



Australian Institute of Performance Sciences

SUSTAINED VALUE-CREATION OUT-PERFORMANCE

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Select Committee on the Future of Work and Workers
Department of the Senate
P.O. Box 6100
Parliament House
Canberra ACT 2600

By email: futureofwork.sen@aph.gov.au

re: Impact of technological and other change on the future of work and workers in Australia

To the Committee Secretary:

Thank you for the opportunity to submit comments to the Committee's Inquiry into impact of technological and other change on the future of work and workers in Australia.

The Australian Institute of Performance Sciences has been formed to drive a major increase in effective innovation performance in the bulk of the mainstream of the Australian economic ecosystem, which is made up of large corporate, government and investor community. This will have a significant pull-through effect to stimulate higher levels of innovation and growth across the rest of the economy.

We are formed as a collaboration around breakthrough Australian research that indicates new strategic action capable of stimulating \$100bn additional annual corporate investment focused on innovation, productivity and export growth. This alternative action is set to be achieved without corporate welfare, blank-cheque incentive programs, or regulatory change – and can operate in addition-to, not as a choice-between, other actions.

Overview

In a connected world Australia cannot shut out technical change without injuring ourselves. Change, from technology and other sources brings both threat and opportunity.

The threat is that we fail to adapt adequately; that Australia is left behind economically, that amplified divisions across Australian society are allowed to undermine our national ethos, and that our society's well-honed rules and structures become irrelevant, ineffective and counterproductive in changed circumstance. These threats are real and present.

The only path to sustain Australia's lifestyle into the future is to be highly effective in engaging opportunity. Our future success will be dictated by our ability to adapt and innovate at pace, successfully, whilst achieving sustained high-performance in both economic and social outcomes.

The Future of Work is a classic case of supply and demand. Australia has excellent ‘raw materials’ in the form of an educated and personally capable workforce. Supply can be met if there is sustained, viable demand. Australia will only develop sustained knowledge-economy ‘jobs of the future’ if it has private and public sector organisations who are delivering effectively and successfully in knowledge-economy operations.

Troublingly, Australia’s private and public organisations and systems are not operating at peak performance to engage with, and capitalise on, the opportunity available to them – or even to respond to the present threats. Australian economic leaders need to collaborate to drive higher-paced economic and public value-creation, that activates Australia’s latent knowledge-worker capacity.

New Australian research has identified high-performance in large-scale Australian organisations. It has identified the causal steps that leaders need to take to enable their organisations to ‘phase shift’ to these higher levels of effective value-creation productivity. ***Here we define productivity as more effective creation of new value – not cost cutting.***

Enhancing Australian organisations performance to compete successfully in the global economy is the only thing that will bring Australia new economy jobs, and the only thing that will maintain the high standards of living that the Australian populace expects to enjoy into the future.

We are delighted to be able to inform the Committee of new knowledge and new perspectives arising from breakthrough Australian research. And, to recommend how this knowledge provides new pathways to address the questions put to the Select Committee on the Future of Work and Workers, and new action to sustain Australia’s future economic wellbeing:

- TOR 1. the future earnings, job security, employment status and working patterns of Australians;*
- TOR 2. the different impact of that change on Australians, particularly on regional Australians, depending on their demographic and geographic characteristics;*
- TOR 3. the wider effects of that change on inequality, the economy, government and society;*
- TOR 4. the adequacy of Australia’s laws, including industrial relations laws and regulations, policies and institutions to prepare Australians for that change;*
- TOR 5. international efforts to address that change; and*
- TOR 6. any related matters... Here we bring to your attention:*
 - a. A new perspective and new pathway for stimulating new economy activity and jobs*
 - b. A recommendation for enhanced organisations, not ‘a hope for heroes’*

We recommend that the Commonwealth Government engage in its role as a community and economic leader to support the actionable thought leadership recommended here for the benefit of the social and economic futures of Australia.

The AIPS in this submission presents both a new perspective and specific new pathways for action.

Summary of Key AIPS Recommendations (see full list on page 12)

- REC 1.** It is recommended that Government take exemplar action as a Foundation Participant supporting the formation of the cross-industry Australian Institute of Performance Sciences collaboration in line with its scale as a major participant within the Australian economy.
- REC 2.** It is recommended that Government commission the development of a report “Opportunities for Sustained High Performance Value Creation in the Public and Community Sectors: effectiveness, innovation, stewardship and leadership for a new era”.
- REC 3.** It is recommended that Government commission the development of a report “Opportunities for Sustained High Performance Value Creation in Commercial and Investment Markets: enhancing Australia’s future economic success”.
- REC 4.** It is recommended that government support the creation of an independent apolitical standing forum for collaborative early stage development of a) options for agile regulatory responses and b) innovation in Public and Community sectors.

