

The Treasurer  
GPO Box 611  
BRISBANE Qld 4001

21 January 2020

## **RE: 2020-21 Budget Submission**

On behalf of the Queensland tourism industry, the Queensland Tourism Industry Council (QTIC) would like to make this submission to you for the 2020-21 State Budget.

QTIC is the state peak body for tourism in Queensland. As the 'voice of tourism', QTIC represents the interests of the tourism industry, including business operators, Regional Tourism Organisations (RTOs) and sector associations. QTIC is a private sector, membership-based tourism industry organisation; all of Queensland's 13 RTOs are members of QTIC, as are 20 of the industry sector associations and in excess of 2,500 regional members, operating across all sectors of the tourism industry.

Tourism is a key economic driver in many Queensland regions. The tourism industry in Queensland contributes \$27 billion to Queensland's Gross State Product. Tourism supports regional employment and community growth, employing over 236,000 people directly and indirectly across a broad range of careers. This is substantially more than the mining sector or even agriculture, forestry and fishing combined.

Over the last few years in particular, the Queensland Government has made a number of significant and successful investments in the future of tourism. A suite of relevant election commitments in 2017 resulted in an additional funding boost of approximately \$180 million, allocated over 2 to 3 financial years. Those funding initiatives which included infrastructure, capacity building, event attraction, aviation attraction and marketing have delivered significant benefits to communities and industry and have supported job creation across the state.

The Queensland Government's own release on 14 August 2019 celebrated the fact that since 2015 at least 30,000 additional tourism jobs have been created in Queensland. That is a significant return on investment with more on offer, based on growing global tourism demand.

Almost all of these Queensland Government programs that have supported this growth over the last three years are coming to an end with the current financial year. Given the global opportunities for tourism growth and considering the intense global competition for market share, it is very important for Queensland to maintain momentum and invest in initiatives that can deliver regional benefits. As an industry, tourism is somewhat unique in being able to offer economic, community and environmental benefits in every region of Queensland and even the most remote destinations.

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QTIC advocates for the follow key funding priorities for the future growth of the tourism industry and the broader Queensland economy:

**1. Growing Tourism Infrastructure Fund (GTIF), Attracting Tourism Fund (ATF) & Attracting Aviation Investment Fund (AAIF):**

- **Extend program horizon for 3 years**
- **Set funding at \$15million per annum for GTIF**
- **Increase allocation to capacity building programs within the GTIF to \$2 million per annum**
- **Maintain funding for ATF and AAIF combined at \$12 million per annum.**

Tourism is an important driver of the Queensland economy, creating jobs, attracting investment and sustaining communities. The GTI Fund has demonstrated that it can deliver strong returns for the Queensland Government's economic development agenda and contribute materially to building resilient businesses, regions and communities, creating sustainable new jobs and increasing visitor expenditure.

The strong interest from industry in the GTIF program and the oversubscription demonstrates a strong demand to rejuvenate tired infrastructure and develop exciting new experiences across Queensland.

Research into destination competitiveness indicates that core infrastructure and attractions, such as contemporary activities and visitor infrastructure, are the foundations of a competitive destination. Without these comparative and competitive advantages, the tourism potential of a destination like Queensland cannot be realised.

QTIC urges the State Government to include additional criteria in the grant funding guidelines to ensure that all new infrastructure supported through this program considers the impact of our changing climate and the vulnerabilities it exposes. This was a core action item outlined in the *Building a resilient tourism industry: Queensland tourism climate change response plan* funded by the Queensland Government and endorsed by the Department of Innovation and Tourism Industry Development.

Furthermore, it is strongly recommended that that within the GTIF allocation there is an appropriate provision to the delivery of capacity building programs. Since the Federal Government halted the Tourism Demand Driving Infrastructure Funding, a gap was left in the funding of such programs. The State Government responded with the allocation of \$3million over three years to programs to support the skill development of industry. To ensure that Queensland continues to be able to deliver world class experiences to a global audience and to meet evolving consumer expectations, a continuation of this funding should be allocated in the 2020-21 budget.

The ATF and AAIF should also be maintained into the future, based on the success of initiatives supported by the programs. The AAIF also supports facilitation of regional dispersal of international visitors and to addresses issues associated with domestic connectivity in Queensland. The Regional Tourism Organisations (RTOs) have fully embraced the program, working collaboratively to bring strong outcomes for tourism across the state. The successful collaborations and regional enhancements are testament to the value of the program. The future implementation of the programs must be based on an approach that balances the international market mix and opportunities. Specifically, consideration should be given to both new and current markets.

