



REFORM  
PAYS OFF

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### OPENING UP THE AUSTRALIAN ECONOMY TO COMPETITION HAS BEEN ENORMOUSLY CHALLENGING.

The reforms have required people to make changes, often difficult, which affect the way they live their lives as well as the way they do business.

But competition has strengthened Australia's economy and improved the standard of living for our people.

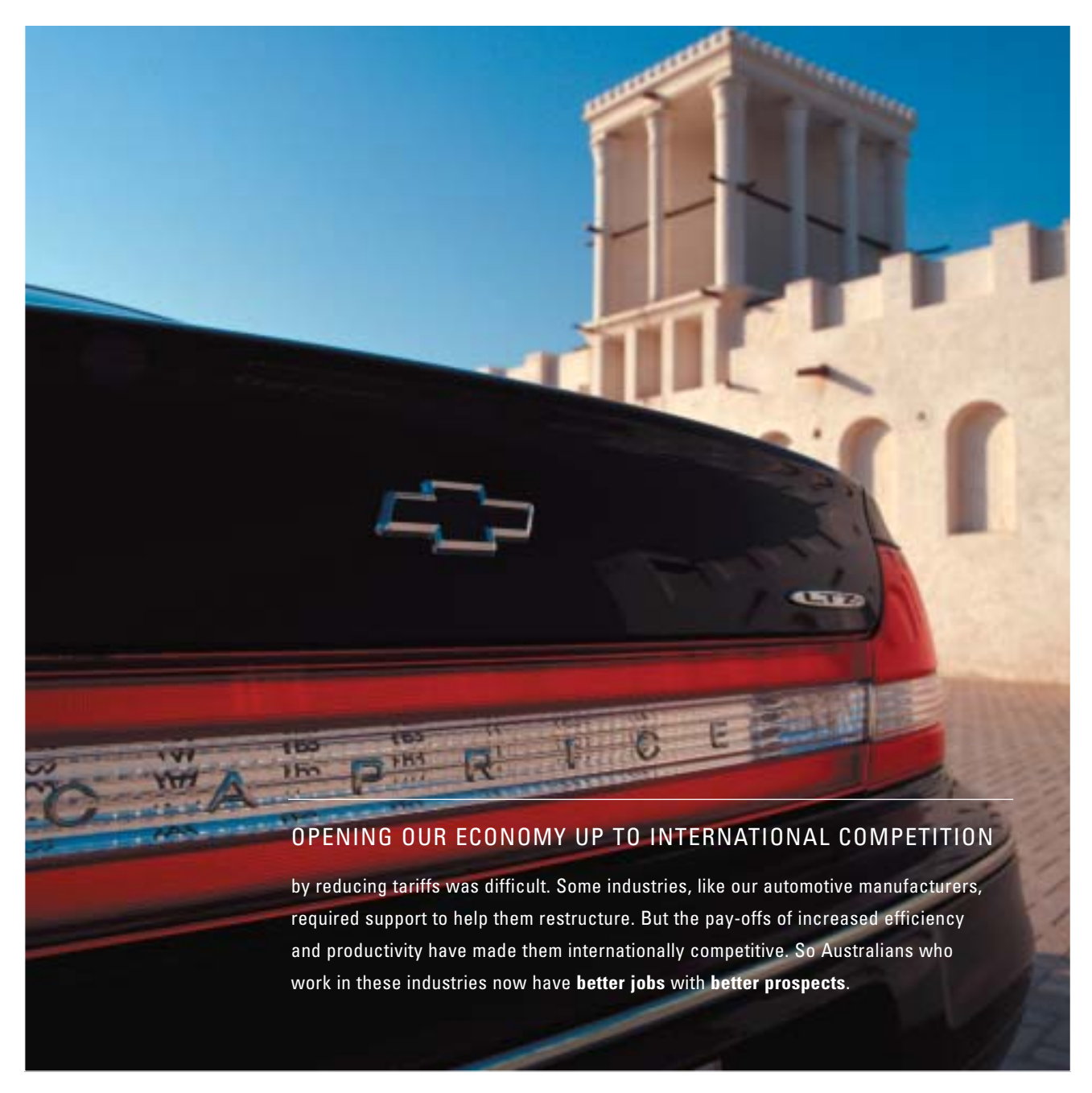
Australia now boasts the fastest growing economy of any developed nation. Over the past five years, growth has averaged around 4% per annum.

