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Australian Chamber- Tourism Pre-budget Submission 2020-21

July 2020



Australian Chamber
-Tourism

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Executive Summary

As the peak body for business groups operating in tourism, Australian Chamber – Tourism recommends the 2020-21 Budget include dedicated initiatives to support rebuilding tourism businesses and kickstart tourism growth in order to contribute to Australia’s future economic and social wellbeing and spread the benefits across the country.

Up until the current COVID-19 and 2019-20 Bushfire crises, Tourism had enormous potential for future growth in a highly competitive international market. However, by December 2019, Tourism was seriously affected by the crises and Australia’s image internationally was negatively impacted by reporting of the bushfire activity. Tourism was also the first to feel the impacts of COVID-19 with a Chinese tourism travel ban in February 2020 followed closely by a more complete tourism shut down due to border and business closures resulting in all meetings and events cancelled. While this health response was vital to control the spread of the COVID-19 virus, by April 2020, travel, tourism and hospitality in Australia was shut down and the impact of the crisis was felt by all tourism business owners and workers.

Provided policy settings are now tailored to support and rebuild tourism, pre-crises growth rates can still be reached, albeit not for a while. There is a real opportunity for the Australian market to be the front runner when borders re-open and international markets start vying for the tourist dollar. Investment from government would enhance the opportunity of the visitor economy so that Australia can once again enjoy the jobs, growth and export income that the sector generates.

To help restart tourism following the global pandemic, Australian Chamber-Tourism set up the Tourism Restart Taskforce to provide an industry roadmap to the Government to assist in the recovery efforts. The taskforce comprises of tourism industry leaders and has worked with Australian Government agencies, including Austrade, the National COVID Coordination Commission, Tourism Australia and Treasury in devising a Restart Plan for the industry. The plan provides a runway back to operations for the industries that comprise Australia’s largest services export and the creator of one in 13 jobs in the Australian economy.

Australian Chamber – Tourism has identified key policy initiatives for the Government’s consideration in order to assist in the recovery and capitalise on the potential of the visitor economy. This submission includes insights from industry through the Taskforce’s Restart Plan and our member network with the following proposed budget initiatives under three key themes:

- International Competitiveness
- Product Development
- Labour and Skills

Investment in each of these areas is essential for the industry to recover in this time of uncertainty amidst the global pandemic.

Recommendation A: Improve international competitiveness

- Remove the Passenger Movement Charge.
- Remove the Fringe Benefit Tax and reinstate deductibility for business expenditure on entertainment and travel;
- Retain Tourism Australia funding of \$195 million per annum which includes an ongoing domestic role and an increase to the business events bid fund.
- Extend the Export Market Development Grants to allow access to all investments in tourism promotion to claim activities required to pivot to new markets.
- Outsource the operation of the Tourist Refund Scheme to improve claims efficiency post COVID-19.
- Insurance Reform post COVID-19.
- Improve Passenger Facilitation by appropriately resourcing the Australian Border Force.

Recommendation B: Develop Australian product

- Increase funding to enhance data collection capabilities within Tourism Research Australia.
- Prioritise funding for tourism infrastructure projects under all existing hard and soft infrastructure grants.

Recommendation C: Labour and Skills Needs

- Allocate funding to reinstate the Tourism Labour Force Survey.
- Allocate \$10 million to develop a promotional campaign to encourage career pathways in Tourism and Hospitality.
- Provide ongoing apprenticeship and traineeship subsidies for tourism and hospitality apprenticeships and traineeships until end of December 2021.
- Promote VET as an important pathway to developing labour and skills in Travel and Tourism (both business and leisure) and hospitality.
- Allocate adequate resources to address the extensive delays in the processing of visa applications, including in the labour agreement stream.
- Improve access to temporary and permanent skilled migration for regional employers.

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Context

Prior to the 2019-20 Bushfire and COVID-19 crisis, Tourism was on a strong growth trajectory with international visitors growing 3 percent to a record 9.4 million visitors to year ending September 2019, spending \$45.4 billion driving growth in jobs and export earnings. Domestic tourism also recorded earnings of \$80.7 billion. This economic contribution was well on the way to reaching the high-bound target set for the Tourism 2020 strategy. In 2019 the travel, tourism and hospitality industry employed over one million Australians. In the pre-crisis environment with a highly competitive international market, favourable policy settings by the Government could have increased this growth.

By December 2019, however, tourism was experiencing the negative impacts of a disastrous and tragic bushfire season with communities devastated. According to 'Regional 2030 – Unlocking Opportunity', 45 cents from every dollar spent by both international and local visitors is spent in a regional area. Regional visitation had been on the rise with 56 percent of the New Zealand, European and North American market visiting regional Australia as compared to the capital cities and Gold Coast. Domestic overnight visitors were also most likely to disperse outside of the capital cities, with 63 percent of trips including regional Australia. With regional tourism such a vital component for both domestic and international visitors as well as the local community, the impact of the bushfires has been catastrophic. Awareness of the bushfires was widespread and prominent in our key western markets such that Australia dropped off consideration as a destination. 76 percent of consumers across markets delayed their trips to a later date due to the bushfires. Tourism was seriously affected, and Australia's image internationally was negatively impacted by media reporting of the Bushfires. The Government's \$10 million tourism recovery grants program from the Bushfire Recovery Fund was not enough to provide the support necessary for regional tourism businesses that were hit hardest by the bushfires.

Additionally, Tourism was also the first to feel the impacts of COVID-19 with a Chinese tourism travel ban in February followed closely by a more complete tourism shut down due to border and business closures and all meetings and events cancelled as a result of the COVID-19 response. While this health response was vital to control the spread of the COVID-19 virus, by April 2020, travel, tourism and hospitality in Australia was shut down and the impact of the crisis was felt by all tourism business owners and workers. Tourism businesses, especially hospitality, transport and events have virtually ground to a halt with many jobs at stake. Many are surviving due to JobKeeper, as well as dipping into business reserves and personal savings, while at the same time accumulating debt arising from fixed costs. The industry is in dire need of appropriate and targeted government support delivered in collaboration with industry to revive and kickstart the visitor economy and guide it to a new normal environment.

The Tourism Restart Taskforce was formed amid the COVID-19 crisis to provide an industry roadmap to the Federal and the State and Territory Governments to assist in the recovery efforts. The taskforce comprises of tourism industry leaders and has worked with Australian Government agencies, including Austrade, the National COVID Coordination Commission, Tourism Australia and Treasury in devising a Restart Plan for the industry. The plan provides a runway back to operations for the industries that comprise Australia's largest services export. The Restart Plan along with a proposed restart timetable for specific tourism categories is attached as appendix A.

1 International competitiveness

In 2019, Australian tourism was in a strong competitive position in the airfares, security and natural advantage components, ranking an overall seventh in International Competitiveness on the World Economic Forum Travel and Tourism Competitiveness Report. Australia is in a unique position to become the frontrunner in a post pandemic environment when international borders re-open to visitors. However, Australia's price competitiveness has been of significant concern. Care needs to be taken to reduce and certainly not increase the price of travel to Australia.

Australian Chamber – Tourism recommends that the Government consider the following initiatives to improve our international competitiveness:

- Remove the Passenger Movement Charge.
- Remove the Fringe Benefit Tax and reinstate deductibility for business expenditure on entertainment and travel;
- Retain Tourism Australia funding of \$195 million per annum which includes an ongoing domestic role and an increase to the business events bid fund.
- Extend the Export Market Development Grants to allow access to all investments in tourism promotion to claim activities required to pivot to new markets.
- Outsource the operation of the Tourist Refund Scheme to improve claims efficiency post COVID-19
- Ensure Insurance response to COVID-19 is appropriate providing an accessible and competitive travel insurance market that facilitates travel.

1.1 Removal of the Passenger Movement Charge

In the COVID-19 recovery period, existing taxes and charges will reduce demand for tourism services. In the 2019 Travel and Tourism Competitiveness Report, Australia ranked 130th of 140 countries for tourism price competitiveness. The component that creates this abysmal ranking is ticket taxes and airport charges. This includes the price of visas to come to Australia as well as the Passenger Movement Charge. In the absence of travel, tourism and hospitality activity these taxes and charges are not being collected to any great extent.

In addition to direct demand stimulus undertaken by Tourism Australia, the Government is asked to consider at least a reprieve in these demand dampening charges, specifically the Passenger Movement Charge. Contrary to international agreements, the Passenger Movement Charge is already being treated as general revenue by the Government and raises significantly more than the cost it was introduced to cover. In a post pandemic travel environment, where competition for visitation in the international market will be intense, even a small disadvantage will set us back considerably.

