Address to the BCA 2011 Annual Dinner
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Sydney

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Introduction

Prime Minister, members of state and federal parliaments, other very distinguished guests, fellow members and friends of the Business Council of Australia.

Thank you Donna for your warm ‘Welcome to Country’. Thank you also Jennifer for your kind remarks.

It has been my privilege to serve as President of the Business Council of Australia over the past two years, and to represent the views and interests of some 120 chief executives whose enterprises are central to the nation’s wellbeing.

While our CEO members are strongly competitive in their respective sectors, they come together through the Business Council of Australia to contribute to good public policy for the greater prosperity of all Australians.

Our members play a central role in realising Australia’s economic potential. They create jobs both at home and abroad, generate Australia’s wealth, and connect Australia with the rest of the world, while contributing this year some $36 billion in direct taxes, employing 1.2 million people directly, and providing the backbone of our superannuation savings.

Our vision is for Australia to be the best place in the world to live, learn, work and do business. This is an entirely realistic and achievable vision if we make the right policy choices. Achieving this vision will depend on our sustaining a strong and competitive economy that will afford us those choices, and generate the productivity and resources we need to be the world’s best.

In this room tonight are people from across the Australian community with whom we have worked during the past year. There are people from education, the arts, government at all levels, Indigenous organisations, peak bodies, the union movement, policy think tanks and from businesses, large and small.

If I were to identify one impression in particular from my two years as BCA President, it is the importance of different sectors of our community coming together to find
common ground if we are to make progress on essential reforms and if problems are to be addressed and disagreements resolved efficiently and intelligently.

We need to confront our challenges and our differences openly and with a common commitment to the national interest. This is the only way to make the adjustments that will ultimately need to be made to preserve and improve our quality of life.

And I sense that most Australians know this.

Making the best choices for Australia isn’t the easy option for any of us. Reform requires genuine leadership, not only on the part of our political leaders, but on the part of business and community leaders as well.

Tonight, rather than trying to summarise the past two years of BCA contributions to public policy, I thought instead I’d share four short vignettes from my time as president that for me shine a spotlight on some of the more challenging policy issues that will be high on the agenda of my successor.

**Australia–China relations**

The first vignette relates to Australia’s relations with our largest trading partner, China. In June last year I co-chaired with Mr Chen Yuan, Chairman of China Development Bank, the inaugural meeting of the Australia–China CEO Roundtable in Canberra. This gathering coincided with the visit to Australia by Vice President Xi Jinping who came with a 747 filled with more than 200 senior Chinese business leaders. The roundtable dialogue was warmly embraced by CEOs from both countries.

At the end of our session, it fell to me to present the outcomes of the roundtable to Vice President Xi and to former Prime Minister Rudd. The next day I shared a delightful lunch with the Vice President at Government House in Yarralumla, during which I asked him why he was taking his entire business delegation to Darwin on the way home to Beijing.

His reply was an insight.

He explained that he wanted to take the delegation to see the Aboriginal rock art at Kakadu. “Why?” I asked. “Because your Governor-General gave us some beautiful pieces of Aboriginal art when she visited Beijing and I wanted to see more. And also,” he added “the Northern Territory is the only capital city on the mainland that I have not yet visited.”

Here was the man who will in all likelihood be the next president of the planet’s most populous, emerging superpower who had visited every mainland state and territory. What does this say about the importance China places on relations with Australia?

To me, it illustrated a point that our former Ambassador to Beijing Geoff Raby has since reinforced in work he has been doing with the BCA. It is this:

After 3,000 years of complete self-sufficiency, in less than a decade China has become dependent on the rest of the world for nearly every commodity it needs, from metals to energy to food. This has created a strategic, not just commercial, imperative for China to forge a close relationship with a major supplier like Australia.
A closeness that extends to appreciation of our ancient Indigenous heritage as well as trade and commerce.

