

House of Representatives, Monday 21 October 2002

COMMITTEES: Foreign Affairs, Defence and Trade Committee: Report

Mr BAIRD (Cook) (12.31 p.m.) —On behalf of the Joint Standing Committee on Foreign Affairs, Defence and Trade, I present the committee's report entitled *Enterprising Australia—planning, preparing and profiting from trade and investment: A short report on the proceedings of the inquiry*, together with evidence received by the committee.

Ordered that the report be printed.

Mr BAIRD —by leave—This is a short report on the proceedings of the inquiry. The Minister for Trade referred the inquiry to the joint committee on 2 November 2000. With the calling of the 2001 federal election, the inquiry automatically lapsed on the dissolution of the 39th Parliament on 8 October 2001.

The committee gave consideration to the re-referral of the terms of reference of the report, *Enterprising Australia*, in this the 40th Parliament. We decided not to continue with the inquiry. Our decision was based on a number of factors:

- the poor response to the call for submissions;
- the quality of the evidence;
- a review of the Commonwealth's investment promotion and attraction efforts by a task force headed by Dr Ian Blackburne that embraced significant aspects of the *Enterprising Australia* terms of reference; and
- broad acceptance by the government of the recommendations made by Dr Blackburne in his August 2001 report *Winning investment—strategy, people and partnerships*.

Notwithstanding the lapse of the inquiry, we took the view that a short report should be tabled in the parliament outlining some of the issues and conclusions that came out of the evidence. These reflect a similarity of view between our observations and the findings of Dr Blackburne's review team. I do wish to place on record our appreciation of the assistance the former Irish Ambassador, His Excellency Mr Richard O'Brien, and the Singapore High Commissioner, His Excellency Mr Ashok Kumar Mirpuri, gave to the inquiry.

We see a number of challenges for Australia in planning, preparing and profiting from trade and investment. No specific development agency model, whether it is an Ireland or a Singapore model, fits the Australian context. What is paramount is a national strategic approach to trade and investment. Additional challenges are developing regional initiatives that can build a diverse base for regional economic wealth, developing the skills in Australia that will underpin research and development initiatives, and ensuring Australia's global competitiveness and the comparative effectiveness of the incentives we offer.

A national strategic approach to planning, preparing and profiting from trade and investment promotes and increases Australia's international competitiveness. Evidence to the inquiry showed there were a number of federal government agencies that played a role in promoting investment and exports and—as Dr Blackburne noted in his investment review—this is not efficient and does not allow for a single Australian brand.

In the climate of global competitiveness where national leadership is paramount, the multiple-player approach promotes the insular culture of the bureaucracy and the notion of 'turf', with government processes cumbersome and unresponsive. It was evident to us that the degree of

commitment to a national strategic approach is a key to advancing Australia's trade and investment competitiveness. The government has agreed to the development of a national strategic framework for investment promotion and attraction, with the employment and infrastructure committee of cabinet to oversee operations. We are hopeful that this will indeed provide the capacity and capability to implement a whole-of-nation approach.

With the intention that this framework is to be developed in the context of Australia's overall economic growth and industry and regional development objectives, we regard the major national issues raised during Dr Blackburne's consultations as very important and they need to be addressed. These major national issues are set out in appendix E of our report. We are concerned that these issues, which were to be included in the work program of the Blackburne review's proposed prime ministerial investment council, will not be addressed under the new arrangements of the revamped Invest Australia. These major national issues should not be dismissed as not applicable and lost to examination within the changed operational arrangements of Invest Australia.

In our report we comment on the issues of tax, seen as an impediment to business; the adequacy of Australia's skills base, with investment in education critical to the future of Australia; and the commercialisation of R&D in Australia. On this last issue we are of the view that, in pursuing commercial outcomes, the capability to reach commercialisation should not become the sole criterion for funding an R&D project.