The Australian Chamber-Tourism recommends removal of the passenger movement charge to improve our overall price competitiveness and attract visitors.

1.2 Removal of Fringe Benefit Tax on Entertainment

To assist in the recovery of tourism businesses hit by both the Bushfire and COVID-19 crises, the Australian Chamber-Tourism recommends the removal of the Fringe Benefit Tax on entertainment and reinstating deductibility for business expenditure on entertainment and travel for a period of time. This proposal is aimed at stimulating domestic spend on tourism and hospitality products in the medium-term to assist recovery.

Fringe benefits tax (FBT) provides only a small contribution to the overall tax take (0.85% of total tax revenue in 2018-19) but represents a significant cost to business and acts as a disincentive to employment and constraint on consumption.

FBT is levied on non-cash benefits an employer provides to an employee, including entertainment-related expenses such as food, drink or recreation and any accommodation or travel in connection with it. The tax, paid by the employer, is at the top personal income tax rate, which is significantly higher than the corporate tax rate. While fringe benefits are not included in an employee's taxable income, the value is included in their payment summary on a 'grossed-up' basis. Therefore, the fringe benefit is effectively treated as if it is purchased out of after-tax income of the employee.

FBT involves a considerable amount of red-tape and adds administrative costs to businesses. The administrative burden, in addition to raising an employer's wages bill, acts as a major disincentive to take on new employees.

The removal of FBT on entertainment-related expenses, such as meals and entertainment, and travel and accommodation will potentially boost spending in sectors hardest hit by the COVID-19 shutdowns, such as restaurants, cafes and bars.

1.3 Retain Tourism Australia Funding

Tourism Australia is a world leader when it comes to international destination marketing and it is critical that it remains a leader given the highly competitive international tourism market. In 2019 the Government gave a welcome record funding commitment to Tourism Australia announcing \$644.7 million over four years. Tourism Australia has received additional targeted funding in 2020. In FY 2020-21 this will total \$195 million and given the post COVID-19 marketing effort needed, this should be maintained through the forwards estimates.

In response to the Bushfire crisis, Tourism Australia took on a domestic marketing role in addition to international marketing efforts which was welcome. Domestic Tourism campaigns by Tourism Australian and State Tourism bodies launched in June 2020 are welcome. Recent surveys have shown that the desire of Australians to travel within Australia exists. The international recovery campaign along with the domestic campaign in partnership with states and territories demonstrated how vital the activities of Tourism Australia are. The post pandemic environment will create opportunities for Australian tourism both internationally and domestically, which Tourism Australia should be well resourced to take advantage of.

The marketing effort post COVID-19 will involve targeting markets as they open. The Australian Chamber-Tourism expects that as health objectives are addressed through bi-lateral

arrangements, there will be a gradual opening market by market. This will require a focussed marketing effort based on upcoming market arrangements. This staged opening on the international border has significant implications for the marketing of Australia as a travel destination. Tourism Australia will need to pivot their efforts to new markets as they become open for travel to Australia. These specific markets may not be those in which individual business and Tourism Australia have any experience or presence in.

The Australian Chamber – Tourism recommends retaining Tourism Australia funding of \$195 million per annum with an ongoing domestic role and an increase to the business events bid fund.

1.4 Extend the Export Market Development Grants Scheme

The Australian Chamber-Tourism recommends extending the Export Market Development Grants (EMDG) scheme, administered by Austrade, to businesses that were previously deemed ineligible due to reaching the maximum eight grant limit as well as specifically for tourism businesses that will need to rebuild trust and confidence in key as well as new and emerging markets.

The EMDG was expanded at the beginning of the COVID interventions. This increased flexibility and provided support for the marketing effort by individual business which is vital if businesses are to leverage demand generation that will be activated by the Federal and State Governments.

This recommendation reflects the need for tourism businesses to claim for investment in promotional activities in the current no travel scenario. In the post pandemic scenario, these businesses would most likely need to change markets or refocus marketing efforts towards existing markets to bring back visitors. The recommendation also highlights the need to extend the EMDG to businesses that have already reached the maximum grant quota of eight.

1.5 Reform the Tourist Refund Scheme

The antiquated Tourist Refund Scheme is an embarrassment to Australia. Pre COVID-19, departing tourists were being delayed by long queues while they wait for paper-based manual processing of their goods and services tax (GST) refunds. The system delayed the departure of international flights and left a negative final impression of Australia.

Shopping is a key holiday attraction for many tourists particularly from Asia and our out-dated system is a deterrent to return visits and to increasing retail sales. This issue has been on the table for several years while competitors have forged ahead with simple and quick online processing.

The barrier in the past has been the reduction in GST revenue that may result from more efficient refund processing (through outsourcing). Given that international travel has reduced by 97%, revenue is virtually zero. This being the case, it is an ideal time to improve the TRS system in advance of the restart. The Australian Chamber-Tourism recommends commencing an improvement and/or transition of the TRS system at the earliest.

1.6 Insurance Reform

Visitors and business involved in the broader tourism sector insure against the risks of travelling and providing services to visitors. Insurance classes such as workers compensation, public liability and travel insurance all face impacts from COVID-19. Businesses are responding to these risks by being more flexible with bookings and refunds but will need the support of insurers and their underwriters to be able to offer the certainty that insurance provides at a cost the insured can afford. There may be a role for Government in monitoring and, if necessary, regulating to ensure certainty and affordability can be achieved.

This recommendation reflects the need to ensure that insurance responses to COVID-19 do not make insurance inaccessible for tourism and visitor facing business, especially Workers Compensation and Public Liability insurance. Liability caps may be imposed if necessary, to ensure businesses do not go bust. An accessible and competitive travel insurance market will facilitate travel and not act as a deterrent in an already tight and competitive market.

The Australian Chamber-Tourism recommends monitoring and if needed regulating insurance classes to ensure certainty and affordability to the tourism sector businesses looking to rebuild.

1.7 Improve Passenger Facilitation

Whilst the Australian border is closed there is very little passenger facilitation activity. This is an ideal time to invest in the already agreed work program to streamline the systems and processes for movements of passengers across the border.

The return to effective implementation of new generation of Smart Gates will greatly improve passenger movements. Further trials of coordinated passenger identification, luggage handling, security screening and processing, including cooperation between ports, airlines and ships must be progressed as a matter of priority. Australia is losing competitiveness in the area of passenger facilitation in ports, which will affect our attractiveness as a destination.

Additionally, the decision by the Australian Border Force/Department of Home Affairs to pass on the full fixed and variable costs of facilitating passenger movements for all new commencing international services, to the ports themselves, is a disincentive to the growth of services and routes. Smaller airports wishing to commence international routes will not be able to fully fund on an ongoing basis the Border Force passenger facilitation charges, and thus will abandon the idea of expansion altogether, stymying tourism growth and dispersal to the regions. The International Port Operators Policy also perversely benefits the established ports in larger cities, which get a competitive advantage in comparison to other airports without current international routes.

The Australian Chamber-Tourism recommends leveraging the window of opportunity that currently exists to retool the systems whilst visitor demand is virtually non-existent.

Recommendation A: Improve international competitiveness

- Remove the Passenger Movement Charge.
- Remove the Fringe Benefit Tax and reinstate deductibility for business expenditure on entertainment and travel;
- Retain Tourism Australia funding of \$195 million per annum which includes an ongoing domestic role and an increase to the business events bid fund.
- Extend the Export Market Development Grants to allow access to all investments in tourism promotion to claim activities required to pivot to new markets.
- Outsource the operation of the Tourist Refund Scheme to improve claims efficiency post COVID-19.
- Insurance Reform post COVID-19.
- Improve Passenger Facilitation by appropriately resourcing the Australian Border Force.

2 Developing Australian Product

Growing the number of domestic and international visitors presents the challenge of continuing to provide a diverse range of product that will attract new and repeat visitors, along with promoting geographic dispersal of visitors and ensuring that tourism infrastructure is up to the task. As markets change post COVID-19, so will the expectations for the quality of product. Federal governments have an inconsistent history when it comes to funding tourism-related and demand-driven infrastructure. Local grant programs appeal to governments and local members because they can create valuable product. On occasion, they can fail to link properly with broader objectives. There is an ongoing need to fund tourism-related infrastructure including smaller projects that can drive demand and develop quality product by understanding existing and potential markets. This need becomes critical in a post pandemic environment when tourism businesses are on the recovery path and need assistance in developing new products. The Australian Chamber-Tourism recommends the Government consult with industry in the allocation of tourism development funding and the infrastructure programs for tourism.

