

NATIONAL ECONOMIC REVIEW 2012

Australia's Annual Growth Summit

NSW Parliament House
Sydney, 13 -14 September 2012



The Institute of
Chartered Accountants
in Australia





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EXECUTIVE SUMMARY

Productivity, leadership and public value comprised the key themes of the third Annual Growth Summit held by public policy network Global Access Partners (GAP) on 13 and 14 September 2012 as part of its flagship *National Economic Review* series.

The *National Economic Review* is an annual event designed to review Australia's economic strengths, highlight opportunities for progress and develop strategies for national growth and innovation.

The inaugural Summit, held in September 2010, highlighted Australia's 'low productivity performance' and a lack of spending on infrastructure as serious inhibitors of economic growth. It also raised the need for a wider definition of growth and emphasised the positive aspects of using new parameters to measure economic and social progress.

The key themes of the 2011 Summit were the impact and opportunities of Australia's predicted population growth, including the need to reduce transport congestion. Following a unanimous vote by the Summit delegates to create a *National Telework Week*, as proposed by Cisco's Tim Fawcett, general manager of government affairs and policy, in January 2012 the Australian Government announced the *National Telework Week* initiative, to be held each November across the country.

National Economic Review 2012 brought together a select audience of government executives, policy makers, industry and business leaders, academics and social commentators to discuss restructuring the Australian economy in the new 'Asian Century', the issue of national productivity and the role of small and medium enterprises.

The programme included keynote addresses by **the Hon. Andrew Roberts MP**, Minister for Fair Trading, NSW Government and **the Hon. Dr Craig Emerson MP**, Minister for Trade and Competitiveness, Australian Government. The international guest speaker was **Mr Israel Makov**, chairman of the board of biomedical companies Given Imaging, BioLight and Micromedic Technologies and current Chairman of Sun Pharmaceutical Industries.

Keynote presentations and blogs by the Summit speakers and delegates are available at openforum.com.au.

SUMMARY OF KEY POINTS & RECOMMENDATIONS

- ▶ **Australia's free market economic reforms in the 1980s were pursued alongside greater economic and political engagement with Asia in general and China in particular.** The growth of Asia's middle class now offers Australian agriculture, mining and service industries rich new opportunities. Further opportunities for Australian companies exist in Asian infrastructure projects funded by international finance institutions, but care must be taken to understand local cultural norms and business practices.
- ▶ **Australia's growth since 1991 is no guarantee of future prosperity.** Further economic reform is required as the mining boom slows and Australia becomes ever more reliant on its service-based economy. The nation not only faces increasingly high-skill, and continuing low-wage international competition in manufacturing, but increasingly, due to improved internet technology, in services such as ICT. Innovation and productivity must "future proof" the country against the end of the



resources boom and the challenges of an ageing population and increased global competition. Targeted immigration of skilled professionals from Southern Europe and entrepreneurs from Asia would help Australia meet the challenges of increased regional competition, low domestic productivity and demographic change.

- ▶ **Australia must boost its productivity performance to raise living standards through improved education, more balanced industrial relations law and greater competitive intensity.** Politicians should commit to a national productivity agenda and ensure all government policies work to this end, while recognising that individuals and businesses, rather than the public sector, form the heart of the economy. Innovation in products, organisation and markets, reductions of bureaucracy and red tape and an acceptance of risk in pursuit of imaginative outcome-based reform must be encouraged in a new 'enterprise culture'.
- ▶ **Leadership is vital to drive future productivity gains.** Although difficult to measure, the Government and Australian Public Service must improve public sector productivity through strong leadership, an acceptance of risk and embedding a culture of cost efficiency through every level of their organisations.
- ▶ **The retail industry faces a range of significant challenges and opportunities.** Faced with growing online competition, traditional Australian retailers seek lower rents, reduced weekend wage rates and higher taxes on consumer imports to protect their industry. Other commentators believe such measures would damage the interests of workers and consumers and that distribution reforms and improved online stores are required.

- ▶ **Information technology is fundamental to business operations and revenues.** Societies and economies around the world are being transformed by mass ownership of powerful mobile computing devices while businesses are increasingly adopting cloud computing solutions. The National Broadband Network (NBN) will help Australia prosper as new technology slashes production costs, transforms distribution methods and reshapes entire industries around the globe. Action could also be taken to challenge the unreasonably high software costs faced by Australian companies, despite the apathy of business, industry organisations and software vendors to the issue.
- ▶ **The ongoing European debt crisis is a product of the long-term fiscal irresponsibility of its political elite.** Only concerted and wholehearted action to address Europe's endemic uncompetitiveness, low productivity and welfare dependency can furnish a long-term remedy. Many see the European Single Currency as fundamentally flawed from its inception and nations may leave the Eurozone to devalue their way out of debt, regardless of existing agreements.

THE SUMMIT'S OUTCOMES & PROJECTS

GAP is coordinating several ongoing projects to ensure the Summit's long-term policy impact. These include the formation of advisory boards and taskforces utilising the "Second Track" process, online discussions through Open Forum and other research mechanisms.

▶ Australian Society for Progress & Wellbeing

The Summit featured the official launch of the **Australian Society for Progress and Wellbeing** – a new organisation bringing alternative methods of assessing and promoting individual and social wellbeing into political and commercial decision making and national debate.



An inspiring presentation by Professor Bob Cummins of Deakin University at the inaugural Summit in September 2010 highlighted the importance of measuring the quality of life beyond traditional economics. Following the Summit's resolutions, a GAP taskforce of senior government, industry and academia representatives worked throughout 2010-2011 to consider fresh and inclusive definitions of economic and social progress and their integration into national policy. The group found significant support among policy makers for such measures and agreed that existing efforts could increase their impact through better communication and coordination. In a final report delivered in May 2011, the taskforce recommended the establishment of a permanent, membership-based organisation - the **Australian Society for Progress & Wellbeing** - to drive consolidation of existing measurement frameworks and encourage their adoption by decision makers. A group of interested parties facilitated by GAP is now working on governance arrangements for the proposed Society.

► **Leadership & Education advisory groups**

Leadership formed a major theme at the 2012 Summit, with several participants arguing that strong and visionary leadership was required in both public and private spheres. A recent study by the Commonwealth Department of Education, Employment and Workplace Relations found that leaders in more productive organisations set personal management as a key priority, involve their staff in decision making and are more responsive to customer and stakeholder needs. One of the Summit presentations addressed a failure of political leadership in Europe before, during and after the global financial crisis. GAP is considering two new consultative projects to investigate leadership and education issues, building on these ideas.

► **National Consultative Committee on Cloud Computing**

The National Standing Committee on Cloud Computing (NSCCC) was established in response to the recommendations of the 2011 GAP Taskforce on Cloud Computing. The inaugural meeting of NSCCC was held on 24 November 2011 at Parliament House in Canberra, with the Hon. Stephen Conroy MP, Minister for Broadband, Communications and the Digital Economy, in attendance. Comprised of senior executives from federal and state government agencies, industry leaders, the research community and advocacy groups, the NSCCC meets three times a year. Through active dialogue with members, it aims to identify national and global opportunities for Australia through Cloud computing and monitor its implications for businesses and consumers. It also serves as an advisory group to all levels of government. The committee is financially supported by GAP, corporate members, government agencies and the research community.

► **Information as Critical Infrastructure Taskforce**

The sophistication of computing and mobile devices and ongoing expansion of broadband and wi-fi capacity means that more data is being generated and shared than ever before. Real-time interactions between individuals, companies and governments will greatly increase across jurisdictions in the near future, boosting productivity and generating new commercial opportunities. However, a vast amount of potentially valuable digital data is still locked away in government databases for reasons of security or privacy law. Emergency and disaster management in particular requires improved information flow within and between government jurisdictions, companies and the public. The proposed **GAP Taskforce on Information as Critical Infrastructure** will stress the importance of open information and move the focus from protecting ICT infrastructure (network and broadband connectivity) to information itself.



► **National Energy Consumer Council**

The GAP Taskforce on Energy Pricing, one of the outcomes of the second Summit, includes individuals from the NSW Legislative Chamber, federal and state government, the energy generation and supply sector, banking, academia and consumer groups. Working throughout 2012, it has backed a number of important initiatives, including the creation of a **National Energy Consumers Council**, to ensure the interests and concerns of small business and households are represented at the highest levels of energy decision making. GAP will be working with interested parties in 2013 to make further progress on these vital issues.

► **GAP Conference on Productive Ageing**

Keeping people of mature age in the workforce for longer has been a policy goal of successive Australian governments. However, most initiatives to date have focused on the years leading up to retirement, including an extension of the superannuation guarantee and remedial employment services for older job seekers after redundancy. There are no formal resources to help the increasing number of senior Australians seeking a productive 'third age'. This remains a journey without a map. GAP will host a conference in May 2013 to discuss the issues of productive ageing and opportunities of the 'silver economy'.

► **Institute for Active Policy**

GAP continues to pursue its idea of **an Institute for Active Policy**, an independent organisation supporting evidence-based policy-making. The Institute would improve and accelerate the political decision process by creating sustainable networks among government, public service, business and the civil society. Such networks would facilitate cross-disciplinary and collaborative approaches to the many regulatory challenges facing Australia.

* * *

Global Access Partners will report on the outcomes of these and other projects at the next *National Economic Review Summit*, planned for 19 and 20 September 2013 in Sydney.

Originally conceived as a three-year project, the GAP Growth Summit series proved so successful that it has been agreed to make it an ongoing event held each September in a Parliament House of a hosting state.

► **2013 Growth Summit on Food & Agriculture**

The discussions of the 2013 Summit will focus on food. A variety of issues such as food security, food technology, trade policy, food safety issues, the agriculture lobby and nutrition, will be addressed. GAP will welcome partnership proposals from interested organisations and individuals.



PARTNERS & SPONSORS

National Economic Review 2012 was organised by Global Access Partners Pty Ltd (GAP) – a not-for-profit public policy network which initiates high-level discussions on the most pressing social, economic and structural issues and challenges across a broad range of Australian economic sectors.

Through its pioneering '*Second Track*' Process programme of initiatives, GAP seeks to foster links between community, government and academia to streamline the process of 'fast-tracking' solutions to key issues, increase stakeholder participation in policy formation and decision making, and develop novel, cross-disciplinary approaches to regulatory problems by engaging key stakeholders in discussions and research.

The Summit was co-sponsored by **GAP's partners** whose role extends beyond the event through membership in the national consultative committees and advisory bodies facilitated by GAP.

Our thanks go to the following organisations for their contribution and foresight in supporting the development of the 2012 Summit:

- **Australian Unity**
- **Australian Centre for Health Research**
- **Hewlett-Packard**
- **NSW Finance & Services**
- **The Institute of Chartered Accountants in Australia**
- **Open Forum**
- **SAP Australia & New Zealand**

(for more information on the sponsors and partners, see App. 3, pp. 47-54)



KEYNOTE SPEAKERS

National Economic Review 2012 was held in the Legislative Assembly Chamber of the NSW Parliament House and consisted of the **Opening Dinner** on 13 September and the **Plenary Session Day** on 14 September, structured under the following headings:

- **Session One**
"Restructuring the Australian Economy in the new Asian Century"
"In the Shadow of the Dragon and the Elephant"
- **Session Two**
"Productivity, Public Value and Leadership"
"The Productivity Conundrum in Australia"
- **Lunch Session**
"Taming the China bears"
- **Session Three**
"SMEs: Challenges and Opportunities for the Australian Entrepreneur"

Each session began with thought provoking addresses from the keynote speakers and continued as a dialogue between delegates in a parliamentary style (*for a full programme, see App. 1, pp. 37-38*).

The keynote speakers and session chairs of *National Economic Review 2012* were (*in alphabetical order; for speakers' profiles, see App. 2, pp. 39-46*):

The Hon. Dr Craig Emerson MP
 Minister for Trade & Competitiveness
 Australian Government

Ms Catherine Fritz-Kalish
 General Manager
 Global Access Partners

Ms Adaire Fox-Martin
 Senior Vice President,
 Industry Business Solutions
 Asia Pacific Japan, SAP

Mr Andrew Gale
 Chair, Working Group for the establishment
 of the Australian Society for
 Progress & Wellbeing

Mr Peter Fritz AM
 Group Managing Director, TCG Group
 Managing Director, Global Access Partners

Mr Ed Husic MP
 Member for Chifley
 Australian Government



Mr Israel Makov

Chairman, Given Imaging
Chairman, Sun Pharmaceutical Industries
Israel

Mr David Masters

Government Business Strategy Manager
HP Enterprise Services

Mr Rohan Mead

Managing Director
Australian Unity

Ms Lisa Middlebrook

Executive Manager
Policy & Strategy, Global Access Partners

Mr David Murray AO

Former Chairman
Future Fund

Mr Michael Pascoe

Economic Reporter
Sky News

The Hon. Anthony Roberts MP

Minister for Fair Trading
NSW Government

The Hon. Philip Ruddock MP

Shadow Cabinet Secretary
Federal Member for Berowra

Senator, The Hon. Arthur Sinodinos AO

Senator for New South Wales
Chairman, Coalition Deregulation Taskforce

Prof Judith Sloan

Honourary Professorial Fellow
Melbourne Institute of Applied
Economic & Social Research
University of Melbourne

Ms Vicki Telfer

Executive Director
NSW Industrial Relations

Dr Ian Watt AO

Secretary
Department of the Prime Minister & Cabinet

Mr Lee White

Chief Executive Officer
The Institute of Chartered
Accountants in Australia

Mr Russell Zimmerman

Executive Director
Australian Retailers Association



REPORT OF PROCEEDINGS

The key points made by each speaker are outlined below. Full transcriptions of the speeches are available on request from GAP.

