

# 2017-18 Pre-Budget Submission

## Budget Priorities of the Accommodation Sector



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## Executive Summary

Tourism Accommodation Australia (TAA) welcomes the opportunity to make a submission to the Commonwealth Government outlining the budget priorities of the accommodation sector ahead of the 2017-18 Commonwealth Budget.

TAA represents the needs and interests of the major hotels, motels and serviced apartments in Australia's accommodation sector. TAA is focused on and committed to the future development and growth of the accommodation sector within Australia's vibrant tourism and hospitality industries. TAA is a division of the Australian Hotels Association.

Given that the labour-intensive accommodation sector is at forefront of Australia's economic transition from a resource-based economy to a services-based economy, TAA has outlined in this submission a set of budget priorities and recommendations we believe will encourage investment, productivity and employment growth. These recommendations demonstrate the ways in which Commonwealth fiscal policy can support the accommodation sector for the benefit of all Australians.

1. **Taxation.** TAA seeks that the Government proceed with lowering the corporate tax rate to 25 percent by the 2026-27 financial year. TAA also believes that all commercial short-term accommodation operators should pay the appropriate level of income tax and capital gains tax, and recommends that the Commonwealth Government should increase oversight and enforcement in this area.
2. **Regional Tourism Infrastructure Investment.** To stimulate regional tourism investment, TAA recommends that Government continue the Tourism Demand Driver Infrastructure program and support Austrade's Regional Tourism Infrastructure Investment Attraction Strategy including a pilot region trialling tax deductibility and accelerated depreciation of accommodation regeneration and refurbishment.
3. **Visas.** To boost Australia's competitiveness as an international destination, the Government should monitor and benchmark visa fees against those of key competitor destinations. TAA also seeks the maintenance of real funding for the Department of Immigration and Border Protection's Program 1.1 Border Enforcement and Program 2.3 Visas.
4. **Labour & Skills.** The availability of labour and skills is a key concern for the accommodation sector. TAA requests that the Government deliver on its commitment to reduce the working holiday maker visa fee from \$440 to \$390, and recommends that the Government restore funding of targeted incentives for employers of apprentices (particularly the Australian Apprentice Incentive and the employer commencement incentive). TAA also recommends Government contribute to an industry-led strategy and campaign to address the projected exacerbation of the tourism and hospitality industries' skills shortages.

- 5. Tourism Research & Destination Marketing.** To support the visitor economy, TAA requests sufficient funding so that TRA and the ABS can maintain their current catalogue of tourism research, data and reports; the maintenance of real funding over the forward estimates and medium term for the destination marketing function of Tourism Australia; and a \$10 million per annum contribution to a National Business Events Bid Fund.
- 6. Western Sydney Rail infrastructure.** An express rail link between Western Sydney Airport and Sydney CBD via Parramatta and Sydney Olympic Park is necessary to drive patronage and ensure the viability of the Western Sydney Airport. As productive infrastructure of national significance, it is important that the Commonwealth Government financially contribute to the costs involved in constructing this rail link.
- 7. Energy costs and reliability.** As a 24/7 industry, energy costs and energy reliability are a growing focus for accommodation businesses across Australia. TAA will oppose any new taxes, levies or charges that increase the cost of energy or diminish the secure provision of energy for businesses in the Australian tourism and hospitality industries. TAA would welcome a grants program to incentivise business investment in energy efficiency.

## 1.0 Economic Contribution of Tourism and the Accommodation sector

The tourism industry is in an unprecedented period of growth, and has rightly been identified as one of the super-growth sectors of Australia’s transitioning economy. Expenditure by international and domestic visitors is at record highs, and is on track to reach in excess of \$115 billion annually by the end of the decade.

In the 2015-16 financial year, tourism GDP grew by 7.4% to \$52.92 billion. This significantly outpaced growth in the broader economy, which only grew at 2.3%. Tourism employment was 580,200. The tourism industry provided Government coffers with \$4.39 billion of taxation.

Within the tourism industry, the accommodation sector directly employs 82,800 workers and indirectly employs a further 150,000. Accommodation’s GVA grew 7.1% in 2015-16 to \$7.46 billion, and is the second highest tourism sector behind ‘air, water and other transport’. Accommodation consumption was worth \$14.9 billion in 2015-16, growing faster than consumption in the broader tourism industry.

## 2.0 TAA Budget Priorities

### 2.1 Taxation

#### 2.1.1 Enterprise Tax Plan

TAA supports the Government’s progressive reduction in the corporate tax rate to 25 per cent by the 2026-27 financial year. The progressive reduction in the corporate tax rate will cost \$2.65 billion over the forward estimates to 2019-20.

