



A U S T R A L I A N REGIONAL TOURISM L T D

PRE - BUDGET SUBMISSION
2019

Australian Regional Tourism
P | 0407 436 965
E | eo@regionaltourism.com.au
PO BOX 831 Jurien Bay, Western Australia

www.regionaltourism.com.au

A U S T R A L I A N REGIONAL TOURISM L T D

The Hon Josh Frydenberg MP
Treasurer
PO Box 6022
House of Representatives, Parliament House
Canberra ACT 2600

1 February 2019

Dear Treasurer,

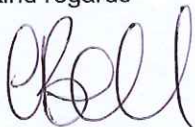
Thank you for the opportunity for Australian Regional Tourism (ART) to offer a submission to the Australian Government Treasury office for the 2018 -19 Federal Budget.

The submission offered below is based on insights developed in close consultation with the Australian regional tourism community undertaken with State Tourism Organisations (STOs) and our membership through the ART's Annual National Tourism Convention.

The following document outlines the top six National regional tourism priorities as agreed upon by our industry members, and refined by ART's State Tourism Organisation partners.

ART recommend that these top six National regional tourism priorities be considered in the development of the next federal budget and tourism funding allocation.

Kind regards



Coralie Bell
Chair
Australian Regional Tourism



About ART

Australian Regional Tourism (ART) is the peak National body representing the needs of regional tourism. ART, a membership-based organisation, bring together tourism stakeholders to partner with local councils, tourism organisations and industry professionals to find best practice solutions to key challenges. Working closely with our membership base, ART ensure their voice is heard by key decision makers in relation to tourism policy and planning.

ART acts as a hub for collaboration, cooperation, ideas generation, knowledge sharing and networking. On behalf of its members, ART advocates for sustainable regional development and amplifies key messages to government, other industries and industry sectors, researchers, educators and the public.

In October 2018, ART launched a game-changing online communications platform, The Tourism Hub. Developed to provide a central platform to access tourism research, news and opportunities. Integrated within the Tourism Hub is the Australian Regional Tourism Social Community. Its purpose is to end isolation and facilitate connectivity in regional destinations. It's connecting regions to enable the sharing of knowledge and advice, and collaboration to develop best practice solutions to common challenges. Funded by ART, The Tourism Hub is currently available free of charge to all regional tourism destinations across Australia.

ART consist of a board of eight Directors from regional tourism, state and local government. The Board set the strategic direction of the organisation, lead key projects and provide advocacy services on behalf of members and the broader regional tourism industry.

Introduction

In 2016-17 tourism delivered \$54.7 billion to the national GDP, an increase of 4.9%, with tourism growing faster than the national economy. Employment has also grown by 3.0% and consumption is up 5.3% to \$135.5 billion making tourism an increasingly important part of Australia's economy. (Source: Tourism Satellite Accounts 2016-17)

For the year ending September 2018, international travel in regional Australia recorded a decline of 4% in spend, which fell to \$4.3 billion. This was in contrast to an increase of 7% in spend in capital cities, which reached \$25.5 billion. Conversely, domestic overnight travel provided strong growth in regional spend, increasing 10% or \$3.3 billion to reach \$36.2 billion during the year. This increase was in line with national growth in domestic overnight spend of 10% (Source: Travel by Australians Year ending September 2018 TRA).

The following provides an outline of how regional tourism can better capture the opportunities that both domestic and international tourism currently present and prepare for a future that maximises that return from the visitor economy that all Australians can prosper from.

1. Enabling infrastructure

Issue

ART proposes that tourism in Australia may be running at a two-speed economy. Current data suggests that while the increases in domestic tourism have had a significant impact in regions, their inability to capture the massive growth in international tourism suggests that planning and developing for growing infrastructure demand in regional Australia has been patchy and largely inhibited by a number of factors impacting on maximising the long term benefits of growth in this sector. Often it is public policy that acts as a roadblock to getting infrastructure funded, approved and rolled out in a timely manner. ART promotes stronger consideration of the regional tourism industry's gaps and opportunities to ensure the sector is not hamstrung in contributing to the future development of the industry as a whole.

