



AUSTRALIA-CANADA ECONOMIC LEADERSHIP FORUM

RAPPORTEUR'S REPORT

FOR THE 2020 AUSTRALIA-CANADA ECONOMIC LEADERSHIP FORUM FEBRUARY 12-14, MELBOURNE, AUSTRALIA

The seventh Australia-Canada Economic Leadership Forum (AusCan Forum) took place February 12-14, 2020 in Melbourne, Australia. The Forum Co-Chairs were Jennifer Westacott, Chief Executive, Business Council of Australia, and Norman Steinberg, Vice Chair, BFL Canada.

A total of 215 people from both countries registered for the 2020 Forum, and the Forum was supported by its corporate sponsors, led by presenting sponsor, PwC; palladium sponsors, BHP and Nutrien; platinum sponsors, Transurban and ATCO; and gold sponsors, Kirkland Lake Gold, Air Canada, the state Government of Victoria, and the Federal Governments of Australia and Canada. Silver sponsors were Norton Rose Fulbright, OMERS, Bombardier, CPP Investments, Quanta Services Australia, HATCH, CDPQ, SNC-Lavalin, Saputo, Newcrest Mining Limited, RBC Capital Markets, RioTinto; and bronze sponsors were AustralianSuper, Bakers Delight/COBS Bread, CAE, EDC, Competitive Foods Australia PTY LTD, Shell, Brookfield, Plenary, Woodside and the City of Melbourne.

Whilst it was the second time that Melbourne was chosen to host, the circumstances surrounding the 2014 and 2020 Forums could not have been more different. This year's Forum began during Australia's Bushfire crisis, which had taken over the news locally and internationally, while at the same time the COVID-19 virus had started to disrupt trade and supply chains.

OPENING SESSION

In her introductory address, Forum Co-Chair Jennifer Westacott posed the question: "Are we doing enough as middle powers to drive an open trading system? To take advantage of the opportunities from huge emerging markets in Asia and to come to terms with the strategic complexity of the seismic change in geopolitical power particularly from China? Are we taking serious action on climate change that preserves economic strength as well as climate resilience?"

Forum Co-Chair Norman Steinberg highlighted the nature of true friendship that exists between Australia and Canada and observed that the Forum was the opportunity to reflect on our values and shared priorities in terms of outcomes we wish to achieve. He commented that we are witnessing fundamental changes in the world, and urged delegates to reflect, understand and apply the combined might of business to fight complacency when it appears many countries are leaving the world of multilateral trade. The goal was laid out for all attending to plan for action now, and to take advantage of the great minds and leaders in attendance to harness information and ideas for impact.

The Forum acknowledged that it brings together leaders from the public and private sectors to discuss global challenges and opportunities facing the two countries, and to identify where both countries may

be able to better collaborate in areas such as trade and investment, global security, foreign policy, economic growth, infrastructure, innovation and technology and energy. Australia and Canada make good partners through their shared heritage, liberal democratic principles and institutions and optimistic outlook. However, the driving power behind the relationship is the recognition that global trade is the engine of growth and the key to future prosperity.

This mission is growing more difficult to pursue, with the rules of global trade being challenged more than ever. The beginning of 2020 saw two of the world's largest economies locked in a trade war, and Brexit was imminent. The division between parties championing the global and the local will play a significant role in the pursuit of open trade matters. A closer examination of these issues reveals a segment of people who feel that the system is working against them, fueling a trend of de-globalisation.

The strength of the business and political relationships between Australia and Canada were highlighted by many speakers, with several examples shared of tangible, practical action to tackle crisis. The most recent arrival of more than 170 Canadian fire fighters and forest fire experts helping Australian volunteers battle the Bushfires was used as an example of the practical support that positively impacted the individuals, communities and businesses that form the fabric of the country. The two-way investment between the two nations is over AUD\$125 billion according to Australian government [statistics](#).

During the previous Forum, held in Montreal, July 2018, the impact of the United States' Trump administration was being felt across industries. Protectionism was driving the U.S. trade agenda, with tariffs being imposed on products from China, Europe and Asia. After galvanising the nation into believing that de-globalisation would result in a stronger economy and better quality of life for the average citizen, the U.S. then pulled out of the much-anticipated Trans-Pacific Partnership (TPP). Canada, Australia and nine other countries proceeded with signing the 11-nation Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) in March 2018, but the future was still uncertain as to its impact and influence given the growing power and tension between the U.S. and China.