IN 2001-2002, WHEN THE REST OF THE WORLD SLOWED,  
OUR ECONOMY STILL GREW BY 3.8%.

**GOOD ECONOMIC MANAGEMENT** HAS DELIVERED  
LOW INFLATION AND LOW INTEREST RATES. THIS HAS  
GIVEN INVESTORS CONFIDENCE. REMOVING PROTECTIVE  
BARRIERS AND EXCESSIVE REGULATIONS HAS CREATED  
OPPORTUNITIES AND ENCOURAGED OUR INDUSTRIES  
TO FIND BETTER WAYS OF DOING BUSINESS.

Twenty years ago Australia's industries were inwardly focussed and complacent, slumbering behind high tariff barriers. These declining industries were providing fewer job opportunities for Australians.

In 2001, Australia was ranked 5th in the world in terms of growth competitiveness – up from 11th place the previous year. The economy continues to create more and better jobs.

A close-up, low-angle shot of the rear of a black Chevrolet truck. The truck's taillight is visible on the right. A wooden sign is mounted on the bumper, featuring the word 'AUSTRALIA' in large, hand-painted letters. Above the letters, there are smaller markings including '1971', '1972', '1973', '1974', '1975', and '1976'. The Chevrolet bowtie logo is prominently displayed on the trunk lid. In the background, a white stone building with a classical-style tower and arched windows is visible under a clear blue sky.

## OPENING OUR ECONOMY UP TO INTERNATIONAL COMPETITION

by reducing tariffs was difficult. Some industries, like our automotive manufacturers, required support to help them restructure. But the pay-offs of increased efficiency and productivity have made them internationally competitive. So Australians who work in these industries now have **better jobs** with **better prospects**.

## | MOTOR VEHICLES\_1.1 |

FOR DECADES, AUSTRALIAN GOVERNMENTS MAINTAINED HIGH TARIFFS TO SHIELD LOCAL CAR MAKERS FROM INTERNATIONAL COMPETITION. **BUT THIS JUST KEPT THE INDUSTRY FRAGMENTED AND INEFFICIENT.**

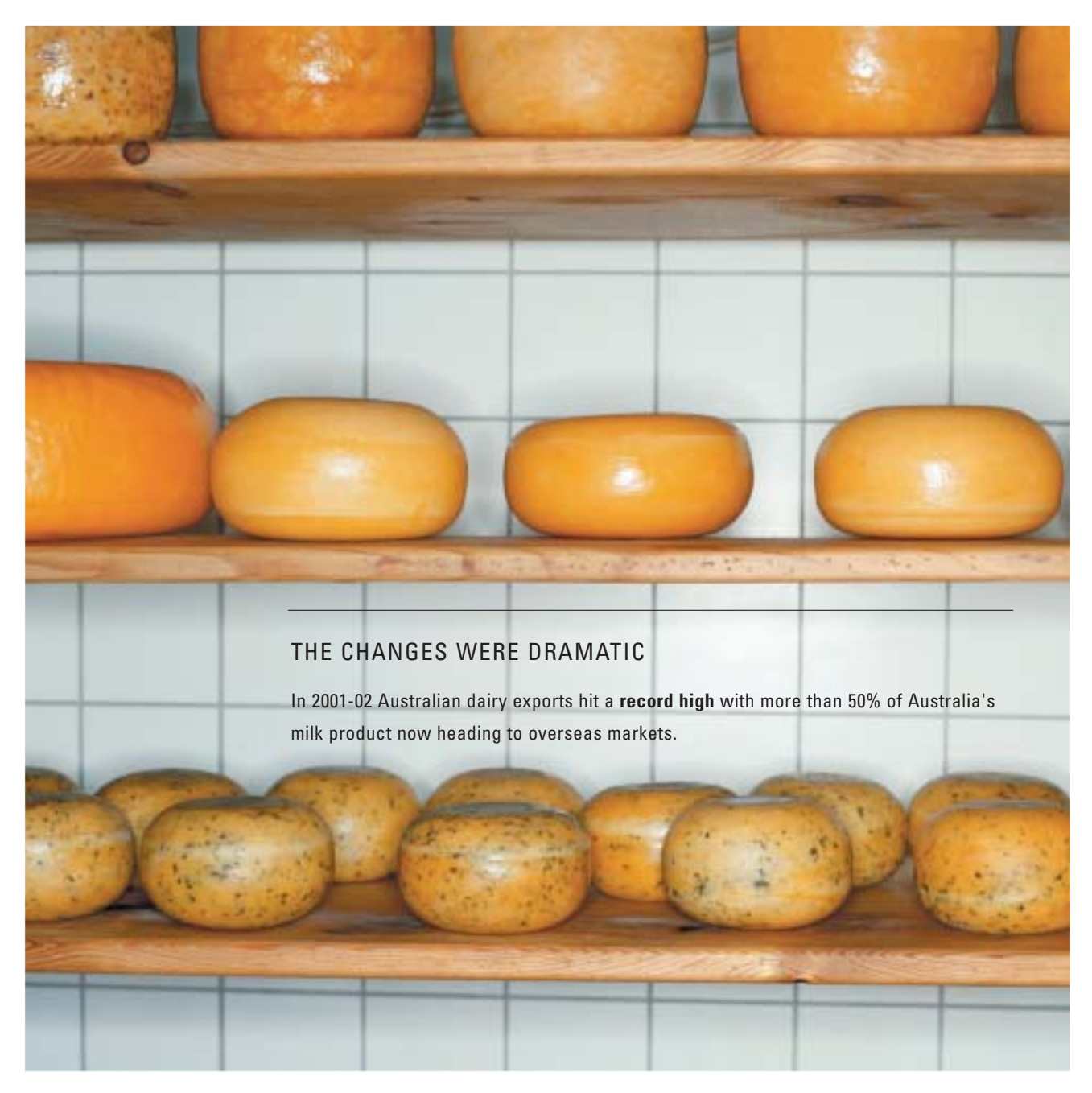
*“Far from being swamped by imports, the Australian industry has become much more efficient and innovative.”*

