

**Senate Standing Committee on Economics**  
**ANSWERS TO QUESTIONS ON NOTICE**  
Innovation, Industry, Science and Research Portfolio  
Additional Estimates Hearing 2009-10  
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**AGENCY/DEPARTMENT:** INNOVATION, INDUSTRY, SCIENCE AND RESEARCH

**TOPIC:** Industry Challenges

**REFERENCE:** Written Question – Senator Eggleston

**QUESTION No.:** AI-2

In light of the global financial crisis, in the case of Australian industry in general, what does the Department consider to be the major immediate challenges facing industry over the next 3 years?

**ANSWER**

To remain competitive, Australia's industry must continue to engage in structural reforms to maximise efficiency and value. Flexibility and adaptability remain paramount in the present uncertain international environment.

Key long-term challenges include shifts in the pattern and availability of global finance, ongoing efforts to deal with climate change, and the need to build on Australia's comparative advantages in an increasingly competitive global environment. Structural reforms will be required to adapt industries to these challenges by encouraging and locking in a culture of innovation, with a focus on developing and upgrading products and systems. Industries must build their productivity through capital deepening, commitment to quality investment and continued efforts to develop workforce skills and training. Australian industry also needs to be constantly attuned to new opportunities in Asia and other emerging markets.

Some firms have also been obliged to enact short-term changes in operational scope and debt management as a result of reduced global demand and tightening credit conditions during the global financial crisis.