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Hon. Mike Rann MP
Premier of South Australia

Janelle Saffin MP
Chair of the Trade Sub-Committee
Joint Standing Committee on Foreign Affairs,
Defence and Trade
PO Box 6021
Parliament House
CANBERRA ACT 2600



Janelle

Dear ~~Ms Saffin~~

Thank you for your letter of 16 July 2008, inviting the South Australian Government to lodge a submission to the Joint Standing Committee on Foreign Affairs Defence and Trade (JSCFADT) inquiry, into ways of expanding Australia's trade and investment relations with Asia, the Pacific and Latin America.

South Australia sees this as a critically important inquiry, since the State's principal trading partners are with countries in the Asia, Pacific and Latin America region. Indeed, of South Australia's top twenty export markets, seventeen are located in the Asia, Pacific and the Latin American region. Collectively, these countries amount to over 70% or \$7 billion of the State's exports, which further underscores the importance of the JSCFADT inquiry.

South Australia is committed to increasing its exports since it recognises that exports are a key driver of the State's economic prospects. The State intends to do this through focusing on its areas of competitive advantage, deepening exports to existing markets in the region, diversifying the export base and increasing the numbers of exporters in the State.

All of these will be essential if the State is to achieve the target set out in the South Australian Strategic Plan (SASP) of more than doubling all export earnings to \$25 billion by 2014.

More generally, South Australia considers that the Federal Government's approach to trade policy – the 'twin-pillars' approach – whereby trade liberalisation at the border is accompanied by supply-side reforms behind the border is fundamentally sound. That is, better coordination between trade policies and domestic economic policy makes good sense, and enhances the probability of delivering good export outcomes for the nation and the states.

I note that the focus of the JSCFADT inquiry will also be on enhancing opportunities for rural and regional enterprises. I commend this approach since around 40% of all of the State's exports are rural-based and any findings made will benefit South Australia's regions and agricultural industries.

It is for all of these reasons that the Government of South Australia provided a submission to the Federal Government's Review of Export Policies and Programs (the Mortimer Review), and I am happy to provide you with a copy of that report.

South Australia made a number of recommendations in the Mortimer Review, which, given the high volume of trade the State has with the Asian, Pacific and Latin American region, is worth repeating for this inquiry. The recommendations were:

Recommendation 1: Services are an increasingly important part of the Australian economy and offer significant export opportunities. In recognition of this, Austrade should further increase its focus and the resources devoted to increasing service exports, including education.

Recommendation 2: In assessing future infrastructure funding, the Federal Government should give a high priority to funding or facilitating priority infrastructure projects that are critical to our exporting sector including ports, roads, rail, broadband and regional airports.

Recommendation 3: The availability of skilled labour will be critical in meeting Australia's full economic and export potential. The Federal Government's recent increase in skilled migration quotas is commended and in support of this, further measures should be taken to decrease the processing time for skilled migrant visas and fast track the skilled recognition process.

Recommendation 4: South Australia fully supports the amalgamation of Invest Australia and Austrade and to be effective it is important that the two functions are fully integrated within Austrade and resourced appropriately.

Recommendation 5: Significant benefits and efficiencies can be achieved by Austrade working in close partnership with State Government trade and investment agencies. This partnership should be underpinned by a formal Memorandum of Understanding which clearly outlines respective strategies, priorities and resource implications.

Recommendation 6: The Federal Government does not consider any new FTAs or FTA feasibility studies at least until the current WTO Doha Round is concluded.

Recommendation 7: The Federal Government review its overall funding to Austrade with a view to reallocating resources to enhance funding for the Export Markets Development Grants (EMDG) scheme.

Recommendation 8: Increased efforts need to be made to assist export growth from the small business sector. In this regard the EMDG scheme should be amended by lowering the eligibility threshold from \$15,000 to \$5,000 of export promotion expenses.

Recommendation 9: The TradeStart program provides a valuable service, especially in regional areas. TradeStart should continue to be delivered in partnership with key providers including State and Local Government and should be appropriately resourced to meet demand.

I look forward to learning of the findings and outcomes of the JSCFADT inquiry.
Should you require any further information, please do not hesitate to contact Mr Des
Pearson, A/Manager, Trade Policy, Office of Trade on (08) 8303 2419.

Again, thank you for inviting the South Australian Government to make a submission
to the JSCFADT inquiry.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mike Rann', with a stylized flourish at the end.

MIKE RANN
Premier

22/8/2008