

14 May 2021

Dr Matthew Butlin
Presiding Commissioner
South Australian Productivity Commission
Email: sapc@sa.gov.au

Dear Dr Butlin

Re: SOUTH AUSTRALIAN TOURISM COMMISSION RESPONSE - TOURISM REGULATION REVIEW

I write on behalf of the South Australian Tourism Commission (SATC) in relation to the Tourism Regulation Review issues paper released by the South Australian Productivity Commission (SAPC).

The SATC is a statutory authority responsible for promoting South Australia to key markets. We leverage and drive the visitor economy through delivering our 6 key pillars (<https://tourism.sa.gov.au/about/strategic-plans>) and working closely with the South Australian tourism industry to increase visitation and the tourism contribution to the State's economy, noting that we are not a regulatory agency. As the State's tourism organisation, we are aware of the ongoing challenges that businesses face when starting up or growing their business in the State.

The Issues Paper accompanying the Tourism Regulation Review comprehensively covers the issues that we hear about from industry. To this end, the SATC has worked with the SAPC project team to connect them to relevant tourism operators who are willing to discuss their experiences and firsthand accounts of doing business in South Australia as it relates to nature-based tourism and agritourism.

For the purposes of the SATC submission, we will provide an overview of the tourism in South Australia and outline what we consider to be an optimal operating environment in the future.

TOURISM AND SOUTH AUSTRALIA

Tourism is one of nine priority growth sectors identified by the State Government as part of its Growth State. Launched in 2019, the South Australian Visitor Economy Sector Plan 2030, was released outlining our bold ambition for 2030 of \$12.8 billion in visitor spend, generating 16,000 additional jobs. Acknowledging the impact of Covid-19 on the tourism sector, this review is timely in providing the opportunity to reflect on what the optimal regulatory system should be in place to support tourism businesses to grow, thrive and remain in South Australia.



Tourism is a high growth sector and an economic priority for South Australia. Pre- COVID, the State achieved a record high \$8.1 billion of visitor expenditure in the visitor economy in December 2019. There was unprecedented growth in the visitor economy's contribution to South Australia which had been built on strategic development and promotion of South Australia's experiences, accommodation and tourism products, including South Australia's most valuable assets, nature, food and wine. Given the significant impact of COVID-19 on the tourism industry, the SATC has been responding to these challenges and driving the recovery of the tourism industry.

For one of South Australia's greatest assets, according to Tourism Research Australia, nature-based tourism demand is strong with expenditure sitting at \$1.4 billion year to date pre-COVID as of December 2019.

In the tourism context, cellar doors continue to dominate activity under the agritourism sector. As of March 2021, 60 percent of interstate travellers associate South Australia with good food and wine, placing us in first place ahead of the other States. Further 71 percent of interstate travellers rate South Australia as having the most credible wineries and wine regions, also placing us first nationally¹.

The visitor economy is critical to regional South Australia which is home to some of the world's most spectacular natural environments and world class food and wine experiences. Those regional communities' benefit from tourist visitation and rely significantly on ensuring that the nature-based and agritourism experiences as an economic function and tourism driver.

TOURISM REGULATION IN SA - OBSERVATIONS

The tourism sector is subject to a broad range of regulations across a broad number of agencies and legislation that is often considered a barrier to growth. We know that there is often a high level of complexity associated and it can often be challenging and costly, regardless of whether the business is a Small Medium Enterprise (SME) or larger in nature.

We acknowledge that there is information readily available for any business to access when planning, starting and growing businesses. We understand through feedback from the tourism industry that there is often a perceived lack of consistency across departments when it comes to case management, provision of information and communication. Often industry get transferred between departments and it can take significant time for them to navigate the system. By its nature the regulatory system is often geared towards risk mitigation rather than enabling growth and investment.

The broad issues that the SATC hear about as it relates to regulatory environment that impacts on Nature-based Tourism and Agritourism business establishment and growth are consistent with what is outlined in the Issues Paper.

¹ Internal research South Australian Tourism Commission--YTD March 2021.



These include as an example, licencing (particularly on Crown Land), business diversification, liquor licencing, mixed-use land planning, environmental legislative requirements, environmental planning development, local government requirements, and development application processes.

THE FUTURE TOURISM OPERATING ENVIRONMENT

It is acknowledged that business regulation is complex, particularly given the number of instruments relevant to a tourism business operating in the nature-based and agriculture space. Addressing the issues with the regulatory environment has been a long standing process in South Australia. The SATC offer the following general comments across the tourism sectors, to be considered in addressing some of the challenges.

The SATC encourages consideration of a tiered approach regarding the licencing and permits process across the entire tourism sector (including both nature-based tourism and agritourism) where we understand that operators are subject to the same level of regulation, process, and scrutiny regardless of if you are a small, light touch business or a more complex business. The tiered system could also capture those term licence and permit holders by offering longer tenure and ensure timings are aligned when there are multiple licenses held.

Where possible, reducing the number of approving authorities and number of separate interactions for approvals would be advantageous. The State planning system has a focus on placing greater emphasis on the pre-approval/ fast tracked approval phase for simple development and low risk projects applications. We would encourage a similar approach when approving tourism based ventures. For example, we were encouraged by the temporary changes that were introduced in 2020 during COVID-19 to keep small bars and business afloat by relaxing the liquor licencing restrictions and allowing the home delivery of alcohol. This is a positive example of how the regulatory system can be adapted to the current conditions and respond to the realistic level of risk. Further, this review provides the opportunity to consider more broadly what the appropriate regulatory risk threshold is and how to apply it consistently.

We are aware that the Department for Environment and Water (DEW) have introduced varying initiatives which aim to provide pre-approved opportunities for tourism development in National Parks and other high natural amenity public land to be developed. The SATC continues to work with DEW to deliver this approach to encourage the activation of more nature based experiences in National Parks.

We note the commentary within the issues paper regarding Major Project Status. In most cases, this type of status does increase the likelihood, ease, and speed of approval for large tourism projects. However, where this review could have the most impact is for the many small operators that cumulatively make significant contributions to the economy. Indeed, according to Tourism Research Australia, 95% of South Australian tourism businesses employ fewer than 20 people. It is this cohort that are most challenged by the regulatory system, and that would most benefit from simplification and increased efficiency.

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Finally, the SATC would like to acknowledge the additional barriers outlined on page 18 and 19 of the Issues Paper. These are significant issues for the tourism industry and would benefit from further exploration in subsequent reviews.

This review reflects the opportunity, demand and need to allow greater regulatory flexibility to support and grow the tourism industry. It reinforces the SATC's position on ensuring South Australians are provided the opportunity to compete in this tourism space within a more positive enabling regulatory system.

Thank you for the opportunity to provide input into the Tourism Regulation Review. The SATC looks forward to seeing the final report. If you would like to discuss this submission further, please contact Ms Kathryn Galpin Government Affairs Advisor on telephone 8463 4551 or email kathryn.galpin@sa.gov.au.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Rodney Harrex".

Rodney Harrex

CHIEF EXECUTIVE

