



**SUBMISSION TO THE AUSTRALIAN GOVERNMENT**

**ON THE**

**DIGITAL ECONOMY - OPENING UP THE  
CONVERSATION**



**Queensland Tourism Industry Council**

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## OVERVIEW

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The Queensland Tourism Industry Council (QTIC) welcomes the opportunity to respond to the paper on the Digital Economy: Opening the Conversation.

As the peak body for tourism, QTIC values the importance of strong management plans to support the sustainable development of the natural assets that create Queensland's unique competitive advantage. With five World Heritage areas in Queensland, it is integral that these are effectively managed to ensure their significance is preserved for generations to come.

Based on the assessment below, QTIC recommends:

- On-going investment into business development, capability and capacity building programs relating to the digital economies (e.g. Tourism Demand Driving Infrastructure Program) building on existing work in digital health checks, cyber security, digital currency etc.;
- Active, timely and transparent Federal Government involvement in the governance and legislation of digital economies to promote growth and opportunities for new and existing operators;
- Investment in programs to raise digital standards to those of other sectors and other countries;
- Continue the black-spot reduction program to enable all businesses the opportunity to have access to high-speed, reliable Internet;
- Work with aging individuals to up-skill and ensure capabilities to work in today's technology driven society;
- Maintain funding programs that support one-on-one work with businesses to develop digital plans to take advantage of advantages in the digital economy.

## QUEENSLAND TOURISM INDUSTRY COUNCIL

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QTIC is the state peak body for tourism in Queensland. QTIC is an independent private sector, membership-based tourism industry organisation.

All of Queensland's 13 Regional Tourism Organisations (RTOs) are members of QTIC, as are 20 industry sector associations and in excess of 3,000 regional members, operating in all sectors of the tourism industry.

QTIC works in partnership with government agencies and industry bodies at a local, state and national level and is a member of the Australian Tourism Industry Council (ATIC).

## TOURISM IN QUEENSLAND

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The tourism industry in Queensland contributed \$25.0 billion to Queensland's Gross State Product (GSP), representing 7.9% of total GSP<sup>1</sup> and generated \$6.6 billion in exports in the year ending June 2015<sup>2</sup>, making it one of the state's largest export industries.

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<sup>1</sup> Tourism Research Australia, *State Tourism Satellite Accounts 2015-2016*



In recent years, government and business communities have recognised tourism is contributing significantly to economic growth in Queensland and generating significant numbers of new jobs. Due to a slowdown in the resource industry, tourism has experienced resurgence and is flourishing against a relatively soft economic backdrop. In Deloitte's *Tourism and Hotel Market Outlook*<sup>3</sup>, it is reported that international arrivals to Australia grew at twice the rate of global outbound travel and international visitation "continues to outshine broader economic performance". Forecasts to 2020 indicate tourism will continue to grow faster than the wider economy.

The World Travel and Tourism Council<sup>4</sup> (WTTC) project travel and tourism employment will grow 5.8% (compound annual growth) over the next decade in the Asia Pacific region. In contrast, total economic growth is projected at 4.1% per annum and other industries such as mining and agriculture are forecast to grow at 1.8% and 2.2% per annum respectively.

The five-year average growth rate for total visitor nights in Queensland is projected to be 4.0% over 2014–15 to 2019–20, or 3.9% over 10 years. This compares to 4.4% total five-year average annual growth for Australia, or 3.8% over 10 years.

One in ten businesses in tourism is a small or medium sized enterprise. Tourism employs over 225,300 Queenslanders across more than 53,000 businesses<sup>1</sup>. Many of these organisations are reliant on technology with technology playing a major role in consumer decision making, the booking process and in sharing experiences.

## FEDERAL TOURISM INITIATIVES

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### **Tourism 2020**

In December 2011, the Federal Government announced its national strategy *Tourism 2020*, with a goal of doubling the value of tourism to \$140 billion by 2020. One of the key factors that will dictate the success or failure of Australia's tourism industry to meet its global potential is to meet the expected surge in demand with sufficient increases from the supply side of the tourism industry, such as tourism, aviation capacity and transport infrastructure.

