ORDINARY MEETING 26 FEBRUARY 2025	8

SUBMISSION TO DESTINATION 2045: QUEENSLAND'S TOURISM FUTURE CONSULTATION

EDA | 58/6/3-01 | #7592134

RECOMMENDATION:

That Council:

1. **Endorses the attached submission to the Destination 2045: Queensland's Tourism Future consultation process; and**

2. **Delegates authority to the Chief Executive Officer in accordance with the *Local Government Act 2009* to finalise and lodge the submission and deal with any and all matters arising from it.**

INTERESTED PARTIES:

Queensland Government
Tourism Tropical North Queensland
Local Government Association of Queensland

Note: The identification of interested parties is provided on a best endeavours basis by Council Officers and may not be exhaustive.

EXECUTIVE SUMMARY:

The Queensland Government has invited submissions to help develop its 20-year tourism plan through the Destination 2045: Queensland's Tourism Future consultation process. Consultation (including submissions) closes Friday 28 February 2025.

Council has long advocated for a sustainable tourism funding model to support the ongoing growth and development of the local visitor economy. This advocacy priority is the focus of the draft submission attached and this report seeks Council's approval to finalise and lodge the submission.

Whilst the draft submission attached focusses on sustainable tourism funding, Tourism Tropical North Queensland (TTNQ) will also be making a submission on a broader range of issues and matters relevant to the long-term future of the tourism sector in the Cairns and Tropical North Queensland region. Council Officers have also provided input to TTNQ regarding their submission.

BACKGROUND:

Destination 2045: Queensland's Tourism Future consultation is currently seeking submissions to aid the development of the State Government's 20-year tourism plan. As part of this consultation process, Council was invited to take part in a workshop held in Cairns on 21 January 2025 and has the opportunity to make a formal written submission.

The Queensland Government has indicated that the key focus areas for feedback are:

- ecotourism
- 2032 legacy
- investment attraction
- tourism experience development
- access and connectivity
- events delivery

Council Officers have worked collaboratively with representatives from TTNQ in relation to the Destination 2045: Queensland's Tourism Future consultation process. TTNQ will be making their own submission on a broad range of issues relevant to the long-term future of the tourism sector in the Cairns and Tropical North Queensland region having regard to the key focus areas outlined above. Council Officers have provided input and feedback to TTNQ in this regard.

However, as the development of a sustainable tourism funding model has been a long-term advocacy priority for Council, it is recommended that Council make a submission on this specific topic.

COMMENT:

The draft submission is included at Attachment 1 and highlights:

- The significant contribution the tourism sector makes to the Cairns economy.
- Why the development of a sustainable funding model for tourism is needed and how funds raised could be utilised to support tourism sector growth and development.
- The rationale for a visitor levy as the most appropriate mechanism to achieve a sustainable funding model for tourism.
- The importance of such a visitor levy (if implemented) being on an 'opt in' basis so that each local government has the opportunity to decide whether to introduce such a levy (or not) having regard to the particular needs of their local community and economy.
- The fact that implementation of an 'opt-in' visitor levy has widespread support from local government. At the 2022 Local Government Association of Queensland (LGAQ) conference, 85% of Councils voted in favour of giving local governments the choice to implement such a levy.

In preparing the attached submission, Council officers actively engaged with representatives of both TTNQ and LGAQ.

OPTIONS:

Option 1 (Recommended)

That Council:

1. Endorses the attached submission to the Destination 2045: Queensland's Tourism Future consultation process; and

2. Delegates authority to the Chief Executive Officer in accordance with the *Local Government Act 2009* to finalise and lodge the submission and deal with any and all matters arising from it.

Option 2

That Council **does not** endorse the submission to the Destination 2045: Queensland's Tourism Future consultation process.

CONSIDERATIONS:

Risk Management:

The predominant risk associated with the proposed advocacy outlined in this report is reputational. Council aims to mitigate any potential reputational risk by adopting a collaborative advocacy approach underpinned by comprehensive stakeholder engagement and communication. The financial implications (risks) associated with a failure to secure additional funding are outlined in the following section.

Council Finance and the Local Economy:

A visitor levy provides a fairer, efficient solution that can boost investment in tourism sector marketing and development whilst also reducing the burden on local ratepayers and residents.

Funds raised could be provided to Regional Tourism Organisations (RTOs) and/or for the provision of tourism facilities, ensuring funds raised in the region remain in the region and are used specifically to grow the tourism sector resulting in a healthier economy, more jobs and legacy social and cultural infrastructure.

