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1 December 2011

Tourism Action Plan 2012-2015 consultation
Department of Employment, Economic Development and Innovation
PO Box 15168
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Submitted via email: tourismactionplan@deedi.qld.gov.au

Dear Sir/Madam,

On behalf of the Queensland business community, the Chamber of Commerce and Industry Queensland (CCIQ) welcomes the opportunity to provide feedback on the industry discussion paper on the Tourism Industry Action Plan 2012-2015. CCIQ has prepared a submission in response to this discussion paper which is attached for your consideration.

The Tourism Industry is undoubtedly one of the most important industries in Queensland and is the lifeblood of many regional communities. Subsequently, CCIQ is strongly supportive of implementing an updated action plan to ensure the industry can overcome the significant challenges that it is currently facing. The industry's substantial contribution to the economy and the employment of thousands of Queenslanders must be protected and grown.

The Queensland Government has set a target to double visitor expenditure from $15 billion in 2010 to $30 billion in 2020. CCIQ is supportive of this objective, however considering the plateau in both domestic and international tourist numbers in previous years and the significant reduction in visitor expenditure it is clear that much needs to be done to reach this target by 2020.

CCIQ's submission outlines a number of key focus areas and associated strategies that are strongly supported to help government and industry reach the 2020 target. These focus areas include:

- Clear direction and whole of government support;
- Making Queensland the number one tourism destination in Australia;
- Diversifying the Queensland tourism offering;
- Reducing the regulatory and cost impacts on tourism business;
- Enhancing access to markets and desirable tourism experiences;
- Labour and skilling solutions.

CCIQ encourages the State Government to consider the attached submission during the finalisation of the Tourism Industry Action Plan 2012-2015. We look forward to working with Government and other key stakeholders to achieve the 2020 target. If you have any questions regarding this correspondence please contact Senior Policy Analyst Leanne Connell on (07) 3842 2237 or email lconnell@cciq.com.au.

Yours Sincerely

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TOURISM INDUSTRY ACTION PLAN 2012-2015

CCIQ Response to the Industry discussion paper

1 December 2011

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1.0 INTRODUCTION

1.1 The Chamber of Commerce and Industry Queensland (CCIQ) welcomes the opportunity to provide feedback on the Department of Employment, Economic Development and Innovation's industry discussion paper on the Tourism Action Plan 2012-2015. The Tourism Industry is undoubtedly one of the most important industries in Queensland and is the lifeblood of many regional communities. Subsequently, CCIQ is strongly supportive of implementing an updated action plan to ensure the industry can overcome the significant challenges that it is currently facing, allowing it to continue its substantial contribution to the economy and the employment of thousands of Queenslanders. This submission provides an overview of the current tourism industry situation, key challenges that are being faced by the industry and strategies that are supported by CCIQ moving forward.

2.0 CURRENT INDUSTRY LANDSCAPE

2.1 Currently there are 115,500 tourism related businesses in Queensland, representing 28.5% of all registered businesses in this State.[1] These businesses directly and indirectly contribute $17 billion to the Queensland economy or 7% of Queensland's Gross State Product (GSP).[2] Additional key tourism industry statistics include:

- Second largest export earner behind coal, generating $3.6 billion annually;
- Directly employs 118,000 Queenslanders or 5.3% of all persons employed in the state;
- Indirectly employs an additional 102,000 Queenslanders;
- 85% of tourism businesses in Queensland are small businesses employing between 1 and 19 people.[3]

2.2 During 2010-11, there were more than 52 million visitors in Queensland, the majority (96.2%) of whom were domestic overnight visitors or day trippers. However, international visitors are likely to spend more nights, with an average of 18.4 nights compared to 4.2 nights for domestic visitors. International visitors are also likely to spend more money, spending on average $1822 compared to $674 and $101 for domestic visitors and day trippers respectively.