When referring to enabling infrastructure, this refers to connectivity – both access and digital. Rolling out the NBN into tourism regions is happening slower than anticipated, and activation is plagued with teething issues. Inconsistency in service delivery nationally is stifling tourism growth with regional tourism unable to effectively market and communicate with customers and business partners. With travel choice now profoundly influenced by technology and the need to book in 'real time', regional locations are often being left behind in the digital age due to a lack of or reliable connectivity.

Secondly, there is a growing disparity between regional and outbound airfares that discourages regional dispersal. As regional airfares continue to increase regional locations are finding it harder to compete as a destination on a value for money basis. This issue is not limited to remote locations and is increasingly impacting major regional cities, including Broome and Broken Hill.

Air traffic into Sydney airport is becoming constrained and this is impacting on international market growth and the flow on effects to regional destinations. Concurrently, an increased and ongoing effort is required for aviation attraction if the Tourism 2020 targets of doubling overnight expenditure are to be achieved

ART support the continued investment into regional aviation infrastructure which addresses issues of capacity and streamlines traveller's airport experiences.

To capitalise on the significant international and domestic growth in cruise tourism, the Sydney Cruise Port needs capacity enhancement and a number of regional ports need further development. There are some key tourism roads in need of upgrading or sealing in order to grow the drive market, with roads funding still well below the amount required.

Special interest tourism, such as mountain biking and multi-day walks, have seen massive growth in the past decade. The growth in adventure activities attracts a new market looking for diverse experiences. The emerging niche markets provide the potential for growth to regional locations but often requires capital investment, ongoing maintenance commitment and supporting tourism infrastructure.


Likewise, the growth in regional events and the utilisation of regional venues has seen massive growth in recent years and provides one of the best opportunities to increase regional visitation through providing a compelling reason to visit. Thus, a national commitment to grants funding that can continue to address deficits in regional infrastructure to deliver these experiences are critical to it's success.

Finally, many local governments across the country are struggling to meet the demand on infrastructure that they are responsible for, from multi-lingual signage to visitor amenities. Increased international visitation does not directly transfer to increased revenue for managing it on the ground.

Solution

Enabling infrastructure is critical to helping regional areas become more efficient, competitive and attractive. Government needs to be proactive in supporting targeted, justified enabling infrastructure improvements and seek input from STOs, Regional Tourism Organisations (RTOs), Local Government Authorities (LGAs) and ART to plan for future development and meet gaps in delivery. The potential return on investment in enabling infrastructure is significant. STOs, RTOs, LGAs and ART working together with Government will provide key input into improving the rollout of enabling infrastructure.

Looking forward both government and private investment need to include the tourism sector in the consideration of enabling infrastructure upgrades, and to assist clarify ongoing funding responsibility as part of the business case process.



Recommendation: ART are able to provide an independent voice in regard to proposals and future investment. This National organisation provides the vehicle for advice assessment and auspicing of funds where necessary. For 2017-18 total tourism investment was estimated to be \$44.0 billion with \$10.6 billion directed to regional locations (Source: TRA Total Tourism Investment Pipeline 2017-2018). It is important to maintain a level of growth in investment to keep up with growing domestic and international demand with a target of 10% increase year on end proposed.

2. Commonwealth grant funding for tourism development

Issue

The Tourism Demand Driver Investment (TDDI) Program commenced in July 2014 and terminated in June 2018. As outlined above, investment in regional tourism is critical. It not only supports regional dispersal, inbound growth markets (especially China) but also the ongoing need to provide quality experiential tourism if regions are to benefit fully from the economic impacts of tourism growth and development and reach Tourism 2020 target to double visitor expenditure. The focus of our national tourism body has been around marketing however if regional Australia is unable to deliver on the promise then we not only threaten the reputation of the industry but forgo the regional economic development so important to communities to ensure sustainability.

Solution

The TDDI needs to be reinstated. Initially a joint approach to the TDDI program needs to be adopted so that there is genuine input from State and Territories into the program, particularly assessment criteria, matching funding requirements and timing to align with regional budget allocations.

