



Supporting tourism's contribution

TO THE AUSTRALIAN ECONOMY

Export tourism: driving economic recovery

JANUARY 2021

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EXECUTIVE SUMMARY

Without doubt, Australia's export tourism industry has been a true success and one which has been based on the tenacity, commitment and effort of thousands of individual tourism businesses across the country who have invested in building the products and services that attract international visitors. These are businesses which show a true Australian spirit and exemplify what it means to 'have a go'.

Once the driver of one in every 12 jobs, tourism had, and will continue to have, a vital role. Export tourism will be integral to the rebuild of the Australian economy but while our international borders remain closed the industry will continue to stagnate and wilt. No level of domestic tourism will replace the dollars created by our tourism exports. Indeed 35% of tourism businesses will receive no benefit from a return of unhindered domestic tourism. In the meantime, the success of almost every tourism business is severely constrained by ongoing border closures which stymies their ability to restart operations.

The tourism industry needs a clear pathway forward. A pathway that is based on new ways of thinking, doing business and delivering benefits. ATEC offers this pre-budget submission to government within the following parameters:

1. Immediate and ongoing support measures to protect the structure and fabric of tourism's global distribution network - ATEC is calling on the government to establish a fund to refresh the capability of the industry to ensure export supply chains are maintained and tourism businesses are ready and capable of taking on a new global tourism marketplace
2. Funding that provides for a national strategic plan for recovery - this approach allows for the gradual re-engagement of international visitors employing high-performance technologies to provide Australian authorities with tight and configurable controls that minimise the health risks associated with entry and support a coordinated, strategic approach by industry and government
3. Policy settings that drive growth - settings that remove impediments to efficient passenger movement and re-position Australia as a highly desirable destination.

We cannot have a 'resume normal services' approach to our export tourism industry. We must use this opportunity to find ways to innovate and improve practices to help build and sustain us into the future.

SUMMARY OF RECOMMENDATIONS AND TIMELINES

Immediate measures

Initiative	Rationale	Timing	Investment
Provide ongoing financial support for impacted businesses	Deliver targeted support to businesses which meet specific criteria directly linked to international border closure and sustained revenue downturn	February 2021 until international borders open	Up to \$700/week per full time employee
Convene a cross-portfolio Tourism Recovery Working Group	All of government and industry collaboration to ensure linkage between tourism, health, foreign affairs, immigration, treasury and employment to define and help drive recovery strategies with industry	February 2021	Nil

Restart measures

Initiative	Rationale	Timing	Investment
Tourism Covid-Recovery fund	All-encompassing support fund to allow for a diverse and broad range of support measures across the tourism sector both now and in the months ahead	July 2021-June 2024	\$1bn
'Safe Travels' project	Invest in an holistic strategy to safely manage the movement of tourists in Australia via risk management, digital health passport and business compliance	Q1 21/22	\$9.135m
Supporting regional Australia – boost the 'Building Better Regions' fund	Regional Tourism Development plan to partner expert ITOs with regional tourism centres to build capability, marketable experiences and world-class itineraries.	Q1 21/22	\$975,000
Industry development & capability programs	Delivering access to relevant, accessible and practical education and training, linking trade readiness, commercial capability, resilience and COVID-safe risk management.	July 2021-June 2024	\$3m
GoWithTourism	Using technology to get people back to work and support business and economic growth	Q1 21/22	\$7m
Payments and integrity in invoicing	Support for reforms in international payment processes to ensure Australian tourism revenue lands in Australia	Q2 21/22	\$150,000
Tourism Australia funding	Equipping our national tourism organisation to be globally competitive and successful in driving conversion in a post-covid world	July 2021-June 2023	\$300m

Recovery measures

Initiative	Rationale	Timing	Investment
Indigenous tourism	Develop & provide business training in both domestic and international tourism through a specially designed training program empowering individuals and businesses	July 2021-June 2022	\$1.22m
Backing Tourism Exports fund	EMDG-'style' grants ring-fenced for tourism to incentivise exporters to re-engage in international markets	Three months prior to known international border opening(s)	\$50m
Visa application charges	Remove visa application charges for at least the first year once borders open to stimulate demand	Once borders open	n/a
Passenger movement charge	Remove the PMC (and other taxes and charges) that create barriers to conversion	Once borders open	n/a
EMDG	Relax the caps on EMDG eligibility to allow our most experienced exporters to re-enter both established and new markets	Pre and post borders opening	\$20m
Passenger facilitation & technology	<ul style="list-style-type: none"> ▪ Enhance the use of technology for safe, seamless and touchless travel by continuing to invest in smart gates and other solutions ▪ Regularly revise travel restrictions, border processes & protocols to ensure they remain proportionate to the public health risk assessment ▪ Provide reliable, consistent and simple information on travel restrictions and border protocols to allow businesses ample time to scale up and/or adapt to any changes 	Pre and post borders opening	\$50m