Terms of Reference 1:

TOR 1. *The future earnings, job security, employment status and working patterns of Australians;*

AIPS COMMENTARY TO TOR1:

- The major trend across global advanced economies is the transition to a knowledge economy. Australia's future economic and social success hinges on our ability to create high-performance knowledge-worker roles, and activate enhanced knowledge contribution from all workers. These are roles that are effective in sustained value-creation in competitive knowledge service businesses. This is the future reality of the global economy in which Australia competes, and the only mechanism to **secure long-term employment growth**.

"The Fourth Industrial Revolution, combined with other socio-economic and demographic changes, will transform labour markets in the next five years, leading to a net loss of over 5 million jobs in 15 major developed and emerging economies. Skills and jobs displacement will affect every industry and geographical region, but losses can be offset by job growth in key areas." THE FUTURE OF JOBS, WORLD ECONOMIC FORUM, 2016

"Long-term oriented firms added nearly 12,000 more jobs on average than other firms from 2001-2015. Had all firms created as many jobs as the long-term firms, the US economy would have added more than five million additional jobs over this period. On the basis of this potential job creation, this suggests that the potential value unlocked by companies taking a longer-term approach was worth more than \$1 trillion in forgone US GDP over the past decade." MEASURING THE ECONOMIC IMPACT OF SHORT-TERMISM, MCKINSEY GLOBAL INSTITUTE, 2017

- Higher value-contribution from staff, within higher value-creation activities in new era business operations (Productivity redefined from 'cost-cutting', towards 'more effective creation of new sustained value') is fundamental to Australia being able to afford and deliver **sustained long-term wage-growth**.

"Wages and salaries in Australia's labour market are exhibiting their weakest growth in the history of the relevant statistics... imposing great harm on affected workers, their families, government budgets, and Australia's macroeconomic performance. (The consequent) reduction in post-retirement incomes should be of direct concern to superannuation trustees and administrators... And, Governments will share a significant portion of the resulting damage: they will collect less in taxes on superannuation contributions and investment income, and will pay out more in means-tested Age Pension benefits." THE CONSEQUENCES OF WAGE SUPPRESSION FOR AUSTRALIA'S SUPERANNUATION SYSTEM. THE AUSTRALIA INSTITUTE, 2017

- Stimulation of new-era growth as a counterforce to the pressure on traditional economy jobs can operate immediately. Australia's high levels of education, and latent staff contribution in all organisations, means large numbers of Australian workers can participate. As new-era roles are created, backfilling will give other workers opportunity to advance. **Economy-wide this presents as 'trickle-up economics'**.

"Productivity growth is the main long-term driver of growth in Australian incomes and living standards... When productivity leaps in Australia, all incomes eventually rise. Average productivity growth is not good enough. In the period between now and the next of these Reports in 2022, income growth in Australia is likely to be about half of historical levels." 5 YEAR PRODUCTIVITY REVIEW, THE PRODUCTIVITY COMMISSION, 2017

- Australia has the ‘raw materials’ in human and ideas capacity, as well as the financial capacity to compete in the global digital economy and knowledge economy; however, it lacks management capacity to bring it to effective value creation outcomes.

“Australia has the relevant skills but lacks the capacity to manage and use these skills and other inputs for innovation...Australia needs to improve the way it turns knowledge inputs into outputs to become a more efficient and successful innovator.” SKILLS AND CAPABILITIES FOR AUSTRALIAN ENTERPRISE INNOVATION, AUSTRALIAN COUNCIL OF LEARNED ACADEMIES, SAF10, 2017

Australia is ranked #73 globally for effective innovation performance, just behind Pakistan and Zambia. (reported from) GLOBAL INNOVATION INDEX, INSEAD, 2016

Australia’s Gross expenditure on R&D is rated 15 of 37. Australia’s high-growth enterprise rate, measured by employment growth is rated 27 of 27. (reported from) PERFORMANCE REVIEW OF THE AUSTRALIAN INNOVATION, SCIENCE AND RESEARCH SYSTEM, INNOVATION AND SCIENCE AUSTRALIA, 2016

- Research has identified that this failure in management decision-making arises in part from a system-wide lack of effective long-term measures.