In discussing this issue further during this Forum, analysis given by the Co-Chairs pointed to the election of leaders at the extremes of the political spectrum. This was thought to be a result of an increasing number of people voting for greater national sovereignty, and regarding global or multilateral institutions as suspicious or inefficient. With the shift in attitudes away from open and multilateral relationships in turbulent times, the Forum pressed participants to dig deeper in trying to map ways to better guide business leaders through change, and to manage growing trade restrictions and tariffs being imposed by governments.

At the time of the 2020 Forum, trade tensions had escalated between the U.S. and China, especially in establishing governance around technology and data, and Brexit had resulted in the United Kingdom's departure from the European Union. Children around the world were on school strikes for climate change. Divisions in politics, attitudes and perspectives have not only gained momentum, but formed movements demanding more from governments, corporations and individuals to take concrete action.

The Co-Chairs were clear in their call to the Forum: Are we doing enough? Are we planning for practical and realistic action? How can we make real, lasting and impactful change?

GEOPOLITICS AND THE STATE OF THE WORLD

Australia and Canada are caught between the economic rifts of the world's largest economies, the U.S. and China. But as middle powers, how should the two nations react to the active disinterest in multilateral trade rules? Beyond this, what more can Australia and Canada do to address the growing divides and inequities felt around the world?

The attitude that drives the protectionist agenda stems from a growing discontent and demand for change. The division between people comes from a lack of agreement on the path to true progress. As a result of de-globalisation sentiments, panelists felt that the global economy is moving into a mercantilist, or neo-mercantilist, age. With the World Trade Organisation (WTO) struggling to manage the U.S. and China, Australia and Canada can do more together in supporting an open trade system.

The Forum discussed how leadership shapes economic transformation. Looking at President Trump's history in power, he was described as a radical 'Bonapartist' leader – that is, a single leader with complete influence over his party, who is now improvising foreign policy.

On the other hand, the leadership in China has built one of the most decisive case studies of economic transformation the world has ever seen. Forum participants were encouraged to consider who might follow in the footsteps of these leaders, and how that might impact economies in the future.

This year marks the end of a global age of growth, in demographic, economic and technological terms. All industrial countries are facing a massive population decline as the Baby Boomer generation did not replace itself. Whilst the majority of the impact has been disguised by urbanisation and trans-national immigration, it is thought that a decline in local population would therefore spell an end of the age of growing scale of markets. Further to this, it was imperative to devise economical models based on a declining scale.

This shift has brought the world into a period of disruption as power shifts to the cities, and large populations of people in rural or regional areas feel abandoned. This sentiment can already be found in the U.S., Britain and even France.

It was suggested that Australia and Canada explore the creation of an open and welcoming collective of nations to support and advance ideas amongst like-minded democratic countries. For example, panelists discussed enlarging the G7 to include the EU, Australia and South Korea. It was acknowledged that achieving alignment amongst a larger group of nations may require new trade agreements or amendments to existing agreements.

NATO, if it is to survive, must move into a global operation. For the key North American members, Canada and the United States, the Pacific Ocean is more dynamic and critical at this stage than the Atlantic. By moving NATO into a more global orientation with an emphasis on the Indo-Pacific in the short term, Australia could more readily participate.

Panelists also suggested that Australia and Canada look to develop strategic intelligence with bilateral partners to help them draw a more holistic world view. Whilst both nations are a part of the Five Eyes, the current intelligence being shared is regarded as a commodity and is not particularly high quality. In order to secure more valuable intelligence, bilateral partnerships that communicate on a separate

channel to Five Eyes could be very beneficial and could perform analysis at a macro level that would help the leadership of Australia and Canada become more holistically on the same wavelength.

Australia and Canada have an opportunity to lead the world in the area of climate change and are well positioned to ensure that climate change stays a priority for their leaders. During the Q&A session, there was a call to wean politicians off the rhetoric of “magic bullets” regarding climate change. The reality being that there isn’t one specific solution, but rather many practical and diverse ideas that will create progress.

