

Appreciating the Role of Government

Role of government is multi-layered -

- Legislator, regulator, adjudicator, taxpayer
- Domestic & international inter-govt. relations
- Service delivery - provider, purchaser
- Policy director - economy, industry, education, environment etc.....

Current debate on the nature of
govt. role in a 'mixed' economy

Govt. currently about 25% of
national GDP & employment

Big impact on national activity in
terms of policy & activities

Industry Policy -

- Industry development strategy both macro (national) & micro (firm) level
- Promote industrial development
- Integration of policy objectives
- Recognition of concept of globalisation & need for internationalisation of Australian industry.

Evolution of Industry Policy -

- Tariff reduction
- Deregulation (currency, industry) & micro-economic reform
- Industry plans - eg. steel, cars, TCF etc
- Aim to improve competitiveness & adaptation to the international environment, & encourage innovation.

Industry Development strategies-

- Building competitive firms
- Building a competitive environment
- Shaped by industry development principles

Govt. industry programs aim to -

- Be easy to understand & access
- Reflect govt policy
- Involve Federal & state govt cooperation
- Be evaluated against identifiable performance measures.

Govt. role in -

- Innovation & S&T research
- Information & networking
- Leadership & management skills
- Access to finance
- Promotion of Aust. firms overseas
- Industry-based development

Macro & micro economic policies

- Macro - strong growth, low inflation, low interest rates, strong corporate profits, deregulation, tax reform
- Micro - maximise macro effects at firm level, IR reform, improved PS performance, improved public infrastructure.

Reform Agenda -

- Tariff policy - aim for 5% max. tariff
- Simplify regulation & lower business costs
- Improve govt. costs & efficiency
- Increased private involvement in infrastructure
- Increase IR flexibility

Trade policy -

- Multilateral - WTO, GATT
- Regional - APEC
- Bi-lateral - Free trade agreements with various countries eg NZ, Singapore, proposed with US

Competition Policy -

- Hilmer report reforms - COAG adoption
- Broad application of Trade Practices legislation
- Review & reform of regulatory restrictions
- Legal access to essential services
- National Pricing oversight mechanism
- Pro-competitive principles for corporatised / privatised entities
- Competitive neutrality between public & private businesses

IR reform -

- See previous lecture
- Increased flexibility
- Enterprise agreements
- Individual contracts
- “Safety net” wages & conditions

Conclusion -

- Increased govt efficiency of operation & effectiveness of policy / program
- Encourage competition
- Develop innovation
- Global focus

