

Exports Sector seeks more government backing

Weaker dollar seen as chance for services

Jason Murphy

A new profile of Australian exporters shows how tough conditions have been under the strong currency, how much relief could come as the dollar falls and also underlines the claims of services companies for more government strategic support.

The number of exporters in Australia was almost unchanged in 2011-12, falling to 44,751 from 44,766, but services exporters tumbled by 10 per cent, according to new data from the Australian Bureau of Statistics.

The number of goods exporters rose 1 per cent in 2011-12, as the total number of Australian businesses rose 0.4 per cent in 2012.

Australian Services Roundtable president **James Bond** said the dollar had been a problem but a bigger issue was the lack of government support for services as a valuable part of the economy.

"Look at the effort that they go to for manufacturing. It's the services sector that pays the taxes that subsidise the manufacturing sector," he said.

"One of the bigger problems is government's recognition of services as an export industry," he said.

"Tertiary education is a good example. When they changed the visas for students, Australia's exports of education fell by 20 per cent in one year. Imagine if iron ore exports fell by 20 per cent in one year. There'd be an outcry."

"As the mining industry comes off, we need to look at what the next thing is. With the growth of the middle class in Asia, there is going to be great demand for the services Australia produces."

Mr Bond named financial services, architectural services and health as possible growth areas.

The Australian dollar fell to US96¢ on Tuesday after spending most of the past year above \$US1. Exporters whose prices are in Australian dollars should increase sales as their goods become cheaper on world markets. Tourism businesses are among those most likely to benefit.

Two speed

Operating profit per employee (\$m)



SOURCE: ABS

Exporters whose prices are in US dollars or Chinese yuan – for example resources exporters – will earn more from each sale as the dollar falls.

Economist and government adviser **Ross Garnaut** last week argued that a push to reinvigorate Australia's services exports was required to avoid a recession and high unemployment when the commodity price boom ends.

"If we left the adjustment until the markets heap it upon us anyway, we are guaranteed deep recession and high unemployment," Professor Garnaut said.

Australia's wealth production has been strongly active in resources and the extent of the profitability of mining was revealed in another new dataset released by the ABS.

It showed mining was the largest contributor to operating profits before tax in 2011-12, earning \$83.7 billion, or 23 per cent of all operating profits before tax. There were just 8348 mining companies operating at June 2012 – that means less than half of 1 per cent of all Australian businesses made 23 per cent of the profit.

The mining industry employs just 195,000 people. They are among Australia's best-paid workers, but each employee's share of that \$83.7 billion in profit is \$429,000. In retail trade, the profit per employee was \$19,000.