
Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry, Tourism and Resources Portfolio
2006-07 Additional Budget Estimates Hearing
15 & 16 February 2007

AGENCY/DEPARTMENT: INDUSTRY, TOURISM AND RESOURCES

TOPIC: *'Global Integration' Industry Statement – State and Territory Contributions*

REFERENCE: Hansard 16/2/07, Page E25

QUESTION No. AI-29
(Hansard 16/2/07, Page E25)

Senator CARR—The response to question on notice number SI-61 notes that the minister wrote to his state and territory counterparts inviting their contributions. Can you provide me with a copy of the summaries of the consultations to the committee from state governments?

Mr Dean—Yes, I can.

ANSWER

Following the industry consultations in July and August 2006, summaries of key points were sent by Minister Macfarlane to the relevant State Minister/s in Victoria, New South Wales and South Australia. Copies of these summaries are attached. Please note that the summaries are classified "In Confidence" and should not be circulated.

Summaries for Tasmania, Western Australia and Queensland were prepared but these were not sent by Minister Macfarlane.

SUMMARY OF KEY POINTS FROM INDUSTRY CONSULTATIONS

SYDNEY
26 JULY 2006

Globalisation and global supply chains

- Emergence of truly global industries with inputs sourced from best firms/locations.
- Globalisation doesn't occur only in manufacturing – example of facilities management.
- Major services firms looking to invest offshore, particularly in the US, as a means to accessing global supply chains.
- Strong sense that globalisation presents many opportunities and Australia has many strengths, but opportunities are missed because we fail to 'hunt as a pack' and share intelligence.
- Questions about whether we fully appreciate the quality of the resources available in Australia – examples in furniture and consumer appliances, architecture and engineering showing the quality of Australian skills.

- Importance to accentuate successes – generate optimism about globalising world – too easy to focus on problems.

Firm strategies

- Benefits of worksharing – ie moving projects from hot spots to other locations to take advantage of skills availability.
- Need for improved strategic business management skills across industries.
- Examples of firms sourcing inputs from China and focusing Australian production on high value products.
- Sense that in some sectors we have the manufacturing know-how and design competence, but not the firms able to capitalise on these.

Innovation

- Need for more market-driven outcomes from the public research sector.
- Importance of understanding that innovation arises from relationships through all stages of the value chain.

Skills

- Concern of diminished interest in engineering careers and the ageing of the current engineering/construction management skills base.
- Adequacy of skills in marketing, exporting and cultural differences.
- Skills shortages will reduce the capacity to service export markets from Australia.
- Some major firms making large investments in training to support their future growth.
- Concern of diminished interest in trade careers – but questions about whether they have been aspirational careers for a generation, particularly in trade exposed areas of manufacturing.

Regulation

- Difficult for SMEs to fully understand regulatory complexities, especially in environment, with many differences between State environments.
- OHS regulations are expensive to comply with.

MELBOURNE

3 AUGUST 2006

Skills

- Future for Australia is around project management, engineering, high end skills. Some limitation on the ability to develop world-class levels of these skills in Australia.
- Recent US initiatives to boost maths and science – goes back to training of teachers.
- Australia is developing excellence in asset management – property, services, finance.

Business skills

- Many smaller businesses have skills in production, but require further development of business and marketing skills.
- Different sectors need different business skills – eg in facilities management the need is for high level supervisory skills, not so much emphasis on financial skills.

Innovation

- Innovation can be done anywhere – now an international market.
- A change in focus on the importance of R&D – the ownership of IP itself is not as important as the local development of skills and capabilities.

- From a business perspective, a need for more public research to be market-driven, but a need for a balance between short and long-term research foci.

Exports and global supply chains

- Being part of global supply chains is essential not only for ongoing business, but to be able to attract skills and investment and have current knowledge about innovations and technology.
- Need to be in supply chains to have contact with world best. Without this contact the business will become irrelevant.

Defence

- To be able to participate, need to be able to maintain a specialised skill base. Even flow of work rather than peaks and troughs is important.
- Welcome Government decision to participate in the Joint Striker Fighter (JSF).
- Need to be able to participate at the beginning of projects if to be successful in achieving sales.

State Regulation

- Many differences across jurisdictions add to costs and inhibit labour mobility. Examples in electrical work. Differences in education, workcover significant.

Communication

- A need for broader communication on programs available to assist industry.

ADELAIDE

1 AUGUST 2006

- Innovation and collaboration is a major driver of competitiveness
 - A need for market-driven research from public sector research organisations.
 - The development of skills and capabilities from undertaking R&D locally is seen as equally important as developing IP.
 - A need for international linkages to foster technology transfer.
 - Importance of informal industry networks to share information.
- Business and process improvement
 - Importance of assisting smaller businesses to transition to new business models.
 - Firms need to be aware of what international best practices are, and the benchmarks they need to reach.
- Leveraging off global supply chains
 - Need to become part of global supply chains.
- Education, training and skills
 - Need for more skilled people, both in technical and business management skills.
 - General education needs to prepare students for a globalised world.
- Harmonisation of regulation
 - Specific examples in electrical work involving permits.
 - Lack of common curriculum inhibits labour mobility between states.
 - Importance of continuing with energy market reform.
 - Inconsistencies across borders in minimum wage requirements.