The only people who bought Australian cars were Australians, and they paid much more than they needed to for the privilege. Most of the barriers have now been dismantled. The current tariff cost is around one third of what it was in 1988. Tariffs, which were reduced from 45% in 1988 to 15% in 2000, will fall to 10% in 2005. Not only are cars now much more affordable but there is also much greater choice, with around 250 car models now on offer compared to just 70 when the reforms began. But Australian consumers are not the only winners. Far from being swamped by imports, the Australian industry has become much more efficient and innovative. It is **producing more and better quality vehicles** with its focus on export markets as well as domestic consumers – 32% of production is now exported.

This story is the norm, not the exception. Tariffs on domestic white goods are now only 5%, not the 45% paid for by consumers in 1978. Far from leading to a decline in Australia’s whitegoods manufacturing, local production volumes have grown and exports have risen from less than 3% of turnover to about 8%.

TARIFFS ON IMPORTED MOTOR VEHICLES





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## THE CHANGES WERE DRAMATIC

In 2001-02 Australian dairy exports hit a **record high** with more than 50% of Australia's milk product now heading to overseas markets.

## | DAIRY\_2.1 |

STRICT REGULATIONS PROTECTED REGIONAL DAIRY INDUSTRIES. LOCAL MILK PRICES WERE FIXED AND TRADING BETWEEN REGIONS RESTRICTED. AS A RESULT, **CONSUMERS AND INDUSTRY PAID HIGH PRICES FOR MILK.**

*“Increased efficiency drove the search for new markets and the development of new products.”*

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In July 2000, all farm gate milk pricing and supply regulations were removed. The price of plain milk fell by 22 cents per litre – **consumers saved some \$118 million** from supermarket sales in the first year alone. Increased efficiency drove the search for new markets and the development of new products. In 2001-02 Australian **dairy exports hit a record high** with more than 50% of Australia's milk product now heading to overseas markets. In 2001-02 the value of dairy exports increased by 25%.

The changes were dramatic. Some dairy farmers needed support to help them restructure or move out of the industry altogether. The government provided \$1.94 billion of targeted assistance to help those in need adjust. The cost of this assistance is being recovered via a levy of 11 cents per litre on drinking milk. But now the industry's prospects are on a sound footing.

