

SPEECH



MINISTER FOR TRADE AND INVESTMENT

The Hon Andrew Robb AO MP

Under embargo until 7pm EST

2015 FAIRLEY LA TROBE LECTURE

SHEPPARTON, VICTORIA

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CHECK AGAINST DELIVERY

It's a real honour to have been asked to deliver this year's Fairley La Trobe Lecture.

At this time in the Goulburn Valley's history, when risk taking, innovation, vision and leadership is again very much needed, it pays to look back and draw strength from the past.

The cooperative canning company that became SPC was formed in 1917. In 1924 Sir Andrew Fairley became chairman, and in 1926 he became managing director.

Under his visionary and strong leadership SPC became one of the largest cooperative fruit canning plants in Australia.

SPC became the symbol of the valley as a prosperous, forward looking region, joined by dairying in the 1960s when the emergence of milk tankers resulted in Melbourne, and the world becoming the beneficiary of the Valley's high quality, efficiently produced dairy products.

Sir Andrew demonstrated the importance to good management, of fairness, mutual respect and 'listening'. He was a regular on the factory floor.

Andrew Fairley also showed that sustainable businesses need to be part of strong communities, and have a key role in building and sustaining strong communities.

To this end, Sir Andrew was the first mayor of Shepparton in 1927, and played an enduring role in community affairs. Following his passing a generous part of his estate was dedicated to the creation of the Sir Andrew and Lady Fairley Foundation, which among other things, has supported the Fairley Leadership program since 1998, in the wake of the 1990's recession which saw corporates downsize and governments centralize out of Shepparton resulting in an exodus of leadership capacity.

Against this background it was suggested that I might focus my comments this evening on the subject of leadership.

It seemed a reasonable topic given, that since leaving the Goulburn Valley 44 years ago, I have had the privilege of working with, or observing at close quarters, many leaders from the factory floor through to prime ministers and world leaders.

I was drawn to the topic even more after looking at the most recent Census data for the Goulburn Valley.

It shows a median age of 41 compared to the national average of 37; it shows 7.5 per cent with tertiary qualifications compared to a national average of 19 per cent; it shows people with trade qualifications at 16 per cent compared to a state average of 21 per cent and it shows the proportion of people with no post-school qualification at 53 per cent compared to a national average of 44 per cent.

Age and education levels are leading indicators of present and future community problems. Or, as I would prefer to view it, present problems and future opportunities.

One essential ingredient of turning current problems into future opportunities is leadership.

For many decades the reputation and life-blood of Shepparton and the greater Goulburn Valley region was built on leadership, the leadership that created and sustained SPC.

For three years, from 1969-71, I was a student at Dookie Agricultural College, completing a Diploma of Agricultural Science.

I can't say this in front of my wife, but it was the best three years of my life. Life back then was classes, prac work, football, waitering at the GV Cabaret, picking fruit in season for SPC and parties.

For one day only, four of us did try picking peas. At \$2.50 a picked hessian bag, it looked a tidy money maker. Try as we might, after two hours, we had picked one bag each. It didn't take us long to work out that \$10 for a day's work of eight hours, was akin to slave labour, even in those days.

We acknowledged our incompetence at pea picking, filled a couple of cardboard boxes with peas which we quietly put in the boot of the car, got our \$2.50 each and put it down to experience.

And, of course, you will all well remember the Grand Final in the 1970 Katamatite League played at Shepparton East, when Dookie College won their first and only grand final. It was a big night.

In those days, the Goulburn Valley was very highly regarded throughout the state. It was seen as a region of wealth and innovation – the huge irrigation network, the high productivity modern dairy farms supplying Melbourne and many export markets, and, of course, the horticultural leader in the state, with the farmers supplying SPC.

Subsequently, rising salt levels in many dairy irrigation areas has caused enormous heartache and losses. At the same time, an increasingly globalised world has exposed the valley's horticulture to much greater competitive pressures.

The resultant poor job opportunities, levels of disillusionment and low expectations, is reflected in the Census data I referred to earlier.

The relatively high age across the region suggests that many young people are not finding the work opportunities and are leaving for the city or other regions.