<b>Year</b>	<i>2016-17</i>	<i>2017-18</i>	<i>2018-19</i>	<i>2019-20</i>
<b>Financial Impact</b>	<i>-400 million</i>	<i>-500 million</i>	<i>-800 million</i>	<i>-950 million</i>

Business investment results in greater, more efficient economic output. Because it increases business revenues, profits, taxes, employment and ultimately wages, business investment is central to economic growth and prosperity. It is widely recognised that an internationally competitive corporate tax rate is one of the most direct and effective policy levers for incentivising business investment across the whole economy. Australia has a comparatively high corporate tax rate that is internationally uncompetitive and discourages international investment. Australia’s corporate tax rate of 30 per cent is one third higher than the Asia average of 22 per cent.

Australia is a small, open economy that has historically relied upon foreign investment to grow its economy. Australia’s accommodation sector, typified by long-term non-redeployable assets, is similarly reliant on foreign investment. Without an internationally competitive corporate tax rate, Australia will struggle to attract the investment required to underwrite investment and innovation in ageing accommodation product – particularly in regional areas where the returns are not as lucrative as in capital cities.

Given the global competition for foreign investment and the increasing international mobility of business, corporate investment in accommodation assets will continue to flow towards jurisdictions with more attractive corporate tax regimes.

Economy-wide, non-mining investment is at recessionary levels. In order to facilitate the transition from a resources-based economy to a services-based economy, non-mining industries adversely impacted by the high Australian Dollar that was associated with booming commodity prices - such as tourism (particularly the accommodation sector) - need to be rejuvenated and re-capitalised with new productive investment. A competitive corporate tax rate encourages this investment, while an uncompetitive corporate tax rate will effectively stifle Australia's necessary economic transition.

Ensuring Australia's corporate tax rate is internationally competitive fosters business confidence in Australian fiscal policy and in the broader economic environment. This directly benefits the accommodation sector by inducing consumption, including consumption of corporate accommodation, food and beverage, and conference and events facilities.

#### **Recommendation 1**

*TAA recommends that the Government proceed with the entirety of its Enterprise Tax Plan to reduce the corporate tax rate to 25 per cent by the 2026-27 financial year.*

#### **2.1.2 Fair Taxation for all Commercial Accommodation Providers**

All commercial short-term accommodation providers should have equal taxation requirements. This applies equally to commercial operators in the "sharing" economy and operators of hotels, motels and serviced apartments.

Figures provided by Inside Airbnb show that operators utilising sharing economy platforms to run commercial short-term accommodation operations represent over forty percent of Australian Airbnb listings (see Appendix I). TAA defines this segment as "*commercial-residential accommodation*", which includes properties offering un-hosted short-term accommodation for a cumulative total of more than 90 days, and entire properties short-term let year-round by non-resident operators often with multiple listings. This segment currently operates without regard for existing taxation and regulatory requirements.

TAA believes that suppliers of commercial-residential accommodation should face equal regulatory obligations as traditional, short-term commercial accommodation providers.

Two areas in which sharing economy platforms – such as Airbnb – and the ATO could collaborate for the collection and remittance of taxation are income tax and capital gains tax.

#### a. Income Tax

*'If you rent out all or part of your house or unit, the payments you receive are assessable income.'*<sup>1</sup>

As per guidance from the Australian Tax Office (ATO), income earned from short-term letting unregulated accommodation is assessable income for tax purposes. At present, there is no mechanism to monitor if the income derived from the short-term letting of unregulated accommodation is being accurately declared to the ATO. As a result, the ATO is forced to undertake lengthy and expensive compliance processes, such as data-matching online records with financial transaction records and bank statements.

In Ireland, following requests from Revenue officials, Airbnb has reported the earnings summaries of its hosts directly to the Irish Revenue Commissioners. In Australia, Airbnb provides operators utilising its website with an earnings summary at the end of each year. Similar to the process in Ireland, Airbnb in Australia could advise the ATO of this earnings summary.

#### b. Capital Gains Tax

At present, there is no mechanism to monitor capital gains tax liability on properties that are short-term let as commercial-residential accommodation. Profit made on a primary residence is only tax free if the residence has not been used to produce assessable income. In instances of short-term letting a primary residence, the asset is being used to produce assessable income.

#### **Recommendation 2**

*TAA recommends that the Australian Government follow the examples set by regulators overseas and introduce structures to provide oversight, ensuring that all commercial accommodation operators in the "sharing" economy are remitting the appropriate amount of income tax.*

#### **Recommendation 3**

*TAA recommends that the Government ensures transparency through a short-term letting registration system that automatically shares hosts' earnings and booking activity with Government. This allows Government to ensure that upon sale of a short-term letting asset, the correct amount of capital gains tax is being collected. Such a registration system also ensures the correct level of income tax is remitted.*

## 2.2 Stimulating Investment in Regional Tourism Infrastructure

Regional accommodation performance is underwhelming. Occupancy rates around 50% and RevPAR averaging \$76 (see Appendix II) indicate high seasonality and poor returns on investment. International visitor nights are still concentrated in capital cities and regional dispersal is low – for example, Melbourne attracts over one week of international visitor nights for every one night in regional Victoria.

