



National Tourism Alliance

**Pre-Budget Submission
to the
Federal Government

2008/9**

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Executive Summary

The NTA is pleased to put before the new Rudd Government our pre-2008/9 budget submission. This submission highlights the context of the forthcoming budget in terms of:

- Strategic imperatives and key barriers for tourism
- Continued support for white paper initiatives
- The essential need of government and industry to work in partnership in all areas.
- The tight fiscal climate, given the Government's focus on inflation, interest rates and commitment to its election promises.

Key recommendations of this submission are:

Labour Force Issues

- Significant additional investment in research and data on tourism employment in the tourism industry.
- Commitment to fund more destination management and assessment tools.
- Provide funding assistance to educate industry how to better access the existing training system.
- Review current approaches to RPL.
- Ensure industry has a greater influence on training outcomes.
- Fund training resources (workshop and on-line) to be delivered via the tourism sector associations to improve the skills of tourism business owners on how to recruit, train and retain staff.
- Provide additional support for certification schemes.
- Make changes to the Employer Nomination Scheme
- Consider addressing unskilled labour shortages through visa changes.
- Assist in the establishment of a tourism careers internet portal.

Research & Sustainable Tourism CRC

- Strong support for the proposed bid of the Sustainable Tourism CRC for a new term of 7 years to commence on 1 July 2010

Australian Tourism Development Program

- Continuation of the scheme as an aid to product development.
- ATDP outcomes would be significantly improved if the process of awarding grants included some industry involvement or check against overall sector strategy.
- The scheme would also benefit from being integrated into the operation of Destination Management plans

Environment & Climate Change

- Tourism industry to work in partnership with government on the enormous task of educating small businesses that they need to act.
- Explore with industry the role the accreditation schemes can play.
- Understand the action taken on environment across all of Australia affects our image as a green tourism destination.
- Continue to support Tourism and Climate Change Taskforce

Business Events

- Groundwork for future growth through an initial modest investment in interdepartmental resources to identify business event opportunities.
- Strongly recommend that the Government support the growth of business events with an **additional** spend over three years of \$32 million: \$1m in year 1 to support the ground work, \$10m in year 2 and \$21m in year 3.

Tourist Refund Scheme

- Revisit the issue with State Governments to seek support for privatizing the application process of this scheme, whilst retaining the approval by government.

Importantly, work has commenced by either industry or government on the implementation of a number of these recommendations, in which case the NTA advocates a continuation of that work, and an opportunity to review with government what work has been done. In other cases, a policy change is required.

Introduction

The tourism industry should be seen by governments at all levels as one of Australia's critical and most valuable economic and social assets:

- An economic contribution by tourism to Australia of \$65 billion¹
- Labour intensive, customer service industry with employment opportunities at all levels of skill, employing 810,000 Australians².
- Regional dispersal – there are tourism related jobs and economic activity located in all areas of the country.
- Export earnings – both current (over \$22 billion) and most importantly potential earnings.
- Money spent in Australia by tourists on services produced in Australia – the ultimate “Australian-made” offering.
- Dominated by small business owners who are embedded in local communities, delivering not just economic benefit but making a strong social contribution.

There are very few other Australian industries that can claim this combination of assets. We are in every sense asset rich, but in many cases profitability poor. Therefore, our greatest challenge is to not only grow the industry, but to achieve growth in a way that is economically and environmentally sustainable.

This submission, whilst delivered in the context of the pre-budget process for 2008/9, also looks at some of the longer term strategic issues. In this area, NTA is ideally positioned to provide a holistic perspective of the industry's future, as it includes the following significant associations as its members:

- Australian Hotels Association
- Australian Tourism Export Council
- Australian Federation of Travel Agents
- Restaurant & Catering Australia
- Hotel, Motel & Accommodation Association
- Caravan, RV & Accommodation Industry of Australia
- Australian Casino Association
- Australian Duty Free Association
- Board of Airline Representatives
- Queensland Tourism Industry Council
- South Australian Tourism Alliance
- Tourism Council ACT
- Tourism Industry Council Tasmania
- Tourism Council Western Australia
- Tourism Industry Council NSW
- Tourism Alliance Victoria
- Victorian Tourism Industry Council
- Winemakers Federation of Australia


Not only is the NTA membership comprehensive in its scope, but the leadership of these associations, representing over 45,000 businesses, can bring to the table a great deal of experience, knowledge and determination to address the diverse issues that face the tourism industry as a whole.

