



COMMITTEE FOR GEELONG

**INQUIRY INTO THE OPPORTUNITIES FOR INCREASING
EXPORTS OF GOODS AND SERVICES FROM REGIONAL
VICTORIA**

SUBMISSION

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1. Introduction

The Committee for Geelong (CfG) is pleased to lodge a submission to the Inquiry into the Opportunities for Increasing Exports of Goods and Services from Regional Victoria.

The CfG is an independent group of member organisations, working together to leverage the economic potential of the Geelong region. The CfG works to achieve the best long-term outcomes for the region, enabling Geelong to become a world-class city. With over 135 members including business, education, health, local government, non-government and community organisations the CfG is often in the position to do what other interest groups are not. Over the past ten years, the CfG has influenced significant economic and social outcomes in the region.

The CfG encouraged its members to contribute their knowledge of exports to this submission by asking them to consider the following questions that were listed on the submission invitation.

- What do you export from regional Victoria and in what quantities?
- What competitive advantages do you have as a regional Victorian exporter in international markets?
- What are your success stories as a regional Victorian exporter?
- What difficulties do you face as an existing or potential exporter?
- What can the State Government do to support exporters?

2. Export of Goods

Many members of the CfG are well established in the business of exporting goods overseas and we provide the following feedback on their behalf.

2.1 Quantity of Exports

Large quantities of goods are being exported by CfG members every year. One CfG member exports 5-7 million dollars of small arms sporting ammunition per annum. Another CfG member exports olive oil from Victoria, their exports are currently sitting at 30% of their crop. In 2014 their crop was 13.5 million litres. These are just two examples of the large quantities of regional Victorian exports.

2.1. Advantages

CfG members experience quite a few advantages when exporting goods from regional Victoria. These include:

- Operational processes that allow for high quality, repeatable products.
- Alternate harvest times for produce between the northern and southern hemispheres.
- CfG members can strongly advocate the quality of their products, procedures and facilities.
- Winning multiple awards on the international stage for producing bulk commercial quantities of their product has given one CfG member advantages over its overseas competitors.
- Not only the products, but the key staff of CfG members are held in high regard as experts in their fields. One member in particular gives training sessions and lectures at symposiums around the world.

2.2. Successes

Hard work over many years has led CfG members to many successes. Some examples include:

- One CfG member has reached its 25th year of exporting to Japan, NZ, Europe, USA and Asia.
- An export of components to the USA to meet the market demand for a CfG member's parent company resulted in 12 months employment for 8 people.
- Scrap lead from car batteries being converted to lead projectiles and exported for use in the manufacturing of products in the USA is another great success story from a CfG member.
- Success in penetrating new markets such as China with a premium quality product that costs an average of 30% more than a lower quality European product.
- Considerable increase in exports of a CfG member's product to China over past ten years.
- Successfully educating customers on quality difference between cheaper alternatives from Europe and CfG member's product. Sales have risen as a result of customers now searching for the best product available.

2.3. Disadvantages

CfG members from regional Victoria experience difficulties with exporting goods. Some examples include:

- The variation in exchange rate can have adverse effects on exports.
- A CfG member that exports faces a lot of red tape with shipping goods classified as dangerous.
- An 'uneven playing field' in some markets have left some CfG member exporters disadvantaged.
- One CfG member considers the high cost of wages and on costs in Australia compared to overseas competitors a disadvantage.
- The increase of regulations can add costs that leave CfG member exporters disadvantaged to their overseas competitors.
- The increased cost of shipping.
- Inconsistency and misunderstandings on different countries legislation and regulations on using chemicals such as DEHP in the packaging of products can make exporting to countries like China quite difficult.

2.4. State Government Support

CfG members have suggested many ways that the Victorian Government could provide support to increase or create new opportunities in exports. These include:

- Assisting exporters of food products in obtaining clear documentation from the Chinese Government that determines their position on the use of DEHP in packaging. One CfG member suggested that the State Government could work with authorities such as Chinese Inspection and Quarantine Services (CIQ) in China to provide exporters with a voice so a resolution can be found for issues such as the DEHP.
- Continue to assist exporters with trade missions, business matching meetings and introductions to new markets. This could be done by bringing quality buyers to Victoria where they can inspect operations and be educated on how well regional Victorian exporters can service their customer's needs.
- Encourage Victorians to buy locally made products.
- Be proactive in supporting claims for duty reduction.

3. Export of Arts

CfG draws particular attention to the opportunity of increasing the export of arts from regional Victoria. CfG understands that Austrade has recently acknowledged this as a growing industry and have added a 'creative industries' section on their website with the major export of music going to Japan.

3.1. Quantity of Exports

International exports of arts is a significant market, one CfG member in particular has the following quantities of international exports:

- 2-4 international tours annually, comprising of 10-15 weeks of international touring annually.
- Income from international touring raises \$300,000 - \$500,000 for the company annually.
- The income from the international touring comprises between 35 - 55% of this CfG member's annual income.

The CfG considers that huge quantities of arts are exported from regional Victoria. For example, a music group touring from regional Victoria to Darwin could be classed as an export. Additionally, a Geelong company designing for a company in NSW could also be considered an export.