PILLAR ONE –\$1bn TOURISM COVID-RECOVERY FUND

ATEC recommends the creation of a support fund to retain our international competitiveness, ensure export supply chains are maintained and tourism businesses are ready and capable of taking on a new global tourism marketplace. This fund will allow for a diverse and broad range of support measures across the tourism sector both now and in the months ahead. ATEC acknowledges that there will be countless projects and requests for support from many different entities. This fund can be viewed as the ‘collective trough’ for all stakeholders and can be administered on a merit/grants basis, adapting to the changing needs of industry as circumstances shift. ATEC however offers several specific suggestions which this fund can support as part of a tourism restart strategy.

The development of a national tourism restart strategy will also be an essential component underpinning tourism’s recovery. Industry will need a blueprint that provides direction as well as a timed restart schedule for specific international markets as they re-emerge.

RECOMMENDATION:

Create a three-year \$1bn Tourism Covid-Recovery fund to support initiatives that enable and maximise tourism recovery

1.1 Ongoing financial support to protect the fabric of distribution

Australia’s export tourism industry has delivered more than \$350bn in international visitor spending to our economy over the past decade. Through no fault of their own, successful tourism businesses from across the country have been decimated by a series of setbacks. Over the past 12 months these businesses have suffered the impacts of bushfires, floods and the total shutdown of international borders as a result of COVID.

Australia’s tourism export sector has been an enviable part of the Australian economy and will be a crucial part of its full recovery provided the Government continues to support its survival post March 2021.

In January 2021, ATEC took an industry-wide ‘Pulse Check’ to establish how well the export tourism sector is faring which shows little has changed for these businesses over the past 12 months:

- Around 60% of tourism businesses are running at less than 50% of staff and service capacity
- While 75% of tourism businesses have been able to supplement some of their revenue with domestic visitors, this spend represents less than 20% of income lost from overseas visitors
- 55% of tourism businesses will not survive till September without some kind of government support (while international borders remain closed)
- 82% of tourism businesses are owed money by distribution partners (average between \$25 - 50K) with 77% owed between \$25K - \$500K.
- 95% of inbound tour operators (ITO) have revenue of less than 10% compared to 2019
- 50% of ITOs are unable to attract domestic business and for those who have this represents less than 10% of their international market.

- 80% of ITOs will be gone by September without some kind of government support, making it much harder for the inbound tourism industry to restart.
- 60% of ITOs are owed money by international trade partners (average of \$25k)

Australia's tourism export businesses have been instrumental in delivering jobs and economic opportunity to regional communities throughout the country and they will be able to continue this success post-COVID with a level of financial support that allows them to survive until international borders reopen.

Given the undoubted opportunities the tourism sector offers, ATEC supports calls by the Australian Chamber of Commerce and Industry (ACCI) for the Government to provide further, targeted financial support for businesses which have been, and continue to be, significantly impacted as a result of government restrictions.

The ACCI proposal provides for the following conditions:

- Wage subsidy support operating via payroll but in addition to a reduction in turnover, where the business confirms they operate within a business that is still highly impacted by restrictions imposed by Government to manage COVID19
- Two turnover thresholds, one at a one third reduction in turnover and one at a two thirds reduction compared to either the same quarter in 2019 or 2020
- Needs to continue for as long as restrictions are in place and these businesses are still experiencing this level of revenue impact
- IR flexibilities retained
- Eligibility tested quarterly
- The subsidy would be \$450 per week per Tier 1 eligible employee for business one third down and \$700 per week for businesses two thirds down (employees less than 20 hrs/wk would be proportionately less)
- Eligible staff are those employed on or before 1 January 2021.

JobKeeper has been a welcome and much-needed support mechanism for tourism businesses. Ongoing government support will be critical to ensuring we maintain both the diversity of authentic Australian experiences to offer international visitors and preserve the valuable distribution intermediaries (inbound tour operators) who will be absolutely essential, to help drive a recovery when the borders reopen.