¹ 2005-6 direct & indirect – Tourism Research Australia, *Tourism's Contribution to the Australian Economy 1997-98 to 2005-6*, Tourism Australia, 2007, p1

² *Ibid.* p1

Strategies for the Future

In 2007, NTA introduced the Industry's Conceptual Framework for Tourism Development. This has been further refined as shown below. An industry as diverse, and as multi-dimensional as tourism, needs visionary strategies, appropriate policy settings and strong cooperation between all stakeholders to grow the economic and community benefit of the tourism industry.

 National Tourism Alliance			
The Industry's Conceptual Framework for Tourism Growth			
Demand Side Strategy	Supply Side Strategy		
Building Reputation	Encouraging Sustainability	Lifting Capability	Improving Access
<ul style="list-style-type: none"> • Tourism Australia, state and industry marketing to position Australia as a world leader in the provision of tourism products and services. • Enhance the emotional ties that visitors have with Australia, through a revitalised Brand Australia. • Encourage international tourist visitation to regional Australia. • Encourage Australians to take holidays in Australia, particularly in regional Australia. • Market holidays as a preferential product to competing consumer spend. • Create greater opportunities for the development of Australia as a destination for business and major events. 	<ul style="list-style-type: none"> • Improve impact of industry on environment and deliver on ecological sustainability. • Add value to the local community by being socially responsible. • Improve profitability to achieve better business sustainability. 	<ul style="list-style-type: none"> • Improve industry standards and professionalism. • Develop new product and enhance existing product to retain freshness of offering and address niche markets. • Improve human resource management. • Better promote career opportunities in tourism and attract and retain a suitable workforce. • Improve environmental management to enhance Australia's reputation as a green destination. • Encourage innovation. 	<ul style="list-style-type: none"> • Assist the development of tourism across Australia. • Support initiatives that provide for better capacity and efficiency in aviation and at international gateways. • Facilitate cruise ship visitation to Australia. • Alleviate the impact of taxes and charges on the tourism sector.
Research and Statistics <ul style="list-style-type: none"> • Enhance Australia's tourism data and research base. 			
Increasing Collaboration <ul style="list-style-type: none"> • Increase whole-of-Government collaboration • Enhance existing inter-governmental partnerships. • Shape Australian Government policy through industry government partnerships. • Promote and develop international partnerships. 			

The strategic framework will be one of the components of a proposed strategic planning process to be facilitated by NTA during 2008. This process was originally

signaled in NTA's pre-budget submission of 2007-8. That submission also identified the key challenges for the industry, all of which are still highly relevant:

- appreciation of the Australian dollar
- fuel costs
- competitive world environment
- labour Shortages
- climate change
- regional dispersal
- investment
- external environment, including terrorism, natural disasters and pandemics; and,
- socio-demographic patterns – meeting the needs of tomorrow's traveler.

Immediate Priorities for NTA Action

Members of the NTA have recently affirmed the following ten issues as the priorities for NTA to address:

- labour & skill shortages, reinforcing the position of the key industrial organisations who are members and focusing on the impact on tourism services;
- environmental sustainability and climate change
- funding for the CRC and research generally
- tourism industry image in the eyes of media, government and public and how the industry can put a relevant human face to our business.
- funding for TA
- quality assurance, consumer protection, service standards and accreditation
- product development and innovation
- aviation – the need for a national policy
- business events

In the context of the strategic framework and these priorities, this submission puts forward recommendations on a range of issues. In making these recommendations for 2008-9, the NTA is conscious that the new Rudd Government is looking for ideas that do not necessarily involve new funding commitments above those made during the election. One of those key commitments has been strong support by Labor for the funding of Tourism Australia. On this basis this issue has not been separately addressed in this submission.

This submission also presupposes continued support by the new Government for other major elements of the Tourism White Paper, and we look forward to continuing to work with the Minister and his department in those areas.

