



ACCI POLICY STATEMENT

INDUSTRY POLICY

PRINCIPLES OF INDUSTRY POLICY

ACCI believes in a competitive industry policy as part of a longer-term view of economic and industrial development amongst Australian businesses, government and the community. Such a policy must encompass all industry sectors in a whole-of-government approach; requires coordinated action across all major policy portfolios and strategies specifically aimed at industry objectives; and must be capable of evolving with circumstance, without losing sight of the objectives.

Governments and their officials at all levels must take into consideration business' need for policy certainty for investment decisions in Australia, the impact of government activities on business, the need for better coordination of government activities, the need to work in partnership with industry to assist development and Australia's need to compete with other nations for investment funds.

An overarching industry policy will draw out specific elements that require particular attention, including encouraging private investment, adopting new technologies, removing impediments through microeconomic reform and creating world class business.

POLICY OBJECTIVES

ACCI's overarching policy objective is to achieve integrated industry reform and to promote activities which are consistent with market mechanisms and which focus on the competitiveness and innovation of the enterprise.

This will include the promotion of a whole-of-government approach to industry policy across all relevant areas of the political process, levels of government, departments and agencies.

Industry seeks an environment in which industry and enterprises can help themselves, in which firms can increase their investments and growth and become more competitive, efficient and export-oriented. Markets will work well through the provision of a stable macroeconomic environment, an appropriate microeconomic environment based on minimising impediments to the effective operation of market forces and the provision of an adequate, quality and efficient economic infrastructure system.

Specific policy objectives include:

- fundamental taxation reform;
- sustained low inflation;
- sustainably high levels of national savings and investment;
- enterprise-based workplace arrangements;
- education and training policies which promote a high level of productivity and skills of employers and employees;
- infrastructure reform including transport and waterfront reform;

- a reduction in legal and regulatory compliance requirements;
- implementation of national competition policy;
- market-based operations and pricing policies for government business enterprises;
- a reduction in the function and size of government;
- improved market access in international trade;
- a reduction in tariff rates, with a particular focus on multilateral and bilateral tariff reductions; and
- an R&D system which promotes innovation and commercial outcomes.

THE POLICY FRAMEWORK

The role of government in industry affairs is to ensure that policy settings are conducive to doing business. Government should be the catalyst to create the right economic climate for better performance by the private sector.

Government should not be the prime mover. Interventionist industry policy stances inconsistent with market forces are an impediment to structural adjustment. Australian industry policy must be driven by market-based competition, with emphasis on risk-taking, innovation and entrepreneurship.

The greatest improvements in economic performance and efficiency will come from removing impediments. However government has a role in facilitating adjustment processes in response to technological and policy changes and correcting underlying market failures, particularly where benefits accrue to the wider community as well as to individual enterprises.

Pro-market sectoral policies are needed to promote accelerated adjustment of protected and/or non-traded sectors towards market realities, including exposure to competition, to foster development of industry's areas of strength, along with better utilisation and build-up of our capital stock. Government can encourage businesses to accelerate the adoption of non-price competitive elements such as quality and continuous improvement, innovation, management and marketing competence. This should not be done by picking winners or nominating specific sectors or firms and products as being worthy of government support, but by policies and programs aimed at encouraging the development of specific characteristics which will deliver national competitiveness and employment goals.

ACCI supports investment in Australian manufacturing, particularly highly advanced knowledge-based and export oriented products. To achieve a vibrant manufacturing sector in a globally competitive environment requires a highly skilled workforce, world competitive inputs of production in terms of quality and price and effective support for industry innovation.

ACCI also believes in the need to develop innovation in the context of a coherent and integrated industry policy. Design of cost-effective public R&D support and promotion (including direct funding, contestable funding and tax concessions) should underpin private/public sector cooperation to sustain competitive R&D across all sectors of the innovation system. Particular areas for emphasis include:

- policies to encourage an independent and competitive venture capital market;
- a greater focus on commercialisation of the outcomes of science and technology; and
- building innovation into the holistic development of enterprises through linking research and development, enterprise improvement and export enhancement programs.

ACCI wants an industry policy based on:

- a more coordinated approach to government involvement in industry affairs;
- comprehensive microeconomic reform;
- realistic assessment of competitive characteristics of firms and sectors;
- realistic assessment of improvements in market access internationally;
- sectoral approaches which recognise differences in competitive characteristics;
- realistic transitional arrangements;
- greater customer focus; and
- contestability and continuous evaluation of programs.

Consistent criteria and principles should underpin all areas of government expenditure and taxation concessions including those relating to industry.

Priority areas for reform or assistance should be clearly identified to help target limited resources.

The focus for programs should be on real outcomes rather than processes and must provide performance indicators against which progress is measured. Programs should be transparent, with clearly defined time frames, performance indicators and costs to revenue. Commercial and industry policies should be neutral and non-discriminatory between sectors, industries and firms therein. Where such policies have an orientation it should be toward promoting private sector activity and investment generally and internationally tradeable products in particular.

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