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Establishing the Northern Australian Tourism Initiative

Discussion Paper

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1. Introduction

The Northern Australia Tourism Initiative provides advice and facilitation services to improve the business capabilities and networks of northern tourism businesses so that they can better capture growth opportunities.

The Government has committed \$13.6 million to fund the delivery of services to tourism businesses in northern Australia.

This consultation paper provides details of the Initiative's proposed services and seeks feedback from stakeholders. It focuses on the overarching service offering, and provides stakeholders with the opportunity to provide input.

To ensure businesses are able to access the support they need to grow, initial services in the business management streams will begin in early 2016. These services may be refined following the stakeholder consultation and confirmed as part of the final Initiative design.

Northern Australia Tourism Initiative Overview

The Northern Australia Tourism Initiative was introduced as part of the *Our North, Our Future: White Paper on Developing Northern Australia*.¹ AusIndustry will deliver a range of business services to tourism businesses in northern Australia.

There will be two elements to establishing the Northern Australia Tourism Initiative:

1. expansion of the **Entrepreneurs' Programme** to build business opportunities by encouraging and assisting small and medium businesses connect to knowledge, resources and networks; and
2. additional services through the **Australian Small Business Advisory Services** programme (ASBAS) which ensures small business have access to professional and low cost advice is important to ensure success – at any stage, from start-up to expansion.

The Northern Australia Tourism Initiative focuses on providing business advisory support to businesses. Every business needs different support, and services will be tailored to ensure they get the right support at the right time. Many northern Australian tourism businesses will be Indigenous businesses. Therefore, Business Advisers will be selected for their ability to work with Indigenous businesses.

Single Business Service

AusIndustry connects Australian businesses with information and advice to help them innovate, grow and be competitive.

Businesses can now get information and help through one website, one contact centre and our national network to:

- Get a business up and running.
- Develop and commercialise ideas and products.
- Improve, innovate and grow a business.
- Reach new markets.

¹ *Northern Australia White Paper*, 18 June 2015 <http://industry.gov.au/ONA/WhitePaper/index.html>

2. Entrepreneurs' Programme

Business Management

The Business Management element of the Entrepreneurs' Programme helps CEOs and managers take time out to work on their business rather than in their business. Supported by Business Advisers drawn from the private sector, businesses will develop explicit plans for improvement and will be able to access limited funding to bring in additional specialists. By focusing on what the business needs, Business Advisers can also connect businesses to other government programmes. Services include:

Tourism Business Evaluation

A Tourism Business Evaluation is a range of services initially comprising an evaluation by a Business Adviser to tailor the service to the business's needs, based on the business's capacity, commitment and need to undertake significant improvements. Following this assessment a business may receive one or more of the following:

- a) business improvement advice and referrals;
- b) a detailed analysis of its business by a Business Adviser and recommendations for improvement presented in a Business Evaluation Action Plan; and
- c) support for implementation of the Business Evaluation Action Plan with the assistance of a Business Adviser.

Tourism Partnerships

Tourism Partnerships include a range of services delivered to a group of businesses to facilitate and encourage joint marketing and/or packaging of complementary products and services (e.g. meals, accommodation, activities, transport). A Business Facilitator will develop a Tourism Partnership Plan including recommendations for improvement for participating businesses.

Tourism Supply Chains

Tourism Supply Chain Facilitation includes a range of services delivered to a business to facilitate access to supply chain opportunities in the Tourism Sector. Participants may attend Customer Connections events or undertake a Supplier Improvement Plan to improve their capability in meeting supply requirements.

Tourism Growth Services

Growth Services include a range of services that support a business, over an extended engagement, to achieve growth through strategic business improvements and connections. A Business Adviser conducts initial growth opportunity and capability analyses, develops a tailored and agreed Growth Plan, provides access to specialist Business Advisers and Business Facilitators, and brokers connections to experts and providers to assist the business to capitalise on its growth opportunities.

Tourism Growth Grant

A Tourism Growth Grant reimburses a business for up to half of the cost of engaging a consultant (up to a maximum Grant of \$20,000) to make business improvements that were recommended in the Tourism Business Evaluation, Supplier Improvement Plan, Growth Plan or Tourism Partnership Plan.