One of the key strategies in the plan relates to building competitive digital capability:


*"Strong digital capability is essential in both marketing Australia and in the distribution of product. Eighty percent of Australians are online and by 2020, 66% of the world is expected to be online. Developing strong and efficient digital marketing and transactional capabilities is essential to remain competitive. Currently only a third of Australia's tourism operators have online booking and payment facilities, limiting their ability to service customers both domestically and overseas. Governments will continue to work with industry to ensure more tourism enterprises are able to take advantage of online opportunities".*

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<sup>2</sup> Tourism Research Australia, *State Tourism Satellite Accounts 2014-2015*

<sup>3</sup> Deloitte, *Tourism and Hotel Market Outlook*, Edition 1, 2017

<sup>4</sup> World Travel and Tourism Council. 2017. *Travel & Tourism Economic Impact 2017 Asia Pacific*



The 2017 *Travel and Tourism Competitiveness Index*<sup>5</sup> rates Australia at 18<sup>th</sup> out of 136 countries in regards to ICT Readiness. The report identifies that Australia is 65<sup>th</sup> in the world in regards to the mobile network coverage and 26<sup>th</sup> for Internet use for business-to-consumer transactions. Significant improvements can be made within digital competencies to raise Australia's competitive standing and to reach the 2020 goals.

## STATE TOURISM INITIATIVES

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The Queensland Government and the Queensland tourism industry share an ambition to restore Queensland's leadership position as Australia's premier tourism state. The former government supported a **goal of doubling visitor expenditure, to \$30 billion by 2020**, in line with Commonwealth ambitions. The current Queensland Government has committed to maintaining these goals and to continue working with industry leaders to develop a prosperous and sustainable tourism industry. QTIC remains committed to working with government and industry to achieve a strong tourism industry through the strategies outlined below.

### **Advancing Tourism**

*Advancing Tourism 2016–20* is the Queensland government's plan to capitalise on the significant tourism growth in Queensland. It targets key areas, identified by industry, to increase market share and boost tourism jobs. Under priority three "Build a skilled workforce and business capabilities" a core action item is to increase the digital capabilities and connectivity of tourism businesses by:

- Support the industry in adopting innovative marketing practices and utilising new digital channels.
- Encourage new, existing and start-up tourism businesses to acquire technologies and services that will increase their digital capabilities via funding programs such as the Small Business Digital Grants Program.
- Showcase the Advance Queensland Community Digital Champions from the tourism industry and use these Champions to inspire other new, existing and start-up tourism businesses to increase their digital capabilities.
- Encourage the tourism sector to be inspired by entrepreneurs and aware of new technologies by providing connections to local start-up communities and new talent coming through the Advance Queensland program 'Hot DesQ'.

## RESPONSE TO DISCUSSION PAPER QUESTIONS

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### **How are advances in digital technology changing the way your industry works?**

Contemporary society has made tourism a highly information-intensive industry. The digital economy is having, and will continue to have, a significant impact on tourism businesses from the way they interact with potential visitors, provision of the visitor experience and the evaluation of the destination experience to the conduct of their business.

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<sup>5</sup> World Economic Forum. (2017). The Travel and Tourism Competitiveness Report 2017.





Research indicates that the tourism sector has been confronting the challenges that arise from disruptive technologies, including the sharing economy, but is a slow adopter. Evolving tourist demand and the new travel ecosystem requires novel business solutions that create innovative in-destination tour experiences and management practices<sup>6</sup>.

The role of the digital economy in the tourism industry cannot be underestimated and it is the crucial driving force in an information driven society. The Internet is revolutionizing the distribution of tourism information and sales and will continue to influence the way that tourism business is conducted. By changing the nature of the marketplace, on-demand services are creating a new form of demand<sup>7</sup>. The impacts of this are not limited to the demand side. Millions of people around the world are becoming providers through these platforms, experiencing a new form of on-demand employment – or gig style employment. This gig-employment style challenges traditional forms of employment, payment and HR policies.