Corporate and Operational Plans:

This report supports Council's vision of Shaping the Future, which states that Council will strive to shape the future of Cairns by striving for better social, economic, environmental and culture outcomes for the community.

The recommendations outlined in Council's submission contribute to the following focus areas of Council's Corporate Plan 2021 – 2026:

- Robust Economy
- Design for Liveability
- Community and Culture

Policy:

Council's endorsed Advocacy Policy has been applied in developing this proposed advocacy approach.

CONSULTATION:

Significant consultation and engagement have been undertaken with representatives of TTNQ and LGAQ in the preparation of the draft submission.

ATTACHMENTS:

Attachment 1: Draft submission to the Destination 2045: Queensland's Tourism Future consultation (DM#7598855).

Nick Masasso
Director – Economic Development & Advocacy

Attachment 1: Draft submission to the Destination 2045: Queensland's Tourism Future consultation

Cairns REGIONAL COUNCIL

ENQUIRIES: Fiona Dix
PHONE: 4044 8399
OUR REF: #7598855

26 February 2025

Patricia O'Callaghan
Director-General
Department of the Environment, Tourism, Science and Innovation
Per email: destination2045@dtis.qld.gov.au

Dear Ms O'Callaghan,

Submission to the Destination 2045: Queensland's Tourism Future consultation

On behalf of the Cairns Regional Council (Council), I am pleased to provide this submission to the Queensland Government's Destination 2045 – Queensland's Tourism Future consultation.

Tourism has long been a significant contributor to the Cairns economy and to the identity of our city and our region. For the 2022/23 financial year, Tourism employed 15,372 people (6,777 directly and 8,595 indirectly) within the Cairns Local Government Area (LGA), representing 17% of total employment in the LGA[1]. Tourism also contributed $1.8 Billion in valued added to the Cairns economy in 2022/23, representing 16% of Cairns' annual Gross Regional Product[1]. Tourism is also recognised as a priority industry sector in Council's Economic Development Strategy 2022-2026. Accordingly, Council warmly welcomes the Queensland Government's commitment to develop a 20-year tourism plan for Queensland through the *Destination 2045: Queensland's Tourism Future* process. We appreciated the opportunity to participate in the Destination 2045 consultation workshop held in Cairns on 21 January 2025 and also the opportunity to make this submission.

Tourism Tropical North Queensland (TTNQ) is the peak regional visitor destination and marketing organisation for the Tropical North Queensland (TNQ)/Cairns & Great Barrier Reef region and TTNQ also provides strategic advocacy on behalf of the tourism section locally. Council works closely with TTNQ and is a significant funder of TTNQ's operations.

TTNQ will be making a wide-ranging submission to the *Destination 2045: Queensland's Tourism Future* consultation process on behalf of the local industry and taking into consideration the key areas of focus identified in the Discussion Paper released by the Queensland Government to support the strategy development process. Whilst Council has provided input to the submission being

[1] .id Cairns Tourism Sector Analysis sourced from National Institute of Economic and Industry Research (NIEIR)

www.cairns.qld.gov.au
council@cairns.qld.gov.au
PO Box 359, Cairns Q 4870
119-145 Spence St, Cairns Q 4870
Ph: 1300 69 22 47
24 hours / 7 days

made by TTNQ, it is also considered appropriate that Council make this separate submission which specifically relates to sustainable funding for tourism which has been a long-standing advocacy priority for Council.

Sustainable funding of our tourism industry is a critical issue for our region and many others across the state. Our Council strongly supports the implementation of an 'opt in' visitor levy as the most effective, efficient, and sustainable solution to fund tourism in Queensland.

Tourism is both a key economic driver and a significant strain on local resources, particularly in regions like Cairns. In Cairns, the resident-to-visitor ratio is 4:1 - far below the state average of 11:1 - placing a disproportionate financial burden on local ratepayers and residents. Currently, our ratepayers and residents (via rates and other charges) fund essential tourism infrastructure, destination marketing, and event support, despite visitors being the primary beneficiaries.

A visitor levy provides a fairer, efficient solution that can boost investment in tourism sector marketing and development whilst also reducing the burden on local ratepayers and residents at a time when significant cost of living pressures are being felt by many in the community. Funds raised can also help deliver outcomes that align with the consultation's priorities, including ecotourism, investment attraction, tourism experience development, improved access and connectivity, and provision of a 2032 Olympic and Paralympic Games legacy. This proposal follows an opt-in model, allowing local governments to implement the levy if/as considered appropriate to their local communities, ensuring dedicated tourism funding without additional costs to local residents or the State Government.

