



SUBMISSION BEYOND 2020 - INDUSTRY CONSULTATION



**AUSTRALIAN TOURISM
EXPORT COUNCIL**

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Australian Tourism Export Council Limited

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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.

ATEC is the only, singularly-focused national body with inbound tourism at its core. Our membership represents the depth and breadth of our industry and includes more than 1,000 large national and multinational companies as well as small-and medium-sized enterprises, many of whom are based in regional and remote parts of Australia. In this way, we have a solid connection to the 'grass-roots' of our industry. We see and hear their direct experiences and we work alongside these businesses to alleviate the pressures and provide support. Our core functions are to:

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

1. FOREWORD

Tourism drives growth.

It is well documented that tourism and the visitor economy create jobs, facilitate economic prosperity and drive investment – particularly for regional Australia.

Australia's tourism export industry is now more valuable to the national economy than coal or rural exports, and with international tourism spend growing at more than 10% a year the future looks extraordinary.

Internationally we are seeing more people engaged in global travel with demand driven by a huge growth in the number of people who now have disposable income from countries like China, Indonesia and India.

Travel & tourism forecasts over the next ten years also look extremely favourable with predicted growth rates of 3.8% annually.¹ The World Travel & Tourism Council's 2018 Annual Research Key Facts² illustrate the global industry's stellar growth forecasts for the current year and to 2028:

GDP: DIRECT CONTRIBUTION

The direct contribution of Travel & Tourism to GDP was USD2,570.1bn (3.2% of total GDP) in 2017, and is forecast to rise by 4.0% in 2018, and to rise by 3.8% pa, from 2018-2028, to USD3,890.0bn (3.6% of total GDP) in 2028.



GDP: TOTAL CONTRIBUTION

The total contribution of Travel & Tourism to GDP was USD8,272.3bn (10.4% of GDP) in 2017, and is forecast to rise by 4.0% in 2018, and to rise by 3.8% pa to USD12,450.1bn (11.7% of GDP) in 2028.



EMPLOYMENT: DIRECT CONTRIBUTION

In 2017 Travel & Tourism directly supported 118,454,000 jobs (3.8% of total employment). This is expected to rise by 2.4% in 2018 and rise by 2.2% pa to 150,139,000 jobs (4.2% of total employment) in 2028.



EMPLOYMENT: TOTAL CONTRIBUTION

In 2017, the total contribution of Travel & Tourism to employment, including jobs indirectly supported by the industry, was 9.9% of total employment (313,221,000 jobs). This is expected to rise by 3.0% in 2018 to 322,666,000 jobs and rise by 2.5% pa to 413,556,000 jobs in 2028 (11.6% of total).



VISITOR EXPORTS

Visitor exports generated USD1,494.2bn (6.5% of total exports) in 2017. This is forecast to grow by 3.9% in 2018, and grow by 4.1% pa, from 2018-2028, to USD2,311.4bn in 2028 (6.9% of total).



INVESTMENT

Travel & Tourism investment in 2017 was USD882.4bn, or 4.5% of total investment. It should rise by 4.8% in 2018, and rise by 4.3% pa over the next ten years to USD1,408.3bn in 2028 (5.1% of total).



¹ World Travel & Tourism Council (2018) Travel & Tourism Economic Impact 2018

² World Travel & Tourism Council (2018) Travel & Tourism Economic Impact 2018

By 2028, travel & tourism is expected to support more than 413 million jobs globally, an increase of 2.5% per annum over the next decade. Total travel & tourism GDP is expected to account for 11.7% of global GDP and global visitor exports are expected to increase 4.1% per annum to 2028.

With such strong inbound forecasts in the frame, it has never been more important for industry and government to work together effectively. Global travel is growing at such a rate that Australia must address supply-side challenges that could potentially mitigate our market share if ignored.

Our strategic focus should be simple: maintain Australia as a **competitive destination** and deliver a **high quality experience** to the international visitor.