The relatively low education levels are a function, no doubt, of many of these factors – resulting in high numbers of many groups for whom the region has struggled to identify the best education pathway, including the presence of the largest Aboriginal community outside Melbourne; the significant refugee population, notably Afghani and Sudanese communities; and the impact of isolation, financial hardship and family breakdown experienced during the difficulties of the last quarter-of-a-century in the Goulburn Valley region.

Don't get me wrong this isn't just a reflection of the Goulburn Valley, for myriad reasons, it is a similar story for many other rural and regional centres across the country.

Well, what can be done?

I've observed in life that when your back is against the wall, one critical element in turning things around is to back your strengths. This is true for individuals, it's true for companies and organisations, it's true for countries – and it is equally true for regions.

To objectively, ruthlessly and honestly identify the great strengths of the region, and importantly the weaknesses.

The job then is to do what has to be done to develop and capitalise on the inherent strengths, and to eliminate or neutralise the weaknesses.

Developing the obvious strengths – horticulture, dairying, tourism and all the dozens of services, logistics and high-end manufacturing that cluster around these and other strengths, will require significant ongoing innovation, involving the application of high-end technologies, such as we've seen with irrigation in much of this region over the last decade.

For example, over recent times SPC found increasing difficulty competing in its traditional markets, and the business and the region has suffered.

But rather than walk away from the difficulties, the management recognised the great strength of their base products, invested in high technology equipment and new product development, refocussed their business model and commercial strategies to re-position the company. They are now leveraging Australia's gold standard, brand reputation as “clean, green and healthy” and are turning around the company's fortunes, as evidenced by the \$70 million contract with Woolworths.

Capturing the emerging opportunities may justify 21st century infrastructure, such as a very fast train going through the region, along with the Melbourne to Brisbane freight line through central Victoria and central N.S.W, and the adequacy of arterial roads, and the role of air freight in the years ahead need to be considered.

The critical impact of connectivity has been brought home to me over the last two years as I have been working to increase our trading relationship with the Gulf States in the Middle East.

In particular, around 18 months ago Qantas airlines established a strategic partnership with Emirates involving travel through Dubai and onto Europe. At the same time Virgin Australia struck a similar deal with Etihad Airlines, flying to Europe through Abu Dhabi.

In the following 12 months the number of flights per week between Australia and the United Arab Emirates increased from 40 to 150 flights per week. As a result of this connectivity we have seen an increase in the trade of goods and services across the seven Gulf States, and parts of surrounding countries, such as Iran, increase by a remarkable 18 to 20 per cent.

For example, over 12 months, 170,000 lamb and mutton carcasses, and endless other products, were flown in the belly of the huge passenger aircrafts.

I recently saw broccoli in a Dubai supermarket at 11am on a Tuesday morning which had been picked on the Monday morning in Western Victoria.

Importantly, the connectivity and trade in goods and services, has prompted many Australian companies to establish a presence in Dubai.

There are now 350 Australian companies with a presence in Dubai. This compares with only some 250 Australian companies in India and similarly in Indonesia.

If the Goulburn Valley wants to reverse the corporate downsizing in the region, this connectivity issue, into growing and emerging markets in our region, is a fundamental one.

Developing the region's strengths must also critically involve access to the regional offshoots of high quality university and vocational education institutions, often in collaboration with regional research centres - and the commitment to this region by our leading universities in La Trobe and Melbourne is to be acknowledged.

Why not see the resources and history of Dookie Agricultural College converted into a powerful education, research, development and innovation hub for the region, dedicated to agriculture, horticulture and viticulture involving strong private sector joint ventures, including construction companies, as commercial

partners, providing appropriate accommodation, housing, education, research and private sector facilities?

The campus focus would not just relate to the production process. The success of so much of agriculture, horticulture and viticulture relates to the sophisticated processing and the product development, the transport, the financing and farm consolidation, the disease testing and control, the chemical applications, the packaging, the marketing and much more.

There is no reason why the region, or one or two strong precincts within the region, could not be seen as Victoria's, or Australia's, centre of excellence for all parts of the value chain associated with horticulture, viticulture and some elements of agriculture.

