Industry competitiveness initiatives
The Imperative for Change

For decades Australia has enjoyed an enviable standard of living supported by sectors like agriculture and mining. By 2030 the world’s middle class will more than double, from two billion people today to around five billion. This growth presents an unprecedented opportunity to access new consumers for Australian goods and services—but it will also entice countless new, educated and creative entrepreneurs against whom Australia must compete. This is the reality of a global marketplace.

Acting now to increase our competitiveness will allow us to continue to build on the opportunities that present themselves. The Australian Government’s Industry Innovation and Competitiveness Agenda (the Competitiveness Agenda) drives excellence, not dependence, to create an economy that ensures Australia’s ongoing prosperity. The Government has a crucial role to play as only it can coordinate national action and set the strategic direction for the Australian economy to deliver positive outcomes on issues such as deregulation, skills and science.

The Industry Innovation and Competitiveness Agenda focuses on providing the right economic incentives to enable Australian businesses, big and small, to grow and prosper.
The Industry Growth Centres Initiative (the Initiative), which is the centrepiece of the Industry Innovation and Competitiveness Agenda, will initially focus on five key growth sectors where Australia excels. The Initiative lifts competitiveness and productivity by focusing on areas of competitive strength. This way we can transition into smart, high-value and export focused industries. This includes a strong push to leverage what Australians are famous for, having great ideas and new inventions and turning these into profitable commercial realities. Similar models are already successfully operating in other developed countries facing similar challenges such as the US, UK and Canada.

The Initiative will enable national action on key issues by encouraging collaboration and the commercialisation of new products, enhancing management and workforce skills, identifying opportunities to reduce regulatory burden, and improving capabilities to engage with international markets and global supply chains. It will combine business acumen with the intellectual rigour of scientists, researchers, and universities to work collectively to reignite Australian industries and our economy.

Five Industry Growth Centres will initially be established to deliver the Initiative in high growth sectors within the Industry Portfolio. These are:

- **Food and Agribusiness**
- **Mining Equipment, Technology and Services (METS)**
- **Medical Technologies and Pharmaceuticals**
- **Advanced Manufacturing**
- **Oil, Gas and Energy Resources**

Industry Growth Centres will also facilitate engagements between enabling services and technologies, such as Information and Communications Technology, where they provide essential and direct support to the growth sectors. These are five sectors breaking new ground and fostering ingenuity with new ideas. Targeted investment here will get the best economic returns and outcomes in a tight fiscal environment.
Industry Growth Centres will be established as not-for-profit companies, led by eminent industry Chairs with an industry-led Board. The Board will be responsible for operation of the Growth Centre and the development and implementation of practical activities to lift the productivity and competitiveness of the respective sector.

The Growth Centres will bring together businesses and industry organisations to develop relationships with the science and research sector to unlock commercial opportunities. This will realise the Government’s policy of placing science at the centre of industry policy and providing the framework to transition industry to high-value added products and services.

Whilst the Growth Centres will have a physical location they will not be constrained by physical boundaries. Growth Centres will be tasked with actively creating networks across Australia to support the productivity and competitiveness of the sector.

The Initiative is ongoing with $188.5 million in Government funding over the first four years. Significant industry investment is also anticipated.

Strategic Objectives

While the Growth Centres will be flexible in their approach to addressing barriers to success, they will be tasked with looking at four broad themes:

• encouraging collaboration and the commercialisation of new products;
• enhancing management and improving workforce skills;
• identifying opportunities to reduce regulatory burden; and
• improving capabilities to engage with international markets and global supply chains.

Growth Centres will develop a strategy for the sector through Sector Competitiveness Plans. These plans will outline short, medium and long term priorities to enhance the competitiveness of the sectors.

Sector Competitiveness Plans will also include advice to Government on reducing the regulatory burden within the sector through Regulation Reform Agendas. These inform action to reduce regulatory burden, cut costs and free up businesses to increase investment and create jobs.

Through Sector Competitiveness Plans, Growth Centres will also be developing annual Industry Knowledge Priorities to inform the research sector of industry needs. These will inform areas of work for institutions such as the CSIRO, universities and other publicly funded research organisations.

