

Western Australian Submission to the Commonwealth Joint Standing Committee on Foreign Affairs, Defence and Trade Inquiry “*Enterprising Australia – planning, preparing and profiting from trade and investment*”.

Term of Reference 1 – The role of development agencies in economic expansion such as the Industrial Development Agency in Ireland and the Economic Development Board in Singapore.

Countries with active and professional development agencies, such as those for Ireland and Singapore, provide significant advantages for large and small businesses wishing to compete internationally. Australian businesses, particularly small to medium enterprises and those new to international competitive tendering are frequently competitively disadvantaged in relation to the well-supported organisations from countries with competent development agencies. Australia’s access to international markets and contracts could be greatly improved by a sound network of pro-active development agencies in each State.

Term of Reference 4 – Incentives and impediments to foreign investment in Australia such as transport systems, taxation, telecommunications infrastructure, production costs, industrial relations structures, legal systems, federal systems of government and research and development initiatives.

Investors take a range of issues into consideration in determining the optimal investment location, including, *inter alia*:

- Proximity to raw materials and/or markets;
- The attributes of the local workforce;
- Energy costs;
- The taxation system;
- The regulatory system;
- The cost of land and buildings; and
- Political stability.

Individual Australian States have natural advantages in some of these areas – for example, Western Australia has an abundance of natural resources, thereby attracting both foreign and domestic investment in mining and downstream processing industries. Victoria has a much larger small manufacturing industry and workforce skilled in that area. New South Wales has a large population and a sophisticated financial centre.

It is important for the overall economic well-being of Australia that these comparative advantages are not distorted by Commonwealth policies. Federal systems of government promote growth when States have greater access to own revenues commensurate with their responsibilities.

Any Commonwealth incentives for investment should focus on factors common to all States – such as the taxation system and the encouragement of micro-economic reforms to increase competition and reduce operating

costs and streamlining of approval processes to reduce costs and complexity. At the State level, State policies need to focus on improving the overall business investment environment rather than 'picking winners'.

Western Australia also encourages and supports foreign investment through providing information and advisory services aimed directly at assisting new investors in Western Australia to understand and make the most of labour relations options available to their business.

Term of Reference 5 – The adequacy of a skilled workforce in Australia particularly in new growth areas such as, though not limited to, financial services, information technology, E-business, education, pharmaceuticals and health care, and the competitiveness of that workforce.

The Western Australian Department of Training and Employment (WADTE) has long recognised that public investment in vocational education and training (VET) is crucial to the growth of the Western Australian economy within the context of international competitiveness, and to the social development and general well-being of the community.

Priorities for government expenditure on VET are identified in light of the Department's Vision of developing "The Best Trained, Most Employable People in the World".

The **State Training Strategy** plays an important role in promoting Western Australia's economic competitiveness and success by guiding investment in VET in accordance with industry and regional training and employment developments, including the growth and emergence of new sectors.

The Strategy incorporates over 120 different sources of information and is developed through an extensive consultation process with a range of organisations and individuals including:

- Industry and enterprises, the Industry Training Councils and Advisory Bodies;
- Regional and community bodies;
- Bodies representing equity groups;
- Training providers; and
- Government agencies.

Targeted research and industry and regional portfolio management supplement this range of inputs.

State-wide priorities identified through the **State Training Strategy** include:

- Training to meet the current and predicted skill shortages in information technologies, with particular emphasis on traineeships incorporating vendor-specific training;
- Skill development for workers in the community services and health sectors, particularly for aged care workers and dental para professionals;

- Automotive apprenticeships and traineeships which address the skill needs associated with new technologies;
- Ongoing support for the Frontline Management Initiatives Program across a range of industries. This program is designed to assist workers to assess their managerial skills against national standards;
- Training in hospitality and tourism, including training for the emerging wine tourism sector, particularly in the areas of food safety and cellar door operations and sales;
- Training programs which focus on emerging service delivery tools such as e-commerce in all sectors; and
- Skill development in ware-housing and logistics management.

(Further information on the State Planning Strategy can be found at www.training.wa.gov.au/stsweb).

An increase is planned for computing related training during 2001-2003. Priority will be given to the introduction of new industry relevant qualifications from the Information Technology training package as recommended by the Industry Training Council. Particular focus will be on establishing traineeships which meet the needs of industry.

The WADTE and Challenger TAFE are developing an E-Technology Centre to provide state-of-the-art information technology facilities and training. This will include on-line learning and student information services, an on-line library and more general information service. The Centre will also enable access to a range of resources for the community, businesses and industry, such as equipment for graphic design and development. At this stage, the Department anticipates the E-Technology Centre becoming live in May 2001.

The WADTE has also instigated an Information and Communications Technologies (ICT) Project. This project aims to examine the extent of skill shortages in ICT industries and developing comprehensive strategies for the VET Sector to address these and wider issues relating to information technology.

The Financial Services (including E-business) sector will continue to be targeted for steady growth during 2001-2003, with a particular focus on:

- Increased part-time training in front-line management;
- Up-skilling of existing architectural services workforce on databases and word processing;
- Provision of Internet, e-commerce and accounting software training; and
- Increased provision of training for business administration, security industry, risk management and asset management.

The Community Services, Education and Health (including pharmaceuticals) sectors remain priority areas and the current overall levels of delivery will be maintained during 2001-2003 with particular focus on:

- Additional training for dental clinic assistants, dental technicians and hygienists, particularly in regional areas;
- Increased training for infection control; and
- Training for aged care workers.

In addition to the State's strong support to provide an adequate skills base, the increased emphasis on skilled migration and the business/skilled migration programs are strongly supported. Western Australia strongly proposes the promotion of skilled or business migration to regional areas and supports the recent initiatives to amend the Regional Established Business in Australia (REBA) visa category to provide for greater flexibility to grant permanent residence.

Western Australia is also supportive of initiatives which encourage former overseas students to apply under the skilled migration stream as they have the further advantage of qualifications already recognised in Australia and prior experience and knowledge of work and life in Australia.

Term of Reference 6 – Opportunities for encouraging inward investment and promoting export sales.

Each year, Western Australian Government agencies spend around \$5 billion buying a wide variety of goods, services and infrastructure from private sector suppliers, both locally and from overseas. The Western Australian Government, through its policies, mandates that this purchasing be conducted in a fair, open and transparent manner so as to encourage competition between suppliers and to achieve the 'best value for money' for the taxpayer dollar spent.

Procurement policies are framed to strongly promote an open and competitive approach to procurement by suppliers. Competition is seen as the catalyst for innovation, efficiency and growth. By encouraging manufacturers and businesses to be more competitive locally, then they are also more likely to be competitive should they decide to attempt to enter any overseas markets. It also promotes and provides opportunity and choice, and ensures the best result for both buyers and sellers.

Government agencies are required to use competitive markets to achieve value for money for all their requirements. However, in making procurement decisions, agencies are also required to take into account the benefits of 'Buying Locally' through identifying and entering into local sourcing opportunities.

Conclusion

As has been highlighted in this submission, Western Australia considers that education and training initiatives are crucial to the Western Australian economy within the context of international competitiveness. The State therefore has identified priorities for government expenditure in this area.

Among these priorities are an increase in computing related, financial services and E-business training.

Western Australia is supportive of initiatives that can be established to sustain a network of development agencies that can assist local businesses to compete effectively and access international markets. The State is keen to engender an environment that promotes competition, innovation and growth.