Entrepreneurs' Programme – Eligibility

In addition to the usual eligibility criteria for each service, to be eligible for Services under *Northern Australia Tourism Initiative* an applicant **must**:

- a) be an *Eligible Corporation*² that is non tax-exempt and is registered for GST;
- b) be located and/or have significant operations in **northern Australia**; (refer Page 9)
- c) satisfy the criteria to be a **tourism business**; (refer Page 8)
- d) have an annual turnover or operating expenditure between \$750,000 and \$100 million;
- e) be solvent;
- f) have operated in Australia and filed business activity statements showing ongoing trading in at least three consecutive years ;
- g) satisfy the eligibility criteria specific to the relevant Activity (refer Page 4); and
- h) not be named by the Workplace Gender Equality Agency as an organisation that has not complied with the *Workplace Gender Equality Act 2012* (Cth).

The following entities are **ineligible** to apply for the Northern Australia Tourism Initiative Entrepreneurs' Programme services:

- a) individuals;
- b) partnerships;
- c) trusts, except for trusts with trustees that are *Eligible Corporations*; and
- d) Commonwealth, State and Local Government agencies and bodies (including government business enterprises, federal, state/territory and local tourism bodies and regional tourism organisations (RTOs)).

A group or consortium of tourism businesses can access *Northern Australia Tourism Initiative* Entrepreneurs' Programme services, including a *Tourism Growth Grant* that will benefit a group of tourism businesses.

² **Eligible Corporation** – a corporation incorporated under *the Corporations Act 2001* (Cth) will be an 'eligible corporation' for the purposes of the Programme if its trading activities:

- a) form a sufficiently significant proportion of its overall activities as to merit it being described as a trading corporation; or
- b) are a substantial and not merely peripheral activity of the corporation.

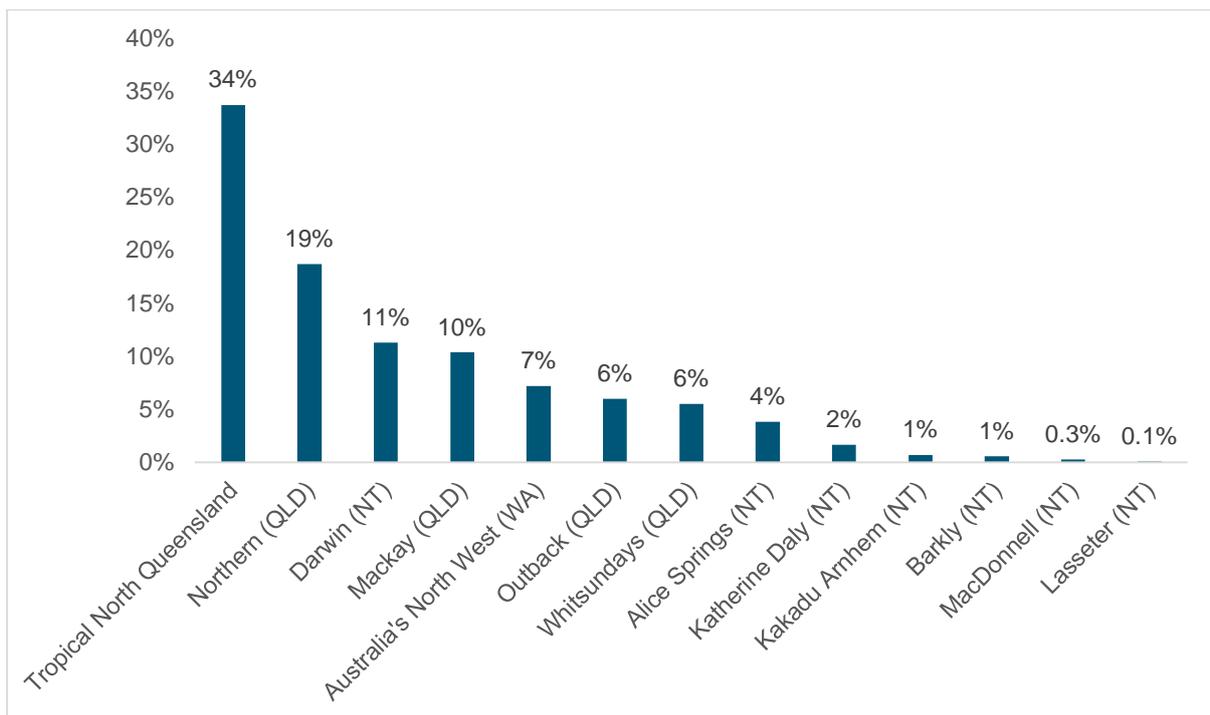
Entrepreneurs' Programme – Adviser Network