Tourism statistics for year ended June 2011

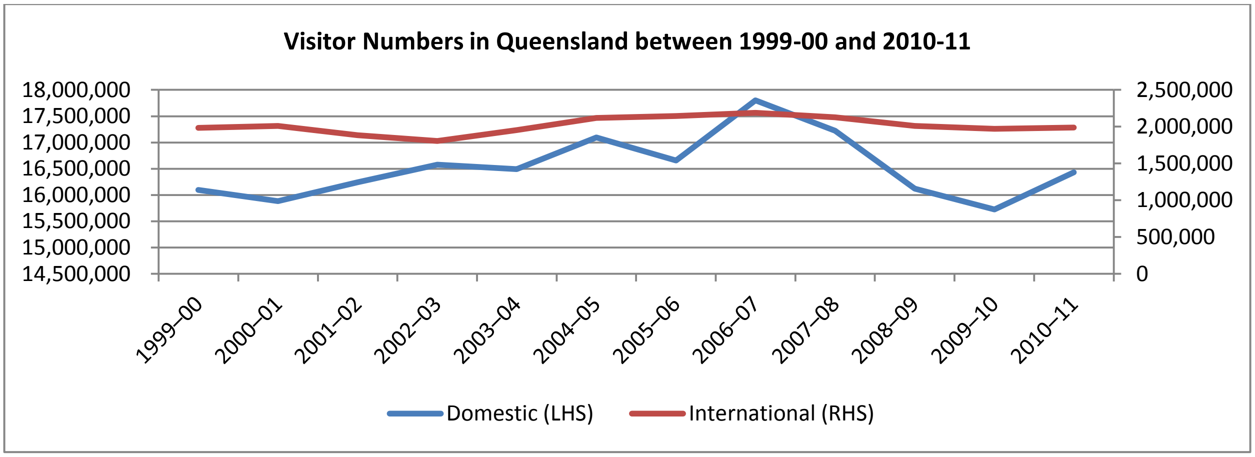
	Visitors		Visitor Nights		Visitor Expenditure	
	Actual	% change from 2009/10	Actual	% change from 2009/10	Actual ($ million)	% change from 2009/10
Domestic	16,429,000	4%	68,489,000	-3%	$11,073	-4%
Day trippers	33,684,000	1%	-	-	$3,408	-5%
International	1,989,000	1%	39,644,000	2%	$3,623	-6%

Source: Tourism Queensland[4]

2.3 Of all visitors to Australia, 36% visited Queensland and our State recorded 21% of visitor nights.[5] In the year ended June 2011, 58.7% of Queensland's international visitors originated from our top 5 international markets:

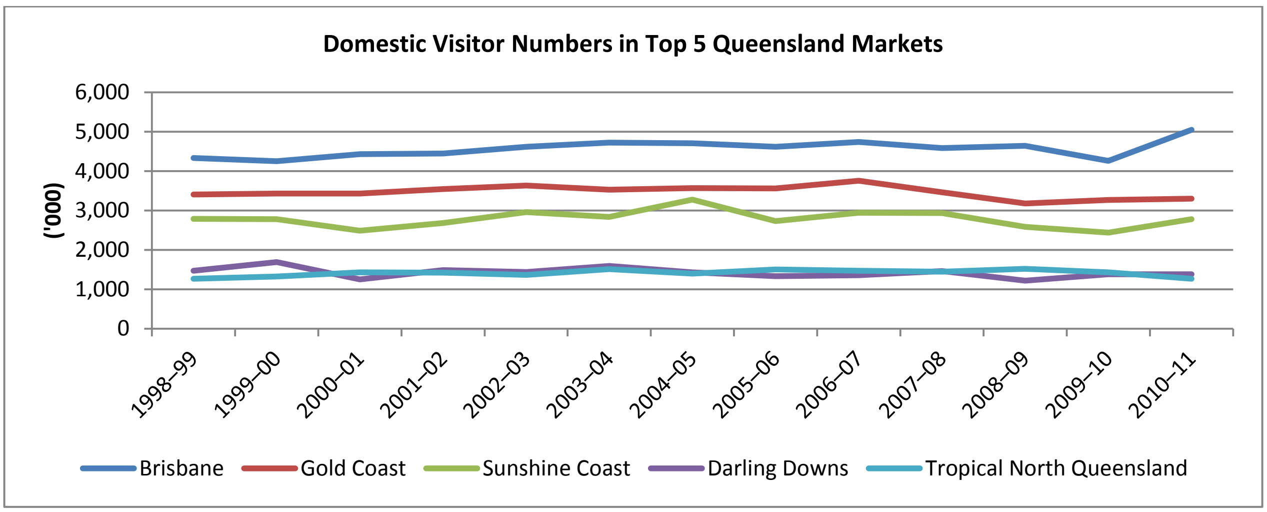
- New Zealand (404,000 visitors or 20.3% of total international visitors to Queensland);
- United Kingdom (220,000 visitors or 11.1%);
- China (198,000 visitors or 10.0%);
- Japan (193,000 visitors or 9.7%);
- USA (151,000 visitors or 7.6%).[6]

