



Appendix D – Recommendations from 'Winning Investment – Strategy, People and Partnerships'

Recommendation	Government Response
General economic conditions	
<ul style="list-style-type: none">• The Commonwealth Government continue actively to encourage overseas direct investment with a view to it sustaining a valuable contribution to Australia's economic well-being.	Agree.
<ul style="list-style-type: none">• The Government continue to give on-going high priority to sound and stable macroeconomic policies and microeconomic reforms in order to attract investment.	Agree.
<ul style="list-style-type: none">• These (macroeconomic and microeconomic) policies be kept under constant attention to ensure that Australia remains at the forefront as an investment location.	Agree.

National strategy	
<ul style="list-style-type: none"> • A Prime Minister's Investment Council (PMIC) be established. 	Not agreed. Operations will be overseen by the Employment and Infrastructure Committee of Cabinet which the Prime Minister will chair.
<ul style="list-style-type: none"> • Under the guidance of the PMIC, a national strategic framework for investment promotion and attraction in Australia be developed. This framework should be developed in the context of Australia's overall economic growth and industry and regional development objectives. 	Agree to national strategic framework.
<ul style="list-style-type: none"> • The membership of the PMIC comprise appropriate ministers, eminent business leaders and <i>ex-officio</i> the CEO [Chief Executive Officer] of <i>Invest Australia</i>. 	Not applicable.
<ul style="list-style-type: none"> • The appointment of business leaders to the PMIC be on the basis of their individual capacities, not because of their current corporate positions, and that they not send substitutes to PMIC meetings. 	Not applicable.
<ul style="list-style-type: none"> • The work programme of the PMIC include the major national issues raised in this report. 	Not applicable.
<ul style="list-style-type: none"> • The states and territories be partners in the national overseas investment promotion and attraction strategy. 	Agreed.
<ul style="list-style-type: none"> • The states and territories and Commonwealth heads of investment agencies form a 'National Investment Advisory Board' to formalise the relationship. 	Agreed.
<ul style="list-style-type: none"> • A standing item on investment be included on the Industry ministers' meeting agenda. 	Agreed.
Invest Australia	
<ul style="list-style-type: none"> • Investment promotion and attraction be delivered through an autonomous, prescribed agency called <i>Invest Australia</i> in the industry portfolio. 	Agreed. Location of agency to be advised.

<ul style="list-style-type: none"> • The inwards investment promotion and attraction activities of other Commonwealth agencies be incorporated into <i>Invest Australia</i>. 	<p>Agreed.</p>
<ul style="list-style-type: none"> • The role of <i>Invest Australia</i> include the following specific responsibilities: <ul style="list-style-type: none"> - The development of an appropriate, whole-of-nation strategy for promoting and attracting overseas direct investment into Australia; - The development of a whole-of-government investment promotion and attraction policy; - The effective and efficient implementation of the investment promotion and attraction strategy; and - The effective management of all the relationships involved in the processes of promoting and attracting investments into Australia including relationships with states and territories, other Commonwealth agencies, and the private sector. 	<p>Whole-of-nation strategy agreed.</p> <p>Implementation issue agreed.</p> <p>Relationship management agreed.</p>
<ul style="list-style-type: none"> • The CEO of <i>Invest Australia</i> be expected to have the leadership qualities that will facilitate cooperation among the stakeholders and sharpen the marketing focus of the organisation. These qualities should include in-depth knowledge of the Australian economy, strategic vision and leadership, and understanding of the global investment environment. 	<p>Agreed.</p>
<ul style="list-style-type: none"> • The roles of the Strategic Investment Coordinator and CEO be combined in the new <i>Invest Australia</i>. 	<p>Not agreed. Strategic Investment Coordinator role to be separately retained.</p>
<ul style="list-style-type: none"> • The CEO report directly to the Prime Minister on matters relating to major projects deemed to be of national importance and to the portfolio minister on all other matters. 	<p>Not applicable.</p>
<ul style="list-style-type: none"> • The use of financial incentives to attract investment be seen as only one of a number of possible initiatives, kept to a minimum and that rigorous criteria be used in their application. 	<p>Agreed.</p>

<ul style="list-style-type: none"> • The threshold for major project facilitation status be reconsidered to attract contestable investment in enabling or potentially high-growth sectors. 	Agreed.
<ul style="list-style-type: none"> • <i>The Australian Trade Commission Act 1985</i>, Section 8 (a) (v) be amended to clarify the respective roles of Austrade and <i>Invest Australia</i> and to enable Austrade to assist <i>Invest Australia</i> as a service delivery agent. 	Agreed.
Resources	
<ul style="list-style-type: none"> • <i>Invest Australia</i> be allocated the Commonwealth's entire appropriation for investment promotion and attraction activities including facilitation. The funding allocated in the ISR portfolio and by Austrade to overseas investment promotion and attraction activities (minimum \$20 million) be transferred to the revamped <i>Invest Australia</i> by no later than 1 July 2002 <ul style="list-style-type: none"> - Those offshore employees currently funded by <i>Invest Australia</i> but employed by Austrade be transferred to <i>Invest Australia</i>; - in this context, discussions also be held between <i>Invest Australia</i> and Austrade concerning the extent to which <i>Invest Australia</i> may wish to use Austrade staff and facilities offshore; - the financial resources allocated to NOIE [National Office for the Information Economy] for overseas investment promotion and attraction be transferred to <i>Invest Australia</i> by no later that 1 July 2002; - DFAT [Department of Foreign Affairs and Trade] continue to lend support in-market to Australia's overseas investment promotion and attraction efforts; and - Resources allocated to Axiss Australia be transferred to <i>Invest Australia</i> within three years subject to the review of Axiss Australia. 	<p>New funding of \$11 million committed in addition to existing funding.</p> <p><i>Invest Australia's</i> operational arrangements to be advised.</p>

