

**Government response to the report by the House of
Representatives Standing Committee on Industry, Science
And Technology on Australian Participation in Major
Projects**

*A Sea of Indifference - Australian Industry Participation in the
North West Shelf Project*

OVERVIEW AND UPDATE OF THE GOVERNMENT'S POLICY ON AUSTRALIAN INDUSTRY PARTICIPATION IN MAJOR PROJECTS

Introduction

This inquiry updates an earlier report, "*A Sea of Lost Opportunities*" on Australian industry participation in major projects and suggests policies and mechanisms that could be adopted by governments to enhance national benefits from domestic industry participation in such projects.

The Committee conducted the inquiry largely as a case study on the North West Shelf gas project, in expenditure terms the largest single project developed in Australia. Significant factors found by the Committee to affect participation by local industry in the project include: technological changes in petroleum extraction; the trend towards industry alliances, and the way in which the Federal and State bureaucracies performed their roles and interacted with industry.

Many of the areas identified in the report have already received attention from or are under consideration by the Government. In particular the Prime Minister's Industry Statement, "*Investing for Growth*", released in December 1997, sets out a comprehensive account of the Government's industry policy framework and its strategies to encourage innovation, boost investment and improve Australia's trade performance.

Overview

The Government believes major development projects make a substantial contribution to the economy by way of employment, investment and training of the workforce. In addition, projects can contribute to the economy through means such as the development of infrastructure, broadening the skills base and providing opportunities for the expansion and development of Australian industry. The Government also recognises the need for projects to be efficient and internationally competitive.

The Government's policy on Australian participation in major projects recognises the need to consider industry participation in an economy-wide context, bearing in mind two important principles:

- there should be a full and fair opportunity for Australian industry to participate in the development of resources; and
- that any intervention should not discriminate between projects, and above all, should not adversely affect the commercial viability of individual projects.

The Government remains committed to the view that primary responsibility for ensuring industry participation in development projects rests with the private sector. The involvement of efficient Australian industry in such projects can enhance local skills and expertise and also improve the reputation and performance of local firms in overseas markets. However, the Government accepts that project developers should not be expected to pay a premium for local goods and services.

The Government expects project developers to provide a full and fair opportunity for local firms to tender for the supply of goods and services. This approach implies project developers have mechanisms to ensure suppliers are adequately informed about proposed developments. Tender specifications should be based on internationally recognised standards for the oil and gas industry and all potential suppliers should be given an equal and adequate period in which to tender for the supply of goods and services. Where the tender specifications are altered, the tender period should be adjusted appropriately.

Within this framework, project developers are encouraged to utilise Australian capabilities in all aspects of project design, management and construction, as well as during the operation and decommissioning phases, whenever this can be done without detriment to the commercial viability of projects or compromising technical or safety standards.

Key Government Initiatives

ISONET

The Government provides substantial financial and policy support to the Industrial Supplies Office Network (ISONET). ISONET is an independently managed non-profit organisation that assists at all stages of project development and across all industries. ISONET services include:

- identifying Australian capability to match specified criteria within the purchasers timeframe;
- identifying, assessing and encouraging local companies with potential for licensed manufacture of overseas technologies, joint ventures or other partnering arrangements; and
- providing assistance to companies during all stages of the tendering process.

Supplier Access to Major Projects Program (SAMP)

Announced in the 1997 Budget, this program, delivered through ISONET, funds provision of specialist consultants to work directly with project developers to investigate and identify potential local suppliers.

Policy By-Laws and Tariff Concession System

Access to tariff concessions and those policy by-laws most applicable to the oil and gas industry requires evidence of the lack of a local industry capability to supply the goods for which concessional entry is sought.