“To break free of the tyranny of short-termism, we must start with those who provide capital...If these players focus too much attention on the short term, capitalism as a whole will, too. In theory they shouldn’t, because the beneficiaries of these funds have an obvious interest in long-term value creation. But although today’s standard practices arose from the desire to have a defensible, measurable approach to portfolio management, they have ended up encouraging short-sightedness. Fund trustees, often advised by investment consultants, assess their money managers’ performance relative to benchmark indices and offer only short-term contracts. Those managers’ compensation is linked to the amount of assets they manage, which typically rises when short-term performance is strong. Not surprisingly, then, money managers focus on such performance—and pass this emphasis along to the companies in which they invest. And so it goes, on down the line.” CAPITALISM FOR THE LONG TERM, DOMINIC BARTON, 2011

“Information Dysfunction: Peter Drucker observed ‘what gets measured gets managed’. In a short-termism world, corporate and investment performance measurement systems have short-term orientations. Longer-term information is seldom demanded or provided.” KEITH AMBACHTSHEER, DIRECTOR EMERITUS OF THE INTERNATIONAL CENTRE FOR PENSION MANAGEMENT, ROTMAN SCHOOL OF MANAGEMENT, UNIVERSITY OF TORONTO, 2017

- Research has identified a broadly applicable, generalised model for the **Governance of Value Creation** in complex large-scale organisations. Implementation of this model has been shown to be technically feasible and aligned to Australian corporate cultures across all forms of commercial, public, community and investment sector organisations, systems and networks. It explains the practices leading to the sustained out-performance of successful Australian companies, such as the large-scale international success of CSL.
- This Governance of Value Creation knowledge, and the resultant organisational capacity for effective innovation (value-creation), delivers sustained out-performance. This is occurring now in well-run, mature, principled organisations – not just the high profile ‘unicorn’ success stories we most frequently read about. It is possible. It can be achieved. There are Australian examples.

“I cannot make wiser leaders, but I can give insight and foresight to make better decisions” DANNY DAVIS, 2018

- All organisations want to get the greatest value ‘return’ from their investment in staff. And research shows, the more staff contribute value to collaborative purpose, the greater their

motivation, job satisfaction and personal fulfilment. Governance of Value Creation demonstrates high performance value-creation in large organisations, and explains how this staff engagement can be achieved.

“The person who figures out how to harness the collective genius of the people in his or her organization is going to blow the competition away.” BUILDING LEARNING ORGANIZATIONS, PETER SENGE, 1994

- U.S. ‘unicorn’ businesses have been exposed for frequently toxic work practices. Cool, but toxic. These are not the working conditions that should be adopted by Australian businesses. Culturally appropriate high-performance Australian examples exist and should be recognised.

Sustained job growth and wage growth is vital for maintaining Australia’s economic and social well-being. Enhanced value-creation capacity in the mainstream economy (across corporate, public and community sectors) provides the greatest possible stimulus to the creation of ‘good’ and sustainable knowledge economy jobs.

Terms of Reference 2 and 3:

TOR 2. the different impact of that change on Australians, particularly on regional Australians, depending on their demographic and geographic characteristics;

TOR 3. the wider effects of that change on inequality, the economy, government and society;

AIPS COMMENTARY TO TOR2 AND TOR3:

- The AIPS has little commentary to add to existing reports on the potential harm that a poorly engaged future could inflict on the Australian community. Poorly engaged change through this (as the WEF calls it) ‘Fourth Industrial Revolution’ will have deep impacts that will be universal, uneven, and inequitable. Equally, well embraced change has the capacity to help all. The pertinent question is “Do we have the National appetite and enhanced capacity to do ‘a great job’ of embracing change with an effective, culturally aligned and community supporting approach?”
- Focus should be placed on creating an enhanced capacity to engage innovative ideas, and to achieve more effective economic and social outcomes across the Commercial, Public and Community sectors. This would act as a stimulus to the Australian SME and ideas economy, and, at the same time, provide better social outcomes from public expenditure.
- The flow-on effects, and geographic reach, of increased economic activity is illustrated in the recent emergence of a globally significant Mining Services Sector in Australia as a result of servicing the investment needs of the Mining boom. This sector initially serviced local companies and then expanded to become a significant exporter of globally competitive services.
- Enhanced capacity for effective innovation in large-scale organisations is the actionable key to unlock the Australian economy’s latent knowledge-worker capacity. Innovative companies, researchers and scientists, who are creating measurable value in collaborative partnership with large-scale clients are more likely to find sustainable success.

