QUEENSLAND TOURISM INDUSTRY COUNCIL

The Voice of Tourism

SUBMISSION TO THE TRANSITIONING REGIONAL ECONOMIES INITIAL REPORT

JULY 2017

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1. INTRODUCTION

The purpose of the Inquiry into transitioning regional economies is to examine the regional geography of Australia's economic transition since the mining investment boom, and to identify those regions and localities that face significant challenges in successfully transitioning to a more sustainable economic base as the investment phase is completed. The study considers the factors that influence their capacity to adapt to changes in economic circumstances.

The following submission provides an overview of tourism in Queensland and responds directly to the information requests outlined in the initial report overview and findings.

2. THE QUEENSLAND TOURISM INDUSTRY COUNCIL

The Queensland Tourism Industry Council (QTIC) is the state peak body for tourism in Queensland. QTIC is an independent, membership-based tourism industry organisation.

All of Queensland’s 13 Regional Tourism Organisations (RTOs) are members of QTIC, as are 20 industry sector associations and in excess of 3,000 regional members, operating in all sectors of the tourism industry.

QTIC works in partnership with government agencies and industry bodies at a local, state and national level and is a member of the Australian Tourism Industry Council (ATIC).

3. VALUE OF TOURISM IN REGIONAL QUEENSLAND

3.1 ECONOMIC CONTRIBUTION

The tourism industry in Queensland contributed $25.0 billion to Queensland's Gross State Product (GSP), representing 7.9% of total GSP[1] and generated $6.6 billion in exports in the year ending June 2015, making it one of the state's largest export industries[2].

In recent years, there has been widespread recognition by government and the business community that tourism is "propping up Queensland's economy". On the back of a slowdown in the resources industry, the tourism industry has experienced a resurgence and is flourishing against a relatively soft economic backdrop. In Edition 1, 2017 of Deloitte's *Tourism and Hotel Market Outlook*[3], it was reported that international arrivals in Australia grew at twice the rate for global outbound travel and that international visitation "continues to outshine broader economic performance". Forecasts to 2020 indicate that tourism will continue to grow faster than the wider economy despite increased global political uncertainty.

Income growth in China coupled with a favourable Australian dollar has seen visitor expenditure in Queensland grow to an all-time high of $20.2 billion, a $55.3 million daily spend in the Queensland economy[4] for the year ending December 2016. The return of tourism expenditure is high; with every dollar tourism earns adding an additional 87 cents to other parts of the economy[5]. Tourism continues to play an important role in regional Queensland as well as in urban centres. Benefits of tourism are widespread, with almost half of all expenditure going into regional Australia[1]. Visitor expenditure for regional and urban Queensland is outlined in Table 1 below.

Table 1 - Urban vs Regional Visitor Expenditure – Year Ending December 2016

	Domestic Overnight Visitor Expenditure	International Overnight Visitor Expenditure
Tropical North Queensland	$1,943.1	$1,125.0
Townsville	$824.0m	$85.2m
Outback	$352.6m	n/p
Whitsundays	$504.5m	$204.4m
Mackay	$346.1m	n/p
Southern Great Barrier Reef (Capricorn, Gladstone, Bundaberg)	$1,084.8m	n/p
Southern Queensland Country	$830.4m	$61.7m
Fraser Coast	$269.0m	$40.1m
Sunshine Coast	$2,116.0m	$266.0m
Brisbane	$3,568.4m	$2,016.0m
Gold Coast	$2,990.6m	$1,202.7m

