Frequently asked questions and concerns

How did this all start?
- In 2012, at the inaugural DestinationQ under the theme of industry leadership, industry delegates voted for the exploration of alternative funding models for tourism development and marketing to be proposed and subsequently presented to industry.

Why is QTIC advocating this?
- QTIC is not presently advocating for this transformation or any proposal to be implemented.
- We are currently presenting findings to industry for debate, reflection and consideration.
- QTIC is committed to continue discussions with wider industry, however will not advocate to government unless broad-based industry support is gained.

What’s wrong with the way that we currently do things?
- Despite Queensland’s continued visitor number and expenditure growth, from 2004-05 to 2014-15 market-share was lost to Victoria and Western Australia.
- With average annual tourism growth predicted at twice the rate of global economies, Queensland needs to be ready to capitalise on this opportunity and optimise its market share.
- Queensland needs to ensure that the industry is positioned optimally to drive competitiveness and create the most sustainable future.
- Membership numbers of industry organisations suggest that a large portion of Queensland tourism businesses are not engaged with any industry bodies.
- This proposal and consultation in no way infers criticism of current work and commitment by various organisations. We acknowledge the excellent work being done by the state’s tourism organisations, TEQ and the RTOs and councils, with limited resources.
- To capitalise on opportunities, any inefficiency across tourism networks need to be identified and addressed, including duplication of resources and a lack of engagement. In working as a collaborative, unified and streamlined industry, tourism in Queensland can drive growth, development and showcase Queensland’s competitive advantage.

What does the new structure mean for me and my organisation?
- The proposed model envisages re-invigorated state and regional bodies with clearly defined roles, reducing any duplication and creating a stronger leadership platform. The proposal suggests a low-cost, single membership fee for businesses giving access to state, regional and local entities, facilitating easy engagement and reducing the ‘free-loader’ problems among industry.
- The proposal aims to reduce bureaucracy, enhance collaboration and drive engagement state-wide.
Queensland has a track record of reform failures

“There is nothing more difficult to carry out, more doubtful of success, nor more dangerous to handle, than to initiate a new order of things. For the reformer has enemies in all who profit from the old order, and only lukewarm defenders in those who would benefit from the new” Machiavelli.

- Incremental changes have been attempted along the way with varying levels of success. These changes have not had a strong driving force, have not been championed by industry and have not provided the transformational changes required to make a significant difference to industry.
- With increased global competition for the lucrative tourism growth, Queensland’s competitive position must be continuously enhanced. The potential transformations canvassed in the report are long-term, difficult and challenging. Destinations around the world are grappling with and in many cases implementing similar, successful strategies. It is time to consider all options to position Queensland as Australia’s tourism leader, to respond to opportunity and reap the rewards.
- To achieve industry goals for growth it is essential the industry moves forward together, collaboratively for any change. No proposal will succeed if it is not supported by industry. To ensure successful delivery of structural and cultural change a shared vision, goals and a strong working relationship must be maintained state-wide. No one can achieve this alone.

Proposal for sustainable funding options

It is understood given the feedback that QTIC has received so far, that the sustainable funding option is the area of the proposal to raise most concerns and questions. The following Q&A’s have been developed based on the outcome of the business case that concludes that a visitor levy has the potential to create sustainable funding that can be utilised by industry.

Will government be willing to introduce a tax?

- This would not be a tax; a tax is collected by government and then appropriated by government. This would be a levy. Although administered with the help of government, a levy is industry-led and funds raised would be returned to industry.
- Any government would only consider any proposal of this nature with industry support.

Wasn’t the introduction of a visitor levy in Sydney unsuccessful?

- The industry is in a different place than it was 18 years ago when the Sydney levy was introduced in the context of the Olympic Games.
- This proposal has not been designed to deal with a single major event, nor would the purpose be to bolster government revenues. This proposal has been carefully considered and evaluated as a means to address loss in market-share and a dependence on government for funding. This proposal aims to create more independence for the industry.
- European, Asian and American destinations have been successful in introducing visitor levy for a number of years, with subsequent increases in visitor nights.
- The proposed levy takes into consideration all accommodation providers - hotels, motels, Airbnb, Stayz, youth hostels, caravan parks etc.. This approach would put the sector on an even playing field. There are clear precedents for this happening overseas.
What’s in it for me and my organisation?

- Benefits from the proposed change will be state-wide. The structural changes are designed to enhance industry engagement, reduce the administrative burden and promote collaboration. A simplified membership structure is proposed to make industry engagement cost effective and easier to achieve.
- The proposed funding option is designed to create a funding source that grows as the industry grows; facilitating funding that enables Queensland to compete at the highest level while not acting as a burden to local business owners or residents.
- The proposed funding would be distributed in a way that benefits the whole state through collaborative regional groups. The revenues raised would be directed straight back into tourism and hospitality development, capability building and promotion.
- Overall, the process is designed to take advantage of the future growth potential for industry and maximise visitation and visitor expenditure. This means additional revenues will flow into products and the state economy.
- The growth in tourism can build economic resilience, putting Queensland in a strong position for the future.
- The proposal is designed to create a self-sufficient, industry-led structure resulting in a strong, united and effective industry.

We don’t want to pay more.

- The proposed funding option, the levy, is designed to be paid by visitors, not by businesses or rate payers.
- There will be a simplified membership structure and reduction in membership fees. This means that industry will not be paying more.
- Some compensation will also be provided for administration costs to those collecting the levy.

Why is the levy only directed at the accommodation sector?

