Formal statement to the Economics and Governance Committee of the Queensland Government at the hearing concerning the

Inquiry into the Queensland Government's Economic Response to COVID-19

27 July 2020.

My name is Daniel Gschwind, and I represent the Queensland Tourism Industry Council here today.

I thank the Chair and the committee members for the opportunity to appear at this hearing.

The Queensland Tourism Industry Council – or QTIC – is the state's peak representative organisation, not-for-profit and member-owned. We have more than to 3,000 regional members and we also include in our membership Queensland's 13 Regional Tourism Organisations and more than a dozen sectoral associations. We have sought feedback on the Committee's questions from all our members.

I will make some comments on the three areas the Committee has indicated an interest in. First, the extent of the sectoral downturn.

In 2019 tourism contributed about $25 billion in expenditure to the Queensland economy, not counting day trips. About $6 billion of that from international visitors, $19 billion from domestic visits. To put it in perspective, that is almost $70 million for every day. Importantly, this revenue tends to stay in the community in wages, local suppliers of produce, goods and services locally sourced. I might also add that the sector normally delivers $1.1 billion worth of federal, state and local tax revenue in Queensland.

With COVID-19, from about March, all this came to an almost complete standstill, a loss of $70 million for every day. It is hard to describe the impact without using words like catastrophic and devastating. Behind the eye-watering economic figures are tens of thousands of affected businesses, small and large, about 240,000 directly and indirectly employed tourism staff. I also must mention the dramatic impact this has had on international education at universities and language schools as well.

While all revenue stopped for most businesses the costs did not. Wages, debt and credit repayments, rents, maintenance costs, insurance premiums and more continued and still continue today.

With the opening of travel within Queensland at Stage 2 of the easing of restrictions, some service providers, particularly those close to the major population centre, experienced a boost to business activity. In fact, a few are reporting strong bookings and visitation, especially during the recent school holidays. Stage 3, and the opening of the state borders, allowed some more benefits to flow to more regional areas out west and up north. The additional flights from Brisbane and interstate have supported that. Nevertheless, while our industry takes some hope from this, we are a long way from a recovery.

Occupancy rates in some accommodation providers have improved but on average we are still at a fraction of normal bookings. We may have additional flights to our regional airports but they are at 10 to 20 percent of last year's level, tour operators, including marine businesses, are either not operating or at a very reduced capacity. Especially regions and operators with a high reliance on international visitors are still devastated.

I now turn to the issue of government support for the sector in response to those circumstances. Overall, I can categorically state that without the support packages from state and federal governments our sector would have collapsed, and a significantly larger number of jobs would have been lost. Business failures would be at staggering levels by now.

JobKeeper plays a major role but I will focus on the State Government's actions. In our view, the Queensland Government responded in a timely manner to emerging concerns at the very beginning of the crisis. The engagement with the sector, including our organisation, was effective and comprehensive. The situation was unprecedented and the urgency for responses was a great concern to the industry. The gravity of the situation appears to have been recognised by both politicians and public servants and the focus on quick and effective solutions seemed to override any of the normal bureaucratic obstacles. We experienced an open attitude to suggestions for support, raised by us or by individual business operators. A range of engagement mechanisms were either activated or created to ensure a genuine climate of cooperation existed. I would also say, that across political divides, and levels of government, we have enjoyed seeing common purpose and a willingness to ‘get things done’ with a minimum of fuss.

The relief from state taxes and charges, lease payment reductions and deferrals were delivered in quick response. Similarly, the availability of grant programs, for the sector specifically and businesses more generally, allowed countless operators to be more confident about the future. The increase of the available grant funds in response to the uptake from industry was welcome. The available loan facilities were also taken up enthusiastically by operators.

Despite all the support, there are some operators and circumstances where support was not made available. Some business structures, the ‘mum and dad operators’, have limited access to support programs and some employees, casual and seasonal workers for instance, cannot be supported with the current measures. As the crisis continues, these specific issues need to be considered.

There has also been some criticism of the length of time between applications for loans and grants and government confirmation.

Finally, now to proposals for the recovery of the sector moving forward. Tourism can and must play an important part in the recovery of our regional economies. The path to recovery will be long and uneven for different parts of the sector. An ongoing partnership with and support from governments is essential if we want to make the most of the tourism potential in the long-term.

Notwithstanding the current downturn, $19 billion in domestic tourism spend is in potentially in play for Queensland, as are more than $50 billion in national expenditure for overseas holidays in 2019. That amount will not go overseas any time soon. It is a greater amount than what international visitors spent in Australia by the way.

Every million of tourism dollars spent in Queensland creates 9 jobs.

Before listing some priority recovery measures, I would like to make the observation that the most alarming forecast in the Federal Treasurer's recent economic outlook concerns business investment over the next two years: non-mining investment is expected to reduce by 9% next year and 19.5% the year after. This threatens to stall any timely recovery, including in tourism. A strong focus must be placed on this.

For Queensland to be in a strong and competitive position we must:

1. Continue financial support measures beyond September to help businesses to maintain functional integrity.
2. Encourage and incentivise business investment to upgrade and improve facilities, create new opportunities and adapt businesses for new consumer markets. This must be achieved through a supportive regulatory framework and financial incentives.
3. Target public investment in catalytic infrastructure, including transports, water amenities, national park infrastructure.
4. Fund a sector-specific business capability program to assist in restructure and adaptation efforts.

5. Address significant labour market challenges to ensure a recovery can be supported by retained or newly recruited staff with the necessary skills.
6. Implement investment incentives to support tourism’s move towards greater sustainability, including reliance on renewable energy, would offer a timely opportunity to improve our international competitiveness long-term.

Public spending on such initiatives is an investment in the future. It will generate ample returns in jobs, regional economic activity and a stronger and more resilient Queensland.

Thank you.