2.1 Increase Funding for Tourism Research Australia

Successful investment in tourism needs to effectively and appropriately target emerging growth markets. To enable this, Government and business need accurate data in a timely manner, increasingly at an individual level. The current global pandemic has also highlighted the need for accurate research and data within our existing markets to gauge interest in Australian travel and products. This will be needed to target and tailor marketing and promotional campaigns and create new and interesting products for our international and domestic visitors. Tourism Research Australia already provides very useful information through the National Visitor Survey Results, International Visitor Survey Results and the State Tourism Satellite Accounts, however this data has proven to be relatively broad and simplistic in contrast to Australia's competitors. It is vital that

Tourism Research Australia pursue new collection methodologies to ensure that timely, individual, predictive data is made available to industry and Tourism Australia and State/Territory tourism market bodies. It is also important that the relativity of the National Visitors Survey and International Visitors Survey time-series is maintained. Significant investment is required to bring in third-party data to achieve this objective. The data sets must be able to determine search and booking behaviours, potential visitation and spend.

The Australian Chamber-Tourism recommends that funding be increased for Tourism Research Australia to increase the availability of timely and relevant data in an increasingly competitive post COVID-19 travel environment.

2.2 Prioritising Tourism Infrastructure Projects

There is need to improve tourism-related infrastructure and support demand driven projects. Prioritising infrastructure with the aim of boosting local tourism has wider benefits for an entire local community. Particularly as domestic tourism is the basis for the restart post COVID-19 and drive tourism will likely be the starting point, increasing the capacity of a regional conference centre, a road leading to a local attraction, improving facilities for tourism vessels such as houseboats or expanding a regional airport directly benefits not just tourism operators but the regional economy more broadly. Long-term projects such as these will increase local tourism numbers and deliver benefits to the wider community, directly and indirectly, year on year. The Australian Chamber – Tourism also highlights the need for prioritisation of ground and waterways infrastructure for tourism.

The Australian Chamber-Tourism recommends the prioritisation of funding for tourism infrastructure projects under all existing hard and soft infrastructure grants such as the Building Better Regions Fund and other Federal grants and funds in the pipeline.

Recommendation B: Develop Australian product

- Increase funding to enhance data collection capabilities within Tourism Research Australia.
- Prioritise funding for tourism infrastructure projects under all existing hard and soft infrastructure grants.

3 Skill and labour needs

There are likely to be significant challenges faced by businesses re-engaging their workforce after the COVID-19 hibernation period. The broader tourism workforce is a complex mix of workers from Australians to overseas workers, that are engaged from full time to a few hours per week. Many of these workers, supported through JobKeeper or JobSeeker programs, will require re-engagement as demand for services resumes. Others have found different jobs in

industries that were more resilient to the COVID-19 downturn or returned to their country of origin.

To assist in the recovery of travel, tourism and hospitality businesses, Governments are asked to reaffirm their commitment to the skills initiatives that are supporting the tourism workforce during the COVID-19 period, including but not limited to:

- Continuing to extend visas for all overseas workers and holiday-makers currently in Australia;
- Continue to directly resource the investment in skills without the need to levy business for the sponsorship of skilled migrants in tourism and hospitality;
- As the demand increases, re-engage in the promotion of career pathways in travel, tourism and hospitality, and
- Provide ongoing support for existing apprenticeship and traineeship subsidies for tourism and hospitality apprenticeships and traineeships until the end of December 2021.

Please refer to the Australian Chamber's comprehensive Pre-Budget Submission for 2020-21 for our position and recommendations on the Skills and Employment component.

3.1 Extend Subsidies for Apprentices and Trainees

The 50 percent wage subsidy for apprentices and trainees in small businesses announced as part of the first government response to the COVID-19 crisis was an important step in encouraging retention of apprentices and trainees. JobKeeper has also played an important role, but when it winds up, and for those businesses that may not have been eligible, apprenticeship retention in difficult economic circumstances will remain a challenge. Another concern is that the significant drop in commencements will create a significant skills shortage in the future.

To address this skills challenge as well as the major concern of rising youth unemployment as a result of the crises, the Australian Chamber-Tourism recommends that the apprenticeship subsidy scheme be expanded to apply a 50 percent wage subsidy to all tourism and hospitality apprentices and trainees through to 31 December 2021. This will incentivise commencements, which have suffered a dramatic fall during the COVID-19 crisis.

3.2 Extend JobKeeper

The COVID-19 crisis has severely impacted a number of industries none more so than the tourism, hospitality and business events. Even when national restrictions are lifted, non-existent international travel will continue to impact turnover and the viability of businesses in these industries. It is essential that JobKeeper is extended for businesses in these industries.

In line with ACCI's overall policy response to JobKeeper, the Australian Chamber-Tourism recommends that on reconfirmation of revenue impact as at 1 August 2020, JobKeeper or another similar scheme be extended at least to 31 December 2020 for those businesses who either:

- Continue to be directly impacted by the imposition of government movement and gathering restrictions. The types of businesses that would be likely to be eligible would include travel agents, inbound tour operators, cruise, business events including accommodation and hospitality venues with meeting facilities for more than 100 people, live performance, cinemas, restaurants in locations reliant on international travel. Some support should extend beyond December 2020 if restrictions still apply (which for businesses reliant on international travel this could be into the first quarter of 2021). Many of these businesses have been 80-100% down on revenue; or
- Were completely shut down by government order during the crisis, including pubs, casinos, and beauty salons. These businesses are still facing a debt cliff built up through the continuation of fixed costs while their businesses were completely closed. By September, they will be ramping up their businesses to normal trading and will only then be receiving some positive impact from the wage subsidies as they are unlocking the productive value of the subsidy.

The intention of this policy is clear, but it is recognised that there may be definitional challenges about which businesses are included and which are not. An alternative approach could be to look at the revenue impact over the whole period – March to September – and set the revenue drop at a level that will in practice capture this intended target group. Treasury and the ATO through access to BAS reporting can inform what this revenue benchmark could likely be, to ensure appropriate targeting. In the similar way to when the JobKeeper was first implemented, a business could seek the extension in August based on the actual revenue in the June quarter and on the likely revenue impact in the September quarter. This can then be confirmed by the BAS for the September quarter when submitted in October. For larger businesses, this is simpler based on monthly BAS reporting.

It is proposed that beyond September 2020, the JobKeeper rate remains at \$1500 per fortnight for each eligible employee working in an eligible tourism business. The only exception relates to those employees who, in accordance with the original eligibility period, were earning less than \$1100 per fortnight. For those employees the rate for JobKeeper should drop to \$1100 per fortnight. This recommendation is not only prudent fiscally, but also will increase the incentive for the worker to take on more hours as business starts to pick up. This rate could apply after the JobKeeper review in July 2020. It is encouraged that announcements on JobKeeper are delivered in a way that provides sufficient notice of any change or extension to the program so that tourism businesses can have a level of certainty.

3.3 Reinstatement of the Tourism Labour Force Survey

The Tourism Labour Force Survey 2015-2020 commissioned by Austrade worked to highlight the labour and skills needs of the sector. Deloitte Access Economics conducted a survey of tourism businesses to provide a snapshot of conditions in the tourism labour market. The focus of the survey was on the extent of recruitment, retention and skills deficiencies experienced by businesses. Industry welcomed the report's insights with expansion and growth activities planned around the labour and skills pipeline. However, the survey has not been undertaken since then leaving a gap in the insights available to the industry and Government.

With most hospitality and tourism businesses impacted by either or both crises, an accurate picture of the labour and skills in the industry as well as forecasts for the future are vital to allow businesses to rebuild and industry to regain lost ground. In the post pandemic environment, accurate industry insights will assist not only business but also those that have lost jobs and are looking to re-engage. It will also assist the Government to tailor assistance measures to specific sectors.

3.4 Encourage Career Pathways in Tourism and Hospitality

In the current environment, those that have lost jobs are looking to re-skill or upskill and undertaking education and training. The 2015-2020 Tourism and Labour Force Survey reflected the dire need for skilled labour in the industry. With businesses looking to re-open and rebuild, trained and skilled labour will be needed across the board to assist in the recovery efforts. The skilled labour shortage in the industry will only exacerbate unless efforts are made to draw those looking to upskill into the industry.