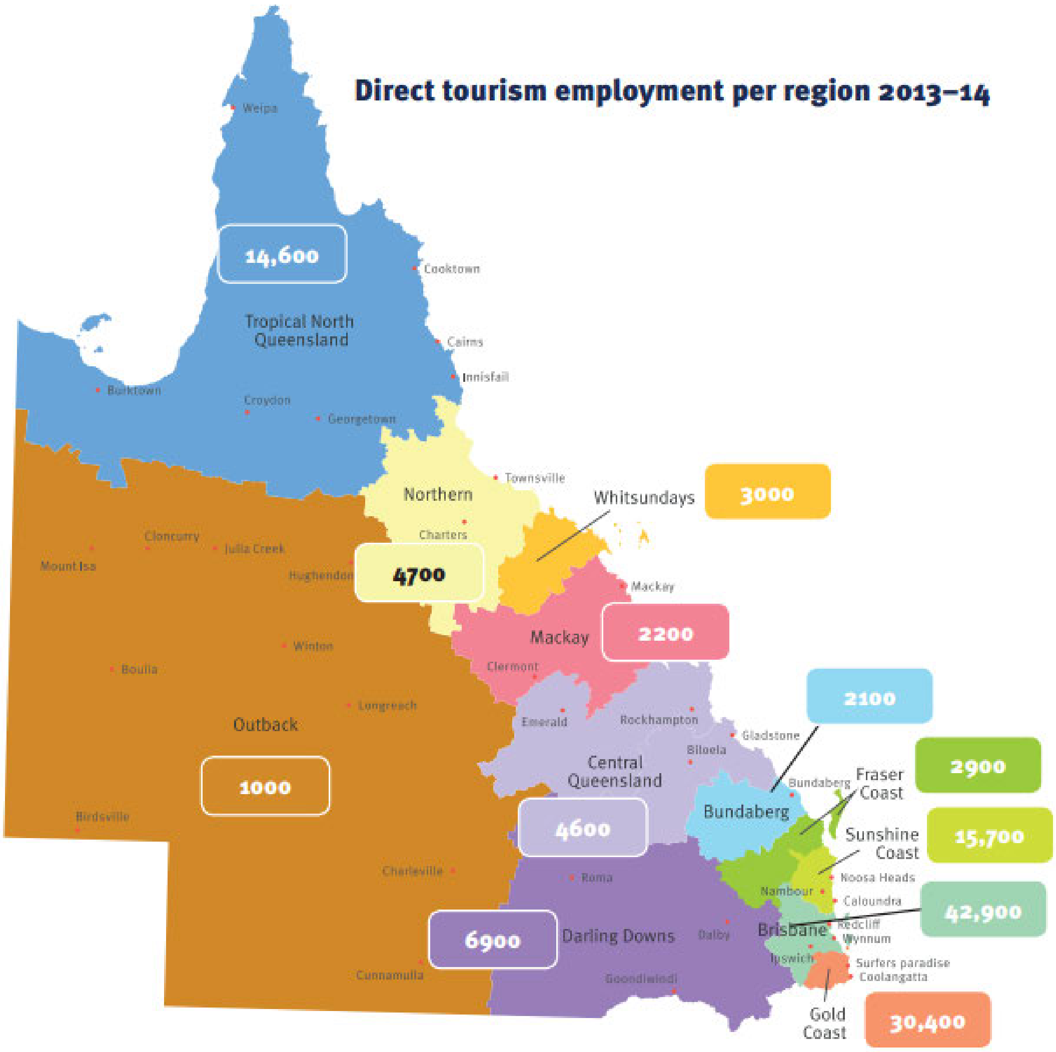
Source: Tourism Research Australia, 2016

[1] Tourism Research Australia, State Tourism Satellite Accounts 2015-2016
[2] Tourism Research Australia, *State Tourism Satellite Accounts 2014-2015*
[3] Deloitte, *Tourism and Hotel Market Outlook*, Edition 1, 2017
[4] Tourism Queensland, *Tourism Economic Key Facts*, April 2017

3.2 EMPLOYMENT

Tourism is a key economic driver in many Queensland regions, supporting regional employment and community growth, employing more than 225,000 people directly and indirectly, or 9.5% of all people employed in Queensland[1]. This is substantially more than the mining sector (2.5% of employment) or agriculture, forestry and fishing combined (2.5% of employment). There is a diversity of jobs performed within the tourism industry with 11 occupations representing the majority of workers in the industry[6]. On average around 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[7]. Furthermore, of those directly employed in tourism, two thirds are employed outside of Brisbane, highlighting the value of tourism in regional Queensland[8]. The map below (Figure 1) highlights the regional dispersion of tourism employment.

Figure 1: Regional Employment in Tourism



Source: Tourism Research Australia, 2015, Queensland Tourism Satellite Account, https://www.tra.gov.au/research/Queensland-regional-tourism-satellite-account.html
Map source: Queensland's tourism workforce, https://www.destq.com.au/__data/assets/pdf_file/0009/209736/tourism-workforce-profiling-part1.pdf

Despite the strong employment of Queensland residents, the Queensland tourism industry has a labour shortage, discussed further below in Figure 2.

