

Productivity Commission Review Australia's International Tourism Industry

Queensland Government Submission

Executive Summary

Tourism, including the broader visitor economy, is a “super-growth” industry for Australia. Our nation’s strengths – amazing natural beauty, appealing climate, rich cultural heritage, safety, and world-class food and wine – together with our proximity to the fastest growth source markets in the world, make tourism a huge opportunity for all parts of the country.

But we face intense competition from lower cost destinations. The opportunities of the outpouring of the new Asian tourist are being eagerly sought by many other destinations. Maintaining market share – and growing it over time – will be a challenge.

To realise our tourism opportunity, industry must deliver a world-class experience tailored to the needs of consumers. Governments must focus on enabling industry to do this – creating an environment that fosters product innovation, market access and quality delivery.

Growing the international tourism market requires strong collaborative partnerships between government and industry. The Organisation for Economic Cooperation and Development (OECD) has highlighted the increasing awareness among governments of the importance of tourism as an economic driver and in achieving economic development policies and goals.

Queensland has embraced the OECD’s recommended approach to tourism industry development with our efforts underpinned by a strong partnership and whole of government approach, based upon accountability, efficiency, effectiveness and a shared industry vision. Our *DestinationQ* partnership with the tourism industry is strong and seen as a model around Australia and internationally. It has provided the basis for better working relationships between government and industry, and is helping to unlock Queensland’s full tourism potential.

Queensland has taken a wide range of strategic actions to build the evidence base for policy change, influencing the planning system and attracting new investment – all major priorities identified by industry. Queensland’s efforts in the planning and investment attraction area have benefited greatly from a collaborative approach with the Commonwealth, including implementation of a number of priority regulatory reform recommendations of the national Tourism Ministers’ Meeting (TMM) agenda.

Priority areas Queensland would like to see addressed by the Productivity Commission (the Commission) include:

- *Whole-of-government approach* -
 - More effective national cross-portfolio, whole-of-government coordination on tourism policy is needed to set the best framework for international tourism growth.

- Partnering with industry and other key stakeholders is crucial in ensuring Australian tourism remains competitive and viable, and better placed to achieve the Tourism 2020 goal.
- *Tourism Australia (TA) Funding* - Funding for TA is paramount if Australia is to compete internationally. TA plays a vital role in providing coordinated, cooperative marketing and campaign partnerships with state and territory governments, driving consistent messages about Australian destinations.
- *Leverage from Tourism Industry* – The need to take advantage of the opportunity to leverage greater funding opportunities from the private sector.
- *Airline Route Development* – Aviation bilateral negotiating priorities should be designed to ensure emerging opportunities in key markets are taken up and capacity stays ahead of demand. The federal government should continue to pursue greater access to emerging markets like China, and multilateral arrangements with regional groupings like the European Union.
- *Concessionary Treatment of Regional Airports* – Acknowledging that to achieve the 2020 Industry Potential, Australian tourism will need more international services to regional airports.
- *Reducing the regulatory burden* - Queensland has identified a number of areas where, through reduced red tape and better industry and government collaboration, we can help grow international tourism by:
 - Having foreign-flagged expedition cruise ships (under 5,000 gross tonnes) exempted from ‘cabotage’ requirements.
 - Identifying a long-term solution to address infrastructure bottlenecks in Sydney by securing more regular access for large cruise ships to Garden Island.
 - Reinforcing the nationally agreed tourism principle to limit the tax, red tape and other regulatory burden that industry faces (e.g. any increase in passenger movement charge or visa fees would be inconsistent with this principle).
- *Streamlining Environmental Regulation* - Tourism is one of the most environmentally sustainable sectors in the Australian economy. A streamlined and ‘fit for purpose’ approach for tourism development approvals would facilitate simpler processes, reduce excessive red tape and enable more sustainable tourism development.
- *Skills and Workforce Development* - In conjunction with increased investment in skills, training and labour market programs, migration programs should remain an important part of the mix for achieving a skilled and flexible labour force for tourism.
- *Visa Reforms* - The Commission should consider the recommendations of the recent Tourism Transport Forum (TTF) report, *Visitor Visa Reform: Reducing the barriers for travel to Australia*, which shows Australia trails competitors who have recognised international tourism represents a massive economic opportunity and are streamlining visa processing to reduce the barriers to travel.

Background

The Commission has sought submissions for its research project into Australia's International Tourism Industry. The project examines trends, drivers and barriers to growth in the Australian international tourism industry. This includes consideration of:

- trends in Australia's international tourism industry, including factors that affect demand for Australian tourism services and the sensitivity of demand for Australian inbound tourism to changes in these factors.
- the role of government, including the rationale for government involvement in the tourism industry.
- the effect of aviation policy and regulation, including the extent to which aviation policy and regulations facilitate or impede a competitive market for flights to, from and within Australia.
- the effect of land management policy and regulation, including the role of government in managing the use of environmental, heritage or cultural assets and the approaches that can be used to help manage use of such sites.

The Queensland Government is committed to an innovative, efficient, resilient and profitable tourism industry. This commitment is underpinned by tourism's status as one of the four pillars of the state economy and our goal to double overnight visitor expenditure to \$30 billion by 2020.

This submission responds to the terms of reference set by the Commission as well as raising additional issues which may be of relevance to this research project.

Queensland has an ambitious and forward looking tourism policy agenda and the opportunity has been taken to showcase some initiatives which might be considered by the Commission, and other state and federal agencies, in their future tourism policy and industry development efforts.

1. Trends in Australia's international tourism industry

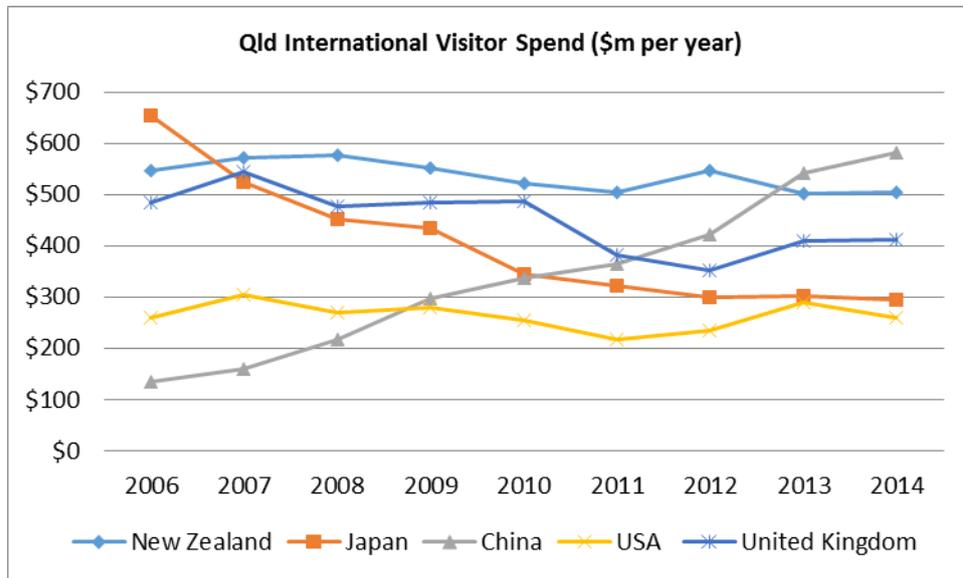
In its report *Positioning for prosperity? Catching the next wave*, Deloitte Access Economics (DAE) identifies tourism as one of five super-growth sectors that have the potential to collectively add \$250 billion to the Australian economy over the next 20 years. The report notes the intersection of global opportunity and national advantage as being crucial to prosperity – and that Australian tourism is well positioned to be part of the 'next wave' of wealth creation.