Our inbound tour operators are much more than providers of Australian experiences: they are destination marketers, subject matter experts, global advocates for our country and commercially connected international traders. They are essential to an integrated and managed recovery of tourism in time.

ATEC supports ongoing support for businesses that are at the core of distribution of Australian tourism products and experiences. We are committed to working in partnership with Tourism Australia to ensure a distribution-focused recovery is at the core of a national restart strategy.

RECOMMENDATION:

Provide ongoing financial support in the form of wage subsidies to impacted businesses meeting the criteria beyond March 2021

1.2 Invest in industry-proven training and development programs to build business capability and COVID- readiness: 'Restart Ready'

ATEC is looking at how to best equip the industry when borders open. This constitutes a training program that can assist the businesses to 'work backwards' from a border change announcement and allow them to fully upscale when that time comes. The program will incorporate:

- Domestic Ready
- International Ready
- Trade Ready
- Market: Japan, India, South Korea, Indonesia Ready
- Business Ready

In order to maximise tourism's recovery, it is vital that businesses have access to relevant, accessible and practical education and training. We need to foster the development of new and emerging products to ensure Australia's offering is adequate (many existing businesses may not withstand the COVID crisis), desirable and export ready. Importantly, these businesses must be ready to restart when the borders open and capable of operating according to the national COVID-safe regulations and measures. Importantly, there needs to be a clear link between trade readiness, commercial capability and COVID-safe risk management. COVID-readiness training will need to be adaptable and refreshed as restrictions, regulations and global health circumstances evolve.

The COVID lens will change the way people travel, and Australia is well positioned as a large country with copious amounts of vast open spaces, national parks, waterways and wilderness. These natural assets will be desirable travel options for both the domestic and international traveller and are largely located in remote and regional Australia. We must ensure that regional businesses are given access to capability programs which in turn will deliver growth and economic benefit to regional Australia.

ATEC has a proven track record in developing and delivering a diverse range of industry training programs all designed to build business readiness. Developed for industry by industry, ATEC programs are relevant, scalable, digitally delivered to ensure wide accessibility and are globally recognised as 'best in class'.

RECOMMENDATION:

Invest \$3m over three years into ATEC's national capability and readiness programs to support a 'safe travel' strategy

1.3 Building and supporting regional Australia - build quality, marketable and accessible regional tourism experiences – engage the proven skills of inbound tour operators in the development of world class travel itineraries, touring routes and unique appeal for regional tourism destinations

A unique opportunity exists to facilitate high quality knowledge and skills transfer via sharing the experience and insights of inbound tour operator (ITO) teams with Australian tourism regions. ITO teams are experts in product development, packaging and itinerary planning. The transfer of this knowledge would enable regional Australia to prepare for the return of domestic travel initially followed by international.

Key benefits include:

- Partnering ITO companies (and their teams) with tourism regions to share a huge depth of knowledge and experience in developing and selling tourism products to a discerning international marketplace
- Tourism regions will partner with ITOs to learn about product development, packaging and itinerary development for touring or self-drive – relevant to both domestic and international travel.

The outcome will be to build quality, marketable and accessible regional tourism experiences via engaging the proven skills of inbound tour operators in the development of world class travel itineraries, touring routes and unique appeal for regional tourism destinations.

Invest an additional \$975,000 into the Building Better Regions fund for a Regional Tourism Development plan to partner expert ITOs with regional tourism centres to build capability, marketable experiences and world-class itineraries.

RECOMMENDATION:

Invest an additional \$975,000 into the Building Better Regions fund for a Regional Tourism Development plan to partner expert ITOs with regional tourism centres to build capability, marketable experiences and world-class itineraries.

1.4 Jobs and getting people back to work - invest in proven technology platform to get people back to work and support business and economic growth

The impacts on employment from COVID-19 are well documented. The tourism industry has been hard hit by job losses, cushioned somewhat by JobKeeper but with many businesses facing ongoing zero revenues, the number of people looking for work will undoubtedly trend upwards. As part of a holistic recovery strategy, we must invest in mechanisms that drive re-employment and re-deployment, using technology capability and innovation to maximise success rates.

