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Reimagining the Visitor Economy Submission

June 2021



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-Tourism

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Introduction

As the peak body for business groups operating in tourism, Australian Chamber – Tourism recommends the measures in this submission to rebuild international and domestic tourism to 2030. Australia’s future economic and social wellbeing will again be well served by the tourism, accommodation and hospitality sectors as will the spread of the benefits across the country in this timeframe. Our submission covers international and domestic tourism, as well as all industries in the sector, from business events and hospitality to cruise and transport.

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, starting in December 2019, tourism was seriously affected by reporting of the bushfire activity which negatively impacted Australia’s image internationally. 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 cessation of travel and 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 fully 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 businesses, this vital sector in the economy will be able to survive the devastation of 2020 and able to ‘build back better’ to 2030. If managed well, there is real opportunity for the Australian market to be the front runner when international markets start vying for the tourist dollar. Investment from government would enhance the opportunity of the visitor economy¹ so that Australia can once again enjoy the jobs, growth and export income that the sector creates, including the multiplier effect generated, for example from trade and consumer shows.

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.

¹ Visitor economy encompasses all industries operating within the tourism space including business events and international education.

Recommendation 1: Extend financial support to tourism businesses that are still heavily impacted by government restrictions arising from COVID 19.

Recommendation 2: Remove the Passenger Movement Charge.

Recommendation 3: Remove the Fringe Benefit Tax on entertainment and travel and reinstate deductibility for business expenditure on entertainment and travel.

Recommendation 4: Increase Tourism Australia funding to \$300 million per annum.

Recommendation 5: Extend the Export Market Development Grant scheme to tourism businesses that were previously deemed ineligible due to reaching the maximum eight-grant limit.

Recommendation 6: Develop Australian Product

6.1 Reinstated a coordination role around domestic promotion and product development within Tourism Australia to ensure development aligns with strategy.

6.2 Continue the prioritisation of funding for tourism infrastructure projects under all existing hard and soft infrastructure grants.

6.3 Prioritise the training and supply of skilled and unskilled labour to tourism, accommodation, hospitality and events businesses.

6.4 Develop a Visitor Economy Development Fund which includes capacity building as eligible projects.

6.5 Integrate initiatives that build capacity in long term tourism strategies.

Recommendation 7: Commence an improvement and/or transition of the Tourist Refund Scheme system.

Recommendation 8: Regulate insurance classes to ensure certainty and affordability for the tourism sector.

Recommendation 9: Improve and retool passenger facilitation systems.

Recommendation 10: Increase Funding for Tourism Research Australia.

Recommendation 11: Reinstate the Tourism Labour Force Survey.

Recommendation 12: Allocate \$10 million to encourage careers pathways in Tourism and Hospitality.

Recommendation 13: Accelerate visa reform, including rapid rollout of streamlined and online visa processes.

Recommendation 14: Migration Settings

14.1 Permanent migration levels be restored for the 2021/22 year to 190,000.

14.2 Reinstate the Industry Outreach Officers program within the Department of Home Affairs.

14.3 SAF levy be halved for both temporary and permanent skilled employer nominated visas and that the refund criteria be expanded to include any unsuccessful applications.

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1 Short-term Support

While it is acknowledged that input to the Reimagining the Visitor Economy Expert Panel should be targeted at the ten-year horizon, there are presumptions required in order to do this. Not the least of which is the extent to which tourism, accommodation and hospitality businesses survive to see this horizon.

The unpredictability of State & Territory government decisions on borders has made it difficult for many tourism businesses to successfully pivot to domestic travel, and it is not possible to replace all of the \$63 billion spend of international tourists with domestic spend as the spending and travel patterns differ significantly. Many tourism businesses, particularly those which overwhelmingly relied on international tourism, will still be struggling to survive until the international border is reopened.

The most important support that can be delivered to business until the international border is through:

- Certainty in the way State and Territory governments respond to COVID cases in accordance with an updated national framework;
- A clear path to reopening international travel that appropriately manages the health risk; and
- Effective roll out and implementation of the vaccine.

