GOVERNMENT RESPONSE TO INDUSTRY’S ACTION PLAN TO BOOST AUSTRALIAN SERVICES EXPORTS
Australia is a world-class provider of services. Services account for nearly three quarters of our economy and employ more than four out of five Australians. Our services exports are at record levels, valued at $97 billion in 2018-19 and growing at 10.2 per cent per annum over the last two years.

Australia’s proximity to Asia’s economic dynamism is expanding demand for our innovative and high quality services offerings. The strong people-to-people links we share with our key trade and investment partners further enables Australia’s success in competing internationally in services.

Tourism and international education are well established as Australia’s largest services exports. Both are in our top five overall exports and together account for over 60 per cent of total services exports. Long-term national competitiveness strategies have underpinned the success of these sectors.

There is also enormous potential for international growth in Australia’s professional and financial services, our health services, our creative services, and in emerging sectors such as defence export and space services industries. There are opportunities to develop whole new service industry sectors in e-commerce and the digital economy. Australia can leverage our comparative advantages, including our well-developed regulatory settings, and maintain and enhance our active role as a leader in international standards setting.

Strategic partnerships between industry and government are key to delivering greater international success for the services sector. As our Prime Minister, The Hon Scott Morrison MP, has underscored, the Government is revitalising the deregulation agenda by working with business to identify and remove unnecessary barriers to trade and investment.

Last year, I initiated a partnership between services firms and the Government to identify, prioritise and recommend practical actions to enhance service sector competitiveness. This partnership has delivered the first industry-led Services Exports Action Plan with recommendations aimed at increasing competitiveness and overcoming impediments faced by Australia’s services exporters. The partnership complements and adds to the Government’s broader efforts to understand and address the needs of business.
We have heard what the services industry has to say and this document marks the Government’s first formal response to those recommendations. While this is a significant milestone in our engagement with business and the cornerstone of an ongoing strategy to boost Australia’s services exports, the Morrison Government is committed to identifying with industry further practical actions that provide more opportunities for exporters to grow their businesses, boost our economy and create more jobs.

I would like to extend my thanks to the industry representatives involved in the creation of the initial Services Exports Action Plan. I look forward to working with industry to strengthen Australia’s services sector footprint abroad and grow Australia’s prosperity.

Simon Birmingham
21 November 2019
Why a Services Exports Action Plan Matters

Strong engagement between Australia’s service sector exporters and the Government is critical to addressing barriers to trade in services. Issues affecting the international competitiveness of services exporters can be opaque, complex, and often involve both domestic and international regulation. To unpack these requires insight from business.

While Australia has world-leading services firms which contribute a significant proportion of Australia’s GDP, they make up a much smaller proportion of our exports. This presents an opportunity for Australian business to capitalise on untapped export potential and for the Department of Foreign Affairs and Trade (DFAT) and Austrade to assist more closely services firms to succeed in overseas markets.

The development of a consultative partnership with services firms is a key plank of the Government’s $15 million Business Engagement Package announced in May 2018 to support stronger commercial outcomes in trade and investment. It has been a pleasure for DFAT and Austrade to implement a structured consultation process with service sector business representatives — across the professional, financial, e-commerce and ICT service sectors in the first instance, followed by the health and creative industry sectors — to deliver the first iteration of an industry-led Service Exports Action Plan.

Through this Action Plan the services industry has made ambitious recommendations to the Government to improve the competitiveness of Australia’s services sector and boost services exports. DFAT and Austrade are working with industry and other parts of Government to prioritise the recommendations and assist industry in delivering actions that are best undertaken by industry itself.

This document is the first Government response to the Action Plan as an initial step in an ongoing process of close collaboration with the services industry. This is consistent with our Economic and Commercial Diplomacy Agenda which, in close partnership with business, endeavours to utilise the full suite of the Government’s overseas and domestic assets to advocate for an open global economy, secure commercial opportunities, support Australia’s commercial interests, and maintain and strengthen our competitiveness.

DFAT and Austrade look forward to consulting with future working groups to build on existing industry-led recommendations. We are committed to ensuring the cumulative insights of the working groups continue to feed into a ‘live’ Services Export Action Plan which is industry led, and supported by Government.
# TABLE OF INDUSTRY RECOMMENDATIONS

## PILLAR 1: ADDRESS DOMESTIC REGULATORY COMPLEXITY
(7 actions / 17 recommendations)

<table>
<thead>
<tr>
<th>Action</th>
<th>Recommendation</th>
<th>Status</th>
</tr>
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<tbody>
<tr>
<td>1A</td>
<td>The Government should strengthen the analysis and sectoral input made available to decision-makers in relevant domestic policy processes to ensure the impacts on trade and investment are able to be properly taken into account.</td>
<td>Agreed</td>
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<td></td>
<td>5A</td>
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<td>5C</td>
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<tr>
<td>2A</td>
<td>The Government should develop a program of national regulatory reform, to be progressed through COAG, to deal with domestic regulatory impediments and inefficiencies.</td>
<td>Agreed in principle</td>
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<td></td>
<td>5D</td>
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<tr>
<td>3A</td>
<td>The Australian Government should drive national consistency in business requirements for professional services providers in partnership with professional services peak bodies. Consideration should be given to working with one professional services sub-sector first to create a model approach that could then be adopted by other professions.</td>
<td>Agreed</td>
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<td>5E</td>
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<td>3B</td>
<td>Recognising that there is no one Minister responsible for most professions, the Government should identify a champion to prosecute this initiative through COAG.</td>
<td>Agreed in principle</td>
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<td>5F</td>
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<tr>
<td>4A</td>
<td>The Australian Government should provide ongoing funding for the Australian Bureau of Statistics (ABS) to undertake regular services exports surveys and produce a national dataset, including earnings of Australian foreign affiliates.</td>
<td>Requires further consideration</td>
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<td>4B</td>
<td>The Australian Government could work with industry to build on other activities (such as the Australian International Business Survey) and conduct a services sector specific survey to provide a snapshot that can be combined with existing ABS data to build a better picture of services exports and international practice.</td>
<td>Agreed</td>
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<td>4C</td>
<td>The Australian Government should examine how alternative data sources could help to better understand Australia’s services exports, with the view to developing a robust data asset that provides timely insight into the true value of the services sector.</td>
<td>Agreed</td>
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<td>5I</td>
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<tr>
<td>4D</td>
<td>Commission an independent review of Australia’s skilled visa regime. Such a review should consider how to improve processes to engage business and education sector representatives in designing the skilled migration system, and how to better align visa rules with the service sector’s skills requirements.</td>
<td>Not Agreed</td>
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<td>5J</td>
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<tr>
<td>5A</td>
<td>Lift the restrictions on skilled migration to include people over the age of 50 to improve Australian services firms’ access to qualified personnel.</td>
<td>Not Agreed</td>
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<td>5K</td>
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<tr>
<td>5B</td>
<td>The Government should examine how alternative data sources could help to better understand Australia’s services exports, with the view to developing a robust data asset that provides timely insight into the true value of the services sector.</td>
<td>Not Agreed</td>
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<tr>
<td>6A</td>
<td>Continue to streamline the visa system to reduce complexity and costs for services firms when accessing international talent.</td>
<td>Agreed</td>
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<td>5M</td>
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<tr>
<td>6B</td>
<td>Continue to pursue the recognition of Australian qualifications and professional recognition overseas, and in-demand foreign qualifications in Australia.</td>
<td>Agreed</td>
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<td>5N</td>
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<tr>
<td>7A</td>
<td>Ensure Australia’s approach to education, training and skilling of its own workforce meets the skills needs of services exporters.</td>
<td>Agreed in principle</td>
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<td>7B</td>
<td>Develop accessible, user-friendly tools that give greater clarity to foreign investors on how they will be taxed in Australia (such as detailed ‘scenario-based’ taxation guides based around the categories of financial products specified in the APEC Asia Region Funds Passport).</td>
<td>Not Agreed</td>
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<td>5P</td>
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<tr>
<td>7C</td>
<td>Review the non-resident withholding tax regime to ensure its settings are internationally competitive.</td>
<td>Agreed</td>
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<td>5Q</td>
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<tr>
<td>7D</td>
<td>Expand the number of Double Tax Agreements, including with major regional financial service hubs, and to support full use of Australia’s networks of Free Trade Agreements (FTAs).</td>
<td>Noted</td>
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<td>5R</td>
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<tr>
<td>7E</td>
<td>The Australian Prudential Regulation Authority (APRA) should review prudential, licensing and capital requirements for Australian financial services exporters, with a view to ensuring regulatory arrangements do not unfairly prejudice the ability of these firms to establish an offshore commercial presence.</td>
<td>Not Agreed</td>
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<tr>
<td></td>
<td>5S</td>
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<tr>
<td>7F</td>
<td>The Australian Government should expand the Australian Securities and Investment Commission (ASIC) mandate, requiring it to consider the effect of decisions on the international competitiveness of Australian financial services firms offshore.</td>
<td>Not Agreed</td>
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S2 / P. 11
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S4 / P. 16
S5 / P. 17
S6 / P. 18
S7 / P. 24
### PILLAR 2: MAKE PROGRESS ON BARRIERS OVERSEAS

