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The Research Director  
State Development, Infrastructure and Industry Committee  
Parliament House  
George Street  
Brisbane  
QLD 4000

18 July 2012

**Invitation to make a submission to an inquiry into the future and continued relevance of Government land tenure across Queensland**

Thank you for your letter addressed to Tropical Tourism North Queensland (TTNQ), inviting comments on land tenure arrangements in Queensland. TTNQ has referred the letter to the Alliance for Sustainable Tourism.

The Alliance for Sustainable Tourism is an independent tourism organisation with a focus on encouraging successful sustainable tourism in Tropical North Queensland. Membership of the committee includes Tourism Tropical North Queensland, Queensland Tourism Industry Council, Australian Tourism Export Council, Far North Queensland Tourism Operators Association, Association of Marine Park Tourism Operators, Ecotourism Australia, Savannah Guides Ltd, and appointed individuals that bring history and sector expertise.

Before commenting on specific issues relating to the land tenure system, it is important to provide some context on the importance of tourism to the Tropical North Queensland economy, reflect on some of the key drivers and impediments to attracting investment into product development and draw upon issues which have been raised previously by members of the Alliance.

The Alliance is not of course an expert in land tenure, but instead seeks to play an advocacy role in supporting the nature based tourism industry in Tropical North Queensland with a view to securing the long term growth and sustainability of the industry.

The Alliance welcomes the fact that the Queensland Government recognises the importance of the tourism sector and is committed to the growth and development of the Queensland Tourism sector. Many of our members recently took part in the *DestinationQ* Forum, which was held in Cairns on 25 and 26 June 2012. The Alliance

was pleased that the Government committed to a range of significant actions in support of the industry. Underpinning these actions are ambitious targets around the growth of the industry, including doubling overnight visitor expenditure to \$30 billion.

To achieve these targets, it is important that the land tenure system fosters and supports growth in the sector, both in terms of enhancing existing products and developing new products, so that the needs and motivations of consumers can be satisfied and exceeded. In addition, potential changes to the land tenure system must be considered in the broader context of simplifying the land use planning system and reducing the regulatory burden on business. Changes to the land tenure system will not, on their own, address some of the challenges faced by industry but need to be part of a broader suite of measures aimed at improving the investment environment.

The tourism industry contributes over \$2B per annum into the Tropical North Queensland economy and supported tens of thousands of jobs. Recent Government support to encourage further airline route development into locations such as Cairns needs to be backed up by ensuring we have the right products available for visitors. This will require an approach which supports and encourages private sector investment and reduces some of the risks associated with developing new tourism infrastructure.

The Alliance wishes to see a land tenure system that creates a commercial operating environment for the private sector so as to provide certainty of land tenure to attract long-term investment in nature based and ecologically sustainable tourism developments and infrastructure. Removing the risks associated with land tenure arrangements will have an important role to play in helping the industry achieve its growth targets. For example, the Tropical North Queensland tourism industry is largely based on presenting and showcasing the diversity of natural attractions in our region. Often these attractions are on Government land and therefore allowing industry to access land to develop new products and refresh existing products on commercially realistic terms is essential.

In recent years, investment in tourism products in Queensland has been low. Business confidence, wider economic growth, returns on investment, access to land and construction costs all contribute towards limited investment. If our industry is to remain competitive in the global environment in which it operates, we require significant investment and re-investment in tourism products.

Issues with the supply side of the industry have now been recognised at a national level, and the Federal Government has undertaken extensive research to map the barriers to investment. In particular, this research has identified a number of commercial and regulatory barriers that impact upon tourism investment.

Some of these barriers, such as global economic factors and the high Australian dollar cannot be controlled. However, the research also points to comparative lower returns in comparison to other sectors and general volatility in global and domestic tourism markets. In turn, this makes it difficult for the tourism sector to raise capital.

Nevertheless, surety of tenure and terms which address risk profiles of financial institutions could provide confidence to banks and reduce commercial risk.

In terms of the regulatory environment, the research identified key impediments, such as:

- The long, iterative approval process for new developments (federal, state and local);
- Lack of certainty and clarity of process; and
- Complex regulatory processes often being misaligned with the commercial realities faced by investors.

