

MEDIA RELEASE

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Treasury should blame government, not managers, for productivity woes

The Federal Treasury is trying to deflect public attention from the real causes of low productivity in Australia, according to John Shipp, Director of the ANDEV/IPA North Australia Project.

Executive Director of the Macroeconomic Group in the Federal Treasury, David Gruen, has claimed the performance of management is partly to blame for Australia's poor productivity performance.

"Treasury should be singing the praises of managers given the raft of new regulations and taxes that have been introduced by the federal government," Mr Shipp said.

"The focus for productivity reform should be on our burdensome tax system, red- and green-tape, skills shortages, and an outdated workplace relations system that encourages industrial conflict," Mr Shipp said.

"Shifting blame to managers who are overburdened with compliance costs and high input costs isn't a constructive path to economic progress."

Mr Shipp called for a reversal of new taxes which he says will hurt productivity.

"If the government is serious about lifting Australia's productivity, they should get rid of the carbon and mining taxes, which place a disproportionate burden on industry in Northern Australia and increase input costs across the entire economy," Mr Shipp said.

Mr Shipp did however endorse Mr Gruen's statement earlier this week that the government should stop propping up struggling industries.

"In effect, this government has opted to use the revenue it raises from productive businesses in Australia's north to prop up uncompetitive industries along the south-east coast of Australia," Mr Shipp said.

"This isn't good for anyone because subsidised industries never have to improve their business models."

Mr Shipp also said a low-tax, low-regulation Special Economic Zone in Northern Australia should be implemented as a means of increasing productivity in underdeveloped regions of the country.

"We need a strategy for national growth and productivity, including a Northern SEZ," Mr Shipp said.

"A Special Economic Zone would attract investment and ease many of the tax and regulatory burdens weighing down economic development in Northern Australia."

The North Australia Project is a joint project of Australians for Northern Development and Economic Vision and the Institute of Public Affairs. For more information visit www.andev-project.org.

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