The opportunities that this potential for a deep relationship opens up for Australia are far reaching. Realising them fully will likely involve shifting our mindset about China engaging at a more complex government-to-government and government-to-business level than we are used to doing. We must approach this opportunity with the same commitment that we have given to our relations with Britain and the US. We, therefore, welcome the Prime Minister’s white paper on Asian engagement. Getting this right will be all important to our future prosperity.

**Seamless national economy**

My second story comes from Europe and relates to the BCA’s efforts to reduce outdated, productivity-sapping regulation and to create a more efficient and seamless national economy.

Last June I was privileged to lead the European Australian Business Council’s business mission to Europe together with a number of BCA representatives, and our mission visited the European Parliament sitting at the time in Strasbourg.

With the help of our EU ambassador, Brendan Nelson, we learnt much about the economic and policy choices that have led European governments into historic deficits and sovereign debt crises – choices born of complacency and poor leadership – but we also learnt about the structural change European countries have undertaken which have the potential to see them come through their current difficulties with stronger and more competitive economies. Necessity is, after all, the mother of invention.

I was particularly impressed by the progress that has been made by the European Parliament’s single market committee, which has been working with considerable success to harmonise business regulation across 27 nations of Europe – product standards, business licensing, recognition of trade and professional qualifications, energy standards and transport regulation.

It struck me that, notwithstanding their many problems, and despite the fact that they need 27 national parliaments with many national languages to sign off on every harmonisation, Europe has made more progress in this area than our Australian federation has been able to achieve in recent years.

Making real progress towards our seamless national economy must remain a high priority over the next two years.

**Human capital and innovation**

My next story comes from Israel and concerns human capital and innovation.

As BCA President, I led a business mission to Israel for the Australia–Israel Chamber of Commerce last April. As a first-time visitor to Israel, one cannot but be impressed by the energy, innovation and entrepreneurism that makes a small country like Israel a global centre for hi-tech innovation.
It struck me when I was in Israel how much our two countries have in common. We both have small populations with richly diverse, highly educated people drawn together from many parts of the world. We both have punched above our weight in research and development across many fields of sciences.

My experience there impressed on me how the coordinated, holistic approach taken by the Israeli Government to foster science and innovation has unleashed a culture of entrepreneurship centred around IT, clean technology and agri-technology, and created a self-renewing ecology of human talent development.

During our visit we met with the former chief government scientist, Dr Orna Berry, who, during four years in that role, has overseen a government program that provides small amounts of venture capital to start-up technology companies and closely monitors their progress. Dr Berry told me that, so important is the science and technology agenda at every level of the government, during her four years in the role she met or spoke with the Israeli Prime Minister every fortnight.

There is much we can learn from this model for channelling our national commitment to deepening Australia’s human capital into commercial enterprises that, if competitive in the global market place, will diversify our economy and create jobs and opportunities for Australians far beyond the commodity boom.

**Garma**

The last of my anecdotes this evening brings us back to Australia, to Yolngu country in north-east Arnhem Land.

Of many unforgettable experiences I have had as BCA President, attending the Garma Aboriginal cultural festival in August as a member of the Prime Minister’s Expert Panel on Constitutional Recognition of Indigenous Australians was a real highlight.

The campfire chats with Indigenous leaders and thinkers were enlightening, covering profound questions about how we can work more effectively together as fellow Australians to create a more inclusive nation and make real progress in overcoming historical disadvantage.

But the most moving memory from Garma was the bungul ceremony – the evening dance performance – on the second night of the festival. Those of you familiar with events like Garma will know that the evening bungul brings everyone together to watch the local and visiting clans sharing their culture through music and dance.

The first night’s bungul this year was in honour of Timor L’Este’s President, Jose Ramos Horta. The second, conducted with the same solemnity, was to celebrate four young Yolngu men receiving their forestry trade certificates from the Northern Territory Education Commission.