The Australian Chamber – Tourism priorities for short-term support measures are as follows:

- Pursue the Commonwealth Government to enable the activation of domestic and ANZ cruise operations;
- Support further expansion of the Zoos and Aquariums package to cover more distressed businesses that are not zoos and aquariums;
- Further expansion of the Travel Agents and Tour Operators Package to secure support for businesses that cannot pivot to domestic activity, and
- Obtain support for the development of labour market initiatives that will facilitate the movement and appropriate accommodation of staff in Australia to areas of need in tourism.

Recommendation 1: Extend financial support to tourism businesses that are still heavily impacted by government restrictions arising from COVID 19.

2 Removal of the Passenger Movement Charge

Particularly 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 most international travel, 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.

Recommendation 2: Remove the passenger movement charge to improve our overall price competitiveness and attract visitors in the post COVID-19 travel environment.

3 Removal of Fringe Benefit Tax on Entertainment and Travel

Fringe Benefits Tax (FBT) provides only a small contribution to the overall tax take (0.85 percent 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. This proposal is aimed at stimulating domestic spend on tourism and hospitality products in the medium-term to assist recovery.

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 boost spending in sectors hardest hit by the COVID-19 shutdowns, such as accommodation, restaurants, cafes and bars.

Recommendation 3: To assist in the recovery of tourism businesses hit hardest by the COVID-19 crisis, the Australian Chamber-Tourism recommends the removal of the Fringe Benefit Tax on travel and entertainment and reinstating deductibility for business expenditure.

4 Increase 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 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 Australia and State Tourism bodies through the COVID 19 period have been welcome. 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 ought to be well resourced to fully take advantage of. Tourism Australia is tasked to promote Australian tourism at a time in which there will be fierce competition in the global market to capture tourist spend.

In 2019, the Federal Government gave a welcome funding commitment to Tourism Australia announcing \$644.7 million over four years. Tourism Australia has received additional targeted funding in 2020 and this will total \$195 million in the FY 2020-21. Given the post COVID-19 marketing effort needed, funding needs to increase to \$300 million over the forward estimates for FY 21-22 and 22-23.

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 as done with New Zealand. This will require a focussed marketing effort based on upcoming market arrangements. The staged opening of our international border has significant implications for the marketing of Australia as a travel and business events 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 and therefore require adequate funding including for Business Events Australia to deal with the challenges.

Recommendation 4: Increase Tourism Australia funding to \$300 million per annum with an ongoing domestic role and an increase to the business events bid fund.

5 Extend the Export Market Development Grants Scheme

The Export Market Development Grants (EMDG) scheme administered by Austrade was expanded at the beginning of the COVID-19 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 will 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.

Recommendation 5: Extend the EMDG scheme 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, new and emerging markets.

6 Developing Australian Product

Re-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. 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 produce valuable product. On occasion, they fail to link their focus and investments to the 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.

The Australian Chamber recommends the Government consult with industry in the allocation of tourism development funding and the infrastructure programs for tourism.

6.1 Product Development Coordination – Tourism Australia

In 2013, Tourism Australia was refocused solely on international promotion. This concluded a long period of support for domestic tourism at a national level. The national coordination of product development was an unintended casualty of this policy change. Often infrastructure decisions are not connected to the national tourism strategy, and at times not even to the destination marketing and tourism strategies, as has been the case with important products in the past such as the Great Ocean Road.

Tourism Australia's promotion of Australia is increasingly product focused. Many aspects of the tourism sector rely on a good supply of local, quality tourism product. Tourism Australia should Post-COVID retain some component of product development and destination marketing coordination.

6.2 Prioritising Tourism Infrastructure Projects

Australian Chamber-Tourism welcomes the focus on regional tourism projects by earmarking \$100 million of the grant in the fifth round of the Building Better Regions Fund to tourism related 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.

