



**Accommodation
Association
of Australia**

**Development of a new national long-term
tourism strategy –
Submission of
Accommodation Association of Australia**

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EXECUTIVE SUMMARY

- To assist with improving aviation access, the accommodation industry supports Australia's new national long-term tourism strategy containing targets to grow the number of flights and the number of seats on flights.
- Because the accommodation industry is different from aviation in that it relies on a greater number of external demand-drivers, the commercial market for accommodation should be left to determine the number of tourism accommodation properties in Australia.
- Sharing economy accommodation providers, led by offshore giant Airbnb, are having a significant detrimental impact on the level of investment in traditional tourism accommodation properties across Australia.
- Fuelled by Airbnb, quasi-hotels are stifling investment in traditional tourism accommodation properties.
- If Airbnb management companies gain a foothold in Australia, this will further erode income and investment from existing accommodation operators in the Australian tourism industry.
- Unless there is a level playing field for the regulation of all forms of tourism accommodation, including Airbnb and other sharing economy providers, the level of investment in traditional tourism accommodation businesses will suffer, notably in rural and remote parts of Australia.
- The emergence of Airbnb and other sharing economy providers of accommodation has resulted in fewer jobs in the accommodation industry in Australia and this situation hasn't been helped by Airbnb avoiding payment of taxes in Australia – unlike hotels, serviced apartments, resorts, motels and other compliant forms of tourism accommodation.
- Lower standards and greater safety risks in Airbnb properties are damaging the global reputation of the Australian tourism industry.
- Giant offshore online travel agencies are having a destructive impact on operators of Australian accommodation businesses, resulting in fewer jobs in the accommodation industry and less taxation returns to government in Australia.
- The Accommodation Association strongly supports the Australian Government making it unlawful for online travel agencies to impose price-parity clauses on tourism accommodation businesses in Australia.
- Taxation mechanisms to help stimulate investment in tourism accommodation businesses and increased government funding for infrastructure will assist with promoting regional dispersal of visitors.
- The accommodation industry is supportive of initiatives and strategies which prioritise the promotion of diversity of international visitors.
- The more government invests in Tourism Australia, the more jobs will be created in the accommodation industry.
- Continued government support for employment participation, through pre-employment and other training programs, will result in workers who are no longer employed in other industries effectively transitioning to the accommodation industry.
- Having a flexible and efficient skilled migration program which enables accommodation operators to hire workers on visas is extremely important for tourism.

INTRODUCTION

1. The Accommodation Association of Australia is pleased to provide the following submission to be considered by the Beyond Tourism 2020 Steering Committee, which has been appointed by the Minister for Trade, Tourism and Investment, Hon Steven Ciobo MP, as it develops a new national long-term tourism strategy for Australia.
2. The new strategy is set to replace the existing National Long-Term Tourism Strategy (of 2009), as well as the 2020 Tourism Industry Potential (2010) and Tourism 2020 (2011).
3. On behalf of the accommodation industry, the Accommodation Association of Australia is keen to be involved in the development of a new national long-term tourism strategy as much as possible.
4. Insights provided by the Accommodation Association of Australia in this submission are drawn from feedback from our members, who are operators of accommodation businesses in every state and territory of Australia, and our engagement on tourism issues with the Federal Government and all state/territory governments.

ABOUT THE ACCOMMODATION ASSOCIATION

5. The Accommodation Association of Australia (the Accommodation Association) is the national industry body for Australia's accommodation industry.
6. Members of the Accommodation Association include major hotels, resorts, motels, motor inns, serviced and holiday apartments, bed and breakfasts, guesthouses, backpackers and timeshare establishments in metropolitan, regional and rural Australia, across all states and territories.
7. The Association's members include major hotel and motel chains, and serviced apartment groups.
8. The Association's membership base includes almost 2000 properties and more than 110,000 guest rooms, many of which are located in regional and rural parts of Australia.