Changes in source markets

Queensland has undertaken a trends analysis, focusing on the five largest international source markets by visitor expenditure. The five largest markets are New Zealand (NZ), Japan, China, the United States of America (USA) and the United Kingdom (UK). Key points are outlined below:

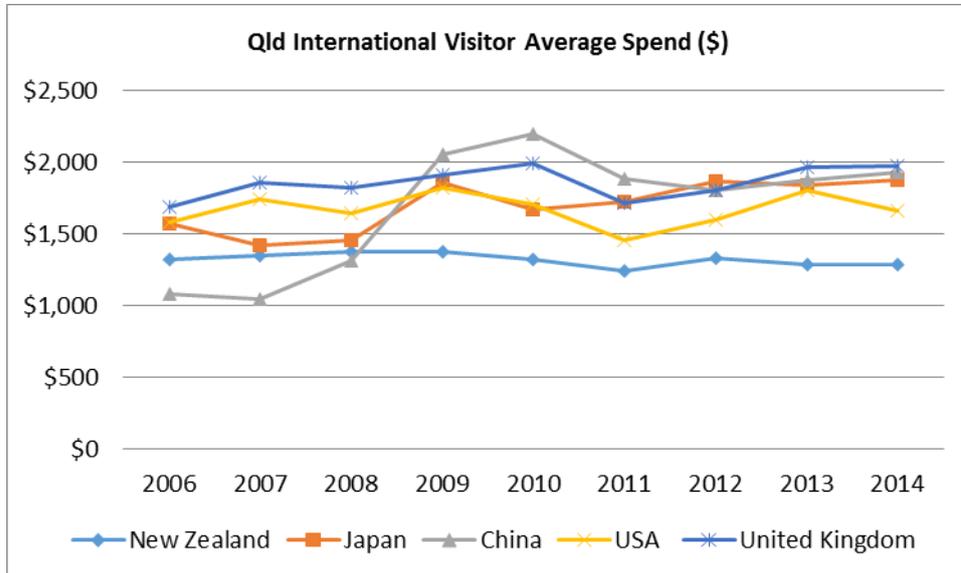
Chinese visitor spend grows, Japanese visitor spend declines

- China is now Queensland's largest source of total international visitor spend, having grown at around 20 per cent per annum over 2006 to 2014. By contrast, Japan was the largest source of international visitor spend in 2006, but is now ranked fourth after declining by around 9 per cent per annum from 2006 to 2014.



Average spend per visitor overall is flat to slightly up

- Average spend per visitor across all visitor categories from Queensland's largest international markets is flat to slightly up over the 2006 to 2014 period. The chart below illustrates this:



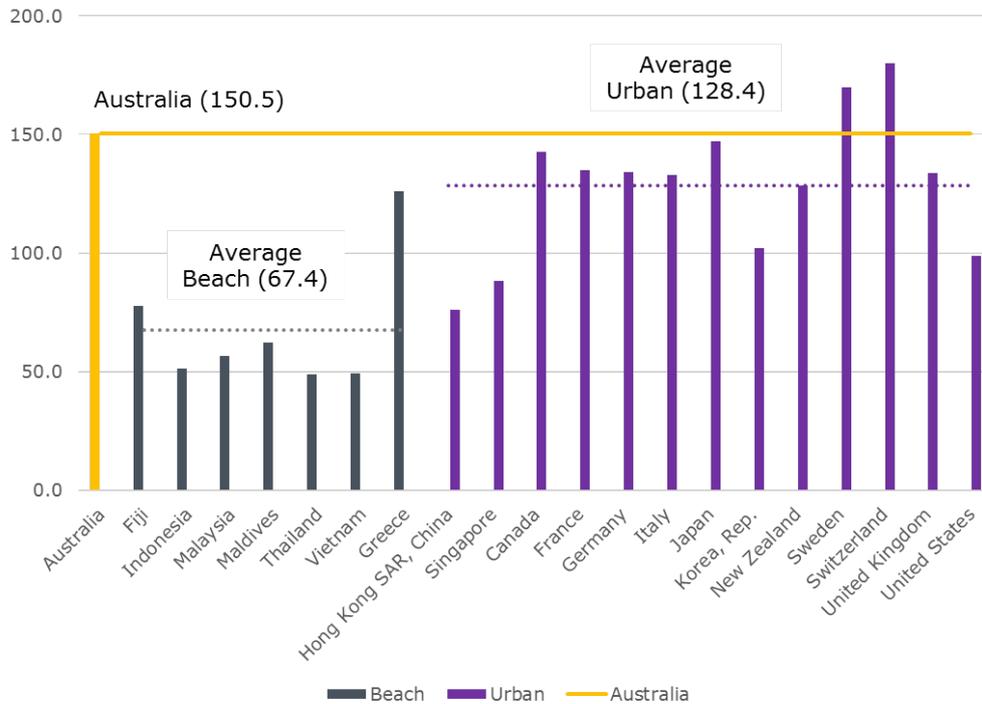
Average length of stay for Holiday visitors are flat to trending up

- Average lengths of stay for Holiday visitors from Queensland's biggest international source markets are broadly flat to increasing.



Australia appears to be a more expensive destination than a large number of its alternative competitor destinations. That gap is greater between Australia and alternative beach destinations, than between Australia and alternative urban destinations.

The Queensland Government, through Tourism and Events Queensland (TEQ), has constructed an index using World Bank data for tourism related services like accommodation, food and beverage, and transport. This index suggests Australia is more expensive than alternative destinations, with an index score of 150.5 (see chart below). More importantly for Queensland, Australia as a whole is more expensive than alternative beach holiday destinations which have an index score of 67.4, versus alternative urban holiday destinations which have an index score of 128.4.



Summary

This analysis needs to be viewed within the context of a highly competitive global environment. It also underscores the need for ongoing structural reform of the tourism industry to enhance the sector's competitiveness. Asian markets led by China continue to drive international tourism and this trend is forecast to continue into the future. It is essential we also engage with, and harness the potential growth of inbound tourism through maintaining and building on opportunities in Australia's 'traditional' markets of USA, UK, NZ, Europe and Japan.

Sluggish growth in visitation from key markets reinforces the need for ongoing government leadership and coordination at both a national and state level. In this context, the adoption of a coordinated whole of government and industry partnership approach is even more important. To be competitive, Australia must offer a strong value proposition to consumers; delivering an exceptional experience. There are many examples where this is occurring.

Domestic tourism

By way of comparison, nationally, domestic tourism (the bread and butter of Australia's tourism industry) is up 3 percent to \$72 billion (year ending June 2014).

From Queensland's perspective, the number of domestic overnight visitors remained virtually stable with a slight 0.6 per cent lift over the year ended June 2014. This provided Queensland with 22.8 per cent of domestic visitors from across the country and 25.8 per cent of domestic visitor nights. The overall three year trend in domestic overnight visitors was positive at 2.5 per cent growth.

Factors affecting demand for Australian Tourism

Demand for the Australian tourism experience is influenced by income, exchange rates and product satisfaction. Globally, the economic outlook continues to improve post-Global Financial Crisis (GFC), due to a broader economic recovery in 2013–14. This creates a positive macroeconomic backdrop for the performance of Australian tourism in the short term.