<sup>1</sup> Australian Tax Office, 2016, *The Sharing Economy and Tax*, <https://www.ato.gov.au/Business/GST/In-detail/Managing-GST-in-your-business/General-guides/The-sharing-economy-and-tax/#iflamrentingoutaroomorawholehouseorunitd>

The underperformance of regional tourism markets is linked to the quality of visitor accommodation. Many of Australia's regional areas suffer from insufficient investment in, and renewal of, accommodation facilities. Investment in regional accommodation is unlikely to occur without an increase in regional visitor nights, yet paradoxically an increase in regional visitor nights is unlikely to occur without improved accommodation and renewed investment in tourism demand-drivers. This indicates a market failure requiring Government intervention that incentivises investment in regional tourism markets.

Australia needs significant investment in tourism infrastructure if it is to realise its potential in the booming global and regional tourism markets and achieve the Tourism 2020 goal of doubling overnight visitor expenditure to between \$115 billion and \$140 billion by 2020. The Australian Government has prioritised tourism as one of its five national investment priorities to help drive investment in tourism infrastructure, including hotels.

In order to increase visitation and dispersal to regional areas, the Commonwealth Government should continue to fund the Tourism Demand Driver Infrastructure Program to the amount of \$43.1 million over the forward estimates. Increasing visitation through strategic investments in tourism demand drivers supports the broader visitor economy, benefits sectors such as transport services, food services, retail and accommodation. The program should continue to be administered by the states, which will ensure that funding matches the needs of regional and destination tourism plans.

Austrade's Regional Tourism Infrastructure Investment Attraction Strategy (RTIIAS) has the potential to provide key learnings in each state and territory about the most efficient way to boost regional visitation.

TAA recommends that as part of the Regional Investment Attraction Strategy, government explore the effectiveness of financially incentivising the regeneration and refurbishment of existing accommodation stock in regional markets, either through tax deductibility or accelerated depreciation. To the extent that it incentivises new, previously unplanned capital works it will not have a detrimental impact on the Government's budget bottom line; rather, in both the construction and operational phases the new investment will have a stimulatory effect on regional economies.<sup>2</sup>

**Recommendation 4**

*TAA seeks a continuation of the \$43.1 million Tourism Demand Driver Infrastructure Program.*

**Recommendation 5**

*TAA supports Austrade's Regional Tourism Infrastructure Investment Attraction Strategy, and believes that it should involve a pilot region where returns can be demonstrated if accommodation investment is incentivised through tax deductibility and accelerated depreciation of accommodation regeneration and refurbishment.*

<sup>2</sup> The L.E.K. Consulting Report commissioned by Austrade noted that accelerated depreciations will rejuvenate regional tourism markets by significantly improving the return on investment for accommodation operators and increasing their ability to access finance for new projects. Accelerated depreciation increases the attractiveness of investment in regional short-term accommodation, stimulating investment in both new developments and refurbishments.



## 2.3 Competitive Visa fees and improved border facilitation

To grow the visitor economy and increase international visitation, the facilitation of movement in and out of Australia needs to be internationally competitive. This includes visa fees and charges and border processing.

### 2.3.1 Visa Application Charges

Revenue from visa application charges was expected to increase 4.07% in FY2016-17 to \$2.08 billion. It is important that visa application charges do not decrease Australia's international competitiveness in attracting leisure and business tourism.

To ensure that Australia remains competitive as a destination, TAA recommends that the Government regularly monitor and benchmark visa fees against key competitors. Internationally competitive visa charges allow the Department of Immigration and Border Protection's (DIBP) *Program 2.3 Visas* to support Australia's economic development through sustainable growth in leisure tourism and business travel. This in turn encourages investment and employment growth in the accommodation sector.

The maintenance of funding over the forward estimates allows DIBP to continue implementing new visa products and services to drive international visitation to Australia. These products and services include the continued rollout of online visa processing for India and China (which together account for more than 17% of visitors), long-validity multiple-entry visas (such as the ten year, multiple entry visa for Chinese nationals) and the Mandarin visa application form.

#### **Recommendation 6**

*TAA recommends that the Government regularly monitor and benchmark visa fees against key competitors.*

#### **Recommendation 7**

*TAA seeks the maintenance of funding for Program 2.3 Visas at \$348 million for the 2017-18 financial year (see Appendix III).*

### 2.3.2 Rollout of Border Technology

TAA commends the Commonwealth Government on its rollout of improved technology to enable quicker and more efficient border crossings at airports and seaports. The rollout of improved border technology is incorporated in Program 1.1 Border Enforcement and Program 2.3 Visas.

