

The Inquiry

Introduction

- 1.1 The inquiry on Enterprising Australia — planning, preparing and profiting from trade and investment — automatically lapsed on the dissolution of the 39th Parliament on 8 October 2001.
- 1.2 The Joint Standing Committee on Foreign Affairs, Defence and Trade (the Committee) under its resolution of appointment can consider and report on such matters relating to foreign affairs, defence and trade as may be referred to it by:
 - (a) either house of the Parliament;
 - (b) the Minister for Foreign Affairs;
 - (c) the Minister for Defence; or
 - (d) the Minister for Trade
- 1.3 With the re-establishment of the Joint Committee in the current Parliament, the 40th Parliament, consideration was given to seeking re-referral of the Enterprising Australia Terms of Reference.
- 1.4 The Committee's decision not to continue the inquiry in the current Parliament was based on a number of factors:
 - the poor response to the call for submissions;
 - the quality of the evidence;

- a review of the Commonwealth's investment promotion and attraction efforts by a taskforce headed by Dr Ian Blackburne, that embraced significant aspects of the Enterprising Australia Terms of Reference; and
 - broad acceptance by the Government of the recommendations made by Dr Blackburne in his August 2001 report *Winning Investment – Strategy, People and Partnerships*.¹
- 1.5 Notwithstanding the lapse of the inquiry, we have taken the view that a short report should be tabled in the Parliament outlining some of the issues and conclusions that came out of the evidence. These reflect a similarity of view between our observations and the findings of Dr Blackburne's review team.
- 1.6 All the submissions made to the inquiry can be viewed on the Committee's website www.aph.gov.au/house/committee/jfadt as can the Hansard transcripts of the evidence given at the seven public hearings.

The Inquiry Process

- 1.7 The Minister for Trade referred the Terms of Reference for the Enterprising Australia inquiry to the Committee on 2 November 2000. The Trade Sub-Committee, chaired by the Hon Geoff Prosser MP, conducted the inquiry.
- 1.8 The inquiry was advertised nationally and prospective sources, including federal, state and territory government departments, business organisations and chambers of commerce, and trade unions, were invited to provide submissions to the inquiry. The closing date for submissions was February 2001.
- 1.9 We were disappointed with the particularly poor response to the call for submissions. It was widely regarded as a very important inquiry but notwithstanding this view, promised submissions failed to materialise. A number of organisations and government departments (including state and federal) indicated they would provide a submission but did not do so, in spite of follow up by the Committee over several months.

¹ A report to the Prime Minister, *Winning Investment – Strategy, People and Partnerships*, A Review of the Commonwealth's investment promotion and attraction efforts, August 2001. (Blackburne Review)

- 1.10 The inquiry attracted only twenty-five submissions and twenty exhibits were incorporated into the records of the Enterprising Australia inquiry. The list of submissions is at Appendix A and the list of exhibits is at Appendix C.
- 1.11 Seven public hearings were held before the dissolution of the 39th Parliament and evidence taken from nineteen witnesses (see Appendix B for the list of public hearings and witnesses). The seven hearings ran from March to August 2001 but the level of interest in the inquiry by government and business was singularly disappointing. The small number of submissions received and the lack of good quality evidence were not encouraging signs. The evidence by departments generally was insufficiently comprehensive to allow a full appraisal of the impact of structures/policies and the performance of programs.
- 1.12 The first hearing of the inquiry was held on 5 March 2001 in Canberra with HE Mr Richard O'Brien, Ambassador for Ireland opening the proceedings. The evidence he gave was excellent, as was the evidence of the Singaporean High Commissioner, HE Mr Ashok Kumar Mirpuri on 25 June 2001.
- 1.13 The Committee was most appreciative of the outstanding assistance the Irish Ambassador and the Singapore High Commissioner gave to the inquiry.