2.4 The below graph shows that visitor numbers, both domestic and international, have remained relatively stable in Queensland over the past 12 years. Whilst domestic tourist numbers have varied over this period, it has only been within an 8% band of variation, with total visitor numbers at the end this decade effectively no different than at the beginning.



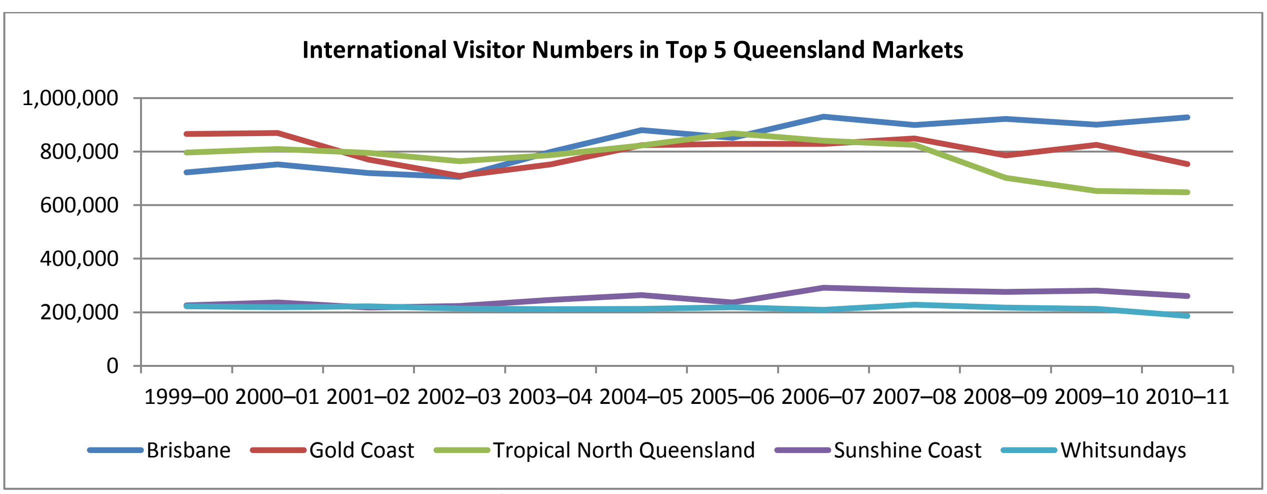
Source: Office of Economic and Statistical Research, 2011[7]

2.5 Domestic visitor numbers to Queensland's top 5 domestic tourism regions have also remained fairly stable. Brisbane, the Gold Coast and Sunshine Coast have remained Queensland's key domestic markets over the past 12 years.



Source: Office of Economic and Statistical Research, 2011[8]

2.6 The top 3 regions visited by international tourists over the past decade are Brisbane, the Gold Coast and Tropical North Queensland. The trend since 2007-08 indicates that the popularity of the Gold Coast and Tropical North Queensland have been declining with international tourist numbers reducing by 11.3% and 21.4% respectively. International tourists in Tropical North Queensland are at their lowest level of the past decade, and the Gold Coast is at its lowest level since 2003-04. International visitors to Brisbane have increased by 8.9% in the past 5 years.