“Better translation of research into commercial outcomes... will help drive innovation in Australia, grow successful Australian businesses and research capacity, and boost productivity and exports.”
RESEARCH ENGAGEMENT FOR AUSTRALIA, ATSE, 2015.

Global technology opportunity is vital for all businesses and Australia’s working future. Enhanced value-creation capacity in the mainstream economy (across corporate, public and community sectors) provides the greatest possible stimulus to building future-proof work opportunities in those large businesses, the ideas economy, the services economy, and across the Australian SME sector.

Terms of Reference 4:

TOR 4. the adequacy of Australia’s laws, including industrial relations laws and regulations, policies and institutions to prepare Australians for that change;

AIPS COMMENTARY TO TOR4:

- We are moving inexorably towards a world of universal online commerce, internet design libraries, digital printing and digital manufacture. In this future, even simple retail businesses are indistinguishable from knowledge-economy services businesses. To survive they must differentiate through knowledge, convenience, personal engagement, customisation and other forms of innovative services value-add.

“New is not risk. Risk is thinking things will remain as they are. We need to re-imagine value when the product you sell, and the product you make, has zero value. Where is your value in data? Where is your value in virtual?” DANNY DAVIS, “VALUE IN VIRTUAL”, KEYNOTE SPEECH TO AUSTRALIAN MANUFACTURING CONFERENCE., 2015

- To remain viable, Australian business will need to provide digitally-connected innovative services that compete successfully with global online competition. These businesses, and their global counterparts accessing local markets, will challenge and stretch Australia’s existing suite of regulations and regulators.
- Australian regulation is going to need to be increasingly agile within a global online business environment. Regulation will need to strike a balance, ensuring Australian business have a level playing field with internationally based competition, and ensuring Australian consumers are given appropriate protections.

“Further major innovation-driven change is coming in financial services. Joint, concerted action is needed to enable the system to reap the benefits of innovation. Managing systemic risks introduced by this wave of innovation poses challenges.” BALANCING FINANCIAL STABILITY, INNOVATION, AND ECONOMIC GROWTH, WORLD ECONOMIC FORUM, 2017

- The speed, and complexity of technology enabled change will challenge existing regulatory development practices.

Enhanced capacity for responsive Australian regulation developed and matured in collaboration with industry and community will have a significant influence on the performance of the Australian SME sector, the services sector and the knowledge economy.

Terms of Reference 5:

TOR 5. international efforts to address that change; and

AIPS COMMENTARY TO TOR5:

- Many issues and challenges of change in the globalised economy are widely understood. Many organisations, disciplines, leaders and global initiatives are strongly invested and engaged in trying to address the challenges. Few are having significant impact. Research reports that the model to identify, guide and engage optimising solutions is not yet available to Australia's leaders.
- Research demonstrates existing best intention efforts, within organisations, and across the globe are working predominantly within silos. This is identified in the research as "Islands of Excellence". The research demonstrates that extensive investment in virtuous improvement within those "Islands of Excellence" fails to deliver more effective outcomes.
- Breakthrough Australian research has identified Governance of Value Creation as a cross-discipline integrated governance framework that enables more effective decision-making, leadership, organisations, systems and networks.
- We would like to draw the Committee's attention to various global initiatives that have provided background thinking to the Governance of Value Creation, and the creation of the Australian Institute of Performance Sciences. ***Recommendations to the Institute's whitepapers are provided at the end of this submission.***
 - The extensive background materials available on Integrated Reporting.
 - The extensive background on the United Nation's Global Reporting Initiative.
 - The global movement on a broader look at corporate social responsibility as represented by 'Purpose of the Company' and their 'Corporate Governance for a Changing World' report.
 - Extensive Australian and Global work on Public Stewardship and Social Outcome Measures.
 - Extensive global work on Active Ownership in the investment community

Terms of Reference 6:

TOR 6. Related Matters ... which we bring to your attention:

- a. A new perspective and new pathway for stimulating new economy activity and jobs*
- b. A recommendation for enhanced organisations, not 'a hope for heroes'*

AIPS COMMENTARY TO TOR6 "A NEW PERSPECTIVE AND NEW PATHWAY FOR STIMULATING NEW ECONOMY ACTIVITY AND JOBS":

- Australia is not adequately investing in, nor creating adequate growth in, new era economy streams of business. Without new era business growth, there will not be new era jobs. In a decade of unprecedented global threat and opportunity, Australia's corporate capital investment and profits have flat-lined.