Local clans were joined in recognising their personal achievement in education, training and employment – the only truly viable way forward out of the poverty and welfare trap for our Aboriginal fellow citizens.

Around the oval that evening were representatives of a number of BCA member companies who take their responsibilities in this area most seriously and through
innovative efforts in employment and education are making an important contribution.

As Jennifer has mentioned, on your tables you will have seen the report of our latest annual survey of members' Indigenous engagement activities. The record response rate of members has been a matter of great satisfaction to me and I think you will agree that the innovation of our companies in this complex area of national life is both impressive and inspiring.

These efforts focus on employment, training and education, but many companies now recognise that making a difference also involves cultural understanding, relationships with Indigenous organisations and communities, and supporting Indigenous enterprise.

While our members are realistic about the scale of this challenge, the great majority of companies that have strategies in place are now reporting good progress and believe they are starting to make a difference.

**Closing thoughts**

The four experiences I've mentioned this evening were not chosen to convey a comprehensive final message on my part. But in contemplating why these experiences stand out for me, I came up with three reflections.

First, I want to encourage business leaders in Australia to continue engaging actively in national policy debate. I have over the past two years urged chairman and chief executives alike to do this. It is what the public expects and deserves from its business leaders.

Second, I have called for a more collaborative and consultative compact between government and business to solve national problems. We in business are too often portrayed as the bad guys, the greedy guys, the big polluters. While business should never be above criticism, Australia's business corporations – especially our largest business enterprises – should be natural and essential partners with government in realising Australia's potential.

That is how a successful economy should and must work: it must solve its problems through mutually respectful consultation. It is an example of the maturity we can bring to this challenge that, after the events of the past fortnight, we have as honoured guests here tonight both the Prime Minister and Alan Joyce.

My third and most heartfelt reflection is that all of us, government, business and the wider community, we must avoid the easy temptation of complacency about our economic prospects. Our potential is great but success is not guaranteed. We must do all we can to promote, not shackle, our most competitive enterprises if they are to succeed in a fast-changing global marketplace.

We must, as a nation, choose the path of productivity, not the path of complacency that is, inevitably, the road to Athens.
Special thanks

I want to close with thanks to my board, including new board members elected today – Gail Kelly and Grant King – and thank especially retiring board members Robert Milliner and Ralph Norris who have contributed significantly to the BCA over many years. My thanks to board members John Denton, Richard Goyder and Graeme Leibelt for their support and guidance. My thanks also to members of the secretariat for their wonderful support and to the two chief executives with whom I have served, Katie Lahey and Jennifer Westacott. It has been a privilege to work with both these exceptional women leaders.

New president

Finally, before leaving you to enjoy your entrée, it is my great pleasure to announce my successor as BCA President. This afternoon at our AGM, members endorsed Tony Shepherd as the next president.

I am delighted that Tony will succeed me. I have known Tony for nearly 20 years.

Tony began his career in the federal public service, including time in the Australian Embassy in Washington DC. He has been an executive with the Transfield Group since 1979 where he has overseen major projects in Australia and South East Asia, including the Sydney Harbour Tunnel, our ANZAC Warship project, the Melbourne CityLink, the Mitcham to Frankston Freeway and the Victorian desalination plant.

Given the priorities the board and I see for the BCA and for Australia over next two years, we are excited that Tony will bring to this role his deep experience in the provision of vital infrastructure, in tax policy relating to businesses investment and in facilitating a well-functioning labour market that supports productivity.

Tony is also someone who contributes to our community in a variety of ways. He is a director of the Australian Chamber Orchestra, a trustee of the Sydney Cricket Ground Trust and he is also attempting the near impossible in creating the Great Western Sydney GIANTS, the AFL’s newest club, in Western Sydney. This is a man who doesn’t baulk at a challenge.

I wish Tony and the Business Council of Australia the very best in building on the important contribution this organisation has made to Australia over almost three decades.

Thank you.

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