GoWithTourism is a national, scalable program via which people are matched with available jobs using a skills- focused algorithm. It is a proven model operating in New Zealand and can be quickly recalibrated for Australia. With domestic tourism the first sector of the industry to return, once in place this program can ensure the industry has immediate access to new staff. Since the COVID-19 pandemic hit, GoWithTourism has also been delivering assistance to

those needing support or guidance during the crisis – a vital service to those struggling with employment, financial or mental health challenges. In addition, there is an opportunity to redeploy staff in quieter period (to other businesses) and return them when times are busy.

RECOMMENDATION:

Invest \$7m over three years in the GoWithTourism platform to get people back to work and support business and economic growth

1.5 Supporting indigenous tourism development - invest in the development and delivery of an Indigenous Tourism People and Product Program

Australia's globally sought-after indigenous experiences are at risk of failing due to state and international border closures completely stopping visitation.

ATEC's Indigenous Tourism People and Product (ITPP) Program will provide a significant boost via business training in both domestic and international tourism through a specially designed training program. The program will be underpinned by core content delivered through ATEC's successful and established 'Domestic and International Ready' pathway program, cognisant of the biosecurity challenges in a COVID context.

As a key part of the ITPP, ATEC will tailor its 'Domestic and International Ready' programs to empower individuals and businesses, building on their existing strengths through collaboration and mutually agreed goals. By recognising the unique needs of each individual and business, ATEC will work to guide candidates through the 'International Ready' training process through active engagement with the international travel distribution system. ATEC also offers a mentoring program to assist the businesses in either small groups or one on one.

RECOMMENDATION:

Invest \$1.22 million into the development and delivery of Indigenous Tourism People and Product

1.6 Integrity in international invoicing and payments - support reform in international payment processes to ensure Australian revenue lands and stays in Australia

One of the ramifications of the international travel ban has been the stalling of funds remitted through the tourism supply chain.

Payments yet to be received for travel services provided prior to the COVID outbreak have been estimated to more than \$20 million.

International wholesalers have held onto funds, resulting in Australian distributors not receiving payment. Australian suppliers are therefore not being paid as distributors are unable to 'service' the wholesalers' debt in an ongoing capacity. Credit periods have blown out and Australian businesses – who have already delivered the tourism product/experience to the international visitor – are losing valuable revenue. Even prior to the COVID crisis, ATEC research shows

that tourism operators were spending vast amounts of time (and therefore money) chasing outstanding payments from offshore as international wholesalers deliberately push out credit terms.

There are numerous mechanisms to address this including the potential re-introduction of trust funds for agency entities however this does not address the issue of stalled payments from offshore. ATEC recommends that we explore options that could bring change to a much-maligned process through the use of technology as well as partnering with Tourism Australia to ensure any international wholesalers who partake in the Key Distribution Partner ('KDP') program agree to align with a rebooted payments system initially as part of the 'Managed Travel' program and into the future.

Timely payment by international wholesalers for services rendered by tourism suppliers and inbound tour operators can 'make or break' a tourism business. This project would explore technology options to deliver efficiencies and safeguard payments which will support integrity in our industry into the future.

RECOMMENDATION:

Government to support reform in international payment processes via funding \$150,000 feasibility study for the exploration of a technology-based payment platform and to agree to additional seed funding to assist in the development of the solution recommended by the feasibility study

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1.7 Create 'EMDG-style' fund specifically for tourism operators to encourage a return to international markets: the "Backing Tourism Exports Fund"

There will be significant collateral damage to the tourism industry with many operators (that are able to survive) suffering heavily depleted reserves and capacity to invest. The United Nations World Tourism Organisation (UNWTO) has encouraged governments to 'create dedicated tourism support schemes for SMEs, entrepreneurs & self-employed' as one of its recommended recovery strategies

Operators that can weather the 'COVID storm' are going to be instrumental in the recovery process given their commercial expertise and global connectivity. When the time is right, it will be important to ensure there are adequate grant funds available to these operators to kickstart their international marketing activity and rebuild their global footprint.

The fund could operate similarly to the current Export Market Development Grants Scheme but should be:

- merit based application
- ring-fenced for tourism operators
- exempt from any EMDG-style caps rules/eligibility
- open to businesses of all sizes

We also need to ensure that a restart grants program is prioritised for those operators that can have the greatest impact on recovery of travel to Australia.

RECOMMENDATION:

Invest \$50m over three years into a Backing Tourism Exports recovery fund

1.8 Cross-portfolio Tourism Recovery Working Group

The degree of coordination required across federal and state government departments and agencies to assist in facilitating the re-start of international tourism in the aftermath of the crisis is significant. There is a need to bring together key Ministers and their agencies from tourism, health, border force, foreign affairs, employment and infrastructure (to name a few) together in a working group to define and help drive recovery strategies in partnership with the tourism industry. The liaison between federal and state agencies will need to be seamless, coordinated, aligned and efficient to facilitate a successful tourism restart.

