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HD Corporate: Tourism Australia gears up to attract investments

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WC 940 words

PD 26 May 2014

SN [The Edge Malaysia \(Weekly\)](#)

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LA English

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LP Even as foreign investors snap up hotels from Sydney to Brisbane, [Tourism Australia](#) (TA), which received a boost in its budget recently, aims to attract more foreign tourism investments.

TA is looking for more businesses to invest in Australia, whether it is in hotels or other kinds of tourist attractions, country manager for Malaysia Elaine Leong tells The Edge at the Australian Tourism Exchange (ATE).

TD The Australian government decided to increase funding for TA despite recommendations by a report by the National Commission of Audit to slash its budget by 50%.

At a press conference during the ATE in Cairns, Queensland recently, Australian Trade and Investment Minister Andrew Robb said, "We want to reduce public spending by the government and replace it with robust growth in the private sector. We are looking to live within our means as a government so we can generate private sector spending."

He added that the government is increasing the budget for TA because it sees the agency as one of the "drivers of prosperity".

"You will see funding go into infrastructures such as [the construction of] the second airport in Sydney."

To attract more visitors to the country, the Australian authority has lifted the night-time curfew in Brisbane airport, "because we want more flexibility and more aircraft flying in", Robb explained.

While he did not say how much TA's budget will be increased by, Robb revealed that an extra A\$50 million (RM148.5 million) will be pumped into a grant scheme that will help small operators sell themselves in the international markets.

In May 2012, TA inked a five-year partnership with the [Australian Trade Commission](#) to jointly promote investment opportunities in the country's tourism industry to foreign and local investors.

Their efforts seem to be paying off. This month, Singapore-based [Frasers Centrepoint Ltd](#) acquired the Sofitel Sydney Wentworth hotel for A\$202.7 million.

This major acquisition followed China-based Fu Wah International Group's acquisition of Park Hyatt hotel in Melbourne for A\$135 million in January.

Last year, South Korean investment firm Mirae Asset Global Investments bought Sydney's Four Seasons Hotel for A\$340 million.

Last November, Tan Sri Tony Fernandes' Tune Hotel opened its first hotel in Melbourne.

In 2012, Malaysia-based [YTL Corp Bhd's Starhill REIT](#) acquired the Marriott portfolio for A\$415 million. The three Marriott hotels are located in Sydney, Brisbane and Melbourne.

Hong Kong-listed Shangri-La Asia Ltd, majority owned by Malaysia's Kuok family, acquired Shangri-La Hotel in Sydney for A\$352.4 million in the same year.

Offshore investors accounted for almost 90% of hotel acquisitions in Australia last year, according to the "Hotel Investment Market" report by commercial real estate services provider CBRE Australia.

It says 51 properties worth a total of A\$1.85 billion changed hands last year and of this, A\$1.65 billion were paid by foreign buyers.

In a report titled "2020 Tourism Industry Potential" by TA, the agency says it aims to double its overnight expenditure from A\$70 billion in 2009 to A\$140 billion in 2020, and increase the sector's contribution to GDP from 2.6% in 2009 to 3% in 2020.

To meet its target, TA says the country will need up to 70,000 rooms while its international aviation capacity will need to grow by between 40% and 50% and domestic aviation capacity by 23% to 30%.

There were 6.4 million international visitors to Australia last year, a 5.8% increase compared with 2012. The average trip spend in Australia in 2013 was A\$4,897, according to TA.

"We expect to see the tourism sector increase by 45% by 2020 in terms of revenue and number of visitors," Robb said.

Queensland's Minister for Tourism, Major Events, Small Business and the Commonwealth Games Jann Stuckey says since the establishment of the state's Tourism Investment Attraction Unit in March 2012, it has been approached by more than 120 investors. The unit collaborates with TA to promote and facilitate private investments in Queensland.

Proposals such as the Ella Bay Integrated Resort and Cairns Aquarium & Reef Research Centre in Queensland have been put forward by Australian parties to attract foreign investors.

On efforts to attract visitors and potential investors, Stuckey says, "There is some money that has been designated to the Attracting Aviation Investment unit to engage with new routes and expand existing ones.

"We have set a goal to double overnight visitor expenditure from A\$15 billion to A\$30 billion by 2020. As long as we keep going like this, we will be on track," Stuckey says, adding that Queensland's Gold Coast, whose key industry is tourism, had seen a double-digit growth in visitors in January.

The state attracts more than 18 million domestic and international overnight visitors each year, with a collective spend of A\$17.7 billion.

Meanwhile, TA expects visitor arrivals from Malaysia to increase 11% in 2013/14 and 6% in 2014/15, with a compound annual growth rate of 7% expected until 2017/18.

Last year, Malaysia was Australia's 7th largest inbound market for visitor arrivals, the ninth largest for total expenditure and 12th largest for visitor nights. It was the 17th largest market for total dispersed nights in 2013.

International arrivals from Malaysia grew 13.2% to 278,100 visitors last year, with a total spend of A\$900 million.

According to TA, tourism receipts from the Malaysian market could grow to A\$2.5 billion per annum by 2020.

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AN Document EDGEWK0020140528ea5q0000f