6.3 Visitor Economy Development Fund

The Australian Chamber recommends the creation of a Visitor Economy Development Fund to fund new and additional visitor economy related programs, including research and development.

6.4 Building Capacity

The continuing attraction of Australia as a tourism destination to both domestic and international visitors is dependent upon a supply of quality experiences. The quality of tourism products is integral to attracting visitors, their experience, satisfaction and achieving greater spend. Product quality is a function of both infrastructure and skilled labour, both of which determine the standard of the product provided to the consumer.

The supply of quality product is an issue across the country but is particularly limited in the regions. The quality of tourism product that is available needs to be promoted as part of promoting Australia and individual destinations. The gaps in available product need to be filled through the development of new or enhancement of existing operator capacity and product. Ongoing capacity building needs to be embedded in long-term tourism strategies.

The Australian Chamber-Tourism calls on the Government to invest in building the capacity of tourism operators, particularly in relation to their export readiness and to facilitate investment in tourism product that builds tourism demand.

Recommendation 6: Develop Australian product

6.1 Reinststate a coordination role around domestic promotion and product development within Tourism Australia to ensure development aligns with strategy.

6.2 Continue the prioritisation of funding for tourism infrastructure projects under all existing hard and soft infrastructure grants.

6.3 Prioritise the training and supply of skilled and unskilled labour to tourism, accommodation, hospitality and events businesses.

6.4 Develop a Visitor Economy Development Fund which includes capacity building as eligible projects.

6.5 Integrate initiatives that build capacity in long term tourism strategies.

7 Reform the Tourism Refund Scheme

The antiquated Tourist Refund Scheme (TRS) 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 percent, revenue is virtually zero. This being the case, it is an ideal time to improve the TRS system in advance of the restart. In the COVID-19 recovery period every dollar that can be earned from

international visitors will be vital to capture. The efficiency of the TRS will assist in creating additional retail spend.

Recommendation 7: Commence an improvement and/or transition of the TRS system.

8 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 businesses, especially Workers Compensation, Public Liability and Travel insurance. Liability caps may be imposed if necessary, to ensure businesses remain solvent. 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 Small Business and Family Enterprise Ombudsman (ASBFEO) Insurance Inquiry Final Report also recommended that the liability for personal injury should be subject to statutory caps and where there is only one or no insurers left in a professional indemnity market, that the Federal Government should provide an insurance scheme of last resort for small business.

Consideration should also be given to other risk mitigation measures, such as advance deposit schemes that underwrite the tourism and events supply chains. It is expected that post-COVID there will be international expectation of changed payment arrangements that will severely impact cash flows in Australian businesses in the medium term.

Recommendation 8: Monitor and if needed regulate insurance classes to ensure certainty and affordability to the tourism sector businesses looking to rebuild and consider other alternative risk mitigations.

9 Improve Passenger Facilitation

Whilst the Australian border is substantially 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 streamlined process and contactless travel will also assist in making ports more COVID safe.

The return to effective implementation of a 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, styming 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.

Recommendation 9: Retool passenger facilitation systems to enable contactless movement through Australian ports.

10 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 marketing 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. There is scope to broaden data collection and produce industry specific research to aid in the recovery and ramp up of tourism in Australia.

Recommendation 10: Increase funding for Tourism Research Australia to improve the availability of timely and relevant data in an increasingly competitive post COVID-19 travel environment and to assist in the monitoring of the recovery activity in as close to real time as possible.

11 Reinstatement 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 industry and Government.

With most hospitality and tourism businesses impacted by either or both crises, an accurate picture of the labour and skills needs 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.

Recommendation 11: Reinstatement the Tourism Labour Force Survey.

12 Encourage Career Pathways in Tourism and Hospitality

In the current extraordinary 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 promotional campaign should be funded to encourage career pathways in tourism and hospitality whilst also highlighting 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.

Recommendation 12: 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.