TOURISM AND ACCOMMODATION – OVERVIEW

9. Tourism directly contributes \$55.283 billion to Australia's gross domestic product (GDP), 3.2 per cent of Australia's total GDP.¹
10. There are 598,200 people directly employed in the Australian tourism industry – 4.9 per cent of total employment.²

¹ Tourism Satellite Account 2016-17, Australian Bureau of Statistics

² Ibid

11. Accommodation businesses add \$8.008 billion of gross value to the Australian economy.³
12. There are 88,800 people employed in the accommodation industry.⁴
13. There are 4445 tourism accommodation establishments in Australia.⁵
14. There are 249,131 tourism accommodation rooms in Australia and 676,638 bed spaces.⁶
15. These figures do not include properties listed on Airbnb and other sharing economy accommodation providers, despite Airbnb claiming to be a part of Australia's tourism industry.

POLICY CONTEXT

16. The existing National Long-Term Tourism Strategy is a relatively modest document which contained several broad-ranging actions for the Federal Government, state/territory governments and the tourism industry to carry out for the benefit of tourism.
17. Tourism Australia's 2020 Tourism Industry Potential, which was released the following year, provided far more specific goals for tourism stakeholders to aim for. These included:
 - Overnight visitor expenditure should double from \$70 billion in 2009 to up to \$140 billion in 2020;
 - Tourism's contribution to GDP should increase from 2.6 per cent in 2009 to 3.0 per cent in 2020;
 - Tax revenues from tourism should increase from \$9.3 billion in 2009 to up to \$14.5 billion in 2020; and
 - Tourism net exports should increase to up to \$6.7 billion.
18. By and large, Australia either has or is on the way to meeting these targets, which is a credit to all tourism stakeholders, including the Federal Government, state/territory governments and industry.
19. The Accommodation Association strongly supports the development of a new national long-term tourism strategy for Australia.
20. The Association has segmented its public policy priorities into four categories – demand, employment, regulation and taxation.
21. However, for ease of those analysing this response, we have drawn out the key individual issues from each of these categories in our submission.

³ Ibid

⁴ Ibid

⁵ Tourist Accommodation, Australia, 2015-16, Australian Bureau of Statistics

⁶ Ibid

AVIATION ACCESS

22. One of the most important drivers of demand for occupancy (and revenue per available room) in Australian accommodation businesses is aviation access.
23. This includes adequate air services from major international destinations to Australia and the frequency/cost-effectiveness of air services to regional and remote areas from Australia's major international airports, in Sydney, Melbourne, Brisbane, Perth, Adelaide, Darwin and Cairns.
24. On this basis, the accommodation industry supports the new national long-term tourism strategy containing targets to grow the number of flights and the number of seats on flights.
25. The Accommodation Association notes the inquiry into the operation, regulation and funding of air route service delivery to rural, regional and remote communities which is being undertaken by the Senate Committee on Rural and Regional Affairs and Transport.
26. On aviation access matters, the new national long-term tourism strategy should take into account the findings of this inquiry.
27. With Sydney Airport being Australia's leading international aviation gateway, the accommodation industry supports there being greater aviation access to Sydney from international destinations and from Sydney to rural and remote Australian destinations by increasing the flexibility of the current cap of 80 movements per hour at Sydney Airport. Sydney Airport also has a curfew in place.
28. The Accommodation Association has a strong track record when it comes to helping to increase air access – in December 2011, following strong advocacy from the Association, the Tasmanian Government announced the establishment of a Tourism Access Working Group and in the years since then, the number of seats on incoming flights to Tasmania has increased and prices have been either relatively stable or decreased in real terms for the benefit of the local tourism industry and the broader local economy.

ACCOMMODATION INDUSTRY INVESTMENT

29. On the issue of accommodation industry investment, the 2020 Tourism Industry Potential stated:

*"Increased investment and utilisation of current capacity is required to meet the potential, with estimates between 40,000 and 70,000 rooms (will be) needed (at occupancy rates of 75 per cent). If yields and occupancy rates increase, less reliance on volumes is required. New rooms will be needed mainly in our capital cities, with improvements on quality, rather than quantity (being) the focus for regional Australia."*⁷

30. The accommodation industry does not support such targets being included in future tourism strategy documents, notably Australia's new national long-term tourism strategy.