## **2. Assist the tourism industry respond and adapt to climate change:**

- **\$25 million over three years for climate change adaption for reef-dependent tourism**
- **\$25 million over three years for adaption and mitigation measures across tourism, based on the Queensland Tourism Sector Adaptation Plan actions**
- **Support UN Decade of Ecosystem Restoration (2021-30)**
- **Continue to invest in ecoBiz to support SME transition**

The previous election commitments have seen an investment of \$25 million in Great Barrier Reef Island Renewal and a \$25 million allocation to Great Keppel Island essential infrastructure. We recommend a similar investment in the forward budget period for dedicated climate change response actions.

For tourism businesses, climate change is both a risk and an opportunity too big to ignore. The Queensland State Government has demonstrated strong leadership in its response to the impact that the climate is having on our infrastructure, communities and our future. QTIC supports this path and urges the government to make the necessary investment to strengthening community resilience and adapting to a future that will continue to be affected by increasingly severe weather impacts. The last few months have seen a dramatic illustration of this.

The recently released report, *'The expected impacts of climate change on the ocean economy'*, assesses different climate change scenarios and their impacts on fisheries and reef tourism. It suggests potential economic losses by the end of the century of over 90% for reef tourism around the world. Queensland's Great Barrier Reef – with an industry that sustains 64,000 jobs and generates \$6billion for the economy - despite its best management practices, will not be insulated from any losses due to likely global climate impacts. The time to act is now. To illustrate the financial challenge further: the 2016 Jabobs Report, commissioned by the Queensland Farmers Federation (QFF) and QTIC, identified that if we were to invest in the Great Barrier Reef as though it were economic infrastructure, it would require at least \$547 million a year for operations and maintenance, or \$830 million a year if a depreciation allowance is included.

Whilst there is commitment from both the State and Federal Government to protect the reef, the level of investment still falls short of the required resources to ensure the sustainable future of critical natural asset that form part of the global competitiveness of Queensland and Australia. More can, and should, be done to support the reef and its dependent industries. The challenges go beyond the reef and its economy and affect all tourism-dependant businesses and communities.

The Queensland tourism industry continues to innovate, adapt and mitigate in response to the changing environmental conditions. As an industry inherently reliant on its natural environment, the tourism industry and its visitors play a critical role as nature's stewards, citizen scientists and as advocates. As the industry continues to evolve and adopt more sustainable business practices, the continued support from the Queensland Government is essential. Critical mid-term action items outlined in the sector adaptation plan are now in need of implementation and require additional funding sources. These include:

- Commission an expert/consulting firm to develop sustainable supply chain guidelines for tourism businesses.

- Develop criteria for high integrity tourism carbon offset programs aligned to existing and accepted standards.
- Incentivise electric vehicle uptake.
- Work with partnering industries to drive whole-of-government and whole-of-community approach to managing climate change through effective policy.

We also refer to an opportunity for Queensland to be positioning the state as an active participant of the United Nation's decade of ecosystem restoration<sup>1</sup> project. Queensland has the opportunity to be showcased on a global stage for its commitment to environmental protection and sustainability by presenting current initiatives in land restoration and other policies and programs. Only limited additional resources would be required.

QTIC also supports the continuation of the ecoBiz program to support SMEs in transition.

### **3. Encourage visitation to Queensland:**

- **\$25 million additional funding annually to Tourism and Events Queensland (TEQ) for marketing**
- **Out of this additional funding, \$5 million to be directed to Regional Tourism Organisations (RTOs) to support destination capacity**
- **\$20 million additional funding annually for TEQ of events**

In real terms, the marketing budget of Tourism and Events Queensland has not increased in about a decade while global and domestic competition has intensified.

As part of the 2020-21 budget, the State Government is urged to restore TEQ purchasing power to appropriate levels to ensure Queensland can maintain and improve our state's global market positioning. With the launch of the *Tourism for Good* branding campaign in 2020 and the 2035 tourism vision document, Queensland has the opportunity to strengthen its position as a globally competitive tourism destination.

Destination marketing research highlights the value of the work that STO and RTOs do as a public good. Strong marketing coordination and collaboration between regional destinations benefits not just tourism but flows across all industries<sup>2</sup>. Successful and sustainable destination marketing requires a synergy between public and private sectors to maximise impact, achieve buy-in and effectively leverage the opportunities created. The World Travel and Tourism Council highlights case studies of successful investment in tourism marketing, with Visit Denmark reporting that for every dollar spent on tourism marketing, 16 dollars were returned in tourism revenue. Scotland reports a 20% ROI for investment in tourism marketing<sup>3</sup>. Investment in the core organisations that support and lead our destinations is critical to promoting Queensland as the aspirational state to live, work and play.