A modest levy applied to short term accommodation revenue, including hotels and short-term rentals, would create an independent revenue stream dedicated to supporting tourism our region. This may include maintaining and improving tourism infrastructure, supporting regional marketing and destination promotion through Regional Tourism Organisations, and ensuring that tourism growth aligns with community needs. Internationally, visitor levies are widely accepted and have been successfully implemented in more than 100 countries.

Beyond infrastructure and marketing, a visitor levy would enhance Queensland's competitiveness in the tourism market, particularly as we prepare for the 2032 Olympic and Paralympic Games. It could support investment in critical infrastructure, improve visitor experiences, and help attract and host major cultural, sporting, and business events - generating economic and community benefits.

Cairns provides a strong case study for the benefits of a visitor levy. A 2.5% levy on short term overnight accommodation revenue could conservatively generate approximately $16 million annually (based on 2017/18 figures). TTNQ has demonstrated a 30:1 return on investment from marketing campaigns, highlighting the potential for significant economic gains if sustainable funding is secured. Based on legal advice, councils are currently prevented from implementing such a visitor levy under existing State based legislation.

Accordingly, Council requests that the Queensland Government make the legislative chsanges required to enable local governments to implement a visitor levy within their local government area should they consider it

appropriate. This approach provides flexibility and empowers councils to tailor the levy to their community's unique circumstances. Key steps to implementation include industry consultation to address operational challenges and the development of Local Government Guidelines to ensure consistency. Through legislative change, the Queensland Government can empower local governments to manage this process and design and implement a visitor levy that meets the specific needs of their local community if/where they consider it appropriate.

This approach received overwhelming support at the 2022 Local Government Association of Queensland (LGAQ) conference, where 85% of Councils voted in favour of giving local governments the choice to implement such a levy. The previous State Government's independent Tourism Industry Reference Panel also recognised the need for sustainable tourism funding, recommending the introduction of a visitor levy in its 2022 report, *Towards 2032 – Action Plan for Tourism Recovery*.

Our Council strongly supports this approach, and this submission was [unanimously or otherwise endorsed- TBC] by Council at its Ordinary Meeting on 26 February 2025. The introduction of an opt-in visitor levy is a necessary step to secure the future of Queensland's tourism sector. It is a proven model that balances economic growth with sustainability and fairness.

Our council welcomes the opportunity to work together with the State Government and industry stakeholders to bring this vision to life.

I also attach a two-page advocacy summary which provides further information on the proposed opt in visitor levy for your information.

Please do not hesitate to contact me if you have any queries in relation to this submission.

Yours sincerely

Ken Gouldthorp
CEO

Appendix 1: Visitor Levy briefing document

Submission Appendix 1: Visitor Levy briefing document

Discussion Paper

Visitor Levy

It's all about choice for Local Government

Access to appropriate and sustainable funding for tourism is fundamental to economic growth. The growing strain of managing tourism impacts regional communities, like Cairns, where the ratio of residents to visitors is just 4:1, far below the State average of 11:1. Sustainable funding has become essential for tourism marketing and destination management, with the focus on attracting the right visitors at the right time to the right place, ensuring tourism growth aligns with the needs and aspirations of the local community.

Due to the reliance on state and local government grants, there is a significant funding shortfall for Regional Tourism Organisations (RTOs) across the state, as governments juggle competing budgetary needs.

But, with more and more destinations around the world competing for the visitor dollar, a step change to investment in tourism promotion is needed to ensure Queensland destinations can retain and grow their share of the global tourism market.

Implementation of a visitor levy could significantly ease cost-of-living pressures for local communities where tourism is a key economic contributor, such as Cairns. By shifting the responsibility for funding tourism bodies and destination marketing from ratepayers, residents would no longer bear the financial burden of supporting these initiatives. Additionally, funds generated through a visitor levy could contribute to maintaining and enhancing infrastructure heavily utilised by visitors, ensuring these assets remain in excellent condition without solely relying on ratepayer contributions.

Why a visitor levy?

A visitor levy is the most effective, efficient and equitable mechanism to generate long-term, sustainable funding for tourism. In general terms, a visitor levy would collect funding from visitors via accommodation providers in a user-pays system, creating an independent fund, rather than regions relying on grants from state and local governments, which are subject to underlying budgetary pressures.

While tourism levies of this kind are new to Australia, they are well established, and successful globally, and are broadly accepted among travellers. Visitor levies on accommodation are used in over 100 countries around the world in hundreds of cities.

