



Inquiry into Austrade's Role in Attracting Investment in Australia Submission



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1.0 Introduction

Tourism Accommodation Australia (TAA) welcomes the opportunity to make a submission to the Joint Standing Committee on Trade and Investment Growth inquiry into *the role that the Australian Trade and Investment Commission (Austrade) has in attracting investment to Australian businesses.*

A core purpose of Austrade is to strengthen Australia's tourism industry and TAA's submission will focus on that purpose. In particular, our response will review Austrade's current role and the resources and organisational partnerships that are central to achieving outcomes that strengthen investment in the Australian tourism industry.

TAA represents the needs and interests of the major hotels, motels and serviced apartments in Australia's accommodation sector. In 2016–17, GDP from tourism increased 6.1% (or \$3.2 billion), to reach a record of \$55.3 billion in nominal terms.¹ The accommodation sector is a dominant player in the tourism industry and in terms of GVA \$8 billion was directly contributed and more than 88,800 people are directly employed and 101,900 indirectly employed in the sector.² This figure will continue to increase with the industry going through a rapid period of growth.

2.0 The role of Austrade

The tourism industry is in an unprecedented period of growth and has been identified as one of the super-growth sectors of Australia's transitioning economy. An important part of continuing this growth is through driving investment in tourism infrastructure.

Sustainable investment in accommodation supply is necessary if the tourism industry is to continue to support growth targets for both leisure and business visitors. As both a property asset and an operating business, accommodation investment is higher risk than other land uses such as residential or commercial. Despite this, sustained investment in new accommodation is vital to grow the contribution, employment and capacity of Australia's visitor economy. For Australia to remain a preferred location for hotels and other major developments, we support Austrade's commitment to efficient and commercially-focused planning and approval systems, identified in the recommendations of the *Urbis Hotel Development Regulations in Australia* report.³

Austrade has played an important role in attracting foreign direct investment (FDI) to ensure that Australia delivers quality tourism experiences to meet visitor expectations. Their role is essential in the development of offshore investor relations and international market intelligence as well as onshore policy coordination and research.

However, critical to achieving outcomes is the need for Austrade to have in place effective *organisational partnerships, resourcing and measurement of outcomes.*

¹ Tourism Research Australia, *State of the Industry 2016-17*, https://www.tra.gov.au/tra/soi/2017/TRA_State%20of%20the%20Industry%202017.pdf.

² Australian Bureau of Statistics, 2017, *Tourism Satellite Account 2016-17* and AEC Group, 2017, *Economic Contribution of the Tourism Accommodation Sector in Australia*.

³ Urbis, *Hotel Development Regulations in Australia*, May 2015, <https://www.austrade.gov.au/Australian/Tourism/Policy-and-Strategy/Infrastructure-and-Investment/Regulatory-Reform/regulatory-reform>, 5. Potential Reform Options, pp 45-54.



These three areas are addressed in this submission and recommendations are provided as to how Austrade can more effectively continue to assist the Australian tourism industry to attract investment.

3.0 Organisational Partnerships

3.1 Austrade as a Leader in International Investment Attraction

Central to the achievement of investment outcomes is the *Australian Tourism Investment Attraction Partnership* (the Partnership) with Tourism Australia, which was formalised in a 2012 agreement. Key areas of the partnership with Tourism Australia, include: raising awareness of Australia as an attractive place to invest through tourism infrastructure investment promotion, attraction and facilitation; providing key intelligence insights for both the international and domestic visitor markets (Tourism Research Australia); and working with States and Territories to remove potential barriers to investment opportunities.

Whilst States and Territories have an important role to play in identifying investment opportunities, providing transport and public facility upgrades and positioning to attract investment, the ability to harness international as opposed to domestic investment capital is a key remit of Austrade.

We note that the *Tourism Major Project Facilitation* (TMPF) service was developed to assist proponents of significant tourism investments, particularly through providing case managers who work closely with State and Territory Government agencies to streamline the different regulatory requirements around investment. However, while TMPF is responsive to investor interest, it does not appear to be proactive in developing market-ready projects to promote to investors, nor does it appear to be actively promoted to potential investors.

Recommendation 1:

Austrade's role is contingent on working effectively with Tourism Australia and the States and Territories to complement each other. The formal nature of the Partnership is critical in driving co-ordination and outcomes and could be beneficial if extended to the States and Territories.

Recommendation 2:

We recommend that TMPF becomes a more proactive mechanism to encourage investor interest.