Strategies developed as part of Sector Competitiveness Plans will also aim to enhance the skills of our nation’s workforce including identifying and addressing Science, Technology, Engineering and Mathematics (STEM) skill gaps. The Government will consider how Growth Centres could contribute to any response to the Chief Scientist’s report Science, Technology, Engineering, Mathematics: Australia’s Future.

These strategies also form a crucial link to the Government’s VET reform agenda and will strengthen links between the VET system and future jobs for Australians. Information on the VET reform agenda is available from the Department of Education and Training website at www.education.gov.au.
Industry Growth Centre Activities – A Competitive Impact

*Industry Growth Centres will work across each sector, linking businesses and research organisations, to deliver activities and collaborations that boost industry competitiveness and productivity. The Initiative is flexible in its delivery to ensure each sector implements solutions to the impediments to success. Examples of activities that could be undertaken by the Growth Centres are as follows:*

The **food and agribusiness** Growth Centre may assist food manufacturers to work with packaging companies and researchers to consider packaging solutions to extend the shelf life of products, especially into regional export markets where the lack of refrigeration is a problem. It might also coordinate national inbound missions of senior buyers, representing Tier 1 supermarkets and distributors from key Asian markets.

The **mining equipment, technology and services** (METS) Growth Centre may identify global market opportunities to enable establishment of METS consortia to target opportunities with product and service export packages and access to information on global supply chains. It might also facilitate field trials to accelerate adoption of Australian technology that increases mine site productivity.

Through the **medical technologies and pharmaceuticals** Growth Centre, businesses may be assisted to identify new opportunities through linking with medical device and materials researchers to develop new biomedical devices and platform technologies to improve health outcomes and business profitability. It might also improve the regulatory environment for medicines and medical technologies through actions like further reforms of the clinical trials environment.

The **advanced manufacturing** Growth Centre could bring together industry and Australia’s established research and development capabilities in advanced and composite materials to bring to market new products where the performance of these new materials improves product design, performance and fabrication. The Centre could also work with other countries to agree international standards for new technologies to improve regulatory certainty and facilitate industry innovation.

The **oil, gas and energy resources** Growth Centre may assist businesses to lower costs through greater collaboration, better sharing of infrastructure and logistics support (especially on remote projects), including pipelines and ports, and improved planning, management and integration across the whole value chain. It might also build capabilities around technology developments such as frontier fields, floating liquefied natural gas technology, coal seam gas, other unconventional gas, gas-to-liquids, coal-to-liquids, a coal production technology development and a uranium production technology development.
Industry Growth Centre Infrastructure

From 2015-2016, Industry Growth Centres will be able to access funding from the $63 million Industry Growth Project Fund to develop and deliver large scale collaborative projects to provide targeted actions to build the capability and competitiveness of the sectors.

The intention is not to support discovery or basic research but instead focus on market, value chain or technology issues to deliver commercial outcomes. Projects will deliver direct benefits to participants as well as across the whole sector.

$60 million in commercialisation funding will help address key challenges in the commercialisation pathway. This element is being delivered through the Entrepreneurs’ Infrastructure Programme. A new information technology platform is being established. The Industry Growth Network will provide essential infrastructure for Growth Centres to collaborate and extend their reach. It will include websites, stakeholder support and online collaborative tools.

Further consultation on the design of Industry Growth Centres infrastructure will occur in 2015.

As part of the Industry Growth Centres Initiative, $60 million of funding will be available for collaborative projects with the potential to convert ideas with great potential into profitable commercial realities.
In a staged approach, the five Industry Growth Centres will be rolled out from early 2015. This has commenced with the announcement of the Chairs for the food and agribusiness; mining equipment, technology and services; and advanced manufacturing Growth Centres.

The announced Chairs of the Growth Centre Boards are industry leaders who will use their expertise to work with business, researchers and government on practical ways to grow these sectors, boost productivity and create jobs.

Working with the sectors the Chairs will be responsible for leading the process to develop a Growth Centre proposal for the Minister’s consideration.