The panel recommended that a forum be created around the discussion and planning of these ideas, which could include taxation, renewables, a more systematic use of natural gas and oil, and the change of consumption habits of the largest economies.

CYBER SECURITY

This session was held under Chatham House Rule.

Cyber Security was described as the confidentiality, integrity and availability of information on technologies. The sector is moving away from the idea of cyber security as just “hacking”. Instead, it is a foreign interference where fake information can influence and greatly impact powerful democracies.

As a society, panelists noted that we had become completely dependent on cyber space for everything that we do. That was wonderful as it has enormous productive benefits, however at the same time, this dependence had created much higher levels of vulnerability in several ways.

Panelists outlined that future wars will be fought in cyberspace, as technology could be used as a vehicle for espionage, as well as one of sabotage and influence. This is seen as a weapon of warfare and as such is a growing issue for national security.

Cybercrime is the crime of the 21st century. The same tools that are available to those conducting cyberwarfare are available to regular individuals as well.

It was acknowledged that we were gradually, but too slowly, beginning to realise the vulnerabilities that we have, with 25 billion devices connected to the internet and this number set to grow to 75 billion by 2025. This ecosystem was only going to grow, so communities, businesses and governments engaging in this space must be monitored and responsibly govern this space.

From a practical standpoint, there was a great deal of risk to companies from cyber-related issues, and from regulators mandating certain consumer protections. Corporations must have preventions and incident plans in place to reduce the loss that could come out of a cyber-attack.

BANK GOVERNORS’ PANEL

The conversation between the Reserve Bank of Australia Governor Philip Lowe and Bank of Canada Governor Stephen Poloz focused on tackling issues around growth. The moderator asked the Governors to discuss ways in which the Central Banks had tried to stimulate their economies to create more resilience.

Both Governors noted the profound economic impact of the coronavirus (COVID-19). With the COVID-19 situation evolving, the Governors were treating it like SARS and carefully watching its progress.

Governor Lowe noted that COVID-19 would have an immediate impact on the economy, especially in the areas of education and tourism. He pointed to some of the measures being taken by the Chinese government in the form of stimulus, including further infrastructure spending, which Australia may benefit from.

Governor Lowe said the Reserve Bank of Australia also has a responsibility to understand the economic and financial implication of climate change. Climate change may affect insurance costs, the energy sector, and consumer confidence.

Governor Lowe pointed out that the Australian economy is seeing low productivity growth and low investment growth, which he believes is linked. However, he acknowledged the paradox of interest rates being the lowest in Australian history, while the economy remains stuck in a period of low investment and low productivity. He called for businesses, individuals and governments to start investing in the future, calling out the opportunities in human capital, energy sector, infrastructure, and more.

Governor Poloz echoed Governor Lowe in pointing out the positives of both nations, including great natural resources, diverse societies, high standards of living, well-established monetary frameworks, strong public finances and excellent quality of life had by its citizens. Like Australia, Canada focused on flexibility in hitting and maintaining inflation targets. The Bank of Canada makes use of several macroprudential tools and policy that reinforce monetary policy and aim to reduce the likelihood of undue pressure against the build-up of financial vulnerabilities. He used the example of stress tests for mortgage lending as an example of a tool that helps to manage the potential risks and mitigate impacts of anticipated or future issues.

Governor Lowe said that the main issue in Australia is high household debt. Australians liked to live in fantastic cities that offer good amounts of land and great amenities however have also chosen to underinvest in transport – all of which leads to high housing prices, leading to relatively high debt in households and creating a vulnerability in relation to income.

Both Governors noted that strong investment will be a factor in building more resilience into the economies, and seeing investors faced with low interest rates on bank deposits search for more risk and more leverage was a concern. They also noted that uncertain policy can be a hindrance to investment, and that more measures need to be taken to implement policies that support large investments, such as in Australia's energy production system.

ENTREPRENEURSHIP

While business partnerships between Canada and Australia continue to be strong, both countries need to find new ways to encourage growth in a time of uncertainty.

It was highlighted that the only thing entrepreneurs can be sure of is that there is going to be uncertainty, and they need to be flexible enough to deal with that – in whatever form it comes in – and turn it into an opportunity.