13 Undertake Visa Reform

Australia's visa charges need to be more competitive – Australia ranks 130th of 140 Countries for tourism price competitiveness. The component of this 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.

The Competitiveness Index acknowledges Australia's improvements in visa conditions between 2013 and 2015, but still ranked Australia below the top five destinations for Chinese tourists. Since the index was released, the United States has added a 10-year visa for Chinese visitors costing US\$160, Germany has significantly reformed its visas and the United Kingdom has flagged reforms. In the absence of government action, Australia's 10-year visa for Chinese visitors will be at a cost more than four times higher than the US. This is acknowledged in the 2019 index.

As visitors are price sensitive, it is recommended that visa fees be lowered across the board to compensate for the extremely high Passenger Movement Charge, which applies to all international travellers over 12 years old. In particular, the Australian Chamber-Tourism is concerned by the \$485 visa application charge for working holidaymakers (visa subclass 417 and 462). The working holiday maker market is essential to Australian tourism, given their dispersal, length of stay and their contribution to the workforce, particularly in the regions.

The Australian Chamber-Tourism urges accelerated visa reform, as promised in the 2019 Federal Election policy, including more rapid roll-out of streamlined and online visa processes for citizens in rapidly expanding markets such as China, India and Indonesia. In particular, the Australian Chamber-Tourism urges the Government to undertake a thorough review of visa pricing with a view to enhancing Australia's competitiveness as a tourist destination.

Recommendation 13: Undertake visa reform, including rapid rollout of streamlined and online visa processes.

14 Migration Settings

The current crisis has effectively halted Australia's migration programme. This has significant economic and fiscal consequences. We should be planning now to restore the migration program to an even stronger position post-crisis. Treasury's statement on migration in 2018, 'Shaping a Nation', rightly highlights the economic and fiscal benefits of a strong permanent migration program. The decision taken to reduce the migration intake by 30,000 to 160,000 sent a negative signal about the benefits of migration. Given the impact on population stalling arising from the pandemic, the negative impact of this decision is exacerbated.

'Migration Works for All of Us', the 2018 Australian Chamber publication, sets out a detailed public interest case in favour of migration; and demonstrates the benefits delivered by migration, particularly given the strong component in the intake that are younger skilled migrants.

14.1 Increase Permanent Migration Levels to 190,000

The Australian Chamber recommends that caps for future years be set according to the evidence of maximum benefit, including an assessment of economic, fiscal and demographic outcomes. The cap of 190,000, was an appropriate level to maximise benefits and still control migration levels. The Australian Chamber recommends that permanent migration levels be restored for the 2021/22 year to 190,000 in order to maximise both economic and fiscal benefits as well as to make up for the population impact of net zero migration arising from the COVID crisis and to alleviate the severe shortage of skills and labour experienced by the tourism, accommodation and hospitality industry in its efforts to re-build and survive.

14.2 Re-establish the Industry Outreach Officer Initiative

With the introduction of new programs such as the Global Talent Employer Sponsored program, including the appointment of a Special Envoy for Global Business and Talent Attraction 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 offerings. The complexity of these programs acts as a significant deterrent to businesses accessing the migration program, often at the cost of losing skills essential for their business and limiting growth and other job opportunities. 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.

The Australian Chamber strongly 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, was a highly regarded and valuable program that attached experienced migration professionals from the Department to industry employer bodies. The program assisted employers to navigate the system, understand and overcome the barriers,

and provided guidance to ensure business are aware of their obligations and requirements of a sponsor. The program also helped to build trust and an on-going relationship between industry and the Department. Given the increased complexity in the system, the program will be even more valuable than before.