<ul style="list-style-type: none"> • If additional Commonwealth resources are thought to be required by <i>Invest Australia</i>, these be sought in the context of the 2002-03 Budget once the proposed PMIC has considered <i>Invest Australia's</i> strategic direction, noting the need for some transitional funding for the new entity in 2001-02. 	<p>Not applicable.</p>
<ul style="list-style-type: none"> • The CEO of <i>Invest Australia</i> have responsibility for the development of the agency's resources and the extent to which it purchases services from others in fulfilling its charter. 	<p><i>Invest Australia's</i> operational arrangements to be advised.</p>
<ul style="list-style-type: none"> • A small cross-agency implementation group, including a DOFA [Department of Finance and Administration] official, be assembled to establish and staff the new entity. 	<p><i>Invest Australia's</i> operational arrangements to be advised.</p>
<ul style="list-style-type: none"> • <i>Invest Australia</i> enter into a foreign exchange agreement with DOFA to cover its exchange rate exposure in undertaking offshore activities. 	<p><i>Invest Australia's</i> operational arrangements to be advised.</p>
<p>Marketing</p>	
<ul style="list-style-type: none"> • In the light of information deficiencies in the global marketplace about Australia's comparative advantage, strengths and capabilities the Commonwealth be focussed on promoting Australia offshore as a place to invest. 	<p><i>Invest Australia's</i> operational arrangements to be advised.</p>
<ul style="list-style-type: none"> • Government should engage with the private sector in promoting Australia. 	<p><i>Invest Australia's</i> operational arrangements to be advised.</p>
<ul style="list-style-type: none"> • The promotional activity be both generic and industry-specific in focus. 	<p><i>Invest Australia's</i> operational arrangements to be advised.</p>
<ul style="list-style-type: none"> • Industry-specific promotion should be directed to industry sectors in which Australia is assessed as having a comparative advantage or excellent potential. 	<p><i>Invest Australia's</i> operational arrangements to be advised.</p>
<ul style="list-style-type: none"> • A rolling three-year marketing plan be developed by <i>Invest Australia</i>, in partnership with relevant Commonwealth agencies, state and territory governments and key business stakeholders. 	<p><i>Invest Australia's</i> operational arrangements to be advised.</p>

<ul style="list-style-type: none"> • <i>Invest Australia</i> devote substantial resources to its marketing programme, and that the allocation of these resources be considered in the light of the findings of recent reviews. 	<p><i>Invest Australia's</i> operational arrangements to be advised.</p>
<ul style="list-style-type: none"> • Investment officers have a good understanding of investment opportunities in regional areas of Australia, and that promotional material produced by <i>Invest Australia</i> highlight the industry strengths available in the regions; and 	<p><i>Invest Australia's</i> operational arrangements to be advised.</p>
<ul style="list-style-type: none"> • Commonwealth ministers consult <i>Invest Australia</i> in developing their overseas travel programmes to maximise opportunities to address appropriate investor audiences, and be involved in other promotional activities. 	<p><i>Invest Australia's</i> operational arrangements to be advised.</p>
<h2>Reporting</h2>	
<ul style="list-style-type: none"> • <i>Invest Australia</i> prepare (1) annually, an <i>Investment Outcomes and Objectives Statement</i> which would be tabled in Parliament by the responsible Minister; and (ii) reports on objectives and performance to PMIC for each meeting of the that Council. 	<p><i>Invest Australia's</i> operational arrangements to be advised.</p>
<ul style="list-style-type: none"> • All agencies assisting <i>Invest Australia</i> in investment promotion and attraction activities report on their work through these reports. 	<p><i>Invest Australia's</i> operational arrangements to be advised.</p>
<ul style="list-style-type: none"> • A comprehensive set of performance indicators which will measure the success of the strategies adopted by <i>Invest Australia</i> be developed in consultation with stakeholders in investment. 	<p><i>Invest Australia's</i> operational arrangements to be advised.</p>
<ul style="list-style-type: none"> • Satisfactory performance against key performance indicators be required before any funding is provided beyond end-June 2007 for <i>Invest Australia</i>. 	<p><i>Invest Australia's</i> operational arrangements to be advised.</p>