DAY ONE - Thursday, 13 September 2012

Ms Lisa Middlebrook
Executive Manager, Strategy & Policy
Global Access Partners

Ms Lisa Middlebrook welcomed guests to the Summit's opening dinner and introduced its themes of the "Asian century", productivity and the role of small and medium enterprises. She thanked the event's sponsors and members of the steering committee, before inviting the Hon. Anthony Roberts, NSW Minister for Fair Trading, to formally open the Summit.

WELCOME ADDRESS

The Hon. Anthony Roberts MP
Minister for Fair Trading
NSW Government

Minister Roberts welcomed the 2012 Summit's focus on productivity, and stressed the state government's commitment to improving New South Wales' performance by strengthening its finances, investing in critical infrastructure, encouraging innovation, developing skills and reducing the cost of doing business. He accepted the importance of long-term economic planning to "future proof" the country against the end of the resources boom and demographic change.

A new office to improve housing and infrastructure delivery now works within the Department of Planning and Infrastructure, while the *2011 Home Building*

Amendment Act is stimulating investment and activity in the state's home building industry, and further legislation is being reviewed. Construction comprised 7.6% of the state's economy in 2010, a figure forecast by Access Economics to rise to 8.4% by 2020. Affordable housing is vital if Australians' dreams of owning their own homes are to remain practical. The O'Farrell administration is pursuing a "simple, strategic and more flexible approach, focused on outcomes and orderly growth" to overhaul the current complex and over-regulated system. New South Wales aims to be "the number one choice for business investment" and generate sustainable growth in its cities and towns.

NSW Fair Trading will also shortly release a discussion document as part of its review of strata and community title laws. Minister Roberts thanked Global Access Partners for hosting a successful online strata law consultation and welcomed the dynamism and variety of public and stakeholder responses.



According to the Australian Bureau of Statistics, Australia's ageing population will transform society, and the Office of Ageing is coordinating the *Towards 2030 Strategy* to encourage people, communities and businesses to plan and adapt. The state government



offers an 'ageing population tool kit' to help local governments meet changing demands for community services, while NSW Fair Trading is finalising a draft standard contract to help senior citizens compare costs, facilities and care in different retirement villages.

KEYNOTE ADDRESS

Mr Israel Makov

Chairman, Given Imaging

Chairman, Sun Pharmaceutical Industries, Israel



The Dinner's keynote speaker, Mr Israel Makov, outlined his family's connections with Australia and long-standing role in Israeli agricultural innovation. He traced the development of Israel's economy from local agriculture to global technology through a successful embrace of globalisation, an emphasis on investment and innovation and an influx of talented immigrants from the former Soviet Union. He offered an insight into three Israeli firms he has run in recent years, each a global leader in its field.

Teva produces generic drugs and has transformed the pharmaceutical industry by challenging restrictive patents in court and shortening product life cycles. Over the last 17 years its turnover has grown from \$600 million to almost \$20 billion while its market cap has increased from less than a billion dollars to over \$35 billion.

Created by a group of young immigrants from South America, *Netafim* now leads the world in drip irrigation. The drip method, by irrigating the plant rather than the land, reduces water consumption by 50%, boosts yields by half and reduces weed growth and the need for herbicides.

Finally, *Given Imaging* developed a consumable camera capsule to take pictures of the GI tract to improve medical diagnoses and avoid more invasive investigations.

Mr Makov expressed disappointment at a lack of pharmaceutical innovation. In the last 15 years the global industry has increased R&D investment by 400%, but the number of drugs approved for market has halved. *AstraZeneca*, for example, spent almost \$60 billion to produce just five new products. He blamed this unsustainable state of affairs on a lack of triggers for 'thinking outside the box' through a lack of contact with experts in other fields. The GI capsule, for example, was produced through the meeting of a rocket engineer and a gastroenterologist. Mr Makov argued that existing knowledge silos, fortified by intellectual property restrictions, should be dismantled to allow companies, industries and experts to share experiences more fruitfully. He discussed his success in creating clusters of small companies around specific medical conditions, such as cancer and glaucoma, and stressed the importance of leadership and organisational as well as technical innovation, noting that Israel succeeds despite a lack of natural resources.

In answer to questions from the floor, Mr Makov blamed the persistence of wasteful flood irrigation on government water subsidies giving farmers no economic incentive to change. Most governments are unwilling to underwrite the \$2,000 per acre cost of installing drip irrigation schemes. Mr Makov praised the Indian government for subsidising drip irrigation for small farmers and the entrepreneurial boost this has given the sector.



Another comment from the floor prompted a discussion of government as an enabler, rather than provider, of services. Mr Makov remembered that the Israeli government had used a \$100 million fund to underwrite and encourage foreign venture capital with great success. An initial investment of \$16 million in nanotechnology research in 2002 has also led to funding from companies, universities and government of \$250 million and over 1,000 PhDs working in the field. He stressed the need for governments to initiate processes which will then develop their own independent commercial momentum.

Much of Israel's long-term innovation is undertaken by private industry, rather than publicly quoted firms under pressure to produce quarterly results. Mr Makov criticised private firms for selling out to larger concerns, rather than expanding themselves. He underlined the need for strong and visionary leadership in government and business alike, driven by pressure from circumstance and stakeholders.

Mr Andrew Gale

Chair, Working Group for the establishment of the Australian Society for Progress & Wellbeing

The next speaker, Andrew Gale, announced the official launch of the Australian Society for Progress and WellBeing. It owes its genesis to a speech by Professor Bob Cummins at the inaugural *National Economic Review* summit on the importance of measuring the quality of life beyond traditional economics.

Economists, statisticians and social commentators have long recognised the inability of traditional economic indicators such as GDP and per capita income to capture a nation's wellbeing in terms of personal happiness or public goods such as education and the environment. However, there is no consensus on how best to measure such factors, despite many international and domestic attempts, including the Australian Bureau of Statistics'

Measures of Australian Progress, the Treasury's wellbeing framework and Australian Unity Wellbeing Index.



The proposed Society will therefore encourage the coordination of assessment methods, facilitate collaboration between interested parties and drive their acceptance by decision makers and the public.

The Society's founding partners include the Institute of Chartered Accountants in Australia and the Australian Government Consultative Committee on Knowledge Capital. International organisations in Canada, France and Britain have expressed willingness to work with the new body.

OPENING DINNER SUMMARY

- ▶ The 2012 GAP Economic Summit focused on the "Asian century", Australian productivity and the role of small and medium enterprises.
- ▶ The New South Wales government is strengthening the state's finances, investing in critical infrastructure, encouraging innovation and reducing business costs.



- ▶ Improved innovation and productivity is required to "future proof" the country against the end of the resources boom, the challenges of an ageing population and increased global competition in goods and services.
- ▶ The new Australian Society for Progress and Well Being will bring alternative methods of assessing and promoting individual and social well-being into political and commercial decision making and national debate.

DAY TWO - Friday, 14 September 2012

OPENING KEYNOTE ADDRESS

The Hon. Dr Craig Emerson MP
Minister for Trade & Competitiveness
Australian Government



The Hon. Dr Craig Emerson MP, Minister for Trade and Competitiveness, discussed Australia's current position in the early years of the "Asian Century". Australia's postwar economic involvement with Asia dates from Ben Chifley's willingness to engage with its "teeming masses" and the 1957 signing of the

Commerce Agreement between Australia and Japan by Bob Menzies, inspired by John McEwan and undertaken in spite of lingering wartime resentment. In later years, Harold Holt and Gough Whitlam began to abandon the "White Australia" immigration policy and the latter recognised mainland China's communist regime. Bob Hawke engaged with Deng Xiaoping in the mid-1980s and appointed his economic advisor, Ross Garnaut, to the post of Ambassador to China.

Dr Emerson linked Asian engagement with the free market restructuring of Australia's economy. After Federation, the country hid behind high tariff barriers and import quotas to protect inefficient domestic producers of everything from cars to clothing, but the folly of *"believing that it could make money through Australians buying and selling to each other with maybe some coal and iron ore to Japan"* was finally tackled by Hawke and Keating in the 1980s. Dr Emerson recalled that even the Business Council of Australia had recognised that action was overdue as manufacturing was 'on its knees' and the steel industry faced closure.

Economic reform began with the floating of the dollar in 1983, financial market liberalisation and gradual tariff reductions. Greater competitive pressure forced domestic companies to improve productivity or go out of business. Paul Keating, as prime minister, introduced a National Competition Policy, privatising inefficient government enterprises and exposing them to greater competition. These policies had been an investment in the future and paid off in a productivity spike in the mid-1990s, helped by radical improvements in communication and computer technology.

Australia has now enjoyed 21 years of recession free growth, but its productivity performance has declined since 2000, with multi-factor productivity in absolute decline since 2006.



Minister Emerson stressed the importance of innovation to secure Australia's future as a *“high-skill, high-wage country”* and underlined the Government's commitment to improving infrastructure and delivering tax and regulatory reforms. He discerned *“tentative signs of resurgence in productivity growth”* which were *“likely to be accentuated as we move through the stages of the mining boom”* and major capital intensive mining investments begin to increase output.

Dr Emerson underlined the Government's commitment to *“lifting our creativity through education and skills”* as analysis in developed countries shows educational investment to be the key engine of long-term productivity growth. Modern states must compete with clever ideas embodied in high value products, rather than low-wage mass production. He pointed to the Government's uncapping of university places and intensified tertiary sector competition and warned against nostalgia for the Whitlam years of free (i.e. tax payer funded) education as they failed to change the socio-economic composition of college attendees. Current reforms, by contrast, are encouraging people from less advantaged backgrounds to attend, with important economic, as well as social benefits.

A national curriculum and the transparency and competitive pressure encouraged by the *My School* website are driving higher standards in the secondary sector, with high school principals given greater autonomy across the board to improve exam performance. A needs-based funding model also ensures that schools receive more money to cater for disadvantaged children. Educational reform is vital, given that according to the latest statistics, four of the five most successful and highest performing school systems in the world are in Asia.

Dr Emerson praised the Government's pursuit of a *“seamless national economy”* through the harmonisation of 27 areas of state and Commonwealth regulation. 16 of these are now complete, reducing bureaucratic impediments to business across state boundaries. Businesses can now register their names in a central agency, for example, rather than duplicating the process in six states and two territories.

Australia's role in meeting the region's mineral and energy needs will remain, but a plethora of fresh market opportunities for its service industries will be generated by Asia's burgeoning middle class. A recent APEC agreement, for example, will allow more foreign students to be accredited for work shared between Australian and overseas universities. Dr Emerson looked forward to over a million Chinese tourists visiting Australia by 2020 but, in addition to tourism and education, he urged legal, financial, fund management, architectural, accounting and design companies to take advantage of new Asian markets.

Australia's agriculture has languished for three decades, but will be reinvigorated as more Asians achieve the income required to consume more protein. China is pursuing self-sufficiency in grain but, as land shortages will preclude widespread meat production, this policy leaves rich opportunities for Australia's cattle farmers. The Minister also defended the place of foreign investment in developing northern range lands.

He praised the policy, begun by Gough Whitlam, of diversifying investment into new growth centres such as Bathurst, Orange and Albury-Wodonga though he conceded they are yet to deliver on the *“hopes of 40 years ago”*. He believed more market driven investment will help reduce population pressure on Australia's cities and regenerate regional areas.



Asked about journalists exaggerating Australia's economic plight in pursuit of circulating boosting headlines, Dr Emerson agreed that Australia was often envied abroad while people lamented about its prospects at home. Australia boasts unemployment of just 5.1%, growth of 3.7% and a Reserve Bank cash rate of 3.5% - half of the figure at the change of government in 2007. Inflation is at 13 year lows, while investment stands at 50 year highs. He accepted that a series of asset bubbles between 2002 and 2007 in technology and then shares and property had prompted overly ambitious borrowing and an inevitable crash. People save more in the aftermath of the Global Financial Crisis, reducing their disposable income and perceived living standards. Lower spending rates have naturally affected the retail sector, in concert with more online ordering.

One speaker from the floor argued that teaching quality, rather than class size, determines educational attainment and criticised union pressure on this point.

Dr Emerson agreed that there was no empirical evidence to suggest that reducing class sizes across the board at incredible expense would yield any significant benefits in terms of educational performance and, after a significant period of persuasion, Queensland teachers now support the current needs-based funding model. *"The biggest single indicator or predictor of the education performance of a school is the quality of the principal, followed by the quality of the teachers, then followed by the associated autonomy that allows the best quality teachers to go to the most disadvantaged schools,"* he said.

OPENING ADDRESS SUMMARY

- ▶ Australia's economic reforms in the 1980s progressed alongside greater economic and political engagement with Asia in general and China in particular.
- ▶ The Australian Government is committed to education, infrastructure and regulatory reform to boost Australia's lagging productivity and create a high-wage, high-skill economy.
- ▶ The growth of Asia's middle class offers Australian agriculture, mining and service industries dynamic new opportunities.

SESSION ONE – "RESTRUCTURING THE AUSTRALIAN ECONOMY IN THE NEW ASIAN CENTURY"

Session Chair

Mr David Masters

Government Business Strategy Manager
HP Enterprise Services

Session Chair David Masters opened the discussion. He argued that Australia's uninterrupted growth since 1991 masks flaws in its fundamental structure. The significant productivity improvements of the early 1990s were born of earlier macro-economic reform while current economic strength rides on the wave of a mining boom now drawing to an end. Noting the cancellation of major investment schemes in South Australia and the Pilbara, Mr Masters argued that Australia must now think of its role in the fast growing Asian region as an integrated economic participant, not just a provider of raw resources.



The “Asian Century” offers both a challenge and an opportunity. Australia must understand its role as part of Asia, not in isolation from it, and have an honest and frank debate about its strengths and weaknesses. The high Australian dollar is only accelerating an existing structural trend towards a more services-oriented economy. Around three quarters of Australians are already employed in service industries, compared to just one in ten in manufacturing.