One of our members, Queensland peak tourism body, the Queensland Tourism Industry Council (QTIC) has already flagged the issues, stating:

*Queensland's regulatory and legislative provisions and **land tenure conditions** are inadequate to accommodate innovative use opportunities that have emerged in other destinations, both interstate and overseas. - QTIC, 2011, *Tourism Game Changing Priorities*).*

QTIC added:

*... lack of certainty, lengthy approvals process, multiple agency responsibilities and disproportionate taxes and charges are powerful deterrents for capital attraction. - QTIC, 2011, *Game Changing Priorities*.*

These concerns were again raised by industry at the recent *DestinationQ* Forum.

One of the fundamental issues to emerge as a major priority is providing access to natural assets and national parks to allow the potential for tourism to present natural values through new and unique nature based experiences.

To date, previous attempts to encourage nature based tourism development on national parks and other protected area estate through private investment have failed, due partly to economic and commercial factors. However, the restrictive and non-commercial nature of regulatory requirements under legislation such as the *Nature Conservation Act*, have also contributed to the lack of success.

Feedback from our members highlights that a number of key requirements need to be met to encourage financially sustainable investment on protected estate, such as:

- Encouraging tourism-related developments through commercially viable lease terms that reflect the nature of the investment and the likely return (up to 50 years);

- Negotiable lease rents/payments that reflect the nature of the investment, recognise the disproportionate short term risks and the likely return; and
- Recognition of the high costs of establishing and operating a tourism development in a national park, particularly in regional and remote locations.

The Alliance welcomed the fact that the *DestinationQ* forum identified these and Government committed to a number of actions, such as:

- Cutting eco-tourism red tape by reducing the current permits required to access National Parks; and,
- Developing a new Queensland Eco-tourism plan to review the *Nature Conservation Act* to enable greater access to Queensland's National Parks and Marine Parks, benefitting the nature based tourism industry.

Based on the feedback from our members, the land tenure system needs to deliver security of tenure and allow for the diversification of land uses. The provision of longer term lease arrangements, or an ability to freehold existing leasehold land, would provide a greater degree of certainty to operators and financial institutions.

In terms of existing state lease arrangements, leasehold land is generally restricted to certain primary or secondary uses. For example, much of our region is covered by pastoral holdings, where tourism activities are generally limited to low key tourism. However, this does not take into account the financial viability of such development, in terms of being able to provide for a critical mass of development to secure a reasonable return on investment.

In the opinion of the Alliance, facilitating development in this regard is as much about the flexible application of policies around the administration of the Land Act and other legislation, as it is around changes the legislation itself. Inflexible application of policy and the execution of policy in a timely and pragmatic way can be as much an impediment of investment as the underpinning legislation. The tourism industry has a proud record of developing new and innovative tourism products which prevailing policy could in no way have anticipated. Inflexible and time consuming policy and associated processes stifle innovation and make it difficult for the industry to adapt in a timely fashion to the needs and desires of consumers and the opportunities that arise from these needs and desires.

Current tenure arrangements, both from a legislative and policy perspective, should be amended to recognise specific land use arrangements for tourism development (such as new lease types at reduced rates) or amending current restrictions that exist for existing tenures (such as on pastoral leases). Furthermore, the Government should consider making land available for tourism purposes “in priority” when disposed. Unallocated State land might provide an opportunity in this regard.

In Tropical North Queensland, complexities around Native Title can also amount to a barrier to development. However, those very areas of land that tend to involve complex

native title issues also represent some of the best opportunities to develop innovative tourism products. The Alliance understands that undertaking tourism developments on existing tenures is likely to involve Native Title issues. The same issues also arise when freeholding land. Addressing Native Title issues are often time consuming and costly and can undermine the financial viability of a development.

In summary, the Alliance believes that sustainable nature based tourism, through education and experience, enhances the value to which the general public places on conserving our wildlife and natural areas and the land tenure system should facilitate rather than restrict the ability of tourism to fill this role.

The Alliance believes that changes to the land tenure system provide an opportunity to build investor confidence, foster a supportive investment environment and assist in attracting new tourism investment and product development. Fundamentally, the system of land tenure must provide security of tenure to facilitate private investment and allow for diversification of land uses to support growth in the sector.

The diligent approach by government to address barriers to a successful and sustainable tourism industry is appreciated and we look forward to seeing changes that will encourage and facilitate quality and innovative development that meets future community and customer demands.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Max Shepherd'.

**Max Shepherd**  
**Chair**  
**Alliance for Sustainable Tourism.**

1<sup>st</sup> August 2012