



SUBMISSION TO AUSTRADE'S ROLE IN ATTRACTING INVESTMENT IN AUSTRALIA

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SUBMISSION TO THE INQUIRY INTO AUSTRADE'S ROLE IN ATTRACTING INVESTMENT IN AUSTRALIA

OVERVIEW

The ACT Government welcomes the opportunity to provide input to the inquiry by the Joint Standing Committee on Trade and Investment Growth into *Austrade's role in attracting investment in Australian businesses*.

Over the past decade in particular, Canberra and the ACT has become increasingly internationalised, driven by a growing private sector, international education and tourism. Canberra is well on the way to becoming a vibrant mid-sized city in the Asia-Pacific Region with unique trade and investment opportunities focused on services. Over the last ten years to 2017 (latest available data), the ACT's services exports have increased almost three-fold to \$2.1 billion. The growth has been led by International Education Exports which are now \$879 million and business services exports that are \$369 million.

The ACT Government's International Engagement Strategy demonstrates a clear commitment to building enduring international relationships for the economic, cultural and social benefit of the ACT. It also provides the framework to inform the Government's approach to international engagement activities and strategy, and provide clear direction and leadership to the business community in Canberra and the region.

Unlike a number of state jurisdictions, the ACT does not maintain an overseas trade and investment development network, so Austrade's overseas network is integral to the ACT's pursuit of its International Engagement Strategy. The credibility and access that Austrade as an Australian Government diplomatic entity provides cannot be realised in any other practical way by the ACT Government and ACT businesses.

More so than other states and territories, the ACT is fundamentally a knowledge-based services economy. International trade in commercial services is primarily arranged between related entities, meaning that investment, both inward to the ACT and outward by ACT services businesses in overseas markets, provides the foundation for the ACT's international commercial services trade.

All states and territories and major cities in Australia have policies and programs to attract strategic investment. While a degree of competition among jurisdictions for strategic investment can spur innovation and regulatory reform, it is also the case that competition and granting of investment incentives create divergence from best national outcomes. The National Investment Advisory Board managed by Austrade is a forum for the exchange of information among jurisdictions and a mechanism for moderating the interests of individual jurisdictions with the national interest.

ACT GOVERNMENT'S INTERNATIONAL ENGAGEMENT STRATEGY

The ACT Government has a bold vision for Canberra to position itself as a world-leading city of the 21st century. *Canberra: A Statement of Ambition* identifies four directions of travel setting the path for our vision. The *International Engagement Strategy* sets the path of action within an international context to achieve the 2050 vision in line with the four strategic directions.

In our business development strategy *Confident and Business Ready: Building on Our Strengths*, the Government set down an economic plan designed to create a business environment that would grow

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local enterprise, accelerate innovation to create wealth and jobs, and support business investment in future growth areas.

Central to this ambition is the internationalisation of Canberra's economy. The ability of Canberra-based businesses and research institutions to establish international connections is key to the ACT's future economic development. The ACT Government can help achieve this objective by promoting Canberra's knowledge-based service industries and investment opportunities in international markets with aligned interests. This is why, in *Confident and Business Ready*, the Government committed to developing a strategy to guide its international engagement efforts. The appointment of a Commissioner for International Engagement demonstrates the importance placed on building enduring international relationships for the economic benefit of the ACT.

Canberra – with its innovation programs and established strengths in high growth industries of the future – has limitless potential. To make the most of our potential it is important the Government direct its efforts toward international markets that have the strongest strategic and commercial relevance to the ACT's economic landscape.

Canberra has significant strengths in growth areas of the future including ICT and e-Government, Renewable Energy, Space and Space Science, Defence and Cyber-Security, Tourism, Education, Agri-tech and Health and Sport Sciences. These areas are at the heart of the ACT Government's innovation agenda. The strong connections between Canberra's academic, government and business communities provide attractive opportunities for international investment in these areas.

The International Engagement Strategy:

- Projects the ACT Government's vision for a globally recognised and prestigious international city.
- Prioritises the international markets that are important for advancing economic growth in the ACT.
- Links the priority markets to key industry areas central to the economic diversification of Canberra.
- Provides the evidence base to inform export development and Foreign Direct Investment (FDI) programs.
- Provides a template for a coordinated approach to international engagement across government.
- Provides leadership to industry in market engagement.

The International Engagement Strategy recognises that there are individual key capability areas with strategies and specific actions to support the government's economic diversification objectives. These include: *Confident and Business Ready: Building on Our Strengths*; *Canberra Australia's Education Capital: an International Education Strategy for Canberra*; *2015 ACT Arts Policy* and *Tourism 2020: Growing the Visitor Economy 2014-20*. The International Engagement Strategy builds on these individual strategies by targeting markets that are important for delivering the goals outlined in these strategies. The International Engagement Strategy also links broadly across Government as to how we achieve our international aspirations.