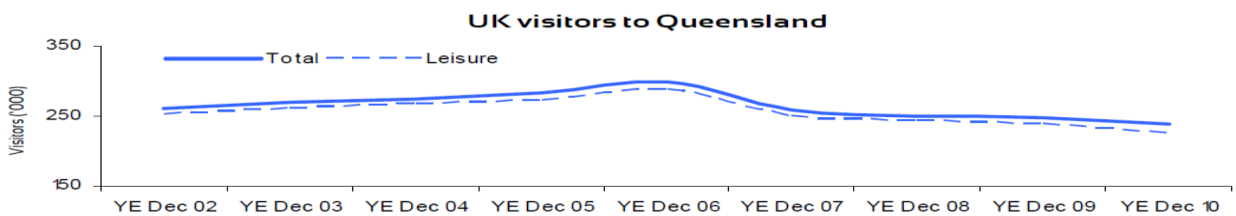


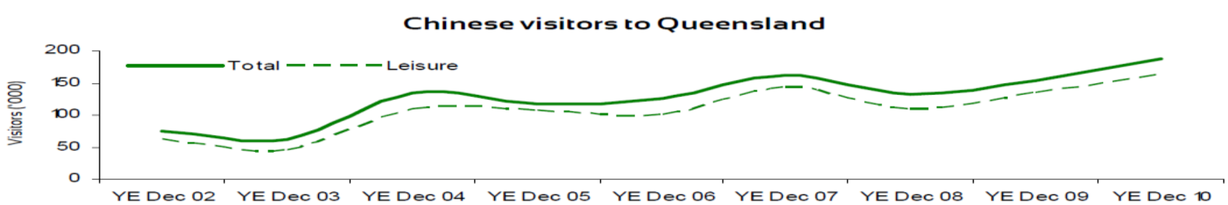
Source: Office of Economic and Statistical Research, 2011[9]

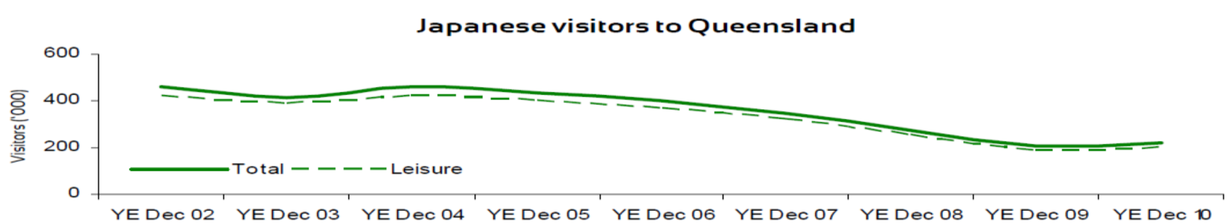
2.7 New Zealand continues to be the number one international tourist market for Queensland and experienced a steady annual increase of 2% in 2010/11. Conversely, key markets of the UK, Japan and USA are experiencing a significant decline. China continues to emerge as one the fastest growing markets, increasing by 25% in the year ended June 2011. The majority of visitors from Japan, Germany and Scandinavia visit Queensland during their Australian visit.

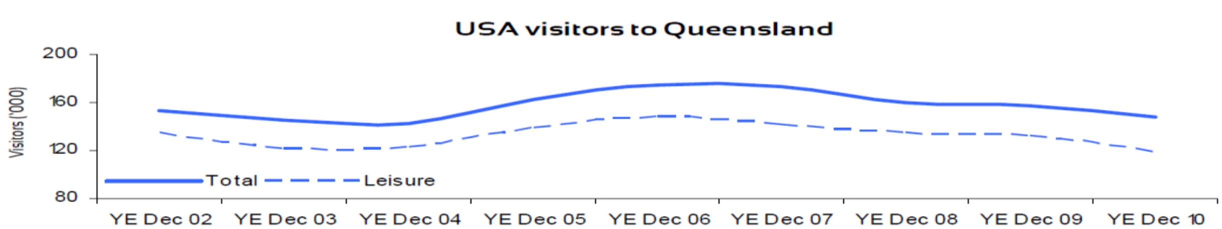
International Visitors to Queensland in year ended June 2011			
	Visitors	Annual Change	% of national visitors in QLD
New Zealand	404,000	2%	38%
UK	220,000	-8%	37%
China	198,000	25%	42%
Japan	193,000	-8%	58%
USA	151,000	-2%	35%
Germany	77,000	-5%	50%
Korea	68,000	-1%	36%
Singapore	49,000	7%	18%
Canada	48,000	-8%	43%
Scandinavia	42,000	2%	51%

