



Action need to secure future jobs in services

The Australian Services Roundtable calls for action and policy change at today's Future Jobs Forum.

Services are where the majority of Australian jobs are now located. Services are where the majority of new jobs will be. Any strategy for jobs growth will largely be a strategy for developing the services sector. Services provides jobs at all levels of skill from the sophisticated roles that will underpin Australia's position as a global high value services provider to the low skill jobs so essential to ensuring full employment and social stability.

Asian demand for services is real, but the current policy settings are inadequate to realise the potential. For example, exports in international education are expected to fall to \$12 billion this financial year, down from \$16 billion last year and \$18 billion two years ago, said ASR Executive Director Andrew McCredie. Jobs are being cut and many businesses are facing a crisis.

To create high-skilled, well paid jobs of tomorrow, and respond to the challenges of the patchwork economy, ASR calls for a greater policy focus on strategies that will position Australia as a Global High Value Services Location.

The reforms needed include:

- regulatory reform to improve the efficiency and productivity of Australian services across Australia
- trade initiatives to overcome the existing barriers that are blocking the development of Australia's services trade with Asia
- enhance education and training in services professions, improve Asian languages and culture capabilities, invest in mathematics, science, engineering and ICT skills and research
- further innovation initiatives to establish Australia as a leader in services innovation, including public sector innovation in the delivery of services.

The ASR Position Paper *Creating Sustainable Jobs for All Australians from Asian Demand for Services* was tabled at the Future Jobs Forum.

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Creating Sustainable Jobs for All Australians from Asian Demand for Services: *ASR Position Paper for the Future Jobs Forum – Securing Tomorrow’s Jobs Today*

The Australian Services Roundtable welcomes the Future Jobs Forum as an opportunity for services businesses that employs around 85% of Australians to discuss with Government stakeholders future opportunities for growth. While many services businesses are facing immediate pressures brought on by the mining boom and the high dollar, there are opportunities for substantial growth that are not being fully exploited.

To grow high-skilled, well paid jobs of tomorrow, and respond to the challenges of the patchwork economy, ASR calls for a greater policy focus on strategies that will position Australia as a Global High Value Services Location. Wealth from the services sector can create sustainable jobs across the economy and have enormous export potential.

With the phenomenal transformation taking place in Asia and the emergence of a vast, new middle class, the growth in demand from Asia for high value services over the next two decades will be as significant as its growth in demand for resources.

In servicing this demand Australia is well, but not uniquely positioned. For this reason we need to act now to lay the policy foundations for growth. By way of example, a decade ago Australia committed to the investments and policy reforms needed to be the location of choice for the rising demand from Asia for Liquid Natural Gas demand, and is now reaping the rewards. Similarly we need investment and policy reform to ensure that Australia becomes a stronger services economy as well as a location of choice for services export and growth into Asia.

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In its first term in office the Labor Government initiated programs to position Australia as a Global Financial Services Centre and developed a National Long Term Tourism Strategy. ASR welcomes these initiatives and urges similar programs to be developed to better understand and develop strategies for other Australian services sectors, such as Professional and Business Services, ICT

Services, Cultural Services/Creative Industries, Health and Wellness Services, Built Environment Services and International Education. The services strategy or 'services roadmap' should be developed as part of an overall strategy for Australian industry. A study of the issues that this should include has been prepared by ASR. See ASR's 'New Economic Challenge Report' at www.servicesaustralia.org.au

Australia's relative strong economy, its geographic location and services expertise put it at the right place and the right time to exploit the opportunities of the 21st century in services. ASR urges the government to give urgent attention to the development of a comprehensive services policy that can fully exploit the opportunities arising from the changing nature of our domestic as well as the Asia Pacific economies, thereby creating jobs and a strong, resilient Australian economy for decades to come.

The Australian Services Roundtable is the peak business body for the services industries in Australia. Sectors represented include financial services (banking, insurance, securities, fund management), professional services (accounting, legal, engineering, architecture), health services, education services, environmental services, energy services, logistics, tourism, information technology, telecommunications, transport, distribution, standards and conformance, audio-visual, media, entertainment, cultural and other business services.

