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PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

PROOF

COMMITTEES

**Foreign Affairs, Defence
and Trade Joint Committee**

Report

SPEECH

Thursday, 14 February 2019

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

<p>Date Thursday, 14 February 2019 Page 25 Questioner Speaker O'Brien, Ted, MP</p>	<p>Source House Proof Yes Responder Question No.</p>
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Mr TED O'BRIEN (Fairfax) (11:49): On behalf of the Joint Standing Committee on Foreign Affairs, Defence and Trade, I present the committee's report entitled *From little things big things grow: Supporting Australian SMEs go global*.

Report made a parliamentary paper in accordance with standing order 39(e).

Mr TED O'BRIEN: by leave—On behalf of the Joint Standing Committee on Foreign Affairs, Defence and Trade, I'm delighted to present the report entitled *From little things big things grow: s upporting Australian SMEs go global*. Australian SMEs are Australian small- and medium-sized enterprises. Most people in this chamber would agree that Australia is most likely the most successful liberal democracy in the world. A feature of our liberal democracy is our embrace of free trade. We are an enormously successful free trading nation, and we have been over successive governments of all political stripes. Indeed, in recent years we have had an extraordinary run of success in concluding free trade agreements. If you look at some of our larger Asian partners, in recent years we have concluded free trade agreements with China, Korea and Japan. Of course, just recently the TPP-11 has been ratified and, indeed, begun. As part of the TPP-11 we have also engaged in new partnerships with the likes of Mexico, Canada and Peru.

But here's the thing: while our export growth has been quite spectacular—exponential, in fact—unfortunately, the facts bear out that small- and medium-sized businesses in Australia have not been growing their exports anything like larger companies. Why is that? Why have small- and medium-sized businesses not enjoyed the same growth as a result of free trade agreements as larger companies? How can we ensure that small- and medium-sized businesses in the future leverage free trade agreements better? These are the questions that have concerned the Joint Standing Committee on Foreign Affairs, Defence and Trade and in particular the Trade Subcommittee, of which I am the chair and the member for Moreton, Graham Perrett, is the deputy chair. Those questions led to the inquiry for which this report today is tabled.

The inquiry involved 153 different submissions and 16 public hearings across metro and regional Australia. We heard from small- and medium-sized business owners and operators. This inquiry was done differently, and for a good reason. A hypothesis, if you like, of the committee going into the inquiry was that small- and medium-sized businesses by virtue of their size are often too busy and too strapped to be looking at the detail of free trade agreements and thus often too busy to be writing submissions to parliamentary inquiries. That is why this subcommittee decided to do things differently. Of course, we accepted written submissions, but we also went directly to regional and metro areas and held open roundtables. Small- and medium-sized business owners and operators turned up on the day and gave evidence without any particular preparation. This was enormously rewarding for the committee because it meant that we heard from those people who are in the trenches, those people who are fighting for their businesses and those people who are our business ambassadors abroad—small- and medium-sized business owners and operators who not only are trying to make a buck domestically but have the vision and courage to take their businesses offshore. That gives me great confidence that the report tabled today answers some of those questions about why small- and medium-sized businesses have not leveraged free trade agreements as much as they could and, indeed, has helped us formulate 10 recommendations for how the government can help make free trade agreements more easily accessible and better used by small- and medium-sized businesses.

Before I cover those recommendations off, I particularly want to acknowledge the guidance and support of the Chair of the Joint Standing Committee on Foreign Affairs, Defence and Trade, Senator Ian Macdonald—who, incidentally, attended I believe a majority of those roundtables. I also want to pay tribute to the deputy chair and member for Moreton, Graham Perrett, who has been with me, side by side, at each of those hearings and has been an absolute pleasure and delight to work with. I would like to thank the secretariat, also—James Rees and Andrew Dawson, in particular—and, more than anybody else, the small and medium business owners.

Let me quickly cover the recommendations off. First is an in-principle statement of embrace of free trade, of which free trade agreements are only a part. Second is a recommendation about the need for us to identify and proactively address non-trade barriers. Third, we need to do a better job of ensuring that small and medium businesses are accounted for in our free trade agreements and indeed in how they are executed from there, particularly looking at strengthening the certificates of origin regime, SME chapters within FTAs and the like.

Fourth is suggesting a trial, particularly in regional areas, where we have clusters of organisations of businesses that cluster together by virtue of industry, geography or provenance and collectively agree to collaborate and target international markets. We believe there is scope for the government to consider piloting a grants scheme to see whether we can help particularly some of those regional areas in Australia. Fifth, there is a need for us to review the resourcing of key agencies, such as Austrade and others, and key programs, including the Export Market Development Grants Scheme, with which most people with whom we spoke had been very pleased, but I believe there is room for review of how it can be improved.

Sixth, we need to make free trade agreements more user friendly for those small and medium businesses. In particular, we are suggesting a single trade window for small and medium businesses so that it is easier for those companies to access and navigate through the process. Seventh, we believe there is scope for a far better 'team Australia' approach, whereby we look at better using the power of economic diplomacy, with non-ministerial delegations. I know from firsthand experience, working particularly in Asian markets, that more can be done with our parliamentarians who do not sit in the executive, who can accompany and assist our businesses but also have that 'team Australia' approach across different tiers of government as they promote offshore our country, our economy and our industry and businesses.

Eighth is to adopt a more holistic approach to information sharing and capacity building. Small and medium businesses of course have to go through a long journey to build up capacity so that they are export ready. A more holistic approach to information sharing, to awareness and to training is something we believe the government should consider. Ninth is better use of data and technology. In particular, the potential for ecommerce is already on the agenda of government, but the room for small and medium businesses to leverage ecommerce to break into new markets is something that traditionally has not been seen before. Lastly, we're recommending an audit be commissioned into the untapped human capacity of Australians offshore and here at home, especially here at home domestically. We have such large multiethnic communities, about which we are very proud, but there is more that can be done to tap into that human capacity to help small and medium businesses go offshore.

To make some final comments, can I say that, as somebody who lived and worked overseas for much of my 20-plus years in business before coming into this place, I believe Australians are different. I believe Australians are unique, and you find that out more the more time you spend overseas. It's a cultural thing. There's something about Australians. I think there's a degree of humility in the average Australian which means we adapt. We know how to crack a joke. We're a self-deprecating lot, which means that we have an ability to engage with people. It's no coincidence that Australia, despite being a relatively small country, sees its nationals running major corporations right across the world. There is something truly unique about the Australian people and our DNA. If we want to see little things get bigger, if we want to see smaller businesses really smash the international marketplace, we have to find a way of unleashing that innate human capacity of Australians. That is why reports such as this, we believe, contain recommendations that will play their role in helping small and medium businesses go from little things. As that song from a great Australian says: from little things big things grow. I commend the report *From little things big things grow: supporting Australian SMEs go global* to the House.