



Australian Government
Department of Industry,
Innovation and Science

Opening statement to the Joint Standing Committee on Trade and Investment Growth's inquiry into Austrade's role in attracting investment in Australia.

Thank you Chair and members of the committee for inviting the Department of Industry, Innovation and Science here this morning to discuss Austrade's role in attracting investment into Australia.

The Department and its portfolio agencies, including Geoscience Australia which is here with us today, works with Austrade directly on some aspects of investment attraction and facilitation, notably through the Major Projects Facilitation Agency and the Office for Northern Australia. I'm happy to provide more information on this work. I know Geoscience Australia is also keen to outline the work they do to promote Australia as an investment destination in the resources sector.

We have also noted the committee's interest in the benefits of investment and on helping Australian businesses. The Department of Industry, Innovation and Science is also very focused on these objectives.

A favourable business environment is vital to effectively attracting overseas investment. Furthermore, domestic businesses must continually develop their capabilities in order to be best placed to absorb the benefits of foreign investment.

This is where the work of our department comes in. We seek to enhance the business capability of Australian firms. We also support the development of globally competitive industries, an area in which we collaborate with Austrade.

Our programs and initiatives focus on facilitating the relationship of business, science and innovation. This work best places Australian firms to capitalise on the opportunities provided by technological change and global economic growth.

Examples of key initiatives the department undertakes to achieve this are the Industry Growth Centres, the Entrepreneurs' Programme, and the Cooperative Research Centres.

There are now six operational Growth Centres, all working to deliver their objectives of incentivising, encouraging and supporting industry and research collaboration; identifying and addressing future skills needs; growing exports; and progressing opportunities for regulatory reform.

The Entrepreneurs' Programme delivers a range of services and support to Australian businesses. Over the past financial year, the program provided over 9300 services to help get new firms off the ground and made it easier for businesses to work with researchers and industry experts to develop, test, and commercialise new ideas.

The Cooperative Research Centres support collaboration between industry and the research community. Its model focuses on research and development, targeted at industry issues for commercial outcomes.

In addition to supporting the competitiveness and productivity of Australian industries, the CRC program has enhanced international linkages. There are 403 overseas organisations currently collaborating with CRCs and CRC Projects spanning 43 countries.

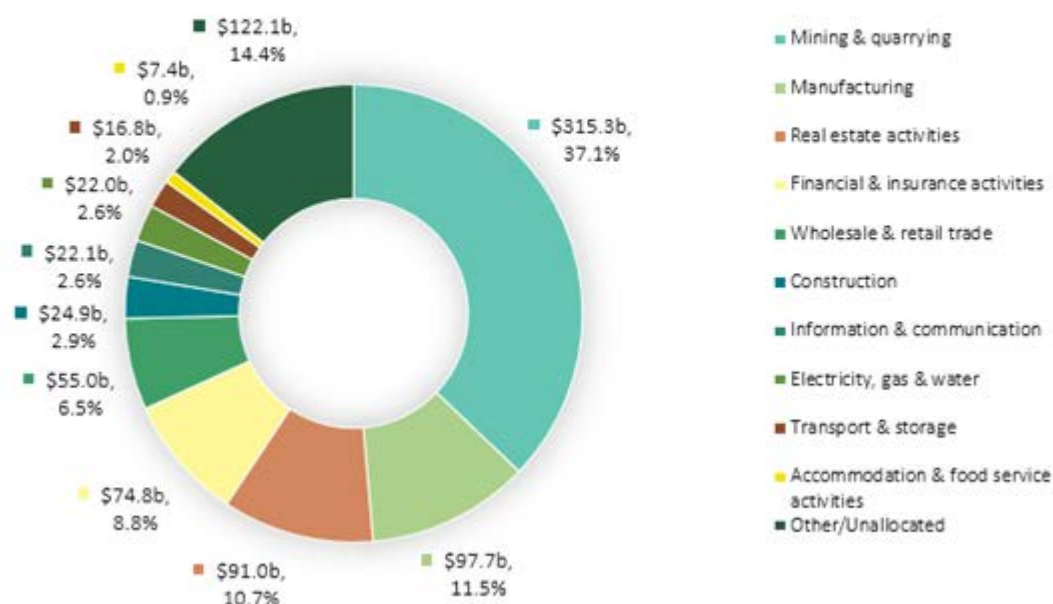
I would also like to point out the importance of high quality data that accurately tracks business performance and conditions over time. This is essential in carrying out the work of the department and Austrade.