[6] 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

[7] Jobs Skills, 2015, Queensland Tourism Workforce Plan 2017-20

[8] Tourism Research Australia, 2015-16, Queensland Tourism Satellite Account

Figure 2 - Queensland Tourism Labour Shortage
Tourism Research Australia and Deloitte Access Economics[9] estimate an implied **current shortage of 10,388** employed persons in the Queensland tourism industry. With strong projected growth for the tourism industry it is anticipated that there will be an accumulated demand for **23,481 new tourism workers in Queensland by 2020**. Across Australia, businesses in the **café and restaurant industries** report greater labour market difficulties relative to those in the accommodation or attraction industries. However, in Queensland the top tourism-related occupations **experiencing deficiencies in Queensland are Cleaner, Guest Service, and Receptionist** – suggesting deficiencies across all types of tourism businesses.
Source: Deloitte Access Economics, October 2015, Australian Tourism Labour Force Report: 2015-2020

The recently release Jobs Skills *Queensland Tourism Workforce Plan 2017-20* states: "Attracting the right staff is an ongoing challenge for employers dealing with seasonality and high turnover, particularly in regional communities with small labour pools". Despite the recruitment challenges faced in regional areas opportunities exist through the aging population and innovative work practices.

3.3 GROWTH

The World Travel and Tourism Council[10] (WTTC) project travel and tourism employment will grow 5.8% (compound annual growth) over the next decade in the Asia Pacific region. In contrast, total economy growth is projected at 4.1% per annum and other industries such as mining and agriculture are forecast to grow at 1.8% and 2.2% per annum respectively.

The five-year average growth rate for total visitor nights in Queensland is projected to be 4.0% over 2014–15 to 2019–20, or 3.9% over 10 years. This compares to 4.4% total five-year average annual growth for Australia, or 3.8% over 10 years. The challenge will be for Queensland to maintain, and gain, market share from competing Australian destinations as demand continues to expand over the coming decade[3].

[9] Deloitte Access Economics, October 2015, Australian Tourism Labour Force Report: 2015-2020
[10] World Travel and Tourism Council. 2017. Travel & Tourism Economic Impact 2017 Asia Pacific

4. TOURISM POLICY FRAMEWORK

4.1 FEDERAL TOURISM INITIATIVES

The following section overviews current tourism frameworks guiding the development of the industry at a federal level, strategies formed as a result of this inquiry should reflect the existing policy frameworks guiding industry development.

TOURISM 2020

To ensure that Australia continues to remain an attractive destination for visitors and to keep pace with forecast increases in demand, investment in hotels, infrastructure, attractions and training is needed. In December 2011, the Federal Government announced its national strategy *Tourism 2020* to grow the industry with a goal of doubling the value of tourism to $140 billion by 2020. The Federal Government is currently developing a new strategy to plan for sustainable growth beyond 2020.

Ensuring the growth and stability of both the supply of the tourism labour market and the demand for tourism products are factors that will dictate the success or failure of Australia's tourism industry in achieving its global potential.

TOURISM DEMAND DRIVER INFRASTRUCTURE (TDDI) PROGRAM

The Australian Government is providing funding to the states and territories over four years as part of the Tourism Demand Driver Infrastructure (TDDI) Program, which commenced in 2014-15. Through TDDI, the Commonwealth will provide $43.1 million over four years to the State and Territory governments. In Queensland, the Department of Tourism, Major Events, Small Business and the Commonwealth Games (DTESB) is responsible for administering the TDDI fund. DTESB determines the process by which the TDDI funding will be allocated in the state and which projects will receive TDDI funding. Projects must align strategically with relevant state, regional and destination plans.

Projects that drive demand, improve quality and increase tourism expenditure will assist the tourism industry in meeting Tourism 2020 targets. The ongoing funding and delivery of the TDDI program will drive tourism demand across regional Queensland.

DTESB have identified the following TDDI infrastructure categories relevant for Queensland:

a. Built – such as, but not limited to, mixed-used facilities, exhibition, convention and events facilities, cultural institutions, entertainment and sporting facilities, city/town precincts and tourist attractions.
b. Enabling – such as, but not limited to, Indigenous tourism development, the development of tourism networks, plans and feasibility studies, and programmes to improve industry capability and capacity.

From 2014-15, DTESB engaged QTIC to administer the Tourism Industry Capability Program (the enabling infrastructure category). QTIC has identified four key areas for industry capability programs that align with State and regional plans and Tourism 2020 targets:

1. Quality service
2. Digital capability
3. Business capability building
4. Events

QTIC continues to work collaboratively with Regional Tourism Organisations (RTOs) to understand the capability needs of regional tourism industry operators. Targeted capability programs are developed by the RTOs to meet these needs utilising providers that understand their regional perspective.