Source: Tourism Queensland[10]









Source: Tourism Queensland[11]

2.8 There has been substantial growth in domestic passengers at the three key Queensland airports over the past five years. Both Brisbane and Gold Coast have seen a significant increase in international visitors, however Cairns has seen a significant decline. The high growth experienced on the Gold Coast is likely due to the increased capacity of the Gold Coast airport to accept both domestic and international passengers over the past 5 years.

Activity in Queensland's 3 main airports, 2010-11

Airport	Brisbane	Gold Coast	Cairns
Domestic Passengers	15,802,479	2,327,145	1,595,251
% Change from 2009-10	*5.6%*	*5.1%*	*5.8%*
% Change over 5 years	*14.6%*	*23.6%*	*9.6%*
International Passengers	4,287,681	389,297	333,161
% Change from 2009-10	*3.4%*	*2.8%*	*16.1%*
% Change over 5 years	*7.3%*	*75.3%*	*-37.4%*
Aircraft movements	194,028	100,434	87,728
% Change from 2009-10	*6.9%*	*-17.9%*	*4.9%*
% Change over 5 years	*12.7%*	*31.9%*	*-27.3%*

Sources: AirServices Australia[12], Brisbane Airport[13], Cairns Airport[14], Gold Coast airport[15]

3.0 KEY CHALLENGES FACED BY THE TOURISM INDUSTRY

3.1 The tourism industry is facing a number of challenges that need to be addressed by Governments and stakeholders in order to ensure the industry prospers moving forward. It is essential that the Queensland Tourism Action Plan 2012-2015 puts in place strategies and initiatives to help the industry address each of the following challenges:

- ***Economic pressures:*** Significant ongoing economic turmoil in some nations in conjunction with the high Australian dollar, aftermath of the Global Financial Crisis, high fuel prices and cautious consumer spending behaviours is resulting in fewer international tourists visiting and spending money in Queensland and more Queenslanders travelling to international destinations for "cheaper" holidays ie Thailand and Indonesia.

- ***Declining international tourists:*** Queensland is experiencing declining tourist numbers in our key international markets. This is of serious concern considering the importance of these markets to our economy. The popularity of the state's key regions (ie Gold Coast and North Queensland) are also declining.

- ***Increasing competition:*** There are an increasing number of countries and destinations competing for the tourist dollar. As competition continues to increase, it is becoming more and more difficult to encourage international tourists to visit our shores and for Australians to holiday within Queensland. In order to increase tourist numbers, it is essential to deliver the tourism experiences being sought after to encourage positive word-of-mouth advertising, repeat visitation and an increase in market share. Meeting the needs of key and emerging international markets will in turn prove a competitive edge moving forward.

- ***Outdated tourism products and lack of investment:*** Many of the facilities and infrastructure used by tourists including accommodation, entertainment facilities and transport systems are outdated and can discourage repeat visitation and positive word-of-mouth advertising. Investors are unwilling to invest for a number of reasons including difficulty in accessing finance, red tape concerns around development approval processes and the uncompetitive business operating environment in Queensland compared to elsewhere.

- ***Vulnerability to shocks:*** Several Queensland economies, particular the Whitsundays, Tropical North Queensland and the Sunshine and Gold Coasts, are dependent on tourism and are therefore more likely to be vulnerable to shocks that affect the tourism industry.[16] Economic diversification must be a priority in these regions to help insulate operators in the tourism sector.