There was discussion around PwC's recently released annual CEO Survey – highlighting that the outlook for big businesses is stark and there is an increasing pessimism amongst Chief Executive Officers. To address this, business leaders need to be looking at innovation and determining if this is at the core of their business plan. With only 14% of local CEOs saying they plan on collaborating with start-ups and

entrepreneurs, businesses run the risk of being too short-term focused. Entrepreneurs were acknowledged as the ultimate optimists, with the extraordinary ability to find opportunities for business and growth through times of uncertainty.

Government was highlighted as having a large role to play in supporting entrepreneurs by reducing regulatory uncertainty in the short and long term. Without a clear view of how to anticipate or manage the changes in regulation, entrepreneurs struggle even more to build their businesses.

Reducing regulatory uncertainty supports entrepreneurs by allowing them to focus on the actual work and wealth that they would like to create, as well as giving them the bandwidth to innovate. Many businesses look to lead with a capital raise, as opposed to the actions being taken within the business. While entrepreneurship encourages constant exploration and innovation, some of the panelists cautioned individuals to prioritise and protect the mainstream of business and not to get too involved in peripheral activities that don't support the main business' vision and mission.

Panelists discussed the great strides being made in technology that make it easier for businesses to pursue innovative ideas, such as artificial intelligence. Despite such technologies being available for many years, it was clear that traditional industries are only now leveraging them. Availability of data and computer processing speeds have limited the widespread implementation of many technologies until now.

Panelists were adamant about ensuring that innovation results in a more productive economy and sustainable productivity gains. They acknowledged that it is challenging to have sustainable prosperity, therefore government and business need further alignment to ensure that energies are focused on solutions.

CLIMATE CHANGE AND ENERGY

While climate change has been a political focus in both Canada and Australia, the panel examined the ways in which the energy sector could help both nations stay on track in achieving carbon reduction goals.

Net zero carbon was outlined as a more mature understanding of the issue because it allows countries to think about a balance rather than picking a winning technology or solution to solve this problem.

The question was posed: is it possible to meet the target of net zero carbon by 2050?

In Australia, the Emissions Reduction Fund is funded by the government to buy back emissions and pay for abatement. Australia's goal by 2030 was to get emissions down to 480 million tons or so, and the current projection is 500 million tons.

When examining industries that have made the largest contributions to abatement in Australia, they are not from sectors you would think - only 4% of the reduction comes from energy efficiency, industrial and transport sectors. Nearly all of the abatement has come from the land sector, with the avoidance of deforestation, savanna fire management techniques and reduction of landfill gases. Therefore, it is necessary to have the broadest possible conversation in order to make a real difference.

There were several examples put forward by the panel that illustrated how other industries could further reduce emissions in pursuit of a more ambitious goal. The Australian farming industry has been

leveraging technology in soil science and gene editing to see greater yields and productivity in land. However, China, India and some African nations overuse nitrogen-based products on farms to the detriment of the environment.

Proper management and application of soil science could reduce emissions by up to 15% across the whole industry. Steel industry production contributed about 9% of global CO₂ emissions in 2018 and there are now new methodologies that allow for steel production without greenhouse emissions. Beyond these examples, it was agreed that the technology exists to address at least 50% of emissions right now.

The panelists agreed that the target of net-zero emissions was a realistic target if the technology is adapted quickly. Climate change and environmental issues were not priorities 15 years ago; however, they are now among the first issues investors and customers care about. The increased attention and focus on climate change by corporations has spurred further development in technologies that support sustainable energy.

The deployment of battery technology with renewable energy helps to shore up the grid and makes renewable energy resources more economical. Battery technology has been critical in developing infrastructure that supports electric vehicles (EVs) on the road, as more governments and companies invest in charging stations to allow for more widespread use of EVs. The quick adaptation of the technology has seen EVs grow exponentially in popularity, to a point where most major automotive brands have developed their own EV or hybrid vehicle.

Beyond batteries storing energy from renewable resources, science is continuing to explore additional avenues to produce clean, low or no-emission energy. Panelists emphasized to Forum participants that there is no single “silver bullet” that will help us achieve our emission goals. However, as a part of an elevated response, industries need to look at how to catalytically break down Carbon Dioxide (CO₂) before it is emitted into the environment. CO₂ recycling should be invested in, and panelists did not see any reason why it couldn't be recycled into something useful – for example, could carbon (C) be used for a new product, or be broken down into Carbon monoxide (CO) to then be used for another purpose.