3.2. Advantages

CfG member's art exports are thriving and add incredible culture to diplomatic and trade missions. Some examples include:

- One CfG member's position as an ongoing professional theatre company in Geelong shows that work of national significance can be generated outside of the usual cultural epicentres. It also shows that stories that are meaningful locally resonate within national and international arenas.
- This theatre is one of Australia's best-known theatre exports commanding the respect of audiences, critics and peers worldwide.

3.3. Successes

Visual artists and musicians from the Geelong region are achieving a great deal. The following examples are provided:

- A CfG member's company participates in, and presents at, symposiums and conferences around the world.
- One CfG member has presented its work in 64 cities in 16 countries, undertaking 1020 community residencies and workshops worldwide.
- This CfG member has also been the recipient of 15 national and international awards for its work.
- The Arts turnover has increased significantly in the last ten years with one Geelong Company increasing from a turnover of \$424,042 in 2004 to a projected turnover of \$1,526,160 in 2014. This CfG member commented that the growth is directly attributed to the international success.

3.4. Disadvantages

CfG members exporting Arts face similar difficulties to those exporting goods. For example:

- Freight costs and airfares to and from Australia are very expensive. This means that a certain degree of export support – for international touring costs - is required. Historically, the Victorian State government has been very supportive in this regard, even leading the way nationally on this front.
- The lack of bilateral tax and social security treaties between some countries makes touring to some countries difficult and / or prohibitively expensive.

- One CfG member has the skills and space to develop shows to send out on touring circuit but does not have programming or investment funds.

3.5. State Government Support

The Victorian State Government, via Arts Victoria, has recently determined that arts organisations in receipt of multi-year funding, however modest, are not eligible to apply for project grants for export and touring. This will seriously limit the capacity of regional art companies to export high quality artistic practice around the world, showcasing Victoria as a centre for creative innovation and excellence.

4. Infrastructure for Exporting

CfG highlights the need for further support of Avalon Airport to provide opportunities for exporting from Melbourne and Western Victoria. This support includes a rail link, a level playing field with Tullamarine Airport and assistance with the realisation of the Avalon Airport master plan.

Avalon Airport is ideal because it is not crowded and can do freight any time of the day or night due to being curfew-free. To have a second airport of this nature in Victoria is a true advantage to the State, and many are now seeing Avalon's potential as an increasingly important aviation hub.

There is enormous opportunity to export from Avalon Airport and, in particular, fresh milk to China. If this idea was realised, it would be the first time it has ever been done. Avalon could potentially take 100,000 litres of milk at a time into China. There could be three flights a day equating to 300, 000 litres a day going into China. This would certainly be a boost for local farmers. The fresh milk would be the sort available in supermarkets. It would be a premium export product, and therefore not subject to price issues.

However, international quarantine rules have, in the past, been a blocker for this type of exporting through Avalon Airport. The State Government has been reasonably supportive in assisting the airport with the border agencies but, if greater assistance could be provided, it would give enormous opportunity for the State of Victoria.

In addition, Avalon airport is currently conducting a study to export live cattle and horses, and this report is due in June. If this idea was realised, this could boost Avalon's freight and export capability, and provide a big advantage to the State of Victoria.

Given all of these prospects, the CfG believes that the State Government could do more to assist Avalon Airport to ensure it continues to grow and secure future exporting opportunities for regional Victoria.

5. Conclusion

The CfG welcomes the Inquiry into the Opportunities for Increasing Exports of Goods and Services from Regional Victoria. We acknowledge the support already provided to our members from the Victorian Government for exporting. From the feedback received from our members, the CfG observes that, with additional support from the Victorian Government, the Geelong region has greater potential to increase exports.

Exporting goods from regional Victoria has seen many successes over the years but will struggle to expand without acknowledgment of the difficulties faced by exporters. The exportation of Arts is often overlooked as a significant exporting industry but with the annual successes of our CfG members it is clearly an industry that could grow, with the support of the Victorian Government.

The CfG also highlights the need for further support of Avalon Airport. Without the airport, and the potential opportunities it provides for exporting from Melbourne and Western Victoria, the State will continue to miss out on future exporting opportunities.

6. Summary of Recommendations

In summary, the CfG makes the following recommendations;

- Support regional exporters to continue advocating for the quality of their products, procedures and facilities.
- Assist regional exporters to obtain clear regulations and legislation from export countries to solve issues around packaging etc.
- Continue to assist exporters with trade missions, business matching meetings and introductions to new markets.
- Assist in bringing quality buyers to regional Victoria to inspect the operations of regional exporters.
- Develop schemes to encourage Victorians to buy locally made products.
- Promote the arts as an increasing export both nationally and internationally.
- Allow all arts organisations to apply for project grants for export and touring.
- Provide support to Avalon Airport to help increase opportunities for exporting from Melbourne, Western Victoria and beyond.

7. Acknowledgements

The CfG acknowledges the contribution from its members and thanks them for their insight into exports. In particular the CfG thanks Avalon Airport, Winchester Australia, Boundary Bend Olives, Back to Back Theatre and Geelong Performing Arts Centre.