The Australian dollar is also an important factor underpinning price competitiveness for both inbound and domestic travel in an increasingly price competitive global tourism market. While fluctuating over the course of 2013–14, the Australian dollar has fallen against most leading currencies in this financial year. This has brought some relief for Australian exporters including inbound tourism operators, as it improved the price competitiveness of Australian exports. Tourism Research Australia (2014) has noted there are a wide range of forecasts for the Australian dollar with some forecasting the dollar to fall below United States (US) \$0.80. If this occurs, it is likely to lift forecast growth for domestic and international sectors, and detract from growth in Australian outbound travel.

As a long-haul, high cost destination, Australia cannot compete on price with many international competitor destinations, even with a lower Australian dollar. We need to work harder to offer a better product to meet and exceed the expectations of our international guests. Fundamentally this is about ensuring our guests feel positive about the experience they are receiving and that it represents good value for money. This was a key theme at the 2014 *DestinationQ* Forum and has broader implications nationally.

Our emerging Asian competitors' destinations are also making major advances in the quality of their hotel and resort stock and attractions. This underscores the need for a strong focus on supply side issues. At both a national and state level we have responded to this policy imperative, and these efforts need to be maintained and strengthened.

Australia and Queensland have ageing populations and need to respond to the growing level of disabilities. This is creating new demands and regulations that encourage accessible tourism. In some cases, allowing for accessible tourism can be used by destinations and operators as a competitive advantage.

Commonwealth Scientific and Industrial Research Organisation Research – The Future of Tourism

We cannot predict the future, but we can prepare for it. The Queensland Government commissioned the Commonwealth Scientific and Industrial Research Organisation (CSIRO) research on the trends which would shape the future of tourism. This research highlighted industry's value proposition to visitors will depend on offering authentic, tailored experiences, built largely upon our natural beauty, and immersed in local culture (both Indigenous and European).

Specifically, the research identified seven megatrends in our future which are relevant to international tourism and the Commission's research project:

- *The orient express* – Changes to the world economy will create new markets and new sources of competition with the developing Asia region offering major growth opportunities.
- *A natural advantage* – Greater value will be placed on destinations with pristine natural habitats with increasing urbanisation meaning tourists will be drawn to nature-based experiences.
- *Great expectations* – Visitors will shift discretionary expenditure towards experiences that are 'authentic' to a destination and its people, personalised, and often involve social interaction and an emotional connection.
- *Bolts from the blue* – Events such as extreme weather and infectious disease outbreaks will have positive and negative impacts on tourism expenditure depending where events occur in the world, and the perceptions travellers have regarding their impacts.
- *Digital whispers* – The online world is creating risks and opportunities for the tourism sector with the digital age bringing new models of human interaction and 'more informed' decision-making. Information will flow more rapidly and via wider distribution channels.
- *On the move* – Advances in the transport sector, particularly aviation, will increase mobility as people are able to move greater distances, faster. Beyond leisure, people will travel further and more frequently for other reasons such as trade, business, events, conferences, education and healthcare.
- *The lucky country* – Australia and Queensland are expensive destinations with local tourism operators facing higher costs than many overseas competitors.

This research has underpinned the development of our long-term state-wide strategy and all regional destination tourism plans (DTPs).

2. Role of Government

2.1 Supply-side

Recommendation 1: *The Queensland Government considers that at a national level, strong leadership and an effective whole of government governance structure for tourism that addresses both demand-side and supply-side issues is needed in order to achieve substantive policy reforms and outcomes across jurisdictions and portfolios. More specifically, the Productivity Commission should consider whether:*

- *Existing mechanisms of national tourism policy coordination such as the Australian Standing Committee on Tourism (ASCOT) and Tourism Ministers' Meeting (TMM) have sufficient cross-portfolio membership to achieve Ministers' objectives; and*
- *The Commonwealth has sufficient institutionalised arrangements to ensure a whole of government approach is taken to address the challenges impacting on the Australia tourism industry's ability to attract international visitors.*

Recommendation 2: *Importantly, achieving these frameworks and establishing an increasingly positive relationship between industry and government is not easy and will require a significant level of political will, and sustained level of effort, commitment and good-will on the part of all parties.*

Discussion:

Tourism is a large, fragmented industry. Tourism Research Australia figures indicate that in June 2012, there were approximately 280,000 tourism businesses in Australia, of which 91 per cent were classed as non-employing micro or small. As Australia's largest services export industry, tourism touches on many areas of economic activity including travel, shopping, accommodation, events and education. The wide scope of the sector means no single agency has full regulatory ownership of the industry or the policy control to influence future industry development.

It is imperative government departments and agencies change their culture and proactively focus on more active encouragement and support for industry innovation, entrepreneurship and excellence. By understanding the regulatory complementarities within tourism, government can better coordinate its approach to meeting the challenges of growing competition from overseas destinations and better identify new opportunities for tourism growth.

Queensland considers effective cross-portfolio, whole-of-government coordination on tourism policy is necessary to set the best framework to drive growth in the industry.

A report by the OECD, titled *OECD Tourism Trends and Policies* (2012), highlights the "increasing awareness among governments of the importance of tourism as an economic driver and in achieving economic development policies and goals". Tourism policy is expanding into areas beyond promotion and marketing, such as aviation, niche markets (ecotourism), increasing small business use of information and communications technology (ICT), and dealing with the impacts of 'industry shocks'. Accordingly, the OECD highlights the need to incorporate tourism across all arms of government in policy development and to cooperate effectively with industry.

The OECD identified a number of key challenges for government, which are relevant to the Commission's research project. Key challenges include:

- Ensuring effective governance practices are in place to respond to changing business and policy environments – highlighting the importance of:
 - collaborative approaches that encourage policy development with industry; and
 - greater emphasis on regional and local decision-making.

- Ensuring governance practices facilitate integrated whole-of-government approaches based on accountability, responsibility, efficiency, effectiveness, responsiveness and a forward looking vision.
- Evaluating tourism policies and programs with robust performance indicators, stakeholder participation, and demonstrated leadership and ownership.

DestinationQ: Queensland's partnership and whole of government approach

Queensland has embraced the OECD's recommended approach to tourism industry development through its *DestinationQ* framework. The Queensland Government's tourism efforts are underpinned by a strong partnership and whole of government approach, based on accountability, efficiency, effectiveness and a shared industry vision – this is all part of *DestinationQ*. The Queensland approach is outlined below:

Partnerships and Engagement – the DestinationQ Forum

Partnerships form the basis of the Queensland Government's approach to tourism. The Queensland Government's *DestinationQ* commitment has provided the basis for better working relationships between government and industry, and is helping to unlock Queensland's full tourism potential.

Since 2012, the *DestinationQ* forum has been Queensland's flagship industry engagement event and the most visible manifestation of the government's strategic partnership with industry.

In 2012, the inaugural *DestinationQ* forum provided industry with the first major opportunity to work directly with key government representatives (including key ministers and the Premier) to identify and discuss their immediate concerns. The forum also provided a genuine opportunity to leverage whole of government efforts to address the issues raised. Industry has been given the opportunity to shape a shared agenda with government, and to share in accountability for the delivery of this agenda.

Further *DestinationQ* forums were held in 2013 and 2014, and have continued to build upon the success of the first forum by delivering the new *Destination Success: 20-year plan for Queensland Tourism*, initiating the development of regional DTPs, and continuing to offer industry leaders with access to, and influence over, the policy directions of the Queensland Government.

These forums are not conferences. They are industry engagement exercises where new ideas are discussed, priorities identified and jointly resolved, and all partners are made accountable for delivery. The preparation and widespread consultation with industry in the lead-up to the forums is as important as the two-day gathering itself.