SPACE AND DEFENCE INNOVATION

This session was held under Chatham House Rule.

This session focused on the challenges in the growing space and defence sectors of Canada and Australia. With technology making it easier for nations, organizations and individuals to reach space, stronger initiative is needed to properly govern and protect the Earth's lower orbit and the experimentation that happens there. The rules and regulations of space need to be established, much like the economic zones that rule our oceans and seas.

The primary opportunity identified for Australia and Canada is around space situational awareness. This will require the capacity to redeploy critical assets and the ability to build in resilience in technology used. This includes careful consideration of how networks can be set up to be self-healing, which can impact both the space and the defence sides.

The United Nations have drawn up five treaties for space. However, it was acknowledged that we are still at a point where we are discovering what is out there. The treaties created were based on

hypothesis of “what is possible?”. The reality is that, when these treaties were written, we couldn’t have imagined where we would be at this point. Alignment in missions, visions and purpose will be critical to shaping this field.

The 50th anniversary of the moon landing gives us a great opportunity to talk to more children about space and to get the next generation excited about exploring it. There is an enormous opportunity to expand this industry, however it will require many minds to help do that. Similar to the defence industry, the talent for the space industry needs to be passionate and focused – and that means we need to foster that interest in space at a young age.

DINNER SPEECH – JOSH FRYDENBERG MP, TREASURER, AUSTRALIA

A keynote address provided by The Honourable Josh Frydenberg MP, Treasurer, Australia, was a highlight of the dinner at the Melbourne Cricket Ground. His speech noted the specific challenges facing the Australian economy and the opportunities that exist in working alongside Canada.

The Treasurer addressed the uncertainty caused by geopolitics, particularly trade tensions between the U.S. and China. The negative impact of these trade disputes was felt in 2019, a period in which the global economy experienced the slowest growth since the global financial crisis over a decade ago. With China being Australia’s largest trade partner, and U.S. its largest investor, Australia is supportive of phase one of the trade deal and the promise of better solutions in the future. In relation to Brexit’s imminent conclusion, the Treasurer was cautiously optimistic and confident that Australia was equipped to navigate the change. A free trade agreement with Britain was already in discussions to ensure that Australia would be the first point of call for business.

Looking at the macroeconomics of the global economy, the Treasurer acknowledged that we are being confronted with a prolonged period of low inflation rates, low interest rates and low unemployment. Many nations around the world have cut their interest rates, unconventional monetary policy is in play in parts of Europe and Japan, and a quarter of all government bonds are trading at negative yields. The underlying causes are quite complex; but this is an indication that the global appetite for savings has exceeded the demand for capital. Business investment globally has been soft in developing nations, inhibiting productivity growth, which we would endeavor to lift.

The Treasurer acknowledged that the Coronavirus (COVID-19) was the latest issue facing our countries. At the time, Australia had 15 confirmed cases, with five already recovered, while Canada had seven confirmed cases. While the full economic impact of the virus would not be understood for some time, in the case of SARS in 2003 the estimated global economic impact was about \$50 billion. The actions taken to contain the virus had been swift and some travel restrictions had been put in place.

The priority in relation to COVID-19 was limiting the spread and duration, as this would limit the longer-term impact. The international fallout is forecasted to be greater than with SARS, as the Chinese economy is four times bigger than it was in 2003. Australia’s tourism exports increased seven-fold since 2003 with 1.4 million Chinese tourists visiting last year. And they account for a third of Australia’s education exports with over 200,000 Chinese students in Australia. Travel restrictions had already impacted these markets and would likely also affect commodities as well.

The Australian economy had proven to be quite resilient despite the bushfires and drought. It had achieved its 29th consecutive year of economic growth, which was unprecedented in any other

developed nation. Employment growth was 2.1%, which was double the Organisation for Economic Cooperation and Development (OECD) average. The government also successfully balanced budget for the first time in 11 years. IMF and OECD were forecasting that the Australian economy would experience the fastest growth over the following year than any other G7 nation.