For tourism businesses, the Internet offers the potential to open information and booking facilities to large numbers of tourists at relatively low costs. It also provides a tool for communication between tourism suppliers, intermediaries, as well as end-consumers. In a society shifting towards a co-created economy, where tourists want to participate in the development of their destination experience, the digital economy is playing a greater role than ever before in destination experiences and the tourism industry. The mobile savvy customer is alive; spoiled for choice and able to do things for themselves whenever, and wherever they want, as long as there is connectivity. Businesses need to be found easily online, available on mobile applications, provide webpages that download quickly and be creative. The ability to book and pay easily and instantly is a given among today's consumers, but many tourism operators are yet to adopt these online capabilities and have no booking capability or seldom are the systems available to allow multiple bookings of operators.

### **What key disruptive technologies or business models do you see? What do you predict is on the horizon?**


Destination Think! a global destination marketing consulting firm identify that Augmented Reality (AR) is the future for technology in destinations. They comment that AR will likely be useful to travellers in many ways including for information, inspiration, navigation, education and translation. Travellers will use AR technology to choose their destinations and activities before and during their trip. Ultimately, they will experience planning and travelling in a much more interactive and enriching way that will feel like a journey of its own. Destination Think! identify that reality will be enriched through the use of digital technologies and that services and visits will become more optimised and personalised. AR is the next way of digital evolution to influence the tourism industry.

In addition to AR, Virtual Reality (VR) also has the potential to be a significant change maker across the tourism and hospitality industry. VR has the potential, alongside AR, to bring experiences to life. To create opportunities for tourists to feel and experience things that has never previously been

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<sup>6</sup> Hsu, A; King, B; Wang, D; Buhalis, D. "In-destination tour products and the disrupted tourism industry: progress and prospects" (2016). *Inf. Technol Tourism*. 16:413-433

<sup>7</sup> Werbach, K., "Lessons for Policymakers and Regulators on the (Predictable) Future of the Digital Economy" (2017). Penn Wharton Public Policy Initiative. 41.



open to them. VR can bring history to life, destinations to life, experiences to life and bring experiences to a new wave of tourists. It is anticipated that the next five years will witness significant adoption of VR in the tourism and travel industry.

In the near future VR, AR, digital currency, disruptive technologies and improved connectivity will create an environment where customers have the opportunity to try before they buy to provide destination insights, simplify decision making processes, enable seamless booking options between multiple businesses and deliver personalised, immersive experiences for global customers.

The ability to harness and shape these changes in technologies will ensure tourism and hospitality businesses stand above their competitors in a global marketplace.

Finally, BigData has the opportunity to bring significant benefits to the tourism and hospitality industry. Current data is extrapolated from small sample sizes and is unreliable. BigData can provide more accurate, timely and reliable data not only about visitor numbers and expenditure, but also about visitation patterns and interactions. This data could open many doors for industry experts, shifting the way marketing is conducted to better reflect the type of consumers that are visiting destinations. This data needs to be made available in a cost effective way so informed decisions can be made by operators in the tourism, travel and hospitality industry.

**What opportunities do we have in standards development and regulation to enable innovation and mitigate risk? What digital standards do we need to enable businesses to participate in global supply chains and maximise the opportunities of the digital economy?**

The current distribution system, business model and customer standards all need to change significantly, if we wish to stay relevant as the world moves forward. Australia's digital standards need to rise to those of other sectors and other countries including sectors that will see more disruption than tourism, and their current landscape will ultimately fall to disruption and new ways.

Tourism is a fortunate sector and Australia's industry will be stronger in the long run if it moves in the areas of seamless connectivity throughout changing sales and distribution systems, security and trust (through Blockchain technologies and open information sharing) communication and community openness through emerging social media platforms, websites and third party aggregators and online market places. The opportunities are endless but they need to be supported by strong digital standards, governance and legislation to ensure that opportunities are maximised.

Digital currency represents a decentralised form of money that is more secure, more fungible and more functional than anything seen before. Digital money has the potential to be completely transformative to the tourism and hospitality industry. To ensure that the benefits are received through this opportunity, regulation needs to be carefully considered and communicated to those investing in this approach. Government must demonstrate leadership in this area, committing to a flexible, transparent approach that facilitates adoption but supports businesses through the process.