The Australian Chamber-Tourism recommends an allocation of \$10 million be made to develop a promotional campaign to encourage career pathways in Tourism and Hospitality. The promotional campaign should also highlight the importance of the Vocational Education and Training (VET) sector as an important pathway to develop labour and skills in the business and leisure tourism and hospitality industry to build a pipeline of skilled labour.

3.5 Improve Visa Processing Timelines

Maintaining an efficient visa application and grant process is critical in a competitive travel environment. Fast and efficient processing of visitor visas and working holidaymaker visas along with expanding visa conditions will be an important component of the recovery for this segment of the visitor economy. These visitors are particularly impacted by high visa costs and long lead times in the visa application process. Additionally, in the current pandemic environment, the Australian Chamber-Tourism recommends extending visas for all overseas workers and holidaymakers currently in Australia without delay and the need for additional application charges.

The current benchmarking review of tourist visas is now critically important as visa conditions, issuing practice and cost need to be competitive as demand returns. The competition is likely to be fierce as restart of international travel spreads through the world. Having an internationally competitive visa system will, in part, determine whether Australia recovers market-share in the restart period. This particularly includes highly price sensitive, mobile markets such as working holiday-makers.

Working holidaymakers are an important component of the visitor market. The working holidaymaker program encourages cultural exchange and closer ties between arrangement countries by allowing young people to have an extended holiday supplemented by short-term employment. According to the latest figures from the National Institute of Labour Studies at Flinders University, working holidaymakers created 23,000 jobs in the Australian economy, and spent two and a half times more than they earned, while 30% of working holidaymakers did not work at all.

The flexibility and value of working holidaymakers to the seasonal labour needs of businesses, especially in regional Australia is substantial. The program delivers enthusiastic and mobile young workers particularly into the regions to provide the labour needed when it is most valuable. These workers generally have skills above the seasonal job requirements, which increases the productivity benefit. This seasonal work is often not attractive or suitable for young unemployed Australians who are looking for longer-term employment solutions.

The Australian Chamber-Tourism calls for the program to be continued and supported, especially from our traditional source markets of UK and Germany, which have seen a decline of more than 5% year on year. In addition to continue to progress the reforms announced in 2019, the Australian Chamber-Tourism urges the Government to continue to expand reciprocal caps in capped visa countries and to expand the age range to 35 (from 30) in all countries where bi-lateral arrangements exist.

3.6 Improve Access to Skilled Migrants

In the absence of immediate skills and labour in the economy, employers turn to Australia's migration program to supply the required labour in the short and medium term. Both the temporary and permanent migration pathways are important for the tourism and hospitality sector. Treasury's statement on migration in 2018, 'Shaping a Nation', rightly highlights the economic and fiscal benefits of a strong permanent migration program. Young, skilled migrants deliver net economic and fiscal benefits and any reduction in the permanent migration intake (especially to the skilled migration component) will cost the Federal Budget. The decision of the government to reduce the permanent migration intake by 30,000 to 160,000 from 2019-20 is an unfortunate response to concerns around inadequate infrastructure and planning in our large cities and seen by some as a response to ill-informed concerns that migrants take Australian jobs.

'Migration Works for All of Us', the 2018 Australian Chamber publication, sets out a detailed case demonstrating the benefits delivered by migration, particularly given the strong component in the intake that are younger skilled migrants. It also sets out a public interest case in favour of migration, which is sorely missing in the current debate where there seems to be very vocal opposition to any form of migration in sections of the media and society. Caps for future years should be set according to the evidence of maximum benefit, including an assessment of economic, fiscal and demographic outcomes. The cap of 190,000, which was not met in the last few program years, was an appropriate level to maximise benefits and still control migration levels.

With the current pandemic and virtually zero temporary and permanent migration this fiscal year, it is of utmost importance that a pragmatic approach be adopted, and permanent migration levels be restored to the 190,000 cap as soon as travel restrictions allow. With the application lead times long, on the ground impact of any skilled migrants will only be seen once international borders are opened and travel resumes. In the short term, to improve access to both temporary and permanent skilled migrants who have already been granted visas, the Australian Chamber-Tourism recommends the removal or at the very least a halving of the Skilling Australians Fund Migration Training Levy on applications of sponsorship for tourism and hospitality businesses.

3.7 Re-establish the Industry Outreach Officer Initiative

With the introduction of new programs such as the Global Talent Employer Sponsored program and frequent changes to the standard employer sponsored migration program, including the new regional visas, labour agreements and the temporary skills shortage visa, employers are finding it hard to understand the process, eligibility and suitability of these various different offerings. It acts as a significant deterrent to business accessing the migration program, often at the cost of losing skills essential for their business or stymied growth. There is a role for the Department of Home Affairs to provide information and assistance to industries, especially those experiencing significant skills shortages, so employers are aware of changes to the migration system and the application process.

As soon as “normal” migration conditions are achieved, Australian Chamber-Tourism recommends reinstating the industry outreach officers program within the Department of Home Affairs to support industry and business to navigate the increasingly complex employer nominated migration landscape. The industry outreach officers program, which was discontinued in 2014, also had a role in navigating barriers and providing support to ensure business are aware of their obligations and requirements as sponsors. This also helps build trust and an on-going relationship between industry and the Department.

Australian Chamber-Tourism recommends funding the Industry Outreach Officer Initiative within the Department of Home Affairs.

Recommendation C: Labour and Skills Needs

- Allocate funding to reinstate the Tourism Labour Force Survey.
- Allocate \$10 million to develop a promotional campaign to encourage career pathways in Tourism and Hospitality and promote VET as an important pathway to developing labour and skills in Travel and Tourism (both business and leisure) and hospitality.
- Provide ongoing apprenticeship and traineeship subsidies for tourism and hospitality apprenticeships and traineeships until end of December 2021.
- Allocate adequate resources to address the extensive delays in the processing of visa applications, including in the labour agreement stream.
- Improve access to temporary and permanent skilled migration for employers.
- Re-establish the Industry Outreach Officer Initiative.

4 About Australian Chamber - Tourism

Australian Chamber – Tourism is a part of the Australian Chamber of Commerce and Industry, Australia’s largest business advocacy network. Australian Chamber – Tourism represents one in eight Australian businesses engaged in the visitor economy. It brings together key participants in the tourism sector to advocate better policies, including in the areas of tax, regulation, tourism marketing, research, labour supply, visas and infrastructure.

The Australian Chamber of Commerce and Industry speaks on behalf of Australian business at home and abroad.

We are the largest and most representative business advocacy network in Australia.

We represent more than 300,000 businesses of all sizes, across all industries and all parts of the country, employing over four million Australian workers.

Our membership comprises all state and territory chambers of commerce and leading national industry associations. Individual businesses are also members of the Australian Chamber’s Business Leaders Council.

The Australian Chamber strives to make Australia a great place to do business in order to improve our standard of living and sustain and create jobs.

We seek to create an environment in which businesspeople, employees and independent contractors can achieve their potential as part of a dynamic private sector. We encourage entrepreneurship and innovation to achieve prosperity, economic growth and jobs.

We focus on issues that impact on business, including economics, industry policy, trade, workplace relations, work health and safety, and employment, education and training.

We advocate for Australian business in public debate and to policy decision-makers, including ministers, shadow ministers, members of parliament, ministerial policy advisors, public servants, regulators and other national agencies. We represent Australian business in international forums.

We represent the broad interests of the private sector rather than individual clients or narrow sectional interests.

OUR MEMBERS



STATE AND TERRITORY CHAMBERS



INDUSTRY ASSOCIATIONS



TOURISM RESTART PLAN

In response to the economic crisis arising from the COVID-19 pandemic



**DEVELOPED BY
THE TOURISM
RESTART
TASKFORCE**

July 2020

A NOTE FROM THE CHAIR

Dr Jeremy Johnson AM

It is an honour to Chair the Tourism Restart Taskforce. The Taskforce is comprised of tourism industry leaders who are all very passionate about getting travel, tourism and hospitality back in business as soon as it is safe to do so.

This plan provides a runway back to operations for the industries that comprise Australia's largest services export and the creator of one in 13 jobs in the Australian economy. I commend the plan to all of Australia's Governments for consideration.

As the Terms of Reference indicate (see Appendix 2), when we were convened as a Taskforce we were asked to provide advice on a supply-side action plan for restarting domestic and international tourism as well as on the medium and long-term strategic issues that arise as a result. This plan spells out the basis for the supply-side actions required to capitalise on the demand created by Tourism Australia for visitation, both domestic and international.