The money could be provided to Regional Tourism Organisations (RTOs) or for the provision of tourism facilities, ensuring funds raised in the region remain in the region and are used specifically to grow the tourism sector resulting in a healthier economy, more jobs and legacy social and cultural infrastructure.

Such a fund has the potential to grow exponentially as money is funnelled back into the industry attracting more visitors, while also tying funding to performance. A visitor levy may not work for all communities, an opt-in model allows flexibility for Councils to chose what is best for their community.

Case Study - Cairns Regional Council

A visitor levy of 2.5% applied to each guest night would raise $16 million annually (based on 2017/18 figures*) for direct investment in tourism promotion and industry development.

Levy applied to short term accommodation in the Cairns Local Government Area (LGA) only

Estimated annual short term accommodation revenue (17/18) **$641 million***

Annual levy raised (17/18) **$16 million***

For a room rate of $150, that equates to just $3.75 per night, less than the cost of a booking agent fee on some popular websites.

A visitor levy is a very small part of the overall visitor spend and would therefore not influence a potential visitor's decision to holiday in Cairns. This user-pays model is a much more equitable option than seeking the same level of funding from ratepayers. To raise $16 million annually, the median Cairns rates bill would need to increase by 9%, equating to an additional charge of $219.

Over the past five years Tourism Tropical North Queensland has consistently delivered a 30:1 return on investment from campaign activity to direct visitor spend, a $16M visitor levy would generate $480M in visitor spend per annum for our region supporting 2,500 jobs in our community.

A visitor levy is the most viable option to deliver the step change in investment that is required. By 2045 TNQ will have an estimated 93,500 visitors a day, equating to one visitor for every three residents (the State and National average is 11 residents to every visitor) for Douglas Shire it will likely be 1:1 by 2045.

*Since 2017/18 TNQ total visitor spend has increased by 59% (7.3% per annum).

FAQ's

1

Won't a visitor levy make us less attractive as a destination?

Visitor levies are commonplace in more than 100 countries throughout the world, including Europe and the US. **For example, visitors pay per night:**

Thailand - $12

Bali - $13

New Zealand - $30

USA up to - 17%

There is no evidence that any city that has applied a visitor levy has seen numbers drop and the extra funding would be reinvested to drive more visitation.

2

Won't the increase in price reduce demand?

A dedicated and sustainable fund will give RTOs budget certainty to pursue increased visitation, which will drive demand for accommodation and other tourism services. With co-investment by industry partners, the RTO receiving the funds would leverage the funds 3 to 4 times.

3

Why should accommodation providers collect the levy and not everyone else?

Under the proposal, it's the visitor who pays. Basing the levy on a per night basis, paid for as part of the total accommodation cost, ensures all visitors (excluding those staying with family and friends) pay their share. It also comes at nil cost to the Queensland taxpayer - no new State taxes and no new debt to Queensland.

Local Government choice

An amendment to State Legislation is needed for Local Governments to have the power to introduce a visitor levy. This is just an enabler. Under the proposed opt-in approach, each Council would have the choice whether or not to apply the levy in their Local Government Area, depending on their community's specific circumstances.

This allows local governments to deliver positive and meaningful change for their communities, if and when the timing is right for them.

For the Cairns region, this proposal has strong industry and peer support. At the 2022 LGAQ conference, the proposal received overwhelming support to have the choice on implementing a visitor levy from Queensland Councils, with 85% of Councils voting in favour of the proposal.

In 2022, the State Government's independent Tourism Industry Reference Panel (TIRP) released a detailed review following significant consultation, *Towards 2032 - Action Plan for Tourism Recovery*, which proposed introducing a visitor levy as a sustainable funding mechanism under the theme of *Funding the Future*.

An opt-in model allows flexibility for Councils to implement or not, some may not implement the levy at all, while for others a differential rate may be the better option. All Council is seeking from the State Government is to have the choice.

Pathway to implementation

Industry consultation to understand the challenges with implementing a visitor levy in Queensland compared to more than 100 Countries that have one. This would include looking at the tools the industry would use to collect the levy from visitors and how it would impact on the booking process.

Local Government Guidelines would need to be developed to ensure there is some consistency in how the funds are applied.

Legislative change is required to allow Local Government to enforce the collection of a levy on tourism providers.

For more information:
www.cairns.qld.gov.au/advocacy

Contact us:
1300 69 22 47

Mayor Amy Eden:
amy.eden@cairns.qld.gov.au

Cairns REGIONAL COUNCIL