⁷ "2020 Tourism Industry Potential", Tourism Australia, November 2010

31. The Accommodation Association's position is that the commercial market should be left to determine the number of tourism accommodation properties which are in operation.
32. We acknowledge this contrasts with our position on air access, but the accommodation industry is different from aviation in that accommodation business rely on a greater number of external demand-drivers than airlines. For example, a person who lives in the UK cannot, in isolation, make a decision to stay in an Australian accommodation property – they have to travel from the UK to Australia to do this. By contrast, a person who lives in the UK who wishes to travel to Australia can do so, but they do not necessarily have to stay in an Australian accommodation property – they might choose to stay with friends or relatives.

AIRBNB IS DERAILING ACCOMMODATION INDUSTRY INVESTMENT

33. The recent rapid emergence of sharing economy accommodation providers, led by offshore giant Airbnb, is having a significant detrimental impact on the level of investment in traditional tourism accommodation properties across Australia.
34. Airbnb is on the verge of turning over \$1 billion a year in Australia and there has been growth of 4000 per cent in the number of people using Airbnb in Australia over five years.⁸
35. The growth of Airbnb in Australia is typified by the example of Newcastle doubling its capacity for Airbnb guests in the period from January 2017 to September 2017.⁹
36. The direct result of this is fewer properties being made available for people who are seeking to permanently rent a property, which is, in turn, pushing up the cost of rent.
37. For example, in Sydney, in the City of Sydney council area, the number of entire homes available on Airbnb for 90 or more days per year was greater than the number of vacant rental homes, 1268 to 876.¹⁰
38. In the Waverley Council area, which includes Bondi, the corresponding figures are 821 entire homes available on Airbnb to 232 vacant rental homes.¹¹
39. Clearly, in a growing number of Sydney suburbs, the returns for landlords from short-term letting via Airbnb are greater than offering their properties for rent for terms of six or 12 months.
40. There is little or no evidence to suggest Airbnb is growing Australia's tourism accommodation market – rather, it is eating into the market share of hotels, motels, serviced apartments and other traditional accommodation operators.
41. In the Melbourne market, for example, many major hotels have not recorded 100 per cent occupancy during major events, such as the AFL Grand Final, for more than two years and operators say this is directly attributable to the presence of Airbnb in the market.

⁸ "Airbnb pulls in \$1bn from Australian business", The Australian, 19 February 2018

⁹ "Newcastle Airbnb listings double in eight months, figures show", Newcastle Herald, 30 September 2017

¹⁰ "Airbnb popularity with landlords puts squeeze on rental market", Australian Financial Review, 28 November 2016

¹¹ Ibid

AIRBNB HAS INSPIRED QUASI-HOTELS

42. The emergence of quasi-hotels is one of the most significant negative consequences of the lack of regulation of sharing economy accommodation, including Airbnb, in Australia.
43. Quasi-hotels are stifling investment in traditional tourism accommodation properties.
44. Quasi-hotels have come about through the practice of a common owner of several apartments – many of which could be in the same building – listing vacant apartments on online platforms which promote residential properties for use as tourism accommodation, notably Airbnb.
45. It should be clearly stated the Accommodation Association is not advocating for a protectionist regime for operators of “bricks and mortar” tourism accommodation businesses which are compliant with existing regulation and legislation. The accommodation industry is advocating for a level regulatory playing field and acknowledges responsibility for such regulation largely rests with state/territory governments.
46. The starkest example of tourism accommodation businesses in direct competition with each other but operating under different regimes is a quasi-hotel.
47. For consumers, quasi-hotels could appear to be very similar to apartment hotels, but the quasi-hotels meet very few, if any, of the standards which traditional tourism accommodation properties, including apartment hotels, are required to. Such standards include planning laws, building fire safety requirements, having adequate insurance in place and ensuring access for people with a disability.