However, Australia not only faces high-skill, low-wage competition in manufacturing, but increasingly, due to improved internet technology, in ICT. Cloud and other online services allow ever more tasks to be outsourced, automated or uncoupled from physical ICT infrastructure, with cost conscious businesses moving work to the most efficient ‘virtual’ location. It is far cheaper to process payrolls and invoices and provide low-level technical support in Bangalore than Brisbane. ICT jobs which very recently were seen as highly skilled and well paid are being rendered obsolete by the very technology they serve. Australia must therefore *“move up the stack, think past the mining boom and become the clever country once again”*.

Australia's proximity to Asia must be seen as a positive, rather than a negative, but Australia needs additional engineers, technical designers, researchers, technology managers, teachers and

administrators to help the country win the global ‘battle of ideas’. Economically depressed southern Europe may be a rich source of the skilled labour Australia increasingly requires, just as it provided much of the labour for major projects begun after the Second World War. Mr Masters emphasised the continuing links between Australia and Italy and Greece, but warned that Australia faced global competition for skilled migrants, not least from Spanish and Portuguese-speaking Latin America. The Brazilian Construction Industry Group will require 1.1 million engineers by 2020, double its current number, and source many of them from Spain and Portugal.

Immigrants are also 20-50% more likely to start a business than those born locally. A recent UTS study shows Korean ex-pats are twice as likely to start a company as native born Australians. Such companies often have an international vision, given the founder's background, and many of Australia's most successful entrepreneurs, from Frank Lowy and Harry Triguboff to Richard Pratt, are post-war immigrants.

Given that the entrepreneurial zeal of recent Asian immigrants has increased, not diminished, domestic employment opportunities, Mr Masters backed targeted migration coupled with domestic education to create the best possible opportunity for success in concert with improving skills and creating *“the environment for appropriate risk-taking, investment and entrepreneurship.”* Global organisations, such as HP, have to see a value proposition in basing regional activities in Australia, compared to attractive sites for business elsewhere.

Ms Adaire Fox-Martin

**Senior Vice President, Industry Business Solutions
Asia Pacific Japan, SAP**

Keynote speaker Adaire Fox-Martin observed that Great Britain took 150 years to double its economic output from the onset of the industrial revolution,



while a century ago the United States required half a century. Today, China and India have doubled theirs in just twelve and sixteen years respectively. The purchasing power of Asia has increased along with its GDP, generating local prosperity and global opportunity. In the past twenty years, dynamic emerging markets have swelled the world's consumer class (people with significant discretionary income) from a little over 1 billion to 2.4 billion, a figure projected to grow to over 4 billion by 2025. Annual consumption in emerging markets will top 30 trillion dollars within the next dozen years.



Asia fuels the majority of this growth, but the powerhouses of China and India are encountering the restraints of economic sophistication as commodity and labour costs rise and margins tighten. Indeed, many economists no longer define them as emerging economies and believe attention should shift elsewhere in the region. In the past six months, Thailand's key securities index has risen 14%, Malaysia's 9%; and Indonesia's 6.5% while shares in China and India have fallen. Structural improvements in the banking system after the Asian Financial crisis in 1997 and strong domestic demand helped South-East Asia weather the recent global financial crisis better than the US, Japan and Europe. Five ASEAN countries - Indonesia, Malaysia, Singapore, the Philippines, Thailand and Vietnam - make up 97% of South-East Asia's GDP and are growing at 6-9 % a year, the same as India and more

than Russia and Brazil. The combined ASEAN economy, worth USD 3 trillion in GDP, is also larger than that of Russia or Brazil.

Four elements sustain the impressive growth of South-East Asia. Firstly, its growing consumer class creates strong domestic demand. Secondly, its low labour costs offer international companies attractive opportunities to move services and production offshore. Thailand is becoming a major manufacturing centre for Japanese and other firms, for example, while the Philippines hosts over 800 call centres and Malaysia provides many back-office facilities for multinationals. The region is also rich in resources, producing 85% of the world's palm oil and rubber, while Indonesia is the world's largest exporter of thermal coal. Finally, governments in most ASEAN nations recognise the importance of lifting trade barriers, encouraging foreign investment and facilitating stronger business practices.

A group of regional conglomerates in the South-East Asia account for a substantial percentage of its economic activity and, although largely unknown in the west, are growing at twice the rate of their international peers. Wilmar International, which still operates its multibillion dollar business from its original shop house in Chinatown, accounts for a fifth of Singapore's GDP while the Hong Leong Group comprises 14% of Malaysia's and the Charoen Pokphand Group over 10% of Thailand's. These companies tend to be family owned and focus on agribusiness, food and drink. In Indonesia, around three quarters of listed firms are owned by ethnic Chinese family groups and family businesses account for 63% of listed companies in Singapore. They concentrate on productivity and efficiency, rather than innovation, reducing costs through tight vertical integration and ownership of the supply chain. Their simple ownership structure enables quick decision making, while their networks of long standing relationships allow them to access and



channel funds into new businesses and ideas. Few of these major South-East Asian enterprises operate at a global scale as their strong local connections and political influence have led them to choose regional dominance over any drive for global expansion. They have not invested in the skills required in increasingly competitive international markets and few have the training, technology, administrative systems and customer service required to make inroads overseas. They are also hampered by ageing regional infrastructure and outdated bureaucratic processes, which international financial institutions (IFIs) are also working to address. Australian companies can therefore profit by helping ASEAN nations to address their 'innovation gap'. Despite a much higher combined GDP, ASEAN countries spent only \$12 billion on R&D in 2010, compared to Australia's \$16 billion.

The Asian Development Bank Institute believes that ASEAN nations should spend \$1 trillion US on infrastructure between 2010 and 2020. Many of these projects - notably in Vietnam, Indonesia, and the Philippines - will be funded by IFIs such as the World Bank and the Asian Development Bank itself with their combined total annual lending reaching \$56.5 billion US in 2011. Projects funded by IFIs often allow tenders from foreign firms, but Australian companies rarely bid for such business, in contrast to those from South Korea, often supported by the Korean International Cooperation Agency. There should be more support from the Australian Government to help businesses understand the potential of such projects and navigate their complex procurement processes. Australian companies must adopt their business models to local market conditions, innovating to meet local needs, acquiring and retaining the right talent, establishing a presence and trust and segmenting customers in context.

Australia became ASEAN's first 'dialogue partner' in 1974, seven years after the association's founding. In 2011 its member nations ratified the *ASEAN-Australia-New Zealand Free Trade Agreement*, eliminating 90% of tariffs and offering greater market access for exporters, but such measures still require commitment from the business community to yield long-term growth.

Despite lower trade barriers, Australia's investment and trade - though increasing - have not kept pace with Asia's growth. If Australia is to thrive in the new "Asian century," it must abandon its reluctance to invest in the region and reap what the Prime Minister has called the "advantage of adjacency." The Australian Government must also insist on other countries' compliance with global and industry standards and risk-management practices. For centuries, these countries have acted as way stations along trade routes to India and China. They must now become important destinations in their own right.

DISCUSSION

One speaker from the floor mentioned Australia's new policy for strategic infrastructure research and the \$700 to \$800 million spent in the recent past, but warned that spending and university cutbacks imperil much of this work and threaten Australia's skills and future competitiveness.

David Masters agreed that recent investment had benefited computing, astronomy and particle acceleration. He pointed to "a lack of acknowledgement of the benefits of forward-looking research" and agreed with Israel Makov that opportunities grow from open innovation, collaboration and exploration, rather than tightly focused commercial research.



Another participant asked if Australia showed enough “cultural respect” to operate successfully in South-East Asia and worried the nation sent “mixed signals”. Ms Fox-Martin agreed that businesses must be aware of the nuances of differences in every culture, many of which can only be learned through experience. Much business is conducted in Korean karaoke bars, for example, where westerners are seldom found.

In response to a comment on the increasing complexity faced by organisations and business leaders, Ms Fox-Martin agreed that fast growing South-East Asian firms were often ill placed to handle the financial and structural complexities of expansion and hoped Australian skills could foster their development.

One participant highlighted the different roles of smaller companies in the region, prompting Ms Fox-Martin to note that firms which are small in Asian terms would be major concerns in Australia. She agreed smaller firms were often highly innovative, particularly in their use of IT, and underlined the importance of mobile phone provision in remote parts of India and elsewhere ignored by fixed line providers.

Another speaker worried that Asian economic growth would trigger resource shortages and exacerbate climate change. However, Mr Masters pointed to long-term planning in the region to ameliorate such consequences and admitted that Asia would seek growth regardless of environmental concerns.

Ms Fox-Martin agreed that a more holistic approach would be welcome as Asian wealth disparities are an important social issue and the rush to the cities across the region creates significant challenges for urban locations.

It was noted that new technologies offered radical improvements in services and costs. Ms Fox-Martin

agreed the world stands at the ‘precipice of enormous change’ due to the revolution in mobile computing devices, cheap memory and data storage in the cloud. She said the computing power of modern phones would have run small countries several years ago.

HP, for example, is helping its customers “*translate, navigate and migrate from current IT infrastructures to the world of the future, the world of mobility, the world of memory and the world of Cloud.*” Mr Masters urged business and political leaders to withstand the pressure of quarterly results and make bold long-term bets on the future. However, it was noted that the three year electoral cycle in Federal Government mitigates against long-term political thinking, with each government having as little as 18 months to instigate reforms on taking office.

One commentator wondered how Australian companies should tackle the endemic “gift giving” involved in securing contracts in Asia, when such practices would be termed corruption at home. Ms Fox-Martin suggested that involvement in projects backed by IFIs offered the safest stepping stone into Asian markets. She supported government insistence on accountability, compliance and the adherence to international risk management and business practices.

SESSION ONE SUMMARY

- ▶ Australia's growth since 1991 is no guarantee of future prosperity. Further economic reform is required as the mining boom ends and Australia evolves into a service based economy. However, the nation not only faces high-skill, low-wage international competition in manufacturing, but increasingly, due to improved internet technology, in ICT and other modern services.

- ▶ As growth in India and China stalls, Australian firms must target other dynamic South-East Asian economies and help modernise their companies. Opportunities also exist in infrastructure projects funded by International Finance Institutions, but care must be taken to understand local cultural norms, consumer requirements and business practices.
- ▶ Targeted immigration of skilled professionals from Southern Europe and entrepreneurs from Asia would help Australia meet the challenges of increased regional competition.
- ▶ The world stands at “the precipice” of “enormous change” due to mobile computing devices, cheap memory and data storage in the cloud.



Dr Ian Watt addressed the problems of assessing and encouraging public sector productivity. Given the challenges of Australia's relatively poor productivity performance, a tight fiscal environment, an ageing population and heightened citizens' expectations, the Government must improve public sector productivity. However, a 2011 report by the Department of Finance and Deregulation acknowledged the lack of an accepted measurement as most public sector activity produces no market price. Instead, outputs are valued at the costs of inputs, which in itself assumes that outputs are delivered at all. Ideas of efficiency in the use of resources to achieve intended results and effectiveness in achieving aims are therefore invoked in continued efforts to spur productivity gains.

The Commonwealth also compares public functions against the private sector in IT, transactional HR, procurement, data entry and back office functions. The Department of Defence's strategic reform program, for example, employs 'smart sustainment' to improve equipment maintenance, inventory control and supply chain management. Better measurement tools and 'lean methodology' are planned to improve performance while saving \$5.5 billion over the coming decade. Direct service delivery of payments from Medicare and Centrelink, licensing, visa and passport processing, tax and customs can also be tested against benchmarks from

SESSION TWO – “PRODUCTIVITY, PUBLIC VALUE AND LEADERSHIP”

Session Chair

Mr Rohan Mead

Managing Director

Australian Unity

Session Chair Rohan Mead introduced the first speaker of the session, Dr Ian Watt AO.

1st Speaker

Dr Ian Watt AO

Secretary

Department of the Prime Minister and Cabinet



the private and community sectors as well as other levels of government at home and abroad. However, the risk of inappropriate or misused measurement increases as public sector functions diverge from commercial operations. Parameters which are important, but difficult to measure, can be neglected, requiring the continued attention of ministers, secretaries, bureaucrats and a well-informed commentariat.

Although the public sector lacks a profit incentive to reduce costs and increase productivity, the Commonwealth has encouraged managerial frugality through the annual efficiency dividend since 1987-1988. Managers must *"continually find resource savings from their running costs, while maintaining the same outputs"* and have achieved savings of between 1.5%-4% per year. There is no centralised database or set of compatible information systems to facilitate inter-agency comparisons. The decentralising of Commonwealth agencies from the mid-1980s to the late 1990s has made it even harder to compare the performance of individual bodies, but some broad benchmarking is helping public sector leaders make progress.

Dr Watt argued that leadership mattered enormously in improving productivity and that Commonwealth public sector leaders could respond to more effective efficiency dividends or better benchmarking, if and only if they behave more like private sector leaders and make productivity enhancement part of their department or agency's culture. A recent study by the Commonwealth Department of Education, Employment and Workplace Relations found that leaders in higher performing organisations set personal management as a key priority, involve their staff in decision making and are more responsive to customer and stakeholder needs. Developing leadership is a vital and undervalued lever in both public and private spheres.

Current productivity initiatives can be divided between improvements in structures, systems and processes and the development of its people, workforce and culture. Dr Watt again stressed the need to spend more time and effort focusing on improving Australia's leadership and management capabilities and engaging employees in productivity, as outlined in the recently released blueprint for the reform of Australian government administration.

