

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

23 November 2018

Inquiry into the role of Austrade

The Queensland Tourism Industry Council (QTIC) welcomes the opportunity to respond to the inquiry into the role of Austrade in attracting investment to Australian businesses.

QTIC is the state's peak body for tourism in Queensland and represents the interests of the tourism industry. QTIC is an independent membership-based organisation with more than 3,000 members, operating in all sectors of the tourism industry, including business operators, Regional Tourism Organisations (RTOs), sector associations and education providers.

The tourism industry in Queensland contributed \$25.0 billion to Queensland's Gross State Product (GSP), representing 7.8% of total GSP (Tourism Research Australia, 2016-17). Tourism generated \$7.4 billion in export earnings, year ending June 2017, making it one of the state's largest export industries accounting for 11.1% of total Queensland exports. The tourism industry consists of over 54,000 businesses across Queensland; nine out of ten of these businesses are small to medium enterprises.

Austrade plays an important role in driving investment to Australia through its international offices. These offices offer unique market insight and facilitate important connections that drive investment. Through Austrade, potential investors are provided with market insight and key introductions which assist in the growth of Queensland's economy. Through strong relationships with key stakeholders, Austrade is able to work with key stakeholders to reach shared objectives for the economic growth of Australia. The role of Austrade is an integral one in creating connections and growing onshore investment.

For the tourism industry in Queensland, benefits of Austrade's work include the assistance in development across regional centres, for example the Cairns Aquarium – a case study of the positive impact of this project is attached. Major attraction development and resort developments facilitated by Austrade assist in growing tourism infrastructure in regions, this in turn leads to additional economic benefits to regions, including increased visitor spend, increased job opportunities and increased contribution to the economy through tourism's supply chain. Austrade offers project proponents not only practical support for developments but also relationship support as well.

For Cairns Aquarium, significant value was obtained from Austrade through the practical demonstration of Federal Government support for the project. The Austrade contact person assigned to this program was able to assist in negotiating legislative hurdles at local, state and federal levels, assist in providing

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letters of support for a significant number of grant applications and working with the business development team in ensuring the development was successful.

A core challenge for Austrade are the budget constraints placed on the body and the change of priorities with shifting political demands. Due to government pressures, Austrade appears to adjust resource allocation between international and domestic activities, causing increasing pressures. Research indicates that Austrade's effectiveness depends on the closeness of the working relationship between government and organisations' leadership. The most important value-add comes from the way Austrade can use its insights and contacts to advance Australia's commercial interests. This depends in large measure on having access to governments and business contacts overseas and having the confidence of the government of the day in Australia: a supportive government provides more latitude to managers and promotes more funding opportunities¹.

The Tourism Major Project Facilitation program is important for the tourism industry, especially in lieu of any other Federal Government programs that support large scale developments that drive Australia's tourism competitiveness. The Tourism Demand Driving Infrastructure program used to offer some additional support for tourism operators looking to drive growth, however in not renewing this funding stream, there is now a gap for support across the tourism industry. As such, Austrade will play an increasing role in the provision of a positive funding environment for regional tourism and is a demonstration of government recognition of the importance of the industry.

Based on this review, QTIC advocates for additional funding to be provided to Austrade to provide more resources to the Tourism Major Project Facilitation program, especially within regional Queensland. Furthermore, QTIC supports an increase to major tourism infrastructure grant programs from the Federal Government to support an industry that provides, and will continue to provide, a significant contribution to regional and capital cities' economies.

For all enquiries regarding the points raised in this letter, please contact me or the QTIC Policy Team on (07) 3236 1445 or email policy@qtic.com.au.

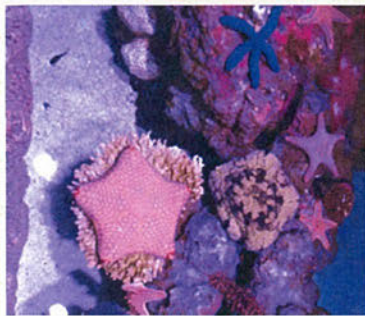
Kind regards

Daniel Gschwind
Chief Executive

¹ Mascitelli, B & Chung, M. (2017). Survival at the Intersection of Government and Business: The Unique Case of the Australian Trade and Investment Commission (Austrade). *Australian Journal of Public Administration*. 77 (3).



NEW AQUARIUM LOOKING TO TAP INTO CAIRNS TOURISM GROWTH



Occupancy rates in Cairns and Port Douglas are expected to increase from the 68.2% recorded in 2016 to almost 76% by 2019*, bringing even more visitors to the region. On top of this, more than \$500 million is being invested in four major hotels that will open in Cairns by 2020.