The maintenance of funding over the forward estimates of Programs 1.1 and 2.3 provides for the increasing use of biometrics and identity management services (contactless processing), further rollout and traveller uptake of arrival and departure smart-gates, and the implementation of the outcomes of the reviews into the removal of the incoming and outgoing passenger cards.

These measures combine to increase the percentage of arrivals who successfully clear automated border control systems, deliver a seamless border management flow of legitimate travellers and

increase traveller satisfaction with primary lines services to the Departmental target of 95% or above.

#### **Recommendation 8**

*TAA seeks the maintenance of funding for Program 1.1 Border Enforcement at \$1058 million for the 2017-18 financial year (see Appendix IV).*

### **2.4 Labour and Skills Shortages**

The current labour shortage in the combined tourism and hospitality industry is 38,000 and is projected to grow to 123,000 by 2020. Government support is required to grow the available labour force in the tourism industry. In particular, given an average of 0.42 employees per room, the labour requirements of the accommodation sector will increase as the 26,415 rooms currently in the weighted pipeline become operational.

#### **2.4.1 Backpacker Tax: Reduction in the Visa Application Charge**

In response to the Departmental review into the Working Holiday Maker (WHM) Visa, the Treasurer Scott Morrison said on September 27, 2016 that included in a package of measures aimed at increasing the supply of backpackers into Australia would be a \$50 reduction in the visa fee from \$440 to \$390. The change would 'lower the cost of coming to Australia for working holiday makers and leave them with more money in their pockets to spend while here'<sup>3</sup>.

The Treasury Laws Amendment passed the Senate without request on November 24, 2016 (see Appendix V).

The Government then released its Mid-Year Economic Fiscal Outlook in late December which announced that there would be no changes to the visa fee (see Appendix V).

Working holiday makers are an elastic source of labour, sensitive to prices and with a choice of international destinations. From FY2012/13 to FY2014/15, Australia's visa fee increased 50% from \$280 to \$420. Over this same period, the number of working holiday visas granted fell 12.2% from 258,248 to 226,812.

In order to attract sufficient working holiday makers, the cost of a 417 or 462 visa should be competitive with comparable visas for New Zealand, Canada and the United Kingdom. The cost of a WHM visa should also reflect its validity length.

At \$440 for 12 months' validity, the cost of a WHM visa is internationally uncompetitive. When comparing the cost of entry in USD, the cost of the New Zealand working holiday visa (USD147.93) is less than half the cost of the Australian working holiday visa (USD329.16) for nearly double the validity length (see Appendix V).

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<sup>3</sup> Treasurer Scott Morrison, 2016, *Better Working Holiday Maker Tax Arrangements*, media release, <http://sjm.ministers.treasury.gov.au/media-release/104-2016/>

### **Recommendation 9**

*TAA seeks that the Government deliver on its announcement from September 27, 2016 committing to reduce the application fee for working holiday maker visas from \$440 to \$390.*

#### **2.4.2 Apprenticeships**

Following multiple changes to policies and funding models since 2011 – particularly the removal of \$1.2 billion of employer incentives from 2011 to 2013 - the number of registered apprentices across Australia fell by 28% between December 2013 and December 2015 to 278,583. This is a concern from a skills development and future workforce planning perspective.

Apprenticeships are a critical pathway to skilled careers, and enable the industry to maintain productivity growth. TAA recommends that the Government work with industry to better promote apprenticeship and traineeship pathways as a high-value employment opportunity to school students, existing workers, and unemployed Australians.

In this context, the Government should also renew its focus on encouraging employers to take on apprentices. In order to improve the business case for employers considering take on apprentices, and to boost labour supply in areas of critical skills shortages, TAA supports a restoration of Commonwealth funding of targeted incentives for employers of apprentices.

### **Recommendation 10**

*TAA recommends that the Government restore funding of targeted incentives for employers of apprentices, in particular:*

- *The reinstatement or redesign of the Australian Apprenticeship Incentive “Support for Adult Apprentices” (a wage subsidy paid to employers who took on an apprentice aged 25 or over). This is needed following the introduction of the Adult Apprentice rate (80% of trade rate paid to the apprentice if they are 12 years or over); and*
- *The moving of the \$1,500 employer commencement incentive from being paid at 6 months forward to 3 months. There needs to be an acknowledgement that the front end of the apprenticeship requires resourcing (e.g. recruitment, induction etc.).*

#### **2.4.3 Hotel Careers Expo**

Industry together with government agencies has been represented at the Labour and Skills Roundtable convened by Austrade to identify strategies to address skill shortages. One of the recommendations was a campaign to overcome perceptions of the tourism sector lacking career opportunities and pathways for development as identified both by industry and by the Colmar Brunton report *Tourism and Hospitality Careers 2016*.

