

# Australia's Economic Challenges and How Investment Promotion Can Help

Address by Narelle Kennedy, CEO, Australian Business Foundation

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# Australian Business Foundation

- Over a decade of evidence-based research on emerging high-impact issues for Australian businesses.
- Ahead of the curve – see further.
- Delve deeper – not the first right answer.
- Make connections others don't.
- Collaborative research with expert international and local partners and vibrant community of interest.
- Focus on innovation, new models of competitiveness.

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# Australia's Productivity Imperative

- Decade of decline, after surge in 1990s.
- After the resources boom?
- Ageing population.
- Shift in economic centre of gravity.
- Can't compete on price or quality.
- Competing on innovation and skills.



# Beware misconceptions about innovation and productivity:

- Innovation  $\neq$  Invention  
Science  
R&D  
High Tech  
New Products
- Not about increasing the supply of knowledge, but its smart use to solve customer and market problems.
- Productivity  $\neq$  Efficiency  
More with less  
Capital replacing labour
- Transforming capabilities for a lasting competitive edge.



# Not all inwards investment is equal:

- Best return for effort on investment promotion from
  - building on existing strengths and capabilities
  - addressing critical gaps or structural problems.
- Investments customised for Australia's challenges.
- Not just a shopping list of priority industries.



# End goal of inwards investment:

Critical mass of globally competitive and engaged Australian enterprises with knowledgeable, skilled and adaptable workforces and managers.

Go beyond aggregate analysis of capital flows and priority industry sectors and understand details at the levels of the enterprise and the workplace – what they need to be competitive; geographic business clusters; supply chains; disaggregated niches in global value chains.

How does investment provide capabilities and resources to Australia where it really counts?



# Testing that investment is worth winning:

- Where BIG PROBLEMS and SMALL STRENGTHS intersect.
- Create new sources of competitive advantage?
- Add to skills and capabilities of Australians?
- Activate Australia's web of global knowledge connections and flows?



# Lessons from Australian Business Foundation research

- *Global Connections: A Study of Multinational Companies in Sydney* by Michael Enright of Enright Scott and Associates, Hong Kong and colleagues.
- *Place-Based Approaches to Regional Development* by Professor John Tomaney, CURDS, University of Newcastle, UK.
- *Northern Sydney Global Technology Corridor – A Study of Cluster Development* led by UTS Professor Roy Green and Dr Kate Hughes of MGSM.



How do investment promotion professionals keep their knowledge up to date and effective in an uncertain and volatile global business environment?

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