Recommendation:

1. That the Commonwealth engage ART and the STOs in planning the program, setting criteria, implementing and assessing proposals.
2. Focus on enabling regional infrastructure with input from Local/State Government and peak industry bodies to ensure projects are matched to strategic market demands and trends in the industry
3. Any funding should directly deliver on Tourism 2020 objectives.
4. The new program should be released to provide sufficient time for both the preparation of the proposal and to allocating matching budgets

3. Reliable and useful tourism data

Issue

The two main destination research topics that TRA propose to focus on in 2018/19 are regional dispersal and future technology disruptors. Tourism strategies should interlink with TRA to produce the most relevant data for future projects.

Reliable tourism data is a fundamental resource of our industry. The National Visitor Survey and International Visitor Survey highlight key trends and the ability to data mine that is invaluable to our industry. While it is recognised that sample size can be an issue, the recent increase of survey responses from 80,000 to 120,000 for the NVS and 20,000 to 40,000 for the IVS has been well received. Aggregation of data such as the LGA profiles is also highly valuable.

Minister for Tourism, Senator the Hon Simon Birmingham is reportedly considering removing or significantly downplaying funding for the NVS and IVS. It is acknowledged that these sources are less effective in regions where there is a smaller sample sizes and aggregation of various data sources is difficult however the importance of these schemes in providing trend data cannot be understated.

Challenges of available mobile phone infrastructure and banking availability is also of critical concern. This is particularly true when trying to aggregate bank transactional 'big data' with no one institution spreading across the county, leaving data potentially inconsistent. As a result, ART believe it is unlikely that sources like big data can replace key metrics needed for planning, preparing business cases and evaluating program effectiveness in the short term.

Solution

Improved tourism data needs to be jointly resolved and is not about either/or in the short term. Whilst it is recognised that 'big data' may be able to provide answers long term, in the short term the solution should be based around continuing with IVS and NVS, and using other big data options to increase robustness and intelligence. The big data options through the banking financial institutions have their limitations and they may have less applicability to regional tourism, which relies on less than 15 room establishments and limited or no mobile data.

Recommendation: The Government maintain NVS and IVS data as a priority. The Government continue to provide regional data linked to investment, industry sectors such as caravan and camping and adventure tourism whilst also ensuring that regional profiles are maintained even if the data has to be aggregated to ensure reliability. Technology disruption requires research especially to stay ahead of changes in regard to product aggregation and the impact third party aggregators or Online Travel Agencies (OTA) have on market reach, conversion and yield.

4. Regional dispersal of growing international markets

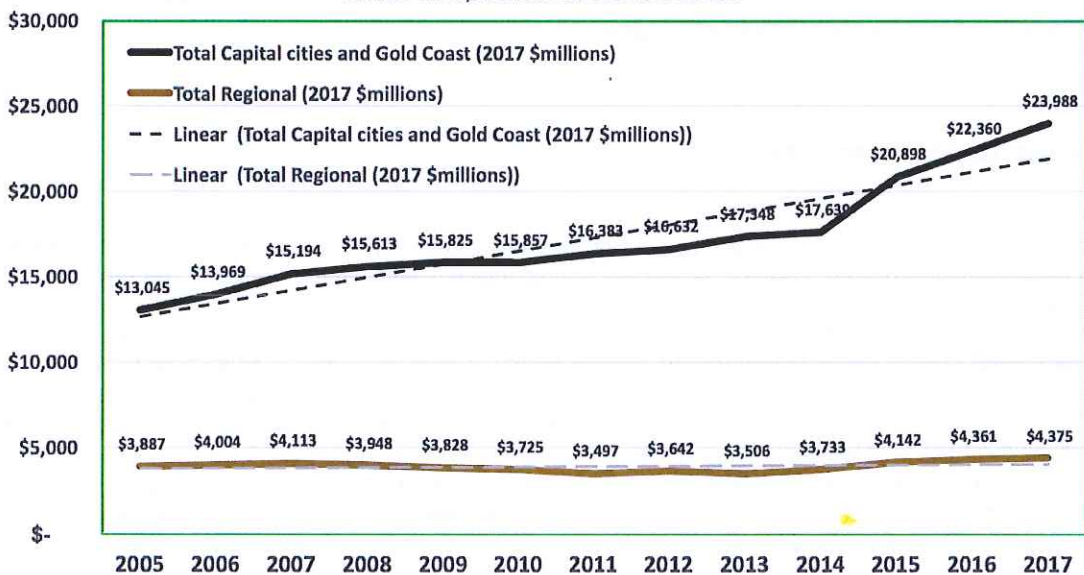
Issue

There is insufficient analysis on how international growth has flowed through to regional dispersal. The decline in international regional spend compared to domestic spend strongly suggests that regions are missing out on the benefits of the increase in inbound demand seen in capital cities. ART has liaised with Austrade to source international visitors, overnight stays and expenditure for capital cities and regions over the past 12 years. It provides an insight into how each of the State capitals versus the regional locations have performed.