In conclusion, irrespective of Australia's achievements in encouraging inward investment and promoting export sales, the challenge for Australia and its policy makers at all levels of government is to move forward and put us ahead of our competitors. We need to focus on becoming even more competitive than our competitors and not to be both outmarketed and insufficiently aggressive in the pursuit of opportunities. I commend the report to the House.

Mrs MOYLAN (Pearce) (12.36 p.m.) —I am very pleased to support my colleague the member for Cook who chairs the Trade Subcommittee of the Joint Standing Committee of the Foreign Affairs, Defence and Trade of the parliament. Australia is a country blessed with natural resources. In the past, the bulk of our trade has been selling minerals, wool, wheat and an abundance of other produce for domestic and export markets. In the contemporary trade and investment environment, 80 per cent of our gross domestic product comes from trade in services, and exports of services today account for 20 per cent of the world trade. Australia benefits from a \$17.1 billion a year tourism trade, \$4 billion a year in education and \$200 million in legal services. Environmental services also bring us \$300 million, and this figure is growing very dramatically.

Currently the services sector outstrips agriculture, mining and manufacturing, and this trend has been developing since the eighties. The services sector in Australia now accounts for four out of every five jobs and it represents 20 per cent of our exports, or \$31.2 billion in export revenue, in 2001. In 1999 the government released the study 'Driving forces on the new Silk Road: the use of electronic commerce by Australian businesses'. Electronic trade in itself presents just one of the many challenges for modern exporting nations, and a clearly focused policy is vital to our future economic success. It is the linkages in policy development that are essential, and it is these linkages that this report sought. These linkages are essential to making the most of Australia's natural minerals and produce and to the promoting of Australian goods, services and products. My home state of Western Australia made a submission to this inquiry, which included the following observation:

... notwithstanding the global nature of the resources sector, there is much that governments can do to enhance Australia's competitive position in the area of trade and investment. The need for co-ordinated and co-operative State and Commonwealth government action to promote investment is a particular overriding requirement.

As this report outlines, 'We have had a long history of formulating industry plans and action agendas to map out the strategic direction and action plans for specific industries.' There have been green papers and white papers. A number of different agencies at Commonwealth level—and, indeed, state level—assist with overseas trade and promote investment. However, in an increasingly competitive environment, a strong focus needs to be achieved if Australia is to maintain a strong export orientation.

In examining some of the overseas models for this inquiry, the committee heard from the former Irish Ambassador to Australia, His Excellency Richard O'Brien. In an outstanding presentation to the committee, he explained that the success of the Celtic tiger, now acknowledged world wide, required a consensus approach to government policy. A social partnership was forged between government, trade unions, employers, farmers, universities and other important agencies.

Significant elements of this inquiry have been echoed, as my colleague the member for Cook outlined in his presentation, in the task force established by the Prime Minister to review Australia's investment promotion activity. A copy of this report was released in August 2001, and the Australian Financial Review outlined the main recommendations and went on to warn that 'Australia would run the risk of falling further behind international competitors unless it reformed its investment program'. The conclusions of the task force were interesting, and Dr Blackburne, who headed up that task force, made some important comments. In summing up Australia's situation, he said that the decline in Australia's comparative effectiveness in winning international investment appears to be at least in part linked to the fact that we have been both outmarketed and insufficiently aggressive in the pursuit of opportunities.

This inquiry was indeed cut short, and that is a pity. But I would like to congratulate the former chair of the trade subcommittee, the Hon. Geoff Prosser, and all those involved in contributing to and finalising the report. I commend this report to the House.

The SPEAKER —Order! The time allotted for statements on this report has expired. Does the member for Cook wish to move a motion in connection with the report to enable it to be debated on a future occasion?

Mr Baird —Mr Speaker, I move that the House take note of the report and seek leave to continue my remarks.

Leave granted.

The SPEAKER —In accordance with standing order 102B, the debate is adjourned and the resumption of the debate will be made an order of the day for the next sitting. Members will have leave to continue speaking when the debate resumes.