



### **AUSTRALIA, GREAT TODAY, ??? TOMORROW**

Many powerful people on all sides of politics have complained about Australia being viewed Internationally as an old-fashioned economy focussed on traditional areas like mining and banking and generally lacking in technology and innovation. However to be truthful it is a title we probably deserve. Many in the business community have echoed this sentiment like Richard Pratt in his Australia Day address in Sydney earlier this year. He argued "Continual reinvestment in new technology leads to lower costs, better environmental performance and long-term competitive advantage. Tolerating so-called smokestack industrial performance does us all a disservice in the long run."

The Howard government cut tax breaks (which used to be 150%) for companies spending money on Research and Development in the mid nineties but it goes further than that. We have the lowest take up of things like broadband in the Western world, our telecommunication infrastructure is old and slow, pay television only came in the nineties (20 years behind the US) and many of our most innovative people are pursuing opportunities overseas. A lot of other evidence suggests that it is often coercion that finally forces us too look ahead. Superannuation became a legislative requirement in 1992 under the Keating government to address two critical areas; Planning for retirement for all citizens and our lack of savings available for investment. Unlike many other countries retirement savings schemes, there are minimum ages as to when we are allowed to even access these funds.

We continually utilise stop-gap type solutions in the communications industry like our version of fast broadband Internet which would make countries like Canada and Korea laugh as some of our fastest speed offerings from Internet providers are not even options as the slowest speed from their providers. Canada and Korea invested money years ago in upgrading their respective networks from the older copper wire technology and thus have not only the fastest speeds but the highest take-up rates from their general population. A company like Korean giant, Samsung is a prime example of what investing in research and development and innovation can do. It is now seen as one of the most innovative and dynamic technology companies in the world and a world leader in products like LCD screens whereas previously it was viewed as a poor cousin to Japanese giants, Sony and Sharp.

Essentially our problem is a reluctance to plan for the long-term or allocate resources and funds to research and development. In 2000 our spending on R&D as a nation was 0.67% of GDP according to the OECD, which was a drop of 7% from the last study and continued a downward trend since the mid nineties. Currently Australia ranks, 9<sup>th</sup> among OECD countries for total Research & Development spending and 16<sup>th</sup> among OECD countries for business Research & Development spending.

From a nation that produced the minds that invented the black box, the modern fuel injection system, the bionic ear, numerous medical advances, arbitrage pricing theory, etc. it is not talent that is the issue. In fact many of this talent are heading off overseas where the opportunities and funding are greater to pursue their ideas. In the end it becomes those companies and institutions and other countries that see the primary benefit to their bottom line and economies. It is our mindset as a community that needs to change if we are not to be left behind in the next 25 years. It is not just the responsibility of business sector or the government but each of us needs to understand while it is great to live for the moment and we are only each here for a short time, let us leave this place a better one to which we inherited by planning ahead and investing for tomorrow.

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