



Submission No 4

Inquiry into Australia's Overseas Representation

Organisation: Department of Resources, Energy and Tourism
GPO Box 1564
Canberra ACT 2601

OFFICE OF THE SECRETARY



Australian Government
**Department of Resources,
Energy and Tourism**

51 Allara Street, Canberra City ACT 2601
GPO Box 1564, Canberra ACT 2601
Phone (02) 6276 1000
www.ret.gov.au

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The Secretary
Joint Standing Committee on Foreign Affairs, Defence and Trade
Parliament House
CANBERRA ACT 2600

Dear Secretary

Thank you for your letter of 17 October 2011 inviting the Department of Resources, Energy and Tourism to respond to the Joint Standing Committee on Foreign Affairs, Defence and Trade's inquiry into Australia's overseas representation.

I want to highlight the importance of Australia's representation overseas and in particular, its crucial role in assisting the Department to carry out its mission of enhancing Australia's prosperity.

In this submission, I provide an overview of the Department and the significance of the resources, energy and tourism sectors to the Australian economy and then address each of the terms of reference.

Departmental overview

This Department provides advice and policy support to the Australian Government on Australia's resources, energy and tourism sectors. It develops and delivers policies to increase Australia's international competitiveness (consistent with the principles of environmental responsibility and sustainable development). Therefore, the Department's work is linked to increasingly interconnected global and regional geopolitical, economic and commercial settings.

The nature of the resources, energy and tourism sectors means that long-term sustainable relationships are critical to Australia's continued economic performance in these sectors. This is highlighted by the fact that export earnings from resources reached a record \$175 billion in 2010-11, that is 59 per cent of our total national export earnings. Tourism generated around \$25 billion in exports in 2010-11 and the sector employed more than half a million Australians. Equally important is attracting inbound investment for these sectors. In 2011-12, \$150 billion in potential new resources and energy capital expenditure is expected, a significant proportion of which will come from the overseas market. Australia's tourism industry is also looking to attract much needed investment and this is reflected as one of the prime action areas identified in the Australian Government's National Long Term Tourism Strategy.

Diplomatic posts' activities

Given the nature of resource, energy and tourism trade, it is important for Australia to maintain a presence internationally. The Department makes significant use of Australia's existing overseas representation to support ministerial and senior official-level visits. The Department also relies heavily on posts to represent it at multilateral and bilateral meetings. Posts lobby other governments on our behalf on key issues (such as clean energy, aviation taxation) that potentially affect Australia's resources, energy and tourism sectors to further advance and protect Australian interests.

Those networks, including Departmental representatives at posts in Beijing (one locally engaged staff), New Delhi (one A-based Counsellor), Tokyo (a shared Counsellor position with the Department of Foreign Affairs and Trade), and Paris (half a locally engaged staff) facilitate increased tourism, trade and investment flows, and collaboration on a range of low emission and renewable energy technologies. For example, Australia's overseas representatives have been essential in exporting Australia's world leading knowledge and expertise in government policy sustainable development; economic and environmental management; and governance and safety for the resources, energy and tourism sectors.

The Department's portfolio is also represented in important international tourism markets in Canada, China, Germany, Hong Kong, India, Japan, Korea, Malaysia, New Zealand, Singapore, the UK and the USA. In promoting Australia as a tourism destination, Tourism Australia's international representatives regularly collaborate with Australia's overseas representatives, particularly in identifying joint tourism and educational promotional opportunities. These relationships are essential in the successful and cost effective marketing of Australia as a destination.

Level of representation

Australia's overseas representatives can play a central role in ensuring the international community has a good understanding of Australian resources, energy and tourism policies and implications of those policies for research, trade and investment.

To capitalise on the opportunities, especially given the increasing engagement of Australia in the Asia-Pacific region we need to strengthen Australia's resources, energy and tourism representation overseas.

The international landscape on resource and energy issues continues to change rapidly. While Australia needs to maintain and continue to develop its export markets, it also needs to engage with competitor countries on broader resource and energy issues and global initiatives (such as clean energy, sustainable development).

Similarly, major growth in international visits to Australia is forecast, with arrivals from China forecast to reach 958,000 and arrivals from India forecast to reach 315,000 by 2020. Continued and enhanced on-the-ground engagement is essential to ensure this potential is reached. It is important to note that engagement relies heavily on people-to-people links.

As the Department has such limited direct representation overseas, it relies heavily on other Australian representatives, in China, Japan, Republic of Korea, the United States, India and in new and emerging markets — Africa, Latin America, Mongolia, the Russian Federation and Southeast Asia — also provide considerable opportunities to expand Australia's resources, energy and tourism sectors. One consequence of Australia's standing as a leading and successful economy is that many of these emerging markets turn to Australia for advice and policy guidance relating to governance, sustainable development, environmental and economic management and safety.

Some of those countries also have the potential to become major competitors to Australia, although not necessarily targeting the same markets (for example, African resources would likely be destined for Europe). This makes the collection of market and policy intelligence and Australian representation overseas even more important if we are to maintain the front foot, maintain, and grow our market share.

Demands on the departments expertise in resource and energy issues has increased significantly. In many instances, greater efficiencies could be achieved through direct representation on resource and energy, rather than going through multiple diplomatic channels.

E-diplomacy

The Department agrees with the position put forward by the Lowy Institute in its November 2010 report *A Digital DFAT: Joining the 21st Century*, in that maximum use should be made of technology to further Australia's interests overseas. I must stress, however, that e-diplomacy should be used to support, not supplant, Australia's presence overseas. As I have touched on earlier, people-to-people links are vital to our portfolio's successful conduct of its mission.

Conclusion

To ensure that Australia can continue to realise the benefits that arise from our resources, energy and tourism markets, we must maintain Australia's place as a stable and reliable provider of high quality goods and services. Doing so relies on the promotion of Australia overseas.

Recommendation

Given the contribution of the resources, energy and tourism sectors to growth in the Australian economy and the potential impact of international developments on this contribution, I recommend an increase in Australia's overseas representation, particularly on resource, energy and tourism issues.

Yours sincerely

Drew Clarke