

Key industries

chosen for raw materials study



Australia's aluminium, dairy, grains, magnesium and wine industries have been selected for a series of case studies to be undertaken by the House of Representatives Committee on Industry, Science and Resources. The case studies are part of the Industry Committee's inquiry into adding value to Australia's raw materials.

The wine industry is one of five Australian industries to be chosen for case studies on raw materials by the House of Representatives Industry, Science and Resources Committee.

Announcing the case studies, House Industry Committee Chairman Geoff Prosser said that the Committee wants to obtain first hand experience of the successes achieved and the challenges faced by industries that are adding value to Australia's mineral resources and agricultural and forestry products.

"Where Australia has been successful in adding value to its raw materials, we want to find out what has driven this success. Where we are failing to add value, we want to find out what is holding us back," Geoff Prosser said.

Mr Prosser commented that Australia has a number of advantages when it comes to value adding in raw materials. "Processing industries can benefit from our relatively low energy costs, the generally capital-intensive nature of these industries, our mature infrastructure and our stable social and political environment."

The House Industry Committee, comprising six Government and four Opposition Members of the House, will explore ways in which

these advantages can be maximised and any difficulties can be overcome. As part of the case studies, the Industry Committee will be seeking advice from people involved in each of the five industries, particularly in rural and regional Australia.

The Industry Committee has identified seven major issues which it wants to investigate further during the case studies (see below). Already during the course of the inquiry, issues such as access to infrastructure in remote regions, Australia's greenhouse obligations and government project assistance have attracted particular attention. Further information on the case studies and how they will be conducted can be obtained from the Committee secretariat, telephone (02) 6277 4594 or email: isr.reps@aph.gov.au

The case studies follow on from the first report of the inquiry that was recently released by the House Industry Committee. The report *Of Material Value?* is available from the Committee's web site at www.aph.gov.au/house/committee/isr or by contacting the Committee secretariat.

Industry case studies on raw materials

The House of Representatives Industry, Science and Resources Committee has identified seven major issues that it wants to investigate as part of its case studies on adding value to Australian raw materials.

Government regulation

- resource security for industries such as Australia's minerals and forest products industries;
- environmental regulation, including Australia's greenhouse obligations and the possible imposition of a 'carbon tax'; and
- regulation and permit arrangements.

Taxation

- whether Australia's business tax system encourages value-adding;
- the impact of recent tax reforms;
- royalty regimes; and
- tax incentives in support of research and development (R&D).

Investment issues

- government project assistance, such as the Major Projects Facilitation (MPF) scheme, and how our incentives compare with those offered by other countries;
- the encouragement of industry development in regional areas;
- finance, particularly access to venture funding; and
- the impact of vertical integration and foreign ownership of industry.

The need for innovation

- the importance of innovation in industry development and national growth;
- the encouragement of greater industry R&D;
- the performance of government R&D agencies; and
- enforcement of intellectual property rights worldwide.

Market access

- protectionist trade policies in overseas markets;
- the effectiveness of marketing efforts by industry, and government assistance through bodies such as Austrade; and
- the impact on raw material processing costs of Australia's remaining tariffs.

Infrastructure

- electricity/gas provision and ongoing reforms in those sectors;
- rail, and domestic and international sea transport; and
- access to infrastructure in remote regions (particularly public utilities, such as road and water).

Labour and skills issues

- Australia's skills base;
- employee relations and work practices;
- education and training; and
- the need to provide high skilled jobs which reflect Australia's relative labour costs.