(7 actions / 17 recommendations)

<table>
<thead>
<tr>
<th>Action</th>
<th>Recommendation</th>
<th>Status</th>
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<tbody>
<tr>
<td>8A</td>
<td>Government and industry should work together to consolidate a comprehensive and prioritised list of international barriers to services exports for actioning, including formal market access barriers as well as ‘behind-the-border’ process, procedural, regulatory and cultural barriers.</td>
<td>Agreed</td>
</tr>
<tr>
<td>8B</td>
<td>Develop a user-friendly mechanism to encourage exporters to keep the list accurate and current.</td>
<td>Agreed</td>
</tr>
<tr>
<td>9A</td>
<td>Appoint a Minister for the Digital Economy to champion the interests of Australia’s digital trade, e-commerce and digital services in Australia and overseas, and represent them in policy discussions which have an impact on Australia’s international competitiveness.</td>
<td>Noted</td>
</tr>
<tr>
<td>9B</td>
<td>Convene an informal non-government diplomacy channel to multiply the impact of the business community’s current efforts to support Australia’s global policy interests in digitally-enabled trade.</td>
<td>Agreed in principle</td>
</tr>
<tr>
<td>9C</td>
<td>Encourage the development and harmonisation of high-quality digital standards with key trading partners, including through FTAs, in multilateral fora, and through regulator-to-regulator cooperation. This could include facilitating the development of international digital standards.</td>
<td>Agreed in principle</td>
</tr>
<tr>
<td>9D</td>
<td>When negotiating trade agreements, the approach taken by Hong Kong and Australia in the recently negotiated Australia-Hong Kong FTA should serve as a model of how to lock in free cross-border data flows for the finance sector without mandatory local data storage requirements.</td>
<td>Agreed in principle</td>
</tr>
<tr>
<td>9E</td>
<td>Accelerate the domestic implementation of the voluntary APEC Cross Border Privacy Rules, and promote greater understanding of their benefits, to improve the likelihood of these rules becoming the regional minimum standard.</td>
<td>Agreed</td>
</tr>
<tr>
<td>10A</td>
<td>Relevant Australian regulators and industry associations should work with counterparts in key markets to develop a special category of professional recognition to allow international professionals to practice aspects of their profession in the host-country.</td>
<td>Agreed in principle</td>
</tr>
<tr>
<td>11A</td>
<td>Strengthen Australia’s role in the standards development process and ensure sufficient transparency and opportunity for the services sector to engage in the process.</td>
<td>Agreed in principle</td>
</tr>
<tr>
<td>11B</td>
<td>Ensure sufficient support for Australian business involvement in the international standards setting processes.</td>
<td>Agreed in principle</td>
</tr>
<tr>
<td>11C</td>
<td>Encourage greater regulator-to-regulator cooperation to promote the adoption of consistent regulatory approaches in our region (ideally, similar to or compatible with Australia’s). This is particularly important in areas of new opportunity such as cyber security, artificial intelligence, fintech, blockchain, data privacy and sustainable value chains.</td>
<td>Agreed in principle</td>
</tr>
<tr>
<td>11D</td>
<td>The Australian Government should continue to invest in capacity development in our region to help developing countries both adopt international standards and participate in international standards development.</td>
<td>Agreed in principle</td>
</tr>
<tr>
<td>11E</td>
<td>Encourage greater regulator-to-regulator cooperation to promote the adoption of consistent regulatory approaches in our region (ideally, similar to or compatible with Australia’s). This is particularly important in areas of new opportunity such as cyber security, artificial intelligence, fintech, blockchain, data privacy and sustainable value chains.</td>
<td>Agreed in principle</td>
</tr>
<tr>
<td>11F</td>
<td>The Australian Government should continue to invest in capacity development in our region to help developing countries both adopt international standards and participate in international standards development.</td>
<td>Agreed in principle</td>
</tr>
<tr>
<td>11G</td>
<td>Encourage greater regulator-to-regulator cooperation to promote the adoption of consistent regulatory approaches in our region (ideally, similar to or compatible with Australia’s). This is particularly important in areas of new opportunity such as cyber security, artificial intelligence, fintech, blockchain, data privacy and sustainable value chains.</td>
<td>Agreed in principle</td>
</tr>
<tr>
<td>11H</td>
<td>The Australian Government should continue to invest in capacity development in our region to help developing countries both adopt international standards and participate in international standards development.</td>
<td>Agreed in principle</td>
</tr>
<tr>
<td>11I</td>
<td>Encourage greater regulator-to-regulator cooperation to promote the adoption of consistent regulatory approaches in our region (ideally, similar to or compatible with Australia’s). This is particularly important in areas of new opportunity such as cyber security, artificial intelligence, fintech, blockchain, data privacy and sustainable value chains.</td>
<td>Agreed in principle</td>
</tr>
<tr>
<td>11J</td>
<td>The Australian Government should continue to invest in capacity development in our region to help developing countries both adopt international standards and participate in international standards development.</td>
<td>Agreed in principle</td>
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6
### Pillar 3: Support Services Firms as They Internationalise
(5 actions / 10 recommendations)

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<th>Action</th>
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<tbody>
<tr>
<td>13A</td>
<td>Develop an industry-led services narrative to support the promotion of Australian services overseas, with an emphasis on the internationally recognised capability of Australian services firms, their collaborative nature, and their innovative and solutions-driven ethos. This could include identifying and promoting points of excellence in the Australian services sector and highlight specific expertise.</td>
<td>Agreed</td>
<td>S8 / P. 28</td>
</tr>
<tr>
<td>13B</td>
<td>The Australian Government should ensure its Nation Brand initiative captures and supports the whole spectrum of Australian services capabilities, and allows services exporters to leverage the Nation Brand to promote their service offerings.</td>
<td>Agreed</td>
<td>S8 / P. 28</td>
</tr>
<tr>
<td>14A</td>
<td>With input from the financial services sector, DFAT should review the extent to which information from Treasury, ASIC and APRA is captured in the FTA Portal, with a view to providing more comprehensive and consolidated information for financial services exporters.</td>
<td>Requires further consideration</td>
<td>S8 / P. 30</td>
</tr>
<tr>
<td>14B</td>
<td>DFAT and Austrade should work with regulators and industry bodies to increase FTA-related outreach and training for the services sector, delivered both in-person and through digital platforms.</td>
<td>Requires further consideration</td>
<td>S8 / P. 30</td>
</tr>
<tr>
<td>15A</td>
<td>Industry and government should work jointly to build a coalition of support at home and overseas to advocate for Australia’s cybersecurity capabilities and interests.</td>
<td>Agreed</td>
<td>S6 / P. 23</td>
</tr>
<tr>
<td>15B</td>
<td>Ensure Australia has ready access to the best tech talent. In addition to recommendation 5.A, one option could be to expand the New Colombo Plan to facilitate technology-focused learning exchanges with the USA.</td>
<td>Not Agreed</td>
<td>S6 / P. 23</td>
</tr>
<tr>
<td>16A</td>
<td>Encourage the establishment of an industry-led body to develop a stronger narrative about why e-commerce is good for Australia, particularly for regional Australia, promote awareness of e-commerce issues. This body could be an industry focal point for engagement in our region.</td>
<td>Agreed in principle</td>
<td>S6 / P. 21</td>
</tr>
<tr>
<td>16B</td>
<td>Establish a mechanism for Government to have continuous consultation with industry on e-commerce policy issues.</td>
<td>Agreed</td>
<td>S6 / P. 21</td>
</tr>
<tr>
<td>17A</td>
<td>Develop an interactive map, or ensure the Global Business Support Finder can catalogue all available Commonwealth, State and Territory, not for profit, and industry export assistance and information programs, and ensure this stays up to date.</td>
<td>Requires further consideration</td>
<td>S8 / P. 31</td>
</tr>
<tr>
<td>17B</td>
<td>Undertake targeted outreach to ensure that current and aspiring services exports are aware of these tools. In doing this, the Australian Government should collaborate with professional associations and other non-government partners.</td>
<td>Agreed</td>
<td>S8 / P. 31</td>
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</table>
CHALLENGES FACED BY SERVICE EXPORTERS

Australian services firms have told us they face a wide range of barriers that prevent them from reaching their full export potential.