He reminded delegates that Australia was not alone in facing public sector productivity challenges and could adopt successful strategies from around the globe. The UK Civil Service, for example, underwent major reforms after a 2010 spending review which has led to greater efficiency, significant staff reductions and a greater focus on key priorities. Dr Watt said he was particularly interested in Britain's *Digital by Default* scheme.

2nd Speaker

Prof Judith Sloan

Honourary Professorial Fellow

Melbourne Institute of Applied Economic & Social Research, University of Melbourne

Prof Judith Sloan said improvements in standards of living could only be driven through productivity growth. She underlined Australia's poor productivity performance over the last twelve years, and offered three themes to improve it.

Firstly, Australia should not be complacent about underlying factors, including the rule of law, the absence of corruption and a functioning road and transport system. Secondly, it must improve intermediate factors such as education and training, research and development, tax and industrial relations and the burdens of over regulation. Finally, it must intensify competitive pressure to drive the decision making that leads to productivity gains.



Prof Sloan stressed the importance of innovation in the realms of organisation and management, as well as introducing new products.



Prof Sloan illustrated the difference between technical efficiency in a business - producing maximum output for a given cost - and allocative efficiency in an economy - ensuring a nation's resources are best utilised. She warned that aggregate productivity figures can be misleading, as they improve on paper when inefficient manufacturing firms cease operations without the remaining firms improving their performance. She praised the concept of dynamic efficiency - measuring how well companies respond to market change - and stressed the importance of reducing costs, noting that France was both efficient and a very expensive place to do business.

She believed the replacement of state-based industrial relations law with a national industrial system, initially through Work Choices and now via the Fair Work Act, had been a *"serious mistake"*. State systems offered flexibility, particularly to small businesses, while 'one size fits all' minimum conditions are *"extremely problematic"*. Highly regulated enterprise bargaining allows almost any issue to be raised, and is some serious problems, she said. Unions, which cover just 13% of private sector employees, are attempting to control workplace management through imposing restrictions on contractors and casual workers, for example.

Addressing individual grievance issues, such as unfair dismissal and adverse action, Prof Sloan noted that European countries such as Spain and Italy are liberalising their employment protection laws, while Australia tightens them further. Such laws damage the employment prospects of marginal groups, as employers avoid employees with poor educational or criminal records through fear of being sued.

She questioned the Government's record in improving infrastructure, education and training, despite its claims, and stressed the need to measure and improve public sector productivity, particularly in health and education. She wondered what the 10,000 employees of the Commonwealth Department of Health and Ageing actually do, as they do not manage hospitals or employ doctors. Similarly, the 8,000 workers in the Department of Education do not actually run any schools. In closing, Prof Sloan again championed the role of the states, noting that federations economically out-compete unitary states, and warned against trends to downplay or discredit Australia's strong federal structure.

3rd Speaker

Senator Arthur Sinodinos AO

Senator for New South Wales

Chairman, Coalition Deregulation Taskforce

Senator Arthur Sinodinos argued that politicians should act as advocates for improved productivity and set national priorities, despite the difficulties of achieving them. He praised John Hewson's creation of a comprehensive economic plan in the early '90s for forcing the Coalition to consider long-term goals and create a coherent set of proposals with a clear philosophical base to achieve them.

He stressed the importance of "four Cs" - coherence, continuity, consistency and credibility - in turning policy into reality and insisted all government action should work to the same end. He criticised the current administration for making claims of progress in some areas while falling back in others, akin to

driving a car by simultaneously pressing the accelerator and brake. He highlighted the business uncertainty created by missed government budget targets, and the need for strong values to underpin the policy framework. Politics has become *“the debate around how you share the pie as opposed to how you grow it”*, but current redistributive policies can serve to hamper growth for all.



Senator Sinodinos said Kevin Rudd had placed government at the centre of the economy during the GFC, rather than workers, risk-takers and entrepreneurs. In reality, government can only act as an enabler, as it is citizens and companies who actually invest, make decisions and take risks. Ongoing structural change in the economy is inevitable and ongoing, and government should devolve functions and responsibility towards individual companies and industries, rather than pursue a ‘one size fits all’ approach to help them meet new challenges. Enterprises should have incentives to train employees, for example, rather than rely on the public sphere. Greater competitive intensity will encourage firms to train and retain good employers to maintain and improve their competitive position. Industrial relations legislation and Work Choices remain the

‘elephant in the room’, but the Coalition still pursues a better balance in the workplace as part of a coherent market based approach. Infrastructure discussions focus on how much should be spent in the future, rather than more efficient use of existing facilities today. New approaches to maximise the use of current stock would also inform priorities for new developments. Infrastructure Australia should have more responsibility for setting investment priorities and ensure that cost benefit assessments are transparent and the decision making process remains honest and accountable.

Senator Sinodinos called for a rethink of regulatory models in the electricity industry, given the adverse unintended impact of current schemes on energy prices. He also underlined the importance of individuals in driving innovation and advocated closer links between Australia's publicly funded education and research institutions and private industry to commercially exploit Australia's ideas. He backed an innovation culture and a *“blue ocean strategy”* of creating markets, rather than *“fishing where everyone else is”*. He also encouraged the wider development of technological spin-offs from the mining industry and the forging of links with other sectors of industry.

Highlighting the work of the Coalition Deregulation Taskforce, the Senator favoured reductions in the scope and burden of regulation to improve market efficiency, with legislation becoming the last, rather than first, resort in tackling a problem. The Canberra committee set up to examine coal seam gas, for example, has merely duplicated the work of state panels at considerable expense. The recent banning of the trawler *Abel Tasman* is another case in point, with politicians undermining the scientifically based approvals of the Fishing Management Authority at the first hint of political controversy. Senator Sinodinos again appealed for policy consistency and an end to *“chopping and changing”*. Government departments must have incentives to find deregulatory solutions, rather than passing ever more laws. Deregulation



should become a core business of each portfolio. Deregulation should be a central and constant principle of government, rather than a temporary afterthought. Senator Sinodinos acknowledged that the communication between the public and private sectors could be improved and appealed for businesses to understand the constraints under which the public service worked, as well as for public servants to embrace improved efficiency. He backed the market-based delivery of government services *“not because we are ideologists who just believe in markets, but because we need to have a more transparent framework in which to measure inputs and the outputs”*. Government should not retreat from its responsibilities, but facilitate the most effective ways to provide net social benefits.

DISCUSSION

After the floor was opened to questions, Dr Watt accepted that the clear divisions of responsibility, forged at the Council of Australian Governments by Bob Hawke and Nick Greiner in the early 1990s, had blurred over time. Central government seldom leaves an issue to the states and territories, not least because of public pressure to remedy problems as they arise. Dr Watt advocated a return to the COAG table to clarify roles and responsibilities once again. Addressing incentives for public managers to embrace innovative solutions, he reiterated his belief that pressure to deliver specified outcomes with a shrinking revenue base was already fostering change.

In contrast, Professor Judith Sloan severely criticized the efficiency dividend policy. The private sector does not cut department budgets while instructing them to innovate, and economist William Baumol argues this approach merely produces *“a smaller orchestra playing more slowly”*. Such impositions invite political game playing, rather than real reform, she said, recounting the ABC threatening *Play School* with the axe, rather than cutting waste in the organisation.

Dr Watt countered that a rationalised orchestra could play smaller, more inventive pieces and stressed that financial incentives were important and did foster change. He noted the dividend no longer applied to collecting institutions, and rejected the assertion that small departments were less able to find savings than larger ones.

Answering a point on the role of public value and leadership, Senator Sinodinos again called for politicians to advocate for change and relate productivity goals to broader national benefits and priorities. Employees will enjoy higher real wages, for example, if output improves through more balanced industrial relations laws. Discussions of how best to distribute the benefits of a waning mining boom must give way to building a sustainable economy for the future.

One commentator from the floor believed productivity in the public service could be encouraged through greater use of social media, offering a study from the McKinsey Global Institute which showed that organisations that adopt social networking as an internal communication tool enjoy a massive productivity dividend.

Dr Watt backed the use of social media in the Australian Public Service, explaining the use of Facebook by the Chief of the Army after research showed that young soldiers ignored more traditional forms of communication. The Department of Human Services is also using social media to help welfare recipients better manage their money. Such methods, in addition to being more effective than phone calls or letters, also cost a small fraction of older means.

Another delegate recounted his recent experiences with the New South Wales public service, the largest employer in the state. Early consultations with the 900 staff in NSW Fair Trading highlighted the importance of engagement, accountability and innovation in encouraging productivity. Staff felt



valued through being asked for their input, and so the Minister now spends a morning every month consulting with agency workers, in addition to dedicated meetings on specific issues. Briefs, draft letters and speeches used to be routinely approved by up to 10 people before reaching the Minister's desk, wasting time and manpower and ensuring that no one person took responsibility for their content. In contrast, letters are now passed by no more than four people, with that figure being reduced over time.

In answer to a question about the toleration of failure in the public service when new and innovative techniques are tried, Dr Watt agreed that government acceptance of 'non-success' remained a perennial problem and created a risk-averse public culture which rejected new, and therefore inevitably risky, ideas. Without the endemic reduction of risk to "almost trivial" levels, *"we would be a better APS, we would be a smaller APS, we would be a less costly APS and we might be a less stifling APS"*, he said.

One delegate observed that the risk-averse approach led procurement to focus on inputs, rather than outcomes, while competitive tensions reduced the scope for collaboration. The successful transfer of risk to private service providers can best occur when innovative solutions are encouraged. Dr Watt agreed that public procurement processes were generally very risk averse and lapsed into overly legalistic and specific discussions of process, rather than desired outcomes. Some procurement, particularly in defence, has been shaped by the recommendations of past inquiries, rather than the Department's current needs.

Another speaker urged greater scrutiny of "rigidities within management" in general and their remuneration in particular. He argued that large bonuses, originally introduced in the early 1990s to encourage innovation, could now act as a barrier to change. Senator Sinodinos declared his willingness to

discuss the issue further, while noting such matters have traditionally been left to market forces. Returning to the subject of social media in the workplace, he quoted American writer Gary Hamill in likening the non-hierarchical, collaborative, open source nature of social media to the desired characteristics of tomorrow's working environment. Social media assesses people on their contributions, rather than status. Larger companies are giving employees 'permission to fail' through encouraging involvement in a portfolio of projects, not all of which are expected to succeed.

Professor Judith Sloan disagreed that excessive executive remuneration for short-term results slowed down long-term productivity and noted that many executives had forgone bonuses in recent years. Poor management in the past was protected within a highly regulated, uncompetitive economy and greater competitive intensity has forced managers to improve. Although she agreed that governments are poor at 'picking winners', she believed their inability to 'dump losers' was worse. Markets pick winners and abandon losers very quickly, while politicians throw good money after bad for political and social reasons long after any economic justification has evaporated.

Dr Watt agreed, quoting an observation in Geoffrey Blainey's *"The Rush That Never Ended"* that *"governments are never present when a mine is founded but always there when it declines"*. He concluded by re-emphasising recent public service reforms. *"We had to change. The world has forced us to change. Society has changed. We're a reflection of that, and that's why we'll change in future"*, he said.

SESSION TWO SUMMARY

- ▶ Although difficult to measure, improving public sector productivity remains a priority for the Australian Public Service. Efficiency has been encouraged through "smart sustainment" and "lean methodology" and the use of social media communication in Defence and other departments. Leadership is vital to drive further productivity gains and the APS must do more to embed productivity imperatives within its culture.
- ▶ Australia must boost its productivity performance to improve living standards through improved education, more balanced industrial relations law and greater competitive intensity. Innovation in products and markets, reductions of bureaucracy and red tape and an acceptance of risk in pursuit of improvement must be pursued. Politicians must set a national productivity agenda and ensure all government policies serve the same end, but recognise that individuals and firms, rather than the government, form the heart of the economy.

LUNCH SESSION

"Taming the China bears"

Mr Lee White

Chief Executive Officer

The Institute of Chartered Accountants in Australia



Mr Michael Pascoe

Economic Reporter, Sky News

Mr Michael Pascoe, Economic Reporter at *Sky News*, gave a keynote address at the lunchtime event in the Macquarie Room of NSW Parliament House. He was introduced by Mr Lee White, Chief Executive Officer of the Institute of Chartered Accountants in Australia.





SESSION THREE – “SMEs: CHALLENGES AND OPPORTUNITIES FOR THE AUSTRALIAN ENTREPRENEUR”

Session Chair

Ms Vicki Telfer

Executive Director

NSW Industrial Relations



1st Speaker

Mr Russell Zimmerman

Executive Director

Australian Retailers Association

Session Chair Vicki Telfer introduced Mr Russell Zimmerman, who addressed the challenges and opportunities facing Australia's retail sector. He criticised the lease conditions which forced retail tenants in major shopping centres to disclose their turnover to landlords, as this encouraged the raising of rents to the edge of commercial viability. The Australian Retailers Association (ARA) argue such data should be collated by a third party, such as the ABS or an industry association, with the figures forwarded to landlords in ABS monthly categories. In a retail environment showing little or no growth, landlords should no longer set rents at CPI plus 2%, or an annual increase of 5%.

Retailers are competing with online vendors, but their efforts to offer 24/7 trading are hampered by

current wage rates, which comprise a major part of total costs. Australian retailers must pay double time on Sundays and 2.5 times the standard rate on public holidays, while the USA and Europe have lower hourly rates and do not pay the same penalty rates on weekends. Senator Nick Xenophon's suggestion that businesses with fewer than 20 employees should be exempted from penalty rates could discourage retailers expanding their business beyond 20 employees or encourage workers to leave for larger firms. The ARA has therefore asked Fair Work Australia to cap the Sunday penalty rate at 1.5 to keep Australian retailers competitive.