RECOMMENDATION:

Convene a cross-portfolio Tourism Recovery Working Group bringing together key agencies that are impacted, driven, supported and funded by tourism.

PILLAR TWO – INTERNATIONAL COMPETITIVENESS

2.1 Marketing

As more and more countries manage to reduce the spread of COVID-19, there is strong interest and industry pressure to reopen borders and to revive the tourism economy. Many commentators are recommending that destination marketers encourage tourism experiences which are more closely connected to destination sustainability - especially in terms of being good for residents and the natural environment. It will be vitally important for Australia to build resilience through diversification and to focus on our unique offering, particularly open spaces and natural environment.

Tourism Australia will need to:

- Apply a focus on people, environment and profit to drive all tourism recovery measures
- Define Australia's sustainability agenda with respect to its unique features. We must also maintain our uniqueness
- Implement new KPIs that focus on high-value tourism rather than volume
- Ensure Australia's local community and their interests are central to any strategy
- Encourage 'slower' tourism and longer stays
Communicate well to make sure businesses and Australians are engaged, setting an example to tourists to behave responsibly
- Hygiene is paramount: ensure utmost attention is paid to COVID-ready measures and risk mitigation

In 2019, Tourism Australia funding was \$644.7 million over four years. In 2020, additional funding was received totalling \$195m in 2020/21. In order for Australia to be positioned as competitively on the global stage as possible in a post-covid world, ATEC recommends that the government increase the funding for Tourism Australia to \$300 million over the forward estimates for 2021/22 and 2022/23.

RECOMMENDATION:

Increase Tourism Australia funding to \$300m for FY 21/22 and FY 22/23

2.2 'Safe Travel' – building back international travel

Re-establishing Australia's inbound visitation will be a long process requiring significant commitment from state and federal governments, airlines and government agencies and a willingness to engage a level of considered and controlled risk. Risk, which seems unpalatable or even excessive at one point in time, will inevitably become necessary and indeed, imperative at a point in the future. The re-opening of Australia's borders is inevitable and as we move through the coming months, there will be increasing pressure from businesses across the economy to re-establish the valuable export supply chains which will help to heal Australia's economy.

Opening our borders will be a vital step in rebuilding valuable export income across many sectors. It will be of significant benefit to hundreds of thousands of businesses which rely on travellers, from international students and youth/backpacker travellers thru to business and

convention travellers, holiday makers, people visiting friends and relatives, those non-tourism export businesses which rely on airfreight to export their products and all of the small businesses which incidentally benefit from the movement of people.

While we work to find a new path forward for international travel, we also have the opportunity to find innovative solutions for the future and the 'Safe Travel' platform is one which will set a world leading standard for travel now and into the future.

If we fail to take the opportunity to build a strong structure to support the gradual resumption of inbound travel, we risk being flat-footed, unprepared and behind in our approach. In waiting for a 'silver bullet', we risk looking for a solution which doesn't arrive, and, in the meantime, we will lose industries across our economy as our economy shrinks, businesses close and jobs dry up. The road back from this point will be much longer and harder than we can imagine.

'Safe Travel' gives Australia a gateway to reinstating some of the \$45bn export value the inbound travel industry delivers to the economy along with the millions of jobs that are directly created. 'Safe Travel' will support the recovery of a multitude of industries and secure Australia's competitiveness in the global export economy. Ultimately it will help us to prepare and plan for the safe and managed reopening of our borders and a safe travelling future.

The 'Safe Travel' approach is built on the need to remove the risk of community contamination from COVID-19 via international arrivals. The strategy consists of two key risk mitigation contributors:

- a) **A COVID-Safe destination – where all tourism experiences offered have committed to completing and enacting a COVID-safe plan to ensure the delivery of COVID-safe experiences.**

The return of tourism demand requires travellers and tourism-sector employees to feel (and to be) safe. Recent international surveys have highlighted a significant gap between a) how confident travellers would like to feel and b) how confident they actually feel, with confidence in safety much lower than the expected level. One reason for this low level of confidence is confusion over the safety measures currently in place.