**Knowledge barriers**
- Lack of profile and narrative for Australian services beyond education and tourism sectors
- Lack of information about how to use free trade agreement provisions beyond general advice
- ‘Non-tariff barriers’ that prevent services firms from realising benefits in overseas markets
- Onerous restrictions on cross-border data flows that add to services firms’ operational costs and severely affect business models
- Restrictive local requirements for professionals wanting to practice overseas
- Inconsistent regional rules that increase compliance costs, especially in financial services

**Global barriers**
- Policy-making practices that don’t sufficiently factor trade and investment impacts
- Inconsistency in regulation of professions
- Poor quality data about services exports
- Barriers to temporary movement of people
- Excessive complexity of the tax system

**Domestic barriers**
- Lack of understanding about how service exporters can benefit from e-commerce
- Lack of awareness about how service firms can use government support programmes

For more information, visit www.dfat.gov.au/services-exports-action-plan
WHAT IS THE GOVERNMENT DOING?

The Government has an ambitious agenda to boost Australia’s services exports and unlock our full competitive potential.

- Free Trade Agreement (FTA) Portal to help exporters understand and take advantage of FTAs.
- Launch of the Australian Global Business Support Finder to reduce the information overload for businesses looking to go global.
- 129 FTA information seminars in the last four years engaging 5600 businesses, and a further 100 to be held over the next three years.
- Development of a stronger Nation Brand for a more consistent, less fragmented approach to marketing Australia internationally.
- Significant market access wins for services firms and an ambitious agenda to ensure around 90 per cent of Australia’s two-way trade is covered by free trade agreements by 2022.
- Working to address over 300 potential NTBs on Australian goods and services across 70+ markets.
- Non-tariff Barrier (NTB) Action Plan to help goods and services exporters get into more markets faster, easier and at lower cost.
- 17 new Mutual Recognition Agreements since 2016 to give our professionals more options for overseas work.
- Sign up to the APEC Cross-Border Privacy Rules, with business consultation on implementation to begin soon.
- $5.8 billion in ‘red tape’ savings since 2013.
- Global Talent Independent Platform to attract migrants with entrepreneurial ideas and cutting-edge skills.
- Establishment of the Deregulation Taskforce to revitalise Australia’s regulatory and deregulation agenda.
- Investment Manager Regime to remove local tax liability for foreign investors on specific investments.
- New simplified visa framework to reduce unnecessary complexity within the visa system.
- New Foreign Affiliates in Trade survey to collect more data on overseas investment activity of services firms and better inform policy-making.
Delivering a better regulatory environment will help businesses to lower their costs, save time and improve their competitiveness. The Government is committed to driving improvements in the design, administration and effectiveness of regulations to ensure they are fit for purpose.

The Government undertakes a wide range of consultations to understand better how domestic regulation affect businesses. We recognise that more can be done to identify the potential effects on businesses earlier and take these into account when designing business regulation.

In July 2019, the Prime Minister tasked the Assistant Minister to the Prime Minister, the Hon Ben Morton MP, with revitalising Australia’s regulatory reform and deregulation agenda and established the new Deregulation Taskforce led by the Treasurer.

The Deregulation Taskforce will develop solutions to lower the costs and burden of regulation while retaining the benefits, making it easier for business to invest, create jobs and contribute to growing the economy.

The Taskforce will initially examine options to reduce regulatory burdens for: food manufacturers; sole traders and micro businesses; and major infrastructure projects. The Government has just publicly communicated outcomes from the Taskforce.

The Taskforce will work with State, Territory and Local governments, businesses of all sizes, as well as peak industry and professional organisations to understand the:

**IN RESPONSE TO INDUSTRY’S RECOMMENDATIONS**

1. **A** The Government should strengthen the analysis and sectoral input made available to decision-makers in relevant domestic policy processes to ensure the impacts on trade and investment are able to be properly taken into account.

   **Agreed**

2. **A** The Government should develop a program of national regulatory reform, to be progressed through COAG, to deal with domestic regulatory impediments and inefficiencies.

   **Agreed in principle**
main regulatory barriers to investment and development of new business models;

degree of complexity and length of time regulatory approvals and appeals processes take;

duplication, interaction and cumulative burden of regulation imposed across Commonwealth, State, Territory and Local jurisdictions; and

burden of inconsistency in regulation, including across industry-managed licensing and regulatory frameworks.

The importance of the deregulation agenda was confirmed at The Council of Australian Government’s (COAG) meeting on 9 August 2019 where Leaders agreed:

to work together to reduce regulatory and bureaucratic barriers across the federation so that businesses can grow and create more jobs. Leaders committed to improving the design and efficiency of business regulation to support jobs and investment in the interests of the community.
Government and industry should work together to consolidate a comprehensive and prioritised list of international barriers to services exports for action, including formal market access barriers as well as ‘behind-the-border’ process, procedural, regulatory and cultural barriers.

The development of a comprehensive list of international barriers impacting on services exports, including market access barriers as well as ‘behind-the-border’ process and procedural barriers, is of vital importance. Issues registered through the NTB Gateway help inform government of the barriers faced by exporters in overseas markets, in turn assisting us ensure we are using resources. Since launching the NTB Action Plan, there have been more than 10,500 visits to the NTB Gateway, and we are tracking over 300 potential NTBs affecting Australian goods and services exports.

In December 2018 the Government launched the NTB Action Plan to strategically address NTBs hampering our exports. The NTB Action Plan was developed in close consultation between industry and government. It provides businesses with an improved mechanism to report barriers through an online NTB Gateway (at www.tradebarriers.dfat.gov.au).

In response to industry’s recommendations

| A | Government and industry should work together to consolidate a comprehensive and prioritised list of international barriers to services exports for action, including formal market access barriers as well as ‘behind-the-border’ process, procedural, regulatory and cultural barriers. | Agreed |
| B | Develop a user-friendly mechanism to encourage exporters to keep the list accurate and current. | Agreed |
| A | Relevant Australian regulators and industry associations should work with counterparts in key markets to develop a special category of professional recognition to allow international professionals to practice aspects of their profession in the host-country. | Agreed in principle |
deliver their product overseas, but also the many Australian services that are embedded in the production of our goods exports.

The Government welcomes ongoing, close engagement with services firms in identifying, prioritising and resolving NTBs, including through use of the NTB Gateway and ongoing consultation processes.

Addressing barriers to trade through our World Trade Organization (WTO) and FTA negotiations is a priority for the Government. Australia is taking a leading role in the WTO e-commerce and services domestic regulation negotiations. Australia chairs the WTO e-commerce negotiations, working closely with co-conveners, Singapore and Japan. These negotiations aim to update international trade rules to reflect modern business practices and support growth in the digital economy. We are also leading the WTO services domestic regulation negotiations, which will benefit service suppliers through increased transparency and reduced regulatory red-tape.

The Government is seeking ambitious services outcomes in our free trade agreement (FTA) negotiations with the European Union, the Regional Comprehensive Economic Partnership (RCEP), and Pacific Alliance countries. These FTAs aim to improve services market access and the enabling environment to support services trade, for example by facilitating cross border data flows, and transparency and good practice for services regulation in export markets. Our Digital Economy Agreement with Singapore will support further growth in services trade.

The Government consults extensively with business and other stakeholders to develop its negotiation position for these negotiations.

Promoting the international mobility of professionals

Recommendation 10(A) calls on regulators and industry associations to work with overseas counterparts to establish a special category of licensing for professionals to provide international services in a host-country (based on their home-country licence).

The Government agrees with this recommendation. Australia’s ‘limited’ licence system for lawyers is a good example. Foreign lawyers can obtain a limited licence to provide services in foreign and international law (not Australian law), working in collaboration with Australian lawyers.

This creates a light-touch regulatory environment that matches exactly what internationally mobile foreign lawyers seek. Foreign lawyers can work with local lawyers to deliver fully integrated cross-border commercial business legal services. This has contributed to the internationalisation of Australia’s legal services sector, assists in growing its size, international presence and contribution to the economy.

In addition to generating export opportunities for Australia, this type of regulatory environment in the region and beyond will provide further opportunities for Australian professionals to work with counterparts overseas in providing high end professional services internationally.

