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COVID-19 Response Inquiry Secretariat
Department of the Prime Minister and Cabinet
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Via email: COVID-19Inquiry@pmc.gov.au

SUBMISSION TO THE DEPARTMENT OF THE PRIME MINISTER AND CABINET: COMMONWEALTH GOVERNMENT COVID-19 RESPONSE INQUIRY

The Tourism & Transport Forum (TTF) is the peak industry group for the aviation, tourism, transport, and related infrastructure sectors. TTF is a national, member-funded CEO forum, advocating for the public policy interests of our members. TTF represents a broad range of operators which include airports, airlines, tourism, attractions and travel operators, accommodation providers, major events, retail and hospitality businesses, and leading private & public transport operators with a state and national presence.

TTF is the leading industry voice and plays an important and active role in advocating for the policy interests of our members. TTF would like to take this opportunity to thank its members for their valuable contributions in shaping our response. We welcome the opportunity to provide a submission to the Department of the Prime Minister and Cabinet: Commonwealth Government Covid-19 Response Inquiry.

Introduction

There is no doubt that the Covid-19 pandemic presented unimaginable challenges for all levels of government to work through. The word 'unprecedented' was the new precedent as the extent of the pandemic changed Australia and the rest of the world forever. TTF recognises and understands that public health measures were implemented for the safety of citizens and to combat the spread of the coronavirus and was supportive of the need for such measures throughout the pandemic. TTF also welcomes the opportunity to contribute to this inquiry to make sure that our industry is best prepared to respond to and recover from any future public health crisis.

The tourism, transport, hospitality, and travel sectors were arguably the worst affected industries from the pandemic and in most instances, are still recovering. The closure of international and state borders meant our industries were shut down for an extended period which resulted in mass job and financial losses and lead to the closure of many operators within our sectors. There are positive signs ahead, but the sectors TTF represents are still feeling the impacts of the pandemic to this day.

Economic overview of sector

The tourism industry sustained multi-billion dollars losses every month during the pandemic and for some time after restrictions were eased. Prior to the pandemic, the Australian visitor economy injected an astounding \$166 billion¹ into the economy and provided over 1.25 million jobs directly and indirectly. This was severely impacted by the closure of Australia's international border, followed by ad hoc domestic state and territory border closures throughout the pandemic as various breakouts of the virus occurred. These closures had major implications on tourism and travel, essentially shutting down the industry. Whilst there are many positive indications of a return to pre pandemic tourism levels and visitor spending, the industry is still in recovery as a result of the pandemic. This is shown through indicators such as overseas arrival numbers still being considerably lower than 2019 levels. For the month of October 2023, overseas arrivals were still 236,350 below October 2019 numbers². With borders being closed for substantial periods and with adverse structural changes in the sector, the industry now finds itself in an extremely competitive international tourist market. There have also been major shifts in key international tourism markets, for example with China no longer Australia's largest inbound market. Previously, China was Australia's main source of international visitors, with just under 1.5m arrivals (for all purposes) for the year to November 2019 while China represented 15.5% of total short-term visitor arrivals into Australia (9.44m). More importantly than just visitor numbers, China represented \$12.3b in annual international tourism spending in Australia, representing nearly 33% of all tourism receipts (as of May 2019). This critical market has not yet returned to pre-pandemic levels. Whilst policies settings have improved including the lift on the Chinese group travel ban into Australia, there is still significant work to be done. Most importantly the increased aviation capacity required to recapture this key market is gradually returning,

Industry financial support

The JobKeeper & JobSeeker payment subsidy schemes were a welcome and necessary measure that saved many businesses from closure and kept millions of people across the economy employed through the pandemic. However, whilst other parts of the economy were increasingly able to open and function, the large majority of the tourism and travel sector could not operate yet were unable to access these payments due to the program ceasing before borders had fully reopened. A more considered and staged approach should have been taken, especially taking into consideration that while other parts of the economy were reactivating, the tourism sector was unable to recommence full operations in many cases. Further consideration should have been given to operators in correspondence with federal and state border closures.

