

ECONOMIC REFORM – FOR THE VISITOR ECONOMY

The Australian Tourism Industry Council (ATIC) is the national representative body for the tourism industry in Australia. It serves as the peak organisation, representing the various state and territory Tourism Industry Councils (TICs) across the country.

Through its membership ATIC had a direct reach of over 28,000 tourism businesses from across Australia, both metro and regional and across all sectors of the visitor economy.

ATIC's role includes advocating for the industry, developing policy, and managing national programs like the Australian Tourism Accreditation Program and the Australian Tourism Awards.

The following submission to the Governments Roundtable for Economic Reform supports proposals that will improve productivity, build economic resilience and support a sustainable budget.

1. CREATING A MORE DYNAMIC AND RESILIENT VISITOR ECONOMY

The Visitor Economy is a cornerstone of Australia's economic strength, contributing \$78.1 billion to the national GDP in 2024¹ and supporting 1 in 23 jobs², while driving export earnings and providing the flexibility that helps our economy weather global disruptions.

Due to its nature, the visitor economy is susceptible and highly impacted by external factors yet regularly proves its resilience. Tourism now accounts for 2.9% of Australia's total economy², despite the continued impact of COVID-19 and numerous natural disasters decreasing visitor numbers and increasing the cost to do business over recent years.

The visitor economy has shown its capacity to recover by adapting to change, product innovation and a pivoting existing products or experiences.

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However, they need regulatory frameworks that match their agility. The current rules, while important for safety, environmental and consumer protection, often make it hard for tourism operators to respond quickly to new opportunities and challenges.

To build a stronger, more flexible visitor economy that contributes to Australia's overall economic resilience, we need smarter regulation that reduces unnecessary red tape while keeping essential protections in place.

This means moving away from duplicated process to flexible approaches that let businesses embrace product development, adapt to market changes, and compete globally.

Furthermore, insurance continues to be a critical issue to businesses across the visitor economy. Public liability insurance costs create significant barriers in the visitor economy, with tourism businesses typically required to spend thousands of dollars annually.

These high insurance requirements prevent many smaller operators from entering the market and ultimately reduces tourism diversity, increases consumer prices, and favours larger operators who can better absorb these insurance expenses, potentially limiting the range and accessibility of visitor experiences.

RECOMMENDATIONS

- **Reduce Duplication of Regulatory Requirements across State/Territory and Federal Departments**

The current regulatory framework sees multi layered regulatory requirements e.g. across local, state and national regulations which halts the progression of visitor product development. Specifically for those operators who are looking to develop product on national parks.

Tourism operators must obtain commercial tourism licences to operate products within national parks and, despite obtaining state approval, certain activities need additional approval under the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act) creating a regulatory layer beyond standard business approvals.

This makes it difficult, complex and costly for businesses to navigate, but also provides uncertainty about the potential for the product to develop leading to hesitancy to invest.

As an example, the Three Capes Walk in Tasmania, which is a significant drawcard for its region and which contributes considerably to the local economy, would not get up today due to the way in which the EPBC is being used to block development in all national parks.

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ATIC believes that the development of the regulations in the EPBC act was not intended to impact small tourism development, but rather a safeguard within other industries such as the resource sector. Therefore, we believe that Federal Government should automatically recognise **tourism development** that has been approved at the state level to operate in a national park.

- **Extended License Terms, Reduce Renewal Burden and Reduced Licence Fees.**

Whilst this is primarily a state or local government matter, regulations for the visitor economy often cross over to many departments – transport, environment, planning, immigration etc. which can make it confusing and costly to navigate.

Furthermore, meeting regulations takes considerable time and resources for businesses, especially SMEs who do not have the expertise to navigate through the varied requirements. This can impact the decision making to progress with a tourism development and potentially reducing further contributions to the local economy.

ATIC proposes that Federal Government supports the states to recognise businesses that have met tourism accreditation standards and award them:

- multi-year licenses (3-5 years instead of annual renewals)
- reduced licence fees based on their demonstrated compliance track record

This reduces administrative burden on both businesses and government departments while maintaining oversight through the accreditation process.