As well as ‘limited’ licensing, the Government proposes that Australian regulators and professional bodies discuss with overseas counterparts implementing ‘project-based’ and ‘temporary’ licensing to more quickly and better meet the needs of mobile professional services providers.
Qualifications recognition

Recognition of Australian and overseas qualifications, and of Australian and overseas-trained professionals, is a fundamental enabler to labour mobility across borders.

The Government supports two-way mobility through a range of mechanisms, combining multilateral and bilateral channels. These include:

- active leadership through the UNESCO qualifications recognition conventions, which are based on best principles and practices in the recognition of qualifications;
- using networks established under these conventions, seek full recognition of Australian qualifications, and to facilitate the recognition of overseas qualifications in Australia; and
- working bilaterally to eliminate unreasonable barriers to the recognition of Australian qualifications.

In Australia, the recognition of qualifications is decentralised. The Department of Education provides policy advice and a range of qualifications recognition information services to support Australian organisations involved in assessing overseas qualifications.

These organisations include the authorities responsible for making decisions on skilled migration, employment and student admissions. The Department of Education also advises state and territory governments on qualifications recognition policy to support their migrant settlement activities and services. It offers assessment services for individuals seeking comparability of their overseas qualification in the Australian context, for general employment purposes.

IN RESPONSE TO INDUSTRY’S RECOMMENDATIONS

A

The Australian Government should drive national consistency in business requirements for professional services providers in partnership with professional services peak bodies.

Agreed

B

Consideration should be given to working with one professional services sub-sector first to create a model approach that could then be adopted by other professions.

Agreed

C

Recognising that there is no one Minister responsible for most professions, the Government should identify a champion to prosecute this initiative through COAG.

Agreed in principle

D

Continue to pursue the recognition of Australian qualifications and professional recognition overseas, and in-demand foreign qualifications in Australia.

Agreed
Mutual recognition of professional services

Collaborating with Australian professional services peak bodies to increase opportunities for Australian professionals to work internationally continues to be a key priority for the Government. An important element of this work is promoting Mutual Recognition Agreements (MRAs) on licensing and registration including through Australia’s FTAs. MRAs allow Australian service professionals to work in, and export their services to, overseas markets.

New and improved MRAs ‘operationalise’ our trade agreements by eliminating non-tariff process barriers and facilitating practical on-the-ground benefits for professionals seeking to export their services. Under a dedicated MRA unit established in 2016, DFAT has been working closely with Australian and international professional bodies to establish MRAs or similar agreements. Australia now has 54 MRAs, in six Australian professions across 11 countries – up from 37 such agreements in 2016.

The Government will continue to work with industry to support the negotiation of new and improved MRAs. Professions such as accountancy, architecture, engineering, quantity surveying and the spatial information industry will be priorities. In these sectors, Australian capability aligns with international commercial opportunities as well as industry bodies willing to commit resources to negotiating new and improved MRAs.

National consistency

Mutual recognition legislation adopted by all Australian governments during the 1990s, including trans-Tasman mutual recognition provisions, provides Australia with a well-advanced framework on the free movement of professionals between Australian states and territories compared to similar federal jurisdictions internationally.

While those provisions are now bedded down and largely consistent, the Government acknowledges there is still opportunity for improvement. The Government recognises the need for a more seamless business environment across Australia for professional services corporations and firms.

Navigating licensing and registration arrangements for professionals, and regulation of professional services firms, can result in multiple, complex business operational arrangements. Further regulatory coherence is needed. The Government would welcome the opportunity to work with a professional services peak body to explore how to achieve greater coherence across all states and territories, with the aim of then creating greater opportunities for mutual recognition with other countries.

This is consistent with COAG’s commitment to reduce regulatory and bureaucratic barriers across the Federation. National consistency initiatives in professional services will both feed into the COAG process and draw from it. This may include identifying a champion to drive support for national consistency.
SKILLING OUR WORKFORCE TO MEET INDUSTRY NEEDS

The Government agrees that the quality of the Australian education system and its continuous improvement is key to Australia’s ability to produce world-class graduates and remain internationally competitive, and there is a lot being done.

Australia has an established reputation for its high-quality education and training system, underpinned by strong legal and regulatory frameworks. Our education and training system is characterised by an evidence-based and future-focused approach. This ensures graduates are well-equipped with the knowledge and skills needed now, and into the future, in a globalised labour market.

The Government is considering several recent reviews of our education and training system. These aim to position Australia so we have the right structural and regulatory systems to meet the changing needs of individuals and businesses, including the needs of services exporters, in a period of increasing complexity and rapid technological change. For example:

- the Australian Qualifications Framework Review, released in October 2019, recommended changes to increase the flexibility of qualification types across higher education, vocational training and senior secondary schooling. The Government is currently considering the recommendations and will respond in due course;
- the Higher Education Provider Category Standards Review has recommended a simplified structure for categorising universities and other higher education providers that will benefit students and protect Australia’s international reputation. The Government is considering the recommendations and will respond in due course; and
- the Government is developing a National Regional, Rural and Remote Higher Education Strategy to address access and attainment gaps for regional students.

Implementation of the Government’s $525 million vocational education package, Delivering Skills for Today and Tomorrow, is continuing. The package will help train highly skilled and qualified workers including in regional areas, to meet the needs of businesses.

IN RESPONSE TO INDUSTRY’S RECOMMENDATIONS

Ensure Australia’s approach to education, training and skilling of its own workforce meets the skills needs of services exporters.

Agreed in principle
Reviews of our skilled visa regime

The Government runs an orderly, non-discriminatory immigration program that is focused on our national interests. It maintains a strong emphasis on the economic benefits of migration, filling gaps in skilled employment to help grow the economy. The Government is continuing to engage the community, business and education sectors in designing the migration system and better aligning visa rules with the services sector requirements. The Department of Home Affairs is responsible for implementing the Government’s immigration program.

The Government’s view is that an independent review of Australia’s skilled visa program is not required. There have been numerous reviews in recent years involving extensive consultation with individuals, academics, organisations and businesses that use employer sponsored visa programs, migration agents, representatives of foreign governments and other government departments and agencies. These include:

- 2014 Independent Review into Integrity in the Subclass 457 program, which informed the Government’s reform package of 2017-18 to strengthen the integrity and quality of the skilled migration programs;
- 2016 Productivity Commission Inquiry Report Migrant Intake into Australia;
- 2016 Review of the Temporary Skilled Migration Income Threshold; and
- 2016 Senate Inquiry A National Disgrace: The Exploitation of Temporary Work Visa Holders.

IN RESPONSE TO INDUSTRY’S RECOMMENDATIONS

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<th>5 A</th>
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<tr>
<td>Commission an independent review of Australia’s skilled visa regime. Such a review should consider how to improve processes to engage business and education sector representatives in designing the skilled migration system, and how to better align visa rules with the service sector’s skills requirements.</td>
<td>Lift the restrictions on skilled migration to include people over the age of 50 to improve Australian services firms’ access to qualified personnel.</td>
<td>Continue to streamline the visa system to reduce complexity and costs for services firms when accessing international talent.</td>
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Not Agreed   Not Agreed   Agreed
An independent review of the Migration Amendment (Skilling Australians Fund) Act 2018 will also commence shortly and provide another opportunity to consider feedback from industry and stakeholders.

In addition, the Department of Employment, Skills, Small and Family Business has recently commenced consultation on skills needs to inform the composition of the list of occupations eligible for skilled migration. Other consultative processes with non-government stakeholders include the:

- Education Visa Consultative Committee;
- Tourist Visa Advisory Group;
- Startup Advisory Panel and Industry Advisory Group (for the Global Talent – Employer Sponsor program);
- Ministerial Advisory Council on Skilled Migration; and
- the annual Industry Summit for senior industry and Government representatives to collaboratively discuss strategic border protection and immigration issues.

The Department of Home Affairs also regularly invites public comment and feedback on discussion papers and submissions on specific policy themes and proposals. Comment is typically invited via the Department’s website, with a summary of responses or outcomes published after the consultation has been finalised.

**Age restrictions**

The current age parameters have been carefully considered and are, on balance, appropriate.

There are no age restrictions for Australia’s temporary skilled work visas.

The Government reduced the age limit from 50 to 45 years of age for permanent employer sponsored visas in 2017 and 2018. This was done to improve the economic contribution of skilled migrants to Australia and is in line with the Productivity Commission’s recommendation to reduce the age limit for eligibility for permanent residency.