LEVERAGING AIRBNB FOR COMMERCIAL GAIN

48. The emergence of sharing economy accommodation providers, led by Airbnb, has resulted in the establishment of Airbnb management companies.
49. Such management companies offer owners of residential properties a suite of services to manage short-term letting of their properties on sharing economy platforms, predominantly Airbnb.
50. An example of this is Hostmaker (www.hostmaker.com), which offers Airbnb management services in several European cities, including London, Paris and Rome.
51. Unless sharing economy platforms are properly regulated in Australia, it is only a matter of time before similar management companies gain a foothold in Australia, further eroding income and investment from existing operators in the Australian tourism industry.

AIRBNB IS HURTING RURAL AND REMOTE COMMUNITIES

52. The growth of Airbnb is hitting the traditional accommodation industry the hardest in rural and remote areas of Australia.

53. This is because there are fewer guests seeking accommodation in these locations than our capital cities, so even a minor drop in the number of guests staying at traditional hotels or motels results in job losses.
54. So concerned is the Accommodation Association about the negative impact of sharing economy accommodation platforms in non-metropolitan areas that it has said:
- “Sharing economy platforms are sucking the life out of hotels, motels and other compliant tourism accommodation businesses outside of our major cities. Operators of compliant tourism accommodation businesses in regional areas are, in many instances, hard-working family or ‘Mum-and-Dad’ outfits who have been barely making ends meet. They struggle to recruit and retain staff, they have had to contend with high penalty rates on weekends and public holidays and now Airbnb seems determined to try to put them out of business. Our industry isn’t frightened of competition, but compliant operators of regional tourism accommodation businesses are directly competing with Airbnb, yet Airbnb properties are subject to little or no regulation, unlike traditional hotels and motels.”¹²*
55. Unless there is a level playing field for the regulation of all forms of tourism accommodation, including Airbnb and other sharing economy providers, the level of investment in traditional tourism accommodation businesses will suffer.

AIRBNB IS HOLDING BACK EMPLOYMENT, AVOIDING TAX

56. The recent rapid emergence of sharing economy providers of accommodation, led by the offshore giant Airbnb, has resulted in fewer jobs in the accommodation industry in Australia.
57. This is because sharing economy providers have eaten into the market share of traditional accommodation businesses, including hotels, motels and serviced apartments, and traditional accommodation businesses are far more labour-intensive than the likes of Airbnb-type (residential) properties.
58. Specifically, while the accommodation industry in Australia employs more than 80,000 people, sharing economy providers employ very few, if any, people directly at properties where they advertise rooms.
59. Despite now having a strong foothold in Australia, Airbnb has been unable to state how many people in Australia it employs – or how much payroll tax it pays in Australia.
60. Airbnb has said publicly that in 2015/16, its guests supported over 14,000 jobs in Australia. Not only is this figure vastly inferior to employment in the traditional accommodation industry, “jobs supported” are not actual jobs.
61. In March 2018, in reference to return on investment for tourism operators, an Australian-based Airbnb spokesman hit out at the traditional tourism sector “where only the big end of town or the lucky few do well”¹³.
62. Operators of small motels in regional and rural Australia hardly qualify as the “big end of town”, in contrast to Airbnb, which is a profit-hungry global giant.

¹² Media Release, Accommodation Association of Australia, 12 July 2017

¹³ “An unused spare room can be turned into quick cash in the sharing economy”, news.com.au, 1 March 2018