The Australian Government Agencies, including Austrade, the National COVID Coordination Commission, Tourism Australia and Treasury have worked with the Taskforce and have been integral to getting the restart program set in train. We look forward to continuing to work with them and other Government agencies to see the plan implemented in full.



"Thank you to my Taskforce colleagues, to all of the members of the Australian Chamber of Commerce and Industry who contributed, and to the industry at large for their important insights into both the pain and many challenges that are currently being felt as well as the opportunity the future will bring."



SUMMARY OF RECOMMENDATIONS

- Reduce uncertainty
- Commit to a target timetable beyond Step 3 for tourism, hospitality and events restart and make clear the conditions that will enable each step to be taken
- Don't go backwards with restriction easing unless serious and transparent health benchmarks are compromised
- Open all State and Territory Borders
- Health authorities reinforce the message that it is safe to travel within Australia
- Establish a Trans-Tasman bubble by July 2020
- Provide clarity of what conditions need to be met for country to country travel to reopen
- Ensure there are sufficient lead times to enable travel to commence efficiently
- Work with industry to ease restrictions in a way that is COVIDsafe but still allows for viable businesses and better job outcomes
- Extend JobKeeper or similar support scheme to tourism and hospitality businesses which:
 - Are still impacted by government restrictions
 - Were completely closed down by government order during the crisis
- Enable long term recovery for tourism and hospitality businesses through policies that will stimulate demand and remove barriers to growth in areas such as EMDC, tax, insurance, tourism marketing, visas and border control

Tourism Restart Taskforce

Dr Jeremy Johnson AM (Chair)
(Australian Chamber of Commerce and Industry)

The Hon. Bruce Baird AM (Business Events Sydney, TTF)

Sarina Bratton AM (Ponant)

Geoff Donaghy (BECA, ASM Global, ICC Sydney)

Bob East (Tourism Australia)

The Hon. Martin Ferguson AM
(Tourist Accommodation Australia)

Nikki Govan (Star of Greece)

Denis Pierce (Australian Tourism Export Council)

Graham (Skroo) Turner (Flight Centre)

Jacqui Walshe (The Walshe Group)

John Hart (Australian Chamber – Tourism).

Information about the Taskforce, including a summary of all its meetings can be found at: australianchambercovid.com/tourism-restart-taskforce/



CONTEXT

In 2019 the travel, tourism and hospitality industry employed over one million Australians.

At the end of last year earnings from international tourism totalled **\$45.4 billion** and domestic tourism **\$80.7 billion**. This economic contribution was well on the way to reaching the high-bound target set for the Tourism 2020 strategy.

By December 2019, however, tourism was experiencing the negative impacts of a **disastrous and tragic bushfire season** with communities devastated. Tourism was seriously affected, and Australia's image internationally was negatively impacted by media around bushfire activity.

On the back of these challenging circumstances, tourism was then the first to feel the impacts of COVID-19 with a **Chinese tourism travel ban** in February followed closely by a more complete tourism shut down by border closures, business closures and all meetings and events cancelled by the COVID 19 response.

While this health response was vital to control the spread of the COVID-19 virus, by April 2020, travel, tourism and hospitality in Australia was **shut down and the impact of the crisis was fully felt** by all tourism business owners and workers.

Government measures, such as cash flow support and **Jobkeeper** have allowed most businesses to survive through this period. During the shutdown phase it became clear that the restart of the entire industry would require significant planning. The lead time for bookings and ongoing cancellations, flight route planning, staffing upskilling and re-engagement as well as COVID safety measures would all need to be scheduled to ensure effective recovery.

The Tourism Restart Taskforce was established to help facilitate this planning and to provide the advocacy for the steps to be taken to get travel, tourism and hospitality back in business up and running as soon as health conditions allowed.

As the very effective Australian response to the control of COVID-19 became clear, the first stages of travel, tourism and hospitality restart needed to line up with the **National Cabinet's Roadmap** announced on the 8th of May 2020.

Since then, most tourism and hospitality businesses have restarted, with some States and Territories moving quicker than others. As the economy reopens, tourism businesses will benefit from a better understanding of the conditions that will allow governments to further ease restrictions.

The Tourism Restart Taskforce has identified four key priorities for immediate consideration:

- A. A Clear Restart Timetable**
- B. Open State / Territory Borders**
- C. Effective easing of Restrictions**
- D. JobKeeper and other Employment and Business Support**

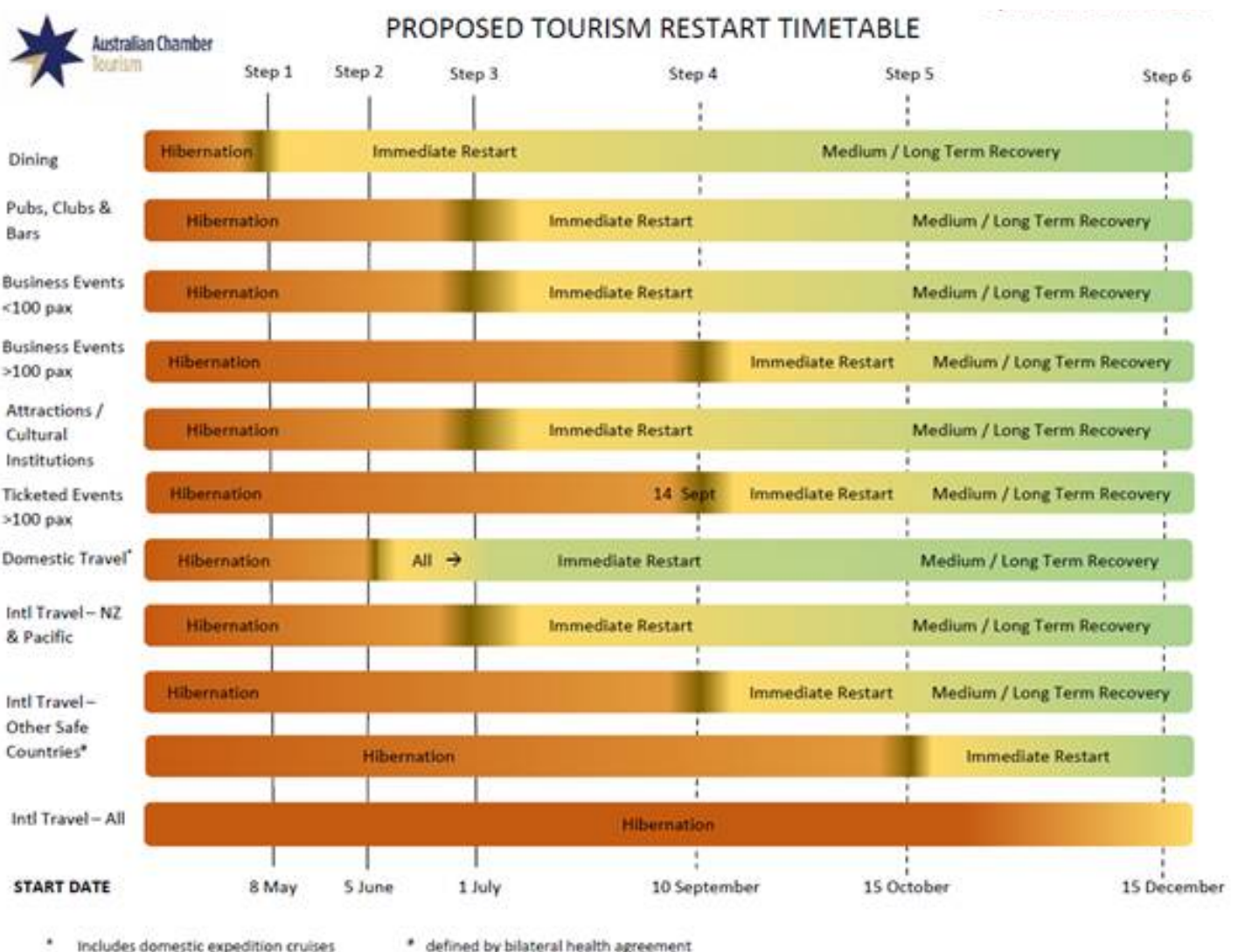
It also has made some comments on the number of policies that could assist in medium to long term recovery. **The Tourism Restart Taskforce commends this plan to all Federal, State and Territory Governments.**



RESTART TIMETABLE

In May 2020, the Taskforce released a proposed timetable for the restart of the travel, tourism and hospitality industry, identifying 10 categories in need of more certainty.