Exemptions from the age requirement for certain groups of people continue to be available. These groups include certain medical practitioners, university lecturers, and people earning over the Fair Work High Income Threshold (currently $148,700). In addition, labour agreements provide flexibility for people over 45 to qualify in individual circumstances.

Australia’s permanent Distinguished Talent visa also allows applications from persons over the age of 55 years who can bring exceptional benefit to the Australian community.

**Reducing complexity**

The Government, through the Department of Home Affairs, is committed to reducing unnecessary complexity within existing visa frameworks.

In late 2017, the Government completed public consultations on visa simplification including a broad program of engagement with industry, the community, international partners and other interested parties. During public consultations, the Government received detailed responses from across the spectrum of stakeholders which have provided valuable input towards the design of a new visa system. Consultations showed strong support for a visa system that is technologically innovative, simple to understand and easy to navigate, and also addresses the needs of migrants, industry and the community. A consultation summary was published on the Department of Home Affairs website in December 2017.

The new simplified visa framework is aimed at modernising the structure with fewer, more flexible visas and will continue to be part of Australia’s universal non-discriminatory visa system established under legislation, whereby all non-citizens require a visa to travel to and enter Australia.

The new framework is expected to have a phased delivery into the Global Digital Platform as part of a long-term program of transformation of Australia’s visa system. The underlying purpose of the transformation is to pursue the Government’s priorities of a strong economy, strong national security and a cohesive and prosperous society.
Global Talent Independent Program to support industry innovation

Consultation with the service sector has been strengthened through recent initiatives including the introduction of the Global Talent Independent Program. This Program focuses on attracting skilled migrants, with entrepreneurial ideas and cutting-edge skills within target industry sectors, who can contribute to Australia’s economy by driving innovation and supporting the creation of local jobs.

The Government is working with the Australian business community, research, and innovation sectors as well as state and territory governments to target the Program towards the global talent Australia needs. The seven key focus target sectors announced by the Minister for Immigration, Citizenship, Migrant Services and Multicultural Affairs on 4 November 2019 are:

- ag-tech;
- fin-tech;
- med-tech;
- cyber security;
- quantum information, advanced digital, data science and ICT;
- space and advanced manufacturing; and
- energy and mining technology.

Individuals of global talent who are highly skilled in one of these seven fields – and who earn, will earn or have the potential to earn $148,700 per year – will have their applications fast tracked under this program. To help facilitate this program, the Government has also deployed Global Talent Officers in six key overseas locations — Berlin, Santiago, Washington DC, Singapore, Dubai and Shanghai — with a remit covering countries within their respective regions.

Regional employment visas options to support growth

The Government is committed to ensuring access to skilled migration also extends to regional Australia. Australia has a range of permanent and temporary visa options available to regional employers and communities to address their needs, including Skilled Regional visas, the Temporary Skills Shortage visa, Working Holiday Maker, the Seasonal Worker Programme and the Pacific Labour Scheme.

On 20 March 2019, the Prime Minister announced the Government’s Plan for Australia’s Future Population. The main elements related to regional migration are: dedicated 25,000 places for regional skilled migrants; priority visa processing regional visa applications; and the introduction of two new regional visas which require migrants to live and work in regional Australia for three years before accessing permanent residence.
Digital economy

The Government does not support Recommendation 9(A). The Digital economy is now all pervasive. National policies relating to the digital economy are already appropriately covered by the Minister for Industry, Science and Technology, the Hon Karen Andrews MP. Minister Andrews is leading the coordination work across government, and will ensure the delivery of a coherent and complementary whole-of-government approach to the growth of Australia’s digital economy.

In December 2018, the Government released the national digital economy strategy – Australia’s Tech Future – setting out a vision for a strong, safe and inclusive digital economy. The strategy provides a framework to help develop Australia’s digital skills and deliver better services to consumers. Fundamental to this plan is the continued work with all stakeholders to ensure Australian business and industries have access to the latest technologies and can adopt these new technologies to drive productivity, growth and job creation.

The Government also supports Australian businesses participation in major international forums to advance our interests in digital trade, such as the APEC Business Advisory Council (ABAC) and the business forum (B20) in the Group of Twenty (G20).

ABAC’s theme for 2019 is inclusive and collaborative growth in the digital era and one of its key recommendations to Leaders was unlocking the benefits of the digital age, calling on APEC economies to act decisively to facilitate the free and secure flow of formation and data; build digital readiness; promote more regulation responsive to technology shifts; and improve internet and digital infrastructure. In August, APEC economies finalised the establishment of a new working group to take forward digital issues, in collaboration with ABAC.

In March 2019, the B20 called on Governments to prioritise digital connectivity and to put in place policies to induce business investment in digital infrastructure. The B20 noted that cross border data flows were essential to ensure the benefits of digitalisation could...
Encourage the development and harmonisation of high-quality digital standards with key trading partners, including through FTAs, in multilateral fora, and through regulator-to-regulator cooperation. This could include facilitating the development of international digital standards.

**E-commerce**

The Government agrees that e-commerce is a facilitator of goods and services exports and an ever-increasing share of global trade is conducted digitally.

We agree it is vital to Australia that we secure digital trade rules that provide businesses with a more open and predictable online trading environment. The Government is taking an active role – in both the World Trade Organization (WTO) and through our ambitious trade negotiating agenda – to drive and shape global digital trade rules. We consult closely with a wide range of industry representatives in adopting our negotiating position on these issues and welcome written submissions from interested industry groups, businesses and other stakeholders. The Government continues to encourage submissions on DFAT’s *Future of Digital Trade Rules* discussion paper (available on the DFAT website).

Australia is Chair of the WTO e-Commerce negotiations, which aim to develop the first set of global digital trade rules – momentum is strong with negotiating tempo intensifying and almost 90 WTO Members now participating.

The Government is also playing a key role in pushing for an extension of the WTO moratorium on customs duties on electronic transmissions. We do not want tariff barriers to impede trade in digital products, costing consumers, businesses and the general economic competitiveness of WTO Members.

In trade negotiations, Australia seeks to foster an enabling environment for digital trade through technology-neutral rules that minimise restrictions on businesses’ capacity to harness technological developments and also support consumer confidence.

**IN RESPONSE TO INDUSTRY’S RECOMMENDATIONS**

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<td>9</td>
<td>C</td>
<td>Encourage the development and harmonisation of high-quality digital standards with key trading partners, including through FTAs, in multilateral fora, and through regulator-to-regulator cooperation. This could include facilitating the development of international digital standards.</td>
<td><strong>Agreed in principle</strong></td>
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<td>9</td>
<td>D</td>
<td>When negotiating trade agreements, the approach taken by Hong Kong and Australia in the recently negotiated Australia-Hong Kong FTA should serve as a model of how to lock in free cross-border data flows for the finance sector without mandatory local data storage requirements.</td>
<td><strong>Agreed in principle</strong></td>
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<td>9</td>
<td>E</td>
<td>Accelerate the domestic implementation of the voluntary APEC Cross Border Privacy Rules, and promote greater understanding of their benefits, to improve the likelihood of these rules becoming the regional minimum standard.</td>
<td><strong>Agreed</strong></td>
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<td>16</td>
<td>A</td>
<td>Encourage the establishment of an industry-led body to develop a stronger narrative about why e-commerce is good for Australia, particularly for regional Australia, promote awareness of e-commerce issues. This body could be an industry focal point for engagement in our region.</td>
<td><strong>Agreed in principle</strong></td>
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<td>16</td>
<td>B</td>
<td>Establish a mechanism for Government to have continuous consultation with industry on e-commerce policy issues.</td>
<td><strong>Agreed</strong></td>
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These include rules that support Australia services exporters to transfer information across borders in their business activities and to choose where information is stored, allowing them to make efficient and cost effective decisions. The government wants all Australian service suppliers to benefit from these rules, including those operating in the finance sector.

The Government is working to build on the high-quality digital trade rules Australia has concluded in recent FTAs. In our FTA negotiations, including with the European Union and in our Digital Economy Agreement negotiations with Singapore, we are aiming to develop new digital trade rules that can serve as ambitious regional and global benchmarks and will harness digital transformation and technology to expand trade and economic ties.

Our Digital Economy Agreement with Singapore also aims to facilitate bilateral cooperation in a broad range of areas in the digital economy, including digitisation of trade documents, e invoicing, e payments, digital identity, artificial intelligence and e-certification for exports.