ATEC congratulates the Beyond 2020 Steering Committee on its report, and commends the strategic actions presented. It is encouraging to note that many of ATEC's recommendations are incorporated into the report, particularly those that focus on visa policy and capability building. It is important that training and development for tourism is commercially focused, delivering practical toolkits that maximise international readiness.

The following submission intends to headline the key issues and opportunities from a tourism export perspective, incorporating feedback directly from the trade. ATEC is also pleased to offer some comments in relation to Austrade's specific consultation questions.

2. DISCUSSION

3.1 Future trends

ATEC's original submission to the Beyond 2020 Steering Committee explored how technology would impact virtually all aspects of tourism: visitor access and visa innovation, distribution, the visitor experience. Australia must be in a position to deliver on technological and connectivity expectations including quick and easy visas, biometrics, smart gates, national WiFi coverage, facial recognition check-in and so on. Access to and manipulation of big data will help travel marketers shape personalised messaging which will allow travellers greater control over their experience. Online channel management has changed distribution forever and the industry must adapt.

Key trends that will potentially shape and/or change the industry over the next ten years include:

- Digital distribution: the burgeoning web of online travel agents both in a B2B and B2C context creates a raft of commercial issues for many travel products. The growing trend however of online booking by both trade and consumer is going to continue and it is vital that we stay at the forefront of change and provide insights and guidance to industry to maintain international competitiveness
- A focus on 'responsible travel' and wellness/ethical experiences
- Growing demand for experiences and cultural immersion through travel: Tourism Australia's "24 million mates" campaign is an excellent example of responding to this shift
- Technological advancements will allow for more seamless border crossing, potentially allowing for visa-free and passport-free travel
- Labour force challenges as growth continues but the sector continues to struggle to attract and retain long-term and invested human resources. Archaic visa flexibility in temporary worker subclasses do little to alleviate the issue
- Over-tourism versus under-tourism: identified by Skift (2019) as one of the "mega-trends", under-tourism is emerging as the "undiscovered" strategy, which in some ways is also linked to responsible travel in that more tourism dollars stay with the local communities in these destinations.

3.2 Visa innovation

ATEC supports the report's recommendations around improving the competitiveness of Australia's visa system. It is important that we consider aspirational visa policy which allows for visa-for-life or even visa-free travel for repeat and low-risk visitors.

The key challenges we face in the visas space include:

- Highly competitive global tourism market
- Processing delays particularly for India and China
- Lack of innovation in visa products
- Archaic electronic systems/platforms for applications
- Inconsistency in validities for different markets
- Lack of flexibility with working holiday maker sub-classes.

Recommendations for reform should include:

- Be bold: invest in digital technology and biometrics to reach a 2030 goal of passport-free and visa-free travel
- Apply appropriate resources to Posts (especially India & China) where visa delays are costing Australia business
- Engage better with Department of Home Affairs to understand best ways to affect change
- Implement competitively priced multiple-entry, long-validity visas for short-medium haul Asian market
- Implement "visa for life" to approved applicants
- Implement a system which allows for native language completion online

3.3 Building capability

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

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

If we are to achieve greater regional dispersal, then we must ensure the businesses in remote and regional Australia, including indigenous experiences, are ready and capable of serving the international visitor.

An example of industry-led programs currently being developed and rolled out which could be more actively championed by an Industry Growth Centre include the ATEC industry development initiatives: KITE (*Know-How for Inbound Tourism Excellence*), *ChinaHost*, (*IndiaHost & JapanHost* under development) ELITE (*Emerging Leaders of Inbound Tourism Excellence*), BRITE (*Building Readiness for Inbound Tourism Excellence*) and EXCITE (*Excellence in China Inbound Tour Guiding Education*) programs which all deliver on the much-needed capacity building for regional Australia. These programs focus on regional development as well as personnel upskilling, leadership, and international commercial readiness. ATEC's programs can also be adapted to sector-specific needs, as has been the case with the *Growing Wine Tourism* project.

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. Capability and development pathways must have a direct engagement with the international trade and enable long term commercial networks to sustain products into the future - a vibrant and progressive "international ready" program and toolkit is essential.