Government departments could also adopt risk-based inspection schedules where accredited businesses face fewer routine inspections, freeing up regulatory resources for non-accredited operators requiring closer oversight.

- **Work with the states to implement statutory caps and provide universal insurance.**

The overwhelming difficulty in obtaining public liability, and the cost, is making it prohibitive for businesses to continue operations, irrespective of how much they invest in their reducing risk.

Therefore, ATIC recommends that Government work with the states to provide universal Public Liability Insurance with statutory caps and underwrite Property Insurance across regional Australia.

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There are international examples of other competing tourism destinations such as New Zealand who have implemented insurance regimes that have protected consumers while enabling a wide range of tourism experiences to be developed and maintained.

This approach has allowed New Zealand to maintain its reputation as a competitive tourism destination while protecting consumers through guaranteed compensation. The system demonstrates how alternative insurance models can achieve dual objectives: ensuring visitor protection through comprehensive no-fault coverage while enabling tourism operators to develop and maintain diverse, accessible experiences without being priced out by traditional liability insurance requirements.

8j INVESTING IN THE NET ZERO TRANSFORMATION FOR THE VISITOR ECONOMY

Australia's visitor economy stands at a critical juncture in the global transition to net zero emissions, presenting both significant challenges and unprecedented opportunities for sustainable growth.

The tourism sector, inherently dependent on pristine natural environments and climate stability, faces mounting pressure from environmentally conscious travellers who increasingly prioritize low-carbon experiences and sustainable destinations.

Supporting the visitor economy's net zero transformation requires strategic investment that goes beyond traditional environmental initiatives to encompass the unique operational realities of tourism businesses.

Investment in this transformation is not merely an environmental imperative but a competitive necessity, as destinations that fail to demonstrate genuine progress toward net zero risk losing market share to more sustainable alternatives.

The Tourism Emissions Reduction Program, developed by the Australian Tourism Industry Council, represents a crucial foundation for this transformation by providing small, medium, and regional tourism businesses with emissions estimates and tailored reduction plans.

Small and medium tourism enterprises, which form the backbone of Australia's visitor economy, require additional targeted financial assistance and technical expertise to implement the recommendations from such programs, from accessing affordable clean technology solutions to obtaining sustainability certifications that meet evolving market demands.

By building upon existing initiatives like the Tourism Emissions Reduction Program and positioning Australia's visitor economy as a global leader in sustainable tourism practices, strategic net zero investments can drive innovation, create new employment opportunities in green tourism sectors, and ensure the long-term viability

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of the industry while preserving the natural assets that underpin Australia's tourism appeal.

RECOMMENDATIONS

- **Extend the National EV Charging Network**

ATIC supports the extension of the National EV Charging Network to include regional destinations for self-drive and caravanning road trips, recognising that inadequate charging infrastructure threatens to isolate regional tourism operators from the growing electric vehicle market.

Regional destinations that depend heavily on road-based tourism risk being bypassed by EV-driving tourists, creating a two-tiered market where only traditional vehicle owners can access remote experiences. This infrastructure gap is particularly critical for the caravanning sector, where longer distances and towing requirements create unique charging needs that current urban-focused networks cannot serve.

Extending charging infrastructure to regional destinations is essential to prevent the inadvertent exclusion of these areas from Australia's tourism future while ensuring equitable access to iconic road trip experiences as the vehicle fleet transitions to electric.

3. BUILDING A SKILLED AND ADAPTABLE VISITOR ECONOMY WORKFORCE

The visitor economy's foundation rests largely on small and medium enterprises (SMEs) and sole traders, who collectively represent the majority of tourism businesses across Australia.

These operators—from boutique accommodation providers and local tour guides to specialty retail outlets and family-run restaurants—face unique workforce challenges that differ significantly from larger tourism corporations.

Building a skilled and adaptable workforce within this sector requires targeted support that acknowledges the resource constraints, seasonal fluctuations, and operational realities of smaller businesses.