The Government recognises that quality rules that allow for cross-border data mobility, with appropriate privacy protections, are critical for the functioning of a competitive digital economy. The Asia-Pacific Economic Cooperation (APEC) has endorsed Australia’s participation in APEC’s Cross Border Privacy Rules (CBPR) system, effective from 23 November 2018. The Government through the Attorney-General’s Department has been working through some of the legal complexities of domestic implementation with Australia’s privacy regulator, the Office of the Australian Information Commissioner. The Government will be consulting with businesses about implementation shortly and would welcome business views, including on how business intends to benefit from the CBPR system.

The Government agrees in principle the establishment of an industry-led forum to support ecommerce and digital trade and encourages industry to explore this recommendation.

Cyber security

The Government agrees that Australia’s world-class cyber security capabilities represent a significant export opportunity.

Australia has been at the forefront of developments in online safety and security, which is reflected in robust legislation, advanced law enforcement capability, rigorous policy development and strong technical defences. The Government has a deep commitment to cyber security and safety, and brings together a wide range of initiatives under a coordinated, whole-of-government strategy. The recent addition of “cyber safety” to the Minister for Communications, Cyber Safety and the Arts role – underlines the Government’s focus on keeping Australians safe online – including doing everything the Government can so that Australians have the most positive possible online experiences.

The Government’s commitment to cyber security includes $50 million from the Government over seven years, from 2018 to establish the Cyber Security Cooperative Research Centre (CSCRC). Among its objectives, the CSCRC aims to attract, inspire,
mentor and develop the next generation of cyber security professionals by offering promising students’ scholarships through participating universities.

In 2017, the Government established AustCyber, a not-for-profit-company and part of the Government’s Industry Growth Centres Initiative, with the aim of growing Australia’s cyber security sector. AustCyber promotes collaboration across the education system build the pipeline of skilled cyber security professionals that Australian employers need.

Globally, DFAT and Austrade are also showcasing Australia’s cyber security capabilities to international customers and investors, and partnering with the private sector to promote the cyber security industry. Activities include targeted Australia-branded digital forums and innovation summits in the region and an annual Australian Cyber Week. Austrade, DFAT and AustCyber have promoted Australia’s capabilities to the US market, including at the San Francisco Landing Pad Cyber Security Program and the RSA Conference.

The Government does not support the expansion of the New Colombo Plan’s (NCP) host locations to include the US or to prescribe students fields of study or work, per Recommendation 15(B). The NCP is a signature initiative of the Australian Government which aims to lift knowledge of the Indo Pacific in Australia by supporting Australian undergraduates to study and undertake internships in the region. It is intended to be transformational, deepening Australia’s relationships in the region, both at the individual level and through expanding university, business and other links.

The program is a demand-driven to Australian universities and students to determine their discipline and study programs within Australia’s immediate neighbourhood. Since its inception in 2014, over 60,000 students have undertaken an NCP scholarship or mobility program. Of these the NCP has funded 17 students to undertake short term mobility programs and one scholarship in the field of cyber-security. We expect many more may of have undertaken cyber-security study as part of broader IT-related studies or internships.

Many Australians (nearly 5,000 in 2018-19) already study in the US. There are a range of other scholarships to help Australians study in the US and other countries beyond the NCP.

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**IN RESPONSE TO INDUSTRY’S RECOMMENDATIONS**

**15 A**

Industry and government should work jointly to build a coalition of support at home and overseas to advocate for Australia’s cybersecurity capabilities and interests.

**Agreed**

**15 B**

Ensure Australia has ready access to the best tech talent. In addition to recommendation 5.A, one option could be to expand the New Colombo Plan to facilitate technology-focused learning exchanges with USA.

**Not Agreed**
Investment and taxation

The Government recognises that increasing investment supports productivity growth and increased wages.

Tax settings are one of many considerations that underpin foreign investment decisions and as a general rule, Australia will only consider tax changes in the usual manner of bilateral discussions between governments. Any change to tax policy settings need to be carefully considered having regard to the broader tax system, tax integrity issues and the Budget’s fiscal position, to ensure that the Government can guarantee the essential services that Australians rely on.

The Government works closely with our financial services industry to improve the competitiveness of the Australian funds management industry, including through adjusting our tax settings. Australia has introduced several reforms that place Australian fund managers in a strong position to enhance Australia’s ability to attract investment, including the Investment Manager Regime and our conduit foreign income rules, which remove the local tax liability for foreign investors on specific investments. The Government has recently looked into the competitiveness of our non-resident withholding tax rates following requests from industry and determined that no changes were warranted.

The Government continues to improve the rules around attribution tax by providing greater clarity for industry and ensuring that income character flow-through serves as a competitive advantage for Australian fund managers. In relation to Recommendation 6(C), Australia’s existing Double Tax Agreements (treaties) play an important role in removing tax barriers that impede movement of people, capital and technology, and thereby improve tax certainty for firms with cross-border activities.

For example, in November 2019, the Government passed legislation for a new tax treaty between Australia and Israel. Key features of the treaty include reducing...
withholding tax rates to create a more favourable bilateral investment environment, making it cheaper for Australian business to access foreign capital and technology; providing greater certainty for business in both jurisdictions and reducing the incidence of double taxation.

In regards to the Asia Region Funds Passport, Australia already chairs the Tax Reference Working Group – a forum of tax experts established specifically to discuss tax issues and to ensure collaboration and cooperation across the participating Passport economies. More broadly, the Government already provides accessible, user-friendly information for foreign investors to Australia, including through the websites of the Australian Tax Office, the Foreign Investment Review Board and Austrade. This includes information relevant to the Australian tax system, however there are limits to the level of tax detail that can be provided on a public website. As such the Government does not consider it feasible to develop, and maintain, detailed taxation guides around specific categories of financial products per Recommendation 6(A).

With global developments driving major investment and productivity trends, Australia has done comparatively well in attracting value-added investors. While we do not support the need for a separate review of Australia’s withholding tax regime per Recommendation 6(B), the Government is committed to monitoring international tax developments to ensure Australia remains well placed and competitive to attract foreign investment. This includes assessing Australia’s treaty network to ensure it remains appropriately aligned to our trading relationships, whilst maintaining tax system integrity.
The Australian Prudential Regulation Authority (APRA) should review prudential, licensing and capital requirements for Australian financial services exporters, with a view to ensuring regulatory arrangements do not unfairly prejudice the ability of these firms to establish an offshore commercial presence.

The Australian Prudential Regulation Authority’s (APRA) current review of prudential regulations is designed to ensure the strength of Australian banks’ capital position is more transparent which would promote their ability to establish operations and compete in offshore markets. The Government’s work in strengthening consumer protection, regulatory frameworks, and financial stability will provide Australian firms with the right environment to produce the efficient and competitive services that are in demand not just in Australia, but across the region and the globe. As such, the Government does not support the recommendation for another review of prudential, licensing and capital requirements outlined in Recommendation 7(A).

The Australian Government should expand the Australian Securities and Investment Commission (ASIC) mandate, requiring it to consider the effect of decisions on the international competitiveness of Australian financial services firms offshore.

ASIC already has a mandate to consider the effects of its decisions on competition. The Government is also promoting competition in financial services through its work to promote the development of Australia’s ‘fintech’ industry, including the Australia-UK Fintech bridge, and funding for ASIC’s Innovation Hub.

### Asia Region Funds Passport

An APEC initiative, the Asia Region Funds Passport is intended to support the development of an Asia region funds management industry through improved market access. The Passport provides:

- the opportunity for Australian fund managers to sell their products to a broader consumer base across the region; and
- Australian investors with greater choice of investment products from well-regulated foreign funds.

### IN RESPONSE TO INDUSTRY’S RECOMMENDATIONS

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<th>Recommendation</th>
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<td>7(A)</td>
<td>The Australian Prudential Regulation Authority (APRA) should review prudential, licensing and capital requirements for Australian financial services exporters, with a view to ensuring regulatory arrangements do not unfairly prejudice the ability of these firms to establish an offshore commercial presence.</td>
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<tr>
<td>7(B)</td>
<td>The Australian Government should expand the Australian Securities and Investment Commission (ASIC) mandate, requiring it to consider the effect of decisions on the international competitiveness of Australian financial services firms offshore.</td>
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<tr>
<td>12(A)</td>
<td>Led by Treasury and ASIC, seek to negotiate bilateral regulatory cooperation arrangements with China, Japan and the Republic of Korea, to facilitate and implement agreed FTA market access commitments in the cross-border provision of portfolio administration and insurance services.</td>
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<tr>
<td>12(B)</td>
<td>Seek to negotiate bilateral cooperation agreements between ASIC, APRA and the ATO and their counterparts in China, Japan and the Republic of Korea to allow a wider range of wholesale (business-to-business) activities.</td>
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<tr>
<td>12(C)</td>
<td>Prioritise passage of the Corporate Collective Investment Vehicle Bill, as a recognised investment vehicle that can be marketed under the Asia Region Funds Passport.</td>
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Currently, Australia, Japan, New Zealand, the Republic of Korea, and Thailand have agreed to implement the Passport. Australia participates in the Asia Region Funds Passport Joint Committee, which last met in Singapore in October 2019 to discuss how to increase awareness and encourage use of the Passport by industry.