Mr Zimmerman criticised unions for pushing for casual employees to become part-time employees after twelve months in the job, although a part-time employee was far less flexible. He termed payroll taxes as a “*disincentive to employment*” and called for government incentives to encourage innovative energy saving, rather than penalising its use through the carbon tax.



He did not see reductions in company tax as a solution, given that small businesses are often unincorporated, but called for the Federal Government to reduce the Low Value Import



Threshold. He argued that just as retailers in Australia must collect and remit GST on sales, so consumers should pay tax on imported goods. He noted that most state treasurers supported a change to generate much needed revenue and quoted recommendation 5.1 of the Low Value Parcel Processing Taskforce final report of July 2012 which stated that *"no recommendation is made as to what threshold should apply with respect to a simplified GST assessment arrangement but it is recommended that due consideration be given to a staged introduction to ensure a smooth and efficient transition"*.

Mr Zimmerman also backed accelerated harmonisation of state regulation regarding work cover, planning approvals, OHS, and planning laws. He believed that Australian Consumer Laws still have state issues, even though they are now national in scope.

2nd Speaker

Mr Ed Husic MP

Member for Chifley

Australian Government



Mr Husic said his two years in Parliament have taught him that pursuing change required *"an almost obsessive"* commitment. His concerns about the inflated price of IT and software in Australia have been met with *"firmly closed eyes"*

amongst major companies, and though Communications Minister Stephen Conroy has now authorised an inquiry, Mr Husic noted the business sector's multi-faceted response in both complaining about high costs and, through industry associations, defending unwarranted costs inflicted upon others.

He contrasted the accelerated pace of internet adoption to the slower progress of radio and TV in the past and agreed with the Boston Consulting Group that it has shattered production costs, transformed distribution methods and reshaped whole industries. He placed Australia *"on the threshold of a complete and utter renewal of our continent's technological infrastructure"* due to the National Broadband Network, a vital improvement given the country's slow and expensive service today. Australia has the 6th slowest highest advertised speeds in the OECD, yet is the fifth most expensive country for low-speed, low-data cap broadband plans. By contrast, the NBN will offer 93% of Australian homes, schools and businesses "superfast" fibre optic broadband of up to 1 gigabyte per second.

A study by Deloitte Access Economics for Google estimates the internet helps generate \$70 billion across the globe. The ability to track down information and spend money more efficiently saves Australians around \$7 billion a year - about \$500 per person - and improved productivity by \$27 billion in 2011 alone. IBM's research estimates that Australia's economy will benefit by a further \$1 trillion by 2050. Information technology is therefore a necessity to most businesses and is assuming ever more importance to their operations and revenues. A June 2012 Sensis *"e-Business Report"* surveying 2,000 small and medium size businesses found 95% own a computer and 92% are connected to the internet. 31% of total sales are conducted online while SMEs spend an average of \$4,000 on website building



and maintenance. AiG's January 2012 report on *"Business investment in New Technologies"* found that 70% of responding businesses bought new IT primarily to improve productivity. Sensis found that small and medium enterprises will invest an average of \$11,300 on hardware and software this year, \$1,800 more than 2011, and spend another \$5,300 on maintaining existing systems.

However, Choice Australia, which examined the prices of over 200 IT products in Australia, the US and the UK, found Australians pay more for hardware and up to 60% or even 80% more for software, despite its negligible distribution costs. Although the Australian Industry Group lamented the high cost of conducting business in a submission to the IT Inquiry, it opposed government measures to prevent vendors over-charging, while the vendors themselves ignored the inquiry.

Mr Husic warned that the Inquiry would be forced to confront the prospect of *"subpoenaing major vendors to provide greater detail to justify the price discrimination being levelled at Australian businesses"* and urged AiG members to ask *"why their industry association has sought to place greater emphasis on the need to represent one section of its membership (IT) at the expense of pursuing lower business inputs for the broader AiG membership."*

DISCUSSION

One delegate raised the effects and unintended consequences of Flexitime working.

Mr Zimmerman noted moves towards monthly, rather than weekly, scheduling of retail hours, with weekend rates being treated similar to weekdays, but stressed the impact this has on workers lives. He called for a balance between the interests of workers and employers and fair payment for

workers' skills, given strong competition for their labour from other sectors. Mr Zimmerman reiterated that retailers opposed paying more on weekends and argued lower wages would help extend shop opening hours, which have shrunk in recent years, and benefit customers increasingly accustomed to out of hours convenience. It would also protect the jobs of the 1.2 million Australians who work in the retail trade, and reduce the tax burden incurred on the wider population should they be forced out of employment.

Another delegate argued that imposing a broader sales tax on consumer purchases from overseas would not cut internet sales, as online prices would still undercut those of Australian stores, while the costs of collecting it would be self-defeating. He backed the creation of new business models instead, and noted the slow response of Australian retailers to the online challenge.

Mr Zimmerman called for the GST system to be improved, but again criticised the 'free ride' given to internet consumers and estimated that the states are losing \$272 million in 'lost taxes'. He agreed that business models would have to change, but backed the current efforts of major Australian retailers online. However, he recounted the worries of a major national chain that large Australian firms may soon base their internet stores in China to avoid GST and pay lower labour costs, with obviously adverse consequences for Australian employment.

The following commentator termed retailing *"a very strange industry"* in terms of its relationships with landlords and unsustainable cross-subsidies. Firms impose a constant percentage mark up on their wares, meaning that expensive products cross-subsidise cheaper goods, although storage and most inventory costs are the same. He also criticised an obsession with stock and the *"very weird intermediary"* of wholesalers who increase



retailer costs by 12%, but often add little value through small scale deliveries. He argued that such structural problems hamstringing the industry, rather than the labour costs and internet competition highlighted by the session speaker.

Mr Zimmerman noted the increasing vertical integration of major retailers and worried about the future of smaller vendors, and shops in smaller towns, as a result. He speculated that wholesalers may indeed disappear, given the growth of direct sales over the internet, and damage smaller firms unable to buy in bulk themselves. Shops may increasingly become internet showrooms, in which customers examine stock they then purchase online.

The following speaker mentioned journalist Michael Pascoe's assertion that the nation's economy was more buoyant than the media presented, given its need to offer "dramatic doomsday scenarios" to sell newspapers and gain internet views.

Mr Husic said his Western Sydney electorate was sensitive to the high value of the dollar, given its 10,000 manufacturing jobs. With almost a third of its population aged under 19, he stressed improving school retention rates and young people's skills to address its stubbornly high rate of unemployment. He called for long-term reductions of interest rates to boost business investment and confidence, but countered Mr Zimmerman's advocacy of lower tax thresholds on imported goods with the observation that almost 70% of goods passing through customs in 2010/11 were valued under \$100. He quoted the Productivity Commission's finding that the costs of lowering the LVT would exceed the benefits, with a reduction to \$100 costing \$2.42 for every \$1.00 collected in revenue. He hoped to see more small and medium companies embrace technology to reduce production and distribution costs and compete in

the internet age, rather than impose taxes to protect producer interests at the consumer's expense. He agreed the future would see a mix of online and bricks-and-mortar retailing, with many companies opting for an omnichannel approach as in the United States, and noted the major investments David Jones was making in its online strategy.

CLOSING KEYNOTE SPEECH

Mr David Murray AO

Former Chairman

Future Fund

The Hon. Philip Ruddock MP welcomed David Murray, former head of the Commonwealth Bank, to the podium.

Mr Murray recounted his part in developing "*Capitalism at Risk - Rethinking the Role of Business*", a book which defines market capitalism as part of a larger system of property and contract rights, free trade and economic stability. It also requires a society with education, health care, the rule of law and accountable government. Free people are more likely to innovate, invest and change to embrace prosperity. The Global Financial Crisis provoked criticism of market capitalism, but in reality few democratic governments were practising it, and Mr Murray criticised a failure of political leadership before, during and after the GFC.

He argued that the crisis was provoked by a massive build-up of leverage around the world, fostered by a long period of loose fiscal and monetary policy in Europe and the United States. Households built historically high levels of debt, through house and other purchases, and businesses were also highly indebted, all of which benefited financial firms which attracted high levels of talent, and offered high levels of remuneration, as a result. The widespread availability of easy credit created asset

bubbles which inevitably collapsed. Mr Murray warned that recovery periods of up to 20 years were not unusual after such financial crisis.



The current Eurozone crisis sees Germany's current account surplus equalling the current account deficit of other Euro members. The US, by contrast, has a significant current account deficit. The Single European Currency was instigated across highly diverse economies, not backed by a single rule and law and, in Mr Murray's opinion, *"was never going to work"*. Despite this weak foundation, many experts in Europe believed it would become a reserve currency, like the US Dollar, and allow greater levels of government debt to be generated to feed insatiable welfare systems while retaining the confidence of global financial markets.

However, while Europe created a reserve currency to give it the appearance of economic strength, the United States created a strong economy which over time earned the status of a reserve currency. The consequences of European politicians seeking election by offering voters unlimited entitlements funded by debt backed by the strength of other countries are now being felt all over the continent. Europe favoured interventionist economic policies, centralising and complicating decision making and retarding productivity to the detriment of the real economic growth it required.

Successive bond and banking crisis have seen politicians meeting and issuing communiques professing the need for action, central banks offering more support and markets experiencing brief recoveries before realising such temporary reprieves change nothing but *"all the names on the IOUs"*. The problems persist because politicians in affected countries, some of which suffer 50% youth unemployment, have done little to tackle their fundamental economic problems. They must increase competitive intensity and domestic productivity, cut long-term entitlements and reduce bond rates to sustainable levels. Europe will continue to experience such mini crisis until the nettle of reform is grasped, however, its systems and culture is built on the supposition that such reform is unnecessary.

Mr Murray stressed the importance of leadership, defining it as the ability to turn intent into reality. A leader must have intentions beyond merely retaining power while acknowledging the moral point that people cannot be coerced into action. Leaders, by their action or inaction, condone behaviours regardless of whether those behaviours are productive or not. Leaders have three main tools at their disposal - the system of work they create, their personal behaviour and the signals they send to the system comprising government, business and private households.

He warned that countries such as Greece, which cannot repay their debt, will unilaterally abandon the Euro to devalue their way out of trouble as a last resort, regardless of any past agreements to the contrary. Greece could legislate over a weekend to make the Drachma legal tender, over-stamp the Euro and impose exchange controls. Imports bought in Euros would become bad debts and the country would soon need international humanitarian aid. Reaction to the crisis has been to blame and restrict the banking sector, despite the ineffectiveness of such regulations, rather than



examine the political policies, economic performance and social attitudes of the countries involved. Many Europeans fail to understand that an economy's course is determined by the policies pursued by political leaders, rather than the administrative machinations of the central banks.

Mr Murray argued that government efficiency should be judged by how few bills it passed, rather than how many, and criticised the tendency for the brightest students to study commercial law rather than maths, science, engineering and design. He attacked the Australian Tax Office for issuing assessments amounting to *"harassment for the collection of money"*. He said the English system of legal precedent offered the best way to adapt the law to changing technological realities, and warned that attempts to anticipate change and codify Roman law in advance would only stultify progress.

He highlighted the 'mythologies' in European and Australian culture which prevented people acting freely, and castigated the political process for its domination by '24/7 spin'. The ever growing complexity of statutes make it difficult to hold politicians to account, while the demands of the insatiable modern media preclude considered study of problems or long-term focus on their resolution. One such mythology is the presumption that one must take a position on the 'left' or 'right' of politics. Mr Murray demanded an alternative opposed to both the crony capitalism which sees a privileged few contracting privately with government in their own interests, and permanent welfare dependency of large swathes of people on an ever shrinking number of taxpayers.

QUESTION & ANSWER

One delegate raised points made by Niall Ferguson in the UK regarding the erosion of public goods in the west, with negative consequences for both its social fabric and economic productivity. Mr Murray

recounted how the collapse of the sub-prime market, which led to the GFC, had been a symptom of the problem, rather than the cause, as a long period of easy credit had allowed all asset prices to rise to unsustainable levels. He noted that bonds issued in Australia were usually held overseas, in contrast to the domestic holding of debt in Japan, and outlined distortions in the bond, credit and financial system in Europe and elsewhere. He blamed the GFC on mistakes made by actors in the system, rather than the complexity of the system itself.

Another speaker noted that an FSA investigation had found that around 90% of banks had bonus schemes which rewarded excessive risk taking and the reselling of debt which had precipitated the GFC. Mr Murray commented that the FSA had been 'hopeless' before the crisis and criticised governments for setting up supposedly independent bodies to regulate the system and then washing their hands of responsibility. He expressed continuing worries about the structure of the global banking system and its regulation, including the existence of banks which remain 'too big to fail'.

Another delegate asked about the prospects for debt-ridden countries such as Portugal, Ireland and Spain and the future of the Euro. Mr Murray observed that the European Union was attempting to solve the problem internally, rather than use international organisations such as the IMF and accept the imposition of strict fiscal conditions which had worked in Asia and Latin America. He criticised the economic and political indiscipline this allowed, and declared that moves to a single currency and single legal system in Europe would not work *"unless their leaders get moving"*. Answering another question, he reminded the audience that America's financial position, in terms of debt, contingent liabilities and net present value of health system and pensions, was worse than Europe's, but that America continued to enjoy the



confidence of foreign bond holders due to its flexible, entrepreneurial and productive culture. The United States has a private sector with high net foreign assets and a very diverse economy, but a long period of significant government borrowing means it has been buying forward growth, forcing a period of retrenchment. He also warned of the dangers of the mining boom, as despite its massive mineral wealth, Australia is inevitably a price taker for commodities and its high levels of welfare and vulnerability to inflation may lead to problems when commodity prices fall, but welfare demands remain inflexibly high. He also stressed the need to develop better water resources for irrigation to maintain its agricultural production.

the region's leaders and only firm leadership to address its uncompetitiveness, low productivity and endemic welfare dependency can provide a long-term remedy.

