

Budget does not build a future

By Bruce McCabe

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At the end of his budget speech, Treasurer Peter Costello said “this is a budget which will build opportunity for the future”. It did no such thing.

By all accounts the information technology community is happy with the budget. Both the Australian Computer Society (ACS) and the Australian Information Industries Association (AIIA) were effusive in their praise, and you can see why: it contains loads of spending on IT projects! Prominent among these is the billion dollar spend on the Department of Human Services smart card, but the \$375 million overhaul of the Department of Immigration’s information management systems is nothing to sneeze at either, and there are plenty of other initiatives too: enough for the Special Minister of State Gary Nairn to be able to point to \$2.7 billion being spent over four years on public sector projects involving significant IT components. On top of these, the new depreciation rules for business assets should translate into increased turnover of computer hardware.

The coalition government deserves applause for taking seriously the role of IT in producing efficient government, and it is nice that this will generate healthy near-term revenues for some IT providers, but people are mistaken if they think the budget promoted deeper, longer term outcomes for innovation-intensive industry in Australia. It did not.

Government purchasing policy alone will never build the skills and exportable innovation we need for the long term. So many people miss this point that it bears repeating: government purchasing is not enough.

Long-term outcomes are contingent upon, among other things, serious commitments to science, industrial research and development, and both secondary and tertiary education systems. Trawl through the budget documents for funding increases there and you won’t come away very excited.

This government demonstrates a concern for the future – the allocations to health, medical research and aged care are testament to that, as are the changed superannuation rules and \$500 million allocation to the Murray Darling. But ultimately they are scared to deviate from their comfort zones on the big economic picture. Here, their thinking remains locked into the natural resources sector and the ‘free ride’ being provided by the current resource pricing boom. IT is still principally thought of as a productivity enabler for Australian businesses.

On the other hand, the greatest long-term challenge for Australia, as for most nations, is sustainability, and part of addressing that challenge lies in shifting some of our economic dependence on natural resource exports to innovation and information-intensive industries. Indeed, ecological sustainability and the development of these industries are linked: sustainability innovation = economic opportunity.

You can find plenty evidence for this in places like National ICT Australia (NICTA) and the CSIRO. Their research projects on water information networks, smart agents for energy consumers and smart transportation are among their most exciting, and most exportable. Exportable to both governments and businesses: the dabbling in green economics by corporations, and concepts such as the corporate responsibility index, hint at the vast financial rewards to come in the private sector. Recently, I looked at a CSIRO environmental monitoring project that can analyse, on a national basis, vegetation and land degradation trends via satellite and spatial data. It is unique. Nothing like it exists in the US or anywhere else. Managed correctly, the intellectual property and services around this project alone could generate hundreds of millions of dollars in export earnings. Instead of seeing the Kyoto Protocol exclusively as a threat, this government should relish the opportunities it brings.

Serious money could easily have been found in this budget. Consider, for example, the \$2.2 billion earmarked to buy four transport aircraft (that’s right, just four!) specifically to airlift heavy Abrams tanks (another \$550 million) on overseas military expeditions. How much more national security—in the fullest meaning of the term—would that money buy if diverted into sustainability research in energy, water, agriculture and transportation?

Budget leadership for the future could also be demonstrated by a government taking the plunge to include, in the national accounts, modelling for both usage and replenishment of renewable natural resources, and consumption against reserves for non-renewable resources. The economic leadership and exportable innovation associated with promoting such measurements in Australian industry, so citizens can make more sustainable choices, would be priceless.

No accounting is made for these things now because economists would rather go on assuming (a) budgets are all about short-term revenues and (b) all growth is free. Ignoring the future is just so much easier.

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