63. Despite this, Airbnb and other companies which operate online platforms for Australian residential properties to be used for tourism accommodation are avoiding payment of taxes in Australia – unlike hotels, serviced apartments, resorts, motels and other compliant forms of tourism accommodation.
64. A spokesman for Airbnb has recently been questioned about how much tax the company pays in Australia and the spokesman refused to specifically provide an answer to this question, saying:
- “We pay all the taxes that we are required to pay in Australia. We’re a privately-held company and we don’t disclose the number.”*¹⁴
65. In addition, from April 2014, Airbnb, which extracts a commission in the vicinity of 12 per cent of the cost of a consumer “booking” a room in a residential property for the purposes of tourism accommodation via its website, channelled revenue from Australian-based consumers to an Irish subsidiary.¹⁵
66. Despite having an estimated worth of \$10 billion, Airbnb requested an exemption from corporate rules in Australia which require companies to disclose their earnings in a financial report.¹⁶
67. By operating on this basis, Airbnb is clearly attempting to avoid paying its fair share of tax in Australia.
68. Airbnb’s position on bed taxes in the accommodation industry represents hypocrisy in the extreme.
69. It has stated that it supports bed taxes being imposed, as long as they also apply to traditional hotels, motels and serviced apartments.¹⁷ This fails to take into account that operators of hotels, motels and serviced apartments already pay land tax, payroll tax and higher council rates than owners of residential properties used for short-term accommodation through sharing economy platforms.
70. Simply, Airbnb is seemingly satisfied with its properties having a lower level of regulation – and therefore, being non-compliant with the law – than traditional accommodation businesses, yet it supports traditional accommodation businesses paying another tax.

AIRBNB IS DAMAGING AUSTRALIA’S TOURISM REPUTATION

71. Sharing economy accommodation providers, led by Airbnb, are damaging the global reputation of Australia’s tourism industry.
72. The two primary reasons for this are:
- Consumers are being confronted with properties which are below the standards they have been expecting; and

¹⁴ Interview with Mr Brent Thomas, Head of Public Policy, Airbnb Australia/New Zealand, 774 ABC Local Radio Melbourne, Mornings, 24 November 2017

¹⁵ “Airbnb pays tax on Australian profit offshore”, Australian Financial Review, 9 September 2014, <http://www.afr.com/business/tourism/airbnb-pays-tax-on-australian-profit-offshore-20140909-jeg0t>, retrieved 18 May 2016

¹⁶ Ibid

¹⁷ The Project, Network Ten, 19 June 2017

- The safety of consumers is being put at risk because virtually all sharing economy accommodation providers only conform to safety (and disability access) requirements for residential properties – including building fire safety and insurance requirements – which are markedly different from safety standards for hotels, motels, serviced apartments and other forms of compliant accommodation.
73. A demonstration of the damage to the global reputation of Australia as an international visitor destination which has been caused by Airbnb is the wave of negative publicity about properties advertised on Airbnb which have been used for illegal purposes and/or which are in varying states of disrepair that have resulted in visitors to Australia being left ripped off and upset, among other things.
74. For example, in December 2015, members of a Sydney family who booked a three-bedroom residential property on the Gold Coast through Airbnb were, after arriving at the property, confronted by a group of armed police officers wearing bullet-proof vests who kicked down the door of the property. The family, which included five children aged between nine and 18, were then interrogated by police for several hours because a drug set-up was in one of the rooms at the property.¹⁸
75. The following account of the family’s appalling tourism experience appeared in a high-profile local media outlet:

¹⁸ “Gold Coast holiday-makers raided by police who found their rented home was a drug lab”, Gold Coast Bulletin, 8 January 2016

Holiday nightmare as family rent drug grower's home

CRIME AND COURT

Gold Coast holiday-makers raided by police who found their rented home was a drug lab

Lexie Cartwright
Gold Coast Bulletin
January 8, 2016 1:00am

DIETER Winkler was readying sausages for a barbecue when 10 armed police smashed through the front door of the Burleigh Heads home where he and his family were having a Christmas holiday.

The Sydney family of seven, who had rented the three bedroom house through Airbnb from Boxing Day, were not even 24 hours into their stay when armed Burleigh Criminal Investigation Branch officers, wearing bulletproof vests, kicked the door down.

HOLIDAY HOME TURNS INTO DRUG LAB

Mr Winkler, 48, his partner Jacquie Young, 46, and their five children, ranging in ages from nine to 18, were ordered to sit in the lounge room where they were kept for five hours while police questioned them over a sophisticated drug setup found in one of the bedrooms.