- ▶ The European Single Currency was fundamentally flawed from its inception and may see countries leaving the Eurozone to devalue their way out of debt, regardless of previous agreements.

Mr Peter Fritz AM

Group Managing Director, TCG Group
Managing Director, GAP



SESSION THREE SUMMARY

- ▶ Australian retailers seek lower rents, reduced weekend wage rates and higher taxes on consumer imports to protect their industry. Others believe such measures would damage the interests of workers and consumers and that distribution reforms and improved online stores will better meet the challenges it faces.
- ▶ Information technology is assuming ever more importance to business operations and revenues. The National Broadband Network will help Australia take advantage of new internet technology which has already slashed production costs, transformed distribution methods and reshaped whole industries around the globe. Action may be taken to tackle the higher software costs faced by Australian firms, despite the apathy of business, industry organisations and software vendors to the issue.
- ▶ The current European debt crisis is a product of long-term fiscal irresponsibility on the part of

Mr Peter Fritz offered an overview of GAP's activities, noting the creation of bodies such as the Society of Knowledge Economics and the Centre for Social Impact and recent proposals for an e-Conservatorium of Music and National Philanthropic Trust. He invited the audience to attend the next *National Economic Review* on 19-20 September 2013 to discuss food security.

Recounting the creation of several taskforces examining topics raised in 2011, Mr Fritz announced his intention to investigate leadership issues based on this year's event. He thanked the sponsors and members of the steering committee for their involvement and support, before declaring the Summit closed.



THE STEERING COMMITTEE

The Steering Committee of business and government executives and academia worked for a year on the Summit's programme, goals and objectives, topics for discussion and a continuity strategy, to ensure outcomes are achieved beyond the event.

The members of the Steering Committee for *National Economic Review 2012* were (in alphabetical order):

Mr Alan Bennett

Managing Director, Vice President
Enterprise Services, Hewlett-Packard South Pacific

Ms Alison Boldys

Executive Assistant, Australian Unity

Ms Olga Bodrova

Senior Research Analyst
Global Access Partners

Mr Alan Castleman

Chairman, Australian Unity

Mr Yasser El-Ansary

Tax Counsel, Institute of Chartered
Accountants in Australia

Mr Peter Fritz AM

Group Managing Director, TCG Group
Managing Director, Global Access Partners

Ms Catherine Fritz-Kalish

General Manager, Global Access Partners

Prof James Guthrie

Head of Academic Relations
Institute of Chartered Accountants in Australia

Mr Warwick Hearne

Consultant, Executive Solutions

Ms Helen Hull

Editor, Open Forum

Ms Kimina Lyall

Group Executive, Corporate Development
Australian Unity

Ms David Masters

Government Business Strategy Manager
HP Enterprise Services

Ms Lisa Middlebrook (Chair)

Executive Manager, Strategy & Policy
Global Access Partners

Mr Alok Ralhan

Director, Australian Business Foundation

Prof Tony Peacock

Chief Executive
Cooperative Research Centres Association

Mr Vivek Puthucode

Vice President – Public Services
Asia-Pacific Japan, SAP ANZ

The Hon. Philip Ruddock MP

Shadow Cabinet Secretary
Federal Member for Berowra



PARTICIPATING ORGANISATIONS

118 delegates from the following **96 organisations** participated in *National Economic Review 2012* (for the full list of delegates, see App. 4, pp. 55-60):

- ▶ 1000 heads.com
- ▶ 21 think
- ▶ ACIL Tasman
- ▶ AFG Venture Group
- ▶ Ashurst Australia
- ▶ Attorney-General's Department
- ▶ Australian and New Zealand Institute of Insurance and Finance
- ▶ Australian Bureau of Statistics
- ▶ Australian Business Foundation
- ▶ Australian Centre for Health Research
- ▶ Australian Government Consultative Committee on Knowledge Capital
- ▶ Australian Institute for Innovation
- ▶ Australian Institute of Company Directors
- ▶ Australian National Consultative Committee on e-Health
- ▶ Australian Research Alliance for Children & Youth
- ▶ Australian Retailers Association
- ▶ Australian Stock Exchange
- ▶ Australian Trade Commission (Austrade)
- ▶ Australian Unity Limited
- ▶ Centre for Policy Development
- ▶ Children's Medical Research Institute
- ▶ Citrix Systems
- ▶ Coalition Deregulation Taskforce
- ▶ Cognizant
- ▶ Commercialisation Australia
- ▶ Commonwealth Bank
- ▶ CRC for Spatial Information
- ▶ Curtin Health Innovation Research Institute
- ▶ Deloitte
- ▶ Department of Broadband, Communications & the Digital Economy
- ▶ Department of Education, Employment & Workplace Relations
- ▶ Department of Finance & Deregulation
- ▶ Department of Prime Minister & Cabinet
- ▶ Deutsche Bank AG
- ▶ Edith Cowan University
- ▶ Enya
- ▶ Enzyme International
- ▶ Executive Solutions
- ▶ Forbes Shardlow
- ▶ Future Fund
- ▶ Given Imaging
- ▶ Global Access Partners
- ▶ Global Partners
- ▶ Hollis Hochberg
- ▶ HP Enterprise Services
- ▶ HydroCon Australasia
- ▶ Ignite Energy Resources Pty Ltd
- ▶ Information Integrity Solutions
- ▶ Integrated Wireless
- ▶ International Capital Growth Services
- ▶ International Centre for Complex Project Management
- ▶ International Negotiation Consultants (INC.)
- ▶ Investor in Resource Companies & Clean Tech
- ▶ James Horne & Associates
- ▶ McKinsey & Company
- ▶ Melbourne Institute of Applied Economics & Social Research, University of Melbourne
- ▶ Merryck & Co.
- ▶ Michael Gill & Associates Pty Ltd
- ▶ Michael Legg & Associates
- ▶ National Australia Bank



- ▶ National Consultative Committee on "Second Track" Processes
- ▶ National Consultative Committee on Security & Risk
- ▶ National ICT Australia
- ▶ Navy Health
- ▶ NeHTA
- ▶ NSW Industrial Relations
- ▶ NSW Parliament House
- ▶ NSW Trade & Investment
- ▶ Office of Senator Arthur Sinodinos AO
- ▶ Office of the Hon. Anthony Roberts MP, NSW Minister for Fair Trading
- ▶ Office of the Hon. Mark Butler MP, Minister for Ageing
- ▶ Optus
- ▶ PriceWaterhouseCoopers
- ▶ Public Service Commission
- ▶ Saber Astronautics
- ▶ SAP Asia Pacific
- ▶ SAP Australia
- ▶ Seniors First
- ▶ Shearwater Solutions
- ▶ Sitback Solutions
- ▶ Sky News
- ▶ SmartNet
- ▶ Society for Progress & Wellbeing Working Group
- ▶ SPC Consulting Group
- ▶ Speaker to Stage
- ▶ Standards Australia
- ▶ Sydney Conservatorium of Music
- ▶ TCG Group
- ▶ Tertiary Music Education Task Force
- ▶ The Futures Project
- ▶ The Institute of Chartered Accountants in Australia
- ▶ The Jenkins Partnership
- ▶ The University of Sydney Business School
- ▶ University of Canberra
- ▶ UXC
- ▶ Vekta Pty Ltd



APPENDICES

PROGRAMME

Day One – Thursday, 13 September 2012

**Strangers' Function Room, NSW Parliament House
Macquarie St, Sydney**

6:30pm _____ *Pre-Dinner Drinks, Registration*

7:00pm _____ Dinner

Introduction

Ms Lisa Middlebrook
Executive Manager, Strategy & Policy, GAP

Welcome Address

The Honourable Anthony Roberts MP
NSW Minister for Fair Trading

Keynote Address

Mr Israel Makov
Chairman, Given Imaging
Chairman, Sun Pharmaceutical Industries

Speaker

Mr Andrew Gale
Chair, Working Group for the establishment of the
Australian Society for Progress & Wellbeing

9:25pm _____ Closing Remarks

Ms Catherine Fritz-Kalish
General Manager, GAP

9:30pm _____ *Close*

Day Two – Friday, 14 September 2012

**Legislative Assembly Chamber, NSW Parliament House
Macquarie St, Sydney**

8:15am _____ *Registration*

8:55am _____ Welcome and Introduction

Ms Lisa Middlebrook
Executive Manager, Strategy & Policy, GAP

Opening Keynote Address

The Honourable Dr Craig Emerson MP
Minister for Trade and Competitiveness

9:25am _____ **SESSION ONE**

**“RESTRUCTURING THE AUSTRALIAN ECONOMY
IN THE NEW ASIAN CENTURY”**

Session Chair

Mr David Masters
Government Business Strategy Manager,
HP Enterprise Services

Ms Adaire Fox-Martin
Senior Vice President, Industry Business
Solutions Asia Pacific Japan, SAP

Discussion



10:30am _____	<i>Morning Tea Break</i>	
10:50am _____	SESSION TWO Session Chair	"PRODUCTIVITY, PUBLIC VALUE AND LEADERSHIP" Mr Rohan Mead Managing Director, Australian Unity Dr Ian Watt AO Secretary, Department of the Prime Minister & Cabinet Professor Judith Sloan Honorary Professorial Fellow, Melbourne Institute of Applied Economic and Social Research, University of Melbourne Senator Arthur Sinodinos AO Senator for New South Wales Chairman, Coalition Deregulation Taskforce
	Discussion	
12:30pm _____	Lunch Introduction & Vote of Thanks Keynote Presentation	Macquarie Room, Parliament House Mr Lee White CEO, Institute of Chartered Accountants in Australia "TAMING THE CHINA BEARS" Mr Michael Pascoe Economic Reporter, Sky News
1:45pm _____	SESSION THREE Session Chair	"SMES: CHALLENGES AND OPPORTUNITIES FOR THE AUSTRALIAN ENTREPRENEUR" Ms Vicki Telfer Executive Director, NSW Industrial Relations Mr Russell Zimmerman Executive Director, Australian Retailers Association Mr Ed Husic MP Member for Chifley, Australian Government
	Discussion	
3:00pm _____	Keynote Presentation Introduction & Vote of Thanks Keynote Speaker Q&A and Discussion	The Honourable Philip Ruddock MP Shadow Cabinet Secretary Federal Member for Berowra Mr David Murray AO Former Chairman, Future Fund
3:55pm _____	Vote of Thanks	Mr Peter Fritz AM Group Managing Director, TCG Group Managing Director, GAP
4:00pm _____	<i>Close</i>	



SPEAKERS PROFILES

The Hon. Dr Craig Emerson MP **Minister for Trade & Competitiveness** **Australian Government**

Craig Emerson was elected to Parliament in 1998. After the 2010 Federal election he was appointed the Minister for Trade. His portfolio was expanded to include Competitiveness in early 2012. Prior to that, he had portfolio responsibility for small business, competition policy, consumer affairs and deregulation. Craig holds a Bachelor of Economics (Honours) Degree from the University of Sydney, a Master of Economics Degree from the University of Sydney and a PhD in Economics from The Australian National University. He has been a Post-Doctoral Fellow at The Australian National University and has around 20 publications to his name, including a book setting out a vision and plan for Australia's future. Since becoming a Parliamentarian, Craig has had more than 80 opinion pieces published in national newspapers. Professionally, Craig has been Secretary of a Queensland Government Department, CEO of a Queensland Statutory Authority, an Assistant Secretary in the Department of the Prime Minister and Cabinet and an Economic Analyst at the United Nations. Craig was a Senior Policy Adviser to former Prime Minister Bob Hawke and earlier, to Finance Minister Peter Walsh. He was Mr Hawke's adviser on trade policy, microeconomic reform and the environment. In addition to his more than 25 years of public policy work, Craig has successfully run his own small business. Craig's other interests include Rugby Union and Rugby League and he still plays a few games for the Parliamentary Rugby Union Team.

Ms Adaire Fox-Martin **Senior Vice President, Industry Business Solutions** **Asia Pacific Japan, SAP**

Ms Fox-Martin is a member of SAP's Asia Pacific and Japan Senior Executive Team. As Senior Vice President of Industry Business Solutions, Ms Fox-Martin defines the strategy for SAP's long-term Industry investment in the APJ region. She is also responsible for SAP's Industry Go To Market (GTM) in the APJ region. Across APJ, Ms Fox-Martin has a team of industry domain experts, representing the 24 Industries which form SAP's GTM. This team works closely with SAP's customers and prospects, helping customers to achieve business outcomes and realise the value from their investment in SAP. As one of four global Industry Business Solutions Leaders, Ms Fox-Martin represents APJ in the SAP global portfolio planning process. The input into this process ensures that the requirements of APJ are part of the on-going development and innovation at SAP. This input also helps to define not only product functionality but also localisation requirements for the region. Ms Fox-Martin has worked in the Asia Pacific Region for over 14 years. Prior to joining SAP, she led the Public Sector Sales organisation in Asia Pacific for Oracle Corporation. Ms Fox-Martin has over 22 years experience in the IT sector, including leadership positions in Sales, Business Development, Consulting and Education, across Asia Pacific and Europe. A graduate of Trinity College in Ireland, Ms Fox-Martin is a respected thought leader and a frequent speaker at seminars and conferences. She is regularly featured and quoted in numerous publications throughout the region. Ms Fox-Martin lives in Singapore with her husband and son.