Appointed Facilitators will assist the Chairs to develop and refine these proposals for each of the Industry Growth Centres and then establish the Centres where approved. Growth Centre proposals will include an outline of suggested activities for the sector along with key activities that will be undertaken in the first year of operation. From the second year of operation Growth Centre activities will be informed by Sector Competitiveness Plans.

Proposals will also outline governance arrangements, including proposed Board membership for the Growth Centre, a sector engagement strategy and suggested key performance indicators. Proposals will also need to demonstrate that the Growth Centre has the capacity to deliver on its objectives and suggested activities.

In the first four years, it is estimated the Growth Centres will have actively engaged with thousands of Australian businesses. Benefits of the Initiative will be across industry, with activities of the Growth Centres also producing benefits and improved competitiveness for other sectors across the economy. This will have tangible impacts including:

- a reduction in the cost of doing business through regulatory reform;
- more businesses, including small and medium enterprises, integrated into domestic and global supply chains and markets leading to increased export income;
- improved management and workforce skills of businesses;
- increased collaboration leading to improved commercialisation outcomes; and
- foster employment opportunities and contribute to the creation of high-skilled jobs.

Industry Innovation and Competitiveness Agenda

The Industry Innovation and Competitiveness Agenda outlines the Government’s vision for a strong and competitive economy, and is a business-focused element of the Government’s Economic Action Strategy. The Competitiveness Agenda identifies four overarching ambitions to realise the Government’s economic vision:

1. a lower cost, business friendly environment with less regulation, lower taxes and more competitive markets;
2. a more skilled labour force;
3. better economic infrastructure; and
4. industry policy that fosters innovation and entrepreneurship.

The Competitiveness Agenda focuses on providing the right economic incentives to enable Australian businesses, big and small, to grow and prosper. It contains 17 initiatives, with six major reforms to be implemented over the next 18 months.

The 17 initiatives range from boosting commercial returns from research to introducing a crowd-sourced equity funding framework and removing barriers to professional services investment.

The full list of initiatives is:

1. Accepted trusted international standards and risk assessments
   1a. Streamlining certification of medical devices
   1b. Streamlining industrial chemicals assessments
2. Shifting the culture of regulation
3. Expand access to the Commonwealth workers’ compensation scheme
4. Streamline construction regulation
5. Reducing superannuation compliance burden
6. Trusted Trader Programme
7. Removing barriers to professional services investment
8. Examine coastal shipping regulations
9. Increasing the focus on STEM and innovation in schools
10. Improving the Vocational Education and Training system
11. Liberalising the subclass 457 visa programme
12. Expanding the investment visa programme
13. Establishing Industry Growth Centres
14. Boost commercial returns from research
15. Improve taxation arrangements for Employee Share Schemes
16. Crowd-sourced equity funding framework
17. Small Business engagement principles
The six major reforms the Government is implementing are:

1. Encouraging employee share ownership to make employee share schemes more attractive for start-ups and business generally. Incentives include delaying when employee options become liable for tax and allowing a tax exemption on shares provided at a small discount by eligible small companies. The cost is about $200 million over the forward estimates.

2. Promoting science, technology, engineering and mathematics (STEM) subjects in schools to provide additional support to foster school students’ interest and competency to better equip students with job relevant skills and at a cost of $12 million. This support includes assisting to develop and implement innovative online curriculum resources in mathematics; enhancing computer programming skills across the curriculum; providing seed funding to pilot an innovation-focused ‘P-TECH’ styled secondary education initiative; and increasing student participation in ‘Summer schools for STEM students’.

3. Enhancing the 457 visa and investor visa programmes to improve business access to 457 visas for skilled migrants and improve programme integrity while ensuring sponsored workers are not a substitute for the local workforce. Improvements to the Significant Investor Visa programme include involving Austrade in the process of determining eligible complying investments, aligning qualifying investments with Australia’s five investment priorities and introducing a premium stream for people investing more than $15 million.

4. Accepting trusted international standards and risk assessments for certain product approvals. By adopting the principle that if a system, service or product has been approved under a trusted international standard or risk assessment, Australian regulators will no longer impose any additional requirements unless good reason can be demonstrated.

