

A Fair Australia
Industry, Jobs and Nation Building
Policy
ACTU CONGRESS 2003

1. ACTU policies for infrastructure, industry and regional development acknowledge the central role of governments and unions to enhance the capacity of the nation to generate more wealth, income and decent secure jobs through a sustainable strategy for nation building.
2. If a nation wants its workers to live well, the businesses that employ them and the industries in which they work must produce well and trade well. Simply put, improvements in a nation's productive performance and its ability to participate in the global economy provide an ongoing sustainable capacity to improve the living standards of workers and the well being of the communities in which they live and work.
3. Congress adopts the following priorities as forming the ACTU nation building agenda.

Realising a Growth Dividend Through Co-Operation and Planning

4. For most of the past 20 years successive Governments have tried to meet the challenge of globalisation through trade liberalisation, privatisation, competition policy and similar measures. The major gains to be had through co-operation and planning, however, are increasingly being recognised.
5. In Australia, co-operation between the states in planning and implementing infrastructure development, attracting global investment opportunities or facilitating an increase in the number of companies that export are examples of such an approach. Co-operative approaches by firms in a supply chain, clusters of firms in a particular region or between firms and R&D agencies as well as between unions, workers and employers to lift the productive performance of their industries can yield gains that are not achievable by reliance solely on competition and the market.

6. There is a "growth dividend" from harnessing the potential for co-operative approaches to nation building in much the same way as there are gains from a co-operative approach in areas as diverse as health, education and the environment.
7. To promote a more planned and co-operative approach the ACTU supports the following initiatives:
 - (a) The establishment of a new economic development agency to promote co-operation between the States and the Commonwealth in attracting investment; promoting trade; investing in infrastructure; and implementing strategies for industry development.
 - (b) Such an agency should develop strategic relationships with Austrade and AusIndustry, while the Productivity Commission should be abolished.
 - (c) Governments to fund co-operative, collaborative efforts amongst firms to encourage the formation of clusters and the establishment of consortiums to jointly bid for projects. Encouragement should be given to the efforts of industry associations and organisations to co-ordinate access for their members to beneficial arrangements for bank finance, product liability insurance, etc. Assistance should also be provided to support unions in linking workers in different work places to demonstrate, and share information about, the best approaches in training and work organisation change.
8. The ACTU notes that the Productivity Commission provided its final report on the Textile Clothing and Footwear Industry to the Federal Government on 31 July 2003. ACTU Congress calls on the Federal Government to announce its policy on the TCF Industries future and ensure that the policy includes the following measures:
 - (a) A freeze on the current level of TCF tariffs until it can be demonstrated that any reduction is in the interest of Australian workers and until our major trading partners reduce tariff and non-tariff barriers to Australia's levels.
 - (b) Continuing to fund an industry assistance program and ensuring that such a program ties business assistance to the ongoing employment of Australian workers.
 - (c) Funding a retraining program for retrenched TCF workers which provides for their specific needs and includes a non-means tested allowance for workers engaged in training.

Implementing a Long Term Strategy for Infrastructure Development

9. Investing in the nation's physical (transport, communication etc) social (hospitals, schools etc) environmental (water etc) and R&D infrastructure (CRC's and other R&D agencies) is part of the ACTU approach to nation building.
10. Unfortunately, little attention is being given to essential future investment in infrastructure, particularly in areas such as water where many reports have highlighted the current crisis.
11. This lack of attention to investment in infrastructure is, to a large extent a problem of funding, with governments wedded to reducing debt even though Australia's stock of Government debt at less than 5% of GDP is low compared to the OECD average of 40%. Low or zero debt cuts off the investment needed to generate future wealth and income for the nation.
12. The ACTU calls on the Commonwealth to issue National Development Bonds to finance a long term strategy for priority investment in the nations future. These bonds should be sold to institutions and those, including working families, who wish to invest with security to build the nation. The ACTU sees no grounds for Governments to pursue public-private infrastructure partnerships as they are currently being developed to keep such arrangements off budget. Commonwealth Budget papers for 2003-04 disclose a projected fall in general government (aggregate of federal, state and local) net interest payments to 0.6% of GDP, that state general government sector net debt is expected to remain negative at 0.6% of GDP in 2002-03, and that net debt for state public sector non-financial corporations (eg public utilities) is expected to be 4.6% of GDP. Combined with historically low interest rates, these figures indicate that governments and utilities are well placed to finance infrastructure using traditional public sector borrowings.
13. In addition, through a planned and co-operative approach, all levels of government should adopt a plan for timetabling such investments. Such a plan needs to include the capacity to pull infrastructure projects forward at times of an economic downturn so that Australia avoids the boom-bust cycles that sent unemployment into double digit figures in the early 1980s and 1990s.
14. The Commonwealth, in co-operation with the states and regions, should also develop an inventory of priority infrastructure projects in regional Australia that would make the greatest contribution to long term growth, employment creation and sustainable development. Co-operation between state and local governments can also enhance the timely provision of infrastructure to the expanding outer suburbs of

capital cities. Further, the ACTU will support and assist regional and state TLCs in their campaigns to attract and establish critical infrastructure needed to promote economic development and sustainable job creation in regional Australia.