- ***Increasing regulatory requirements and business costs:*** Red tape case studies undertaken by CCIQ on several tourism businesses found the cumulative impact of regulations is having a profound impact on both SMEs and large business, suppressing investment, productivity and profitability. Areas of concern include building codes, fair trading (especially liquor licensing), Property Agents and Motor Dealers Act, health and safety regulations, employment and workplace relations, and taxation laws. CCIQ welcomes the appointment of a Business Commissioner to cut red tape for small businesses in the tourism sector.[17]

- ***Access to markets and infrastructure:*** There are significant concerns that current infrastructure networks are not meeting the needs of our growing population, tourism sector and economy. Businesses have also raised concerns around the lack of connectivity between some regions throughout the state and to our key domestic and international markets. Significant improvements are required to enhance current infrastructure networks in order to deliver improved access to Queensland markets. CCIQ has developed a Transport Blueprint that includes 18 recommendations on how to deliver an improved network.[18]

- ***Australia's tourism image:*** Australia's tourism image has fallen from second to eighth place in a global survey measuring country's brand image. The strong Australian dollar, Queensland's floods and the country's distance from other continents in a struggling global economy were all identified as contributing factors.[19] Queensland is also still overcoming the negative media portrayal of the State during the natural disasters which continues to result in reduced tourist numbers and the cancellation of bookings.[20]

- ***Labour and skill shortages:*** Workforce challenges are of continued concern to tourism businesses. Concerns around the inflexibility of the Fair Work system (ie weekend penalty rates), continued loss of staff to the resource projects and wage pressures are impacting on the majority of tourism businesses.[21] Businesses believe that the industrial relations pendulum has swung too far in favour of employees, with a 2012 review required to simplify the Act in order to create more harmonious and productive workplaces.[22] Skill shortages are once again arising as a key issue, which will be more profound in regional Queensland where large numbers of employees left the area during the economic downturn never to return or are being monopolised by the resource projects.

4.0 STRATEGIES SUPPORTED BY CCIQ

4.1 The Queensland Government's target to double visitor expenditure from $15 billion in 2010 to $30 billion in 2020 is highly supported by CCIQ. However, the plateau in both domestic and international tourist numbers across the past decade (see section 2.4) and the significant reduction in visitor expenditure over the past year (section 2.2) will mean much more needs to be done to realise this target. In order to reach this target, CCIQ is supportive of focusing on the following objectives and strategies in the 2012-2015 Action Plan:

4.2 FOCUS AREA 1: Clear direction and whole of government support

- Develop and commit to clear objectives and strategies that are easily understood and recognised by tourism businesses, the majority of whom are small or medium enterprises.
- Promote the importance of tourism industry priorities within the State Government to ensure ongoing commitment to the industry across all portfolios.
- Maintain commitment to short, medium and long term goals and objectives to ensure ongoing priority and attention is placed on the tourism industry and on achieving the 2020 target.
- Work with industry stakeholders to deliver positive industry outcomes, ensure action is taken in areas where it is most needed and minimise the impact of regulatory changes on the industry.
- Establish a bi-annual ministerial forum for Government and industry to identify and deliver on priority tourism issues.
- Supporting and engaging local businesses to deliver on tourism industry priorities, ie implementing new infrastructure, upgrading tourist facilities and undertaking promotional activities.
- Establish KPIs and evaluation procedures to determine what progress is being made towards the 2020 target on an annual basis.