14.3 Skilling Australians Fund (SAF) Migration Training Levy

Although a training levy was recommended by the 2014 457 Visa Integrity Review to replace the previous training benchmarks used in the migration program, the mechanism and quantum of the SAF levy applying to skilled migration was an unwelcome surprise in the 2017 Budget. The amounts of \$1200 per year for small business and \$1800 per year for large business were well in excess of the Review's recommendation of \$400 per visa holder per annum for the temporary skills shortage visa. In addition, the SAF Levy is paid upfront for the whole term of the visa, which was also not consistent with the recommendation of the Integrity Review, which recommended annual invoicing. The 2017 Budget also included a levy for employers using the permanent Employer Nomination Scheme, \$3000 for small business and \$5000 for large business, paid up front.

The quantum of these levies and how they are applied have had a negative impact on access to the migration program. Although there was some shift in the refund policy in the 2018 budget, it is still inequitable that a sponsoring employer cannot obtain a refund of the training levy if their application is unsuccessful, other than on health or character grounds. A refund of the training levy should be available in all cases where the application has not been successful.

The Australian Chamber recommends that the SAF levy be halved for both temporary and permanent skilled employer nominated visas and that the refund criteria be expanded to include any unsuccessful applications.

Recommendation 14: Migration Settings

14.1 Permanent migration levels be restored for the 2021/22 year to 190,000.

14.2 Reinstate the Industry Outreach Officers program within the Department of Home Affairs.

14.3 SAF levy be halved for both temporary and permanent skilled employer nominated visas and that the refund criteria be expanded to include any unsuccessful applications.

15 Response to Discussion Paper Questions

In response to the questions posed in the Discussion Paper, the Australian Chamber–Tourism provides the following answers linked to the recommendations in the attached paper. These are provided in the interests of helping the government shape a policy framework that can guide the Visitor Economy sector through longer term transformation to sustainable growth.

Diversifying our international customer base

- 1. How can Australia position itself for new international markets for holiday travel (including the luxury segment), business travel, events and international education?**
 - a. Ensure that Tourism Australia is adequately resourced to be able to respond to opening into emerging markets, prioritising markets and activating in market (Rec. 4).
 - b. Continue to adequately fund Tourism Australia to deliver the Business Events Bid Fund (Rec 4).
 - c. Adequately fund Tourism Research Australia to collect and report timely data (Rec 10).
 - d. Extend the EMDG scheme to businesses that were previously deemed ineligible due to reaching the maximum eight grant limit (Rec. 5).
 - e. Increase the competitiveness of Australia as an international destination by removing the Passenger Movement Charge (Rec. 2), improve the Tourist Refund Scheme (Rec. 7), Retool passenger facilitation systems (Rec. 9).

- 2. How should Australia sustain and support its existing core international markets?**
 - a. Ensure that Tourism Australia is adequately resourced to be able to respond to opening into emerging markets, prioritising markets and activating in market (Rec. 4).
 - b. Ensure Tourism Australia is resources to be able to activate aviation capacity to meet the demands of core markets (Rec. 4).
 - c. Continue to adequately fund Tourism Australia to deliver the Business Events Bid Fund (Rec 4).
 - d. Adequately fund Tourism Research Australia to collect and report timely data (Rec 10).
 - e. Extend the EMDG scheme to businesses that were previously deemed ineligible due to reaching the maximum eight grant limit (Rec. 5).
 - f. Increase the competitiveness of Australia as an international destination by removing the Passenger Movement Charge (Rec. 2), improve the Tourist Refund Scheme (Rec. 7), Retool passenger facilitation systems (Rec. 9).

- 3. How best should Australia expand its share of the high-end holiday market (defined as spend over \$500/night)?**
 - a. Improve the quality of Australian tourism product through:
 - Reinstating a coordination role around domestic promotion and product development within Tourism Australia to ensure development aligns with strategy.
 - Continuing the prioritisation of funding for tourism infrastructure projects under all existing hard and soft infrastructure grants.
 - Developing a Visitor Economy Development Fund which includes capacity building as eligible projects.
 - Integrating initiatives that build capacity in long term tourism strategies.

- b. Improve the supply of skilled labour in the Australian tourism and hospitality sector by reinstating the Tourism Labour Force Survey (Rec. 11) and support the development of a careers pathway resource (Rec. 12).