*Source: Hotel Futures 2017 – Dransfield Hotels & Resorts.

The Cairns region attracts more than five million visitors annually (generating \$3.2 billion for the local economy). The new Cairns Aquarium is providing a further boost to this growing region.

Cairns Aquarium is the latest in a series of major developments helping to stimulate tourism growth in Tropical North Queensland.

The \$54 million, 7800 square metre centre – which opened in September 2017 – hopes to attract more than 700,000 visitors each year to the region, generating \$20 million in annual revenue.

The Cairns Aquarium and Reef Research Centre (operating as Cairns Aquarium) was conceived and developed by entrepreneurs Daniel Leipnik and Andrew Preston, after what Daniel describes as a 'bizarre encounter' with tourists in 2011.

"We were on an island in the Great Barrier Reef watching a large group of international tourists who seemed uncomfortable to go into the water. Instead, they enjoyed the amazing marine life from the shoreline," he says.

"It made me think there was a real need for an attraction that would allow them to enjoy the wonders of the reef up close and undercover – essentially bringing the reef to the CBD of Cairns."

The first new aquarium built in Australia since 2000, Cairns Aquarium features more than 15,000 aquatic animals, fish, plants and other organisms – housed in 71 live exhibits across 10 life-like viewing habitats.

"It's the only one of its kind in the world to showcase the biodiversity of Tropical North Queensland's rainforest and marine life," Daniel says. "On display is critically endangered or rarely seen species unique

to the region such as freshwater sawfish, freshwater whiprays, Jardine river painted turtles, olive sea snakes and also hard and soft corals from coastal inshore lagoons and the outer reef. That's what sets us apart from other aquariums. You won't see this collection anywhere else."

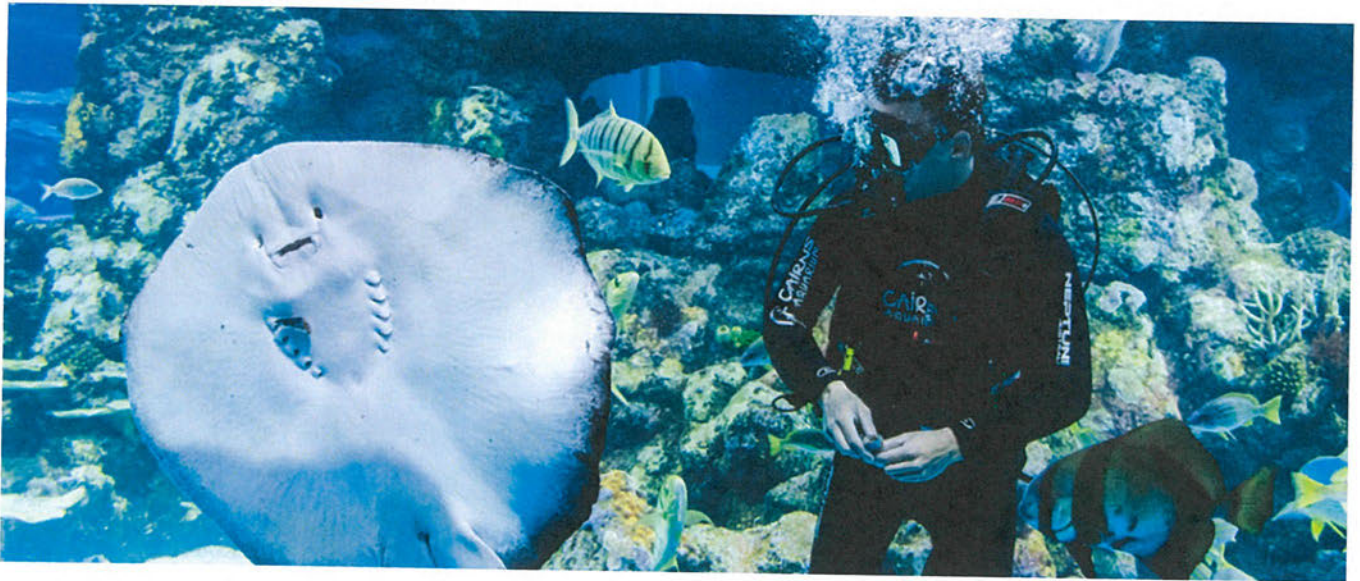
A real crowd pleaser is Australia's first "Deep Reef" observation habitat, a 300,000 litre, 10-metre high exhibit which showcases the diversity of marine life that lives over the reef's edge and beyond the reef "drop off". This is a habitat that, on the reef's edge, even experienced divers won't see.

