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and the Commonwealth Games

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Australian Productivity Commission
Trans-Tasman Study
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Dear Chairman

Strengthening Trans-Tasman Economic Relations

Thank you for the opportunity to comment on the proposed initiatives contained in the Strengthening trans-Tasman economic relations paper jointly released by the Australian and New Zealand Productivity Commissions.

Tourism is a vital industry to the Queensland economy. The Tourism Research Australia report "State Tourism Satellite Accounts 2009-10" found the Queensland tourism industry directly and indirectly employs 221,000 people. This equates to nearly 10% of the Queensland workforce. The report also found tourism directly and indirectly generates \$18 billion in gross state product for Queensland.

For the year ending June 2012, New Zealand Visitors to Queensland injected \$542 million into the Queensland economy. This is 14% of the total international expenditure of \$3.8 billion in Queensland and New Zealand is the single largest market in terms of visitor expenditure. Over the year ending June 2012, visitors from New Zealand were the single largest visitor market for the tourism destinations of the Gold Coast (181,000 visitors), Brisbane (167,000 visitors) and the Sunshine Coast (76,000 visitors), and for Queensland (413,000 visitors). The government has an ambitious target to double overnight visitor expenditure to \$30 billion by 2020 and continued growth in the New Zealand visitor markets will help reach this ambitious target.

We are supportive of the tourism and travel related initiatives contained in the joint study, in particular DR4.9, DR4.10, DR4.15 and DR4.16.

DR4.9 Work towards further broader liberalisation of air services policy

We are in support of the continued movement towards open skies agreements. In instances where open skies agreements are unable to be reached we are supportive of continuing to maintain capacity ahead of demand to ensure airlines have certainty in their ability to plan potential routes to Australia.

The "Mapping Australia's Future Tourism Aviation Priorities" Stage 2 Report developed by CAPA Consulting and Tourism Futures International for the Department of Resources Energy and Tourism, and released in September 2011, indicated that to meet the tourism industry goals and challenges the following priorities should be pursued:

- Establishing open skies agreements with China and the European Union;
- Expediting air services negotiations with Indonesia and Malaysia, firstly to obtain additional capacity to assist in service growth to Australia;

- Developing a strategy to build closer ties with Association of Southeast Asian Nations as part of a move to an open skies agreement with the region; and
- Encouraging the harmonisation of passenger processing between Australia and New Zealand with the objective of achieving a common border approach. This has the potential to open up new route options outside the major cities

We are supportive of these goals to ensure the Queensland tourism industry can meet its potential.

As a state that has regional international airports, we are supportive of measures to remove any constraints placed on regional international airports. We are supportive of both the regional package and enhanced regional package continuing to be offered in bilateral negotiations.

DR4.10 Reconfigure the Passenger Movement Charge in Australia as a genuine user charge for border services. Review border passenger charges in New Zealand

We are in support of the Passenger Movement Charge (PMC) being reconfigured to reflect the cost of the operating of border services at international airports. The PMC on short-haul routes, and in particular routes from New Zealand, represents a higher percentage of the total ticket price born by the traveller. Reform to the PMC that will lead to a lower overall cost of operation of Trans-Tasman routes, combined with the elasticity of demand for the Trans-Tasman routes, has the potential to increase visitation between Queensland and New Zealand.

DR4.15 Progress roll-out of SmartGate and associated systems where cost effective

We are in support of furthering the roll-out of the SmartGate system to include departures from Australia and also the investigation of the cost effectiveness of extending the SmartGate system to regional airports. Any efficiencies created through the use of the SmartGate system should be analysed in conjunction with DR4.10 and the potential cost reductions through the PMC.

DR4.16 Scope a 'Trans-Tasman tourist visa' for foreigners visiting both countries

We are in support of the development of a Trans-Tasman visa for foreigners visiting both countries unless the new cost structure exceeds the current regime. If savings are made through the facilitation of a joint visa, we recommend the savings are diverted to decreasing the cost of the visa. We recommend investigating the use of the joint trans-Tasman tourist visa to facilitate group tour processing for rapid-growth developing markets such as China.

Overall improvements to the aviation and tourism travel conditions between Australia and New Zealand will help to grow visitation to Queensland.

Yours sincerely

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