Further to this, most sectors within the economy saw a steady rise in job growth throughout the course of the pandemic, leading to an eased reopening. This was not the case for the tourism and hospitality sectors. Australian Bureau of Statistics (ABS) payroll data showed that whilst there was a large increase in jobs between March 2020 to March 2021 across the economy in general, the accommodation and food services continued to record an 11.1 per cent drop in jobs throughout the same period. On top of this, there were many organisations within the industry that were ineligible for JobKeeper to begin with,

¹ Aviation Green Paper: Towards 2050, Department of Infrastructure, Transport, Regional Development, Communications and the Arts (2023), September 2023

² [Australian Bureau of Statistics \(2020\)](#). *Overseas Arrivals and Departures, Australia, July 2020*

such as foreign-owned companies that operated with many staff in Australia. This led to mass redundancies and created a huge gap in the market for skilled workers as operations returned to pre-pandemic levels. An example is the considerable section of the workforce that were ineligible for Job Keeper in the aviation industry. This led to the loss of skilled workers with expertise in screening services, ground services and facilities management, leading to whole workforces needing to be rehired and retrained. Businesses are still struggling to hire the skilled workers needed to this day³. Airlines faced the exceptional task of retraining and rehiring entire workforces whilst also reengaging fleets of aircraft that had lain dormant for months and years. In the case of the aviation industry, it meant that operations took longer than necessary to resume and led to challenges with staffing, long queues at airports and baggage challenges.

Recommendation: Provide customised support for the tourism, aviation, travel & hospitality industries that is measured to relevant restrictions at both state and federal levels

Cruise industry

Another adversely affected industry was the Australian cruise industry which contributed \$5.2 billion to the visitor economy per year prior to the Covid-19 pandemic. It also supported over 18,000 jobs directly and indirectly. The Australian cruise industry was shut down from March 2020 to April 2022 and was one of the last sectors to restart operations. Approximately 86 other countries across the globe had allowed the cruise industry to restart before Australia⁴. Better communication and collaboration from governments at both a state and federal level with industry would have created a speedier and more streamlined reopening.

Recommendation: Clear communication and structured plan to reopening the sector, in collaboration with industry

State & Federal Government co-ordination

The Covid-19 pandemic led to the closure of not only international borders, but state and territory borders domestically. The closure of borders saw the introduction of hotel quarantine with operational responsibility being passed onto state governments. The closure of state borders led to travellers and citizens needing to enter hotel quarantine to travel interstate in some cases, even if they were returning to their place of residence. There is no suggestion that the decision to close international borders and implement hotel quarantine was not a responsible public health decision, but better coordination is needed in the future around arrival caps and the delegation of hotel quarantine to state jurisdictions. Sudden state border and territory closures led to travellers needing to cancel, change and cut short travel plans as well as undertake hotel quarantine just to enter another state. Inconsistent and abrupt state border closures had devastating economic impacts on the visitor economy and reduced positive consumer sentiment and attitude towards travel. This has created lasting impacts on the sector and fundamentally changed the way the public views and interacts with state borders. The closure of state borders also had longer term impacts on the market through changing consumer behaviour. This was a result of the uncertainties and risks associated with the state border closures meaning it became very difficult for tourism businesses to predict and meet demand. The ability to hire staff, forecast and prepare for peaks in the market was an extremely difficult task which unfairly led to businesses being unable to efficiently

³ Bruno, A., Davis, K. and Staib, A. (2022). The Recovery in the Australian Tourism Industry | Bulletin – December 2022. www.rba.gov.au.

⁴ Cruise Lines International Association Australasia (2022), Pre-budget Submission 2022-23, January 2023, pg.1

prepare and left operators unable to meet current consumer demands³. The Commonwealth Government needs measures in place to effectively and efficiently manage border closures to create consistency and confidence. Stronger coordination and consistent management between Commonwealth, state and territory governments will result in faster recovery in the event of a future pandemic. This approach is extremely important as many organisations TTF represents, operate on a national level and they had to navigate the additional challenges of constant changes to regulation at a federal, state and local level. A federally coordinated approach would also allow for clearer communication between industry and government.

