



10 February 2004

The Secretariat
Senate Legal and Constitutional Committee
Room S1.61, Parliament House
CANBERRA ACT 2600
AUSTRALIA

Dear Sir

Inquiry into Australian Expatriates

The Australian Institute for Commercialisation (AIC) is a national, not-for-profit company that delivers programs to improve the commercialisation of Australia's research investment. The benefits that can be gained by better commercialisation of the research in which the public invests more than \$5 Billion each year are potentially huge, and include a stronger economy, more jobs, and increased wealth for all Australians.

This submission describes one of the ways that the AIC is attempting to facilitate these outcomes through its proposed *Enterprise!* initiative with Australian expatriates. We seek the Committee's comments and endorsement of this initiative, as well as its recommendation that this proposal be supported through the relevant Commonwealth Department so that its work may be expanded. Our primary focus is not on returning expatriates or the reasons they choose to live overseas; rather, it is to utilise the expatriates' desire to retain linkages to their home country and to capture ensuing benefits in the national interest.

The Southern Cross Group is a global network of Australian expatriates and Europe's largest, numbering almost 5000 members. In so far as it promotes the benefits and requirements of *Enterprise!*, this submission is a joint submission by the Australian Institute for Commercialisation, and the Southern Cross Group, and thus fairly represents the views of young emerging Australian industry together with a large cross-section of expatriates.

Background

A recent study¹ forecast a difference of \$18 billion in exports annually by 2020 between Australia achieving excellence in commercialisation of its public research and a mediocre commercialisation performance.

While there are good signs of improvement over the past five years, we are still performing well short of global best practice standards and much remains to be done to achieve excellence in the conversion of Australia's best R&D into commercial outcomes.

The AIC has identified three key barriers to better commercialisation, which are inadequate coordination, skills and analysis within the commercialisation process.

¹ Allen Consulting Group, "The Economic Impact of the Commercialisation of Publicly Funded R&D in Australia", September 2003

The first barrier relates to fragmentation across the commercialisation environment. This is exacerbated by insufficient engagement between the research and business communities. To overcome this barrier, the “*AIC Connect*” program includes projects to establish national and global networks to better coordinate and leverage commercialisation activities and achieve improved deal flow through economies of scale and bundling of research opportunities.

The AIC believes the utilisation of expatriate networks within the context of *AIC Connect* can help overcome this barrier, by exploiting the willingness of expatriates to provide local knowledge of overseas products, markets, distribution channels, and value chains to young Australian enterprises that seek export opportunities. The AIC’s *Enterprise!* initiative is a network of expatriate networks being established to this end.

It is not only young enterprises being commercialised from public research that can reap the benefits of stronger linkages to overseas markets. There are thousands of other innovative small businesses that lack the resources or skills to export to unknown markets. Too small to use agencies such as Austrade, such SME’s can also benefit from early engagement of expatriate assistance through *Enterprise!*

What is *Enterprise!*

Enterprise! is an initiative of the Australian Institute for Commercialisation (AIC), to establish a national network to ‘Advance Australians to Advance Australia’.

Enterprise! will link Australians at home with those working abroad, by:

- Providing the bridge that allows access to markets and contacts, normally beyond the reach of Australians, and in doing so...
- Enhance the nation’s capacity to successfully deliver ideas, products and innovations to the global marketplace with the scale and speed required to be successful in any industry worldwide, and
- Create programs that will provide a positive re-entry experience for Australians coming home.

“Expatriates have helped boost the value of our business and professional services exports to \$1.5 billion in 1999. They are our foot in the door to the world’s most dynamic markets, a conduit for ideas and trends... Expatriates are also our ambassadors-at-large... They are, in fact, an under-used national resource.” (The Australian, 2002)

Four key objectives underpin the overall focus of *Enterprise!* These are:

- Cost effectively networking Australians at home with expatriates abroad.
- Establishing support processes for developing and mentoring Australian businesses.
- Representing at home the interests of Australian expatriates abroad.
- Providing mutually beneficial relationships by successfully linking both expatriates and repatriates, with Australian businesses, organizations and individuals.

Delivered Benefits

Presenting a national face to the global market, *Enterprise!* is intended to be a single entity through which expatriates from a diverse range of locations and knowledge sets can link back to key Australian stakeholder groups, so as to deliver quick and low cost access to global networks and market intelligence.

The operation of an integrated national framework, with state-based delivery of services, will allow local identification and matching of Australian business needs with experienced expatriates. This will deliver programs of mutual benefit enabling Australian businesses and individuals to obtain speedy access to global market intelligence, business networks, and mentoring activities, while also facilitating expatriates' access to re-entry contacts and networks in Australia.

Enterprise! will achieve these outcomes through developing strong alliances with existing expatriate and other key networks. It will in fact operate as a networker of networks.

Targeted seminars, workshops, networking events and online publications will provide information and education through the sharing of experiences, contacts and market intelligence.