SHOCKED VISITORS: Ben, 13, Jack, 16, Sophie, 18, Dieter Winkler, Noah, 10, Jacquie Young and Lochie, 9.

The family had their holiday interrupted when police found a drug lab in the Burleigh Heads rental.

After ransacking their possessions, police had kicked open the locked door to the bedroom that the woman owner had told the Winklers was "off-limits" because of an electricity fault.

Inside the room was an extensive hydroponic cannabis setup, later described

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76. When considering what level of recognition – if any – Airbnb (and other sharing economy providers) should be given in Australia's new national long-term tourism strategy, the Accommodation Association respectfully submits that the Steering Committee takes into account the significant negative impact Airbnb has and continues to have on the accommodation industry and Australia's international tourism reputation.

DESTRUCTIVE IMPACT OF ONLINE TRAVEL AGENCIES

77. Australia's accommodation industry, including owners, investors, operators and the 88,800 people who are employed in the industry, is the subject of significant disruption from online travel agencies which have their headquarters overseas.

78. The direct results of this disruption have been fewer jobs in the accommodation industry and less taxation returns to government in Australia (government at all levels – federal, state/territory and local government).
79. The online travel agency market is one of the fastest growing, least regulated and most concentrated markets in Australia.
80. There are two principal players – Expedia Inc. (Expedia) and The Priceline Group (Priceline).
81. Between them, these two companies – and the many different online booking websites they own and control – command almost 85 per cent of online accommodation bookings in Australia.
82. What started out as websites which were designed to fill empty hotel rooms have become offshore leviathans who are slowly strangling Australia’s accommodation industry.
83. In addition to its own brand, Expedia acquired Australian-based Wotif in late 2014 and its other online travel agency brands include Hotels.com, Trivago and Orbitz.
84. Expedia is listed on the US NASDAQ Stock Market and its revenue is reported to be in excess of \$US 8 billion.
85. The dominant online travel agency operated by Priceline in Australia is Booking.com. It is also listed on the NASDAQ.
86. Expedia and Priceline are thought to be generating millions of dollars in profits each year from Australian tourism consumers.
87. These profits are directly drawn from consumers booking a room or rooms at a hotel, motel, serviced apartment or other accommodation establishment which is listed on the websites of Expedia and Priceline-owned online travel agencies.
88. Expedia and Priceline receive a commission on the rate of the room booked.
89. When online travel agencies first entered the Australian market in the 2000s, commissions were 5-10 per cent, but as the online reach of Expedia and Priceline has increased – they are now two of the largest and most sophisticated e-businesses in the world – so have commissions.
90. Despite the accommodation industry sounding a warning to the Australian Competition and Consumer Commission (ACCC) about rising commissions in the lead-up to Expedia’s acquisition of Wotif in 2014, in July 2015, operators of accommodation businesses received written correspondence from Booking.com that as of July 2015, it would be lifting the commission rate that it charges operators from 12 per cent to 15 per cent.¹⁹
91. Since then, commissions have increased even further, such that they are now in the order of 20-25 per cent.
92. In addition, because of the broad, global internet reach of Expedia and Priceline and that they focus on achieving the highest rankings on major internet search engines (by, among

¹⁹ “Change in Commission Rate”, communication from Booking.com, July 2015

other things, buying out the names of Australian accommodation businesses on Google), “Mum and Dad” accommodation operators have next to no bargaining power with these global giants.

