

THAT WAS THE MONTH THAT WAS October

News both local and international
that you may have missed

Courtesy of the AFR and the Australian

Australia's Challenge

- Ford' Australia costs double that of Europe and 4 times that of Asia
- Minimum wage is 40% above Canada for 6 hours less a week
- Wholesale electricity prices are 6th highest in the world
- Has the highest gas prices for any exporting nation
- Corporate tax rate at 30% is nearly 25% above OECD average
- Trade union activism is becoming more reckless, harmful and ruthless
- Maurice Newman is the Chairman of the PM Advisory Council – Australian 29/9/2015

South Korea feels hear from China Slowdown

- Exporters are among the top global casualties as China growth at 25 year low.
- Exports to China are 25% of all exports and have fallen for 9 straight months
- Petro-chemical giant runs at 2/3 capacity for 2015
- Hyundai in July posted its 6th straight drop in company products

China supports its car industry

- “Reminding investors it is too big to fail”
- “Cut sales tax on certain engine sizes to 5% from 10% until end of 2016
- Great Wall stock rose 35% on announcement
- But – “saving car makers from failure is not same as pushing to succeed”

Tesla unveil first electric SUV

- Has a range of 410km & a top speed of 205km/h
- Model X is a 7 seater costing \$Aus187,000
- Have roof hinged rear doors opening like bird's wing
- Tesla will have market lead until Audi release in 2017
- Tesla is currently valued on a per-car basis at 10 times that of BMW,

GE believes in industrial internet

- GE believe industrial Web will drive future productivity
- New Chief Digital Officer oversees 30,000 employees with 14,000 developers in 100+ countries and with \$6b in software revenues
- Examples - sensors linked to cloud sensing wind turbine position changes; failure in critical equipment
- GE Predix platform for industrial apps
- GE Digital has growth potential of 20-25%
- Digital models are scalable – first to market were winners in consumer market – have to lead.

Volkswagen

Hubris

Atlassian Listing on Wall Street

- Business Software Builder privately valued at \$3bAus
- 2015 turnover \$215m with profits of \$21.1m
- 2014 -over 1,148 employees, offices in 12 cities, over 40,000 customers
- 25% of Australian workers are 457 visa holders
- Core Values
 - Open company, no bullshit.
 - Build everything with heart and balance.
 - Don't f*** the customer.
 - Play as a team.
 - Be the change you seek.
- 'Shipit' days where software developers can spend 24 hours tackling any problem they like four times per year

Robots to take 40% of low skilled jobs

- Intelligent learning computers are the next step in automation – several generations above robots used in factories
- ANZ, AMP, IBM and Westpac are amongst others moving to embrace robot technology to automate back office
- ANZ plan to employ 100 robots next year after running pilot studies in finance HR and Mortgage processing
- “it is not about cost saving – it is about doing away with mundane repetitive tasks and improving consistency – its about smart people working with smart robots”

Global Competitive Report 2014

World Economic Forum

http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2014-15.pdf

Global Competitive Report 2014

- **12 pillars of competitiveness** - a set of institutions, policies and factors that determine the level of productivity
- **Factor Driven Pillars**
:Institutions/infrastructure/macroeconomic environment/ health and primary education
- **Efficiency Driven Pillars**
• higher education and training/goods market efficiency/labour market efficiency/financial market development/technological readiness/market size
- **Innovation Driven Pillars**
• business sophistication/ innovation

GCR – Australia's Overall standing

- Australia is classified as one of 37 innovation driven countries
- 1. Switzerland
- 9. UK
- 17. NZ
- **22. Australia**

Australia by Drivers

- **National Factors -17th**
- Institutions -19
- Infrastructure -20
- Macroeconomic environment – 30
- Health and primary education -17
- **Efficiency Drivers - 15**
- higher education and training -11
- goods market efficiency -29
- labour market efficiency -56
- financial market development -6
- technological readiness -19
- market size -18
- **Innovation Drivers 26**
- Business sophistication -28
- innovation -25

Australia -22nd

- Best ranking 15th – 2009
- Ranks no lower than 30th in 11 of the 12 pillars
- Highest 6th in Financial Market Development
- 30th (down 5 places) in macroeconomic situation
- 124th for “red tape”
- “136th for the rigidity of its hiring and firing practices and 132nd for the rigidity of its wage setting. Indeed, as part of our Executive Opinion Survey, Australian businesses, year after year, have named the restrictive labor regulations the most problematic factor for doing business in their country by a wide margin”.
- Global Competitiveness Report – World Economic Forum

Innovation categories 1 to 7 highest

1. Capacity for innovation.....4.6 (Swiss 5.9/USA 5.9)
2. Quality of scientific research institutions 5.8 (Swiss 6.4/UK 6.3)
3. Company spending on R&D.....3.6 (Swiss 5.9/Japan 5.8)
4. University-industry collaboration in R&D4.8 (Swiss 5.9/Japan 5.8/Finland 5.7)
5. Gov procurement of advanced tech products 3.4 (Qatar 5.7)
6. Availability of scientists and engineers ... 4.7 (Finland 6.2/Japan 5.4)
7. PCT patents, applications/million pop.* 78.4 (Swiss 315/Japan 308)