The Entrepreneurs' Programme is delivered through a national network of approximately 100 Business Advisers and Facilitators. Up to four Tourism Business Advisers will be engaged through existing Industry Partner arrangements.

Tourism businesses are not spread evenly throughout northern Australia, therefore, the locations of tourism Business Advisers will be selected to approximate the distribution of eligible tourism businesses.

The chart below shows numbers of tourism small businesses in tourism regions across northern Australia. This data suggests that tourism small businesses are more numerous in Queensland (75%) followed by Northern Territory (19.4%) and Western Australia (7%).

Chart 1: Small tourism businesses (1-19 employees) in northern Australia, June 2013



Source: Tourism Research Australia, Tourism Businesses in Australia, June 2010 to June 2013

Discussion question:

Where should the Tourism Business Advisers be located?

3. Australian Small Business Advisory Services (ASBAS) Programme

The objective of the ASBAS Programme is to improve the capacity of established, not-for-profit small business advisory service providers to deliver low cost small business advisory and information services.

In early 2016, a new ASBAS funding round will be opened to support the Government's plans for developing tourism in Northern Australia through improving the capacity of advisory service providers to deliver low cost advisory services to tourism-related small businesses in the north.

Eligibility for this targeted tourism round will align with previous ASBAS funding rounds. Applicants will need to meet the eligibility criteria outlined in the Ministerial Guidelines.

- Eligible small business advisory service providers must be:
 - businesses which provide business advisory services and which are corporations within the meaning of s51(xx) of the Australian Constitution; or
 - businesses whose operations are entirely carried out in a Territory.
- In addition, the small business advisory service providers must:
 - be a not-for-profit;
 - be incorporated or registered under a relevant law of the Commonwealth, State or Territory;
 - have an Australian Business Number (ABN); and
 - be an established Business Enterprise Centre or a Registered Business Organisation.

Through this activity, ASBAS aims to ensure small business have access to professional and low cost advice which is important to ensure their success – at any stage, from start-up to expansion.

4. Identifying a Tourism Business

Tourism businesses are defined as businesses that must:

1. derive a significant portion of their revenue from visitors³; and
2. operate in tourism-related industries⁴ including accommodation; cafes, restaurants and takeaway food services; clubs, pubs, taverns and bars; passenger transport; tour operator services; cultural services; sports and recreation services; and retail trade.

Note: In relation to the ASBAS programme, the ASBAS provider will be able to provide services to existing tourism small businesses and tourism small business intenders (that is, businesses looking to move into tourism).

Discussion questions:

How would a business demonstrate whether their customers fit the definition of visitors, especially for businesses in major town centres with a significant local market?

Is this definition **flexible** enough to include businesses that primarily operate in other sectors (e.g. agriculture) that still derive significant revenue from visitors (e.g. a farm-stay tourism operation or a crocodile farm, which derive significant revenue from visitors/tours)?

Would this definition **unintentionally capture** businesses that should not be considered *tourism businesses* (e.g. mining camp accommodation and catering services, a school bus company or commuter public transport, a local grocery store)?