There is also a 1.8 million litre Coral Sea habitat which features an underwater tunnel, main viewing panel and 360 degree panoramic views of the open ocean's predatory fish, rays, and sharks.

The Aquarium's 220-seat Aqualuna restaurant features a 13.5 metre, 70,000 litre tank with black tipped reef sharks and other colourful species.

Described as a 'blend of education, entertainment, conservation and research', the Aquarium sits on the site of a former carpark in the centre of Cairns.

It is already one of the city's top attractions, averaging 1200 visitors every day. These numbers are expected to grow significantly during the busy months of June and July, tapping into the strong growth that Cairns is experiencing, with forecasts indicating that this trend will continue.



Government played a key role

Daniel says the ambitious project would not have been possible without extensive government support, including “invaluable” assistance from the Australian Trade Commission’s Tourism Major Project Facilitation (TMPF) service.

This service provides major tourism developers with a central contact person in the Australian Government to help guide them through government approvals processes in a streamlined and efficient manner. The Cairns Aquarium was the first completed commercial project supported by the TMPF.

“Our TMPF representative helped streamline the approvals process through government by essentially acting as a referee for the project – verifying our credentials to all three tiers of government,” says Daniel, who also runs a manufacturing business in Melbourne.

“We were actively involved with government at all stages of project development and construction, so this service was a very important one.”

Daniel says the project was not without its problems. “It was sheer persistence that made it happen.”

The first plans were drawn up in 2013, with the two-year construction program commencing in late 2015.

Daniel says getting the project over the line involved creating a 300-page business plan, preparing numerous reports and submissions, and overcoming many environmental and financing hurdles.

Funding came from a mix of Australian and international financiers, personal funds, and \$6.8 million in government grants. This included a \$250,000 grant from the Federal Government’s Tourism Industry Regional Development Fund (TIRF) towards the very first Concept and Schematic stage, which cost \$750,000.

“This grant was our first and really gave us the confidence to continue,” says Daniel. “This, and the support of the TMPF, made the process so much easier.”

“Government support for a project like ours is a perfect trigger for investment and makes a huge difference when you are looking to attract partners and financiers.” Daniel Leipnik, co-founder, Cairns Aquarium

Huge support from the local community

When construction on the Aquarium began in late 2015, the project’s tower crane was the first seen on the Cairns skyline on a private project in 10 years.

More than 600 new jobs were created (130 of those now permanent) giving the region a major confidence boost.

While most of the attraction’s revenue from ticket sales is forecast to come from interstate and intrastate visitors, international visitation from China and Japan will comprise the largest growth potential over the coming years due to the rapid growth of Chinese visitors to Cairns. However, the local community is also highly supportive. “The locals recognise my business partner and I from the media and are still coming up and congratulating us on what we have achieved,” Daniel says. “So far, we have sold more than 25,000 annual passes – out of a population of 170,000 – which is pretty impressive. It shows the locals are keen to keep visiting.”

Daniel says engaging with other local businesses is also key to the Aquarium’s success.

“We have established strong relationships with local hotels, cruise ship companies and other key tourist operators in the region,” he says. “They help us sell tickets and promote Tropical North Queensland in general.”





A sense of 'relief'

Daniel says his primary emotion the day the aquarium opened – six years after it was first conceived – was 'relief'.

"It was an amazing feeling, an incredible sense of achievement and joy," he says. "We are sharing the wonders of nature with a new generation and that's very important to us."

As well as its aquatic displays, Cairns Aquarium also has a research centre which undertakes work on coral conservation, in partnership with universities and other research institutes.

"We are committed to developing and implementing policies, partnerships, initiatives and programs that integrate environmentally conscious practices into the Aquarium's daily operations and convey a fundamental message of conservation," Daniel says.

"We are also looking at sharing our aquaculture and marine expertise and becoming involved in breeding, live exports and coral propagation. This is natural path for us. It will create another income stream and open up tremendous opportunities for us internationally."

"It sounds simple, but it's true: cities with more attractions attract more people. Families want to know what there is to do in an area before committing to go there. We are giving them something special to see." Daniel Leipnik, co-founder, Cairns Aquarium

More information: www.cairnsaquarium.com.au

ABOUT TOURISM AUSTRALIA AND AUSTRADE

Tourism Australia and Austrade formed an investment promotion partnership in response to the national long-term tourism strategy, Tourism 2020, which involves the Australian and state and territory governments working with industry to double overnight visitor expenditure to over A\$115 billion by 2020. The partnership demonstrates the Australian Government's commitment to making the process of investment easier by removing barriers and making information and insight on Australian tourism opportunities more readily available to interested investors.

Disclaimer

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