## What is holding Australian businesses back in terms of benefiting from digital technologies?

Across the tourism industry, we identify that of the 53,100 tourism businesses in Queensland, nine out of ten are small to medium operators (SMEs). Of these SMEs, many operators comment that they do not have adequate amounts of time to complete all of the tasks necessary to have a strong online presence. Digital engagement among businesses is restricted by a lack of financial resources, staff support, and skills<sup>8</sup>; this is a globally identified issue. Essentially, the cost for SMEs is time, not money, furthermore, they are not inclined to outsource the functions of building a strong digital presence nor understand the risks associated with cyber security breaches. Tourism Tribe, a QTIC member that provides digital mentoring for tourism businesses, advises organisations that they need to be involved in the digital economy even if they do outsource or hire a casual staff member to do the digital activities, setting the marketing direction for the activity.


Over the past year, organisations have been encouraged to partake in a Digital analysis thorough the “Digital Scorecard” a Queensland Government initiative, proposed by QTIC and developed by QTIC member, Digital Coaching International. The outcome highlights that for SEQ 36% of respondents say that a lack of understanding and confidence to use the technology is holding them back from greater adoption; 23% say they have a lack of access to appropriate skills; and only 26% have a digital plan in place – see figure 1 below.

**Figure 1 – Digital Score Card Results Queensland benchmark and SEQ**



Creating a digital plan with digital actions is a keystone for businesses that increases likelihood of implementation of recommended strategies. In more remote, less populated towns, usually off the coast and a fair distance from major towns and cities, the adoption rates are significantly lower and awareness of the benefits is lower. In these situations, awareness is the major barrier for the slow

<sup>8</sup> Lewis, R; Cockrill, A. “Going global—remaining local: the impact of e-commerce on small retail firms in Wales” International Journal of Information Management. 2002. 22. 195–209



adopters, as well as fear of the learning curve, effort and time involved in committing to digitisation and digital marketing.

The most basic barrier facing the diffusion of the digital economy in rural areas is the provision of affordably priced, high-speed and reliable Internet access<sup>9</sup>. This is not a problem faced solely in Queensland, but this barrier exists in rural communities globally.

"Improvements to internet and communication connectivity is also integral for business operations in regional areas." - *Glenys Mansfield, Sarina Sugar Shed*

Although the Federal initiative to reduce "black-spots" has come a significant way in reducing issues with regional connectivity, there is still a proportion of regional Queensland that does not have secure, reliable Internet connection. This not only inhibits organisations', and individuals', adoption of digital technology, but also creates difficulties in daily business operations. A priority outcome of this discussion paper must be to address the remaining black-spots and to ensure that all Australians have access to reliable Internet connections.

**What would help Australian businesses to embrace digital technologies? What opportunities do we have to equip Australians with the skills they need for the digital economy today's jobs and jobs of the future?**

Strategies to embrace digital technologies are dependent on the current level of adoption among businesses, there is no one size fits all solution for industry engagement with digital technologies. It is acknowledged that one-off workshop style training has limited benefits to an organisation and that ongoing support is essential for successful implementation of strategies.

A framework has been developed for assessment of the current level of adoption and from there strategies can be developed for individual business pathways for a more comprehensive adoption of digital strategies and engagement.

Any digital capability strategy needs to include the following:

- awareness building that is based on a consistent and active communications program;
- assessment of current level of skills and digital assets;
- a tailored, longer term education program.

It is understood that within the tourism and hospitality industry, the most successful programs are one-on-one individual work with individual businesses to assess their current capabilities and digital assets, develop a digital strategy with them and coach them through the implementation.


Digital Capability should be examined in terms of business development, rather than digital engagement for the sake of technological adaptation. It should fit with the business plan, growth strategies and engagement strategies. Adoption of digital strategies should focus on the target consumers, value and opportunities that match consumer expectation and business needs.

In terms of existing programs and strategies, there are industry led programs like TourismTribe.com and Government grant programs like the Tourism Demand Driving Infrastructure (TDDI program)

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<sup>9</sup> Grimes, S. "The digital economy challenge facing peripheral rural areas". 2003. Progress in Human Geography. 27.174.





funded training programs administered by QTIC; Queensland Small Business Digital Grants program; and the Queensland Government Digital Scorecard/Workshops that are assisting businesses in engaging with the digital economies. Secured funding for these programs must continue as the next wave of disruption occurs.

