

NATIONALS

Printing industry questionnaire

Compliance burden

The Nationals recognise that compliance with government regulations can be costly and frustrating for many small businesses.

As far as possible, the Nationals in Government seeks to minimise this burden. With regard to the examples cited, there are sound public policy reasons to seek the assistance of employers. ABS survey data, for example, is essential for industry and government when formulating policy. Nevertheless, since 1996, the Government has reduced the reporting requirement by an estimated 30 per cent. Tax reform in 2000 simplified the system in many important respects but the Government recognises the ongoing need to reduce the compliance burden. For example, the Government has recently decided to abolish superannuation reporting for all employers from 2005 and to allow 740,000 eligible small business entities to report and pay their GST annually. Small businesses with a turnover of \$2 million or less will also be to undertake private annual apportionment for GST when they do their income tax return.

Australian Made

The Coalition Government's procurement policy seeks to promote local industry without imposing additional costs on taxpayers. Commonwealth agencies are required to source at least 10 percent of their purchases from small and medium enterprises. This target is usually exceeded. For major information and communications technology services contracts over \$20 million, the threshold rises to 20% of contract value. The Coalition Government has also introduced mandatory 30 day payment terms for Australian Government Departments and Agencies to ensure small and medium sized enterprises are paid promptly for their goods and services.

Environmental labelling

The Nationals in Government are willing to discuss with interested parties the merits of a national approach to environmental labelling.

Industry Development

The \$48 million Enhanced Printing Industry Competitiveness Scheme (EPICS) was introduced to assist book publishers during the transition to the new tax system. The scheme was part of a broader \$240 million Book Industry Assistance Plan intended to offset any short-term negative impacts of the new tax system on industry, consumers and authors.

It is now clear that these effects were limited as far as the book printing industry was concerned. Sales dipped in 2000-01 but recovered in 2001-02 to equal 1999-2000 levels. Profitability dipped for most printers in 2000-01 but again recovered in 2001-02 to pre-GST levels. A similar fall in sales had occurred in 1997-98 so it is uncertain what effect the GST had on sales.

178 firms benefited from the Enterprise Development Fund (EDF), receiving almost \$30 million. The smaller Infrastructure and Industry Growth Fund supported projects with industry-wide benefits. Unfortunately, demand for this more strategic fund was modest. About a third of the fund was unspent, with the result that more than \$4.5 million was transferred to the EDF. This level of interest was disappointing given that applicants were required to meet only 20% of project costs in cash or in kind contributions (most other government programs require at least matching funding).

The Coalition Government believes that EPICS provided generous support to the industry in the transition to the new tax system and, in conjunction with other assistance, assisted many firms to make lasting improvements in their competitiveness. Sales data shows that demand in the market has returned to pre-GST levels, removing the original rationale for a specific sectoral program.

For these reasons, the Coalition Government believes it is more appropriate for printing firms investing in innovation or seeking to improve their business management to use the many existing Australian government programs. The R&D Start program, for example, offers almost \$200 million a year to support innovation.

The Coalition Government has provided significant support to advance the recommendations of the Action Agenda. The Printing Industry Association, for example, has received about \$3 million for projects relating to the Action Agenda. While the bulk of the funding was directed to book production, there were substantial spill-over benefits for general printing, such as the benchmarking study. Further progress on the implementation of the joint industry government commitments of the Action Agenda is dependent on the industry continuing its role as lead for the implementation of the Action Agenda

Industry rationalisation

The Action Agenda identified the primary cause as over-investment in expensive equipment. However, overcapacity in parts of the industry also reflects low entry costs. The Action Agenda has contributed to raising awareness of this issue, through such initiatives as business diagnostic tools for small business operators. The Printing Industry Association has played a valuable role in promoting these tools. The Coalition Government does not believe that it should raise the costs of entry to the industry, which would diminish the opportunities in the industry and discourage new innovative businesses emerging. While exit strategies have often been discussed in general terms within the industry, no effective proposal has been developed. The ease of entry to this sector indicates that exit strategies mooted to date would be costly and likely to fail.

Industry research and Development

The Coalition Government provides a suite of programs supporting innovation and research and development as part of its \$8.2 billion *Backing Australia's Ability* packages. The printing industry is encouraged to take advantage of these programs. AusIndustry administers these programs and has an accessible network of offices in State capitals and regional centres.

Full restoration of Tariff Concession System

The Nationals in Government are committed to removing the 3% tariff as soon as it would be economically responsible to do so. The recently negotiated Free Trade Agreements with

Singapore, Thailand and the United States will see the 3% tariff eliminated for products from these countries.