coordination and collaboration of research and stronger commercialisation outcomes in the key growth sectors;

3. Improving the capability of the key growth sectors to engage with international markets and access global supply chains; and

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

4. Improving the management and workforce skills of key growth sectors.

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

An example of industry-led programs currently being developed and rolled out which could be more actively championed by a Growth Centre include the ATEC industry development initiatives: KITE *(Know-How for Inbound Tourism Excellence),* ELITE *(Emerging Leaders of Inbound Tourism Excellence)* and BRITE (*Building Regional Inbound Tourism Excellence*) programs which all deliver on the much-needed capacity building for regional Australia. ATEC has led the charge in the development of contemporary and industry-delivered capacity-building programs across Australia. These programs focus on regional development as well as personnel upskilling, leadership, and international commercial readiness.

Research is essential at all levels of decision making. It is vital that adequate funding be allocated to maintain research including Tourism Research Australia's *International Visitors' Survey*, the Australian Bureau of Statistics' *Overseas Arrivals and Departures* and other key studies like the Tourism Satellite Accounts. The role of Austrade in the tourism export sector is vital and ATEC urges the government to maintain Austrade's funding to protect the investment in export development programs and activities.

ATEC is also of the view that there is an inherent need to address the issues around tour guiding in Australia – another initiative which could be driven by the Growth Centre. With the growth in China and ongoing challenges around guide availability, skills, training and cultural awareness there is much we can do to elevate tour guide training and development – and work placement – moving forward.

Labour and skills

Current labour and skills shortages acutely felt by the tourism and hospitality sector, limit its productive capacity and hamper efforts to compete with other global destinations. Current policy settings have restricted the tourism and hospitality industry's access to a variety of skilled staff at different skill levels. Access to adequate and properly trained staff is critical to ensuring we have a tourism workforce capable of giving visitors a world-class experience.

ATEC recommends the following initiatives be championed to address current issues in the labour and skills area. ATEC also refers to Restaurant and Catering Australia's Budget Submission 2017/18 and supports the recommendations proposed.

- National campaign to **educate the public** (the voter) on the value of the visitor economy
- Greater **visa flexibility** to allow worker mobility to ease seasonal challenges
- Technology solution(s) / app to match workers to employers, tourism experiences etc - location services enabled

Passenger processing

- Invest in face identification technology at airports
- Allow for **premium processing** including **off-terminal** processing: user pays system
- Continue negotiation of air services agreements that enable Australian and foreign airlines to expand services to meet future demand;
- Improve customs and immigration systems to allow for rapid exit;
- Reform the Tourist Refund Scheme to allow private refund providers to process GST refunds to outbound passengers which will enhance the visitor experience, streamline passenger processing and increase international visitor expenditure.

Connectivity

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, share their experiences and provide feedback.

Free WiFi in hotels overtook parking, breakfast and swimming pool as the number one reason to book back in 2015.[14] Furthermore, the device-reliant Millennial generation are officially the largest generation in history and have secured their status as leaders in travel and tourism[15]. With that comes the demand (and expectation) for connectivity.

Government must commit to expanding WiFi connectivity across Australia, particularly in key tourism hot-spots.

Maintain and improve access to EMDG

ATEC supports the Export Council of Australia's proposal to increase the number of businesses accessing the EMDG scheme, and to remove the current cap of eight. Furthermore, ATEC proposes that government facilitate EMDG reforms by adopting the recommendation in the 2015 EMDG review report, *Certainty and Confidence*[16] that the budget allocation be progressively increased by $12.4 million per year over the next three years (2016–17 to 2018–19) to $175 million.

IN CONCLUSION

ATEC congratulates the government on its ongoing commitment to growing our tourism export sector. After a turbulent 2016 thanks to the backpacker tax, it is time to re-focus our collective energy on developing policy that drives growth, investment and employment. It is time for mature discussions about reforms to existing policy that deliver real benefit to both industry and government, and position Australia as a winning destination.

We thank you for the opportunity to make a submission.

For further information please contact:

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[14] *Forbes (3 Aug 2015) Niall Macarthy - Most Travelers Consider Free Wi-Fi The Most Important Factor In Choosing A Hotel*
[15] *Trekksoft (2017) Travel Trend Report 2017*
[16] *Michael Lee (30 June 2015) Certainty and Confidence: Exports and Jobs for a changing global economy – Review of the Export Market Development Grants Scheme*