There is an opportunity to increase the number and types of programs being funded by Local Government and industry associations to develop specific geographic locations adaptation and sector adaptation.

At a job transformation level there is the opportunity for the Federal Government to drive a digital strategy with initiatives that support the concept of "ageless up-skilling". Jobs need to adapt to digitisation and digitalisation of businesses and industry, people of all ages should be given the opportunity to retrain for jobs of the future e.g. by teaching older generations how to code apps.

### **What is the role of government in achieving digital goals for 5, 10 and 20 years?**


Industry looks to government to support the digital growth of the country. Industry identify governments' role in the opening of opportunity, the provision of more suitable supporting infrastructure across the state to ensure that organisations are able to effectively deliver their services and the development of legislation that supports the digital age.

"The opportunities in innovation in the Digital Economy are so huge for tourism, they are hard to fathom. We are extremely fortunate in Brisbane that both the Queensland Government and the Brisbane City Council have recognised this and are offering incentives to businesses that have invested in following emerging opportunities.

I personally don't believe standards development and regulation on a business level will enable the bulk of digital entrepreneurship, innovation and trade, I think this should be industry driven and government funded if super charged growth in this area is to occur and mitigation of risks associated with digital disruption in the tourism sector (as our sector is made up of small businesses, we will, and have seen more benefit from disruption than we will see risk and suffering).

Digital disruption needs to be embraced and adopted early to mitigate risk to existing industry participants and to capitalise on the opportunity that exists for new product, methods and business practices/partnerships to come into our industry." – *John Sharpe, Owner Riverlife*

Research and historical context indicates that government involvement in emerging digital industries and markets can have strong positive influence by legitimising new business models, facilitating competition in cases of market failure, increasing trust, restraining other harmful decisions influencing the sector and removing situations in which vague or overlapping obligations create difficulties for new entrants<sup>7</sup>. As such, it is recommended that the Federal Government actively involve themselves in the governance of digital economies to promote growth and opportunities for new and existing operators. Legislation needs to be adopted to allow smooth transitions to emerging shared economy models that protects traditional models and promotes the innovation that is associated with new processes to address old problems or disconnects between customers and operators practicing under traditional models. This legislation must be developed and implemented in a timely manner.



Creating access and availability of high speed internet connectivity will continue to be a major challenge for government over the next 5 years. The introduction of 5G will assist with mobile technology, provided the roll out is seamless and available in rural and remote Australia.

Bitcoin is a fundamentally decentralised open-source project and since it has financial value, it offers users the ability to trade and transmit funds across borders with almost no barriers or transaction costs. Since it offers no barriers or transaction costs, its use within the tourism industry seems boundless. There is a role for government to support the understanding and legislative requirements to ensure that constituents are able to adopt the use of this technology, to support growth opportunities and build awareness surrounding security risks in adoption of such technologies.

## RECOMMENDATIONS

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Based on the discussions outlined above, QTIC recommends the following:

- On-going investment into business development, capability and capacity building programs relating to the digital economies (e.g. Tourism Demand Driving Infrastructure Program) building on existing work in digital health checks, cyber security, digital currency etc.;
- Active, timely and transparent Federal Government involvement in the governance and legislation of digital economies to promote growth and opportunities for new and existing operators;
- Investment in programs to raise digital standards to those of other sectors and other countries;
- Continue the black-spot reduction program to enable all businesses the opportunity to have access to high-speed, reliable Internet;
- Work with aging individuals to up-skill and ensure capabilities to work in today's technology driven society;
- Maintain funding programs that support one-on-one work with businesses to develop digital plans to take advantage of advantages in the digital economy.

## FURTHER ENQUIRIES

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QTIC welcomes the opportunity for further discussion regarding the points raised in this submission. For all enquiries, please contact QTIC Policy Team on (07) 3236 1445 or email [policy@qtic.com.au](mailto:policy@qtic.com.au).