4. What is needed to make Australia more competitive in the international education and major events markets?

- a. Continue to adequately fund Tourism Australia to deliver the Business Events Bid Fund (Rec 4).
- b. Continue the prioritisation of funding for tourism infrastructure projects under all existing hard and soft infrastructure grants (Rec. 6.2).

5. How competitive is Australia's visitor visa system compared to other markets and what can be done to improve it?

- a. Undertake visa reform, including rapid rollout of streamlined and online visa processes (Rec. 13).

Capturing the domestic travel opportunity

1. What needs to be done to encourage domestic visitors to travel for longer, spend more and diversify the destinations they visit?

- a. Remove the Fringe Benefit Tax on entertainment and travel and reinstate deductibility for business expenditure on entertainment and travel (Rec. 3)
- b. Ensure Tourism Australia is adequately funded to continue a role in domestic tourism especially in coordination of domestic promotion and product development (Rec. 4 and 6.1).

2. What will domestic business travel look like in 2030 and what needs to be done to adapt?

- a. Commit to the development of Australian tourism product to better meet the needs of domestic and international visitors through alignment with promotional strategies in conjunction with industry (Rec. 6.1).
- b. Regulate insurance classes to ensure certainty and affordability for the tourism sector (Rec. 8).

3. How will the sector need to transform to be successful into the next decade?

- a. Commit to the development of Australian tourism product to better meet the needs of domestic and international visitors through alignment with promotional strategies in conjunction with industry (Rec. 6.1).
- b. Regulate insurance classes to ensure certainty and affordability for the tourism sector (Rec. 8).

4. What investment is required to ensure accommodation and experiences meets market expectations and drives high-value tourists?

- a. Commit to the development of Australian tourism product to better meet the needs of domestic and international visitors through alignment with promotional strategies in conjunction with industry (Rec. 6.1).
- b. Regulate insurance classes to ensure certainty and affordability for the tourism sector (Rec. 8).
- c. Prioritise tourism infrastructure projects under Federal Government Grant Programs (Rec. 6.2).

5. What are the barriers to building new, and refresh existing, tourism infrastructure?

- a. Commit to the development of Australian tourism product to better meet the needs of domestic and international visitors through alignment with promotional strategies in conjunction with industry (Rec. 6.1).
- b. Regulate insurance classes to ensure certainty and affordability for the tourism sector (Rec. 8).
- c. Prioritise tourism infrastructure projects under Federal Government Grant Programs (Rec. 6.2).

Labour, skills and workforce

1. How can the sector develop and promote career pathways to make the visitor economy a career of choice?

- a. Allocate \$10 million to encourage careers pathways in Tourism and Hospitality (Rec. 12).

2. How can we attract and retain workers in the sector, especially in the regions?

- a. Allocate \$10 million to encourage careers pathways in Tourism and Hospitality (Rec. 12).
- b. Reinstate the Tourism Labour Force Survey (Rec. 11)
- c. Undertake Visa Reform especially for Working Holidaymakers (Rec. 13)

3. How do we address labour shortages, including through skills/training programs and accreditation, and through changes to the migration program?

- a. Allocate \$10 million to encourage careers pathways in Tourism and Hospitality (Rec. 12).
- b. Reinstate the Tourism Labour Force Survey (Rec. 11)
- c. Undertake Visa Reform especially for Working Holidaymakers (Rec. 13)
- d. Increase the Permanent Migration Program intake to 190,000 from the current FY (Rec. 14.1)
- e. Re-establish the Industry Outreach Officer Initiative in the Department of Home Affairs (Rec. 14.2)
- f. Reduce the amount of the Skilling Australians Fund Migration Training Levy and expand refund criteria (Rec. 14.3)

16 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:

**BUSINESS
NSW**



INDUSTRY ASSOCIATIONS:



Our Members



INDUSTRY ASSOCIATIONS CONTINUED:

