

Launch of Enterprise Connect

**Manufacturing Network Business
Advisers Conference**

**Senator Kim Carr
Minister for Innovation, Industry,
Science and Research**

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Bayview Eden Hotel
6 Queens Road, Melbourne**

[check against delivery]

We are here this evening to launch Enterprise Connect.

This is a \$251 million initiative that will give small and medium-sized businesses better access to new ideas, know-how and technologies.

It will add significant new capacity to the national innovation system.

It is a central plank of the government's *Innovation Future for Australian Industry* policy platform.

These are the bare facts. The more interesting questions from my point of view are – where did the idea come from, how did we get to this point, and why does it matter?

Governments talk a lot about making industry more productive and competitive, but what can we actually do about it?

There are some, of course, who say we shouldn't do anything. They believe everything should be entrusted to the invisible hand. This government rejects that view, as do progressive governments around the world.

We believe it's our job to support Australian industry by investing in education, innovation and infrastructure. This is a fundamental public sector responsibility and there isn't a democratic government in the world that doesn't do it.

Yet while we are unashamed to say we believe in an activist industry policy, we also accept that the instruments of industry policy have changed. Industry policy these days is about building strength, not cossetting weakness.

That may mean investing in education and training to increase individual skills. It might mean investing in infrastructure to unlock new capacity. It might mean developing macro-economic policies to boost overall business activity. It might mean developing programs for particular sectors and regions.

But what about at the enterprise level? What are the right policies for our small and medium-sized businesses, which are the backbone of the economy? More particularly, what are the right policies for small and medium-sized manufacturers?

How can we empower them to lift their eyes to the horizon – or raise their head above the parapet as the case may be – long enough to start planning for where they want to be in five years, rather than wondering where they will be next week?

A lot of people have no idea what modern manufacturing is about – they still think it happens in tin sheds with dirt floors. At the same time, a lot of manufacturers have little idea what opportunities are available. How do we bridge these gaps?

Enterprise Connect is a practical response to these questions. It's a mixture of new ideas developed in response to local conditions, and proven ideas drawn from our study of initiatives elsewhere.

We certainly aren't starting from scratch. We've drawn valuable lessons from the Manufacturing Extension Partnership in the US and the Manufacturing Advisory Service in the UK.

We've also learned a lot from groups like QMI Solutions – formerly the Queensland Manufacturing Institute – who have been doing exemplary work at the state level for years.

The result is a brand-new set of tools businesses can use to negotiate today's challenges – cut-throat competition, a high dollar, skills shortages, climate change – and prepare for tomorrow's.

And by helping individual firms, we will help Australia out of the present productivity crisis.

Between 1993 and 1998 Australia was being buoyed along by the reforms of the Hawke-Keating years, and productivity growth was 3.3 per cent a year. Between 1999 and 2004 it fell to 2.0 per cent. Since 2004, it has fallen to 1.1 per cent. In 2007, it was zero.

The only way to get the three things we want most – high growth, high employment and low inflation – is by turning that around.

The ingredients

Enterprise Connect will include five new manufacturing centres in Sydney, Melbourne, Adelaide, Perth and Burnie, and they will be joined by QMI Solutions in Brisbane.

There will also be five dedicated innovation centres – one for mining technology in Mackay, one for remote enterprise in Alice Springs, one for innovative regions in Geelong, one for creative industries, and one for clean energy.

Finally, there will be \$10 million to place public sector researchers in businesses with ideas that would benefit from expert input.

In a related move, we will establish a series of industry innovation councils to promote dialogue and develop long-term strategies for boosting innovation and productivity.

The coverage and composition of these councils is still being worked out in consultation with industry, research organisations and other stakeholders.

That's the structure, but what about the operations? Let me spend a few moments outlining my vision of how Enterprise Connect might work.

It is provisional, and the final picture will be influenced by what we learn from the Manufacturing Network Interim Advisory Board.

How will it work?

I see Enterprise Connect offering a range of services geared to the real-world needs of SMEs.

These might include helping firms:

- benchmark business and manufacturing processes against best practice
- find and adapt the research, technology and organisational know-how they need to create better products and more efficient processes
- prototype and test their ideas to shorten the path from concept to application
- and cut through red-tape to get at other government programs.

The network could also provide advice on greening production, and support for collaborations and partnerships focused on R&D, problem-solving, supply-chain integration, developing skills and promoting excellence.

Most importantly, I see the network acting as a gateway to Australia's innovation infrastructure in universities, public research organisations and the private sector.

Enterprise Connect will link firms to resources in their immediate region and around the country. Each centre will be in constant communication with the other centres, and the network as a whole will be in constant communication with other networks – whether through partner organisations, state governments, the Industry Capability Network, Austrade or others.

This will enable us to build up a permanent, readily accessible and truly national knowledge bank – a storehouse of information about what research is being done, what research SMEs need, what trends are developing, what technologies are available to meet those trends, and much, much more.

Why is it better?

Our new model will improve on the previous government's Australian Industry Productivity Centre program in several important respects.

First, we are putting our money where our mouth is and substantially increasing the investment – from \$35 million a year for the AIPC to \$51 million a year for Enterprise Connect, plus extra funds over the next two years to meet establishment costs.

Second, Enterprise Connect will operate from real sites where people can come together, obtain advice, generate ideas and exchange experiences. This will foster informal links, cross-fertilisation and the serendipity that is so important to the creative process.

Third, this is not just another business services program. As a national network with strong local roots and global reach, it will be an integral part of Australia's innovation system.

And fourth, centres will be able to build ongoing relationships with businesses by providing services graduated and tailored to meet each firm's evolving needs.

To borrow Jim Walker's phrase, business advisers and firms will be partners on a journey to excellence.

Enterprise Connect services will build business capabilities, but we also expect demand from business for increasingly sophisticated services to build the capabilities of Enterprise Connect, its advisers and its partners.

Learning

That's the vision. As I said at the beginning, it is built on both our own experience, and the experience of our peers.

We have drawn on a wide range of wisdom and information, just as we hope firms that use Enterprise Connect will do.

Our message to SMEs is that you don't have to do it all on your own – given the urgency and complexity of the challenges we face, you probably couldn't if you tried.

It is okay to learn from others – okay for individuals, okay for enterprises, and okay for governments.

That's the key to business improvement. There was a time not long ago when you could hand an Australian manufacturer a sheaf of tender documents and they wouldn't know which way was up. Now we're winning contracts to help build the Joint Strike Fighter.

In many cases, it is the key to business survival – remembering that 29 per cent of Australian start-ups with one or more employees – and 60 per cent of start-ups without employees – don't make it beyond their first three years. (ABS 8165.0)

It is the key to developing the human capital we need to drive the innovation process. As more and more businesses are discovering, the technology you use is only as good as the people using it – there is no point investing in one without investing in the other.

And it is the key to ensuring that Australia remains a country that actually makes things – a country with a dynamic and sustainable manufacturing base.

Announcement

We are very fortunate that Jim Walker has agreed to chair the interim board that will advise me on the strategic issues facing Australian manufacturers and the establishment of Enterprise Connect's manufacturing network.

It is my pleasure this evening to announce that the rest of the board is now in place. It's an all-star cast and it's great to have them on the team.

The business advisers assembled here tonight are also part of that team – arguably the most important part.

Let me conclude by welcoming you aboard, wishing you every success, and formally launching Enterprise Connect.