Investing for Growth

In December 1997 the Government released its major industry statement, *Investing for Growth*. This statement included a number of key initiatives to enhance Australian industry capabilities, including:

- Establishment of *Invest Australia*. Responsible for providing advice on strategic direction and analysis of investment opportunities and proposals; facilitation of major projects; national investment promotion activities; and coordination with States and Territories on investment promotion and facilitation.
- Enhancement of the R&D Start Program. This program fosters industry R&D and related activities. It includes a range of R&D grants, concessional loans for early commercialisation activities, and support for the development of management skills in early stage companies to enable them to manage innovation and its commercialisation.

- Increased funding for the Technology Diffusion Program. This program aims to promote international science and technology collaboration, attract leading-edge technologies to Australia and improve the rate of diffusion of new technologies to Australian industry.
- Extension of the Innovation Investment Fund (IIF) Program. The IIF is designed to address an area of market failure - the limited availability of high risk venture capital for small technology based firms.
- Development of Action Agendas in specific industry sectors. These action agendas will provide a means for improved communications between industry and Government and an opportunity to identify and tackle impediments to growth. Amongst others, Action agendas are being developed for the Liquefied Natural Gas and Heavy Engineering and Infrastructure sectors.

THE GOVERNMENT'S RESPONSE TO THE RECOMMENDATIONS OF THE REPORT

CHAPTER 1 - BACKGROUND

Recommendation 1.1 (paragraph 1.49)

The Committee recommends that the Government's response to this report indicate when the Government intends to implement the Committee's recommendations.

Government's Position

Noted

CHAPTER 3 - ROLES OF GOVERNMENT

Recommendation 3.1 (paragraph 3.15)

The Committee recommends that the Minister for Primary Industries and Energy direct his Department to require those seeking exploration permits or licences if their project proceeds to production to commit themselves to:

- maximising opportunities for local industry involvement and providing details of how this will be achieved;
- providing data which will allow analysis of value added in Australia;
- maximising the transfer of skills and technology to Australians; and
- undertaking research, development and design in Australia to the maximum extent possible.

Government's position:

Disagree

Comment:

The Government does not consider this to be an appropriate approach to enhancing local industry participation in major projects. It considers its policy of full and fair opportunity to participate in the development of Australia's offshore oil and gas resources in the context of the key initiatives described above provides an appropriate mechanism to address local content issues. This policy addresses both the needs of the petroleum industry for suppliers that are competitive in terms of cost, quality and timeliness as well as the needs of local suppliers for information and bid specifications that facilitate Australian participation.

Recommendation 3.2 (paragraph 3.16)

The Committee recommends that the Federal Government use information gathered as part of permit processing to ensure Australian industry is aware of forthcoming major oil and gas project requirements.

Government's position:

Disagree

Comment:

The Government considers that sufficient mechanisms already exist for participation opportunities to be identified, including through the Project By-Law Scheme which requires that proponents demonstrate they have advertised in national newspapers or trade journals and with relevant industry association for expressions of supply from Australian manufacturers.

Recommendation 3.3 (paragraph 3.22)

The Committee recommends that the Federal Government set out clearly the functions of the Federal and State organisations involved in major project facilitation and their relationship with each other.

Government's position:

Agree

Comment:

Investing for Growth announced the establishment *Invest Australia* in the Department of Industry Science and Resources. The staff and responsibilities of the Project Facilitation Branch in the former Department of Primary Industry and Energy have been incorporated into *Invest Australia*, which is responsible for major project facilitation at the Federal level.

Invest Australia works closely with relevant State and Territory investment agencies towards their shared goal of increasing productive investment resulting in increased employment and associated economic and community benefits. In conjunction with State and Territory investment agencies *Invest Australia* has developed an agreed set of operating principles for investment attraction and facilitation.

Recommendation 3.4 (paragraph 3.33)

The Committee recommends industry assistance programs be delivered by a single administrative unit within the relevant agency (the Department of Industry, Science and Tourism; Department of Primary Industries and Energy; and Austrade), which would also be responsible for consistency of approach within the agency.