These categories include, Dining; Pubs, Clubs & Bars; Smaller Business Events; Larger Business Events; Attractions/ Cultural Institutions; Ticketed Events; Domestic Travel; International Travel to NZ and the Pacific; International Travel to Other Safe Countries; International Travel to All Countries.



The purpose of the timetable is to highlight the desperate need of tourism businesses for greater certainty. Many are surviving due to JobKeeper, as well as dipping into business reserves and personal savings, while at the same time accumulating debt arising from fixed costs. Governments need to work with industry to provide greater certainty:

- to improve the understanding of what health crisis status needs to be met in order for each step of the restart to be made, and
- what protocols businesses need to operate under so that they can be allowed to operate sustainably and ultimately profitably and thereby recover the jobs that were lost due to the pandemic response.

Clarity for the immediate future

As we are now at Step 3 of the National Cabinet's plan there is a need for greater clarity about what happens in and beyond this step. The Proposed Tourism Restart Timetable identifies steps beyond the National Cabinet's restart timetable.

When the 3-step National Cabinet timetable was announced, a clear idea was provided about the health conditions that need to be achieved, including the availability of ICU beds, the growth in cases and the take up of the COVIDSafe App.

This clarity of approach about what health conditions should be met should be extended into steps beyond July 2020 so as to embrace tourism and business activities not included in the 3-step plan.

A commitment to not go backwards

In the context of action taken by the Victorian Government to reverse the easing of restrictions at the end of June, there needs to also be a reaffirmation of a commitment to not go backwards in the easing of restrictions unless clearly identifiable and significant health conditions are exceeded.

Australia has committed to a suppression rather than an eradication strategy for COVID-19. Clusters of cases involving some community transmission, according to the health authorities including the federal CMO, would appear to be within expectations. Unpredictable actions taken without warning create enormous burdens on businesses and workers that are already under severe stress.

Recommendations

- Reduce Uncertainty
- Commit to a target timetable beyond Step 3 for tourism, hospitality and events restart and make clear the conditions that will enable each step to be taken
- Don't go backwards with restriction easing unless serious and transparent health benchmarks are compromised.



BORDERS & TRAVEL RESTRICTIONS

The Tourism Restart Taskforce's highest priority has been the need to re-open state borders and the removal of travel restrictions - at least providing a timetable to do so. Lifting the intra-state or travel distance-based restrictions, that were included in step one of the National Cabinet's roadmap, were the important first step.

It was understood open borders could only happen when it is safe to do so. The Deputy Chief Medical Officer confirmed closed borders were unnecessary in **late May**, however some state health officials remained committed to border closures.

As demonstrated in [Tourism Australia's live interactive map](#) (see Tweet) a number of States and Territories remain closed or partly closed to non-essential travel.

The publication of a timetable to reopen the South Australian and Northern Territory border, and the review date by Queensland, had led to some much-needed certainty for travel, tourism and hospitality, providing lead-time for bookings and consequential upscaling of staffing and reopening of facilities. However, decisions in late June have added to uncertainty. The Taskforce continues to encourage all States and Territories to open the borders to assist tourism restart, and to regenerate the economy and jobs.

Domestic Travel

Domestic travel is the most important short-term activity to restart travel, tourism and hospitality businesses. Domestic Tourism campaigns by Tourism Australian and State Tourism bodies launched in June 2020 are welcome but governments, and particularly health authorities, need to do everything possible to **reassure the public that it is safe to travel**. Recent surveys have shown that the desire of Australians to travel within Australia exists, but they are very reliant on the advice of health authorities. It is accepted that this assurance will take into account the need to avoid certain hotspots as clusters occur.

Spreading the benefits of **domestic tourism relies on transport**. In a positive step, the aviation industry has agreed with Government on COVIDsafe protocols that allow airlines to operate viably. More is needed for other forms of transport including boat and coach.

Coach tourism has been decimated by the COVID-19 pandemic. All future bookings like school charter work, day tours to popular tourist sites like the Phillip Island penguins, airport transfers, inbound tours, cruise ship transfers, sporting tours, arts tours, events demand have been cancelled and **demand has flatlined**. As a result, there are many operators who only do tour and charter work (i.e. operators with no government contracts) became, or became close to, insolvency.

Although increasing domestic travel is critically important, there should be no misunderstanding that domestic spend will be sufficient to replace the spend of international tourists, in the same way that intrastate tourism cannot replace the benefit of the interstate traveller. Spending patterns differ between intrastate, interstate and international tourists and they are not equivalent.

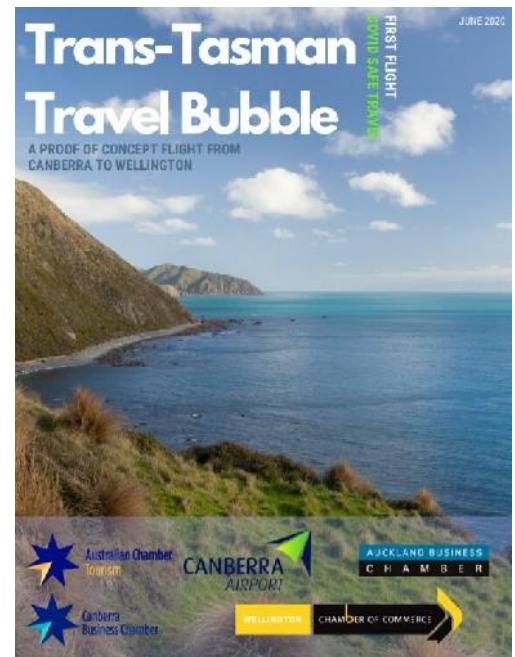


International Travel - Pacific Bubble

The National Cabinet included the Australia/New Zealand/Pacific **travel bubble** in Step 3 and have confirmed Step 3 will be reached in July. Given the shared success of the health response, the Tourism Restart Taskforce proposes that Trans-Tasman travel commences in early July 2020.

The Taskforce, through the work of the Australian Chamber of Commerce and Industry has been kept informed of the progress of the Trans-Tasman Travel Bubble proposal for a **proof of concept flight** between Canberra and Wellington. This proposal is being advanced by Chambers of Commerce in Australia and New Zealand, including the Australian Chamber - Tourism.

This proposal and subsequent advocacy is designed to bring the travel bubble concept to fruition in the National Cabinet's July timeframe.



Beyond the Pacific

"Undoubtedly this is the area of the restart timetable where there is least certainty."

Tourism businesses are being unfairly asked to keep their businesses alive and plan for the future based on media speculation and non-committal statements by government as to when international travel will recommence.

International tourism created hundreds of thousands of Australian jobs and billions of dollars in economic benefit. It has been built, over time, on an effective distribution framework linking inbound tour operators with accommodation, hospitality, retail, education, transport and attractions. We need to **preserve these channels** if we are to have a reasonable chance of seeing that economic benefit return when the national border reopens.

Travel and tourism is focused on **advanced bookings and long lead times** between planning and the dates of travel. The Taskforce urges Government to allow for lead time in announcing when international border restrictions would be eased.

The aspiration of the Taskforce is to **progressively open to markets** where there are bilateral health agreements. Further openings are strongly encouraged to occur by September. Most importantly, the Federal Government is encouraged to provide to industry an understanding of what the expectation is for source and destination countries to be included in travel bans being lifted and under what conditions.



Most importantly, the Federal Government is encouraged to provide to industry an understanding of what the expectation is for source and destination countries to be included in travel bans being lifted and under what conditions.

There are many questions which if answered could provide some certainty, and at least a better understanding, for example:

- *If Australia's own benchmark is suppression but not eradication, is this the benchmark to be used for other countries?*
- *Can some travel to overseas countries by Australians be allowed if travellers bear the costs of quarantine on return?*
- *Under what conditions will travellers be allowed to come with or without quarantine?*
- *If a vaccine is discovered, how will it be included in the protocols?*

Clarity around whether jurisdictions would need to have a similar suppression strategy in place and demonstrate little community transition for a period of time, would provide for greater advance notice of markets that may be able to be targeted. Operators and agencies will need to be able to pivot from market to market to generate demand, activate supply chains and plan capacity on air routes.

Given the airline protocols, short haul markets to and from Australia are likely to be earlier on the timetable to reopen. Guidance on what conditions would eliminate a country from travel to or from Australia would assist greatly in planning. For example, whether Tahiti opening its borders to Europe would mean it would be ineligible for inclusion in the Australia/New Zealand/Pacific bubble.