ATEC has built solutions to addressing this concern by developing an industry supported COVID-safe training program that identifies COVID related risks along the customer journey and providing actions and activities to allow businesses to mitigate risk.

Completed COVID-Ready plans are uploaded into ATEC's online Tourism Trade Checklist solution with participating businesses recognised as 'COVID-Ready' and receiving the World Travel and Tourism (WTTC) approved 'Safe Travels' digital badge.

While ATEC has developed a robust and respected COVID-Ready training program and a stringent COVID-Safe recognition processes (including tourism businesses listing their COVID-Ready plan for industry reference) further support is required to ensure destinations preparing to welcome back international visitors can offer a COVID-Safe authentic Australian travel experience.

- b) **'Safe Travel' ability to safely deliver international visitors – 'Safe Travel' will require two factors which will underpin the delivery of 'COVID-Safe' travel experiences to and within Australia.**

A biometric risk management system will enable ATEC's 'Safe Travel' strategy to mitigate health and safety threats. Provided by goPassport, a cutting-edge digital passport solution has been developed to manage the risk in reopening borders via a digital 'health and safety pathway'. This solution will work to keep national and international communities safe via smart technology, tracing and real time monitoring, audits and alerts.

Australian based inbound tour operators (ITOs) will provide a valuable contribution by safely managing international travellers from arrival to departure. ATEC believes the role of ITOs is central to the 'Safe Travel' approach which sees them taking ownership and responsibility for the COVID-safe travel of international visitors via pre-approved and tightly managed itineraries. Together, providing a COVID-safe destination and building a robust health and safety risk mitigation system will form the basis of our ability to safely open borders to international visitors.

RECOMMENDATION:

Invest \$9.135m in the 'Safe Travels' strategy to drive international tourism's recovery

PILLAR THREE – POLICY SETTINGS THAT DRIVE GROWTH

It is important to calibrate policy settings that remove any impediments to recovery and growth. We must ensure that government-imposed legislative processes, funding schemes and support measures are relevant, tailored and position Australia well on the global stage for an eventual return of international passenger movement. We need policy settings that remove impediments to efficient passenger movement and re-position Australia as a highly desirable destination.

Visa policy has been a long-standing challenge for the tourism sector. Finding the balance between maintaining border integrity and minimising disincentives to travel has often proven difficult. ATEC respects the need for tightly managed passenger movement, particularly in light of a global pandemic however we must focus on our opportunities to drive demand when borders begin to open.

Reducing or removing visa application charges will send a positive message to travellers that Australia is open for business and ready to welcome back our international visitors. The UNWTO has identified visa policy as a critical consideration for recovery: "...to advance travel facilitation towards e-visa/visa on arrival/no visa policies and remove visa cost temporarily to stimulate demand.

Importantly, we must also find a way to link travel authority to travel clearance: visa issuance and validity is directly linked to a passenger's 'health passport' via the use of approved protocols and biometric information.

3.1 The Passenger Movement Charge

The Passenger Movement Charge (PMC) was introduced in July 1995 (replacing the "departure tax"). The PMC was introduced to recover the cost of customs, immigration and quarantine processing of inbound and outbound international travellers and fully offset the cost of issuing short-term visitor visas. It has long been the subject of debate with regard to its role as a barrier to travel or a 'destination disincentive'. It is also well known that the PMC generates far in excess of the passenger processing costs at our borders and the government is over-collecting for what should be a cost-recovery exercise.

In a recovering tourism environment, our global competitiveness will be critical. Any real or perceived barriers to ease of travel in a post-covid world will undoubtedly dampen demand.

RECOMMENDATION:

Remove the Passenger Movement Charge for at least two years to improve our global competitiveness in a post-covid travel world

3.2 Technology, eligibility, biometrics and health passports

Policy settings around visa eligibility can also be reviewed as part of an over-arching recovery strategy. Access to technology, big data and the use of biometrics will all be important elements in reforming how visa policy is applied. It is rare that we have an opportunity to ‘pause’ and take stock of where the gaps may be and how to close those gaps. Health passports for example GoPassport can provide the necessary certainty required to grant visas.

We must also be open to entry eligibility to specific cohorts of travellers that have the capacity to clear health and quarantine regulations as well as to deliver significant economic contribution to early recovery of international travel. Groups such as longer stay high net worth visitors are an excellent example and should be given special consideration as potential ‘early visitors’ regardless of overarching border policies still in place.