Government's position:

Agree

Comment:

In his December 1997 Industry Statement *Investing For Growth* the Prime Minister announced that the current Department of Industry Science and Resources will move to separate policy development and program delivery. This separation will ensure that the delivery of business programs is more cost effective and clearly focussed on achievement of the required outcomes. The Department is currently working toward this objective. AusIndustry is the key delivery agency for Federal Government industry assistance programs.

Austrade uses a combination of centralised and decentralised service delivery to meet the needs of clients (Australian companies) and customers (overseas buyers). In addition, there are a number of policies in place across the whole organisation to encourage a consistent approach in service delivery and focus on clients needs and outcomes. These include the Export Market Advisory Unit, the Export Hotline, and the Austrade Online website. More extensive servicing is provided by the Major Opportunities Group and the networks of service units (including international offices).

Recommendation 3.5 (paragraph 3.34)

The Committee recommends any changes to industry assistance programs be marketed to industry and streamlined to reduce administrative costs and provide a 'one stop shop' to industry.

Government's position:

Agree

Comment:

This issue was addressed in the Prime Minister's "More Time for Business" statement, released in March 1997. All government industry assistance programs are available as part of the Business Entry Point (BEP), an interactive website and telephone hotline service designed to make it easier for small business to access government business information and services and undertake transactions with government. The information content on the BEP is provided by the Business Information Service in AusIndustry, which is also working with the State and Territory and Local Governments to streamline licencing approval processes for small business. Marketing of the BEP is undertaken by ISR, DEWRSB and the ATO.

Austrade is currently running an awareness campaign to raise public and industry knowledge of government export assistance programs. Specific awareness programs are instituted in response to changes to specific programs, eg. the Export Development Grants Scheme. Austrade has an ongoing commitment to ensuring that resources are used effectively to address the needs of exporters and potential exporters for readily accessible information, support and advice.

Recommendation 3.6 (paragraph 3.55)

The Committee recommends that a working group consisting of the Department of Industry, Science and Tourism and relevant State Government agencies develop an agreed national methodology for assessing and validating Australian local content. The Committee anticipates that such a methodology would involve analysis below the primary level of contract and indicate the amount of value adding that takes place in Australia.

Government's position:

Disagree

Comment:

The Government believes that this is essentially a role for the private sector in the context of the Government's general industry participation policy principles.

The Australian Competitive Energy (ACE) initiative is an oil and gas industry forum involving a broad cross-section of the Australian oil and gas industry (both suppliers and developers). ACE, as part of its best practice principles on maximising Australian industry content, has developed a standard reporting format for assessing levels of local content. (See 3.7 for more information on ACE)

Recommendation 3.7 (paragraph 3.56)

The Committee recommends that a local content group be established in the Department of Industry, Science and Tourism to bring about attitudinal change towards the use by petroleum developers of competitive Australian goods and services. This group should collect information about:

- future requirements of petroleum developers for goods and services; and
- the nature and value of contracts let by the developers and the amount of value added in Australia in the execution of those contracts.

The local content group, in conjunction with ISONET, should identify market opportunities for Australian industry and promote value adding in Australia and the transfer of technology to local industry.

Government's position:

Disagree

Comment:

The Department of Industry, Science and Resources provides funds to ISONET, which has a mandate to encourage developers to source goods and services from Australian suppliers. ISONET also manages the ISR-funded Supplier Access Major Projects (SAMP) Program which places specialist consultants in major projects to identify and promote opportunities for local companies. ISONET is currently working with ACE in developing an interactive internet based Vendor Registration database for use by oil and gas project developers.

The ACE initiative has also assisted in promoting attitudinal change amongst petroleum developers through fostering cooperation with Australian suppliers of goods and services to produce more efficient outcomes for all parties. ACE currently has four focus teams made up of representatives from across the Australian upstream gas and oil industry considering the following areas:

- communication and culture change including communication of feedback on good industry practice;
- government/industry interaction;
- contracting for goods and services; and
- industry productivity improvement.