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## REMOVING THE BARRIERS

to competitive national markets has not only delivered **lower prices** for Australian consumers, it has made our **exports more competitive**.



| GAS\_2.2 |

SINCE THE EARLY 1990S, AUSTRALIAN GOVERNMENTS WORKED TO DEVELOP A NATIONAL GAS MARKET AND **FREER TRADE IN NATURAL GAS.**

*“Increased efficiency and productivity have seen costs for both domestic and industry consumers go down.”*

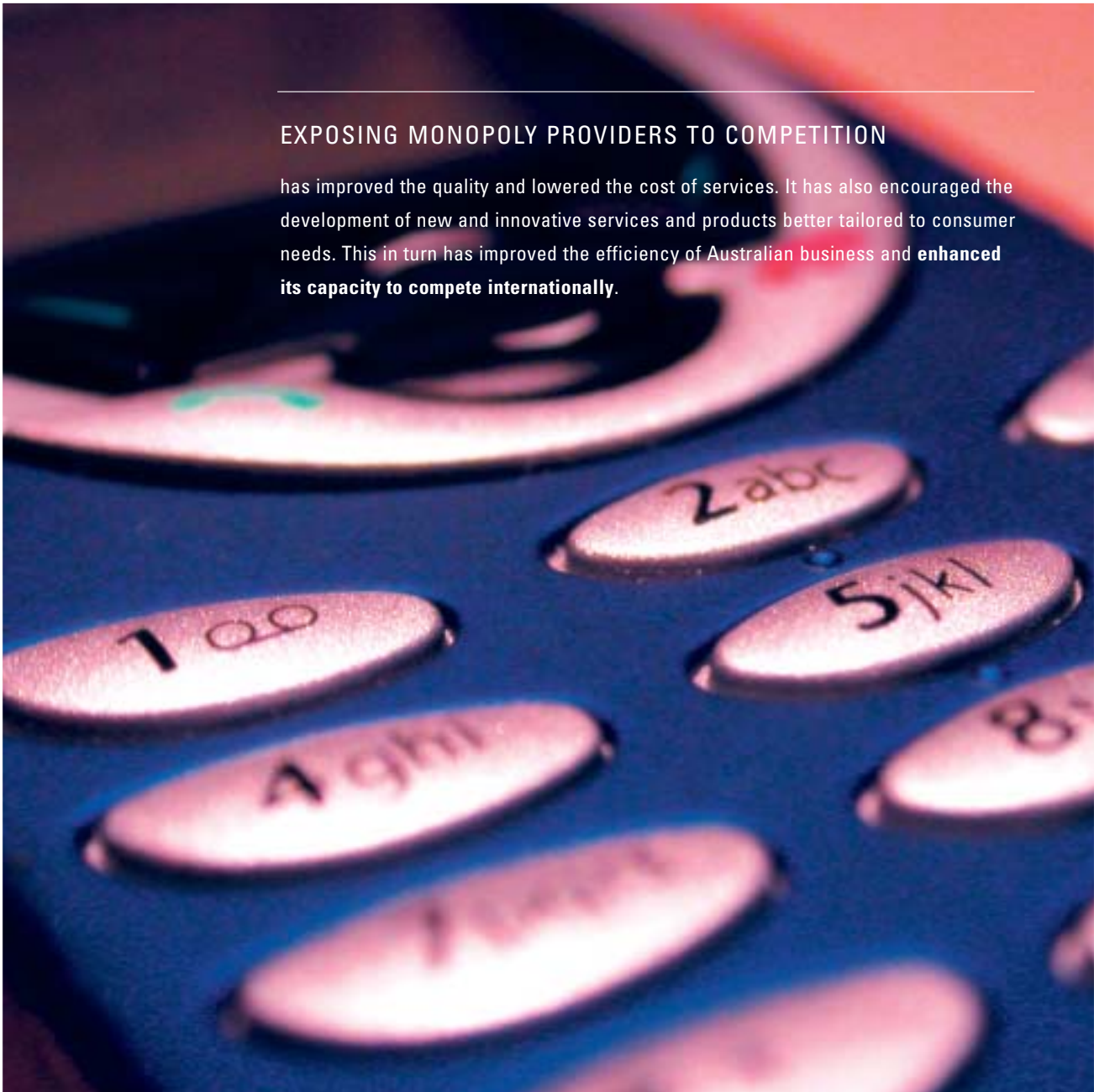
Structural reform of the gas industry removed restrictive regulations, encouraging the further development and interconnection of the pipeline system and greater competition between different gas fields. Increased efficiency and productivity have seen costs for both domestic and industry consumers go down. In one major regional market, the price of gas fell 11% in real terms between 1996 and 2001. Because energy is fundamental to business, **cheaper gas lowers production costs** and helps make our industries more internationally competitive.



