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Inquiry into Increasing Value-Adding to Australian Raw Materials

I refer to the questions asked at the close of our submission at the hearing in Perth on the 25th instant, in particular roles for government regulatory agencies. I would like to enhance three further points.

In our submission we suggested that an important role for the regulatory government agencies is to promote and enforce regulations and standards that enhance buyer sophistication to at least match international standards. The current mindset by government is to protect public welfare while by industry is that this represents cost imposts. There is a third, effectively a point on a triangle available – of *creating innovative competitive products*. This requires a revised mindset and compromise.

To illustrate this point, a few years ago ACTED was retained by the Department of Foreign Affairs and Trade to evaluate potential trade bans on a range of chemicals and related products. It involved some \$2 billion in trade and \$1 billion in manufacture and we addressed the matter as required by the client. Instead of a threat Australia could have used these potential bans as a signal for opportunity. These were products for which very large markets were seeking alternatives. Granted, some were unrealistic, but included were products for which substitutes could realistically be developed in Australia such as the previously mentioned example of PVC plastic.

I strongly urge your Committee to work to review the conduct of the government agencies, to recognise their sources of counsel and to work more closely with available networks of skilled personnel. I can say, as the Australian Chairman of Industrial Chemistry with the Royal Australian Chemical Institute, and representative on the triparted Federation of Chemical Engineers in Australia, that there are largely untapped skills and professional people available to Government.

Another, albeit more difficult role is for some championing of an industry tagged with the “nimby nime” syndrome. It could help promote a national excitement of the opportunities that Australia presents. There are extant vehicles available. It does not always require subsidies, revised taxation and other factor cost related initiatives to promote investment. Australia’s long-term wealth is in skills and its people and could model itself on a range of centres in Europe and even SE Asia. I stress again my concern about a future associated with commodity chemicals, using imported technology and managed by foreign-owned companies. Countries ranging from the Netherlands, Taiwan and Singapore are indicative of what can be achieved.

I have taken the time to correspond as I see your Committee as a potential catalyst to create a culture receptive to change. Indeed that is a most powerful role that government should assume – to become a facilitator of change recognising that change is a “public good” and must be protected by Government.

I reiterate the need for a facilitatory agency to unlock the potential available for Australia to add more value.