4.0 Resources

4.1 Structure

The team in Austrade driving investment in tourism infrastructure in Australia includes investment specialists and case managers (through the TMPF) to help projects come to fruition. Information requests are coordinated and site visits are organised through onshore Austrade offices.

The overseas Austrade offices collect market intelligence and seek out potential investors, as well as respond to requests for information generated by investors. This points to the importance of the establishment of a nation brand for Australia in ensuring consistency of brand and market positioning of Australia in the international market. These offices provide a point of contact in overseas markets for investment enquiries and assistance.



Austrade and Tourism Australia are also active in being represented at international hotel investment conferences. Feedback from hotel investors is that this is very effective in highlighting that Australia is open for business and 'willing to make things happen', however there is a need for 'market-ready development projects' to be actively promoted, potentially with a launch event outlining various opportunities for foreign investors.

Recommendation 3:

We support the establishment of a nation brand for Australia in synergy with Tourism Australia to ensure consistency of brand and market positioning in the international market.

Recommendation 4:

To continue representation at hotel investment conferences and become more proactive in presenting 'market-ready development projects' and securing interest.

4.2 Facilitation of Projects - Regional investment

Programs such as the partnership's *Regional Tourism Infrastructure Investment Attraction Strategy 2016 – 2021* are important in facilitating regional investment, though there are concerns about it being implemented within existing budget and resources.

Investor visit to South Australia

A significant regional tourism infrastructure investor familiarisation pursuit was undertaken by Austrade in collaboration with Tourism Australia and the South Australian Tourism Commission. The collaboration of bodies co-hosted an investor visitor program with four investors from Taiwan and Hong Kong to identify investment opportunities in tourism infrastructure in South Australia. The visit provided feedback about investor appetite and raised Austrade's profile in facilitating productive foreign direct investment in the tourism sector.

Recommendation 5:

To be effective we would like to see commitment via resources to enable not just the promotion of regional areas, but the identification of projects and the development of market feasibilities.

5.0 Measuring outcomes

5.1 Encouraging Investment – Importance of Data

To retain its attractiveness as a tourism destination Australia requires investment in tourism infrastructure to meet growing demand. Underpinning this is the need for data investment. Investing in data will ensure benchmarking can be completed, and will paint a full image of the Australian tourism industry, enabling funds and resources to go to where they are most needed. As stated in the *Annual Report 2017-18*, Austrade measures its performance in strengthening Australia's tourism industry by using the top-line measure of overnight visitor expenditure.⁴

⁴ Austrade, *Annual Report 2017-18*, <https://www.austrade.gov.au/About/Corporate-Information/AnnualReport>, p 28.



Data comes through several sources, to name a few: Tourism Research Australia, Australian Bureau of Statistics, and Tourism Australia's "Data Room." With the cessation of the ABS *Accommodation Survey* there was a gap in the provision of data, particularly for regional areas. Regional data is essential in terms of providing investment certainty. TAA welcomed the appointment of STR to produce the *Australian Accommodation Monitor* (AAM). With only two years of funding we need to ensure that the AAM is sustainable and continues to have government support. Another important dataset would be to conduct an audit of key areas for international visitation so that these areas can have resources expedited in order to remain competitive.

The engagement of Data61 by Austrade to investigate alternative data sources is a welcome development. TAA supports the dual-path approach and would like to see existing tourism data strengthened whilst being complemented by additional alternative data sources that will improve key tourism metrics.

Recommendation 6:

As Austrade (and the wider tourism industry) rely on data for investment, we support measures to improve data collection, including creating new datasets as well as improving the quality of existing datasets.

6.0 Conclusion

As outlined above, Austrade's work in partnership with Tourism Australia has been important in raising awareness of tourism investment opportunities in Australia and in driving investment interest.

Our submission has highlighted the importance of Austrade in providing facilitation of projects across different levels of government, in particular by identifying and overcoming investment barriers (such as providing assistance for developers to navigate the regulatory environment) in order to attract much needed development, particularly in regional areas.

However, we note from investor feedback that Austrade could be more proactive in working with States and Territories to develop market-ready proposals and to promote the proposals together with their TMPF services to potential investors.

We also point to the importance of independent, robust data to support investment decisions.

In conclusion, TAA believes that the work of Austrade's tourism investment arm has been vital to meeting our 2020 tourism investment targets and we would recommend the continuation of this role beyond 2020, albeit with more focus around specific projects.