The Need for *Enterprise!*

To succeed in international markets Australian-based firms must often surmount geographical remoteness and prohibitively expensive access to market entry points, restricted access to capital and key distribution relationships in global markets, and lack of experience in the sheer "scale and speed" of international business.

Emerging Australian companies specifically need:

- Experience in structuring and scaling businesses for international markets;
- Links to stakeholders in key target markets;
- An efficient means of developing new relationships; and
- Access to significant capital.

Although some of these needs are in part being met through a combination of support from existing industry associations and government bodies such as Ausindustry and Austrade, there are still significant gaps in the international linking process. *Enterprise!* is a cost-effective, and agile, grass-roots initiative that can more rapidly provide the answers needed to resource-starved, cash-strapped, young companies seeking global access.

Today's reality is that Australia has a pool of globally networked Australians living abroad who can act as an extended resource for the nation. Australia has talent, products and services at home that need a defined pathway to the international marketplace. Australia has expatriates who are well placed and willing to assist Australian enterprises to access these markets. (Victorian Expatriate Survey, 2002).

Even during the current period when the workforce is very mobile, expatriates and repatriates maintain connectivity through their personal networks. Competing nations are already tapping into this 'brain circulation' for economic gain. Networks, either formal or informal, stimulate economic activity through:

- Providing business linkages ;
- Arranging start-up investments;
- Distributing information about jobs and business opportunities to foreign countries;
- Developing contacts with governments and other organisations;
- Providing advice or consultation for companies; and
- Creating opportunities for investment in start-ups and venture funds.

Australia already has a number of individual expatriate networks based outside of the country (eg. Southern Cross Group, Young Australian Professionals in America etc). However, based offshore, few are centrally linked into businesses, industry and institutions in Australia.

One of the motivations for expatriates to offer their talent, often pro-bono, to *Enterprise!*, is to retain solid linkages with their homeland and to help further its national interest. In addition to providing a formal method for 'giving back, many expatriates have expressed their need for assistance with re-entry. Furthermore, many expatriates are high wealth individuals seeking investment opportunities, and through this vehicle, will be able to identify hands-on opportunities to both invest, and to repatriate their wealth in more meaningful ventures than real-estate. With expatriates now numbering in excess of 1 million, *Enterprise!* is a vehicle for action to deliver mutual benefit for Australia and our expatriate communities.

About the AIC

The AIC was registered in May 2002 as a "Smart State" initiative by the Queensland Government, to improve commercial returns from the Australian public sector's \$5.2 billion investment in research. The initiative has been underwritten by the Queensland Government by \$10 million over five years.

After one year of operation, the AIC has secured additional funding (independent of Queensland Government support) from all other States, the Northern Territory, and various universities and research institutions to undertake joint projects during the 2003/4 financial year.

The AIC's role within this broader innovation process is to improve the way in which the potentially valuable research undertaken within public institutions can be successfully transformed into commercial opportunities. The AIC participates by concentrating on our three operational programs to provide best practice solutions that address the major barriers to commercialisation. Through an independent, collaborative approach, combined with its national linkages, the AIC is well positioned to tackle these challenges.

The company is a catalyst that can pull together scarce resources in key areas to enable social and economic outcomes to emerge. Our close relationships with the States and individual research bodies has meant that we can share local solutions nationally to enhance the work of existing agencies and institutions across the country to provide the scale necessary to effectively drive innovation and productivity.

The non-partisan, national positioning of the AIC facilitates the application of singular state-based initiatives across a number of states. The effect is less fragmentation and more effective programs nationally. This is also complemented by the ability of the AIC to work across research institutions in the area of commercialisation education, and in developing dialogue between research fields among universities, CRCs and relevant industry sector groups.

We believe that our stakeholder representation, the quality of our management, board and advisors, the linkages we have developed with other organisations nationally and internationally, and the research that we have pursued, enables us to provide effective policy input and commentary on world's best practice in commercialisation. Coupled with our operational programs, our goal is to bring improved economic benefits by commercialisation of Australia's research.

Conclusion

The AIC is convinced that the current Senate Committee will find that:

- Many expatriates have strong and enduring linkages with Australia;
- The large number of Australians living overseas are a highly qualified but underutilised national asset;
- Many expatriates are seeking opportunities to link with business in Australia, but are prevented from doing so either by lack of opportunity or knowledge; and

- Under suitable protocols, large numbers of these would be prepared to offer (pro-bono) information, mentoring, and facilitation to qualified small Australian enterprises seeking access to the expatriates' home markets.

Working through existing offshore expatriate networks such as the Southern Cross Group and others, the AIC is launching its *Enterprise!* initiative to better utilise this resource. It now requires further resourcing and support from the Commonwealth in order to fully achieve its goals.

The AIC requests your consideration for such support.

Yours sincerely



Dr Rowan Gilmore
Chief Executive Officer