ACE has developed best practice principles for the following areas:

- Sharing of infrastructure
- Maximising Australian industry participation in petroleum exploration and production; and
- Standard packaging for procurement.

The Government recognises the importance of technology transfers to the competitiveness of Australian industry. Through *Investing for Growth* the Commonwealth has committed additional funds of \$72 million to technology diffusion programs, bringing total expenditure to \$108 million over the four years to June 2002.

Recommendation 3.8 (paragraph 3.57)

The Committee recommends that the Oil and Gas Consultative Group on Local Content be reactivated, be properly resourced by the Department of Industry, Science and Tourism and continue its role with the Minister as Chair.

Government's position:

Disagree

Comment:

The Government believes that industry led initiatives would be more effective than reactivation of the Oil and Gas Consultative Group (OGCG). In its previous structure it was too far removed from the supply chain to be effective at identifying new supply opportunities.

ISONET together with the ACE initiative are performing an important role in creating a national network bringing together major project companies, suppliers and key government agencies to address local content issues, including supplier best practice and quality standards.

CHAPTER FOUR - FACTORS AFFECTING PARTICIPATION**Recommendation 4.1 (paragraph 4.23)**

The Committee recommends that the Department of Industry, Science and Tourism conduct regular marketing exercises to promote the activities of the Industrial Supplies Office and, in particular, its database of national industry capabilities established in January 1998.

Government's position:

Agree

Comment:

ISR provides funding to ISONET which promotes its services through national industry and government publications. A marketing strategy is also being developed by ISONET based on commissioned market research. ISONET will continue awareness raising activities through briefings and seminars to industry associations, and by briefing Ministers and their agencies, where appropriate.

ISR provided a grant to ISONET to fund development of the ISO Register of Industry Capability (IRIC) database which identifies over 34,000 Australian manufacturers. This database is promoted to industry through procurement 'road shows' undertaken jointly with project developers early in the design/planning stage of major projects.

Recommendation 4.2 (paragraph 4.24)

The Committee recommends that the Federal Government ensure that the Industrial Supplies Office aims, activities and achievements are regularly reviewed and that it is supplied with the resources it requires to maintain its capability database and its proactive role in promoting Australian industry involvement in major projects.

Government's position:

Agree

Comment:

ISONET is an independently managed non-profit public company partly funded by ISR. It provides a coordination role for the ISO activities and regularly reviews the activities and outcomes of the ISO's. The Federal Government is represented on the board of ISONET and supports the adoption of a consistent approach across the ISO network to local industry participation in major projects.

Recommendation 4.3 (paragraph 4.28)

The Committee recommends that the Minister for Industry, Science and Tourism review in the next 12 months with industry associations and bodies the level of their involvement in:

- gathering and disseminating information about major projects;
 - promoting the capabilities of their member firms to developers and the Industrial Supplies Office; and
 - building linkages
- with a view to expanding the capability of such bodies in carrying out these activities.

Government's position:

Agree

Comment:

In April 1998, the Building and Construction Industries Branch of ISR consulted members of various B&C industry associations with a view to reviewing the use of IT for disseminating information about major projects, promoting the capabilities of firms through associations homepages and as a medium for electronic commerce and consortia formation.

ISONET promotes its services through industry and government publications, briefings and seminars (see Recommendation 4.1).

ISONET also uses the ISR funded, Supplier Access to Major Projects (SAMP) Program to form linkages with major projects and local suppliers through specialist consultants and the IRIC database.

Participants in the Australian Competitive Energy (ACE) initiative, which was formed to enhance the competitiveness of the Australian oil and gas industry, are committed to identifying, developing and communicating value enhancing opportunities and practices for Australian firms in the industry.

Recommendation 4.4 (paragraph 4.34)

The Committee recommends that the Federal Government vigorously pursue with State Governments the establishment of construction industry standards across Australia to conform with internationally accepted standards, to the maximum extent possible.