Labour Market Issues

Labour and skill shortages are identified across the tourism industry as the biggest single impediment to growth. In 2007, this issue was the subject of detailed investigation by a joint House of Representatives Inquiry into *Workforce Challenges Facing the Tourism Sector*. Arising out of that report, and indeed the industry submissions to it, are a range of recommendations, a number of which NTA specifically wishes to highlight as actions required of the Federal Government:

- A significant additional investment in research and data provision covering employment in the tourism industry. The tourism industry generally suffers from not being statistically clearly defined due to it being demand-defined rather than supply-defined. This requires a greater research investment at the ABS and other relevant agencies.
- Commitment to fund more destination management and assessment tools that will help sectors and regions to better identify the labour force needs within the context of tourism demand forecasts and infrastructure supply.
- Provide funding and resources to industry associations to educate and support the industry in accessing the existing training system, including apprenticeships.
- Review current approaches to RPL to better recognise skills acquired on the job in the industry.
- Further reform is needed to ensure industry has a greater influence on training outcomes and suitability of trainees.
- Funding, either with dedicated funds or via existing government schemes, the development of training resources (workshop and on-line) to be delivered via the tourism sector associations to improve the skills of tourism business owners to recruit, train and retain staff. Underpinning this training should be an analysis of the cost of turnover, based on proper research undertaken within tourism enterprises.
- Provide additional support for certification schemes, such as that run by R&CA and AHA, which recognise and encourage owners, managers and staff to participate in life-long learning.
- Make changes to the Employer Nomination Scheme as recommended by the R&CA, AHA and in the House of Reps report, including the broadening of managers covered by the scheme to include front of house.
- Consider immigration recommendations that will allow students (post-study), WHMs, and others to stay longer, as well as looking at other potential sources of unskilled labour. There is no doubt that with Australia's overall strategic direction being driven by, amongst other things, the "education revolution" together with demographic and attitudinal changes in the workforce, industries such as tourism which are labour intensive and rely on unskilled as well as skilled labour will continue to face significant challenges in attracting a suitable workforce.
- That a tourism careers portal be funded and established which links into existing sector initiatives, and provides detailed information on career opportunities in the tourism industry.

Research & Sustainable Tourism CRC

As a relatively new industry, one area that the tourism industry has been challenged to better understand is the fundamental importance of research to the development of the industry, and as a basis of key investment and business decisions. Relevant tourism research is delivered by a range of organisations, all of which have an important role to play. In particular, the role of Tourism Research Australia (TRA) and the Sustainable Tourism CRC (STCRC) are vital.

In relation to TRA, the NTA supports the continued funding and improvement in the service to industry offered by this unit within Tourism Australia. It is essential that the funding of TA is sufficient to ensure that the important research role performed by TRA is only enhanced and not diminished.

In relation to the STCRC, the NTA is very conscious of the review of Cooperative Research Centres being conducted by the Minister for Innovation, Industry, Science and Research, and the re-bid process due to occur in the near future. The NTA strongly supports the proposed bid of the STCRC for a new term of 7 years to commence on 1 July 2010. Over the past and current terms the STCRC faced significant challenges in delivering and disseminating research outcomes to a regionally dispersed and sectorally diverse industry. Commendable progress has been achieved in overcoming these challenges and the STCRC represents a major resource for tourism with the potential to support the continued competitiveness of Australia's industry into the future. It is critical for the tourism industry that the STCRC be supported beyond 2010.

The STCRC and TRA are both well positioned to be part of the strategic process in 2008, and in turn such a process will feed into the research priorities for our industry. In other industries where R&D corporations operate, the strategic plan for the industry is the basis for research projects, and so should it be with ours.

Australian Tourism Development Program

The last federal budget committed \$34.9 million to this scheme over four years, including \$5m to provide additional assistance to drought affected areas. The NTA strongly believes that this scheme should continue, as it assists in a very direct sense, businesses, regions and sectors develop new or enhance existing product. This is a strong strategic imperative for our industry.

However, we believe that the scheme's outcomes would be significantly improved if the process of awarding grants included some industry involvement, or at the very least, surety that the outcomes of the individual applicants were in accord with the sector or industry's overall direction. At times, individual operators or regions have put forward and received approval for projects which are not in alignment with a sector's overall direction.

The scheme would also benefit from being integrated with Destination Management plans, greater access for "metropolitan regions", and a transparent selection process.

An opportunity also exists to accelerate destination development by investing in delivering the outcomes across regional Australia of a current 3 Year STCRC funded project being conducted by the Australian Centre for Regional Tourism Research into best practice destination and development, marketing and management.