Relevant legislation to support the Passport was passed by the Government in 2018. The legislation implements the framework necessary to register Australian collective investment schemes as passport funds and to recognise incoming foreign passport funds. Information on how to apply to become a registered Australian passport fund or a notified foreign passport fund, as well associated regulatory guidance, is available on ASIC’s website.

**International regulator-to-regulator co-operation**

The Government supports ASIC’s engagement with overseas financial regulators through the well-established mechanisms of the International Organisation of Securities Commissions (IOSCO), the Financial Stability Board (FSB), that work to bring all global regulators up to the highest standards, further increasing the opportunity for regulatory agreements and cross border provision of financial services.

The Government also supports APRA’s international engagement through its memoranda of understanding and other ad-hoc regulatory arrangements with its international counterparts (including China, Japan and Korea). APRA is also a member of multilateral forums and bodies, which it leverages to communicate and work with other international regulators.
SUPPORTING SERVICES FIRMS AS THEY INTERNATIONALISE

Building a services narrative for Australia

The Government agrees with Recommendations 13 (A) and (B) that an integrated and strategic representation of Australia’s capabilities will improve our nation’s global reputation and competitiveness and enhance our economic growth.

The Government is developing a unifying Nation Brand for Australia in consultation with business, industry groups, state governments and the broader community.

The Nation Brand is a long-term project, and consistent application across different sectors will be important for its success.

While the Government agrees with Recommendation 13(A) that the narrative development should be led by industry, guidance and support can be offered from the Government’s Nation Brand initiative. The Government is working with the services sector to develop their narrative to articulate the distinctive messages that demonstrate Australia’s value. This narrative would outline the unique and compelling stories that showcase Australia’s services sector points of excellence and expertise.

The Government consulted over 350 business representatives, including from the service sector, between June and July 2018 and committed to a Nation Brand applicable for a range of export sectors. The Government encourages the services sector continue engagement with the Nation Brand project team to ensure the brand supports the needs of this sector.

In parallel with Nation Brand development, Austrade has been redesigning its services to better support Australian exporters in maximising the changing global business environment. The new service model will continue to provide expertise, insights and connections to a global network of advisors and will include enhanced digital platforms to increase the value, availability and convenience to exporters.
Australia’s Free Trade Agreements – use of the FTA Portal and seminars

Australia’s free trade agreements (FTAs) create a platform for growth in services exports by removing key barriers and providing service suppliers with more transparent and predictable operating conditions. They lock in existing market conditions, providing certainty for Australian businesses operating overseas and capturing future market reforms in services sectors. Australia’s FTAs have directly supported the expansion of Australian business in sectors including financial services, professional services and education, in FTA partner markets such as China, Singapore, Japan, Korea and Chile.

The Government has set an ambitious goal of ensuring that around 90 per cent of Australia’s two-way trade is covered by free trade agreements by 2022 as a means of growing the economy and delivering prosperity to Australia. The Government remains strongly committed to increasing business awareness and use of FTAs.

The Government acknowledges that FTAs are often complex for exporters to understand. While there are limits on the amount of compliance information that can be made available to a general audience, the Government is taking numerous steps to better explain these agreements. The Government currently undertakes a range of activities to assist businesses, for example:

- as part of the Government’s FTA seminar series — Austrade and DFAT delivered 129 information seminars between March 2015 and November 2019, engaging with over 5600 businesses and other representatives, with around two thirds of seminars held in regional areas. The Government has begun delivering on a commitment to provide 100 FTA information seminars across Australia over the next three years;
- the FTA Portal, a website assisting businesses with easy-to-access information about the specific benefits of Australia’s FTAs in both goods and services trade;
- detailed online information about FTAs, including factsheets and guides for businesses; and
- FTA ‘helpdesks’ (email inboxes and a dedicated hotline) where SMEs and members of the public can contact FTA experts with specific questions or issues.

The Government recognises the important role industry associations and business groups can play in assisting business understand and utilise FTAs. Austrade and DFAT support third party FTA advocacy. Austrade and DFAT also have some capacity to deliver bespoke FTA outreach in response to stakeholder requests. The Government would welcome more information from services related industry bodies on ways to increase FTA-related outreach for the services sector.

PwC’s FTA Utilisation Study (March 2018) confirms FTAs are being widely used and have a positive impact on business confidence, activity, strategy, expansion planning, and international investment. In total 62 per cent of Australian exporters are using at least one FTA, while 35 per cent of services firms say that FTAs are influencing their export strategies.

PwC found while FTAs are providing greater regulatory certainty for Australian services providers and investors in partner markets, services businesses are not yet fully exploiting the commitments in FTAs to liberalise services. The report notes that the full services market access outcomes under Australia’s North Asian FTAs will take some time to bear fruit.

The FTA Portal is a website which promotes use of Australia’s FTAs. The Portal enables businesses to explore how they can benefit from Australia’s FTAs. The Portal helps businesses decipher which FTA offers them the greatest benefits. It features a sophisticated tariff finder, rules of origin guide, trade data on individual markets and relevant links to help businesses make trade decisions. In 2018 the Portal was expanded to include information on services commitments for FTAs already in place.
The Portal currently includes information on commitments relating to trade in goods and services for all of our FTAs already in place: China (ChAFTA), Japan (JAEPA), Korea (KAFTA), Malaysia (MAFTA), New Zealand (ANZCERTA), Thailand (TAFTA), Singapore (SAFTA), the United States (AUSFTA), Chile (ACLFTA), as well as Australia’s plurilateral FTA with ASEAN and New Zealand (AANZFTA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). New FTAs will be added to the Portal as they enter into force. Since its launch in late 2015, the Portal has attracted over 300,000 users.

The Government will further consider Recommendation 14(A) and the extent to which financial services information may be captured in the FTA Portal. The Portal currently includes partner countries’ FTA commitments on financial services, covering banking and other financial services, asset management, securities services, and insurance and insurance-related services. However, adding an up-to-date summary of partner governments’ financial regulatory requirements would be extremely complex and resource-intensive to build and maintain. Meanwhile information from Treasury, ASIC and APRA primarily covers domestic Australian requirements and would relate to service imports, which are not a focus of the Portal.

IN RESPONSE TO INDUSTRY’S RECOMMENDATIONS

**14 A**
With input from the financial services sector, DFAT should review the extent to which information from Treasury, ASIC and APRA is captured in the FTA Portal, with a view to providing more comprehensive and consolidated information for financial services exporters.

Requires further consideration

**14 B**
DFAT and Austrade should work with regulators and industry bodies to increase FTA-related outreach and training for the services sector, delivered both in-person and through digital platforms.

Requires further consideration
Targeted outreach to services exporters

The Government agrees on the need to strengthen FTA outreach and training for the services sector. It will deliver services-specific outreach in the first half of 2020 through the FTA seminars. Planned improvements to the Global Business Support Finder will support the online delivery of this information, which also aligns with proposed future FTA Seminar delivery models. The Government will also continue to work across government departments to ensure services firms are able to access information about exporting in simple and intuitive ways.

The Government notes www.business.gov.au alreadycatalogues Commonwealth, state and territory assistance. It provides a single-entry point for businesses seeking government help. The Government will continue to make improvements to the Global Business Support Finder, driven by user feedback, while also making sure it complements rather than duplicates the service provided by www.business.gov.au. However, reproducing information on all export assistance programs in the Support Finder would require significant additional investment and a strong business case supported by a clear information gap identified by users.

IN RESPONSE TO INDUSTRY’S RECOMMENDATIONS

17 A
Develop an interactive map, or ensure the Global Business Support Finder can catalogue all available Commonwealth, State and Territory, not for profit, and industry export assistance and information programs, and ensure this stays up to date.

Requires further consideration

17 B
Undertake targeted outreach to ensure that current and aspiring services exports are aware of these tools. In doing this, the Australian Government should collaborate with professional associations and other non-government partners.

Agreed
The Government recognises the value of robust data collections in informing policy-making, but also acknowledges there are challenges with collecting data on services exporting firms.