Recommendations

- Open all State and Territory Borders
- Reinforce it is safe to travel within Australia
- Establish a Trans-Tasman bubble by July 2020
- Clarify conditions which need to be met for country to country travel to reopen
- Ensure there are sufficient lead times to enable travel to commence efficiently.



EASING RESTRICTIONS

At the outset of its activities, the Taskforce produced Guiding Principles for **'Making Tourism Safe'**.

The principles were not designed as individual sector guidelines, rather, to produce high-level principles that could frame a consistent approach preparing business to open after the COVID19 restrictions were lifted. They have been picked up in several sector protocols and were used as one of the source documents for the UNWTO guidelines.

The principles also form the basis for a series of Restart Proposals the Taskforce has considered in the last two months and recommended for consideration by the NCCC and then on to National Cabinet. These proposals focus on a sector or subsector within the Tourism Restart Timetable and contain a series of risk mitigations that justify either opening a sector faster than the National Cabinet Roadmap or opening with a higher or different capacity.

The Restart Proposals put forward for consideration include:

- **Dining**
- **Bus and Coach Transport**
- **Expedition Cruise**
- **Business Meetings**
- **Business Events**
- **Exhibitions.**

Each proposal includes a capacity and implementation date justified through risk mitigation best practices in infection, tracing and staff awareness. All of these proposals are available on the Tourism Restart Taskforce website. We urge Governments to continue to work with industry to ease restrictions in a way that is safe but still allows for viable businesses and better job outcomes.



Dining

The return to dining was provided for at **Step 1** of the National Cabinets Roadmap. This was achieved in most jurisdictions for very limited numbers. At the outset the limitation of the **number of patrons to ten** was not sufficient for most businesses to open. The progressive opening up of venues, based on gathering caps being used as venue capacity caps has been limiting. Opening has only been possible as a result of support measures, particularly JobKeeper.

In the most recent round of proposals put forward to the NCCC and National Cabinet, the risk mitigations seek to provide assurances that COVID safe operations are possible **without the 4 square metre rule** being imposed. This rule limits capacity to an extent that makes it unviable for many businesses to operate. This limitation will slow tourism restart and the capacity of businesses to re-engage displaced employees.

The decision of the National Cabinet to change the rule to **1 person per 2 sq m** for smaller premises is welcome, but with Western Australia, South Australia, Tasmania and the Northern Territory having removed the 1 person per 4 square metre rule across all premises, the other States and Territories are encouraged to do so as soon as possible. With appropriate social distancing and other COVID-Safe policies, hospitality businesses can operate more viably and create more dining and job opportunities.



Pubs, Clubs & Bars

It was originally envisaged that pubs, clubs and bars would not reopen until **Step 3 in July 2020**. Many jurisdictions have agreed to reopen these venues with limited numbers and under different conditions (some requiring patrons to be seated for example). Restrictions applying to these venues need to continue to ease in a way that allows them to operate sustainably.

Business Events

The National Cabinet plan provides very little certainty for business events. The Taskforce proposes the restart of business events with smaller events targeted for July and larger events in September.

The restart of business events is vital to the stimulation of demand for travel, tourism and hospitality services. The recommencement of leisure travel, at the intra and interstate level will provide for weekend and holiday period demand, whereas **business events have the capacity to increase demand mid-week** to provide balance in activity.

The Taskforce has put forward a proposal which enables a viable and safe recommencement of business events. It recognises that these events are controlled with risk management plans in place.

Attractions/Cultural Institutions

Tourists to regions and cities alike need attractions and interesting places to visit during their stay. The Taskforce proposes the opening of attractions and cultural institutions to align with the restart of domestic travel on July 1.

Ticketed events

Events (including business events) drives almost one quarter of domestic visitation in Australia. The taskforce in support of the plan proposed by Live Performance Australia has anticipated the return of ticketed events, for substantial numbers of guests, by the 14th September.

Whilst smaller numbers may be able to restart prior to that time, by the time support measures are reduced, ticketed events would be required to stimulate demand for travel, tourism and hospitality services. There has already been a limited restart for larger numbers at outdoor stadiums and the Taskforce's encourages this to continue.

Recommendation

- Work with industry to ease restrictions in a way that is COVIDSafe but still allows for viable businesses and better job outcomes



JOBKEEPER & OTHER EMPLOYMENT SUPPORT

In line with ACCI's overall policy response to JobKeeper, the Taskforce recommends that on reconfirmation of revenue impact as at 1 August 2020, **JobKeeper or another similar scheme be extended at least to 31 December 2020** for those businesses who either:

- Continue to be **directly impacted** by the imposition of government movement and gathering restrictions. The types of businesses that would be likely to be eligible would include travel agents, inbound tour operators, cruise, coach tourism, business events including accommodation and hospitality venues with meeting facilities for more than 100 people, live performance, cinemas, restaurants in locations reliant on international travel. Some support should extend beyond December if restrictions still apply (which for businesses reliant on international travel this could be into the first quarter of 2021). Many of these businesses have been 80-100% down on revenue; or
- Were completely **shut down** by government order during the crisis, including pubs, casinos, and beauty salons. These businesses are still facing a debt cliff built up through the continuation of fixed costs while their businesses were completely closed. By September, they will be ramping up their businesses to normal trading and will only then be receiving some positive impact from the wage subsidies as they are unlocking the productive value of the subsidy.



The intention of this policy is clear but it is recognised that there may be definitional challenges about which businesses are included and which are not.

An **alternative approach** could be to look at the revenue impact over the whole period – March to September – and set the revenue drop at a level that will in practice capture this intended target group.

Treasury and the ATO have access through BAS reporting to inform what this **revenue benchmark** would be to ensure appropriate targeting.

In a similar way to when JobKeeper was first implemented, a business could seek the extension in August based on the actual revenue in the June quarter and on the likely revenue impact in the September quarter.

This can then be confirmed by the BAS for the September quarter when submitted in October. For larger businesses, this assessment is simpler due to monthly BAS reporting.

*"It is proposed that beyond September the **JobKeeper rate remains at \$1500 per fortnight** for each eligible employee working in an eligible tourism business.*

The only exception relates to those employees who, in accordance with the original eligibility period, were earning less than \$1100 per fortnight. For those employees the rate for JobKeeper should drop to \$1100 per fortnight. This recommendation is not only prudent fiscally, but also will increase the incentive for the worker to take on more hours as work starts to pick up. This rate could apply after the JobKeeper review in July.

We would encourage announcements on JobKeeper to be delivered in a way that provides sufficient notice of any change or extension JobKeeper. Certainty for tourism businesses is critically important.

Recommendation

- Extend JobKeeper or similar support scheme to tourism, hospitality and event businesses:
 - Which are still impacted by government restrictions
 - That were completely closed down by government order during the crisis.

MEDIUM TO LONG TERM RECOVERY PRIORITIES

The Tourism Restart Taskforce commenced with a mandate to provide advice on the medium and long-term strategic supply-side issues for **restarting domestic and international tourism** in Australia.

As part of the development of the priorities for the group, there was a specific desire to focus sharply on the high-priority immediate restart areas. There are, however, a number of medium to long-term challenges that the travel, tourism and hospitality will face, they include:

- Marketing support;
- Removal of disincentives to demand generation;
- Reskilling and re-engagement of workforce, including access to skilled migrants;
- Support of effective, safe visitor entry to Australia, and
- Insuring against risks of COVID19.



Marketing Support

The Restart Taskforce envisages that the reopening of international tourism would be country by country when bi-lateral health agreements are able to be put in place. As detailed in the National Cabinet's Roadmap, this would commence with the Australia/NZ/Pacific bubble in July.

This staged opening on the international border has significant implications for the marketing of Australia as a travel destination. Marketing organisations, including **Tourism Australia**, will need to pivot their efforts to new markets as they become open for travel to Australia. These specific markets may be those in which individual business and the national marketing agency have experience in and also may not.

The **Export Market Development Grants Scheme (EMDGS)** was opened up at the beginning of the COVID interventions. This increased flexibility, including the removal of the cap and the ability for businesses that have accessed the scheme up to its previous limits, will continue to be needed to ensure that businesses are able to adequately respond to new markets as they open up to visitation to Australia. The support of the marketing effort by individual business is vital if we are to be able leverage demand generation that will be activated by the State and Federal Governments.

Tourism Australia will need a **sustained budget** to continue the hard work of responding to markets opening internationally. At a minimum, a maintenance of the current allocation would be necessary to meet this need.