TAA’s Hotel Careers Expo is an industry-led initiative that seeks to overcome negative perceptions of the industry by identifying and promoting career pathways for young Australians in the accommodation sector. The Expo showcases the hotel careers paths available at a management

level, and seeks to positively influence young people to seek a highly skilled or knowledge intensive career in all aspects of hotel operations including marketing, accounting, human resources, food and beverage, engineering, business development and IT.

TAA is seeking Commonwealth Government support to expand the successful pilot of the Hotel Careers Expo to encourage more Australians into the industry. This allocation could be provided as part of or separate to Austrade’s career and jobs outreach strategy for the tourism and hospitality industries.

**Recommendation 11**

*TAA recommends that government provide a funding commitment for an industry-led strategy and campaign to address labour and skills shortage in the tourism and hospitality industries.*

**2.5 Growing the Visitor Economy**

**2.5.1 Destination Marketing**

*The promotion of Australia by Tourism Australia generates tourism expenditure (the Return On Marketing Investment, or ROMI) in a ratio of 15:1. This converts into a benefit:cost ratio of 6:1 (after allowing for displacement effects, crowding out and the marginal cost of public funds, or MCF).<sup>4</sup>*

Quantitative research commissioned by TAA indicated that the marginal return on market investment by Tourism Australia equalled 15.86. That is, each additional \$1 of marketing and promotional activity by Tourism Australia resulted in an addition \$15.86 of inbound tourism expenditure.

Tourism Australia is budgeted to receive \$629.4 million dollars in revenue from Government to the year 2019-20, including \$155.3 million in 2017-18 (see Appendix VI).

**Recommendation 12**

*In order that Tourism Australia can continue to grow international demand in the key leisure and business events traveller categories, TAA recommends that its current funding be maintained at real levels over the forward estimates and the medium term.*

**2.5.2 Tourism Research**

Identified as one of the Government’s five investment priority areas, the tourism industry requires Tourism Research Australia (TRA) and the Australian Bureau of Statistics (ABS) to provide the accommodation sector with invaluable tourism statistics and research that inform investment, marketing and business decisions. This tourism data also informs State and Commonwealth Governments’ tourism policy directions.

<sup>4</sup> Tourism Australia, 2014, *Australia’s International Tourism Industry: Submission by Tourism Australia*, <http://www.pc.gov.au/research/completed/international-tourism/comments/submissions/submission-counter/sub012-international-tourism.pdf>

With the difficulty of attracting investment into regional tourism markets, it is critical that investors and operators continue to have access to accurate, reliable and up-to-date regional tourism data. We are concerned that ABS has indicated it is looking at whether or not to continue tier 3 publications including the Survey of Tourist Accommodation and the Tourism Satellite Account. Both of these reports are currently funded by Austrade and are a key source of accurate, independent long-term industry data.

Tourism Research Australia does not have its own budgetary line item, so it is difficult to quantify its allocation of Government revenue. Regardless, it is imperative that confidence in the accuracy of tourism data is maintained, and this can only be guaranteed if TRA remains adequately funded by Government as part of Austrade's Tourism Division.

**Recommendation 13**

*TAA seeks sufficient funding for TRA and the ABS to maintain both the accuracy and publication of the current catalogue of tourism research, data and reports.*

**2.5.3 National Business Events Bid Fund**

A sustainable visitor economy is reliant on an appropriate mix of different market segments.

Business events have been shown to generate \$387 million of broader economic activity from a subvention investment of \$10 million, driving drive substantial economic activity across a range of labour intensive visitor economy sectors (including accommodation, food and beverage services, retail trade, education and training, tour operators and transport services). International business delegates are high-yield visitors, spending up to 4.6 times more than the average leisure tourist. Incentive business delegates have an even higher yield with average daily spend per visitor 6.5 times the average daily expenditure of leisure visitors.

In the accommodation sector, business events and conferences increase visitor nights in short term commercial accommodation. This improves the sustainability of existing accommodation supply, drives new visitor economy investment and increases direct and indirect visitor economy employment.

**Recommendation 14**

*TAA recommends that the Government contribute \$10 million per annum towards a National Business Events Bid Fund to support and match state funds for event acquisitions of national significance.*

## 2.6 Rail Infrastructure to Service Western Sydney Airport

The 2012 *Joint Study on Aviation Capacity in the Sydney Region* found that Sydney's Kingsford Smith Airport could reach capacity as soon as 2035. Despite this capacity constraint, demand for international and domestic passengers-journeys into the Sydney region are projected to double from 40 million to 87 million by 2035, and then double again in the period to 2060<sup>5</sup>.