The recent publication of the first *State of the Industry Report* has only served to consolidate Queensland's strong partnership and accountable approach.

As part of its evidence based approach, the Queensland Government commissioned four research reports to inform discussions at this year's forum:

- *Voice of the consumer* – Social media research to identify what consumers say about a quality tourism product.
- *Voice of the operator* – Regional focus groups to discover what operators say about growing or changing tourism products.
- *Industry lifecycle* – Analysis of investment patterns to plot Queensland tourism products on a lifecycle spectrum.
- *Destination best practice* – Review of international best practice in growing destinations.

The *DestinationQ* Post Forum Working Group (comprised of senior government and industry leaders) has further strengthened the government and industry partnership by enabling industry to engage with key government agencies on priority actions.

Queensland's new *Destination Success: the 20-year plan for Queensland Tourism* consolidated the government and industry partnership through providing a long-term shared vision between the government and the tourism industry. The plan has industry and government support and sets a clear vision for Queensland's tourism future.

Whole of government approach

The foundations of Queensland's whole of government approach are:

- *Tourism Cabinet Committee (TCC)* (including two joint meetings annually with the Queensland Tourism Industry Council (QTIC) Board) – The TCC specifically focuses on achieving cross-agency coordination and delivering tourism growth. To date, TCC has proven an invaluable addition to policy and process outcomes. It has helped progress a range of initiatives at local, state and federal levels more quickly and efficiently, illustrating the benefits of a whole of government approach.
- *Tourism Inter-departmental Committee (TIDC)* – The TIDC meets regularly to inform and review cross agency issues and drive delivery of the 20-year plan for Queensland Tourism.
- *DTESB "One stop shop for industry"* – For tourism issues, the Department of Tourism, Major Events, Small Business and the Commonwealth Games (DTESB) plays the lead role in coordinating action across government. DTESB frequently works with other government agencies to investigate industry concerns and to drive red tape reduction. DTESB has also been responsible for setting out a clear agenda for TCC, with strong accountability and detailed input to whole-of-government commitments from a tourism perspective.

Queensland's whole of government approach has been extended to a regional level. TEQ's 2020 Strategic Marketing Plan is guiding Queensland's marketing and promotion efforts and TEQ's Events Strategy 2020 ensures a coordinated destination focused investment in events. These key documents underpin 13 individual DTPs, each of which include a strategic marketing plan and event plan, and will drive destination development for Queensland's key destinations.

The institutional framework provided by *DestinationQ* has also been highly effective in promoting collaborative government and industry tourism related development. For example, the development of the *Queensland Drive Tourism Strategy 2013-2015*

and *Queensland Ecotourism Plan 2013-2020* required significant cross agency collaboration and industry consultation. This collaborative approach enabled the state to address some complex and multifaceted issues which might otherwise have been difficult to resolve. This approach highlights the benefits of Queensland's whole of government and partnership approach.

According to Dr Taleb Rifai, Secretary-General, United Nations World Tourism Organisation, several elements of Queensland's approach to tourism industry development represent 'best practice'.

Investment attraction

Queensland's efforts in the planning and investment attraction area have benefited greatly from a collaborative approach with the Commonwealth, including implementation of a number of priority regulatory reform recommendations of the national TMM agenda.

Queensland has taken a wide range of strategic actions to build the evidence base for policy change, influencing the planning system and attracting new investment – all major priorities identified by industry.

Key achievements in this area have included:

- Commissioning several studies on tourism trends and drivers, tourism investment and regulation, and best practice tourism development.
- Encouraging investment and reinvestment in a number of new hotel developments planned for Brisbane, addressing the perceived capacity issues, and working with Brisbane Marketing on a Brisbane Hotels Investment Study.
- Influencing the planning and regulatory environment, through:
 - Development of a tourism state planning instrument to articulate the state's interest in tourism development;
 - Providing tourism input into regional planning processes;
 - Encouraging a new investment model for eco-tourism; and
 - Development of the *Next Generation Tourism Planning Guide*.
- Implementing a coordinated investment approach – the Tourism Investment Attraction Unit helps proponents to become investor ready, provides opportunities to engage with international investors and facilitates planning support.
- Streamlining and simplifying the planning system.
- Removing red tape for eco-tourism, e.g. reducing the number of permit classes by 50 per cent and providing online payment facilities and forms.
- Attracting new hotels to the Brisbane Central Business District (CBD) in collaboration with Brisbane City Council.
- Approval of a number of major tourism developments by the Queensland Coordinator-General including:
 - \$600 million resort on Great Keppel Island;
 - \$1.4 billion Ella Bay integrated tourism and residential community; and
 - \$252 million Shute Harbour Marina Development.

2.2 Demand-side - Advertising and Promotion

Recommendation 3: *The Queensland Government considers that retention of TA funding for international marketing should remain a priority for the Federal Government. This funding should be leveraged by states and territories to promote our key international tourism destinations to target markets.*

Recommendation 4: *Queensland also encourages the Commonwealth Government to continue to engage with the established tourism networks within Australia to develop and coordinate international marketing and promotion activities.*

Discussion

Tourism Australia Funding

The Queensland Government believes continued funding for TA is essential if Australia is to remain globally competitive. TA plays a vital role in coordinating campaign partnerships with state and territory governments, and driving a consistent and coherent message internationally about Australia as a destination.

National marketing is essential for engaging and harnessing the potential growth of the growing Asian visitor market, and maintaining and building on opportunities in Australia's 'traditional' markets of USA, UK, Europe and Japan.

Maintaining a competitive position globally requires a concentrated effort in positioning Australia as a high value destination, as well as increasing its share of global revenue and visitation. A strong national marketing agency is fundamental if Australia is to remain competitive in an increasingly crowded and competitive global marketplace.

With 13 distinct tourism regions in Queensland, having a state tourism organisation (i.e. TEQ) providing a strategic leadership role in tourism marketing, experience and event investment is vital.

TEQ's strategic focus is to build strong Queensland destinations, which aligns with the *DestinationQ* objectives, and the overarching *Destination Success: 20-year plan for Queensland Tourism*. Destination-focused campaigns are designed to build strong brand awareness and positive consumer perceptions, to increase the destination's exposure to its target markets and ultimately boost visitation and expenditure across the state.

The development and maintenance of strong destination brands in collaboration with key stakeholders is beneficial for a range of reasons including:

- Strong brands can be a valuable asset with longevity and may be leveraged by all operators in the state or region.
- Reducing the search and transactional costs when potential consumers are considering their holiday options by creating brands that have audience awareness and reach.
- Economies of scale in areas like the purchase of creative input, and research on consumer insights and tourism trends, to deliver the lowest cost for that activity.

TEQ works in partnership with Queensland's regional tourism organisations (RTOs) and industry to deliver domestic and international marketing campaigns.