<sup>1</sup> <https://www.unenvironment.org/news-and-stories/press-release/new-un-decade-ecosystem-restoration-offers-unparalleled-opportunity>

<sup>2</sup> Garrod, B., & Fyall, A. (2017). Collaborative destination marketing at the local level: Benefits bundling and the changing role of the local tourism association. *Current Issues in Tourism*, 20(7), 668-690.

<sup>3</sup> WTTC & Oxford Economics. (2012) *The Economic Advantages of Travel and Tourism*.

Industry-based research conducted in 2018, estimated that the tourism industry and its businesses invested over \$270 million to the marketing of Queensland<sup>4</sup>. Additional funding to TEQ and the RTOs will support the on-going efforts of industry to drive growth of tourism to the state.

Funding for events has been strong by the Queensland Government in recent years and has led to much publicised success in both major events and regional events. The positive impact of sporting, cultural and business has been demonstrated in all regions of Queensland both in terms of the immediate economic benefits and also in terms of the exposure to a domestic and global audience. To maintain the momentum and to protect Queensland's competitive position and an additional annual investment of \$20 million would replace additional ad hoc funding, provided in the past, to boost the current \$40 million events budget.

Events create additional opportunity for regional and seasonal dispersal of visitors. Events can attract visitors who otherwise may not have been interested in a region or a town and stimulate expenditure and bring economic benefits that otherwise would not eventuate.

Events can also assist in strengthening destination perceptions of visitors and potential visitors and stimulating a sense of community pride and engagement among residents.

Consideration should also be given to the legacy of events in regional communities. The legacy of events can enhance local infrastructure, improve accessibility of destinations diversifying regional economies and stimulating strong, prosperous, liveable regions.

By investing additional funds in events, the Queensland Government should also consider implementing additional requirements to ensure the minimisation of event footprints on the natural environment. Through funding levers, there is the opportunity to drive real change across industry to ensure the sustainable future of the sector in Queensland. Not only will this have a long-term environmental benefit, but also will demonstrate leadership and bring social and community benefits.

#### **4. First Nations Tourism:**

- **\$10 million for experience development**
- **\$2 million for language library project**
- **\$3 million for business skill programs**

Australia's First Nations peoples are the oldest living cultures on earth, connecting with country for tens of thousands of years. With the launch of the Queensland's First Nations Tourism Plan (QFNTTP) in late 2019, the state now has its first framework to leverage First Nations tourism. The plan promotes cultural heritage and stewardship of country, together with Queensland's distinctive mix of tourism product offerings, to inspire the development of a thriving First Nations' tourism sector that offers diverse, authentic and engaging, sustainable tourism experiences and promotes greater engagement of First Nations peoples' in tourism.

We acknowledge and applaud the Queensland Government's declaration of Year of Indigenous Tourism and the one-off funding of \$10 million to support related initiatives during the year.

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<sup>4</sup> Hua, E, Kristinsdottir, S & Mitchell, J. (2018). Marketing Expenditure of the Queensland Tourism Industry. <https://www.qtic.com.au/advocacy/policy-research/research/?id=EBFB6C8C-B646-E811-A822-00155D698968>

We suggest that QFNTP not offer a framework to implement key recommendations from Indigenous stakeholders, as articulated in the Plan. Specifically:

- Traditional Owners are supported to develop tourism products and experiences as a vehicle to practice and revitalise cultural traditions and languages and derive economic benefits from their traditional lands.
- Government agencies provide sustainable support and reduce barriers to investment for First Nation business development.
- First Nations tourism businesses are supported to invest in education, training and skill development for their employees.

QTIC has provided leadership in Indigenous employment and engagement in tourism for the last ten years, leading to the development of the Plan in 2019. We strongly believe the Queensland Government must remain a partner in the further advancement of the shared aspirations of First Nations Queenslanders and the tourism industry and make the necessary investment. It is, however, critical that practical initiatives are led by Indigenous stakeholders and industry not government departments.

In summary, the tourism industry plays a critical role in delivering the 30-year vision for Queensland, expressed in the *Queensland Plan*. A vision document that the Premier has confirmed as still relevant in summarising the vision for this state. On-going investment in the tourism will result in the enrichment of lives for both locals and visitors, secure jobs and increased competitiveness of the state as a destination to invest, live, work and visit.

For further discussion regarding any of the priority investment areas identified within this letter, please do not hesitate in contacting the QTIC policy team at (07) 3236 1445.

Kind regards

**Daniel Gschwind**  
**Chief Executive**