With a projected capacity of 10 million passengers per year by 2030<sup>6</sup>, the Western Sydney Airport has the capacity to accommodate the projected increase in international and domestic passenger-journey demand into the Sydney region, but only if it is adequately serviced by fast, efficient and reliable transport linkages. These need to transport visitors quickly, efficiently and reliably between the airport and Sydney CBD via key Western Sydney hubs.

World-class transport connectivity that provides fast, reliable and efficient access in and out of WSA is necessary to increase consumer demand and patronage on its international and domestic services by increasing the geographic footprint within Greater Sydney and regional NSW from which customers can be sought, and by improving dispersal of international and domestic visitors.

The 2016 Commonwealth Budget provided \$26 million for developing the concept design for rail access at the site of Western Sydney Airport including the design of the line, tunnels through the airport site and the station design.<sup>7</sup> This design work will build on the outcomes of the Joint Scoping Study on the Rail Needs for Western Sydney, which will be released in the first half of 2017.

To guarantee the viability of Western Sydney Airport, the Commonwealth Government should financially contribute to the costs involved in constructing an express rail link between Western Sydney Airport and Sydney CBD via Parramatta and Sydney Olympic Park.

### **Recommendation 15**

*TAA recommends that the Government financially contribute to the costs involved in constructing an express rail link between Western Sydney Airport and Sydney CBD via Parramatta and Sydney Olympic Park.*

## 2.7 Energy Costs

Energy is one of the most important inputs for accommodation providers, significantly affecting the price of electricity, laundry and repairs. The accommodation sector operates 24/7, and as such requires access to secure and affordable energy throughout this period.

<sup>5</sup> Department of Infrastructure and Regional Development, 2016, *A Western Sydney Airport at Badgerys Creek Stakeholder Briefing: September 2016*.

<sup>6</sup> Department of Infrastructure and Regional Development, as above.

<sup>7</sup> Department of Infrastructure and Regional Development, 2016, *Budget 2016: Western Sydney Airport*, [http://westernsydneyairport.gov.au/resources/factsheets/files/Budget\\_2016\\_final.pdf](http://westernsydneyairport.gov.au/resources/factsheets/files/Budget_2016_final.pdf)

Without energy affordability and reliability, operating margins diminish and operating conditions become more precarious. Energy affordability and reliability are fundamental to achieving sustainable investment, employment and productivity growth in the accommodation sector.

Retail electricity prices for accommodation operators have increased substantially in the last decade, Domestic gas prices have risen considerably as gas supplies available for domestic consumption have tightened. Energy security has decreased as reliance on the National Electricity Market (NEM) has fallen.

State and Territory governments need to also be held to account for the ever-increasing impact of their climate change & energy policies (including the moratoriums on the development of onshore gas) on energy prices.

Ahead of the Commonwealth Government's 2017 review of climate change policies, it is important that Government acknowledges that policies to reduce emissions should complement policies aimed at increasing energy affordability and reliability.

TAA supports the work of the COAG Energy Council in reforming the NEM to support energy security, affordability and reliability. In setting complementary energy and emissions reductions policies in the national interest, TAA recommends that the Government remain cognisant that investment, employment and productivity growth are equally in the national interest.

**Recommendation 16**

*TAA recommends that the Government introduce no new taxes, levies or charges that increase the cost of energy or diminish the secure provision of that energy for businesses in the tourism and hospitality industries.*

**Recommendation 17**

*TAA recommends a grants program to incentivise business investment in energy efficiency.*

