



SPEECH

CRAIG EMERSON

Member for Rankin

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COMMITTEES

Economics, Finance and Public Administration Committee Report

[Dr EMERSON](#) (Rankin) (4.04 p.m.)—It is with considerable pleasure that I speak today on the report of the House of Representatives Standing Committee on Economics, Finance and Public Administration entitled *Servicing our future: inquiry into the current and future directions of Australia's services export sector*. Its origins were a conversation that was held when we were looking for a future inquiry. I acknowledge the cooperation and support of all committee members in agreeing to do an inquiry which essentially came under the banner of looking at the future of both the services industries and manufacturing beyond the resources boom.

The purpose of the inquiry was to assess whether we should take a completely hands-off approach and allow, after the resources boom tapers down, the operation of exchange rate and other market variables to bring about the necessary economic changes that would in time boost the competitiveness of our services industries and manufacturing, as the textbooks would suggest. Alternatively, we were to assess whether there might be some active government policies that could be applied to prepare Australia, in particular manufacturing and the services industries, for life beyond the resources boom. My thanks go to all members of the committee who thought this was a good idea. Today we have one instalment on all the hard work that was done. The other, which relates to the future of the manufacturing sector in Australia, will be tabled in the not too distant future, as I understand it.

As the chair points out in this report, around 75 per cent of the nation's gross domestic product is produced by the services economy and 85 per cent of employment is provided by our services industries, yet our services exports account for a little over 20 per cent of total exports. There is therefore some genuine capacity to lift our services industries' export performance. It may not necessarily or even desirably get up to 75 to 85 per cent, but one dimension of the report is some recommendations on how we might lift the services industries' exports.

Labor is pretty pleased with this report. I do not want to make this a highly partisan comment, but recommendation No. 2 is for the government to create a minister for the services sector and, as I am in fact the shadow minister for the services economy, we are in there early on that score. If Labor were to be elected at the next election, that commitment would be carried through very early on.

In the time available I will not spend too much of it on each of the recommendations. They are there for all to read. But I would like to point to a number of them. Recommendation No. 3 is in some senses controversial but nevertheless very worthy. We have suggested the establishment of a program of permanent migration, to address shortages in lower skilled positions in industries such as hospitality and tourism, and also the provision of incentives for Australian and overseas workers to move to rural and regional areas where skill and labour shortages are severe.

We think that is a better way of going than changing the designation of, for example, 457 visas. This country is going to have ongoing shortages of labour. The challenge of the ageing of the population means that for every older Australian there will be fewer Australians of working age. The government has lifted the immigration intake over the last few years, which has been a positive development. This report says that these problems will not disappear beyond the resources boom. There will be ongoing shortages of skilled and less-skilled labour. Therefore, we recommend a permanent increase in the immigration intake. Our argument is that, if it is good enough for people to come to Australia to work, they should have an opportunity—where feasible and consistent with the national interest—to remain here and contribute, ultimately, as citizens of this country.

Another important recommendation relates to trade negotiations. We have suggested at page 44 that it is of great importance to Australia that the focus in trade negotiations shifts towards services and that the government should attempt to prioritise services trade negotiations where possible. Indeed, we go further in recommendation No. 4 and recommend that in both bilateral and multilateral negotiations the government gives greater priority to services trade issues and that, where negotiations are stalled because of issues in one sector—for example, agriculture—the government should consider negotiating agreements for individual sectors. This is breakthrough policy development. Again, I pay tribute to all committee members for agreeing that this was the way to go. For too long, when negotiations have stalled, particularly on agriculture, we have taken the attitude that nothing else gets done while that blockage remains. The committee has said that we need to move on and do our best for agriculture but not prejudice successful negotiations in the service or manufacturing industries.

Another set of recommendations relates to the tourism sector and international airfreight. We have indicated at page 72 that the committee believes that calls in relation to avoiding long-haul flights are based on Eurocentric protectionist motives more than the desire to address climate change. The government and industry must attempt to ensure that the increasing public interest in climate change is not exploited by groups with protectionist interests. Again, thanks to all committee members for agreeing that this was the right approach. We go on to say in recommendation No. 9 that the government should be prepared to argue Australia's case against Eurocentric protectionist policies which exploit the increasing public interest in climate change. Climate change is a very big issue in the public policy arena. Certainly we need to respond rationally to the challenge of climate change—but I emphasise rationally. Australia is a long way from the rest of the world and, if our aviation industries were to be subject to some sort of extra charge, a carbon charge, that would disadvantage Australia's tourism industry and also its international airfreight industry. It is all very well for the Europeans to come up with these self-serving ideas, but they do not care what impact they would have on Australia—so good on the committee members for agreeing to this recommendation.

I get a bit tired of public policy institutes coming up with ideas to make the poor pay more for basic essentials such as electricity. In this context I point to a survey that the Australia Institute released today on climate change, which says that 74 per cent of Australians would prefer a greenhouse strategy based mainly on energy efficiency and renewable energy. It found that 77 per cent of Australians would prefer to get their electricity from a renewable power source. This shonky online survey had 1,034 respondents. The point I make about reason and rationality is important in these areas, particularly in the service economy and services such as electricity generation. The cost range in dollars per megawatt hour for black-coal energy supplies is between \$30 and \$35 but for solar voltaic is \$120-plus. That is a four times higher charge for electricity. These are the charges that would be involved in the heavy emphasis that the Australia Institute thinks Australians wish to put on solar energy displacing black coal. Let us make sure that the climate change debate is a rational one, based on facts and reason. That is why we made the recommendation in the report about Eurocentric protectionist policies.

This is a very good report. Thanks to all members of the committee across the political divide. The debates we had were conducted in a non-partisan way. That is the way it should be, ideally. I recommend this report to all members of the parliament; it is groundbreaking in its breadth and coverage.