5. Reforming the vocational education and training (VET) sector to ensure Australian businesses have the workforce they need to remain internationally competitive and innovative, including by providing $200 million per annum to refocus apprenticeship support services delivery to improve participation and completion rates; launching two pilot programmes through the youth stream of the Industry Skills Fund, at a cost of $44 million, to assist young people in regional Australia and areas of higher youth unemployment; and streamlining the VET system’s governance and advisory arrangements while also working with the States and Territories on system improvements. These include lifting the quality of both training providers and the courses they deliver, ensuring the system is focused on delivering the skills that employers need from their employees, providing better information for students and employers about the relative value and quality of training options, removing red-tape and unnecessary regulation from the system and providing effective incentives and subsidies that are targeted to employment outcomes. More information on the VET reform agenda is available from the Department of Education and Training website at www.education.gov.au.

6. Establishing the Industry Growth Centres Initiative, this is the centrepiece of the Competitiveness Agenda.
The Industry Innovation and Competitiveness Agenda signifies a new industry policy to take Australia forward. Australian industry must boost its competitive capability based on collaboration, quality and innovation not simply volume and price. As a country we must play to our unique strengths.

We need to find new markets and develop new products and services that will set us apart internationally. We need to better integrate key parts of the economy through better collaboration. Having our businesses, universities, laboratories and national institutions work in isolation is a lost opportunity. Government’s role is to facilitate linkages between Australian industry and our scientific, research and higher education sectors to develop and deploy new cutting-edge exports to generate jobs and fuel the economy.

International benchmarks show Australia risks falling behind our key competitors. Australia’s $9.2 billion annual public investment in science and research produces world-class institutions and results, but we need to maximise the return on this investment and make sure it leads to improved productivity, new commercial opportunities and addresses our greatest challenges.

In addition to the Industry Growth Centres the Government is working with industry and the research sector to take practical steps to lift the performance of our industry by: Boosting the commercial returns from research; establishing the Commonwealth Science Council; and providing reliable and cost-competitive energy to businesses.

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Additional Competitiveness Agenda Measures

Other measures in the Competitiveness Agenda related to the Industry and Science Portfolio include:

**Boosting the commercial returns from research**

The Government’s *Boosting the commercial returns from research plan* increases the translation of research into commercial outcomes to help drive innovation in Australia, grow successful Australian businesses and research capacity, and boost productivity and exports. The plan aligns with the Government’s measures to reform the higher education sector and to realise the potential of health and other research. As part of this strategy, the Government is consulting with industry and researchers on proposals necessary to ensure research efforts generate greater commercial returns.

**Commonwealth Science Council**

The Government has established the Commonwealth Science Council to advise on areas of national strength, current and future capability and on ways to improve connections between Government, research organisations, universities and business. To drive home the need for industry and science to collaborate further to boost Australia’s competitiveness, the Commonwealth Science Council includes five eminent scientists or researchers and five business leaders and is chaired by the Prime Minister.

**Energy White Paper**

The Energy White Paper, which is a related measure being undertaken by the Government, will maximise the competitive advantage of Australia’s abundant energy resources and put downward pressure on energy costs. A coherent, consistent and integrated national energy policy will ensure industry and consumers can have certainty and confidence in government policy. Competition, productivity and investment in the energy sector will deliver reliable and cost competitive energy to households and business.

The Energy White Paper is expected for release shortly.

What next?

Register your interest in the Industry Innovation and Competitiveness Agenda


**Email** competitiveness.agenda@industry.gov.au

**Phone** 13 28 46 (business.gov.au)

Register your interest for the Industry Growth Centres Initiative at the Department of Industry and Science’s Single Business Service website


**Email** industrygrowthcentres@industry.gov.au

Information on a range of industry and business assistance initiatives is available at [www.business.gov.au](http://www.business.gov.au)

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Above: (L) Boosting the commercial returns from research, October 2014, Department of Education and Training, and Department of Industry and Science; (R) Green Paper 2014 released to inform preparation of the Energy White Paper.