"Business investment, which is critical to economic growth, has been underperforming in recent years... Investing in new productive capacity creates employment, raises future incomes and both

creates and embodies new innovation." INTERGOVERNMENTAL REVIEW OF BUSINESS INVESTMENT, HEADS OF TREASURIES, 2017

"Australia is now experiencing its biggest ever five-year fall in mining investment, as a share of GDP. And non-mining business investment has fallen from 12 per cent to 9 per cent of GDP, lower than at any point in the 50 years from 1960 to 2010... What should the Australian government do to encourage investment? There are no silver bullets – only tough choices. And we need to set realistic expectations that these choices will only produce incremental increases in investment... Lower growth may well be the 'new normal', and investment is likely to remain below previous peaks." STAGNATION NATION, GRATTAN INSTITUTE, 2017

"The investment slump is particularly concerning... It implies that capital-intensity in the bulk of the Australian economy will not grow at the historical average, putting future downward pressure on labour productivity. Investment, after all, is what creates the new tools for labour to lift production beyond the previous norm." 5 YEAR PRODUCTIVITY REVIEW, THE PRODUCTIVITY COMMISSION, 2017

- Research has identified foregone, above-hurdle, innovation opportunities in ASX listed companies the vicinity of \$100Bn due to systemic short-termism and the resultant 'perverse incentives'.

"The tendency of capital markets to focus on the short-term puts the realisation of immediate market value at the centre of corporate attention. And, as a result... encourage excessive risk taking at the expense of long-term wealth creation, society and sustainability." CORPORATE GOVERNANCE FOR A CHANGING WORLD, CASS BUSINESS SCHOOL, 2016

- Research has identified commonly used practices that inadvertently encapsulate elevated risk, frequently resulting in value-destruction. It has identified enhanced practices that enable larger, more entrepreneurial, more effective value-creating innovation portfolios containing lower overall risk. **High performance growth does not require increased risk-taking. It requires enhanced decision making.**

"75% of respondents admit that their projects are either always or usually doomed right from the start" GENECA, WHY A MAJORITY OF BUSINESS AND IT TEAMS ANTICIPATE THEIR SOFTWARE DEVELOPMENT PROJECTS WILL FAIL, 2011

"There are only two phases of a program. The first is 'It's too early to tell.' The second: 'It's too late to stop'." FITZGERALD'S FIRST LAW, A. ERNEST FITZGERALD, US MILITARY FINANCE

- Research has identified the potential for application of Governance of Value Creation in the Public and Community Sectors. This would enable enhanced stewardship, consistently aligned system-wide enhanced decision-making, and the achievement of more effective social outcomes.
- Research has identified sovereign wealth and superannuation asset owners' aspirations for long-term sustainable investment and 'active ownership' can be achieved through Governance of Value Creation approaches. It shows that these have significant influence on market behaviours, and sustained investment performance, through the utilisation of appropriate long-term sustained-performance measures.

"(CEOs should) resist the powerful forces of short-termism afflicting corporate behaviour... and should lay out for shareholders each year a strategic framework for long-term value creation... and explicitly affirm that their boards have reviewed those plans." LARRY FINK, CEO BLACKROCK (\$4.5 TRILLION IN ASSETS), 2017

“Boards have on the whole become less, rather than more, effective. Boards are not effective if they represent good intentions. Boards are not effective if they represent ‘investors’. Boards of business enterprises are effective if they represent strong owners, committed to the enterprise.

...The need for an effective board has been stressed by every student of the publicly owned corporation in the last 40 years. To run a business enterprise, especially a large and complex enterprise, management needs considerable power. But power without accountability always becomes flabby or tyrannical and usually both.

...I suspect that in the end we shall develop a formal business-audit practice, analogous perhaps to the financial-audit... based on predetermined standards (of) a systematic evaluation of business performance.

...It may not be too fanciful to expect that in ten years a major pension fund will not invest in a company's shares or fixed-income securities unless that company submits itself to (such) a business-audit.” PETER DRUCKER, RECKONING WITH THE PENSION FUND REVOLUTION, 1991.