**Appendix I:**

**Breakdown of Airbnb Listings**

Figure 1: Airbnb Listings by Listing Type

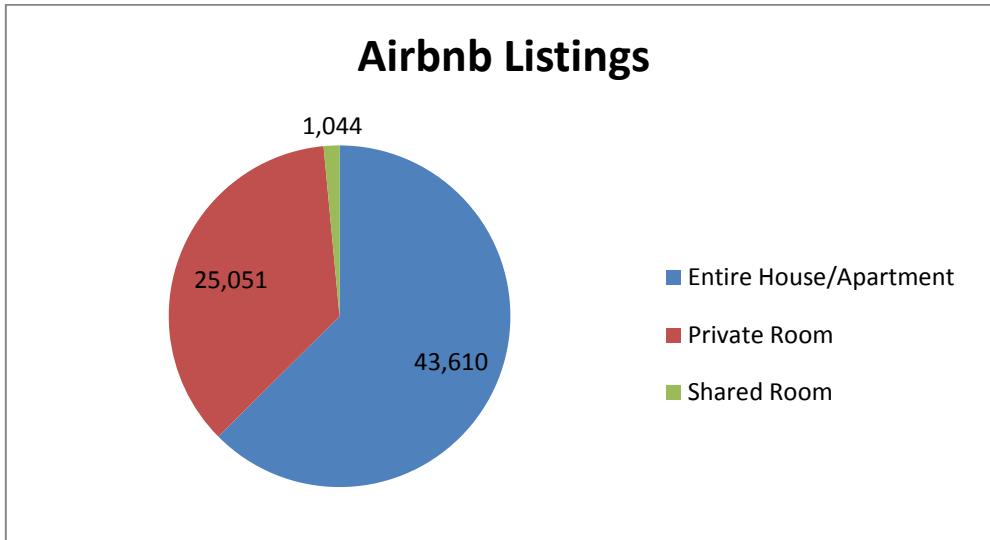
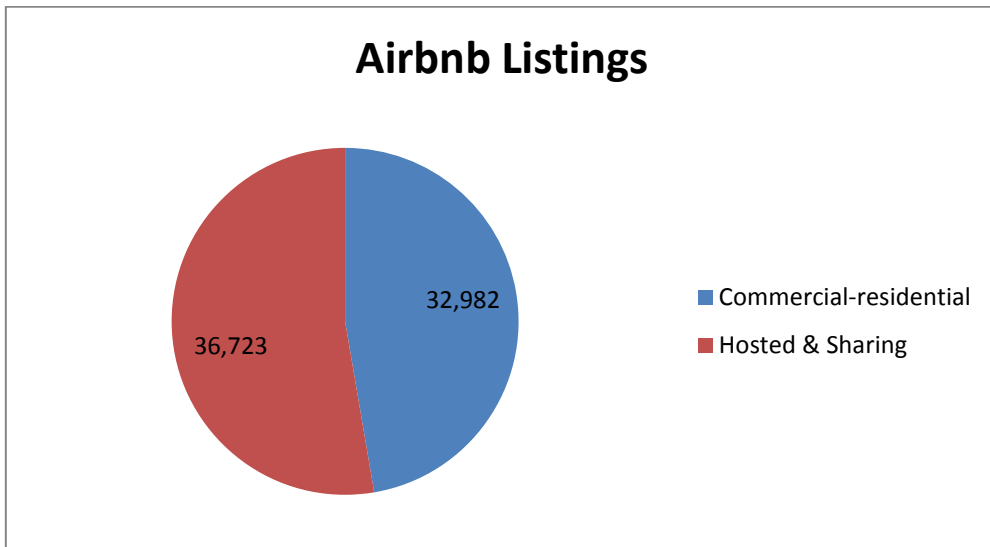


Figure 2: Commercial-Residential Listings in Australia





## Appendix II:

### Accommodation Performance: Key Regional and Metropolitan Comparison

Hotels, Motel, Serviced Apartments	Occupancy	RevPAR	International Visitor Nights ('000)	International Visitor Expenditure (\$M)
Adelaide	71.21	111.69	7 973	817
Regional SA	48.07	66.4	1 654	127
Perth	72.98	139.48	21 633	1 922
Regional WA	49.72	77.99	6 268	400
Sydney	82.63	178.4	73 130	8 212
Regional NSW	54.29	77.97	13 729	868
Brisbane	69.02	113.58	24 013	1 926
Gold Coast	72.26	124.48	10 167	1 266
Regional QLD	56.44	88.84	17 788	1 877
Melbourne	81.55	151.54	51 883	6 287
Regional VIC	50.27	69.87	6 909	440

Source: Survey of Tourist Accommodation<sup>8</sup>, International Visitor Survey Y/E June 2016<sup>9</sup>

## Appendix III:

### Funding over Forward Estimates: DIBP's Program 2.3 Visas

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
<b>Program 2.3: Visas</b>					
Departmental expenses					
Departmental appropriation <sup>1</sup>	297,647	290,145	272,491	253,313	244,609
s74 Retained revenue receipts <sup>2</sup>	52,648	49,634	52,653	55,846	59,279
Expenses not requiring appropriation in the Budget year <sup>3</sup>	31,396	26,758	22,733	20,303	14,160
<b>Departmental total</b>	<b>381,691</b>	<b>366,537</b>	<b>347,877</b>	<b>329,462</b>	<b>318,048</b>
<b>Total expenses for Program 2.3</b>	<b>381,691</b>	<b>366,537</b>	<b>347,877</b>	<b>329,462</b>	<b>318,048</b>

Source: DIBP Portfolio Budget Statements 2016-17<sup>10</sup>

<sup>8</sup> Australian Bureau of Statistics, 2016, *Survey of Tourist Accommodation 2015-16*, <http://www.abs.gov.au/ausstats/abs@.nsf/mf/8635.0>.