In conclusion, by enabling business investment, collaboration and international engagement in key sectors, the Department works with Austrade and others to drive Australian growth and job creation.

Thank you.

WHICH AUSTRALIAN INDUSTRIES ATTRACT FOREIGN DIRECT INVESTMENT?

Foreign direct investment in Australia - levels of investment by selected industry (2017)



The top three industries attracted approximately 59 per cent of foreign direct investment in 2017. These were Mining and Quarrying (37.1 per cent), Manufacturing (11.5 per cent), and Real Estate Activities (10.7 per cent). The total amount of FDI in Australia in 2017 was 849,098 \$million, a 6.5 per cent increase from 2016. ([DFAT](#))

In 2017, the country providing the most direct investment in Australia was the United States, with \$189,919 million invested, this was 1.6 per cent less than in 2016. Of all major source countries, Hong Kong's direct investment in Australia increased by the greatest amount, almost doubling its investment from \$13,366 million in 2016 to \$25,972 million in 2017. See below.

Foreign Direct Investment in Australia by Source Country (\$million) [ABS](#)

| Country | 2015 | 2016 | 2017 | Per cent change 2016 to 2017 |
|----------------------------------|---------|---------|---------|------------------------------|
| United States of America | 182,831 | 192,977 | 189,919 | -1.6 |
| Japan | 86,639 | 91,043 | 92,520 | 1.6 |
| United Kingdom | 64,693 | 74,681 | 83,174 | 11.4 |
| Netherlands | 47,846 | 51,811 | 53,502 | 3.3 |
| China (excludes SARs and Taiwan) | 35,724 | 38,717 | 40,688 | 5.1 |
| Canada | 24,812 | 28,431 | 35,420 | 24.6 |
| Singapore | 29,162 | 23,421 | 26,286 | 12.2 |
| Hong Kong (SAR of China) | 12,553 | 13,366 | 25,972 | 94.3 |
| Bermuda | 23,294 | 22,542 | 25,455 | 12.9 |
| Germany | 16,999 | 19,542 | 23,822 | 21.9 |
| Total (all countries) | 736,028 | 797,094 | 849,098 | 6.5 |

The below chart gives time series information on FDI in Australia.

Foreign Direct Investment in Australia by Industry (\$million) [ABS](#)

| Industry | 2015 | 2016 | 2017 | Per cent change 2016 to |
|----------|------|------|------|-------------------------|
|----------|------|------|------|-------------------------|

| 2017 | | | | |
|--|----------------|----------------|----------------|------------|
| Agriculture, Forestry and Fishing | 2,106 | 2,184 | 2,467 | 13.0 |
| Mining and Quarrying | 292,996 | 311,932 | 315,334 | 1.1 |
| Manufacturing | 90,532 | 94,696 | 97,742 | 3.2 |
| Electricity, Gas, Steam and Air Conditioning Supply; Water Supply, Sewerage, Waste Management and Remediation Activities | 15,926 | 15,832 | 22,049 | 39.3 |
| Construction | 17,510 | 20,185 | 24,852 | 23.1 |
| Wholesale and Retail Trade; Repair Of Motor Vehicles and Motor Cycles | 52,857 | 53,775 | 54,951 | 2.2 |
| Accommodation and Food Service Activities | 7,242 | 7,278 | 7,350 | 1.0 |
| Transportation and Storage | 20,928 | 21,491 | 16,786 | -21.9 |
| Information and Communication | 24,942 | 22,679 | 22,093 | -2.6 |
| Financial and Insurance Activities | 63,713 | 66,058 | 74,849 | 13.3 |
| Real Estate Activities | 58,105 | 75,626 | 90,987 | 20.3 |
| Professional, Scientific and Technical Activities | 4,523 | 5,402 | 5,672 | 5.0 |
| Administrative and Support Service Activities | 1,555 | 3,772 | 4,074 | 8.0 |
| Public Administration; Activities Of Households and of Extraterritorial Organisations | np | np | np | - |
| Education | np | np | np | - |
| Human Health and Social Work Activities | 1,778 | 3,657 | 4,642 | 26.9 |
| Arts, Entertainment and Recreation | np | np | np | - |
| Other Service Activities | np | 303 | np | - |
| Unallocated | 80,489 | 84,999 | 97,678 | 14.9 |
| Total | 736,028 | 797,094 | 849,098 | 6.5 |