

## ADVANCE SUBMISSION TO THE INNOVATION REVIEW

*“In a decade's time, Australia should aim at realising productivity growth rates that not only keep pace with, but exceed, those of our principal competitors in the OECD.”*

Kevin Rudd, Prime Minister, March 28<sup>th</sup>, 2008

### 1. The need for Australia to fund global virtual talent clusters

Talent for science, technology and innovation is born all over the world and nurtured in many places. However, in the last century, talent capable of harnessing ideas and turning them into new businesses and economic centres, has concentrated in key global cities and established centres for research and innovation: Silicon Valley and Harvard/MIT/Boston are two well known examples.

Australia produces a healthy share of citizens with world class skills in the sciences and in industries with a high requirement of innovation. A large number of these, our most talented citizens, head overseas to pursue their careers and their creativity. This presents both a challenge and an opportunity for Australia.

In a wired world, a country which now has close to 10% of its working age citizens living and working overseas, should look to harness the economic and cultural benefits of this demographic phenomenon. I expect that in 2020 our three biggest resources will be: our people at home, our natural resources and our people-at-large- the world wide web of Australians.

Throughout the 1980s and 90s' economic development policy in the developed world was highly influenced by Michael Porter who wrote about the power of *clusters*: geographic concentrations of interconnected businesses, suppliers, and associated institutions in a particular field. Clusters affect competitiveness in three ways: by increasing the productivity of the companies, by driving innovation and stimulating the development of new business. In recent years, the theory and practice is being updated to reflect the distributed nature of business operations in the wake of globalisation. The new model is around *hubs and nodes* and *networks*.

The opportunity exists to build *virtual clusters*, social networks of talent in key fields.

Advance proposes that the creation of global virtual clusters of Australians in *life sciences; media communications and technology, arts & culture, financial services* and *green technology*.

Advance Global Networks (a not-for-profit organisation of Australian expatriates) with over 10,000 members, offices in New York, London and now Asia and members in key industries sectors around

the world, is taking the first step: developing the global network of Australians. But to properly leverage the economic and social value possible, these clusters need to be established, promoted, resourced and connected with their domestic Australian counterparts.

We understand that the CRC Programme had always envisaged a high degree of linkages and collaboration with overseas talent nodes. It does not appear that this level of engagement, linkage and collaboration has occurred.

Advance would like to work directly with the CRC programme to facilitate these networks and connections. Australians working overseas should be made far more visible to Australians based here so that the relevant collaborations can occur.

## **2. Required inputs:**

- ⇒ Robust social networking platform with member driven activity
- ⇒ Coordinators who research, cultivate and connect the Australian community abroad
- ⇒ Publishing and promotion of the products and benefits of engaging with the cluster
- ⇒ Business development in Australia to connect with all nodes and clusters with Australian centres of excellence in research and development

## **3. Benefits:**

- ⇒ Increased productivity of companies through direct reach into the global market for knowledge, talent, investment, partners, commercialisation opportunities
- ⇒ Clusters of talent, information and trust through access to global market knowledge, latest innovation
- ⇒ The development of new businesses
- ⇒ The promotion and development of visible and accessible return paths for talented expatriates

## **4. Investment required**

The cost of establishing, seeding, and promoting four robust global virtual clusters of Australians in life sciences; media communications and technology, arts & culture and green technology is estimated to be A\$3.8m over three years.

We look forward to further development of this platform for Australia's advantage.

## APPENDIX A. About Advance

### 1.1 Background

**Australia has one million people overseas and half a million of these expatriates are skilled professionals. The global market for talent is becoming borderless and many Australians will continue to build their careers and their lives abroad.**

This document outlines a proposal for Australia to get maximum economic benefit from its powerful diaspora. To capitalise on this opportunity, there is a need for a well-resourced, structured global network of professional Australians in key fields. The expansion of the Advance footprint world wide represents the highest yield and most cost effective way of government being able to make advantageous use of the Australian professional diaspora.

It is time to invest in the mechanisms that will enable the wealth of overseas Australian talent to be effectively engaged by the country. This paper calls for a small but judicious investment, a partnership between Australians overseas, Australian industry, federal and state governments. It is designed to leverage one of Australia's most valuable human resources – our talented people overseas.

### 1.1 About Advance - The Leading Network of Australians overseas

Advance is a global community of Australian professionals overseas headquartered in New York City, with established activities in Boston, Chicago, Los Angeles, San Francisco, Washington DC, London and recently Paris and Dublin with activities in development in Asia and the Middle East.