93. This is because if accommodation operators choose not to list their properties on these websites, then they risk losing a significant amount of their business, such is the reach and market dominance of Expedia and Priceline.
94. The result for many operators is they are forced to swallow constant increases in commissions as they attempt to remain profitable.
95. The biggest concern, by far, among members of the Accommodation Association about the conduct of online travel agencies centres on room-rates.
96. One of the standard clauses in commercial agreements which exist between a hotel (for example) and either Expedia or Priceline is that the hotel must not publicly advertise – including on its own website – a room-rate which is lower than that which is being displayed for their property on Expedia or Priceline online travel agency websites. This is known as “price parity”.
97. Such a requirement is hindering consumers from accessing lower room-rates from hotels, motels, serviced apartments and other tourism accommodation properties.
98. Given this, the Accommodation Association strongly supports the Australian Government making it unlawful for online travel agencies to impose price-parity clauses on tourism accommodation businesses in Australia.
99. Several European countries have either banned price parity or are giving strong consideration to banning it.
100. If parity-pricing was to be outlawed in Australia, another consequence is that more bookings would be made directly through the websites of accommodation operators, resulting in local jobs being created and more taxation being paid in Australia.
101. This is because Expedia and Priceline pay little or no tax in Australia and they directly employ very few people who are based in Australia.

REGIONAL DISPERSAL

102. A frequent criticism of the Australian tourism industry is the standard of tourism accommodation infrastructure in regional and rural Australia.
103. While, by and large, there has been significant reinvestment in tourism accommodation rooms in Australia’s major cities, critics claim this hasn’t happened in some properties which are located in regional and rural Australia.
104. Primarily, this is because the returns from room-rates and associated tourism accommodation services, such as restaurants, have been poor. With little or no return on investment, there is little or no incentive for investment to occur.
105. To help stimulate investment, the accommodation industry supports lifting the threshold for accelerated depreciation on furniture, fixtures and equipment.

106. Currently, this threshold is \$20,000 per property.
107. It is the submission of the Accommodation Association that consideration is given to lifting this threshold to \$10,000 per tourism accommodation room.
108. If introduced, this measure would make it far more attractive for investment in upgrading tourism accommodation infrastructure, notably in regional and rural Australia.
109. As well as the direct benefits such upgrading would provide to the tourism accommodation business which would be upgraded, the physical task of undertaking the upgrade would create local jobs in the building, construction and associated services sectors.
110. Increased government investment in infrastructure more broadly provides direct benefits to the accommodation and tourism industries.
111. Such infrastructure investment is particularly important in the promotion of regional dispersal of domestic and international visitors.
112. While the performance of the accommodation industry in many of Australia's major capital cities is improving (the Darwin and, to a lesser extent, Perth markets are still lagging), many accommodation businesses in regional areas are continuing to struggle.
113. This highlights the importance of encouraging more visitors to travel to regional and rural parts of Australia.
114. Among the challenges facing visitors travelling to regional and rural Australia is a lack of infrastructure investment in major cities. Major roads and highways are becoming increasingly congested, so much so on occasions, it can take several hours to travel from the central business districts of Sydney and Melbourne, for example, to regional and rural areas.
115. Therefore, the accommodation industry is supportive of ongoing, increased investment in key transport corridors in our major cities.
116. Comparatively, such investment is more important for Australia, given that, unlike European countries, our passenger rail transport network is poor.
117. Infrastructure investment in major cities should be informed by a long-term vision which benefits locals and visitors alike.

DIVERSITY OF INTERNATIONAL VISITORS

118. A significant milestone for Australian tourism has recently been reached – China is now Australia's largest inbound visitor market.
119. According to Australian Bureau of Statistics figures, Australia welcomed 1.39 million visitors from China in the year ending February 2018, overtaking New Zealand as our biggest inbound market.²⁰ This demonstrates the enormous growth of the Chinese market in the past decade.
120. However, the accommodation industry is supportive of initiatives and strategies which prioritise the promotion of diversity of international visitors.

²⁰ Media Release, Minister for Trade, Tourism and Investment – Hon Steven Ciobo MP, 18 April 2018

121. While the growth of the Chinese inbound market is welcome, if this market, which is subject to political and diplomatic risks, was to suddenly diminish or cease being a source of visitation altogether, the impact on the accommodation industry could be catastrophic.