RECOMMENDATIONS:

- *Invest in technology that links a traveller’s ‘health passport’ to visa eligibility, rather than country of origin using data and biometrics*
- *Consider granting entry to specific cohorts of passengers on case by case basis – particularly high net worth visitors – who can meet the health clearance requirements and any quarantine regulations*

3.3 Passenger facilitation

The UNWTO’s recommendation to ‘open borders responsibly’ outlines a practical range of considerations that will help countries to reboot travel yet still protect border integrity, keep both citizens and travellers safe and foster economic recovery. ATEC has long advocated for measures that maximise the positive visitor experience: in a COVID-impacted world this will be even more important to reassure travellers, staff and citizens that all necessary measures are in place, to manage communications and expectations of the community and to promote a safe Destination Australia.

RECOMMENDATIONS:

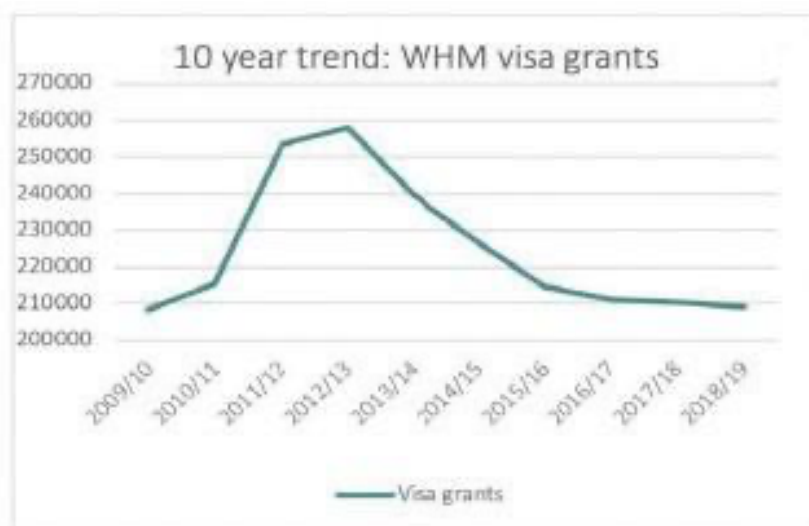
- *Enhance the use of technology for safe, seamless and touchless travel by continuing to invest in smart gates and other solutions*
- *Regularly revise travel restrictions, border processes & protocols to ensure they remain proportionate to the public health risk assessment*
- *Provide reliable, consistent and simple information on travel restrictions and border protocols to allow businesses ample time to scale up and/or adapt to any changes*

3.4 Visa application charges & validity

There is widespread evidence to suggest that visitor arrivals and visa application charges correlated. Travellers see visas mainly as a formality that imposes a cost. If the cost of obtaining a visa – either the direct monetary cost imposed in the form of fees or the indirect costs, which can include distance, time spent waiting in lines, and the complexity of the process – exceeds

a threshold, potential travellers are simply deterred from making a particular journey or choose an alternative destination with less hassle.

Another example is in the working holiday maker (WHM) segment. Australia has the highest WHM fee at \$AUD485 compared to our major segment competitors. The increases in the visa application fee for WHM have directly and definitively impacted visitation. In 2012/13, the government increased the visa application charge by \$85 overnight and in the five years to 2015/16, it had nearly doubled from \$235 to \$440. The results speak for themselves:



In a period of economic recovery, we must adjust the settings that create barriers to growth. Visa application charges should be at best adjusted down for a minimum of two years, with a stepped adjustment that ensures consistency across sub-classes and reduced application complexity. ATEC's submission from 2017 on the review of Australia's visa system presents a number of recommendations for reform which are still relevant today despite a changed global landscape.

When it is safe and timely for international borders to reopen, we must present a welcoming and hassle-free invitation to visit Australia, linked to a health clearance to travel. ATEC strongly supports a reduction in visa application charges for all tourist visas including sub-class 600 and working holiday maker visas (sub-classes 417 and 462). Furthermore, there remains significant inconsistency with visa validity across certain markets. If appropriate risk assessments to visa grants are applied, there seems little need for some markets to have one-year visas and others three-year visas.