ART recently undertook an analysis of annual growth for capital city versus regional expenditure across the country – as shown below.

Regional areas losing out - Real spending by inbound visitors to Australia 2005 -2017 in capital cities plus Gold Coast compared to in regional Australia (2017 \$millions)

Source: TRA Special Data Service from the IVS



Over the last 13 years there has been six times faster growth in real inbound spending in the capital cities than in regional Australia. This spells major problems for employment growth prospects in regional Australia, as international visitation is forecast to become increasingly dominated by inbound Asian tourists who heavily favour capital city stays.

The strong growth in markets from Asia, particularly China, is not transferring into regional overnight stays within the first visit. There is a risk that we do not do enough to convert first time Chinese and Asian visitors into repeat visitors that help with regional dispersal.

Solution

Maintain current funding level of Austrade. Conduct market research to determine which segments of the China market are most likely to return and disperse into regions. Use the research to develop marketing designed to convert first time visitors into return overnight regional visitors.

Link the recognition of the need for increased regional dispersal to regional product development & training to ensure the experience is matched to market, e.g. multilingual signage and interpretation/guides, appropriate accommodation and facilities, food, cultural considerations and Wi-Fi.

Allocate a larger proportion of the Tourism Australia (TA) marketing budget to targeting marketing to Chinese visitors while in Australia, to better analyse the attraction for repeat Chinese visitors to venture further into our regional areas.

Establish metrics and resources to report on regional dispersal rather than just comparing capital cities versus the 'rest of State'. Clearly identify and compare dispersal at the regional level.

Place greater emphasis on and recognise results showing repeat international visitation rather than new visitation, and even greater emphasis on this occurring in regional areas.

Recommendation: Providing funding and resources to better understand the potential for regional dispersal for inbound tourism through Tourism Research Australia. Analyse and apply the data to develop a National approach to regional dispersal and provide a funding pool for regions to expand the Destination Research Program to delve more deeply into inbound tourism in regional Australia.

5. Agritourism development

Issue

Agritourism is an ideal sector to further develop regional tourism and to encourage dispersal of international markets. Agritourism provides social and economic benefits to the visitor economy and agricultural sectors. However, to date there has been no National coordination of Agritourism development or marketing. Approximately 1.8 million domestic and international tourists visited Australian farms in 2015-16, and this has been growing by approximately 9% each year. The sector is currently worth approximately \$9.4 billion per annum. This economic benefit is particularly relevant to Australia Nationally as it often occurs in regions that really need it.

A National cross sector policy and strategy on Agritourism would help to gain an agreed direction on what opportunities this sector offers and what could be done to generate business in regional locations.

There are currently a number of constraints to growing Agritourism in Australia. Some of these constraints relate to local government, regulation and an inconsistent approach on how to facilitate growth in Agritourism. Some local governments have overcome these constraints with innovative policy and guidelines, providing potential for sharing 'best practice' solutions

In October 2018 ART released the discussion paper *Boosting Regional Australia through Agritourism*.

Key findings of the paper were:

1. National leadership is needed for the establishment and adoption of Agritourism in National policy and strategy
2. Issues of regulation must be addressed to advance the sector, in particular land use planning and food safety systems
3. A 'supply side' (farmer) development program is a critical component if this sector is to be supported and successful
4. Improved marketing and communications are integral in the future development of Agritourism

In January 2019, ART facilitated a cross sector stakeholder workshop to enable government and industry to collaborate on the findings of the discussion paper, and to guide the development of a National Agritourism Strategy.

Actions proposed to address the recommendations include:

- The development of a National Agritourism Symposium to enable the collaboration of industry leaders, and to determine best practice industry development solutions;
- The development of a best practice Agritourism guide, featuring case studies from across the country;
- The development of a suite of best practice "fact sheets" and "how to" guides for pathways to enable Agritourism product development and linkages to state and federal tourism marketing resources;
- An engagement program, delivering resources and key learnings to regional Australia networks.