A Review of the Commonwealth's Investment Promotion and Attraction Efforts

- 1.14 The Prime Minister set up a taskforce to review Australia's investment promotion and attraction. Dr Ian Blackburne, the former Managing Director, Caltex Australia, was appointed chairman and was asked to examine the present system of investment attraction and promotion, at both Commonwealth and State level, and to report on ways to improve the system. The Chairman of the Trade Sub-Committee met with Dr Blackburne in June 2001. The Prime Minister received a copy of Dr Blackburne's report in August 2001 and The Australian Financial Review (AFR), in reporting it in the press at the time, said the major recommendations included:
- the Government develop a national strategic framework for investment promotion and attraction;

- a Prime Minister’s investment council to be established to advise on strategies and policies to increase overseas direct investment; and
 - a rolling three-year marketing plan to be developed by Invest Australia, in tandem with other government agencies and key business stakeholders.
- 1.15 The AFR went on to say the report warned that Australia would run the risk of falling further behind international competitors unless it reformed its investment program.²
- 1.16 In his review of the Commonwealth’s investment promotion and attraction efforts, Dr Blackburne examined:
- the rationale for overseas investment;
 - factors influencing investment (including removal of regulatory barriers and use of positive incentives);
 - the role of government in overseas direct investment (capitalising on Australia’s strengths);
 - existing government activities (including competitor nations’ investment promotion);
 - a national strategy — the Prime Minister’s Investment Council and a reinvigorated *Invest Australia*;
 - a comprehensive marketing and promotional program;
 - managing relationships (Commonwealth, States and Territories); and
 - reporting, evaluation and key performance indicators.
- 1.17 The review had access to the evidence collected by the Committee’s Enterprising Australia inquiry.
- 1.18 Dr Blackburne’s recommendation that a Prime Minister’s Investment Council (PMIC) be established, convened and chaired by the Prime Minister, involved an initial work plan. The work plan focused on aspects of the Enterprising Australia Terms of Reference – namely Terms of Reference 4 and 5. The Blackburne report states:
- The initial work plan for the PMIC should include advising on key sectors on which Australian investment promotion should concentrate; considering ways to improve the commercialisation of R&D [research and development] to encourage investment in enabling technologies, and the creation of new firms and
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2 *The Australian Financial Review*, ‘Australia Inc: the new blueprint’, 14 August 2001.

industries; advising on the international competitiveness of Australia's company and personal taxation rates; and assessing the adequacy of Australia's skill base to leverage and support growth in the target sectors.³

- 1.19 In describing the overseas investment promotion and attraction activities of the major Commonwealth Government agencies supporting such activity, Dr Blackburne noted the complexity and lack of efficiency resulting from current arrangements, a view that was held by the Committee and reinforced throughout the Enterprising Australia inquiry process.
- 1.20 The task force carried out a comparative study of eight overseas investment promotion agencies that were chosen because they were either internationally recognised or potentially in direct competition with Australia. Singapore's Economic Development Board and Ireland's Industrial Development Agency were among the eight. Dr Blackburne was of the view that no single overseas model stands out as offering a solution to Australia's needs for national coordination across a federal system. The overseas models did however seek to build industries and take a strategic approach to investment attraction, whereas Australia has traditionally used a range of programs and agencies to deliver inwards investment promotion and attraction activities.
- 1.21 Dr Blackburne concluded that a culture of investment attraction and promotion as well as the leadership and strategy to guide activities and focus on where most value can be added is essential if efficiency and effectiveness of effort is to be enhanced in Australia.
- 1.22 On 1 November 2001, the then Minister for Industry, Science and Resources, Senator the Hon Nick Minchin released Dr Blackburne's report and the Government's response to the specific recommendations (see Appendix D).
- 1.23 While not accepting the recommendation that a Prime Minister's Investment Council be established, the Government has agreed that a national strategic framework for investment promotion and attraction be developed. The Employment and Infrastructure Committee of Cabinet, with the Prime Minister in the chair, will oversee national strategy operations.

3 Blackburne Review, op.cit. p. iii.

- 1.24 The next chapter records some observations from the inquiry and the challenges that they present to making Australia a highly competitive country in the global trade and investment stakes.