We need to:

- Identify growth opportunities in new and existing destinations
- Invest in industry-led, scalable capability building programs that are delivered by trade experts

3.4 Visitor access and aviation

Regional centres are heavily dependent on air access if they are to achieve significant growth in tourism. As the Committee's report points out, to improve dispersal outside regional cities, governments need to work with regional airports to develop more international gateways. There is also some evidence to suggest that allowing greater competition from international carriers into regional centres could be applied in specific cases: for example, Northern Australia.

For too long, regional dispersal has become a commentary without a structured plan to deliver increased visitation. ATEC advocates for a dedicated Regional Dispersal strategy which has at its core the development of key infrastructure and convenient access (road and air where appropriate) to cater for time poor, high yielding international travellers and to focus on strategies which will facilitate the growth of the self-drive international market.

3.5 Data & technology

Data analytics and segmentation will shape the way destinations and experiences are marketed. Personalisation which combines demographic data with psychographic data, plus other data sources will enable powerful marketing messages designed to maximize conversion.

Agencies like Tourism Australia and Tourism Research Australia need to be able to readily and efficiently access data that will allow for research outcomes such as the IVS to more accurately represent the visitor profile and (in particular) regional spend patterns.

We need to identify what data is already being collected and partner with multiple agencies rather than building new data sources or relying on subjective data collection on which to base strategic decisions.

Furthermore, government agencies need to collaborate and share data collections – for example can partner nations share customs/immigration data collections to improve identification of bona fide frequent travellers. We need to look at ways to marry/map existing data sources across government and non-government organisations to achieve richer results.

3.6 Investing in our SMEs

EMDG is a key Commonwealth financial assistance programme for small to medium-sized businesses that want to begin exporting or grow their existing exports. It encourages businesses to increase international marketing and promotional expenditure to achieve more sustainable international sales.

The EMDG pool is shrinking, and the tranche payments to participants decreasing. ATEC holds some

concern over EMDG eligibility and asserts that some businesses receiving EMDG support should not be, thus resulting in bona fide businesses missing out. Some thought could be given to a tiered system where business meeting minimum criteria can access minimum funding for less years, and businesses that can demonstrate industry engagement, capacity building and training should be eligible for more funding for an extended period.

Government should facilitate EMDG reforms by adopting the recommendation in the 2015 EMDG review report, *Certainty and Confidence*³ 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.

3.7 Labour and skills

Labour and skills shortages are an acute issue which is of particular concern to regional areas of Australia. A greater focus on developing tourism career paths and promoting it as a long term career option for younger people is a consistent theme from industry operators across the nation, and aptly recognised in the Steering Committee’s report.

Along with career pathway development programs and other incentives, we must recognise that the working holiday maker program and other temporary unskilled and skilled worker programs must support worker mobility and flexibility for employers, without costly administrative barriers.

3. CONCLUDING REMARKS

ATEC strongly believes that inbound tourism is key to Australia’s future prosperity. It spans multiple sectors of the economy and delivers real opportunity to businesses of all sizes, across all geographical locations. It creates jobs and drives growth.

With strong forecasts in visitor arrivals, we must ensure destination Australia is ready. ATEC asserts that the priority areas must include:

- Industry-led capability building: invest in regions
- Global leadership in visa technology/innovation
- Competitively funded national tourism organisation charged with promoting Australia globally. Any addition to Tourism Australia’s charter must be accompanied by a commensurate increase in funding
- A tourism strategy which takes a truly national approach and acknowledges real differences in both supply-side and demand-driver considerations in different parts of the country
- Adequate investment in emerging markets other than China e.g. India and South America to ensure growth opportunities in the event of a shift in political/trade relations

“Towards 2030: future-proofing Australia’s tourism industry”

Thank you for the opportunity to contribute to the consultation process. For further information, please contact:

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³ Michael Lee (30 June 2015) *Certainty and Confidence: Exports and Jobs for a changing global economy – Review of the Export Market Development Grants Scheme*