Removal of disincentives to demand generation

There are a number of taxes and charges that generate revenues for Government when demand for travel, tourism and hospitality are strong. At a time such as in the COVID 19 restart period, those taxes and charges will reduce demand for tourism services. In the absence of travel, tourism and hospitality activity these taxes and charges are not being collected to any great extent.

As an alternative or additional to direct demand stimulus, in the overall context of tax reform, Government is asked to consider at least a reprieve in these demand dampening charges including the **Passenger Movement Charge (PMC)** and **Fringe Benefits Tax** on travel/entertainment.

Reskilling and re-engagement of workforce & access to skilled migrants

The Tourism Restart Taskforce is very aware of the challenges faced by businesses re-engaging their workforce after the COVID hibernation period. The broader tourism workforce is a complex mix of **workers from Australia and overseas** that are engaged from full time to a few hours per week.

Many of these workers, supported through JobKeeper or JobSeeker programs, will require re-engagement as demand for services resumes. Others have found different jobs in industries that were more resilient to the COVID downturn or returned to their country of origin.



To assist travel, tourism and hospitality in the medium-term restart, **Governments are asked to reaffirm their commitment to the skills initiatives** that are supporting the tourism workforce during the COVID period, including:

- Continue to extend Visas for all overseas workers and holiday-makers currently in Australia;
- Continue to directly resource the investment in skills without the need to levy business for the sponsorship of skilled migrants in tourism and hospitality;
- As demand increases, re-engage in the promotion of career pathways in travel, tourism and hospitality, and
- Provide ongoing support for existing apprenticeship and traineeship subsidies for tourism and hospitality apprenticeships and traineeships until end of December 2021

Support effective, safe visitor entry to Australia

Whilst the Australian border is closed there is very little activity in relation to the issuance of visas for travel to our country other than the extension of Visas for those off-shore residents that are currently in Australia. This is an ideal time to invest in the already agreed work program to **streamline the systems for visa issuance** and processes for movements of passengers across the border. The Tourism Restart Taskforce was keen to highlight this ongoing work and the window of opportunity that currently exists to **retool these systems** whilst visitor demand is non-existent.

The Taskforce also observed that the current benchmarking review of tourist visas is more important now than ever as **Visas conditions, issuing practice and cost need to be competitive** as demand returns. The competition is likely to be fierce as restart of international travel spreads through the world. Having an internationally competitive Visa system will, in part, determine whether Australia recovers market-share in the restart period. This particularly includes highly price sensitive, mobile markets such as working holiday-makers.

Insuring Against Risks of COVID19

Visitors and business involved in the broader tourism sector insure against the risks of travelling and providing services to visitors. Insurance classes such as workers compensation, public liability and travel insurance all face impacts from COVID 19.

Businesses are responding to these risks by being more flexible with bookings and refunds but will need the **support of insurers and their underwriters** to be able to offer the certainty that insurance provides at a cost the insured can afford. There may be a role for Government in monitoring and, if necessary, **regulating** to ensure certainty and affordability can be achieved.

Recommendation

- Enable long term recovery for tourism businesses through policies that will stimulate demand and remove barriers to growth in areas such as EMDG, tax, insurance, tourism marketing, visas and border control.



APPENDIX 1 - TASKFORCE MEMBERS

Dr Jeremy Johnson AM (Chair)

Jeremy Johnson is immediate Past President of the Australian Chamber of Commerce and Industry. He is a current Executive Councillor and a Past President of the Victorian Chamber of Commerce and Industry.

Jeremy served as the CEO of Sovereign Hill Ballarat from 2002 to 2018. In 2011, he received an Honorary Doctorate from Federation University Ballarat for distinguished eminent business and community service.

Hon Bruce Baird AM

The Hon. Bruce Baird is the Chairman of the Tourism Transport Forum (TTF) and Business Events Sydney. Previously, Bruce was the NSW Minister for Transport, Tourism and Roads, a Federal Member of Parliament, Trade Commissioner and Chair of the National Rail Corporation.

Sarina Bratton

Sarina Bratton is Chairman Asia Pacific and Special Advisor to Executive at PONANT. Sarina has an extensive amount of experience in the tourism industry, previously holding roles as the Founder and Managing Director of Orion Expedition Cruises and Norwegian Capricorn Line.

Geoff Donaghy

Geoff Donaghy is the CEO International Convention Centre Sydney (ICC Sydney). In addition to this role, Geoff is the Group Director of Convention Centres (Asia Pacific) for ASM Global and the Immediate Past-President of the Brussels based International Association of Congress Centres (AIPC) and is their representative on peak global body, the Joint Meetings Industry Council (JMIC).

Bob East

Bob East is the Chair of Tourism Australia, Chair of Experience Co and Chair of Australian Venue Co. Bob previously held the position of CEO from 2007 to 2018 of the Mantra Group. Bob alongside a group of passionate tourism operators created the Mantra Group brands and developed the Group into one of the leading accommodation providers and marketers in Australasia.

The Hon. Martin Ferguson

The Hon. Martin Ferguson is the Chair of Tourism Accommodation Australia (TAA). Previously, Martin was the President of ACTU for six years before entering Parliament in 1996, where he was the Minister for Tourism in the Rudd and Gillard Governments from 2007 to 2013.

Nikki Govan

Nikki Govan is chair of Business SA as well as a director of ACCI and chair of ACCI's national Work Health & Safety and Workers' Compensation committee. Nikki is a member of the Training & Skills Commission SA and chairs Food, Wine, Tourism & Hospitality Industry Skills Council. Nikki is the owner and manager of the nationally-renowned Star of Greece restaurant in Port Willunga.

APPENDIX 1 - CONTINUED

Denis Pierce

Denis is the Independent Chairman of the Australian Tourism Export Council (ATEC), he is also currently a Commissioner of Tourism Northern Territory. Prior to this Denis was the Group Managing Director South Pacific and Managing Director Australia of ATS Pacific for 19 years. Denis has also served on the boards of Tourism NSW and Tourism Tropical North Queensland.

Graham (Skroo) Turner

Graham (Skroo) Turner is the founder and CEO of Flight Centre. Under Skroo's leadership, Flight Centre has become Australia's leading domestic and international travel sales business. Prior to this Skroo co-founded a holiday travel company in England, Top Deck Travel.

Jacqui Walshe

Jacqui Walshe is the Chairman and Managing Director of the Walshe Group, which provides dedicated airline and destination representation services. Jacqui sits on the board of the Australian Tourism Export Council (ATEC) where she is the Deputy Chairman and Treasurer and is also the tourism representative on Senator the Hon Simon Birmingham's Ministerial Advisory Committee.

John Hart

John Hart is the executive chair of Australian Chamber – Tourism. In addition to this role, John is the executive director of Business Group Australia and sits on the board of Tourism Australia (TA), Food Standards Australia and New Zealand, the Angus Knight Group and is Chair of Tourism Training Australia. Previously, John was the Executive Director of Restaurant & Catering Australia and Tourism Training NSW.

APPENDIX 2 - TERMS OF REFERENCE

The Tourism Restart Taskforce is established by the Australian Chamber of Commerce and Industry under the auspices of the Tourism Committee (Australian Chamber – Tourism). Its role is to:

- Provide advice on a supply-side action plan for restarting domestic and international tourism, and where appropriate related industries such as hospitality and business, sporting and major events (with regard to actions from Australian Governments in relation to border opening and reductions in movement restrictions).
- Provide advice on the medium and long-term strategic supply-side issues for restarting domestic and international tourism in Australia;
- Provide regular progress reports to the Australian Chamber and engage with members of its Tourism Committee on the development of the plan and emerging issues;
- Provide advice to Governments (primarily the Federal Government) on the current status of tourism sectors, including bushfire impacts, as well as needs of the agencies, businesses, communities and individuals in tourism during hibernation as well as the restart phase;
- Provide guidance to the National COVID19 Coordination Commission and the Coronavirus Business Liaison Unit in Treasury through the Australian Chamber of Commerce and Industry in relation to the tourism restart;
- Provide guidance to the Tourism Ministers' Meeting forum through the Federal Minister for Trade, Tourism and Investment;
- Seek views and input from the organisations and networks in tourism, and
- Consider demand-side strategies proposed by Tourism Australia and their supply-side implications in developing the plan.

Timeframe

It is envisaged the Taskforce would operate until the International Tourism Restart has commenced (estimated to be January 2021).