In 2013-14, TEQ partnered with TA and other state tourism organisations on a number of initiatives including *Best Jobs in the World*, *Restaurant Australia* and the *Australian Tourism Exchange 2014*:

- *Best Jobs in the World* - A global campaign, undertaken in partnership with Queensland Parks and Wildlife Service and TA, was designed to raise awareness and grow the youth market in Australia. Elisa Detrez was selected for Queensland's Park Ranger position and completed a six-month appointment on 4 February 2014. During her time in Queensland, Elisa travelled extensively to more than 65 destinations throughout the state posting more than 1,000 images and videos of her experiences. The campaign is estimated to have generated more than \$6 million in publicity exposure and awareness for Queensland (exceeding the target of \$250,000) and reached a global audience of more than 20 million people, primarily in France.
- *Restaurant Australia* – In response to growing global demand for food and wine as part of the travel experience, TEQ partnered with TA on its '*There's nothing like Australia*' campaign to put the spotlight on Australia's fine array of produce served in the most stunning locations in the world. Marketing activity commenced in 2013-14 and will continue into 2014-15.
- *Australian Tourism Exchange 2014 (ATE14)* – This is the largest business-to-business tourism trade event in the southern hemisphere. For the first time in the event's 35 year history, ATE14 was hosted outside of a capital city in the regional destination of Cairns and showcased the destination's spectacular tourism experiences. Delivered by TA in partnership with TEQ and Tourism Tropical North Queensland, the five day program enabled 590 buyer delegates from 36 countries to meet with 200 Australian sellers at the Cairns Convention Centre from 11 to 15 May 2014. The event was an outstanding success with 100 per cent of the buyers and 99 percent of the sellers, who responded to the survey, expressing their satisfaction with the event.

With Queensland maintaining representation in 14 strategically important international source markets, a strong partnership between TEQ and TA in promoting Queensland's destinations and Australia to a global audience is vital. TA takes a lead role in coordinating on ground marketing partners to build the marketing message. Such partners include airlines and distributors (traditional travel agency wholesalers and contemporary online distributors).

TA provides value by bringing together local and state governments and industry to have a consistent message when talking about Australia in a competitive global marketing environment. Whether this is a single state message or multiple states, the underlying research and marketing tools ('*There's Nothing Like Australia*' branding) provide consistency in messaging.

From Queensland's perspective, current marketing coordination arrangements between the state and TA are working well.

The Queensland Government recognises achieving our national 2020 target requires a clear strategy to target our global source markets to deliver the greatest contribution in overall visitor expenditure.

The Queensland Government has also increasingly pursued opportunities to leverage marketing funding through partnerships with private tourism operators.

Engagement with Tourism networks

The Commonwealth is strongly encouraged to engage with established tourism networks within Australia.

Industry should be the first 'port of call' for engagement, with peak bodies including TTF, the National Tourism Alliance (NTA) and, from Queensland's perspective, QTIC. Engagement is also strengthened through working with Queensland's network of RTOs, which are the cornerstone of a robust and resilient tourism structure in Queensland. The structure is widely regarded as one of the most effective in Australia, and therefore represents an ideal model for use in other states and a mechanism through which the Commonwealth can more fully engage. Finally, the Queensland Government, primarily through DTESB and TEQ, will continue to work closely with various federal and state tourism organisations and departments to advance a robust and forward looking tourism agenda.

Regional dispersal

Queensland actively seeks to encourage dispersal of visitors to regional areas and it is an important policy objective underpinning state government assistance. Importantly, tourism in Queensland is decentralised with more destinations than any other state or territory in Australia. To be successful, tourism marketing and development must be aligned to the agreed *Destination Hero Experiences* in each destination. For example, exciting new discoveries of mega-fauna and dinosaur fossils in Western Queensland have opened a whole new range of destination attractions for international visitors. The investment in regional infrastructure needs to be aligned with iconic natural attractions and experiences.

2.3 Major Events

Recommendation 5: *That the Productivity Commission notes the significant contribution major events can make to contributing to meeting the national tourism 2020 growth targets. The Commonwealth should continue to work with state jurisdictions to leverage opportunities to showcase Australian destinations to international markets.*

Discussion

Importance and value of major events

Major events, whether they are sporting, lifestyle, cultural or business, will play a vital role in achieving the national target of doubling overnight visitor expenditure by 2020. From Queensland's perspective, the events sector continues to grow, incorporating

world class sporting events, highly successful cultural events, increasingly popular regional events and significant business events.

Events are an increasingly important driver for visitation to Queensland. Participants in and attendees at events are more likely to come to the state outside of a destination's 'natural' peak season, often spend more than leisure visitors and can be repeat visitors. Major events, such as the Cricket World Cup, the Commonwealth Games and the G20, can drive significant international visitation and associated expenditure.

The Queensland Government's achievement in this area is reflected by the following:

- Over the last two financial years, over 80 major events drove event specific travel attracting more than 847,000 visitors, delivering more than 2.28 million direct visitor nights, and direct and indirect incremental expenditure of \$555 million.
- Through its event acquisition functions, TEQ has recently secured new arts and cultural events such as Opera on the Beach at Coolangatta in 2014 and the Australian Performing Arts Market in Brisbane for the years 2014, 2016 and 2018.
- Securing new sporting events including: 2017 Union Cycliste Internationale (UCI) Mountain Bike and Trials Championships in Cairns; 2014 Mountain Bike Marathon National Championships in the Scenic Rim region; Lawn Bowls Australian Open from 2015-2019 on the Gold Coast; and the Bundaberg Cup touch football tournament in the Bundaberg-North Burnett Region from 2015-2020.
- Creating the most comprehensive portfolio of supported regional events of any state in Australia, with more than \$23 million invested across 1,068 events since 2001.

Importantly, there are many factors other than fees and charges that make Queensland a competitive destination in attracting events:

- New events legislation to facilitate major events being held in Queensland.
- The *TEQ Events Strategy Towards 2020* provides a strategic framework for identifying the competitive advantage Queensland has over other states in the strength of its 13 destinations, to guide future investment.
- Continued integration of events planning into the TEQ destination tourism planning framework and the state's 13 destination tourism plans (i.e. TEQ's support for major events bidding is importantly underpinned by destination development and marketing, the strength of which can often be a deciding factor in the success of a bid and an event's capacity to attract interstate and international visitors).

Case Study 1: Commonwealth Games

The Gold Coast 2018 Commonwealth Games (GC2018) is the most significant international sporting event to be held in Australia this decade and the first time an event of this significance has been hosted in an Australian regional city. The event will draw approximately 6,500 athletes and officials for eleven days of competition. Approximately 1.5 million tickets will be available to sporting events as well as free access events such as the marathon and road cycling. Events will also be held in Cairns, Townsville and Brisbane.

An arts and culture program will be held to complement the games and to enhance the community and visitor experience. The Queens Baton Relay will visit all 71 nations and territories of the Commonwealth ahead of the games, including an extensive relay leg through Australia and Queensland.

The Commonwealth Games will provide the Gold Coast with a platform to amplify its international exposure and increase its share of visitor expenditure. The games will have a global television reach of more than 1.5 billion people and approximately 2,000 journalists are expected to cover the event. This extensive broadcast and media coverage will provide significant opportunities to showcase the Gold Coast to a global audience.

However, while the Gold Coast has significant natural assets and recreational attractions, more needs to be done to capitalise on the Commonwealth Games and ensure the region is 'games ready'.

The Queensland Government has released a strategy and action plan to guide the realisation of benefits from hosting the Gold Coast 2018 Commonwealth Games – *Embracing our Games legacy – Queensland's legacy for the Gold Coast 2018 Commonwealth Games*. The legacy strategy established government's objectives for the event supported by three interconnected themes – our economy, our community and our lifestyle. The Queensland Government's objectives for the Commonwealth Games are to:

- demonstrate Queensland's ability to stage a successful, inspiring and memorable international event.
- leverage the Commonwealth Games to derive economic benefits and develop local business and workforce capability.
- maximise long-term community, sport and health benefits from GC2018.
- strengthen Queensland as Australia's premier tourism destination.

In stating its objectives, government has drawn a clear link to the economic benefits to be derived in part through tourism, as well as using the games and other initiatives to strengthen Queensland's position as Australia's premier tourism destination.