4.2 STATE TOURISM INITIATIVES

THE QUEENSLAND PLAN

The Queensland Government has committed to The Queensland Plan: Queenslander's 30-year vision as the strategic policy framework for Queensland and articulating the aspirations for Queenslander's and the long-terms future for the state.

Tourism is forecasted to be a major contributor to Queensland's economic growth and the Queensland Government and the Queensland tourism industry share an ambition to restore Queensland's position as Australia's premier tourism state. The former state government supported a goal of doubling visitor expenditure, to $30 billion by 2020. The current Palaszczuk Government has committed to maintaining these goals, and to continue working with industry leaders to develop a prosperous and sustainable tourism industry.

ADVANCING TOURISM 2016-20

The Queensland Government's *Advancing Tourism 2016-20* agenda *'seeks to capitalise on the opportunity afforded by unprecedented growth in tourism to increase market share and boost tourism jobs by targeting four priority areas:*

1. *grow quality products, events and experiences;*
2. *invest in infrastructure and access;*
3. *build a skilled workforce and business capabilities; and*
4. *seize the opportunity in Asia*[11]*.'*

The Queensland Government has further committed to the development of sustainable tourism experiences and enterprises in Queensland's national parks via the ***Queensland Ecotourism Plan 2016-20****, which* outlines the following strategic directions relevant to South East Queensland:

- *Driving innovation in ecotourism experiences;*
- *Stimulating investment in new and refurbished ecotourism opportunities;*
- *Expanding authentic Indigenous ecotourism experiences; and*
- *Promoting Queensland's world-class ecotourism experiences.*

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[6] *Tourism 2020: Whole of government working with industry to achieve Australia's tourism potential*, December 2011

[11] Queensland Government, Advancing Tourism 2016-20.

ADVANCING TOURISM IN NORTH QUEENSLAND

Advancing Tourism in North Queensland is a supplement to Advancing Tourism 2016–20, the Queensland Government's plan to grow tourism and jobs. The plan focuses on the same four key priority areas as the Advancing Tourism strategy.

QUEENSLAND TOURISM WORKFORCE PLAN

Jobs Queensland recently released the Queensland Tourism Workforce Plan 2017-2020 with regional plans due late 2017. The plan was developed through an Industry Advisory Group (IAG) tasked with gathering industry insight into state wide and regional issues impacting the tourism workforce. The Tourism IAG is chaired the CEO of the Queensland Tourism Industry Council and a member of the Jobs Queensland Board.

The Queensland Tourism Workforce Plan's key objective is to ensure Queensland has a skilled workforce ready to respond to the demand for skills and labour to support a growing and thriving tourism industry.

5. RESPONSE TO INITIAL REPORT KEY FINDINGS AND QUESTIONS

The following section of the submission responds directly to the key information requests outlined in the Productivity Commission's Transitioning Regional Economies Initial Report.

5.1 THE COMMISSION INVITES PARTICIPANTS TO COMMENT ON THE VARIABLES THAT HAVE BEEN INCLUDED IN THE INDEX AND WHETHER THERE ARE OTHER VARIABLES AND DATA SOURCES THAT COULD BE USED

Whilst the indicators of adaptive capacity are relevant and reasonably comprehensive, QTIC identifies several variables that are currently not included in the framework but should be recognised as influencing factors for a region's adaptive capacity. These include:

Visitor movement – On any one day in Queensland there are on average approximately 370,000 non-residents in the state. This is a greater number than the population of the entire Sunshine Coast and almost as much as the city of Gold Coast. With such a large number of additional persons in the state, dispersed across regions, their impact on the economic and social dynamics should be taken into consideration.

Natural Attractions – Whilst natural capital is considered in terms of value of minerals, quality of land for agriculture, fresh water and liveability, natural resources as key tourism attractors are not considered. Australia is ranked by the World Economic Forum in its Tourism and Travel Competiveness Index 2017[12] as sixth in the world for natural resources and as number one globally for world heritage natural sites. Queensland is the only destination in the world to host three world heritage natural sites; therefore it is important to consider all uses and benefits of natural capital. Regions identified as less adaptive such as Gladstone, Capricorn and Bundaberg have access to the Great Barrier Reef, a major tourism attraction with considerable economic value (see figure 3). Other natural attractions such as Capricorn Caves, the Daintree Rainforest and the Undara Volcanic Park also stimulate visitation and help support regional economies with potential sustainable development opportunities in other regions.