<sup>9</sup> Tourism Research Australia, 2016, *International Visitor Survey: Year Ending June 2016*.

<sup>10</sup> The Australian Government, 2016, *Portfolio Budget Statements 2016-17: Immigration and Border Protection Portfolio*.

**Appendix IV:**

Funding over Forward Estimates: DIBP's Program 1.1 Border Enforcement

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
<b>Program 1.1: Border Enforcement</b>					
Departmental expenses					
Departmental appropriation <sup>1</sup>	893,903	909,703	914,074	898,506	902,661
s74 Retained revenue receipts <sup>2</sup>	24,673	23,393	19,802	20,122	20,122
Expenses not requiring appropriation in the Budget year <sup>3</sup>	94,561	110,419	124,207	135,236	152,885
<b>Departmental total</b>	<b>1,013,137</b>	<b>1,043,515</b>	<b>1,058,083</b>	<b>1,053,864</b>	<b>1,075,668</b>
<b>Total expenses for Program 1.1</b>	<b>1,013,137</b>	<b>1,043,515</b>	<b>1,058,083</b>	<b>1,053,864</b>	<b>1,075,668</b>

Source: DIBP Budget Portfolio Statement 2016-17<sup>11</sup>

**Appendix V:**

Reductions in the WHM Visa Application Charge

Extract from Treasury Laws Amendment (Working Holiday Maker Reform) Bill 2016<sup>12</sup>:

<b>Schedule 1—Visa application charges</b>
<i>Migration Regulations 1994</i>
<b>1 Paragraphs 1224A(2)(a) and 1225(2)(a) of Schedule 1</b>
Omit “\$440”, substitute “\$390”.

Extract from MYEFO 2016-17<sup>13</sup>:

<b>Working holiday makers — maintain at \$440 the visa application charge for the working holiday maker visa (subclass 417 and 462)</b>					
Revenue (\$m)	2015-16	2016-17	2017-18	2018-19	2019-20
Department of Immigration and Border Protection	-	-	-	-	-

<sup>11</sup> The Australian Government, 2016, *Portfolio Budget Statements 2016-17: Immigration and Border Protection Portfolio* <https://www.border.gov.au/ReportsandPublications/Documents/budget/2016-17-pbs-full.pdf>

<sup>12</sup> The Parliament of the Commonwealth of Australia, 2016, *Treasury Laws Amendment (Working Holiday Maker Reform) Bill 2016*

[http://www.aph.gov.au/Parliamentary\\_Business/Bills\\_LEGislation/Bills\\_Search\\_Results/Result?bId=r5739](http://www.aph.gov.au/Parliamentary_Business/Bills_LEGislation/Bills_Search_Results/Result?bId=r5739)

<sup>13</sup> The Australian Government, 2016, *Mid-Year Economic and Fiscal Outlook*, <http://www.budget.gov.au/2016-17/content/myefo/download/2016-17-MYEFO-combined.pdf>

International Comparison of WHM Visa Fees:

Country	WHM Visa Fee	Visa Fee (USD) <sup>14</sup>	Validity (months)
New Zealand	NZD208	147.93	23
Canada	CAD250	183.93	24
United Kingdom	GBP230	279.54	24
Australia	AUD440	329.16	12

#### Appendix VI:

Funding for Tourism Australia

**Table 2.1.1: Budgeted expenses for Outcome 1**

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forw ard estimate \$'000	2018-19 Forw ard estimate \$'000	2019-20 Forw ard estimate \$'000
<b>Outcome 1 totals by resource type</b>					
<b>Program 1.1: Supporting Outcome 1</b>					
Revenue from Government					
Ordinary annual services (Appropriation Bill No. 1)	144,018	140,266	141,291	144,417	147,462
Payment from related entities	14,000	14,000	14,000	14,000	14,000
Revenues from industry sources	16,574	20,974	20,974	20,974	20,974
Revenues from other independent sources	1,100	1,100	1,100	1,100	1,100
<b>Total expenses for Outcome 1 and Program 1.1</b>	<b>175,692</b>	<b>176,340</b>	<b>177,365</b>	<b>180,491</b>	<b>183,536</b>
<b>Outcome 1 and Program 1.1 totals by resource type</b>					

Source: DFAT Budget Portfolio Statements, 2016-17<sup>15</sup>

<sup>14</sup> Exchange rates from 13 January 2017

<sup>15</sup> The Australian Government, 2016, *Portfolio Budget Statements 2016-17: Foreign Affairs and Trade Portfolio* <http://dfat.gov.au/about-us/corporate/portfolio-budget-statements/Documents/2016-17-foreign-affairs-and-trade-pbs.pdf>