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## EXPOSING MONOPOLY PROVIDERS TO COMPETITION

has improved the quality and lowered the cost of services. It has also encouraged the development of new and innovative services and products better tailored to consumer needs. This in turn has improved the efficiency of Australian business and **enhanced its capacity to compete internationally.**

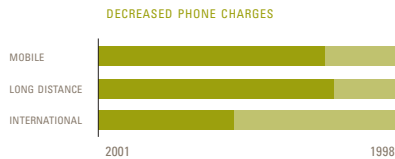


| TELECOMMUNICATIONS\_2.3 |

IN 1997 THE **DEREGULATION** OF THE TELECOMMUNICATIONS INDUSTRY WAS COMPLETED.

*“...benefits have been improved technology, new products and cheaper prices for businesses...”*

New companies were created, expanding consumer choice across a range of telecommunications services. The benefits have been **improved technology, new products and cheaper prices** for businesses and domestic consumers. Between 1998 and 2001 mobile phone charges have dropped 25% and the cost of local calls 27%. Long distance call charges have fallen by 22% and international call charges by 55%. Benefits to Australian consumers are estimated to be between \$5.5 and \$12 billion.





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## LABOUR MARKET REFORMS HAVE DELIVERED

**important changes** in both the attitude to, and the organisation of, work. By making our workplaces more flexible and our workers more productive, these reforms have made our industries more competitive and raised our living standards.

## | WATERFRONT\_3.1 |

FOR MANY YEARS, AUSTRALIA HAD A RIGID AND HIGHLY REGULATED **WORKPLACE CULTURE**.

*“A freer and fairer workplace relations framework has produced more jobs, higher pay and fewer strikes.”*

Australia has freed up the workplace through a series of progressive reforms, providing opportunity for more flexible working arrangements that have benefited both employers and employees. A freer and fairer workplace relations framework has produced more jobs, higher pay and fewer strikes. Over the last six years, **one million new jobs** have been created and average weekly **full-time earnings have risen 12%** in real terms. Strikes are at the lowest level since records were first kept in 1913.

For many years the performance of Australia’s waterfront lagged behind that of our trading partners. An efficient waterfront is critical for Australia as a large country dependent on shipping for domestic as well as international trade. Poor performance on the waterfront was a significant brake on Australia’s competitiveness. Waterfront reform broke down rigid workplace practices, such as rules that led to over-manning. The changes have significantly improved our waterfront productivity. In 2002, our dockyard cranes moved around 60% more containers per hour than in 1996.

CONTAINERS MOVED PER HOUR



A photograph showing several large satellite dishes in silhouette against a bright, orange and yellow sunset sky. The dishes are mounted on metal structures. In the background, there are some industrial buildings and a tall antenna tower. The overall scene is dark, with the primary light source being the setting sun.

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OUR LINKS WITH THE REST OF THE WORLD

are **stronger** and more **pervasive** than at any time over the past century

| TRADE LIBERALISATION\_1 |

| DOMESTIC COMPETITION POLICY\_2 |

| LABOUR MARKET REFORM\_3 |

| CLOSE |

THE EXAMPLES OF REFORM CITED IN THIS BROCHURE  
ILLUSTRATE AUSTRALIA'S COMMITMENT TO BUILDING  
AND MAINTAINING AN **OUTWARD LOOKING,**  
**EXPORT-ORIENTED ECONOMY.**

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Our links with the rest of the world are stronger and more pervasive than at any time over the past century. We are **more productive than ever**. Our consumers benefit through lower prices and increased choice of goods and services. Over the last 10 years, employment has risen, the unemployment rate has declined, and **our standard of living has improved**. We have good reason to be confident and optimistic about the future. This is the reward for the hard grind of pursuing reform, across diverse sectors, over many years.



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