Developing Australian Industry Through Government Purchasing and Import Replacement

15. Each year Australia imports more than \$100 billion of goods and services. Governments at all levels purchase more than \$50 billion of goods and services, a significant proportion of which is imported.
16. The ACTU supports the Commonwealth using its purchasing agencies to "buy Australian" and to utilise the Industrial Supply Office network to identify Australian suppliers of goods and services.
17. The Industrial Supply Office network should also be utilised in the private sector, particularly on projects where Commonwealth support is provided to increase Australian industry participation in the provision of goods and services for such projects.
18. The Commonwealth should not enter into any international treaties or trade agreements that would restrict the capacity of governments to promote "buy Australian" policies.
19. Governments must also adopt higher ethical standards in their procurement policies. This requires consistent standards between the states and the Commonwealth, as well as a rigorous monitoring system, involving unions, in dealing with issues such as tenders supported by unacceptably low wages, poor working conditions for employees or work sourced from prisons. These standards would apply whether this involves an Australian or overseas supplier.

Building an Export Culture

20. In Australia today, fewer than 4% of companies export and less than a third of the workforce is employed in businesses that export.
21. The ACTU supports the national objective of doubling the number of companies exporting from 25,000 to 50,000 over the next five years and calls on the Commonwealth to invest additional resources to ensure that this objective is accomplished.
22. The ACTU opposes the narrow cost cutting approach the Commonwealth has adopted to the Export Market Development Grant Scheme (EMDG) which supports nearly 4,000 exporters each year. The cap on EMDG should be lifted to encourage companies to invest more in export market development.

23. The collapse of exports of elaborately transformed manufactures (ETM) is a particular concern, with the annual growth of such exports falling from more than 15% (1986 - 1996) to less than 7% (1995-96 to 2001-02), leaving Australia with an ETM trade deficit of more than \$60 billion. Given the vacuum at the federal level, the ACTU calls on state governments to work together, in consultation with the relevant state-based tripartite industry councils to develop a strategy to be negotiated with the Commonwealth at the Biannual Trade Ministers Meeting.
24. The ACTU expresses its concern that the Federal Government has ignored manufacturing and left the development of manufacturing policy to the states. Since 1995-96 ETM exports to Asia have stagnated and the recent Budget has undermined the development of key industries such as Pharmaceuticals. Congress calls on the Commonwealth to re-engage with a proactive industry policy.

Promoting New Investment Particularly in Regions with High Unemployment

25. Australia remains one of the least successful countries in the OECD in securing new foreign direct investment in manufacturing or related value added services. In addition, business investment in R&D is well below international benchmarks, as is investment of venture capital in new, rapidly growing companies.
26. Developing strategies for encouraging investment should be a major priority, particularly in regions of high unemployment. The ACTU supports a development allowance being introduced to attract new investment to regions with double digit unemployment to promote growth and job creation.
27. The ACTU notes the poor levels of Australian business investment in R&D. Latest ABS figures show BERD (Business Expenditure on Research and Development) in 2001/2 remained static at 0.78% of GDP, well below the OECD average of 1.11%. The chronic low investment from industry in R&D in Australia reflects the small markets and poor industry structures. These structural problems continue to require public investment to compensate for their effects. In addition, the Federal Government must provide improved incentives for industry funded research and development. An adequate across-the-board tax concession for business and industry should be restored to the pre-1996 level of 150% whilst maintaining the tax concession premium of 175% for business which invest heavily in R&D.
28. The ACTU also supports further Government incentives to encourage investment in venture capital (seed, start up, early expansion). In the seven years ending 2002, investment in venture capital in Australian based businesses was more than 50% below international benchmarks. When combined with low levels of business investment in R&D, this

means that the nation does not have a large pipeline of rapidly growing companies, particularly in technology intensive activities, while much of its investment in innovation is commercialised overseas.

29. The ACTU fears that the Commonwealth's proposal to conduct inquiries into CSIRO and the \$3 billion Backing Australia's Ability innovation package is another cost cutting exercise. Unions will work to ensure that these inquiries promote new initiatives to expand the role of the CSIRO and increase Australian investment in innovation.