

12 Jan., 2017

**Inquiry into the provisions of the Export Finance and
Insurance Corporation Amendment
(Support for Commonwealth Entities) Bill 2016
Submission to Senate Foreign Affairs, Defence and
Trade Legislation Committee**

Submission by Graham Poon, G.K. Consulting, Cairns, Qld.

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This submission addresses the proposed second amendment to the Bill.

I have a background in international trade and was associated with the Australian Trade Commission ("Austrade") directly for over ten years initially as a contracted consultant to Austrade when overseas and then as a Trade Commissioner based in Manila and later Regional Trade Commissioner in NT. Although I no longer work with Austrade, I still carry out international trade projects and train international trade officials in my consulting capacity through my firm G.K. Consulting. I have also developed a National Export Strategy for a Pacific Island nation which was subsequently officially adopted.

I also provide services to Tourism under AusIndustry's "Entrepreneur's Programme-Northern Australia Tourism Initiative."

My main focus for this submission is the effect that the second amendment could have on tourism-related businesses where the income is derived from international visitors.

The key reasons I strongly support this amendment are as follows:

1. Australia is increasingly changing into a service economy with a large portion of GDP now deriving from the delivery of services instead of the sale of physical goods or products.
2. Tourism is forming an increasingly larger proportion of the income derived from services. It has become one of the largest export earners for Australia and is projected by Tourism Australia and Austrade that this trend will continue.

3. The points above can be proven from official ABS statistics which are publicly available.
4. From my many years of engagement with Northern Australia and regional Australia, it is to be recognised that tourism businesses in these areas face considerable challenges in growing due to various reasons such as lack of critical mass, restricted capital-raising ability, need for more sources of financial advice etc. Most businesses are SME's and this is the general nature of businesses in the regions.
5. If the second amendment is enacted, Efic will be able to further promote the sustainability and growth of businesses especially in tourism since the critical SME tourism sector will have access to additional funding sources and valuable financial advice. Traditional banks and lenders are highly restrictive in the application of their guidelines in lending and this fact severely restricts the growth of businesses in this area. From long past experience dealing with Efic, they do not exhibit a cavalier approach to provision of financial services though, but under prudent guidelines they can allow excellent businesses with good potential to grow in contrast to traditional lenders where real estate security is a primary requirement.
6. The revised definition under the second amendment will allow Efic to "cast their net" more widely to be able to assist a greater range of export-related tourism businesses to increase their income. The broader definition more correctly focuses on the actual benefits which accrue to the Australian economy from export income.
7. This submission strongly supports the second amendment.