Advance is a unique expatriate organisation that focuses on expatriate professionals and organises its activities around industry sectors. Advance currently has 10,500 registered members worldwide. It is also unique in terms of geographic coverage with no other expatriate network offers live activities over so large a global footprint. Advance has been recognised by both the Singaporean and Canadian Governments as world best practice at building a next generation expatriate community and galvanising it toward economic development of the home nation.<sup>1</sup>

***Advance's mission is to galvanise the global community of Australians for the economic, cultural and social advancement of Australia. With 5% of Australia's population overseas at any one time (source: DFAT), ensuring this talent pool is not lost to the country is a national imperative.***

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<sup>1</sup> *Canada is Where Canadians Are: The Canadian Expatriate as an Element of International Policy.* Alison Loat, April 2004. Prepared for the Priorities and Planning Secretariat, Privy Council Office, Government of Canada.  
Contact Singapore Leadership Team in meeting of June 2004. We met with them again in 2007.

Our four main activities are: *industry specific networking*; *ambassador programmes* that resource and inform Australians overseas to promote investment, business tourism and trade opportunities in Australia; *Talent Return*: connecting Australians overseas with Australian corporates and recruiters in their field both online and through industry targeted events; and *Major Global Gatherings* like the Advance 100 Global Australians Summit.

Advance supports six global industry networks: Financial Services; Life Sciences; Media, Communications and Technology; Academia and Research; the Public and Charitable sector; and the Arts.

#### **ADVANCE GLOBAL ADVISORY BOARD**

Mr Ken Allen AM, Former Australian Consul General to New York & Chairman Emeritus of Advance.

H. E. The Hon. Richard Alston, High Commissioner to the United Kingdom.

Mr David Anstice, President, Asia Pacific Human Health, Merck & Co., Inc.

Sir Rod Eddington, Non-Executive Chairman, Australia & New Zealand, JPMorgan.

Mr Doug Elix AO, Senior Vice President & Group Executive, IBM Sales and Distribution.

Mr Bob Joss, Dean, Stanford Business School.

Mrs Josephine Linden, Managing Director, Goldman Sachs.

Mr Peter Lowy, Managing Director, the Westfield Group.

Ms Jennifer Nason, Managing Director, Global Head Technology, Media & Telecom Investment Banking JPMorgan.

Mr Brad Orgill, Chairman & Chief Executive Officer, UBS Investment Bank Australasia.

Mr Jeremy Philips, Executive Vice President, Office of the Chairman, News Corporation.

#### **1.2 Current status and funding sources**

Advance is an independent, non-partisan, not-for-profit registered as an incorporated association in the United States. We have also established an educational and charitable fund in the United States and plan to create similar funds in the United Kingdom and Hong Kong. Our funding sources consist of donations, corporate sponsorship and state and federal government fee for service partnerships. Our operating budget in the 2006 calendar year was US\$1.01m. To put this in perspective, the Singaporean Government allocated US\$11m to fund a global network of talent attraction and expatriate networking groups and the Scottish Government invests \$700,000.

#### **1.3 Rationale for expanding these activities**

The Senate Inquiry into Australian expatriates concluded that “expatriates can be an effective method of connecting domestic business with international sources of trade, investment and knowledge. It is crucial that in an expanding global economy, it is recognised that expatriates can be a conduit for connections, investment and collaboration. Networks that facilitate this connectivity are to be encouraged<sup>2</sup>.

‘Tangible benefits that can accrue to a home country from its diaspora; expats can prompt bilateral trade, promote FDI, act as business middle men. And when they return home, as they usually do, they bring with them new skills and experiences and networks.’

**Michael Fullilove, Program Director, Global Issues, The Lowy Institute**

The Lowy Report provided clear reasons why engaging the diaspora is important to Australia’s success internationally. A summary of the arguments is provided below:

*Australia’s diaspora is highly educated, prosperous, and successful* - Given our country’s population, the roll call of Australians in top international positions is extraordinary. While this list of pre-eminent Australian expatriates is impressive, it represents only the tip of the iceberg. Beneath this highly visible tier sit many other Australian workers and professionals, located in important sectors, often in regions of strategic significance. These highly talented individuals are inherently patriotic and willing to help Australians, Australian companies and Australia generally.

*Australia’s diaspora is large* - There are nearly as many Australians living offshore at any time as there are in Tasmania and the ACT combined. Best estimates are of more than 750,000 Australians living abroad with another 250,000 away on a short-term basis at any point in time.

*Australia’s diaspora can help overcome our size and location disadvantages* - The report cites examples where active, engaged expatriate networks generate economic benefits for home countries in the form of trade, tourism, and investment. Such network effects would be particularly valuable for Australia, given we face the twin disadvantages of a small population and significant physical distance from our trading and diplomatic partners. Effectively leveraging the power of our global diaspora will help connect us more firmly in the global economy.

