

2 July 2021

The Hon. Stirling Hinchliffe MP
Minister for Tourism Industry Development and Innovation, and Sport
1 William Street
Brisbane QLD 4000

Via email submission: tourismrecovery@dtis.qld.gov.au

Dear Minister,

Re: *Designing our tourism future* industry consultation

We welcome the opportunity to provide a submission to the *Designing our Tourism Future* panel. We refer the panel to the joint submission from Queensland's four major international airports (Cairns, Sunshine Coast, Brisbane and Gold Coast) and the attached Deloitte Access Economics report *Economic Analysis of Queensland's Aviation Sector*, which we fully endorse.

Thanks in large part to the Queensland Government Aviation Restart fund, the domestic tourism recovery from the COVID-19 downturn was progressing well through late 2020 and into 2021 – although the fragility of this recovery has been exposed multiple times through border closures and lockdowns. The health reasons for these restrictions are not disputed – they have protected our community from experiencing the worst effects of the pandemic and we have seen overseas how dire the results of a different approach can be. However, we are cognisant of the economic and social impacts of this pandemic and the associated health response on Queensland's tourism industry. Every school holiday peak tourism period since December 2019 has been compromised, with key source markets such as Sydney, Melbourne, New Zealand and beyond repeatedly shut off from Queensland for almost 18 months. The loss of confidence in a sector so critical to Queensland's economy will take some time to rebuild. And a joint effort from government and industry is required to achieve not just recovery but new growth opportunities as the global tourism landscape undergoes the largest reset since the end of WW2.

Queensland is uniquely placed within Australia and the broader Asia Pacific region – boasting an unrivalled breadth and depth of experiences, along with accommodation stock and access that no other Australian state can offer. No other state has year-round international flights to four separate airports, or a network of 191 other airports to disperse inbound visitors through. The advantages of this are clear, however they also present a challenge when budgets are limited to ensuring the brand of Queensland and the regions is communicated clearly and effectively in key markets.

With the state of the industry as it is, it is our view that a volume-led recovery is a critical first step to ensuring the long-term viability of the tourism sector across the state. More than 80 per cent of international visitor nights and 66 per cent of domestic visitor overnights

were in the four key regions of the Gold Coast, Brisbane, Sunshine Coast and Tropical North Queensland in 2019. When it comes to government policy settings, it is paramount we capitalise on every opportunity – ensuring that mechanisms are in place to support the re-establishment of valuable international markets for Queensland (as Aviation Restart has delivered for domestic markets).

The commercial risks associated with new or re-established international routes, compared to domestic routes, are significantly higher for the aviation sector compared to the broader tourism sector it supports. For example, the cost of operation for a flight from Tokyo to Gold Coast, on an individual seat basis, is seven to eight times the cost of operation of a domestic service from Sydney to the Gold Coast. Both seats deliver a new visitor to the destination, however, the economic benefit of a Japanese visitor to the Gold Coast is more than four times that of a visitor from Sydney, with the destination (not the airline) receiving the increased expenditure benefit.

With a challenging start to the Tasman market reopening, it is evident people are more cautious about travelling internationally than heading interstate and it will take some time to build confidence in flight schedules and the management of COVID-19 outbreaks. This risk is magnified even further with long-haul travel, resulting in airlines needing to carry loss-making services for longer to build market confidence.

To assist in attracting and supporting capacity back to the critical international inbound markets, we estimate it would require about \$5 million of support from the Queensland Government per individual city pair to support the re-establishment of these valuable connections. Queensland will be going head-to-head with other national and international destinations to secure these routes. For Gold Coast Airport, these key markets include Singapore, Tokyo Narita (Japan), Seoul (Korea) and Kuala Lumpur (Malaysia). We are therefore hopeful that significant funds will be available for international aviation attraction – to ensure that Queensland is put back on the map for overseas travellers when national borders re-open more widely.

Of course, the level of support needs to be considered alongside the benefits that will be delivered to the state through higher-yielding international visitors that deliver an economic benefit of between four and eight times a domestic interstate visitor (depending on the international market). Our key source markets in Asia will be critical as we look to eventually recover from the substantial shortfalls in tourism spend brought about by COVID-19.

We welcome continued discussion with government regarding the findings and recommendations from the Deloitte Access Economics report *Economic Analysis of Queensland's Aviation Sector*. Please do not hesitate to get in contact if you would like to further discuss the establishment of an international aviation attraction fund in Queensland. We believe this mechanism will be critical to support the sector in the short and longer term, and to deliver jobs and growth for the wider Queensland economy.

A handwritten signature in black ink, appearing to read 'Chris Mills', with a long horizontal stroke extending to the right.

Chris Mills
Chief Executive Officer
Queensland Airports Limited