

Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

30 April 2018

Re: The indicators of, and impact of, regional inequality in Australia

The Queensland Tourism Industry Council (QTIC) welcomes the opportunity to respond to the Senate Standing Committee on Economics on the inquiry into: *“The indicators of, and impact of, regional inequality in Australia”*.

QTIC is the state’s peak body for tourism in Queensland and represents the interests of the tourism industry. QTIC is an independent membership-based organisation with in excess of 3,000 members, operating in all sectors of the tourism industry, including business operators, Regional Tourism Organisations (RTOs), sector associations and education providers.

The tourism industry in Queensland contributed \$25 billion to Queensland’s Gross State Product (GSP), representing 7.8% of total GSP¹ and generated \$7.4 billion in exports in the year ending June 2017², making it the state’s third largest export industry (behind coal and food) accounting for 11.1% of total Queensland exports. The tourism industry consists of over 54,000 businesses across Queensland; nine out of ten of these businesses are small to medium enterprises.

Tourism is a key economic driver in regional Queensland, supporting employment and community growth, employing approximately 217,000 people directly and indirectly, or 9.1% of all people employed in Queensland¹. This is substantially more than mining (2.5% of employment) or agriculture, forestry and fishing combined (2.5% of employment). There is a diversity of jobs within the tourism industry with 11 occupations representing the majority of workers in the industry³. On average around

¹ Tourism Research Australia, *State Tourism Satellite Accounts 2016-2017*

² Tourism Research Australia - *State Tourism Satellite Accounts 2016-17*, Queensland Government Office of Economic and Statistical Research - Overseas exports of goods by industry 2016-17.

³ Queensland Government Department of Tourism Education and Small Business (DETESB) identified occupations: Tourism Workforce profiling: Accommodation and hospitality managers; Housekeepers and Cleaners; Fast Food Cooks and Kitchen Hands; Receptionists; Waiters; Bar attendants and Baristas; Chefs; Cooks; Café workers; Travel and Tourism Advisers; Air Transport professionals

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79% of tourism employees are sourced from the local region, of the remaining, 11% are from interstate or intrastate and 4% are working holiday makers.

QTIC would like to draw attention to the opportunity to overcome some of the regional inequality identified in Queensland, and across Australia, through tourism and increased visitor flows. Research suggests that tourism can play an integral role in creating jobs and generating revenue⁴. There is also a significant flow-on effect from tourism and therefore the industry is recognised as a positive driver of economic growth⁵. One of the key benefits of tourism is that it can distribute development from economic centres to less developed areas⁶, thereby supporting the Federal Government's Decentralisation agenda, highlighted in the inquiry in September 2017.

Growing and diversifying regional economies can be stimulated through innovation and carefully considered decision-making for investment, including public infrastructure. Thought should be given not only to resident populations and industry but also to the large number of visitors to Queensland. This will require a coordinated approach. A clear strategy for development opportunities must be to inspire business development and growth, with coordination across community, industry and government. The facilitation of innovative and sustainable tourism enterprise opportunities must be supported by tourism planning and development studies in tourism regions. In many areas of Queensland, tourism opportunity plans have already been prepared and outline appropriate use and development and market competitive opportunities prime for investment. Support from all levels of government will assist in securing this investment across regional Queensland thereby reducing regional inequality.

Access to capital for the development of tourism and hospitality services should also be considered, as should the reduction of red tape to facilitate the formation of new businesses to regional Australia. Tourism not only provides experiences for temporary visitors but also enhances the liveability of regions, making them more attractive to residents, investors and migrants.

As highlighted in the submission in September there are opportunities to develop the capabilities of regional Australians to promote growth. QTIC supports targeted investment into capacity building for Australians in regional communities and the development of connectivity with other regions. Human capital, skill development and capacity building is particularly important in reducing inequality and promoting opportunity across regional Australia. Any approach to regional development should take into consideration existing plans and strategies that support the development of regional economies – for example, the Queensland Tourism Workforce Plan. Queensland also has the benefit of a 30-year plan document that has bi-partisan support for an aspirational vision for the state.

A core issue in strengthening opportunities in regional Queensland is the consideration of connectivity. A well connected and seamless transport system is a central requirement for a destination to be competitive. Economic analysis of causality running from air transport to economic growth indicates that regional aviation impacts significantly local economies. Thus, local economic

⁴ Sinclair, MT. Tourism and Economic Development: A survey. *The Journal of Development Studies*. 34. (5). 1998.

⁵ Chou, MC. Does tourism development promote economic growth in transition countries? A panel data analysis. *Economic Modelling*. 33. 2013.

⁶ Williams, G. Shaw (Eds.), *Tourism and economic development: Western European experiences*, Belhaven Press, London. 1991

development strategies should ensure a strong focus on air transport - which will then boost local industries such as tourism⁷. The UN Commission on Social Development⁸ acknowledges transport services and systems (including air transport) contribute to economic and social development as efficient and environmentally sound activities and that they should be affordable and accessible in order to ensure mobility on an equitable basis to all sectors of society.

As outlined above, tourism can support both economic growth and social pride within destinations. Tourism can assist in empowering communities to grow and develop, stimulating community pride and competitive advantage. Where there is inequality there is opportunity for this to be addressed through clear strategies and industry support. By reducing regional inequality across the country, the Federal Government will be directly contributing to the Sustainable Development Goals. Specifically, this inquiry has the opportunity to work towards: Goal 8 – decent work and economic growth; Goal 9 – build resilient infrastructure, promote sustainable industrialisation and foster innovation; and Goal 10 – reduce inequality within (and among) countries. The contribution to these goals should be acknowledged in this inquiry and its report.

For all enquiries regarding the points raised in this letter, please contact me or the QTIC Policy Team on (07) 3236 1445 or email policy@qtic.com.au.

Kind regards



Daniel Gschwind
Chief Executive

⁷ Baker, D , Merkert, R, & Kamruzzaman, Md. Regional aviation and economic growth : cointegration and causality analysis in Australia. *Journal of Transport Geography* , 43 , pp. 140-150. 2015.

⁸ United Nations Commission on Sustainable Development (UNCSD). "Report of the Inter-Sessional Ad Hoc Working Group on Transport and Atmosphere". (2001).E/CN/17/2001/16. UNCSD: New York.