A tourism strategy will be developed for the games to guide the achievement of tourism targets. The strategy will consider the role of the national, state and regional tourism agencies in marketing, leveraging and industry development opportunities in preparation for the games.

3. Aviation

3.1 Regional airports

Recommendation 6: *Queensland considers that options should be considered by the Commonwealth to attract commercially viable international services (primarily low cost carriers) to smaller regional airports. This could include waiving fees for the first six months to help support the viability of these services.*

Discussion

To achieve the 2020 Industry Potential, the Australian tourism industry will need more international services to regional airports. Whilst the Commonwealth has minimal opportunity to influence an airline's revenue performance, it has much greater influence on reducing a range of costs that are currently discriminatory in their impact on regional international gateways, in comparison to the capital city gateways.

Commonwealth policy settings should not inhibit regional airports from working with airlines to attract commercially viable international services that will encourage more visitors to come to Australia. In this context, the Australian Government's cost recovery policy for border protection staff may serve to inhibit low cost carriers (which operate on lower margins and cost bases) from exploring regional airports for international flights. In these circumstances, the Australian Government may wish to waive fees for the first six months to help support the viability of these services.

3.2 Bilateral international air service agreements

Recommendation 7: *The Commonwealth Government continue its focus on opening and expanding links into foreign markets—especially through bilateral air services agreement negotiations.*

Discussion

The Queensland Government acknowledges the progress the Commonwealth has made in liberalising international services and reiterates the importance for the continued liberalisation of Australia's international air service agreements towards 'open skies'.

Australia's negotiating priorities should continue to be designed to ensure that emerging opportunities in key markets are taken up and capacity stays ahead of demand. The Commonwealth is encouraged to continue to pursue greater access to emerging markets such as China, as well as multilateral arrangements with regional groupings such as the European Union.

It is noted this year's Federal forward negotiating program has three key objectives:

- First, the program focuses on key Asian markets including China, Hong Kong and Malaysia - an obvious and significant priority, given their recent growth and future potential.

- Secondly, to open several smaller but promising markets to Australian carriers, particularly in Africa and the Middle East. This will enable Australian airlines to code share with their partner airlines to markets they could not otherwise serve.
- Thirdly, the program focuses on opening and expanding links to South America's rapidly maturing tourism and trade markets.

Case Study 2: Queensland Airline Incentives

Improved aviation access is a priority under the Queensland Government's tourism policy, with the commitment of an \$8 million fund to attract new airline routes to Queensland. The Queensland Government's Attracting Aviation Investment Fund (AAIF) was established to boost the Queensland tourism industry by attracting more international tourists. The fund has been used to secure new aviation business and routes into Queensland from identified priority markets, as well as to enhance existing partnerships. The fund has been used to secure China Eastern's seasonal service between Shanghai and Cairns, Air New Zealand's program of flights operating between June and October from Auckland to the Sunshine Coast, AirAsia X's service between Kuala Lumpur and the Gold Coast increasing to seven per week, and Emirates' upgrade to an A380 aircraft on its daily Dubai-Brisbane-Auckland service.

3.3 Passenger facilitation

Recommendation 8: *The Queensland Government considers government and industry should continue to work together to improve passenger facilitation at international airports while ensuring the integrity of Australia's quarantine and security regime remains a priority.*

Discussion

The Commonwealth has a direct service provision role in a number of areas that facilitate travel and tourism, including passports, visa processing and passenger facilitation.

The Queensland Government recognises the importance of maintaining border security and of maintaining confidence in our border security system. Passenger facilitation, however, also plays an important role for the tourism sector, as the first and last experiences of Australia enjoyed by incoming visitors.

Given the highly competitive environment in which tourism operates, any perception that Australia's visa system is more complex or lengthy than competitor destinations may cause potential visitors to choose another destination. Visa processing requirements for vital source markets, particularly China, must be as efficient as possible when compared with competitor markets. The use of technology (e.g. online lodgment) should be a key part of this process.

4. Land Use

Recommendation 9: *That consideration be given to a streamlined Commonwealth/State approvals process relating to the assessment of low risk tourism developments under Queensland and Commonwealth regulatory regimes (where they intersect). This could create opportunities to showcase Australia's environmental assets to the world, while at the same time ensuring these projects are sufficiently sustainable.*

Recommendation 10: *That the Commission notes the need for a 'fit for purpose' national regulatory system - particularly for native title.*

Discussion

4.1 Tourism and the planning system

At a strategic level the Queensland Government has identified tourism as one of the four key pillars of the economy. This is now reflected in the Queensland Government's single state planning policy. Consistent with our goals of devolving decision making to local government, and as part of its enabling and facilitation role, Queensland sees individual decisions on tourism development as the role of local governments.

To help local government to understand the important position of tourism in the planning system, Queensland has developed a comprehensive guideline (*Next Generation Tourism Planning*) for local government planning in Queensland. This aims to:

- Assist planners when writing plans, or considering tourism proposals to satisfy Queensland Government's planning policy for tourism.
- Increase awareness and understanding of tourism, sustainable tourism development and tourism planning.
- Explain tourism planning practice in Queensland and how it can be used to assist local government planning.

Queensland has received positive feedback from planners, developers and the tourism industry on this guidance material. Continued support and engagement with local government is required to ensure the needs of tourism are reflected in local planning – and in planning decisions for individual projects. Feedback from industry suggests not all local governments necessarily understand the benefits the visitor economy can provide to their communities or are prepared to work with tourism proponents to enable projects that are innovative.

4.2 Environmental regulations and approvals

Tourism and the environment are closely linked. The very areas most in demand by visitors are frequently those of most environmental significance – meaning a balance must be struck. Nature-based tourism forms a significant component of Australia's visitor economy, ranking among top travel motivators for international visitors. Our natural heritage provides us with a unique competitive advantage in the global market, but it must be appropriately protected, managed and developed.

In 2012-13, Australia hosted 34.1 million visitors who participated in nature based activities including visiting national parks, botanical gardens and wildlife parks. Two thirds of these visitors were from overseas, making nature based tourism particularly important. Indeed, a recent study by TA found consumers from some of Australia's key inbound markets viewed Australia's world-class natural environment as one of the top three most important factors in choosing a holiday destination (along with safety and value for money).

Capitalising on the potential benefits of nature-based tourism requires a supportive legislative framework and strategic investment in critical visitor infrastructure. Tourism development in areas of national significance under the EPBC Act should be considered low risk, low impact activities, as compared to other industries such as mining and resource development.

Unfortunately, however, low risk, low impact tourism development currently goes through the same dual approval processes under the EPBC Act as mining and other higher impact uses, with the same potential risks and delays to the tourism development. This reflects the underlying assumption that tourism development is posing risks to environmental values. This assumption fails to appreciate that tourism can act to protect, and increase awareness of, these values. As well as the increase in costs there is also the impact of the extended approval processes that result if a project requires assessment under the EPBCA, this being another deterrent to tourism entrepreneurs.

As the national *Tourism Investment and Regulation Review Final Report* (LEK Report) found, this disadvantages tourism development as tourism does not generate the same commercial return as intensive mining and resources developments. The same regulations therefore have a more detrimental impact on tourism, as smaller projects often cannot absorb the costs and risks associated with federal government approval under the EPBC Act. Ultimately this regulation acts as a deterrent, preventing tourism investment in protected areas and areas of scenic amenity.

Ecotourism developments by their nature have minimal environmental impact, and there is demand from both domestic and international travelers and visitors for such experiences. The World Trade Organisation identified ecotourism as the fastest growing tourism sector internationally, and the United Nations World Tourism Organisation has a major focus on ecotourism in its strategy."