Government's position:

Agree

Comment:

The Commonwealth Government is pursuing the internationalisation of Australian standards. In doing so, it encourages where possible, harmonisation of Australian standards with international equivalents, and, if practicable, the adoption of relevant International Standards Organisation (ISO) standards.

Through its involvement with Standards Australia (the Australian peak, non-government standards writing body), the Commonwealth is encouraging standards writing committees to consider, as a first option, the use of international standards in preference to developing uniquely Australian ones.

At the same time, the Commonwealth supports the work of Standards Australia in facilitating Australian representation in the standards writing committees of the ISO. In doing so, it supports Australian involvement in the ISO SC7 Offshore Structures whose aim is to develop international standards for the design and construction of offshore platforms and other facilities.

The Australian Government expects developers of mining leases, including offshore leases, to provide fair and equitable access to Australian companies to tendering opportunities. Equally, the Government expects Australian suppliers to take a strategic view of their involvement in such developments, including acquiring the ability to work in the international standards applicable to such developments worldwide.

Recommendation 4.5 (paragraph 4.35)

The Committee recommends that the Federal Government continue to pursue in international forums the harmonisation of petroleum industry standards and contract specifications.

Government's position:

Agree

Comment:

Australia is a signatory to the World Trade Organisation Agreement on eliminating technical barriers to trade. Among them is the practice of calling up, in some economies, local standards which differ significantly from international practice. Through its involvement in APEC and through bilateral negotiations, the Government seeks to encourage the harmonisation of standards in the region. In addition, the Government encourages active participation by Australian industry in relevant International Standards Organisation (ISO) committees. The ISO has recently formed Technical Committee 67 'Material, Equipment and Offshore Structures' on which Australia has observer status.

The Government recognises that differing building and construction regulations and compliance systems can operate as a form of a non-tariff barrier against Australian firms. ISR has been successful within the APEC Sub-Committee on Standards and Conformance (SCSC) in

establishing a program for the coordination of regional input into the development of a number of international standards.

The Government will continue to pursue harmonisation issues, where appropriate, in forums such as the APEC Energy Working Group, the London Convention and the International Maritime Organisation. Within Australia, the Government understands that APPEA, as part of its ACE initiative, is investigating the standardisation of contract specifications and, in conjunction with Industrial Supplies Office in Western Australia, the introduction of single point pre-qualification processes.

Recommendation 4.6 (paragraph 4.46)

The Committee recommends that Austrade provide expertise and information services to facilitate participation in petroleum development opportunities in Southeast Asia and the Middle East by Australian design firms.

Government's position:

Agree in part

Comment:

Austrade is currently undertaking a survey of Australian companies to assess the Australian industry capability in oil and gas along the industry value chain. This will update existing information about the industry participants and will provide the basis for an assessment of the most appropriate focus for Austrade's efforts in the industry. Austrade's objective is to export more products in the sector as Australian engineering and design companies are already well-networked to win overseas business.

Under the Export component of the National Building and Construction Committee, Building for Growth strategy, the Commonwealth Government undertook to work with industry to examine the feasibility of establishing an industry-wide database to identify major overseas opportunities and help interested Australian companies to form consortia to respond to specific projects.

Recommendation 4.7 (paragraph 4.63)

The Committee recommends that the Minister for Schools, Vocational Education and Training pursue through the Ministerial Council the provision of sufficient skills training in Australia to meet the projected needs of the oil and gas industry.

Government's position:

Disagree

Comment:

Although the Government provides significant funding for Higher Education and Vocational Education and Training (VET), it is not in a position to direct these providers. Higher Education institutions are autonomous bodies and primary responsibility for VET rests with State and Territory Governments.

The existing range of Government initiatives, programs and consultative mechanisms are designed to address the issues raised in this and similar recommendations. They are aimed at facilitating an efficient, competitive and demand-driven training market that enables Australian industries to meet their skills and training needs.