Figure 3 - Economic Value of the Great Barrier Reef

The Great Barrier Reef has an economic, social and icon asset value of $56 billion. It supports 64,000 jobs and contributes $6.4 billion to the Australian economy.

Regional expenditure to the GBR is outlined below.

Table 2.2: Average expenditure per visitor day (or visitor night), 2015–16 ($A)

	Domestic day	Domestic overnight	International
Burdekin	$143	$192	$72
Cape York	$131	$225	$152
Burnett Mary	$105	$135	$54
Fitzroy	$138	$127	$43
Mackay Whitsunday	$113	$210	$118
Wet Tropics	$133	$225	$152

Source: National Visitor Survey and International Visitor Survey, Tourism Research Australia

Source: Deloitte Access Economics, 2017: At what price? The economic, social and icon value of the Great Barrier Reef

[12] World Economic Forum, 2017, Travel and Tourism Competitiveness Index

5.2 THE COMMISSION INVITES PARTICIPANTS TO COMMENT ON THE RELEVANCE AND APPLICABILITY OF THE POLICY FRAMEWORK SET OUT IN CHAPTER 5.

QTIC supports the focus on a place-based strategy to support transition and development as outlined in figure 4.

Figure 4 - Exert from policy framework

The commission agrees that place-based policies are likely to be more effective than subsidy-based policies, although the latter remains a significant part of government policy. Guided by this way of thinking, strategies to support regional transition and development should:

- Take a coordinated, strategic approach, led by the regional community
- Build on a region's relative strengths (comparative advantage)
- Invest in the capacity of people in regional communities and the region's connections with other regions and markets
- Promote sustainability, so that project s and programs are viable without long-term government financial support.

CO-ORDINATED STRATEGIC APPROACH LED BY THE COMMUNITY

Research into Transition Towns as Resilient Places[13] emphasises the importance of a bottom-up approach working with local communities and community leaders to drive resilience through planning and policy frameworks. Such engagement with local communities assists in generating engagement and adaptation towards transition.

A major barrier to change is a lack of knowledge and therefore an inability of stakeholder to avail themselves to resources implemented to assist in transition. It is important that when engaging on programs to support transition that clear communication is provided outlining how local communities access the support and resources required to successfully transition. To assist in disseminating knowledge, resources such as business-to-business mentoring and engaging local champions may assist. Business mentoring and linking organisations can assist in enhancing knowledge, assisting businesses in identifying and capitalising on opportunities available to them and can help develop innovative solutions for challenges faced by organisations.

The importance of building on existing local, regional and state-based relevant strategies cannot be overstated. Often the community in general and the business community specifically are encouraged to participate in strategic planning exercises. These are run by different levels of government and multiple agencies and generally result in a document being produced with a strategic direction and perhaps specific action plans. Too often these plans gradually fade from view and participants are left wondering how their contribution was valued. This is particularly frustrating when subsequent planning exercises make no reference to previous work or existing and related strategies in different portfolios or different levels of government.

For instance, in 2014 the Queensland Government facilitate the creation of the *Queensland Plan: Queenslanders' 30-year vision*. An impressive 80,000 people contributed to the plan through and extensive and very comprehensive consultation process. The plan was explicitly to be a non-political and bi-partisan work. The document is an impressive and very credible outline of the kind of state that Queenslanders would like to 'transition to' over the next 30 years.

[13] Mehmod, A (2015) Of resilient places: Planning for urban resilience. European Planning Studies. 24 (2). 407-419

The current government has renewed its commitment to the plan but its objectives are rarely if ever referenced in any new strategic planning document. Only three years on the 30-year vision seem to have been forgotten or at least is not used to guide any transition effort.

BUILD ON A REGION'S RELATIVE STRENGTH

In tourism research there is a long established body of knowledge reflecting destination competitiveness and a region's ability to deliver goods and services that perform better than other destinations in a constantly evolving consumer market. Destination competitiveness is a complex concept with many variables impacting a destinations ability to be successful. Researchers Ritchie and Crouch[14] consider that the most competitive destinations bring the most well-being for its residents on a sustainable basis. Dwyer[15] posits that destination competitiveness requires endowed (e.g. natural assets) and created (e.g. tourism infrastructure and events) resources, as well as supporting resources (e.g. accessibility, service quality and general infrastructure). In building on a regions relative strength, the aforementioned factors should be considered to build a region that is attractive both to residents and for visitors.