To get on the front foot and make some of these big things happen, requires leadership.

Leaders with such vision and intent can pull people and decision makers toward them, and make things happen.

Only a rare few will lead nations, but leaders are required at all levels of our community.

My observation is that there is a shortage of good leaders in every field, and at every level, from the factory floor to the board room.

There are many excellent CEOs and managers at every level, but a shortage of genuine leaders.

Successful leaders invariably have a vision for the future and a set of values and principles that drive that vision. They know where they want to take things, and how to get there.

But that is not enough. Successful leaders are effective at selecting, synthesising and communicating a vision that is right for the times, right for the people who are affected by it.

Putting politics aside, I believe that whether people liked him or not that John Howard lasted to be the second longest serving prime minister because he had a view of where he was taking things, a consistent set of values and principles to guide his actions and an ability to communicate in language people understood. Whether people agreed with him or not they invariably respected him and found

him predictable and understandable. All successful leaders I've known have had these qualities.

As well, to develop the vision, and drive its introduction, successful leaders are invariably great askers, and they do pay attention.

While I believe that good leaders are in short supply, it may be that great leaders mainly emerge when they have to. Time and again history shows us that hard times call forth great leaders.

It is why it is important to be honest about your problems, to confront them as best you can; to call on the support and trust of those around you – whether the problems exist within your family, or within your business or community organisation, or within your region.

When presented with hard times or crises leaders emerge – again within your family, or within your business or community organisation, or within your region.

And leadership will come in many different shapes and sizes. In seeing the Goulburn Valley back on top, many leaders will be required at all levels, involving many different types of leadership depending on the unique problem or opportunity being tackled. Leaders may be innovative or creative, they may be good at marshalling strength in numbers, empowering groups and individuals, providing strong direction from the top, or an ability to drive collaboration, or a capacity for great precision and accuracy where needed.

For example, recent research into the many efforts to support local Aboriginal people in the Goulburn Valley, found despite good intentions, a serious fragmentation of stakeholders, economic development programs and other approaches in the Goulburn Valley.

One, or several people, with the leadership skills to develop a central point of focus, a regional hub, for Aboriginal business, advocacy, capacity building and collaboration in the Goulburn Valley, is a stand-out need and opportunity.

Let me conclude with some comments about why the time is absolutely right for the Goulburn Valley to work as one to re-establish its former reputation for leadership and excellence.

At this moment, among the billions of people who live in India or China, or in any country in between, 600 million of those people are in the middle class, including from Australia.

It is estimated by the OECD that within 35 years – not 100 years, or 50 years – but within 35 years, that 600 million in the middle class will grow to some three billion people, living in the middle class in the region around us.

This represents an unprecedented economic phenomena, as well as a humanitarian miracle, as hundreds of millions of people move out of poverty.

The pressures to meet the increased demand for high protein food, water and energy will be enormous. This will be the century of food, water and energy security.

Australia, including the Goulburn Valley, is uniquely placed within the same region, within the same time zone, to help meet these growing needs, especially at the premium, high quality, high value end of so many products and services.

This explains the priority we placed on quickly concluding significant new Free Trade Agreements with our biggest export partners in Korea, Japan and China, where already 52 per cent of our exports are sold.

The Goulburn Valley needs to further identify countries, or provinces and cities within countries, where there are strong complementary needs, and plan to systematically build the linkages and networks.

The linkages need to be made across the marketing of many products, as well as the provision of education, health services, tourism, water management expertise; crop, horticulture, dairy and beef production expertise, transport and storage logistics; finance, legal, design, architecture, construction and environmental services. So many of our small, medium and large service companies need to explore establishing a presence somewhere among these emerging markets. What will be niche markets in Asia will resemble mass markets to us.

Australia's clean, green, healthy image is so powerful across the region. Our reputation for the delivery of the services I just cited, and so many more, is gold standard.

The opportunities are there for the taking.

If we play our cards right the next few decades can be spectacular for Australia, including the Goulburn Valley. For the Goulburn Valley it is a time for leadership to stand up and shape this future.

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