The Australian Institute of Performance Sciences has been formed as a collaborative initiative between large business, government and investors to further develop and apply Governance of Value Creation knowledge to positively impact the future of the Australian economy. We seek to lift effective value-creation performance across the Australian economy to make it more competitive in a new era of global competition.

AIPS COMMENTARY TO TOR6 “A RECOMMENDATION FOR ENHANCED ORGANISATIONS, NOT ‘A HOPE FOR HEROES’”:

- We would like to caution the Committee on an over-focus on the supply side of the jobs and skills equation. This could allow a narrative that Australian workers are ‘not good enough’, and are preventing Australian organisations from competing effectively.
- We believe that this is contraindicated by the very high levels of average education in the Australian community as compared to competing regions, the evidence of highly successful expatriate Australians, and the extent of latent, unharnessed and frustrated value reported by Australian workers. It is also contradicted by research from the Australian Council of Learned Academies (ACOLA) reported earlier in this submission.
- The problem in the Australian community has been called out as the lack of appropriate leadership.
- This is partially true, but falls on the same argument. Our leaders are far from incompetent. They, like all workers, are captive to under-effective systems. The leadership, governance and decision-making practices that were appropriate 30-40 years ago, are still operating to prioritise the types of projects that were good for us 30-40 years ago. We cannot simply tell competent professionals to forget the rules and ‘make better decisions on gut-feel’. We need to upgrade the rules to cope.

“We need to ensure that we are not battling to meet 21st Century challenges with, at best, 20th Century decision-making and reporting systems” ACCOUNTING FOR SUSTAINABILITY, and the INTERNATIONAL INTEGRATED REPORTING COUNCIL, 2004

“Personal effectiveness does not suffice in the knowledge-worker age... The challenges and complexities we face today are of a different order of magnitude” STEVEN COVEY, AUTHOR ‘7 HABITS OF HIGHLY EFFECTIVE PEOPLE

“Having better people is not the key; ordinary people will do. Making a board effective requires spelling out its work, setting specific objectives for its contribution.” PETER DRUCKER, RECKONING WITH THE PENSION FUND REVOLUTION, 1991.

- Breakthrough Australian research demonstrates a cross-discipline integrated governance framework that enables more effective decision-making, leadership, organisations, systems and networks.

“Everything we see about us is the result of human organisation. Human organisation is failing to keep pace with the needs of Volatile, Uncertain, Complex and Ambiguous (VUCA) environments. A higher order of human organisation is needed to achieve higher order outcomes.” DANNY DAVIS,
EXECUTIVE DIRECTOR OF THE AUSTRALIAN INSTITUTE OF PERFORMANCE SCIENCES, 2018.

We should not focus on the false prophets of US style heroic leaders of ‘Unicorn’ businesses, a training led revolution, or a capitulation of leadership responsibility through reliance on generational change. Excellence requires broad collaboration, disciplined capability, and systemic embrace of shared value. We need to achieve better practice enabling Australia’s economy, community and institutional infrastructure to excel in the reality of Volatile, Uncertain, Complex and Ambiguous (VUCA) conditions.

Recommended Actions for Government and Parliament:

REC 1. It is recommended that government assists in the creation of a cross-industry forum for the ongoing collaborative development, dissemination and application of Governance of Value Creation practices.

To achieve this, it is recommended that Government take exemplar action as a Foundation Participant in the cross-industry AIPS collaboration in line with its scale as a major participant within the Australian economy.

REC 2. It is recommended that both the executive and administrative arms of Government consider and engage the benefits available to them, and to the effectiveness of Public and Community Sector outcomes, from adoption of Governance of Value Creation approaches.

To achieve this, it is recommended that government commission a report “Opportunities for Sustained High Performance Value Creation in the Public and Community Sectors: effectiveness, innovation, stewardship and leadership for a new era”.

REC 3. It is recommended that Government uses its leadership capital alongside its exemplar behaviour to encourage maximum cross-economic participation in the AIPS initiative.

To achieve this, it is recommended that government commission the development of a report “Opportunities for Sustained High Performance Value Creation in Commercial and Investment Markets: enhancing Australia’s future economic success” to develop a range of previously uncanvassed options made possible through the new perspective of Australian research.