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Details of Policy Reforms and Funding Priorities

Education and Skills

- increase study of Asian languages and culture at all levels of the Australian education and training system and specifically support introduction of Mandarin teaching in primary schools
- provide more access to working visas for people with the skills needed to grow services trade and investment with Asia.
- add to existing initiatives to support mathematics, science, engineering and ICT skills in schools, TAFEs and universities
 - support initiatives to encourage women to undertake study in engineering and ICT (and their prerequisite foundation disciplines)
- provide greater funding for universities recognising the following factors:
 - their below average funding and high student-staff ratios in OECD comparisons
 - the value of lifting participation among the university age cohort to 40 per cent
 - the value of increasing interactions with business, including internships, sandwich courses etc.
 - the loss in revenue from international students, as a result of the high dollar
 - importance of maintaining their outstanding performance in world rankings for their research and teaching.

Regulation

- Develop a Services Directive for Australia, enabling all services providers in Australia with the capacity to register once and practice everywhere;
- Direct the Productivity Commission to review services productivity and the potential for further reform, with particular attention to the following;
 - privatisation, competition policy and purchaser-provider models have enabled greater business enterprise and innovation in many areas of services from finance to social welfare, but the initiatives tend to be piecemeal and uninformed by a broader perspective, resulting in failure to learn from and adopt best practice;
 - service standards have an increasingly important role to play in services regulatory reform, yet these are not being developed in a coordinated way;
 - regulatory reform initiatives tend to be driven by 'easy to measure' indicators such as the number of regulations, rather than their economic impact
- Establish a professional regulator agency that can apply best practice regulation across various agencies, rather than each agency developing its own ad hoc set of regulatory rules and thereby reduce the number of regulators. The agency could also
 - better measurement of cost/benefits of regulation
 - better manage the operation of industry standards
 - improve efficiency/consistency of administration
- Establish centres of excellence in services economics. Even though most of the value-add in modern economies is in services, there are no schools of services economics in Australia

- Progress implementation of ISO20022 as recommended by the majority of submissions to the Reserve Bank of Australia's Review of Innovation in the payments System by:
 - progressively implement ISO20022 across all Commonwealth Government payments;
 - fostering business initiatives to implement ISO20022 to radically simplify small businesses interactions with the ATO

Innovation

- Provide stronger support for Public Sector Innovation, including the Australian Public Service Innovation Action Plan and reforms to Government procurement
- Further support and funding for digital productivity initiatives; eg applications that take advantage of the increased capability and availability of broadband in education, health and other business communications.
- Develop services business investment attraction strategies.
- Provide stronger support for the development of multi-disciplinary services researchers within the education and research sectors to help drive services innovation across a number of target areas in the Australian economy

Trade

Noting the strong support from APEC leaders for a plurilateral agreement on services, Australia should take a lead in ensuring the following issues are addressed in trade negotiations:

- Encourage non-discriminatory rules for government procurement including on services.
- Ensure that undue restrictions on cross-border data-transfer and data-storage are avoided;
- Improve rules affecting the movement of services business people, including professional recognition;
- Encourage fairer and more transparent rules on the role and operations of state-owned and state-linked enterprises in competitive markets;
- Improve the conditions for commercial presence for foreign companies;
- Encourage the removal of discriminatory and unreasonable localisation requirements on global business activities
- Develop and encourage the adoption of a set of principles providing best practice regulation
- Continue to progress bilateral and regional trade and economic partnership agreements.

Services Capacity Building

Noting that there remains much confusion about services business and trade, both in Australia and in the Asia Pacific region, support capacity building initiatives including the following:

- an APEC Services initiative
- develop better services trade statistics to ensure that the size and importance of services trade is better understood
- develop better economic analysis on value and impact of services trade liberalisation

- build regional network of services trade economists
 - develop mechanisms to better measure the real 'costs' of regulations and subsidies that constrain or distort services trade
- Work more closely with the Global Services Coalition and its members comprising national services business organisations. The GSC is the services equivalent of the Cairns Group in agriculture and has an important role to play internationally, regionally and domestically in advising governments on services trade policy issues and priorities for reform of maximum benefit to business.