Solution

Develop an Australian Agritourism Working Group of ART, STOs, TA, Australian Local Government Association (ALGA), Regional Development Australia (RDA) and the National Farmers Federation (NFF).

Funding is sought from the Commonwealth for the activities and for overall project management, governance and evaluation.

Recommendation: Commonwealth government to provide resources to activate a National Agritourism program under the guidance of an Agritourism Advisory Group to implement findings of the paper and undertake and implementation program for development and marketing of Agritourism Nationally.

Plan	Description	Budget
Project Manager	Engagement of Project Manager to implement the key recommendations from <i>Boosting Regional Australia through Agritourism</i> in collaboration with the National Agritourism Advisory Group	\$250,000 (per year for a two year period)

6. Skills shortages

Issue

In many regions there is a shortage of labour to help support their visitor economies. To help regions become/remain competitive, ART has identified the need to lift the skill levels across many sectors of the visitor economy. However, it is much more difficult to source and/or train skilled labour in regions than in cities. The top tourism occupations effected by skill deficiency include:

1. Accommodation – cleaner and receptionist
2. Attractions – tour guide
3. Restaurants/cafes – chef, cook and café/restaurant manager.

Skill shortages could impact the sector's growth and performance. While skill shortages have the potential to act as a direct constraint to the sector's ability to meet growing demand for the Australian tourism experience (where positions remain unfilled), it is more likely they could result in reduced productivity, whereby the workers filling employment positions are not equipped with the skills, expertise and/or capability to perform their role.

Diminished productivity has the potential to reduce the global competitiveness of Australia as a destination and reduce the visitor experience. Since attending a business event often provides internationals the first opportunity to visit Australia, a poor delegate experience may reduce repeat visitation (with family and friends) and the value of Australia's brand.

The Regional Education, Skills and Jobs Initiative includes the government employing local coordinators to develop and implement plans to improve participation in the workforce and educational achievement in regional Australia. However, this initiative does not have a tourism or visitor economy stream.

The new Skilling Australia Fund (managed by the Commonwealth government) is only accessible through programs pitched by the States with matched funding. Therefore, they are the gatekeepers to delivering new tourism/hospitality training programs.

For many years ART has conducted the Young Professional Awards Program. Now known as the Emerging Tourism Professional Program it is designed to not only recognise excellence in the industry but provide incentive to young regional tourism practitioners through mentoring and professional tourism development.

ART would like to see Government take a lead in taking a more pragmatic approach that targets the development of skills for regional visitor economies.

Solution

The proposed solution is:

1. The Commonwealth support the further development and recognition of tourism professionals through programs like the ART Emerging Tourism Professionals Program
2. Take a whole of Government review of historical training delivery and forecast future tourism and events training requirements through TAFEs and universities.
3. ART work with Commonwealth agencies in reviewing the hospitality and events short-term and medium to long-term strategic skills list under the federal government's Temporary Skills Shortage (TSS) visa.
4. ART to be funded to deliver professional/career development programs, delivered through its convention, or through training workshops via The Tourism Hub or distributed via a travelling roadshow and linked to Nationally accredited training units.

Recommendation:

The following activities are recommended to support future skills development in the regional tourism industry.

Project	Initiative	Funding
ART Emerging Professional Program	Provide a scholarship to young regional tourism professionals to undertake training and mentoring	\$100,000
Training audit	Fund ART to conduct a national regional tourism and events audit of training, identifying gaps and opportunities	\$75,000
Temporary skills shortage	Fund ART to conduct a strategic review of hospitality and events skill shortages	\$150,000
Professional development	Fund ART to develop and implement a pilot national training program utilising the Tourism Hub and based on the findings above to support regional tourism industry professionals. It is proposed that training will be linked to Nationally accredited study units.	\$250,000

Enquiries:

Lauren Douglass

Executive Officer

Australian Regional Tourism

Phone: 0407 436 965

Email: eo@regionaltourism.com.au

PO Box 831, Jurien Bay

Western Australia 6516

www.regionaltourism.com.au