REC 4. It is recommended that government support the creation of an independent apolitical standing forum able to bring government, community and commercial sectors together for agile and collaborative development of early stage:

- options for potential regulatory responses to emerging technology disrupted business trends (**TOR4**), and
- options for innovation (bridging the ‘ideas valley-of-death’) in Public and Community sectors (**TOR2 & TOR3**)

Further General Recommendations:

REC 5. Government should maintain a balance of responses on both the supply ‘upskilling’ side and the sustained demand ‘job creation’ side of new-era knowledge-economy work. In doing this, Government should seek to activate, not step into, or ‘pump-prime’, market mechanisms wherever possible.

Breakthrough Australian Research.

This new knowledge arises from breakthrough Australian Doctoral research that has demonstrated the causal hallmarks of sustained high-performance value creation in large-scale organisations, systems and networks. This research engaged directors at nine of the ASX10 (seven at Chair), amongst 60 corporate, large-scale investor, government and academic leaders.

The Australian Institute of Performance Sciences.

The Australian Institute of Performance Sciences (“AIPS”) is a collaborative vehicle to bring this new knowledge to broad economic impact. The Institute’s development has engaged this same research cohort, along with their peers at relevant Agencies (RBA, PC, ASIC, APRA, ISA et al), Federal and State Departments and additional corporate and investment leaders.

The AIPS expects to stimulate \$100bn in additional annual corporate investment focused on innovation, productivity and export growth. It requires no corporate welfare, no blank-cheque programs, no new policy, and no legislative change. New knowledge and collaborative action will influence economy-wide highly-effective value creation.

As such, the Australian Institute of Performance Sciences presents as an alternative approach to economic development, enterprise productivity, public sector reform and the competitive transformation of the Australian economy.

Pathway to Full Operation

We recommend the “Enhancing Australia’s Economic Performance program” to the Committee. This series of five specialist roundtables to be held at Parliament; ‘Enhancing Investor Performance’, ‘Enhancing Corporate Performance’, ‘Enhancing Economic Performance’, ‘Enhancing Public Performance’, and ‘Evidence Based Performance’, builds towards a cross-sector launch conference to be held at Parliament House, later in the year.

Leadership endorsement of the value of the proposed outcomes, and the value of participation in collaborative action, is vital to the success of this program. With no-one in corporate or public Australia currently accountable for increasing value-creation effectiveness, there is still the risk that this could be dismissed as “someone else’s problem” without adequate leadership focus.

We call on the Committee to exercise its influencing leadership capacity to assist this unique, cross-industry, cross-sector, collaborative action come to fruition. Specifically, we request assistance in bringing the various arms of executive and administrative government together in an appropriate form to subscribe to, and participate in, this broad collaboration. The Committee’s broader leadership in support of the Institute and development of an appropriate ongoing collaborative relationship would also be most welcome.

Focus of AIPS

Building towards Australia’s optimised future-value performance, the AIPS can be thought of somewhere between the collaborative development of Accounting Standards and the Australian Institute of Sport; it facilitates the ongoing collaborative development of leading-edge practices... and delivers coaching for high-performance use by elite practitioners.

There is precedent for the sustainable, impactful, influencing economic role that the AIPS seeks to achieve in standardised treatment of future prospects. This can be seen in the success of the

industry based Joint Ore Resources Council (JORC) in their 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves', and its long-standing collaborative relationship with ASIC and the ASX.

The AIPS aims to deliver major increases in effective innovation performance in the top-500, equivalent to 65% of GDP, made up of large corporates, government jurisdictions and large-scale investors. It is a for-industry-by-industry organisation, to be funded by industry subscription commensurate with scale, across the top 500 participants in the Australian economy. It is independent, not-for-profit, led by an independent expert board. It is not a lobbyist for special interests. It promotes enhanced collaborative innovation practice for evidence based decision-making across all sectors of the economy.

We recommend further reading on this topic through the Institute's white-paper series:

- Australian Prosperity (Jobs and Wage Growth)
- Sustained Value Creation (Organisational Performance)
- Enhanced Stewardship (Public and Social Performance)
- The Executive Epidemic (Unsustainable Overload)
- Active Value (Superannuation Performance)

and the material outlining the operation of the Enhancing Australia's Economic Performance program building to the full operational launch of the Institute.

We are happy to make further presentations to the Committee, its members, and such other executive and administrative government forums as may be appropriate.

Danny Davis MAICD, FAIM

Executive Director

Australian Institute of Performance Sciences

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