Challenges of Environment & Climate Change

The environment as an issue presents us with a challenge and an opportunity:

The challenge is to reduce our environmental footprint, to be achieved through the education of operators, carbon offsets and adaptation to a changing environment. The aviation sector is significantly affected and is already addressing the concerns of their customers about the effect of air travel on climate. The bigger challenge for the industry at large is engaging the small business operator in reducing their carbon footprint and motivating them to act. The tourism industry is committed to work in partnership with government on this enormous education task. We also believe that accreditation schemes, with an environmental component included, also have a strong role to play.

The opportunity for the Australia tourism industry lies in our international reputation as an environmentally friendly and responsible destination. Already, the feedback from the global travel market is that we are well positioned to be seen as a green destination. As a long haul destination to our major markets, we need to present an image that takes account of concerns about the carbon cost of traveling to Australia. Government action in this area is holistic – in other words, it relates to work done in all industries, as well as policies and actions taken by government, to protect our natural environment.

In the area of climate change, we acknowledge the excellent work being done by the Tourism and Climate Change Taskforce, on which NTA is represented by our member organizations ATEC and QTIC. Government's continued support for these processes is critical.

Some actions that could be taken are as follows:

- Supporting decision makers with practical guides, kits and benchmarking tools to assist in managing climate change impacts
- Providing climate change projections and regional impact scenarios targeted to the tourism industry
- Generating the knowledge to understand and manage climate change risks to water resources, biodiversity, coasts, human health, settlements and infrastructure
- Working with key industry stakeholders to develop practical strategies to manage the risks of climate change impacts (prevention/mitigation strategies)

Business Events Tourism

The NTA maintains its strong support for a well funded and focused unit within Tourism Australia which works on growing the size of the business events market. The business events sector has put evidence to government on the drop in the share of delegates in the international marketplace, and the increasing competition

from countries in the region who have invested strongly in meetings infrastructure and are marketing them enthusiastically and with great success. Although the States, via the bureaux and convention centres, will retain the strong sales role, the importance of overall positioning of Australia as a business events destination is paramount. There are many opportunities on an international basis for Australia to work as one in promoting the country as a business events destination, and there are not sufficient resources at present to do the job effectively.

In the context of a tight budgetary climate in 2008/9, there is much that can be done in this sector over the coming year that would entail minimal additional budgetary expense. For example, one of the key opportunities for hosting international meetings comes via government and industry associations. The connections and influence of the Federal Government reach deeply in these areas, but opportunities are not taken to mount international bids – bidding for an international conference is not front of mind when attending one, but it should be. Dedicated resources within a couple of key departments, such as Resources, Energy & Tourism, and Innovation, Industry, Science & Research could focus on working with industry partners (ie. other industries such as manufacturing, energy, mining, services) on these opportunities, and in turn working with the convention bureaux to develop the bids.

This grass roots work could lay the basis for a significant boost in marketing resources in the 2009/10 and 2010/11 budgets. We firmly believe that the \$25 million sought by the business events sector is a modest federal investment that will yield great ROI. It is recommended that this year the Government should announce support for the growth of business events with an additional spend over three years of \$32 million: \$1 m in year 1 to support the ground work, \$10m in year 2 and \$21m in year 3. By Year 3, this would bring the total spend on BE to \$25m.

Tourist Refund Scheme

The tourism industry has robustly advocated changes to this scheme to allow private operators to claim refunds on behalf of tourists. However, to our disappointment and despite the commitment of the previous federal government and a strong economic case supported by a report from Access Economics, the State Governments have largely indicated they do not support changes to the scheme. NTA is seeking that the Federal Government, utilising the strong spirit of state/federal cooperation, can encourage the states to support the reforms and allow the scheme, and indeed the retail purchasing by tourists, to grow.

The bottom line is that the Australian scheme is not competitive with equivalent retail tourism refund schemes across the world, and it is in Australia's interests to remove any factor that makes us uncompetitive in the global tourism marketplace. The States' concerns about a loss of GST revenue are in conflict with State and Federal Government policies to encourage exports by not burdening them with taxes. Their opposition reflects the barrier that tourism has often faced in not being seen as a "real" export industry even though our export product is as valuable, if not more so, to the economy than other widget-producing sectors. If Australians and international tourists shop overseas rather than in Australia then Governments not only lose the GST revenue, but the economic and employment benefit. This has a direct impact on Australia's balance of payments, one of the Government's key imperatives for improvement. Already, we are seeing a drop off in spending by tourists on shopping. Australia needs to reverse this trend.