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<sup>2</sup> *They Still Call Australia Home: Inquiry into Australian Expatriates*, Senate Committee Report, March 2005.

## **APPENDIX B. Advance 100 Global Australians Summit Outcomes**

### **1. General Consensus of the Summit**

The Summit confirmed the following ten principles:

1. The globalisation of the labour market for professional and executive talent is set to increase and Australians will continue to move off-shore for opportunities. A country with a population of 20 million with 5% of its population and 10% of its workforce overseas must engage this community.
2. The Advance 100 remain strongly connected to and well disposed to this country. Leading Australians overseas are a highly mobile group moving between countries. They have extensive networks and spheres of influence. Leading Australians overseas should be considered a major element in Australia's public diplomacy kit bag. They are currently almost totally unused with little global application of their talents and resources to Australia's public diplomacy objectives.
3. Leading Australians overseas present a dynamic and rich portrait of contemporary Australia (the arts, humanitarian leadership, science, financial services, general management, technology, media) which compliments other images of Australia and its primacy in sport and entertainment. It is important that this community is embraced in the national conversation and national spirit.
4. Australians overseas at the pinnacle of their careers would like to play more of a role in Australia's future in both a general and in industry specific ways. They possess the capacity to influence investment, trade and philanthropic flows from overseas and to contribute to important national debates (particularly in higher education; the development of innovative industries and capital markets policies). It is time to capitalise on the talent and goodwill of leading Australians overseas with the right mechanisms and investment to leverage this national resource.
5. The Advance 100 reinforced the importance to Australia of marketing our national capabilities and resources including global centres of excellence in research, business, education and financial services. There is more to Australia than being a great tourism destination and our international marketing and public diplomacy need to reflect this.
6. The technology and communications infrastructure now exists to sustain and support a global community of Australian professionals organised by industry groups and connected to Australia. Australians are able to stay informed about Australia, read newspapers and maintain networks

in Australia. The quality and potential outcomes of developing this network are enriched by the technology.

7. The Advance 100 Global Australians Summit represented a powerful milestone on this journey to create a formidable, global, responsive network of leading Australians around the world as an important Australian asset. This event should be held on a bi-annual basis.
8. The Advance 100 overseas are prepared to invest, personally and through their businesses and corporations, in a partnership with federal and state governments to strengthen Advance and build out this network and ensure it delivers valuable outcomes for Australia.
9. There is urgency for Australia to increase our investment and improve our performance in higher education, research and development. A consensus emerged that Australia has been slipping behind in this area for sometime. Given the competition coming on-stream, particularly in the Asia region, the future prosperity of Australia depends upon well resourced institutions of higher learning, research and development and commercialisation.
10. The Advance 100 at the Summit and subsequently, have expressed a desire to make the most of this opportunity to build on this momentum and to continue to work to develop the structure to leverage the “world wide web” of Australians. Advance is seen as an excellent vehicle to drive this plan, possessing existing infrastructure and track record, traction in key centres and an expanding global footprint.

## **2. TEN RECOMMENDATIONS THAT EMERGED FROM THE ADVANCE 100 GLOBAL AUSTRALIANS SUMMIT.**

The Summit put forward ten recommendations for engaging the Australian diaspora and enhancing links between Australia and Australian professionals overseas. These recommendations are designed to be implemented through partnerships between Australian corporations, government, non-government organisations and institutions, and Australian professionals overseas.

1. Include expatriates in the national conversation – recognize the importance of maintaining connections with this important constituency.
2. Develop infrastructures and industry networks – support the creation of infrastructures and networks to keep Australians overseas connected to each other and Australia.
3. Expand online networks – support the development of online communities, services and content for Australian professionals overseas.
4. Foster public diplomacy – expand programmes to leverage leading Australians overseas to promote Australia as a trade, investment, education and tourism destination.
5. Support talent return – promote initiatives to recognize the value of overseas experience for Australian business and to attract Australian professionals overseas back to Australia.
6. Leverage existing networks – support coordination between existing expatriate and alumni networks worldwide.
7. Enable philanthropy from afar – champion the creation of off-shore philanthropic funds with the appropriate legal and financial infrastructure to allow Australians overseas to make tax-deductible contributions to Australian not-for-profit institutions.
8. Collect comprehensive data – build a database of quality information about Australian professionals overseas.
9. Promote citizenship and voting – encourage active citizenship and involvement in Australia’s democratic processes.

10. Implement policy and coordination – instigate appropriate vehicles for maintaining momentum and stewarding programmes to achieve the objectives of an engaged and informed community of Australian professionals overseas.