

# POLICY BRIEFING: URGENT STABILISATION FOR QUEENSLAND'S VISITOR ECONOMY

*Managing Fuel Cost Impacts to Protect  
Regional Economies, Government Revenue  
and 2032 Legacy Outcomes*



**QUEENSLAND  
TOURISM INDUSTRY  
COUNCIL**



## Purpose

To brief State and Commonwealth Governments on the escalating impact of fuel costs on Queensland's visitor economy and propose a coordinated, time-sensitive stabilisation framework aligned to Destination 2045 and Thrive 2045.

## Executive Summary

**Fuel price escalation is now an immediate risk to the viability of Queensland's visitor economy, particularly for regional and transport-dependent operators.**

This is not an isolated pressure. It represents a tipping point following a decade of compounded shocks:

- COVID-19 disruption
- Repeated extreme weather events
- Escalating insurance costs
- Increasing industrial relations compliance burden
- Rising energy costs

**Tourism SMEs are operating on historically thin margins and have limited capacity to absorb further cost increases.**

While demand indicators remain superficially stable, underlying business viability is deteriorating rapidly. Without intervention, the sector is likely to experience:

- Sustained negative cash flow
- Accelerated regional business failures
- Contraction in employment and local economies
- Reduced State and Commonwealth tax revenue

**The cost of inaction will exceed the cost of targeted, time-limited intervention.**

Tourism contributes approximately \$7.5 billion annually in tax revenue and is critical to:

- Regional economies
- Small business ecosystems
- Delivery of 2032 Olympic and Paralympic dispersal outcomes

## Priority Actions (next 60 days)

**The government is requested to implement a targeted stabilisation package focused on immediate cost relief and market confidence.**

- Targeted cost relief, including payroll tax, permits, EMC and regulatory fees
- Establish a joint State–Commonwealth tourism fuel impact taskforce
- Introduce interim aviation and regional fuel stabilisation measures
- Provide national guidance on fuel surcharge practices to ensure compliance and protect consumer confidence

## Strategic Context

Queensland's visitor economy is structurally exposed to fuel volatility due to:

- Geographic scale and regional dispersion
- Reliance on aviation, marine and touring operations
- Dependence on self-drive markets
- Limited pricing flexibility

Aviation access is a critical vulnerability, with fuel costs directly impacting route viability, pricing and regional connectivity. Tourism is also highly sensitive to sentiment, with early behavioural shifts already evident in drive markets.



## Structural Pressure on SMEs

Tourism businesses are operating under sustained structural pressure:

- Extreme weather impacts reducing recovery capacity
- Insurance escalation, particularly in regional Queensland
- Industrial relations complexity and cost burden
- Energy and input cost increases

Fuel cost escalation is the tipping point that is now pushing viable businesses into distress.

## Early Warning Indicators

Industry intelligence shows a widening gap between activity and viability:

- Cashflow compression across multiple months
- Forward bookings softening, particularly in drive markets
- Occupancy holding but profitability declining
- Costs are increasing faster than pricing capacity
- Regional concentration of impact, particularly in remote and nature-based destinations

These indicators mirror early-stage failure patterns observed during COVID-19.

## Economic and Fiscal Implications

**Tourism is a high-yield economic sector. Its contraction presents direct fiscal risk to the government.**

Impacts include:

- Reduced travel demand and regional visitation
- Declining aviation access
- Lower competitiveness of Queensland experiences

This will translate into:

- Reduced GST and consumption revenue
- Lower payroll tax receipts
- Reduced aviation and transport revenue
- Increased demand for regional economic support

**Loss of tourism capacity will directly undermine the delivery of 2032 Olympic legacy outcomes, particularly visitor dispersal and regional spend.**

## Policy Position

**Intervention should be framed as economic protection, not industry support.**

- Protecting tax revenue
- Stabilising regional economies
- Safeguarding Olympic legacy outcomes
- Delivering targeted, time-limited and scalable measures

## Government Response Framework

**Commonwealth priorities**

**Objective: stabilise national cost settings and protect demand**

- Fuel market transparency and ACCC engagement
- Aviation cost interventions
- Concessional finance and SME liquidity support
- Consideration of wage support if contraction accelerates
- EMC and regulatory cost relief
- National guidance on surcharges



## Queensland priorities

### Objective: stabilise business cash flow and regional economies

- Payroll tax relief for tourism operators
- Waiver or deferral of leases, permits and fees
- Targeted regional fuel support
- Short-term aviation route support
- Coordinated domestic marketing

### Medium-term priorities (6–24 months)

- Domestic travel incentives and regional campaigns
- Sustained aviation support
- Grants for fuel efficiency and fleet transition
- Insurance and cost-of-doing-business reform

## Risks of Inaction

### Failure to act will result in structural contraction of the visitor economy.

- Business closures, particularly in regional Queensland
- Job losses across tourism and supply chains
- Reduced government revenue
- Long-term loss of industry capability
- Compromised Olympic legacy outcomes

## Recommended Next Steps

- Convene a State–Commonwealth roundtable within 30 days
- Establish a tourism fuel impact task force
- Agree on a coordinated response package within 60 days
- Issue national pricing and surcharge guidance
- Partner with industry on real-time data collection

## Conclusion

### Fuel cost escalation is a systemic economic risk, not a temporary disruption.

It represents the tipping point in a decade of cumulative pressure on tourism SMEs.

### Timely Intervention Will:

- Protect government revenue
- Stabilise regional economies
- Preserve industry capability
- Enable delivery of 2032 legacy outcomes