Case Study 3: Great Barrier Reef Collaboration with Federal Government

The GBR is one of Australia's most iconic tourism assets, receiving up to 2 million visits each year. Tourism is an important economic driver for the reef, contributing \$5.7 billion to the national economy in 2012-13. The Queensland Government is currently progressing a number of key initiatives that will influence sustainable management and preservation of the GBR and importantly – to address all of the United Nations Educational, Scientific and Cultural Organisation's (UNESCO's) World Heritage Committee recommendations. A new long-term sustainability plan (Reef Plan) to protect and manage the GBR for the next 35 years is the Queensland and Commonwealth's joint commitment to working with industry and the community to improve the health and resilience of the GBR. The plan brings together a range of existing initiatives (including the GBR strategic assessment report) under the one umbrella to ensure greater efficiency and effectiveness.

While the management of the GBR is a collective responsibility, and a matter of global interest, the fact remains this icon is a part of Queensland and it is vital it is protected and managed now and into the future. The plan sets out targets and actions to: help safeguard the reef against threats such as poor water quality and crown-of-thorns starfish; improve its resilience to challenges like storms and cyclones; and conserve species such as turtles and dugongs while supporting existing sustainable activities, including tourism.

Maintaining and protecting this iconic World Heritage Area, while considering the needs for long-term sustainable development, is a critical priority. The 20-year plan for Queensland Tourism has a strong focus on preserving natural assets as the heart of the Queensland experience. Central to consideration of tourism development proposals is the integration of high levels of sustainability in design and operation, not only to protect the environmental asset, but also to satisfy the needs of an environmentally aware and demanding visitor market.

The Queensland Government has also worked collaboratively with the Great Barrier Reef Marine Park Authority (GBRMPA) to put in place a single combined permit for commercial activities on the reef (i.e. combining a national park/recreation area commercial activity permit with a Commonwealth and/or Queensland marine park permission). The initiative is proposed for implementation in the GBR by the end of 2014 and will be supported by the development of appropriate policies, procedures and systems in collaboration with the GBRMPA.

4.3 Native Title

From a Native Title perspective, many tourism projects are small scale and situated in environmentally sensitive areas which are also subject to Native Title issues. Complying with Native Title requirements can become an issue in terms of costs, particularly for smaller project proponents.

The Queensland Government is seeking to build strong economies in remote, rural and regional Queensland which provide economic opportunities for Indigenous people and the broader community. For this reason, the Queensland Government supports measures to reduce native title transaction costs to make them more proportionate to the benefit being obtained while striking a balance with the protection of Native Title rights.

It is understood some jurisdictions have already raised with the Commonwealth concerns about Native Title transaction costs associated with some parts of the future acts regime being disproportionate to the value or benefit of the dealing. This can prevent developments from proceeding and loss of economic benefit for all parties, including Native Title holders.

Specifically from a Queensland tourism perspective, a proposal that should be considered would be to adopt an 'Indigenous Land Use Agreement (ILUA) lite' for certain situations where adherence to all current ILUA requirements is not required or where the native title group itself is seeking a timely and cost-effective resolution. For example, a low impact project such as an ecotourism development which enhances and protects the cultural heritage and environmental values of the land. Naturally this should not displace the Indigenous Native Title rights and interest, and should focus on delivering real economic outcomes for Indigenous communities and their partners.

The Queensland Government considers the tourism industry needs a regulatory approval process that is 'fit for purpose'.

Case Study - Obi Obi

The Queensland Government has made available the opportunity for industry to commence work on ecotourism opportunities in Queensland. This opportunity has been taken up by an interested private sector proponent keen to explore ecotourism opportunities in Queensland.

Despite the enthusiasm of the proponent and the traditional owners of the site, addressing the Native Title issues on the site has turned out to be a time consuming process, with potentially significant cost implications.

Opportunities to improve certainty and reduce timeframes for existing Native Title processes should be investigated and pursued by the Federal Government, to ensure economic opportunities for projects of this nature are not lost to proponents and traditional owners.

Ecotourism initiatives have significant potential to increase Queensland's attractiveness as a domestic and international destination.

5. Other Issues

5.1 Regulatory issues

Recommendation 11: *Queensland is of the view that consistent with nationally agreed tourism principles, the Passenger Movement Charge (PMC) and other costs and charges (visa fees) should be maintained at current levels.*

Recommendation 12: *The Commission should be aware that although many states, including Queensland, are proactively working to develop cruise shipping, with Commonwealth support and commitment the industry will progress at a faster pace and in a more coordinated, sustainable manner. More specifically, opportunities for growth could be maximised through:*

- *Having foreign-flagged expedition cruise ships (under 5,000 gross tonnes) exempted from having to comply with 'cabotage' requirements.*
- *Long term resolution be found to address infrastructure bottlenecks in Sydney through securing regular, increased access for large cruise ships to Garden Island.*

Discussion

The Queensland Government welcomes the strong regulatory reform agenda of the federal government, however believes there are additional levers the government could apply to further reduce red tape and unlock significant growth potential.

Passenger Movement Charge

The PMC is currently being reviewed by the Commonwealth. QTIC and national bodies like TTF and NTA have been vocal about their concerns about the rising cost of the PMC for several years.

In the past, industry (through TTF) has noted:

- At US\$57.50, Australia's PMC is the second highest departure tax in the developed world, and for trips less than 3,220km, Australia's PMC is the highest;
- Queues at immigration counters make poor impressions on visitors, yet despite increases in PMC revenue, the Commonwealth has reduced jobs (up to 70 reported) in the Australian Customs and Border Protection Service.

Other key points previously raised by industry include concerns the PMC imposes:

- Disproportionate impacts on inbound tourism demand.
- Lack of clarity about where funding from the PMC is spent - in that funds are not hypothecated towards tourism specific activities, and there are few 'cost recovery' activities which explain the structure of the PMC.
- Bigger impacts on visitors from important medium-haul markets (i.e. New Zealand, China, and South-East Asia).
- Greater impacts on leisure travel than on business (which is less price-sensitive).
- These factors impact disproportionately on regions like North Queensland (which rely heavily on short and medium-haul international markets).

It is noted the Commonwealth, as part of its current review into border fees, taxes and charges, has not ruled out increasing the PMC and visa application charges (the latter is dealt with under recommendation 14). Any decision to do so would have negative implications for Queensland and Australia's ability to attract international tourists. Importantly, one of the four policy principles agreed by Tourism Ministers is 'to limit the tax, red tape and other regulatory burden that industry faces'. Any increase in these charges would not be consistent with this principle.

Cruise – Cabotage and shared use of Garden Island

Cruise shipping is the fastest growing sector of the Australian tourism industry. This growth reinforces the important contribution the cruising sector can make to meeting national and state tourism growth targets to double visitor expenditure by 2020.

While the focus has traditionally been on catering for the needs of the 'bigger' cruise ships, the smaller expedition/adventure cruise ships are a high yielding and potentially lucrative market for Queensland and Australia more generally. At the same time, smaller adventure and expedition ships have fewer infrastructure demands and impacts.

Currently, foreign flagged passenger ships are subject to the same requirements as cargo and other types of ships in that they need to obtain a temporary licence to conduct domestic voyages in Australia, unless exempted from the provisions of the *Coastal Trading (Revitalising Australian Shipping) Act 2012* (CTA).