- In examining opportunities to create a sustainable funding model various alternatives were evaluated by the consultancy firm, these include the use of differential rates, a tax on alcohol, increased passenger movement charge and industry levies, among others.
- Each of the options was analysed based on the ability for it to generate funds that would sustain the industry, the viability (or legality) of introducing the model, the ability for the funding to capture the majority of visitors, the equity of the model across the industry and the likelihood of industry retaining the funds generated.
- Of the options available, the criteria analysed indicate that the option with the greatest likelihood of successfully delivering sustainable funding is a visitor levy. This is due to the majority of tourists being captured, minimal burden on the host community and the growth of funds with visitor numbers.
- It is acknowledged that the major concern of this method is the perceived inequity across the industry. The model recognises that accommodation providers would be responsible for the collection of the levy and it is for this reason that a part of the funding raised will be utilised to compensate those that raise the levy for the administrative burden.
- The proposed changes are not directed at accommodation providers. The levy is charged to visitors, not business owners in tourism destinations.
The transformation is about creating the biggest benefits to the state in a sustainable way that has minimal impact on residents and business owners.

Won’t this kill the industry? It could be less competitive, more expensive and could damage Queensland’s reputation.

- An analysis of average room rates across Australia and internationally competing destinations indicates that Queensland accommodation sector’s price competitiveness will only be minimally impacted by the visitor levy (see map below).
- Domestic consumers are more likely to be sensitive to such change but the introduction of similar levies globally has not impacted the reputation of the destination.
- Research indicates the wide-spread application of levies of this kind across the globe have had minimal impact on consumer behaviour or perceptions of destinations.

Won’t accommodation providers be disadvantaged by the levy?

- Although the proposed funding option will require the introduction of new systems, this transition will be made as simple and cost effective as possible.
- The proposed levy will be paid by the visitor, not by the accommodation provider. International evidence indicates that a visitor levy delivers the greatest outcome with the least disruption and burden for local residents.
- Destinations such as Hawaii, Berlin, Florida, Paris, Phuket and Malta have successfully implemented a levy; accommodation providers have been able to continue to increase their daily room rates with subsequent increases of the levy.
- The graph below show visitor night trends in destinations that have introduced a similar levy. This research indicates that for destinations that utilise the levy for the development and marketing of the destination, growth in visitor nights is evident (see graph overleaf). Conversely, destinations
with a government controlled tax that is not spent directly on the betterment of the industry have demonstrated slower growth after tax implementation.

Why don’t we just ask the government for more money?

- It is unlikely given the State and Federal budgets that any significant additional funding will be allocated to tourism in the near future without industry demonstrating a contribution to its own growth.
- If the government were to invest additional funding, it would remain under the direction of government and be subject to budget decision. Government funding levels have essentially stagnated over the last two decades. Revenues will rise with visitor numbers under this proposal, delivering sustainable funding into the future whilst providing independence.

Won’t government just take the money and spend it on its own priorities?

- A levy would require a legislated and clearly determined purpose.
- Revenue would be collected by the Office of State Revenue and distributed to industry through an appropriate industry governance model.
- A clear constitution with strong governance procedures would have to be drawn up, in consultation with industry, to ensure that revenue received will meet industry needs. An industry board comprised of skilled board members would be charged with the responsibility of overseeing distribution of funding (in alignment with constitutional requirements) and would monitor delivery of objectives and industry goals.
- This is not a government funding drive – this is about industry working to invest in a sustainable future that industry has greater control of.
- Although there can be no guarantee that government would not, at some stage in the future, seek to retain revenue raised, clear legislation would minimise this risk.

How will the levy be calculated and reported?

- The proposed levy would be calculated as a percentage of visitors’ expenditure on accommodation while visiting Queensland. Based on an analysis of levies around the world (varying from 3-15%) the report modelled a levy of approximately 5% for industry consideration.
A different rate could be considered in consultation with industry.

The proposal suggests an online process for reporting. The system would be designed for efficiency and ease of use. A portion of the levy would also be distributed back to accommodation providers to compensate for the administrative cost.

Auditing processes would also be integrated into the levy governance ensuring all parties are complying and operating to accomplish the greatest benefits for Queensland.

Who will control the funds?

- The model proposes funds would be collected by the Office of State Revenue (OSR). Once collected, funds would be administered by an industry-led governance entity. A proportion of the funds would be extracted to cover administration costs and distributed to accommodation providers.
- Of the remaining funds, a suggested 30% would be invested for state-wide purposes including capacity and capability building, additional state-wide marketing, research, convention and event attraction, infrastructure strategy and administration.
- The remaining 70% would be distributed to regions, based on the proportions raised in destinations.
- To ensure that funds are invested effectively there would be governance structures that facilitate accountability and transparency in both state and regional processes. These governance models would be accountable to members – to the industry.

Not many people will want to introduce a levy

- Since the 2012 DestinationQ, the Queensland tourism industry has been calling for a discussion on changes to the structure and funding of industry.
- Based on discussion with industry, QTIC engaged consultants to draft a business case to examine current industry positioning and possibilities for the future of the industry.
- Based on this analysis, the business case (see QTIC website ‘Industry Transformation’) suggests that a levy may be the most effective and sustainable option for the future of the Queensland tourism industry. This approach allows funding of industry to grow in alignment with growth of visitors. The levy does not burden host communities or residents of Queensland and although the accommodation industry is charged with the responsibility of collecting the levy some compensation will be provided to cover costs.
- Such levies are used in many locations across the world. Destinations in Europe, Asia and America have successfully implemented similar levies at different rates. Reporting since the introduction of such levies indicates visitor numbers and expenditure have continued to grow after the introduction of levies.

What if industry does not support this proposal or any reform discussion?

- If industry does not support this proposal, QTIC will not proceed with advocating this to government. We will assess the level of support for broader reform on the basis of the industry feedback we receive.

Who can I talk to at QTIC if I have more questions and where do I submit my feedback on this proposal?

- Please email transformation@qtic.com.au with any further questions and feedback.