

Minister for State Growth
Minister for Energy
Minister for Environment, Parks and Heritage

Level 10 15 Murray Street HOBART TAS 7000 Australia
GPO Box 123 HOBART TAS 7001 Australia
Ph: +61 3 6165 7739
Email Minister.Groom@dpac.tas.gov.au
Web www.stategrowth.tas.gov.au www.dpipwe.tas.gov.au www.skills.tas.gov.au



Mr Peter Harris AO
Chairman
Productivity Commission
services.exports@pc.gov.au

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Dear Mr Harris

Study into barriers to growth in Australian services exports

Thank you for the opportunity to contribute to the Productivity Commission's study into barriers to growth in Australian services exports.

The Tasmanian Government is committed to growing Tasmania's economy, including through stimulating growth in Tasmania's services exports. As you may be aware, the Tasmanian Government has also set a target of increasing Tasmania's population to 650,000 by 2050.

To date, the primary exports are goods, such as resources and agricultural products. However, the export of services, particularly in the education and tourism sectors, is becoming increasingly important to economic growth in our State.

The Tasmanian economy, in line with the wider Australian economy, has experienced an increasing movement towards the services sector. However, the growth in exports from the Tasmanian services sector has lagged behind the growth in sector as a whole.

Exporting more of our services to new markets will contribute to the strengthening and diversifying of our economy and to growing our population.

Achieving growth in services exports requires a supportive environment and supportive policy settings. There are a number of investments the Australian Government has made in this area that have assisted in this regard. These include:

- securing improved trade arrangements with our key trading partners through agreements and active involvement in intergovernmental and international forums. The Free Trade Agreements with Japan, South Korea and the soon to be ratified agreement with China, are recent examples that are likely to support growth in Tasmanian service exports;
- enabling infrastructure such as the roll out of National Broadband Network in Tasmania; and

- systems and quality controls to maintain Australia's reputation as a quality service provider, such as the regulation of the international delivery of Australian Vocational Education Training through the Australian Skills Quality Authority.

The Tasmanian Government also supports the Australian Government proposals to improve and simplify visa processing arrangements, as this will aid the export of services in both our key service export areas, education and tourism.

We would also encourage a review of visa arrangements for foreign students to make access to educational services in Australia more attractive by:

- making it cheaper and easier to access student visas; and
- providing flexibility in those arrangements to allow for a smooth transition into the community and workforce after completing study.

Australia's existing student visa application process, conditions and costs can act as a deterrent to foreign students and make it challenging for our educational services to compete with countries such as Canada and New Zealand.

However, in exploring opportunities to make visa arrangements cheaper and easier to access, it is important that appropriate checks remain in place. For example, while the streamlined student visa processing arrangements can require less evidentiary requirements and may make it easier to obtain a visa, in practice this process may result in educational service providers having insufficient information and needing to undertake additional assessments. This has the potential to increase the workload of the educational service provider and may result in an increase to the number of foreign student applications that are declined due to lack of suitability.

As well as supporting growth in the export of education services, flexibility in post-study visa arrangements would enable the retention of skilled migrants with their Australian based qualification. This is particularly important in Tasmania, where skilled migration will be a key contributor to the growth of our State. With more flexible visa arrangements, foreign students also have the potential to offer an additional source for tourism services in Tasmania and Australia more broadly.

The Tasmanian Government's TasTAFE is the major provider of vocational education training to foreign students in the State, with approximately 150 international students currently enrolled. The main areas of study are Business, Hospitality, and Transport and Logistics.

Tasmania also has a number of privately registered training organisations providing vocational education training services. At least one of these organisations, Hobart Technology, is already exporting their services, which has delivered training to Indonesia for a number of years.

We expect to see Tasmania's educational services exports develop, expand and grow.

Tasmania is renowned for our tourism services and the experiences that we offer in the State. There is significant opportunity for growth in this sector and we are working towards our target of 1.5 million visitors to Tasmania every year by 2020.

To support the export of these services, the Tasmanian Government:

- has increased our investment in marketing through Tourism Tasmania;
- is developing our hospitality workforce;
- is supporting food and beverage experiences, such as through the Beer Tourism Strategy;

- is promoting experiences, such as the Great Eastern Drive, showcasing our eastern coastline;
- is facilitating sensible tourism developments in national parks and world heritage areas;
- is developing a Tourism Supply Strategy; and
- is working to harness opportunities and improve access to encourage further growth in international visitors to the State.

Tourism services are important to economic growth and job creation in Tasmania, and we are working to support the establishment of new experiences in the State and delivering those experiences to new markets.

Driving and supporting innovation, identifying and developing specialty services and accessing new markets, will support the export of existing services and facilitate their growth in the future. The Tasmanian Government has implemented a number of tools, services and programs to encourage our businesses to innovate, have an online presence and expand their markets. This includes through committing:

- \$800 000 over four years to our Digital Ready for Business program to provide targeted knowledge, skills and advice to enhance business participation in the digital economy;
- \$100 000 to support new and existing businesses and entrepreneurs access new markets through the *New Market Expansion Program*; and
- \$500 000 over two years for our new *Entrepreneurial Pathways Program*, which will provide mentoring, education and training on the pathway from ideas to market.

Access to financial assistance is also important to drive growth in the services industry. The Tasmanian Government strongly supports the Australian Government's extension of the *Export Market Development Grants* scheme. This scheme will provide support and incentives for Tasmania's export community to develop new markets.

The Tasmanian Government recognises the Information and Communication and Technology industry as a vital industry and enabler of business and service delivery. We are working on a *Data Centre Action Strategy for Tasmania* to prepare for, and attract, national and international firms that require high volume and secure data storage.

Growth and access to new markets is likely to bring new challenges for our services exporters, particularly in accessing information and training to overcome regulatory, language and cultural barriers. While the Tasmanian Government is working on programs and training to facilitate trade and overcome some of these barriers, we would welcome discussions at a national level on this challenge.

There are a number of examples of national tools that exist to address information gaps for Australian businesses and residents. These include the Australian Business License and Information Service (ABLIS) national register and advisory services like smartraveller.gov.au.

Making it easier for businesses to access information about exporting services is likely to drive greater interest and growth in our service exports. It may also contribute to the success and uptake of our exports if the potential interest, viability and cultural considerations of the targeted country have been fully considered.

Supportive tax arrangements, including access to information on the tax implications of the various modes of delivering services to international clients, will also facilitate future growth in our services exports.

Thank you again for the opportunity to contribute to the Inquiry.

Yours sincerely

Matthew Groom MP
Minister for State Growth