4.3 FOCUS AREA 2: Making Queensland the number one tourism destination in Australia

- Implement initiatives to increase Queensland's domestic market share as well as increase the proportion of international visitors in Australia who visit Queensland during their Australian holiday.
- Implement strategies to increase the number of tourists who visits key Queensland tourism regions including the Gold Coast, Sunshine Coast, Darling Downs, Tropical North Queensland and the Whitsundays.
- Funding for tourism marketing (including Regional Tourism Organisations (RTO) funding) should be equal to or more than funding provided by our competing State Governments for the same purpose and not fall below 2010/11 levels.
- RTOs should be responsible for destination-based marketing leaving Tourism Queensland to focus on whole-of-state and international initiatives.
- Leverage on the successful Commonwealth Games hosting bid to attract more events to Queensland, including in regional areas. Queensland should learn from the experiences of Canada in leveraging off the Vancouver 2010 Winter Olympics to maintain a strong brand.[23]
- Undertake research to determine why visitors from Japan, Germany and Scandinavia tend to visit Queensland when visiting Australia and implement strategies to take advantage of the findings to increase market share for other countries. Similarly determine why tourists from the UK, Japan and the USA are in decline and implement strategies to counteract this trend.
- Better use the social media outlets that are becoming increasingly popular and influential around the world.
- Undertake marketing campaigns to encourage Queenslanders to buy and holiday locally.

4.4 FOCUS AREA 3: Diversifying the Queensland tourism offering

- Identify new and emerging market opportunities and deliver targeted campaigns in order to increase visitor numbers and market share (ie growing Chinese market and building the cruise industry in Queensland).
- Grow numbers and expenditure through the identification of the needs of key and emerging markets (ie Japan, China, USA, India) and tailoring their tourism experience to deliver on their requirements.
- Market and build the vast range of tourism experiences that are available throughout all Queensland regions including cruise, sports, medical and MICE (meetings, incentives, conventions and exhibitions) tourism.
- Encourage economic diversification of tourism dependent regions that will help insulate tourism operators from shocks that impact the economy.

4.5 FOCUS AREA 4: Reducing the regulatory and cost impacts on tourism businesses

- Ensure the Business Commissioner has the powers to deliver substantial improvements in relation to the regulatory impacts currently impeding tourism business productivity and growth.
- Enhance development approval processes to allow tourism industry initiatives to be implemented/delivered quicker, subsequently encouraging more investors to invest in Queensland.
- Focusing on reducing unnecessary business costs (ie. Waste levy) and work with industry to reduce the negative impacts associated with Federal Government policies (ie carbon tax, MRRT etc).
- Implementing the recommendations of CCIQ's Blueprint for Fighting Queensland's Over-Regulation.[24]

4.6 FOCUS AREA 5: Enhancing access to markets and desirable tourism experiences

- Deliver infrastructure throughout every region that enhances the accessibility of the region for both tourists and tourism businesses.
- The Queensland Government to actively pursue opportunities to enhance the aviation industry in Queensland both through increasing access to air travel in all regions and growing service offerings between Queensland regions and key domestic and international markets. CCIQ is particularly supportive of increasing the access of Chinese tourists to all Queensland regions.
- Reinvigorating existing tourism products and facilitating the establishment of new experiences including accommodation, events and attractions.
- Providing incentives to private providers to upgrade out-dated tourist facilities, particularly accommodation offerings.
- Increase the availability of accommodation in areas where there are currently shortages, such as in areas where fly-in fly out employees are occupying valuable tourist accommodation.
- Increasing tourist access to our states' natural assets while also preserving their integrity for future generations.

4.7 FOCUS AREA 6: Labour and skilling solutions

- Deliver initiatives aimed at meeting demand in all skill levels in the long term. Initiatives should be aimed at attracting people to the industry and retaining and up-skilling existing employees.
- Working with the Federal Government on immigration initiatives including a temporary guest worker visa, expanded and extended working holiday visas with greater benefits for the tourism industry and greater access to skilled workers.

5.0 CONCLUSION

5.1 CCIQ is strongly supportive of the Queensland Government delivering a new Tourism Action Plan 2012-2015. This plan must outline the strategies that will be adopted to meet the target to double visitor expenditure from $15 billion in 2010 to $30 billion in 2020 in a way that is easily recognisable by the thousands of small and medium businesses that operate in this industry. Meeting this target will require significant investment and the implementation of well-targeted strategies to successfully increase tourist numbers that have remained relatively stable over the past decade. It is important that the State Government works with industry stakeholders in order to ensure initiatives are delivering the desired outcomes and that the limited resources available are being used efficiently and effectively in areas where it is required the most.

6.0 REFERENCES

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