The Queensland Government supports the ministerial exemption from the licensing provisions contained in the CTA issued by the federal government to cruise ships. This important measure has helped facilitate the growth of cruise shipping in Australia and Queensland. However, under current cabotage provisions contained in the CTA, registered 'foreign flagged' expedition cruise vessels under 5,000 gross tonnes are required to include an international port prior to arriving at the next Australian destination when sailing across state lines. Expedition vessels are therefore not classified as cruise ships in Australia, which has a number of impacts on the market. For example, a foreign flagged expedition cruise on a planned Whitsundays to Cairns to Darwin to Broome service needs first to go to Port Moresby or somewhere similar.

This can add considerable cost and time to a vessel and in some cases can mean the difference between a service being economically viable or not. It also creates an 'unequal playing field' for those ships falling under the exemption, which are not able to offer similar itineraries to larger ships.

The growth of the sector has placed serious constraints on Sydney Harbour's cruise ship berthing facilities. This is exacerbated by the worldwide trend towards larger cruise ships. While the completion of the White Bay cruise ship terminal has increased capacity, by 2020 56 per cent of cruise ships visiting Sydney will be unable to pass under the Harbour Bridge. The Overseas Passenger Terminal is now at capacity for much of the summer cruising season. To ensure the growth of the lucrative cruise ship sector is not curtailed, it is important the federal government

look at options to secure regularised and increased access for large cruise ships to Garden Island.

5.2 Workforce development issues

Recommendation 13: *That the Productivity Commission notes the Queensland Government's support of a broad range of federal workforce development initiatives including roll out of tourism employment plans and the Seasonal Workers Program.*

Recommendation 14: *That the Productivity Commission gives consideration to the recommendations of the recent TTF report, 'Visitor Visa Reform: Reducing the barriers for travel to Australia'.*

Recommendation 15: *That the Productivity Commission note the Queensland Government's strong focus on growing the international education and training sector, and the need for a student visa framework conducive to attracting international students to Australia.*

Discussion

Increasing the supply of labour, skills and participation is central to achieving the 2020 expenditure targets.

Short term labour sources

In conjunction with increased investment in skills, training and labour market programs, migration programs are an important part of the mix for achieving a skilled and flexible labour force for tourism.

The tourism and hospitality industry relies on three main sources of labour through the migration framework. These include skilled migrants, overseas students and working holiday maker visa (WHM) holders. There are currently barriers which limit the industry's ability to access labour from each of these sources, therefore hampering efforts to compete successfully with overseas destinations. From Queensland's perspective, the migration framework needs to be assessed to ensure that where there is an under-supply of domestic labour, the migration system operates effectively to fill this gap to ensure the tourism and hospitality industry is not hampered by supply-side constraints.

Queensland will also continue to work with the Commonwealth and industry partners on nationally relevant workforce initiatives to boost employment in the sector. This work, through TMM and ASCOT, has seen progression of pilot initiatives such as the Tourism Employment Plan (TEP) for Tropical North Queensland to deliver practical measures to address labour and skill shortages in the region, and link tourism businesses with existing and prospective programs.

Tourism Ministers have also been seeking visa reforms to better address the skills and labour shortages in the visitor economy, including expansion of the 2nd year WHM subclass 417 visa to include consideration of tourism employment within regional areas.

The current reforms being developed by the Queensland Government through ‘*Great skills. Real opportunities*’ are noteworthy. These initiatives introduce a vocational education and training (VET) funding system that is led by industry demand through a contestable training market. This provides for the delivery of qualifications considered necessary by industries, including tourism and hospitality, and allows for a VET system responsive to industry priorities.

5.3 Flexible workplace relations

Although not a specific part of the terms of reference for the Commission’s research project, the Queensland Government believes workplace relations reform remains a key priority to improving competitiveness and success in delivering quality, service and innovation in the tourism industry. The Queensland Government has been working with QTIC to develop a better understanding of the workplace relations issues in the tourism industry. Helping to ensure industry is better informed by providing research, data and information, will help promote a better understanding of the complex issues in this area and help create a labour environment that supports reinvestment in our product and our people.

5.4 International education

Australia has successfully positioned itself as a well-regarded destination offering quality education and training. Queensland has world-class universities and training institutions. Inter-country links created through educational ties can result in significant and long term trade development and cultural links.

There is increasing recognition of the connections between international education and tourism, and the importance of education as a major driver for travel. Tourism and travel play an important role in the international student’s experience of studying in Australia. As such, both sectors could benefit from a closer working relationship to facilitate positive outcomes for international students, while also advancing the economic stimulus provided by this market to the economy.

Importantly, growth in international education has the potential to contribute to meeting our 2020 tourism growth target to double visitor expenditure by 2020. In 2009, Deloitte Access Economics estimated every \$1 spent on education by international students has the flow-on effect of \$1.91 in economy wide value-add, based on their expenditure on other study/living cost items. In addition, a 2011 study conducted by Tourism Research Australia (TRA) has suggested that for every two formal students, one friend or relative visited Australia during the students’ stay in Australia; also contributing to local tourism economies.

In recognition of the importance of this sector, the Queensland Government is currently developing a Queensland International Education and Training Action Plan to ensure the best possible value from the state’s investment in this sector.

5.5 Visa reforms

While progress is being made to simplify visa applications and a roll-out to an online process for all countries is underway, other competitor countries have identified streamlined visitor visa arrangements as a key competitive advantage and are responding to the opportunity faster than Australia.

The recently released TTF report, *Visitor Visa Reform: Reducing the barriers for travel to Australia*, shows Australia now trails competitors who have recognised international tourism represents a massive economic opportunity and are streamlining visa processing to reduce the barriers to travel.

The report proposes seven key reforms to restore Australia's competitive position:

- Prioritise the implementation of online visitor visa processing for key markets, including China and India;
- Continue to review and simplify documentary requirements of visitor visa applications;
- Extend multiple-year multiple entry visas to leisure visitors and other countries;
- Review whether the needs of key source markets are being met and roll out forms in other languages;
- Examine the current visitor visa fee structure with a view to introducing a more equitable approach that recognises the economic contribution of tourism;
- Introduce a fee-for-service premium option for faster processing of visitor visas; and
- Build on the Cricket World Cup single visa initiative to move towards common visitor visas for Australia and New Zealand.

The recommendations of this report should be considered by the Productivity Commission.

5.6 Indigenous

Recommendation 16: *The Commonwealth is encouraged to continue to work collaboratively with the Queensland Government and tourism industry to progress Indigenous tourism opportunities.*

Discussion

Indigenous Australians bring a unique skill set and cultural opportunity to the tourism industry, while benefiting from the significant opportunities to participate in the economic activity and wealth creation tourism can provide. Increasing Indigenous participation in tourism, particularly through employment, would help 'close the gap' of Indigenous disadvantage and help address labour shortages in the tourism sector, particularly in rural and regional Australia.

Indigenous culture is a key point of differentiation for Australia on a highly competitive international tourism market.

The Queensland Government is working to increase Indigenous participation in tourism. Guided by the Queensland Aboriginal and Torres Strait Islander Economic Participation Framework, efforts are focused on promoting tourism as a career, linking existing Indigenous businesses, and assisting Aboriginal and Torres Strait Islander people to take up tourism related training and attain employment in the sector.

TEQ continues to support established Indigenous tourism operators in Queensland in improving their product delivery, marketability and long-term business sustainability through a range of development and promotional initiatives. In particular, the Queensland Government is supporting Indigenous Business Australia's Indigenous Tourism Champions Program, working with approved Queensland Indigenous tourism operators with one-on-one mentoring from industry specialists, and linking them into TA's marketing and industry development activities.