The Australian Bureau of Statistics (ABS) currently runs a quarterly Survey of International Trade in Services, which provides data on selected services. This survey data is combined with additional datasets to compile trade in services estimates, which are produced monthly, quarterly and annually (the last also broken down by State and by Country). This data is produced in accordance with international standards and classifications but does not include transactions between foreign affiliates.

In November 2018, DFAT and Austrade commissioned the ABS to improve its data collection on exporting services firms, focusing on the Australian Outwards Foreign Affiliates Trade Survey. The survey will describe the economic interactions of Australian business affiliates abroad, for both Australian-owned enterprises and foreign-owned Australian enterprises. Key variables collected include sales, purchases, value-added, remitted profits, capital expenditure, number of employees and payments to employees/contractors. The outcomes of this survey are expected in May 2020.

The Government will continue to explore data requirements, drawing on existing data sources and complementary data sources as appropriate, to better describe the services sector. An important factor will be whether data is already being obtained by ABS either directly or through other data sources, or whether an expanded or new survey would be required, which would involve additional cost and administrative burden for businesses.

IN RESPONSE TO INDUSTRY’S RECOMMENDATIONS

4 A
The Australian Government should provide ongoing funding for the ABS to undertake regular services exports surveys and produce a national dataset, including earnings of Australian foreign affiliates.

Requires further consideration

4 B
The Australian Government could work with industry to build on other activities (such as the Australian International Business Survey) and conduct a services sector specific survey to provide a snapshot that can be combined with existing ABS data to build a better picture of services exports and international practice.

Agreed

4 C
The Australian Government should examine how alternative data sources could help to better understand Australia’s services exports, with the view to developing a robust data asset that provides timely insight into the true value of the services sector.

Agreed
PROMOTING STANDARDS AND BOOSTING ACCESS TO INTERNATIONAL MARKETS

The Government believes the development and application of international standards for new and emerging technologies are important for maximising the benefits for Australian businesses in the modern, global economy.

Standards Australia is Australia’s peak, non-government standards development body, recognised in a memorandum of understanding with the Australian Government. The Australian Standards are developed by consensus with a broad range of stakeholders. The process is facilitated by Standards Australia. These standards create the conditions that help foster accepted minimum levels of safety, quality and reliability of products, services and systems. Effective implementation of Australian and International Standards better support trade and the interoperability of goods between markets.

Standards Australia manages over 5,300 active committee members across 390 active technical committees, 416 active sub-committees and 219 active working groups. It supports Australia’s international participation in standards setting on 270 International Organization for Standardization (ISO) technical committees, project committees and sub-committees.

To support Australia’s participation in the development of international standards the Government funds Standards Australia to represent Australia’s interests in key international standards organisations, including the ISO and the International Electro-technical Commission (IEC).

In 2018-19, the Government supported some 440 Australian delegates to participate in international standards-setting committees, up from around 400 delegates in 2017-18. This representation is a key market access and trade facilitation tool, as nearly 40 per cent of Australia’s domestic standards reflect agreed international standards.

IN RESPONSE TO INDUSTRY’S RECOMMENDATIONS

11A Strengthen Australia’s role in the standards development process and ensure sufficient transparency and opportunity for the services sector to engage in the process.

Agreed in principle

11B Ensure sufficient support for Australian business involvement in the international standards setting processes.

Agreed in principle

11C Encourage greater regulator-to-regulator cooperation to promote the adoption of consistent regulatory approaches in our region (ideally, similar to or compatible with Australia’s).

Agreed in principle

11D The Australian Government should continue to invest in capacity development in our region to help developing countries both adopt international standards and participate in international standards development.

Agreed in principle
Standards Australia looks to adopt International Standards to the maximum extent possible. Only in the absence of an appropriate existing International Standard, and after verification that the proposed Standard will not be anti-competitive, will a Standards Australia Technical Committee proceed to prepare a draft for a new Australian Standard.

Advancing Australia’s role in global standard setting

International standards stimulate trade, and help overcome artificial trade barriers. The use of international standards makes it easier for businesses to sell anywhere in the world. The OECD estimates that standards and standards conformity directly impact approximately 80 per cent of all world trade. The Government’s policy is that if a system, service or product has been approved under a trusted International Standard or risk assessment, Australian regulators should not impose any additional requirements unless it can be demonstrated that there is a good reason to do so.

We place a priority on stepping up Australia’s role in global standards setting and growing our exports industries of the future – including services exports. Standards Australia is leading a range of international strategic standards projects supported by the Government, including:

- leading the development of international standards to support ‘distributed ledger technologies’ (e.g. blockchain) at ISO;
- managing Australia’s participation on international standards strategic advisory committees relating to advanced manufacturing/Industry 4.0 and the Internet of Things;
- developing an Artificial Intelligence Standards Roadmap; and
- the ASEAN-Australia Digital Trade Standards Cooperation Initiative, which provides a framework for Australia and ASEAN Member States to cooperate in developing, adopting and using international standards that promote digital trade in the region.

This has helped place Australia at the forefront for the adoption and use of this technology, with applications spanning banking and financial services, health services, the Internet of Things, data security and more.
Regulatory cooperation to promote consistency in our region

Through its engagement in the International Telecommunication Union (ITU) Standardization Sector (ITU-T), Australia advocates for open global standards that support efficient, interoperable and interconnected global telecommunication networks. We push for stronger governance and the development of transparent rulemaking, so that the ITU-T operates within its mandate and avoids duplicating efforts already being undertaken in other UN bodies and international standards developing organisations.

Australia is part of the Asia-Pacific Telecommunity (APT), a regional telecommunications organisation. Standardisation work in this forum includes the APT Standardization Program (ASTAP). ASTAP is a platform for harmonising telecommunication and ICT standardisation activities in the Asia-Pacific region through sharing best practice and information.

In both these forums, the Department of Communications and the Arts advocates for stronger coordination between the ITU other standards developing organisations to avoid duplication or overlap of telecommunications/ICT standards.

Capacity development to help our region in adopting international standards

The Government continues to undertake strategic international engagement and capacity building activities to promote the adoption of good regulatory practices globally. These often involve regulators and lead policy agencies, drawing on the expert advice and implementation assistance of Australia’s peak standards and conformance infrastructure organisations. Work underway includes:

- the ASEAN-Australia Digital Trade Standards Cooperation Initiative;
- the Cyber Security Regional Standardisation Enhancement Program, which aims to further the adoption and implementation of international standards to improve cyber security in the Pacific;
- the E-commerce Aid for Trade Fund, which aims to help developing countries in the Indo-Pacific maximise the benefits of digital trade by increasing their e-commerce capabilities, including through adopting and using digital trade standards; and
- wide-ranging engagement and activities under the APEC Sub-Committee on Standards and Conformance, including initiatives promoting good regulatory practice in Free Trade Agreements, boosting standards and innovation in the silver economy (tackling ageing society issues), and standardisation issues around cyber security and the Internet of Things.
ACRONYMS

ABAC
APEC Business Advisory Council

APEC
Asia-Pacific Economic Cooperation

APRA
Australian Prudential Regulation Authority

ASIC
Australian Securities and Investments Commission

Austrade
Australian Trade and Investment Commission

B20
Business 20

CBPR
Cross Border Privacy Rules

COAG
Council of Australian Governments

CSCRC
Cyber Security Cooperative Research Centre

DFAT
Department of Foreign Affairs and Trade

FTA
Free Trade Agreement

G20
Group of Twenty

MRA
Mutual Recognition Agreement

NCP
New Colombo Plan

NTB
Non-Tariff Barrier

WTO
World Trade Organization

USEFUL GOVERNMENT RESOURCES FOR BUSINESSES

Business.gov.au website
www.business.gov.au

An online government resource for the Australian business community, offering you simple and convenient access to all of the government information, assistance, forms and services you need. It’s a whole-of-government service providing essential information on planning, starting and growing your business.

The Global Business Support Finder
www.export-help.business.gov.au

Assists services exporters to find information from across government and other sources on how to export your service. Tell the service about your business and which location you want to do business with, and we’ll tell you what you need to know. This includes qualifications, grants, taxes, business culture and regulations that may affect you.

DFAT Free Trade Agreement Portal
www.ftaportal.dfat.gov.au

DFAT’s FTA Portal is a comprehensive resource for exporters, and importers of goods and service providers looking to explore the benefits of Australia’s current free trade agreements and how to obtain preferential treatment under those FTAs.

Overcoming non-tariff barriers
www.tradebarriers.dfat.gov.au

Department of Foreign Affairs and Trade website
www.dfat.gov.au

Austrade website
www.austrade.gov.au