**Mr Peter Fritz AM****Group Managing Director, TCG Group
Managing Director, GAP**

Peter Fritz is Managing Director of GAP, and Group Managing Director of TCG - a diverse group of companies which over the last forty years has produced many breakthrough discoveries in computer and communication technologies. In 1993, some of the 65 companies in the Group were publicly floated on the Australian Stock Exchange as TechComm Group Limited (now called Utility Computer Services UXC), with great success. Another former TCG company floated on the New York Stock Exchange in November 1997 for US\$600m, making it the largest technology company to be established in Australia until that time. Today the TCG companies, and entities with TCG roots, employ well over 6000 people with a turnover in excess of \$1.3 billion annually. In 2000 Peter established Global Access Partners (GAP) - a not-for-profit organisation which initiates high-level discussions on the most pressing social, economic and structural issues and challenges across a broad range of Australian economic sectors. Through its pioneering 'Second Track' Process programme of initiatives, GAP seeks to foster links between community, government and academia to streamline the process of 'fast-tracking' solutions to key issues. Peter's innovative management style and corporate structuring has led to the creation of a business model which is being copied by many successful entrepreneurs, and has become part of university undergraduate and masters programs in business management in Australia and around the world. Peter Fritz also chairs a number of influential government and private enterprise boards and is active in the international arena, including having represented Australia on the OECD Small and Medium Size Enterprise Committee. He is the holder of six degrees and professional qualifications, is a recipient of the Order of Australia, and has received many other honours.

Ms Catherine Fritz-Kalish**General Manager
Global Access Partners**

Catherine Fritz-Kalish is co-founder and General Manager of Global Access Partners Pty Ltd (GAP). GAP is a proactive and influential network which initiates high-level discussions at the cutting edge of the most pressing commercial, social and global issues of today. Through forums, global congresses and government advisory boards, GAP facilitates real and lasting change for its stakeholders, partners and delegates, sharing knowledge, forging progress and creating input for government policy. Over the past few years, GAP has established a number of national consultative committees across a range of industries which are working to shape the face of the Australian business and policy environment, and to provide input and knowledge into a global dialogue. Catherine's broad business experience includes: coordination of a number of international initiatives as part of the annual programme for the small and medium sized enterprise unit of the OECD (Organisation of Economic Cooperation and Development), at headquarters in Paris, France; marketing and brand management within all seven divisions of the George Weston Foods Group and just prior to establishing GAP, working within the TCG Group of companies, particularly in the area of startup incubator establishment. Catherine holds a bachelor of science degree from the University of New South Wales, and a Masters of Business in International Marketing from the University of Technology, Sydney.

**Mr Andrew Gale**

Chair, Working Group for the establishment of the Australian Society for Progress & Wellbeing

Andrew has over 30 years' experience in the financial services industry in both corporate and professional services roles. Andrew is Principal and Executive Director at Chase Corporate advisory, a specialist M&A advisory firm focused on the financial services and accounting sectors. His most recent prior role was Managing Director & Chief Executive Officer for Count Financial. Other roles have included Managing Partner, Deloitte Actuaries & Consultants and senior executive roles in distribution, marketing and strategy, and divisional/general management with two of Australia's leading financial services organisations, namely MLC and AMP. Andrew has deep industry knowledge, expertise and insight in the financial services industry, with particular areas of expertise in leadership and people, M&A, operations, corporate strategy, marketing, and distribution. Andrew is active in industry and regulatory issues, including his roles as a member of the Financial Services Council (FSC) Advice Board Committee and Chair of the Accountant Financial Adviser Coalition (AFAC). He has also been strongly involved in the actuarial profession over many years including its Executive Committee (2003-5) and President (2005). He joined the board of the SMSF Professionals association of Australia in March 2012. Andrew has been a longstanding member of the Australian Government Consultative Committee on Knowledge Capital, was a founding director of the Society for Knowledge Economics, and chairs the Working Group for the establishment of the Australian Society for Progress & Wellbeing. Andrew qualified as an actuary in 1981 and completed his MBA in 1984.

Mr Ed Husic MP

**Member for Chifley
Australian Government**

Ed describes himself as "Blacktown, through and through." He was raised in Western Sydney, receiving his education through Blacktown South Public School and Mitchell High School. Later, he was among the initial wave of students to graduate from the University of Western Sydney. He has held numerous roles within the public and private sector. Before entering Parliament, he was the National President of the Communications, Electrical and Plumbing Union, with a focus on helping workers in Australia Post and Telstra. He was also a Board Member of the Australia Post Superannuation Scheme. Being involved in the local community has also been important to him. He has been associated with a number of different community groups including the Blacktown Migrant Resource Centre, the Mt Druitt Community Legal Centre and he co-chaired the 'Labor against Badgerys' group, which fought to ensure Western Sydney's voice was heard on the issue of Sydney's second airport. "My whole working life has been about speaking up and working for Western Sydney and its residents – and I'm grateful to have been given the opportunity to keep doing that in Federal Parliament, making sure we get our fair share to help us improve our local standard and quality of living." Since his election, Ed's parliamentary interest and focus has been in areas designed to strengthen the growth of Australia's digital economy. He sits on both the Joint Committee for the NBN and the House of Representatives Standing Committee on Infrastructure and Communications. He was elected Government Whip in July 2011 and is Secretary of the Federal Parliamentary Labor Party's Economics, Productivity, Innovation and Industry Committee. Locally, he has spoken up for the need for improved broadband, infrastructure, education, health and community services.

**Mr Israel Makov****Chairman, Given Imaging****Chairman, Sun Pharmaceutical Industries, Israel**

Israel Makov is Chairman of *Given Imaging* - the pioneer developer and world's leading provider of capsule endoscopy, Chairman of *SUN Pharmaceutical Industries Limited.*, Chairman of *BIOLIGHT* - a life sciences investment company, Chairman of *Micromedic Technologies Ltd.* - a cluster of companies engaged in cancer diagnostics, Chairman of *Eltav* - the pioneer and world leader in wireless monitoring of industrial valves and, until recently, Chairman of *Netafim* - the global leader in smart irrigation solutions. Mr Makov is the former President and CEO of *Teva Pharmaceutical Industries Ltd.* He joined Teva in 1995 and led the company's global expansion, managing over 12 acquisitions - two of which were the largest M&A deals in Israeli history at the time. Under Mr Makov's leadership, Teva became the undisputed global leader in the generic pharmaceutical industry and a global leader in the treatment of Multiple sclerosis. Prior to joining Teva, Mr Makov led a number of companies in various industries, and founded Israel's first biotech company, *Interpharm*, which went public in the US as the first Israeli company in R&D stage. Mr Makov is a member of the Board of Directors of the *Israel National Nanotechnology Initiative*, an initiative he also helped found. He is a member of the Executive Board & Management Committee of the *Weizmann Institute of Science*; on the Board of Governors of the *Technion* - Israel Institute of Technology; Chairman of the Board of the *Institute for Policy and Strategy* at the Interdisciplinary Center of Herzliya; President of the *Friends of Schneider Children's Medical Center of Israel*; and Chairman of the *Friends of Gesher Theatre*, one of Israel's leading theatres.

Mr David Masters**Government Business Strategy Manager****HP Enterprise Services**

David Masters is Government Business Strategy Manager for HP Enterprise Services, South Pacific. He is responsible for go to market and client engagement strategy across the Australian public sector, ensuring that HP Enterprise Services' strategies and positioning is in alignment with Government policy and strategic objectives. Prior to this, David was HP Enterprise Services' Government Relations Manager. Prior to joining HP, he was the ICT Practice Director for public affairs consultancy Parker & Partners. In this role he advised many of the world's leading ICT companies, including Alcatel-Lucent, HP, Telstra and Microsoft on their engagement with government and public relations. David has also been a senior public servant and an adviser on a range of ICT policy issues, including ICT industry development, whole of government use of ICT and Internet regulation, to three Australian Government Ministers in the Communications, Information Technology and the Arts portfolio. Starting his career as a journalist, David holds a Bachelor of Media from Macquarie University.

Mr Rohan Mead**Group Managing Director****Australian Unity**

Rohan Mead was appointed Group Managing Director of Australian Unity Limited on 1 July 2004. Mr Mead is chairman of Platypus Asset Management, deputy chair of Acorn Capital, a director of Seres Asset Management (Hong Kong) and a director of the Australian Centre for Health Research. He is chairman of the Business Council of Australia's Healthy Australia task force and is a director of Private Healthcare Australia. Prior to joining Australian Unity, Mr Mead was employed by Perpetual Trustees Australia Limited (1996—2003) in a range of senior roles. Prior to his work at Perpetual, Mr Mead headed marketing and communications at Blake Dawson.



Ms Lisa Middlebrook
Executive Manager
Policy & Strategy, GAP

Lisa Middlebrook is Executive Manager for GAP's annual Growth Summits. She is responsible for external relations, programme development and general management of the Summit. She also manages the Summit's Steering Committee and helps guide the Summit's long-term task forces. Prior to assuming her role as Executive Manager, Strategy and Policy, at GAP in September 2009, Lisa spent two years as Director of the Federal Labor Business Forum, handling external relations and business affairs. Immediately prior to that, she served as the Director of Business Development at the Lowy Institute. Lisa spent six years with the Democratic Leadership Council (DLC) and Progressive Policy Institute in Washington DC where she was a Senior Adviser on trade policy and was also responsible for external relations with the corporate community and non-profit foundations. She was instrumental in helping establish political relationships for Australia with regard to the US/Australia Free Trade Agreement. Prior to the DLC, she served at the Australian Embassy in Washington working on US Congressional Relations and trade issues. Lisa is a graduate of the University of California Los Angeles (political science and international relations) and serves on the Board of Directors of the Johnny Warren Foundation and the organising committee for the Steve Waugh Foundation.

Mr David Murray AO
Former Chairman
Future Fund

David Murray joined the Commonwealth Bank in 1966, was appointed Chief Executive Officer in June 1992, and retired from this position in 2005. The Commonwealth Bank is one of Australia's four major banks. It was founded in 1911 by the Australian government and its privatisation was completed in

1996. The Bank is one of Australia's top 10 listed corporations. In David Murray's 13 years as Chief Executive, the Commonwealth Bank has transformed from a partly privatised bank with a market capitalisation of \$6 billion in 1992 to a \$49 billion integrated financial services company, generating in the process total shareholder returns (including gross dividend reinvestment) at a compound annual growth rate of over 24 per cent, one of the highest total returns of any major bank in Australia. In November 2005 the Australian Government announced that Mr Murray would be Chairman of the Future Fund. The Fund's objective is to invest budget surpluses to meet the long-term pension liabilities of government employees and take the pressure off the budget from aging of the population. The statutory term ended in April 2012. Mr Murray is currently a Senior Advisor of Credit Suisse, based in Sydney. Mr Murray holds a Bachelor of Business from the NSW Institute of Technology and a Master of Business Administration, commenced at Macquarie University and completed at the International Management Institute, Geneva. He holds an honorary Phd from Macquarie University and is a Fellow of the University of Technology, Sydney. Mr Murray had thirty-nine years' experience in banking. He is a member of the Oliver Wyman Senior Advisory Board and a Consultant to Olbia Pty Ltd and the Commonwealth Treasury. He has previously served as a member of the Finance Sector Advisory Council and the APEC Business Advisory Council and is the inaugural Chair of the International Forum of Sovereign Wealth Funds. In 2001 he was awarded the Centenary Medal for service to Australian Society in banking and corporate governance and in 2007 he was made an Officer in the Order of Australia (AO) for his service to the finance sector both domestically and globally and service to the community. Mr Murray was born in New South Wales and lives with his family in Sydney.



Mr Michael Pascoe
Economic Reporter
Sky News

Michael Pascoe is one of Australia's most respected and experienced finance and economics commentators with 37 years in newspaper, broadcast and on-line journalism. He's also a most entertaining and provocative speaker on matters financial, economical and political. And with a wit honed by conducting thousands of interviews, Michael shines as an MC and panel facilitator, guiding discussion and audience involvement. He is seen on Channel 7's Sunrise and news programs, is Contributing Editor for the Sydney Morning Herald and Age BusinessDay.com.au sites, is a weekly finance columnist for Yahoo7, writes for magazines as diverse as Mining Monthly and YTE, and is an acclaimed conference speaker, MC and facilitator, bringing rare humour and plain language to the dismal science. Michael was born and educated in Queensland, starting his career with The Courier-Mail before working in Hong Kong for three years. He joined the Australian Financial Review in Sydney and then pioneered specialist finance journalism in commercial broadcasting - first with the Macquarie Radio network, then with Channel 9, Sky News and 7. Michael has four sons, maintains a love of Rugby Union, a dislike of gardening and what he calls "an outlook of optimistic scepticism".

The Hon. Anthony Roberts MP
Minister for Fair Trading
NSW Government

The Hon Anthony Roberts MP is the NSW Minister for Fair Trading. He was elected the Member for Lane Cove in 2003. Prior to becoming a State Member of Parliament, he was Mayor and Deputy Mayor of Lane Cove Municipal Council. Anthony proudly served with the Australian Army on peace keeping operations in Bougainville as part of Operation Bel Isi. He was also an adviser to Prime Minister John Howard.

The Hon. Philip Ruddock MP
Shadow Cabinet Secretary
Federal Member for Berowra

Philip Ruddock was first elected to the House of Representatives as the Member for Parramatta, New South Wales, at a by-election on 22nd September 1973. Since 1992 he has held the seat of Berowra. The electorate of Berowra blends high density suburban areas with a semi-rural fringe. Having held a number of Shadow Ministry portfolios Mr Ruddock was appointed Minister for Immigration and Multicultural Affairs from March 1996 to October 2003. This made him the longest serving Federal Immigration Minister. During this period he also had responsibility for Reconciliation and Aboriginal and Torres Strait Islander Affairs. On 7th October 2003 he was sworn in as the Federal Attorney-General, an appointment he held until the Federal Election on 3rd December 2007. He has wide committee experience having served on the Joint Standing Committee on Foreign Affairs, Defence and Trade; the Joint Standing committee on Intelligence and Security; Coalition Foreign Policy and Defence Committee; and Coalition Legal and Immigration Committee. With degrees in Arts and Law from Sydney University Mr Ruddock practised law prior to entering parliament. He resides in Pennant Hills, in the heart of his electorate with his wife. The couple has two adult daughters, Kirsty and Caitlin.

