



AUSTRADE'S ROLE IN ATTRACTING INVESTMENT

**AUSTRALIAN TOURISM
EXPORT COUNCIL**

NOVEMBER 2018

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Joint Standing Committee on Trade and Investment Growth
PO Box 6021
Parliament House
Canberra ACT 2600

27 November 2018

Inquiry into Austrade's role in attracting investment into Australia

The Australian Tourism Export Council (ATEC) is pleased to have the opportunity to respond to the Joint Steering Committee on Trade and Investment Growth's inquiry into Austrade's role in attracting investment into Australia.

This is an important time for our industry as we acknowledge the impressive growth our current tourism strategy has helped to steer, the enormous input tourism has had in driving this success and the policy reforms implemented by governments across the nation designed to future-proof our industry.

The Australian government, via the partnership signed between Tourism Australia and Austrade in 2012, has worked hard on showcasing Australian tourism investment opportunities which can drive development of tourism infrastructure both in metropolitan and regional Australia. To date, the success of this partnership is resounding: some \$2.12 billion in tourism investment has been sourced and facilitated via the work of Tourism Australia and Austrade working towards the Tourism 2020 targets. Direct foreign investment in tourism infrastructure, both soft and hard, delivers increased opportunities for growth, particularly in remote and regional centres.

ATEC commends Tourism Australia and Austrade on their successes in the foreign direct investment space, and supports the continuation of programs and partnerships that drive growth in capacity and capability. It is important that Australia is not only able to attract investment into tourism but also that these businesses and developments have the necessary skills and capability to service the growth in international visitors.

In this submission, we have endeavoured to highlight the importance of soft infrastructure for the tourism industry – including training and development programs that facilitate capability-building and the commercial know-how to service international visitors beyond 2020.

I recommend this report to the Committee.

Yours sincerely,



Peter Shelley
Managing Director

ABOUT THE AUTHOR

The Australian Tourism Export Council (ATEC) is the peak industry body representing the thousands of individuals throughout Australia that provide tourism services to foreign visitors. Whilst the tourism export sector is experiencing positive growth, ATEC's role is to maximise opportunity for Australian businesses in both existing and emerging markets, and to ensure any impediments to that growth are managed and kept to a minimum.

ATEC is the only, singularly-focused national body with inbound tourism at its core. Our membership represents the depth and breadth of our industry and includes more than 1,000 large national and multinational companies as well as small-and medium-sized enterprises, many of whom are based in regional and remote parts of Australia. In this way, we have a solid connection to the 'grass-roots' of our industry. We see and hear their direct experiences and we work alongside these businesses to alleviate the pressures and provide support. Our core functions are to:

- Connect buyers and sellers and deliver commercial opportunity
- Support, train and mentor for export excellence
- Advocate for policy that supports growth
- Promote inbound tourism's contribution to the broader Australian community

POSITIONING OUR INDUSTRY FOR SUCCESS IN THE NEXT DECADE

Global tourism is growing at an astounding rate with predictions of 15 million international visitors travelling to Australia by 2030. While these figures are exciting, we need to upskill and support our industry. If we are to realise this potential, what does success look like and how do we get there?

There are important questions our industry needs to address if we are to maintain global **COMPETITIVENESS** in attracting high yielding international visitors and if we are committed to delivering a **HIGH QUALITY EXPERIENCE**.

QUESTIONS LIKE:



Where will our visitors be going?



How will they get there?



Where will they stay?



How do we preserve our tourism assets?



And, what will the industry need to meet this increasing demand?

THE ROLE OF AUSTRADE

Austrade's role in attracting investment is critical to the ongoing growth and success of Australia's tourism industry. In order for investors to identify projects or developments that are attractive, there are many points to consider: demand, risk, export-readiness, market penetration, fashionability, management's commercial acumen etc. Aside from attracting the investors, first Austrade must ensure that Australian tourism businesses and regions are ready. It is vital that industry-driven capability programs, and government programs such as EMDG continue to thrive and receive adequate ongoing support and funding.

ATTRACTING INVESTMENT

ATEC has a proven track record in the delivery of contemporary, commercially-focused and scalable industry training programs designed to elevate the capability of operators that are keen to develop their international tourism business. Much of our focus is on regional Australia and we have worked closely with state tourism organisations to deliver structured pathways to international readiness.

Currently, we have programs that deliver generic international-readiness content, and we are in development phases for programs for China, India, Japan and the wine industry. There is significant scope for Austrade to continue to support small business through funding programs designed to boost capability. The previous Tourism Demand Driving Infrastructure (TDDI) fund used to provide for programs like ATEC's *Know-How for Inbound Tourism Excellence* (KITE) and *Building Readiness for Inbound Tourism Excellence* (BRITE). The new *Building Better Regions Fund* is an excellent initiative however it does not yet offer adequate scope for the development of soft infrastructure (industry training) programs. ATEC is of the view that capability is equally as important as the bricks and mortar developments in attracting foreign investment that drives growth. Furthermore, the *Tourism Major Project Facilitation* falls into the same category with it not extending to support soft infrastructure development. More information on ATEC's readiness pathway is attached.

Maintenance of the *Export Market Development Grants* (EMDG) scheme is critical to shoring up Australia's potential to grow in an ever-increasingly competitive global market. We must provide our SMEs with the tools to invest in establishing and sustaining their presence in both existing and emerging export markets. Product innovation and distribution are essential elements in achieving visibility and conversion, and subsequently, investment.

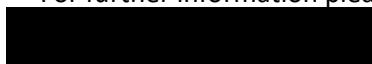
EMDG is currently under-funded and many businesses miss out or receive truncated funding due to the pool of funds being inadequate. It is well documented that the scheme has a positive net benefit with each dollar of EMDG generating some \$13.50-\$27.00 of exports. In the 2015 report, *Certainty and confidence—exports and jobs for a changing global economy: Review of the Export Market Development Grants scheme*, it was recommended that the budget allocation be progressively increased by \$12.4 million per year over the following three years (2016–17 to 2018–19) to \$175 million. This budget allocation adjustment has not occurred and the pool of available funds for exporters has in fact decreased thanks to increased efficiency dividends applied to the Department and increasing costs to Austrade to administer the scheme.

CLOSING REMARKS

ATEC firmly believes that Austrade's role and efforts around tourism investment has been a major contributor to Australia meeting its 2020 tourism targets and we wholly support the continued work and partnerships with other entities like Tourism Australia beyond 2020. ATEC does recommend that Austrade be enabled to drive more funding opportunities into 'soft infrastructure' in the form of industry capability building programs, particularly for regional Australia. This will help to improve service quality and facilitate increased regional dispersal of our growing Eastern international markets, especially China and India.

Thank you for the opportunity to make a submission.

For further information please contact Anna Taylor, National Policy Manager



ATEC'S TOURISM EXPORT DEVELOPMENT PATHWAY

DEVELOPED BY INDUSTRY FOR INDUSTRY



ATEC
Australian Tourism Export Council

**EXPERTS IN
Tourism Exports**

CONNECTING AUSTRALIAN TOURISM PRODUCTS TO THE WORLD