RECOMMENDATIONS:

- *Remove all visa application charges for all sub-class 600, 417 and 462 visas and align with the electronic visa authority charge (AUD\$20) for a minimum of two years*
- *Extend visa validity to a consistent three years across all markets*

3.5 Expand the Export Market Development Scheme fund

Maintenance of the EMDG scheme is critical to shoring up Australia's potential to grow in what will be an ever-increasing competitive global market. EMDG is a vitally important program to give Australian businesses confidence to export. Once international passenger movement restarts, businesses are going to want to scale up with their global marketing efforts and re-establish their networks to grow tourism demand for Australia and their business product or service.

It will be critical that our most experienced exporters are able to access support to re-enter international markets to drive commercial relationships and build back Australia's leading position as a desirable destination. We must avoid excluding tourism exporters who have previously exhausted their eligibility on EMDG support by temporarily removing the eight-year cap and incentivising our best exporters.

Furthermore, there is a broad lack of awareness of both EMDG and assistance schemes in general. Government should invest in coordinated educational programs which are delivered in partnership with industry to maximise connectivity with potential exporters, particularly in the context of inbound tourism recovery.

RECOMMENDATIONS:

- *Increase budget allocation by \$20m in order to grow the number of capable exporters*
- *Remove the current eight-year cap to allow a business to move into new and emerging markets*
- *Invest in coordinated educational/awareness programs*

CLOSING REMARKS

Australia's tourism industry has a long history of economic success. A driver of employment, regional development, First Australians' community support and export growth of Australian-made products, the industry has posted year on year growth well beyond forecasted targets. Tourism brings communities together, supports small businesses entrepreneurialism and launches the careers of countless young Australians. The industry has delivered an extraordinary economic performance – some \$45b in export earnings – and is Australia's largest service export.

The events of 2020 have forced our industry to its knees. With borders closed and restrictions in place, it is difficult to foresee what the tourism landscape will look like in the short term. It is however, critically important to support the tourism industry in the context of recovery as Australia will need to ensure it is ready, capable, measured and prepared for the return of passenger movement.

Government has acknowledged tourism's plight via its current economic support measures that have been delivered during 2020 including JobKeeper, small business grants, loan repayment moratoriums and other tax relief and ATEC commends the swift and consultative approach with which these measures have been implemented.

The future however is grim. Without sustained, targeted support to drive recovery, the tourism industry will be in tatters, heavily damaging Australia's destination appeal and offering. Government must identify and support industries that will kickstart our economy, get people back to work and operate in a managed risk environment ensuring the health of Australians is paramount. Without a strong and robust tourism industry, Australia's economic recovery is mitigated and the opportunity cost to regional and metropolitan centres is significant. It is always important to remember that tourism touches many businesses and enables the livelihood of small and large operators across the whole country. Not only are the accommodation, touring, attractions and experiences impacted, so are the day spas, the pubs, the bakeries, the service stations, the eateries and all the Australians that work in them. Importantly, it is also our expert international distribution network of inbound tour operators and destination marketing companies at extreme risk.

The return of international passenger movement will need to be gradual and measured. ATEC has developed an overarching strategy which supports a 'Safe Travel' solution to underpin the return of tourism to Australia. It is complex and intricate, but the inbound tourism sector is very well placed to both manage and facilitate safe and responsible travel. Without this managed travel structure, it will be impossible to have the necessary checks and balances to ensure safe passenger movement.

ATEC acknowledges and thanks the Morrison government for its support thus far of the tourism sector, and we are grateful for the ongoing opportunity to offer our industry-sourced guidance on a range of support mechanisms via regular high-level engagements. In the context of the upcoming Budget process, we urge Treasury to consider the absolute need for specific and targeted measures for tourism operators which will be instrumental in propelling the Australian economy back to growth.

ABOUT THE AUTHOR

The Australian Tourism Export Council (ATEC) is the peak industry body representing the thousands of companies throughout Australia that provide tourism services to foreign visitors. ATEC's role is to maximise the opportunity for Australian businesses in both existing and emerging markets, and to ensure any impediments to that growth are managed and kept to a minimum.

ATEC is the only singularly focused national body with inbound tourism at its core. Our membership represents the depth and breadth of our industry and includes more than 1,000 large national and multinational companies as well as small-and medium-sized enterprises, many of whom are based in regional and remote parts of Australia. In this way, we have a solid connection to the 'grass-roots' of our industry. We see and hear their direct experiences and we work alongside these businesses to alleviate the pressures and provide support. Our core functions are to:

- Advocate for policy that supports growth
- Connect buyers and sellers and deliver commercial opportunity
- Support, train and mentor for export excellence
- Promote inbound tourism's contribution to the broader Australian community

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