The Government also assists industry to meet its labour needs through the skilled migration program, which enables employers to sponsor temporary or permanent entry of skilled migrants in circumstances where the domestic labour market cannot supply suitably skilled employees.

Recommendation 4.8 (paragraph 4.76)

The Committee recommends that the Federal Government encourage closer links between industry associations and bodies and the tertiary education sector to facilitate more rapid forecasting of, and response to, changing industry needs.

Government's position:

Agree

Comment:

Government policy in relation to industry training needs has been to facilitate the development of a demand-driven education and training market. This provides both flexibility of response by training providers and the ability for employers to determine their own training needs, the content of training programs and where, a how and by whom the training will be provided.

An extensive system of consultative mechanisms has been established to assist industry in meeting its training needs. These mechanisms provide the necessary linkages between training providers, Government Agencies, industry, employers and other relevant parties. In particular, Commonwealth funds provided through the Australian National Training Authority fund a comprehensive network of Industry Training Advisory Bodies (ITABs), each of which represents a particular industry sector, which bring together the relevant players. Each ITAB has responsibility for a wide range of industry training issues, including identification of existing and emerging training needs.

Two ITABs already cover the oil and gas industry: the Australian Drilling Industry Training Committee and Manufacturing Learning Australia, each of which have prepared Industry Training Packages that address the training needs of the industry. The relevant Training Packages were endorsed by the National Training Framework Committee in 1998 and are expected to be implemented during 1999.

Recommendation 4.9 (paragraph 4.77)

The Committee recommends that the Federal Government sponsor a system of overseas secondments to petroleum companies to assist young Australian graduates to acquire the expertise required by Australian industry.

Government's position:

Disagree

Comment:

The Government considers the issue of placing Australian graduates in overseas companies is essentially a matter for industry to address. However, under the provisions of its skilled migration program, a key condition for approving an employer's application to import skilled employees is that the employer provide enhanced employment and training commitments for Australians to reduce, over time, their reliance on overseas workers. For larger companies, especially multi-nationals, that commitment can and does include the overseas posting of employees, including new graduate employees, to acquire appropriate skills.

Recommendation 4.10 (paragraph 4.79)

The Committee recommends that the Federal Government review within 12 months the delivery of skills training aimed at improving the performance of firms and investigate the appropriateness of alternative delivery methods

Government's position:

Agree

Comment:

Enterprise Development programs have been reviewed. The results of the review have been incorporated in the development of a new and enhanced program Innovation Ready/Investment Ready, a specially designed sub-element of the *R&D Start* program.

Recommendation 4.11 (paragraph 4.100)

The Committee recommends that the Department of Industry, Science and Tourism and Austrade, where appropriate:

- review the effectiveness of its programs aimed at increasing inter-firm cooperation;
- review the effectiveness of the provision of information about the existence and operations of such programs; and
- encourage industry associations and the Industrial Supplies Office to increase their efforts at promoting cooperative arrangements between Australian firms to tender for large scale development projects

Government's position:

Agree

Comment:

ISR has several programs aimed at, inter alia, increasing inter-firm cooperation, particularly programs in the area of R&D and innovation. All these programs are periodically reviewed to ensure their effectiveness through a suite of evaluation and monitoring frameworks, procedures and performance management tools which link program and service initiatives with strategic objectives.

During 1997/98 AusIndustry implemented a comprehensive marketing strategy aimed to inform businesses of the range of services and programs available to them. An estimated 2.6 million people were exposed to these marketing efforts during the year.

Recommendation 4.12 (paragraph 4.117)

The Committee recommends that the Government or an appropriate parliamentary committee review the impact on the oil and gas industry of State and Federal taxes and the various concessions which might operate in the context of overall tax reform.

Government's position:

Disagree

Comment:

Taxation matters are being pursued through established processes, in particular the Review of Business Taxation, chaired by Mr John Ralph AO which has recently reported to Government.