INVESTMENT IN TOURISM MARKETING

122. As Australia's primary international tourism marketing vehicle, Tourism Australia's success is directly linked to the level of employment in the accommodation industry.
123. Specifically, the more government invests in Tourism Australia, the more jobs will be created in our industry.
124. On this basis, Tourism Australia should receive increased funding from government to ensure that it is properly resourced.
125. The Accommodation Association is also supportive of Tourism Australia playing a greater role in promoting domestic tourism on a collective basis.
126. The reality is domestic visitors make up the bulk of guests who stay in accommodation in Australia and therefore, reminding Australians to holiday at home should be an integral part of our new national long-term tourism strategy.

SUPPORTING BUSINESS EVENTS

127. A significant proportion of the recent growth of the accommodation industry can be directly attributed to visitors travelling to Australia or within Australia for business, including for business events (meetings, conferences, conventions).
128. International delegates visiting Australia for business events spend, on average, 21 per cent more than other international visitors during their trip and 77 per cent more per day.
129. In addition, it is not just accommodation businesses who benefit from Australia hosting major business events – the entire tourism ecosystem, including convention centres, other venues where meetings are held, restaurants, hospitality venues and retail businesses, among others, receive additional income directly as a result of business events.
130. Given this, the Accommodation Association warmly welcomed the establishment of the "Boosting Business Events Bid Fund" program, which was announced by the Minister in March 2018.²¹
131. This \$12 million commitment over three years²² will assist with attracting more business events to Australia in what is an increasingly competitive international market.

²¹ Media Release, Minister for Trade, Tourism and Investment – Hon Steven Ciobo MP, 15 March 2018

²² Ibid

FURTHER INCREASING ACCOMMODATION INDUSTRY EMPLOYMENT

132. With the right regulatory settings – including proper regulation of sharing economy providers, such as Airbnb, to promote greater investment confidence – the accommodation industry is well placed to create more jobs in the short-to-medium term.
133. While other sectors, such as manufacturing, are declining, continued government support for employment participation, through pre-employment and other training programs, will result in workers who are no longer employed in other industries effectively transitioning to the accommodation industry.
134. Such programs must focus on ensuring prospective staff are “job ready” and have the necessary skills to work in our industry.
135. Federally funded programs such as jobactive and PaTH (prepare-trial-hire) are being embraced by the Accommodation Association to directly recruit and successfully train new employees to our industry. These programs are under-utilised and could be expanded with government assistance to widen the scope and volume of new workers to the industry via the Accommodation Association of Australia Academy.
136. While employing Australians is always the priority for our industry, it is still not possible to fill all vacant positions with local workers.
137. For this reason, having a flexible and efficient skilled migration program which enables operators of accommodation businesses to hire workers on visas is extremely important for tourism.
138. Operators cite that a six-month term for a visa-holder is not long enough to justify employment of foreign workers given the time it takes to train staff to a professional level. The short tenure contributes to high turnover rates, which are costly to accommodation businesses.
139. Accommodation operators have particular difficulty hiring chefs and room-cleaners in remote and regional Australia.
140. The accommodation industry welcomes new youth, senior and Indigenous employees, as well as people who are long-term unemployed to fill gaps in our industry’s workforce.

EMERGENCY SUPPORT THROUGH INSURANCE RELIEF

141. The Accommodation Association continues to support government intervention in key tourism areas which have been affected by natural disasters, such as cyclones in northern Australia.
142. The Association was pleased that in September 2017, the Minister and his Queensland counterpart, the Minister for Tourism, Major Events and the Commonwealth

Games, Hon Kate Jones MP, provided a \$7 million funding package to assist the tourism industry in the Whitsunday region to recover from the effects of Cyclone Debbie.²³

143. If such relief is required in the future, then insurance subsidies by government should be considered.

CONCLUSION

144. The Accommodation Association would be pleased to provide the Minister, the Steering Committee and/or Austrade with further information in relation to our submission through a meeting and/or further engagement, as appropriate.

Date: 25 April 2018

²³ Media Release, Minister for Trade, Tourism and Investment – Hon Steven Ciobo MP/Minister for Tourism, Major Events and the Commonwealth Games – Hon Kate Jones MP, 9 September 2017