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ACT'S CURRENT INVESTMENT ACTIVITIES AND WORK WITH AUSTRADE

Austrade has assisted the ACT Government domestically and internationally. With each international trade and investment mission that is organised by the ACT, a key point of contact has been Austrade – utilising their in-market knowledge and connections.

Austrade has assisted domestically when providing connections to their federal colleagues for inbound delegations that the ACT Government hosts.

Internationally, Austrade facilitates connections and organises meetings that assist in furthering the ACT Government's objectives, as outlined in Canberra's International Engagement Strategy.

In recent years, Austrade has facilitated trade and investment-oriented visit programs for the ACT Government in Singapore, Japan, New Zealand, the United States, Europe, China, Korea and Indonesia.

Within the Economic Development area of the ACT Government there is a specialised investment team that promotes Canberra's investment-ready opportunities, facilitates investor enquiries, delivers targeted initiatives and highlights Canberra's key industry sector capabilities and economic strengths. This team works closely with Austrade. Facilitated investment leads require development time, resources and due diligence. In addition, business decision processes by an investor may take several years.

It is noted that the Committee has a particular interest in areas identified by the Australian Government in consultation with the states and territories that play to Australia's strengths. The ACT Government is engaged with Austrade in all these areas.

To succeed and to continue to deliver value for Australia, it is the ACT Government's view that Austrade needs to maintain strong collaborative relationships with the jurisdictions but also maintain a focus on providing services to Australian companies throughout the Austrade international network.

At a national level, the focus on the key sectors (areas of strength) identified by the Australian Government has provided for a concentrated effort; but for a small, open trade-in-services focused economy like the ACT, the ability to fully engage with the national priority sectors can be challenging. Nevertheless, we have provided some examples of how the sector alignment has worked to support ACT interests. A more dedicated focus on clearly defined sectors would, in our view, be worth exploring. These could include cyber security, new energy, space and spatial technologies, education and health services.

The defence industry is also a critical sector in the ACT economy and we recognise the value of the Australian Government's industry development approach to this sector.

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Agribusiness and Food;

The National Agricultural and Environmental Sciences Precinct at the ANU-CSIRO Black Mountain site is Australia's largest concentration of research scientists in these fields. In addition Canberra is home to many of the Agricultural Research and Development Corporations and increasingly a number of agri-tech companies. Investment by major agri-technology companies in Canberra would complement and enhance the existing strengths in Canberra. The ACT Government, ANU, CSIRO and Austrade are working together on realising this opportunities.

The establishment of international flights from Canberra and improvements in regional road and rail infrastructure servicing Canberra has opened up new opportunities for Canberra as a regional export hub for food and beverages, but cost and volumes are impediments. Investment by food companies in the Canberra region for export would be beneficial and the ACT Government with regional councils and Austrade are working on attracting such investment.

Major Infrastructure

Canberra's \$700 million light rail project has successfully brought to Canberra a range of international companies and investors. A second stage of the project is in planning. The light rail development has itself stimulated a major redevelopment along the rail corridor. Austrade has been of value in building and sustaining the international connections around this investment.

Tourism Infrastructure

The key tourism investment target for the ACT for some time has been in international flights. The first international flights were established by Singapore Airlines in 2017, followed by Qatar Airlines in 2018. These successes were the culmination of long term work and advocacy, including extensive international lobbying, often at Chief Minister-level. Austrade and Australian Embassy supported this work at various levels, which was important to the final outcome achieved.

Other key tourism infrastructure gaps where international investment is sought include establishment of a world class convention centre and further 5/6 Star accommodation. Austrade is assisting the ACT Government in promoting these opportunities.

Resources and Energy

The ACT is one of the first jurisdictions world-wide to commit to 100 per cent renewable energy target for electricity generation. The commitment has been implemented by a series of auctions to supply renewable energy to the ACT. A number of international companies participated in the auctions, and subsequently several have established operations in Canberra. As a consequence, Canberra has become established as Australia's leading centre for renewable energy operations management. Austrade is working with the ACT Government and Canberra research and education institutions to build on Canberra's strengths as a centre for renewable energy business through further investment by international business. Hydrogen is a current focus.

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Advanced Manufacturing, Services and Technology.

The ACT has Key Capability Areas covering ICT and e-Government, Space and Space Science, Defence and Cyber-Security that represent its strengths within the advanced manufacturing, services and technology fields.

The ACT actively participates in the National Investment Board's Digital Economy Working Group which covers much of the services and technology market. In particular, the ACT has worked with various Austrade-supported recent initiatives on cyber-security and artificial intelligence, and has valued support by the Smart Cities team which in particular provided contacts with driverless shuttle bus companies.