Recommendation 4.13 (paragraph 4.123)

The Committee recommends that the Australian Customs Service conduct an information campaign to clarify the changes in 1996 to policy by-laws affecting the oil and gas industry.

Government's position:

Agree

Comment:

The oil and gas industry has traditionally used several policy by-laws. Those by-laws were affected by changes in 1996 to the Policy By-law and Tariff Concession Systems, including formalising the role of ISONET in identifying Australian suppliers. Changes to the by-laws were advertised in Australian Customs Notices (ACNs) and supported through a national information campaign or consultation with the Australian Petroleum Production and Exploration Association (APPEA).

Since 1996, further changes to policy by-laws have taken place. The most significant change was the replacement in August 1998 of elements of the Policy By-Law System by the Project By-Law Scheme. Details of the change were outlined in an ACN and in a major information campaign conducted by Customs and ISONET. Responsibility for the Project By-Law Scheme was transferred in April 1999 to ISR.

ISR, Customs, APPEA and ISONET are currently considering administrative changes to another policy by-law. Those changes will be published in an ACN.

Recommendation 4.14 (paragraph 4.125)

The Committee recommends that the Federal Government continue to pursue, through bilateral contacts and multilateral forums, the harmonisation of safety standards in the construction industry; particularly as they relate to work on oil and gas projects.

Government's position:

Agree

Comment:

The Government, through representation on the International Regulator's Forum, is involved in an on-going project to identify the most appropriate safety standards for application in the development of a facility safety case.

Industry, through APPEA, is also pursuing good safety management practices covering the major risk areas and has issued a contract for the preparation of a set of standard safety guidelines. Priority areas include the establishment of guidelines for lifting equipment, fire and explosion management, helicopter operations, management of offshore emergency response, control systems and emergency shutdown systems, evacuation, escape and rescue and safety training.

Recommendation 4.15 (paragraph 4.129)

The Committee recommends that the Federal Government continue to pursue, through bilateral contacts and multilateral forums, the elimination of import barriers and export subsidies affecting the oil and gas industry.

Government's position:

Agree

Comment:

The Government is continuing international efforts to bring about the elimination of import barriers and non-tariff measures, including export subsidies, affecting Australian industry. For example under the APEC Early Voluntary Sectoral Liberalisation process, Australia is coordinating a proposal on energy. The energy proposal is one of nine that is being 'fast tracked' so that implementation can commence in 1999. The energy proposal covers accelerated tariff reductions on coal, gas, electricity and a list of energy-related equipment and products that includes many items used in the oil and gas sectors. The proposal also includes a work program on removing barriers to trade in energy services and on non-tariff measures

In addition, the Government has formal bilateral mechanisms with a range of countries, mainly in the Asian region. These High Level Groups are used to address commercial trade and investment issues in the energy and minerals area, including the removal of impediments to trade.

CHAPTER 5 - TRENDS

Recommendation 5.1 (paragraph 5.11)

The Committee recommends that the Australian Competition and Consumer Commission investigate whether alliances between petroleum developers and overseas firms have resulted in anti-competitive behaviour in relation to goods and services to be used in the domestic petroleum industry.

Government's position:

Disagree

Comment:

There is no statutory requirement for such private sector works, as referred to in the report, to be put to tender.

Recommendation 5.2 (paragraph 5.56)

The Committee recommends that the Department of Industry, Science and Tourism survey the efforts of industry associations to promote compliance with industry quality control and assurance standards and international best practice and report to the Minister within 12 months on the adequacy of such promotional efforts.

Government's position:

Disagree

Comment:

The Government encourages the uptake of quality control, assurance standards and international best practice in the construction industry. Such practices reinforce the innovative, competitive and export orientation objectives of the National Building and Construction Committee draft *Building for Growth* strategy. The Government is aware that many firms have established programs to promote quality control and world best practice.