Senator, The Hon. Arthur Sinodinos AO
Senator for New South Wales
Chairman, Coalition Deregulation Taskforce

Arthur Sinodinos AO is a NSW Liberal Senator with a background in financial markets and economics policy. A sought after economics commentator, Senator Sinodinos is known for his focus on substantive topics affecting Australia's increasingly complex economic and financial landscape. He is an expert on finance and public policy, reflecting his background and experience from previous roles as an



economist within Commonwealth Treasury and Department of Finance. He worked for former Prime Minister John Howard, who as Opposition Leader from 1987-89 deployed him as his Senior Economic Adviser. When Howard returned as Opposition Leader from 1995-97, he appointed Sinodinos his Policy Director. In 1997, Arthur became Prime Minister Howard's Chief of Staff, a position he held for nine years. The role placed him in the inner sanctum of national policy development and politics. He resigned his post in 2006 to work as an advisory director at Goldman Sachs JB Were and most recently National Australia Bank. A large part of his banking career was devoted to solving problems for large financial institutions and innovative companies navigating the country's political and regulatory environments. Mr Sinodinos returned to politics last October, taking a NSW Senate seat vacated by former Liberal Senator Helen Coonan. In December last year, the Opposition Leader Tony Abbot announced the creation of the Coalition Deregulation Taskforce to cut government red tape by \$1 billion a year, and appointed Sinodinos Chairman of the Taskforce.

Prof Judith Sloan

**Honourary Professorial Fellow
Melbourne Institute of Applied Economic
& Social Research, University of Melbourne**

Professor Judith Sloan is Contributing Economics Editor at *The Australian* newspaper. She is also Honorary Professorial Fellow at the Melbourne Institute of Applied Economic and Social Research at the University of Melbourne. Judith Sloan has held a number of academic appointments, including Director of the National Institute of Labour Studies at Flinders University. She was Commissioner of the Productivity Commission and Commissioner of the Australian Fair Pay Commission. She is currently a director of the Westfield Group and has been a director of a number of companies. She was also Deputy Chair of the Australian Broadcasting Corporation. Judith Sloan holds degrees from the

University of Melbourne and the London School of Economics.

Ms Vicki Telfer

**Executive Director
NSW Industrial Relations**

Vicki Telfer joined the NSW Department of Industrial Relations in October 2010 as the Executive Director of NSW Industrial Relations (a Division of the NSW Department of Finance and Services) and has extensive industrial relations experience. Prior to her current role Vicki was at WorkCover for over 10 years with the last six in the role of General Manager Strategy and Policy overseeing several reform projects. In her current role she leads NSW public sector industrial relations and has a key role in significant national industrial relations matters, NSW long service leave schemes as well as managing the relationship between the Department and the Fair Work Ombudsman regarding contracted compliance programs. A key part of the work of NSW IR is providing information, advice and assistance to small and medium sized employers on their IR obligations. In her current role Vicki also chairs the two NSW portable long service leave scheme industry committees and is a member of the Department's Executive Committee.

Dr Ian Watt AO

**Secretary
Department of the Prime Minister & Cabinet**

Dr Watt was appointed as Secretary of the Department of the Prime Minister and Cabinet from September 2011. Previously, Dr Watt was Secretary of the Department of Defence from August 2009 to September 2011. From January 2002 to August 2009, Dr Watt was Secretary of the Department of Finance and Deregulation (formerly the Department of Finance and Administration). He became the longest serving Finance Secretary in April 2009. From March 2001 to January 2002 he was Secretary of the



Department of Communications, Information Technology and the Arts. Prior to that, he was Deputy Secretary of the Department of the Prime Minister and Cabinet and Executive Coordinator of the Economic, Industry and Resources Policy Group until March 2001. Dr Watt was First Assistant Secretary of Economic Division, Department of the Prime Minister and Cabinet between March 1994 and November 1996. Prior to that, he was Minister (Economic) at the Embassy of Australia in Washington for two-and-a-half years. Dr Watt completed the Advanced Management Program at the Harvard Business School in 1999. He is the former chair of the Organisation for Economic Co-operation and Development's (OECD's) Working Party of Senior Budget Officials and also the former chair of the OECD Asian Senior Budget Officials. In June 2008, Dr Watt was made an Officer of the Order of Australia. In 2009, he was the recipient of La Trobe University's Distinguished Alumni Award.

Mr Lee White

Chief Executive Officer

The Institute of Chartered Accountants in Australia

Lee White is the Chief Executive Officer of the Institute of Chartered Accountants in Australia. Previously he held the role of Executive General Manager – Members where he had responsibility for leading policy and practice developments across all areas of the accounting profession including financial reporting, auditing, superannuation, taxation and financial advisory services. He is currently working on a range of projects intended to improve regulatory frameworks in a number of ASEAN countries. Lee is formerly the chief accountant for the Australian Securities and Investments Commission (ASIC). He was directly involved with the introduction of international accounting standards in Australia in 2005 and the creation of ASIC's audit oversight programme. He is also an experienced audit practitioner in the public and private sectors.

Lee has been a member of the Australian Financial Reporting Council (the oversight authority of standard setting in Australia) and the Australian member of both international regulatory accounting groups, the International Organisation of Securities Commissions (IOSCO) and the International Forum of Independent Audit Regulators (IFIAR). Professional memberships include fellowship of the Institute of Chartered Accountants in Australia and member of the Australian Institute of Company Directors.

Mr Russell Zimmerman

Executive Director

Australian Retailers Association

Lee White is the Chief Executive Officer of the Institute of Chartered Accountants in Australia. Previously he held the role of Executive General Manager – Members where he had responsibility for leading policy and practice developments across all areas of the accounting profession including financial reporting, auditing, superannuation, taxation and financial advisory services. He is currently working on a range of projects intended to improve regulatory frameworks in a number of ASEAN countries. Lee is formerly the chief accountant for the Australian Securities and Investments Commission (ASIC). He was directly involved with the introduction of international accounting standards in Australia in 2005 and the creation of ASIC's audit oversight programme. He is also an experienced audit practitioner in the public and private sectors. Lee has been a member of the Australian Financial Reporting Council (the oversight authority of standard setting in Australia) and the Australian member of both international regulatory accounting groups, the International Organisation of Securities Commissions (IOSCO) and the International Forum of Independent Audit Regulators (IFIAR). Professional memberships include fellowship of the Institute of Chartered Accountants in Australia and member of the Australian Institute of Company Directors.



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The Australian Centre for Health Research's vision is for an open and receptive health sector in which important issues affecting the delivery of health and healthcare to Australians are considered from a broad range of perspectives.

This will contribute to a healthy Australia whose citizens receive world-leading, affordable healthcare from an efficient and effective mix of the public and private healthcare sectors.

The Australian Centre for Health Research was established to fill a gap in the health environment. In establishing ACHR we were aware that there was no organisation which existed specifically to raise the level of public discussion on health issues, which had a commitment to the private sector within the context of the Australian dual public and private system. We seek to have sensible, non-ideological positions become part of the continuous health debate with a determination to have sensible policies adopted.

The ACHR's current supporters include representative organisations from the health sector including health funds, aged care, private hospitals, the Pharmacy Guild and Dental Association and those interested in improving the health landscape in Australia.

In recent years the ACHR has produced papers in the areas of connected health care, risk equalisation in health, pharmacogenomics, the impact and cost of health sector regulation, structural barriers to reform of the Australian health system and lessons for the Medicare system. Each of these papers has received useful public interest and assisted in informing the health dialogue in Australia.

In 2011, the ACHR published a book of essays, *"Health Care in Australia: Prescriptions for Improvement"*, covering various aspects of the Australian health system.

Future projects include a workshop on connected care, a research paper into productivity in the health sector, electronic health research and discussion, and other events focused on promoting discussion in the health area.

www.achr.com.au



Australian Unity is a national healthcare, financial services and retirement living organisation providing services to more than 620,000 Australians, including some 320,000 members nationwide. The company employs more than 1,500 staff nationally.

Australian Unity's history as a trusted mutual organisation dates back more than 172 years. It has grown organically—by continually evolving and providing the services and products needed by the communities it serves—as well as through successful strategic mergers and diversification into new business activities.

Australian Unity is about enhancing wellbeing—through the financial security led by our financial advisers and developed by our investments specialists, to the support and knowledge to stay well and live longer delivered by the healthcare team, to the secure positive communities provided by our Retirement Living services.

A prime example of our passion for wellbeing is the award-winning Australian Unity Wellbeing Index, which is now in its twelfth year and has surveyed more than 60,000 Australians on their satisfaction with their lives and life in Australia.

Australian Unity is also committed to community contribution, with the establishment of the Australian Unity Foundation in 2006 as part of our community engagement strategy. The foundation donates grants to several charities, with Australian Unity distributing one percent of pre-tax profit to the foundation each year.

At Australian Unity, we are proud of our past and enthusiastic about our future. We believe that our members should be the healthiest and most prosperous they can be. Their wellbeing is at the heart of everything we do.

www.australianunity.com.au



GAP is a not-for-profit public policy network based in Sydney that is comprised of government, industry, academia and community leaders across Australia and around the world. Established in 2000, GAP specialises in new approaches to public policy development and the facilitation of government / industry / community interactions on the most pressing social, economic and structural issues and challenges across a broad range of Australian economic sectors.

Through its pioneering '*Second Track*' Process programme of initiatives, GAP seeks to foster links between community, government and academia to streamline the process of 'fast-tracking' solutions to key issues, increase stakeholder participation in policy formation and decision making, and develop novel, cross-disciplinary approaches to regulatory problems by engaging key stakeholders in high-level discussions and research.

GAP's diverse initiatives and ventures include long-term programmes and one-off projects in regulation and public policy, industry policy, healthcare, knowledge capital, innovation, information and communication technology, security & privacy, sustainability & climate change, education, deliberative democracy, and philanthropy & social investment, to name a few.

GAP runs national and international conferences, multidisciplinary forums and executive roundtables, coordinates community & stakeholder research projects and feasibility studies, and oversees pilot projects to trial new business ideas. GAP's online think-tank, Open Forum, is a well-established online platform with an extensive community network, uniquely positioned to attract and engage target audience and informed contributions.

GAP's partners include Federal and State governments, major corporate enterprises and industry bodies. Every dollar invested by government in GAP initiatives leverages two dollars from the private sector.

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HP is a truly global corporation, doing business in approximately 170 countries and creating technology that positively impacts individuals and businesses all across the globe. Doctors in Norway are providing up-to-the-second, life-saving care to their patients with HP systems that are always on and always connected. In Canada, a nonprofit organisation is using HP cloud computing technology to decrease the amount of time it takes to trace and remove potentially harmful food products from the supply chain once a recall has been issued.

Technology has made our lives better today, but that is nothing compared to what it will do for us in the future. At HP we believe technology can create new possibilities for people around the world—from high school students and soccer moms to budding entrepreneurs, government officials, and senior executives. We're the largest IT company on the planet, and we are committed to doing what we can to deliver that future.

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The Department of Finance and Services is a service provider, regulator and central agency of government.

It is responsible for supporting sustainable government finances, major public works and maintenance programs, government procurement, information and communications technology, corporate and shared services, consumer protection, workplace relations, administration of State taxation and revenue collection, NSW land and property administration services and metropolitan water policy.

The department includes NSW Fair Trading, NSW Industrial Relations, Government Services, the Office of Finance, NSW Public Works, the Office of State Revenue, and Land and Property Information.

www.services.nsw.gov.au



**The Institute of
Chartered Accountants
in Australia**

The Institute is the professional body for Chartered Accountants in Australia and members operating throughout the world.

Representing more than 70,000 current and future professionals and business leaders, the Institute has a pivotal role in upholding financial integrity in society. Members strive to uphold the profession's commitment to ethics and quality in everything they do, alongside an unwavering dedication to act in the public interest.

Chartered Accountants hold diverse positions across the business community, as well as in professional services, government, not-for-profit, education and academia. The leadership and business acumen of members underpin the Institute's deep knowledge base in a broad range of policy areas impacting the Australian economy and domestic and international capital markets.

The Institute of Chartered Accountants Australia was established by Royal Charter in 1928 and today has around 60,000 members and more than 12,000 talented graduates working and undertaking the Chartered Accountants Program.

The Institute is a founding member of the Global Accounting Alliance (GAA), which is an international coalition of accounting bodies and an 800,000-strong network of professionals and leaders worldwide.

www.charteredaccountants.com.au



Initiated by Global Access Partners (GAP) in July 2007, Open Forum is an independent, interactive web 2.0 community focused on the issues which matter to Australian public policy debate.

Our community of bloggers and readers includes people of all ages, from all over Australia and from all political spheres. Open Forum's network features senior business executives, government policy makers, academics, thought leaders and community advocates, as well as interested private citizens.

Access to Open Forum is free and users can login to the site to post comments and blogs. We would like to invite all Summit delegates to register today and encourage your contributions.

Open Forum is staunchly non-partisan. We believe this independence is fundamental to the success of any policy development forum. Our user-generated content allows us to explore areas which are of relevance to the regulatory process, track citizen sentiment around particular issues and use these as the basis for briefing notes and recommendations to government agencies.

Open Forum's list of clients and collaborators includes: Department of Broadband Communications & the Digital Economy, Productivity Commission, Attorney-General's Department, Australian Unity and NSW Department of Fair Trading.

We are delighted to provide a facility to continue the conversations and build on the ideas from the *National Economic Review: Australia's Annual Growth Summit 2012*.

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