To assist in identifying a region's strength and developing its strength, Regional Tourism Organisations (RTOs) should be consulted. These organisations work closely with the local community and understand the regions and how to build comparative advantage. By considering the wider visitor economy as well as the liveability for residents, further opportunities are open to regions. It is important that when projects are being publicly funded, they align with regional Destination Tourism Plans (DTPs) developed by RTOs and support state planning priorities.

A number of infrastructure funds currently support regional Queensland; however, challenges arise with the ability of small communities and business to source the matching funding. Opportunities should be developed for smaller regions to access resources, for instance by permitting joint funding submissions from smaller organisations or collaborative approaches from regions.

INVEST IN THE CAPACITY OF PEOPLE IN REGIONAL COMMUNITIES AND THE REGION'S CONNECTIONS WITH OTHER REGIONS AND MARKETS

QTIC supports the targeted investment into a region's capacity and connections with other regions, in particular the inclusion of human capital, skill development and capacity building in this criteria. Regional connectivity (accessibility) and service levels are key determinants of a destination's competitiveness and are integral in the success of regions. The recently released *Queensland Tourism Workforce Plan 2017-2020* identifies that as the tourism industry continues to grow faster than the wider economy, the challenge will be to ensure that the industry is able to attract and retain the best entrants and a skilled workforce. The plan states: "*Career patterns and expectations are changing, with individuals increasingly likely to have a number of different careers in their lifetime. Future workers need to be flexible and adaptable, able to move from tasks, jobs and locations with some having mixed portfolios of part-time work*". These needs of a changing workforce need to be taken into consideration when investing in capacity building across regional Queensland, transferable skills should become a priority in generating greater opportunity for individuals to pursue a "gig economy" lifestyle, for instance.

Furthermore, the proactive assistance to regions in Tier 2 is integral to the strategy, opportunities to cross train staff and transition across industries prior to an economic shock can help build resilience and support transitions. Tourism offers substantial opportunity for cross-training and providing employees'

[14] Ritchie, B & Crouch, G (2000). The competitive destination: A sustainability perspective. *Tourism Management.*21(1),1-7
[15] Dwyer, L & Kim, C. (2003). Destination Competitiveness: Determinants and Indicators. *Current Issues in Tourism.* 6(5)369-414

with opportunities to develop skills that can be utilised across various industries (e.g. retail and aged care).

5.3 THE COMMISSION INVITES PARTICIPANTS TO COMMENT ON WHERE A REGIONAL COMMUNITY COULD BENEFIT FROM A TRIAL EXEMPTION FROM REGULATIONS THAT ARE UNNECESSARY INHIBITING TRANSITION OR DEVELOPMENT.

Whilst it is recognised that an exemption from regulations may assist in stimulating product development in regional areas, QTIC often finds that members are unable to articulate what specific regulations are inhibiting the growth or development of regional businesses and rather it is the cumulative burden or complexity that is negatively impacting businesses. It is therefore recommended that alongside any regulation exemptions that are developed as an outcome of this report, programs are integrated in regions to help businesses navigate the complexities of regulation.

These programs should be designed to assist predominantly small business owners to navigate the multiple agencies and government requirements. In the Queensland tourism industry nine out of ten businesses are small to medium enterprises (SMEs). They are a vital part of regional economies and should be given particular attention in discussions of transitioning regions. Additional consideration should also be given to Local Councils and assistance should be provided to targeted areas to support planning assessment teams in local councils, reducing the burden and expediting growth opportunities.

Figure 5 - Exert from Job Skills Queensland Tourism Workforce Plan 2017-20
Throughout the State, stakeholders told Jobs Queensland they struggled to find the relevant information needed to address a range of issues – from accessing business support to addressing workforce needs. There was either too much information; too many competing sources of information; or a lack of the skills needed to navigate the range of websites and portals to find the appropriate information and resources. Information and resources are needed at a local level to address local issues through a single source or portal that is easy to navigate and up-to-date with relevant information and resources. Employers expressed their preference to use local networks rather than trawling through a website.
Source: Job Skills 2017 Queensland Tourism Workforce Plan 2017-20

6. FURTHER ENQUIRIES

We welcome the opportunity for further discussion regarding the points raised in this submission. For all enquiries, please contact Natasha Montesalvo