

## Introduction

### **Scope of the inquiry**

- 1.1 Australia's mining sector is currently experiencing a well publicised 'boom', driven primarily by demand for raw materials from the rapidly expanding Chinese economy. This boom has seen Australia's terms of trade rise to the highest level since the 1950s wool boom, and has also seen remarkable economic growth in the mineral rich states of Western Australia and Queensland.
- 1.2 With this background in mind, on 3 May 2006 the Treasurer, the Hon Peter Costello MP, asked the committee to conduct two inquiries looking 'beyond the resources boom' – one focussing on the future of the services export sector, and the other on the future of the manufacturing sector.
- 1.3 The inquiry into 'the current and future directions of Australia's services export sector' had two primary objectives. The first was to investigate the services sector – particularly, but not exclusively, the export sector – from a macroeconomic perspective, looking at the current state of the services sector, the impact of the resources boom on the sector, and any issues facing the sector as a whole.
- 1.4 The second objective, at more of a microeconomic level, was to examine individual services industries and uncover issues and opportunities for these industries. The inquiry principally looked at Australia's two biggest services export industries, tourism and education, but also received evidence on a range of other industries.

## Conduct of the inquiry

- 1.5 The inquiry was advertised nationally on 31 May 2006 and subsequently received 56 submissions from a broad cross section of interested parties.
- 1.6 During the latter part of 2006 and early 2007 the committee conducted 10 public hearings held in Canberra, Sydney, Melbourne, Brisbane and Perth. These hearings included two very successful tourism roundtables which involved a large number of key industry stakeholders.
- 1.7 The committee was disappointed by some of the service sector contributions to this inquiry, which did not contain a great number of groundbreaking ideas. It was also disappointing that some industry organisations did not make submissions.
- 1.8 There were, however, groups that particularly impressed the committee. Engineers Australia, for example, had conducted a comprehensive survey of its membership, which enabled them to provide the committee with a range of useful insights.
- 1.9 Submissions received and transcripts of hearings can be found on the committee's website:  
<http://www.apf.gov.au/house/committee/efpa/services/index.htm>
- 1.10 A list of submissions, exhibits and public hearing witnesses can be found at appendices A, B and C respectively.

## Readers' guide and structure of report

- 1.11 This report has been structured in an easy-to-read format. In discussing each issue, a summary of the evidence is provided, followed by the committee's conclusions, and then, in some cases, a recommendation. When discussing individual service industries the report also highlights future opportunities for the industry and, where relevant, makes recommendations.
- 1.12 Readers who do not have the time to read the report in full can read the conclusions separately. The conclusions have been prepared in a 'stand alone' format so that readers can quickly understand the key issues together with the committee's conclusions and reasons for any recommendations.
- 1.13 Chapter 2 provides an overview of the services sector. The focus of this chapter includes: a definition of services; the importance of services in the

Australian economy; the recent trends in services exports; and the impact of the resources boom on the services sector.

- 1.14 Chapter 3 discusses issues relevant to the services sector as a whole. While it is clear that the services sector is not necessarily homogenous, there were a number of recurring issues throughout the committee's evidence relevant to the entire sector.
- 1.15 As directed by the terms of reference, the inquiry had a particular focus on Australia's two major services export industries—tourism and education. Chapter 4 focuses on the current and future directions of tourism— inbound tourism, in particular. Chapter 5 focuses on exports of education to international students.
- 1.16 Chapter 6 examines the other services industries highlighted in the committee's submissions. These include: financial services; legal services; engineering services; ICT services; science services; and construction services. The report does not discuss the services sectors about which detailed evidence was not received.