Recommendation: Stronger coordination and consistent management structures between Commonwealth, state and territory governments

Current conditions & ongoing impacts of the pandemic

The tourism and travel industries now face new unique challenges, as a result of the combination of recovering from the pandemic and dealing with one of the most internationally competitive tourism markets we have ever seen. TTF commends the work of federal government agencies such as Tourism Australia and Austrade in ensuring that the industry bounces back strongly. This includes the work of the Thrive 2030 long term strategy for the national visitor economy as well the world leading marketing campaigns run by Tourism Australia. It is now more important than ever, that the federal government continues to back in these agencies with adequate, long-term funding. Whilst the industry is still recovering, it is still building momentum and this needs to be capitalised on, through long term, indexed funding for both Austrade and Tourism Australia to continue their important work. This includes additional funding to continue international marketing campaigns that showcase what Australia has to offer to tourists. It's also important for reattracting China as a leading tourism market back to Australia and continuing to position Australia as a key tourist destination to other markets through a competitively strong and diverse tourism sector.

The Commonwealth government also needs to ensure that policy settings allow the sector to effectively recover, to ensure it returns to pre-pandemic levels and beyond. TTF urges the federal government to reconsider the decision to increase the Passenger Movement Charge (PMC) and commit to a five-year freeze on any increases. The PMC (first introduced as the Departure Tax in 1978) was initially \$10 and after the increase announced in this year's federal budget, will rise to \$70 from July 2024, a 600 per cent increase since its inception. There is also a lack of transparency around the collection of the funds and where the money goes. It is clear that the revenue generated is not being distributed back into initiatives related to the industry and there is no correlation with increases in funding to respective government agencies. The prospect of travel becoming more expensive is the last thing the tourism industry needs following the severe impact of the pandemic. The government should look to fund Australian Border Force activities, both operational and research/development, with a direct relationship to the scale of international travel and the collection of PMC revenues. Other factors such as the increase in passport costs also create barriers to travel. It was revealed in the recent Mid-Year Economic and Fiscal Outlook that passport costs will increase by 15 per cent from July next year. The Australian passport is already one of the most expensive in the world, above New Zealand (\$190 AUD)⁵, the US (\$194 AUD)⁶ and the UK (\$150 AUD)⁷ for a ten-year passport.

⁵ [www.passports.govt.nz](https://www.passports.govt.nz/passport-costs/). (n.d.). Passport costs | New Zealand Passports. Available at: <https://www.passports.govt.nz/passport-costs/>.

⁶ US Department of State . "Passport Fees." [Travel.state.gov](https://travel.state.gov/content/travel/en/passports/how-apply/fees.html), travel.state.gov/content/travel/en/passports/how-apply/fees.html.

⁷ UK Government . "Passport Fees." GOV.UK, www.gov.uk/passport-fees.

Recommendation: Provide Tourism Australia additional multiyear funding in support of marketing activities to reattract existing and new tourist markets

Recommendation: Commit to a five-year freeze of the Passenger Movement Charge (PMC)

Recommendation: Australian Government should fund Australian Border Force activities, both operational and research/development, with a direct relationship to the scale of international travel and the collection of PMC revenues.

Summary & Recommendations

TTF appreciates the opportunity to respond to the Covid-19 Inquiry and looks forward to continuing to work with the Government on future matters. This submission has outlined how our industries were impacted, and are still being affected by the pandemic and believe the recommendations provided, if adopted, would play an important role in alleviating some of the challenges faced in the event of any future public health crisis. In summary, key recommendations outlined in this submission include:

Recommendation: Provide customised support for the tourism, aviation, travel & hospitality industries that is measured to relevant restrictions at both state and federal levels

Recommendation: Clear communication and structured plan to reopening the sector, in collaboration with industry

Recommendation: Stronger coordination and consistent management structures between Commonwealth, state and territory governments

Recommendation: Provide Tourism Australia additional multiyear funding in support of marketing activities to reattract existing and new tourist markets

Recommendation: Commit to a five-year freeze of the Passenger Movement Charge (PMC)

Recommendation: Australian Government should fund Australian Border Force activities, both operational and research/development, with a direct relationship to the scale of international travel and the collection of PMC revenues.

Please reach out to the TTF Manager Policy and Government Relations Mitch Coveney on [REDACTED] if you have any questions or would like any additional information.

Yours sincerely,

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