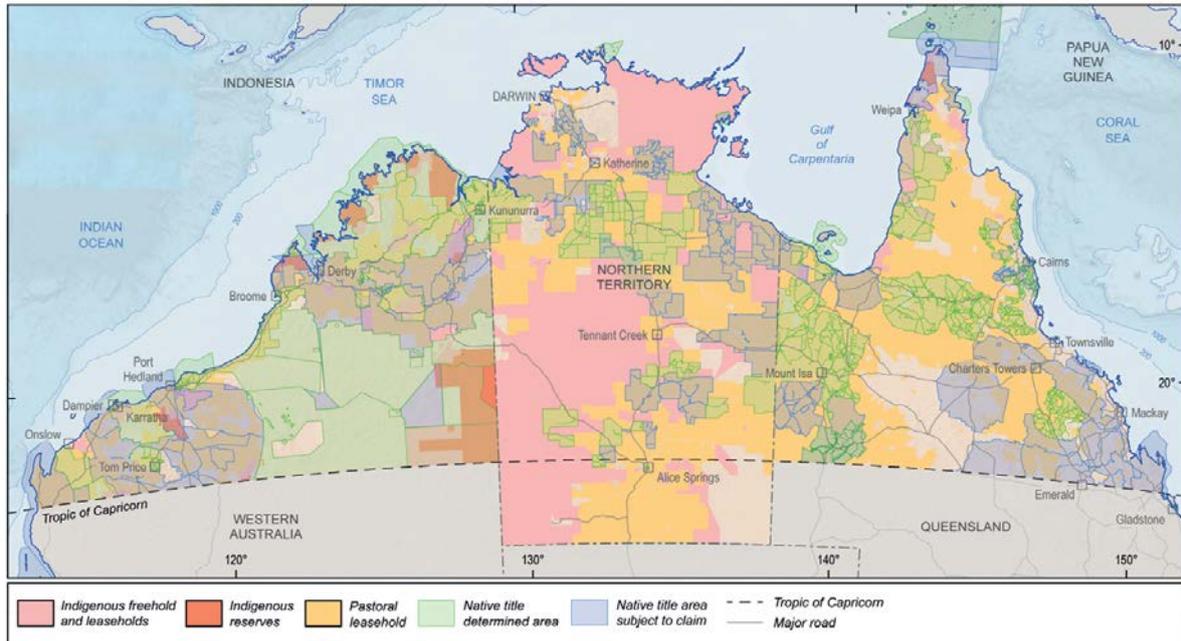
Should **travel agents** be included for ASBAS given their role as intermediaries/resellers of tourism products and services?

³ A **visitor** is defined as ‘...a traveller taking a trip to a main destination outside his/her usual environment, for less than a year, for any main purpose (business, leisure or other personal purpose) other than to be employed by a resident entity in the country or place visited.’ ([International Recommendations for Tourism Statistics 2008, para 2.9](#)); and **usual environment** is made up of one or more areas in which a person undertakes their regular activities such as their place of residence, place of work, place of study and other places frequently visited. Further, locations up to 40 kilometres from home for overnight trips and up to 50 kilometres from home (round trip) for day trips are included in a visitor's usual environment in the *Tourism Satellite Account* ([ABS cat. no. 5249.0](#)).

⁴ **tourism-related industries** includes tourism-characteristic industries and tourism-connected industries according to the tourism industry classification in the *Tourism Satellite Account* ([ABS cat. no. 5249.0](#)).

5. Defining Northern Australia

Northern Australia is defined as per the *Our North, Our Future: White Paper on Developing Northern Australia*.⁵



Source: *Our North, Our Future: White Paper on Developing Northern Australia*, July 2015 (pg 18).

Discussion questions:

How should services be delivered to businesses that operate both in northern Australia and in other parts of Australia? (e.g. a national hotel chain, or an interstate bus service)

- eligibility would be assessed in relation to the business's Australian operations (e.g. revenue thresholds would apply to the whole business); and
- Entrepreneurs' Programme services would focus on the northern Australian component of the business's operations.

⁵ *Northern Australia White Paper*, 18 June 2015 <http://industry.gov.au/ONA/WhitePaper/index.html>

Promoting the Northern Australia Tourism Initiative

How can you help promote the Northern Australia Tourism Initiative to tourism businesses throughout Northern Australia?

Are you able to inform your member businesses of the Initiative?

Having your say

Please provide written feedback on the design of the Northern Australia Tourism Initiative to EIPProgManagement@industry.gov.au by cob 24 December 2015.

We look forward to receiving your views.

Further information about the Entrepreneurs' programme and ASBAS are available at www.business.gov.au.