Unlike large enterprises with dedicated HR departments and extensive training budgets, SMEs and sole traders often struggle to access professional development opportunities, implement succession planning, or adapt quickly to changing visitor expectations and digital technologies.

Additionally, these businesses frequently grapple with complex industrial relations obligations, from navigating award interpretations and compliance requirements to

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managing casual and seasonal employment arrangements, often without the benefit of specialised legal or HR expertise.

Furthermore, the administrative burden of staying current with evolving workplace laws, penalty rates, and employee entitlements can be particularly overwhelming for sole traders and small operators who must balance compliance responsibilities with day-to-day business operations. Addressing these workforce development needs—including simplifying industrial relations frameworks and providing accessible compliance support—is critical not only for the sustainability and growth of individual businesses but for maintaining the authentic, locally-connected experiences that distinguish Australia's visitor economy and drive long-term competitiveness in the global tourism market.

RECOMMENDATIONS

- **Exempt SMEs from unproductive compliance and red tape that is reducing productivity**

It is critical that we exempt SMEs from unproductive compliance and red tape that is reducing productivity.

As an example, whilst unfair dismissal does not apply to business with under 15 staff, the recent Right to Disconnect rules is looking to apply to all businesses. This means that normal exemptions have not been applied. Typically, most businesses are SME or sole traders and struggle to navigate through red tape which is a barrier to employing staff and upskilling.

ATIC would like to see that SMEs are automatically exempt for new IR rules that have been primarily built for large scale enterprises.

- **Leverage the Quality Tourism eLearning Hub as a resource to support Government frameworks and tool kits specific to the visitor economy.**

ATIC would like to see support of, and leveraging of the Quality Tourism ELearning Hub, particularly as Government departments develop frameworks and tool kits to support the visitor economy.

As previously established, training and skill development for SMEs must be;

- accessible for all
- available outside of traditional business hours
- available in metro and regional areas
- considers time constraints

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The Quality Tourism e-Learning Hub provides "in-real-time" staff development to create a more adaptable and mobile visitor economy workforce across Australia. It benefits business in all tourism regions, not just major cities, it serves the entire visitor economy, not specific sectors and can support workers to move freely between states and regions without re-training.

4. HARNESSING DATA AND DIGITAL TECHNOLOGY IN THE VISITOR ECONOMY

Artificial Intelligence is rapidly changing Australia's tourism industry, creating both major opportunities and serious challenges. And whilst AI can help tourism businesses work more efficiently, offer better customer experiences, and compete globally, significant barriers are preventing many Australian tourism businesses from adopting digital technology and AI.

Many small and medium tourism enterprises face substantial gaps in digital adoption, with cost constraints—both real and perceived—limiting their investment in new technology. The complexity of digital technology often dissuades SMEs from adoption, leaving them at a competitive disadvantage while larger operators embrace AI-powered solutions.

This creates a two-speed economy within the visitor economy, where digitally advanced businesses thrive while others struggle to keep up. Additionally, AI threatens many tourism jobs, particularly entry-level roles in hotels, restaurants, and visitor services that provide vital employment in regional areas.

While AI offers significant benefits—from personalised travel recommendations to automated booking systems—Australia needs clear policies to ensure we capture these economic gains while addressing digital adoption barriers, supporting SME technology investment, and protecting workers and communities that depend on tourism.

RECOMMENDATIONS

The challenge for Treasury is ensuring Australia leads in using AI to strengthen tourism sector while bridging the digital divide and managing the impact on jobs.

We need to have training on how to apply emerging technology to businesses and SME and get ahead in understanding how it will impact marketing and distribution for tourism businesses.

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ATIC supports leverage its program the Quality Tourism Framework, to develop a Digital Readiness Assessment Tool in the QTF that helps businesses identify their digital maturity and their priority improvement areas.

Furthermore, to support that addition of a suite of digital literacy elearning modules for the QT elearning Hub and extend the AI modules.

References

1. <https://www.abs.gov.au/statistics/economy/national-accounts/tourism-satellite-account/latest-release>
2. <file:///C:/Users/info/Downloads/annual-benchmark-report-australia-s-visitor-economy-in-2024.pdf>

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