



Can we add more value to

# Australian raw materials?

The House of Representatives Standing Committee on Industry, Science and Resources, chaired by Jim Lloyd MP (Member for Robertson) is conducting an inquiry into adding value to Australian raw materials.

Australia has long been a successful exporter of primary products such as mineral resources, agricultural products and forestry products. However, it is often argued that we fail to gain the maximum economic benefit from these raw materials, by exporting them in unprocessed form to overseas countries – which, it is claimed, then convert our raw materials into more valuable products for export. The inquiry will assess whether such perceptions are valid.

Additional local processing of raw materials potentially has significant benefits. These benefits can include increased employment through jobs in processing; improved regional and national income through the sale of higher-value products; and reduced exposure to volatile commodity markets. However, our ability to efficiently produce primary products will not always mean a comparative advantage in further processing, and decisions to encourage such activity must not divert national resources from where they can most efficiently be used.

With these factors in mind, the Committee will identify impediments to further value-adding in Australia and recommend measures to overcome those impediments.

Issues debated in the inquiry to date include business taxation, the provision of infrastructure in rural and regional Australia, transport systems, government policies in support of research and development, environmental legislation, Australia's greenhouse obligations, protectionist trade policies in overseas markets, resource licensing and permit arrangements, and the ongoing reforms in the energy sector.

In the first stage of its inquiry, the Committee is speaking to a wide range of companies and government bodies to determine how successfully Australia adds value to raw materials when compared with other countries. The Committee may release a short interim report or discussion paper on this matter early next year.

The Committee will then select some industry sectors for closer examination as case studies. The Committee will use the case studies to examine:

- incentives and impediments to investment;
- intellectual property rights;
- national/international marketing factors which may encourage or hinder Australian value-adding;
- government intervention, both nationally and internationally;
- the location of value-adding industries and projects in regional Australia;
- resource licensing/permit arrangements;
- the impact of vertical integration within particular industries; and
- the Australian skills base and any associated impediments.

The Committee has not yet determined which industries it will examine, although witnesses at the public hearings have advocated several possible case studies. The Committee welcomes further suggestions from interested organisations and members of the public.

Details on the Committee and its inquiry, including the evidence received, are available at the Committee's web site at [www.aph.gov.au/house/committee/isr](http://www.aph.gov.au/house/committee/isr) or by contacting the Committee secretariat on (02) 6277 4594 or Email: [isr.reps@aph.gov.au](mailto:isr.reps@aph.gov.au).