The Treasurer pointed out that the key area supporting the above outlook was the resource sector. Mining accounted for 60% of Australia's exports. This had increased five-fold over the previous 15 years, and mining investment was expected to lift and further increase by 12% the following year. Like Australia, resources played a pivotal role in Canada, where exports accounted for 32%. With close ties and similarities in mind, Australia and Canada had much to gain as leaders in the resources sector.

A strong investment relationship existed between the two nations, with two-way investment valued at more than \$120 billion. There are over 100 Australian companies operating in Canada, employing more than 20,000 people. Canada has the world's third largest pension fund, which has assets of nearly \$2 trillion and is heavily invested in Australian infrastructure, agriculture and other projects.

During November 2019, the Treasurer drafted a guidance note for the implementation of new Economic Infrastructure Staples Tax Concessions for consultation, which closed last month. These concessions allow the Treasurer to approve applications for a 15% concession withholding tax rate for economic infrastructure projects, instead of the 30% that would otherwise apply. To qualify, these major projects must have a capital expenditure of above half a billion dollars or more, and must cover a diverse range of projects in the areas of transport, energy, communications or water.

His call to action was clear: "Working together across government, business and academia, Australia and Canada need to build on our shared history, our shared values and our shared interests. We need to respect our past and welcome our future. Together we have faced challenges before, but the challenge today is the spread of protectionism. So, we must stand together, to defend our values, and ensure our prosperity and security well into the future."

Treasurer Frydenberg sat with Co-Chair Jennifer Westacott afterwards for a Q&A, during which he discussed the negative impact of the media attention on the recent Australian Bushfire Crisis. While there had been an amazing outpouring of international support, the international perception of Australia had been damaged, and this has impacted tourism. He encouraged Canadians to let others know that Australia remained very beautiful and open for business.

KEYNOTE SPEECH – SENATOR THE HONOURABLE SIMON BIRMINGHAM, MINISTER FOR TRADE, TOURISM AND INVESTMENT, AUSTRALIA

Senator the Honourable Simon Birmingham began his address, echoing the sentiments of Treasurer Josh Frydenberg MP by acknowledging that Australia and Canada are great mates. He also made a call to action for participants to spread the word that Australia is open for business, open for tourism, and open for investment.

Minister Birmingham described the strong trade and investment ties between the two nations. In 2018, two-way trade was worth AUD \$7.4 billion and total two-way investment was AUD \$126 billion. Moreover, more than 100 Australian businesses had a significant presence in Canada and were thriving.

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) agreement was the first modern trade agreement to exist between Canada and Australia. “Beyond this, the CPTPP is the most significant in terms of the reach and quality of agreement ever since the WTO in 1994,” said Minister Birmingham. “Even when the U.S. backed out, we held our nerve, we found solutions to remaining barriers, and achieved something that is now a model that others refer to,” he said.

Since the implementation of the agreement, total two-way trade was up 18.9%. Australian exports to Canada had increased 14.4%, including key agricultural categories, such as sheep meat, which was up 11.2%. Australian imports from Canada were up 22.8% including beauty products and medical and surgical instruments. However, most important were opportunities for enhanced economic integration.

Minister Birmingham acknowledged that the WTO needed further assistance in advocating for open trade markets without leaving anyone behind. He called for reform of WTO systems, in the effort to find new multilateral solutions. He acknowledged the role Canada played in the formation of the Ottawa Group, which had been key in exploring reform ideas and providing an essential idea incubator. And with agriculture underpinning the rural communities and the economic prosperity of both nations broadly, the Cairn’s Group had been brought back to life through discussions at Davos prior to MC12. With the world on track to having USD \$2 trillion in domestic agricultural subsidies washing through the global economy by 2030, it was upon us all to prevent the distortions this type of support can have on fair trade and agriculture.

“When it comes to global trade and investment, we are two of the most effective advocates for open rules-based trading systems, whether it’s multilaterally cooperating on the WTO, regionally on the CPTPP, or bilaterally in growing our deep investment ties. We have a lot to be proud of but a lot to work on,” said Minister Birmingham.

KEYNOTE SPEECH – ROBERT OLIPHANT M.P., PARLIMENTARY SECRETARY TO THE MINISTER OF FOREIGN AFFAIRS, CANADA

The Parliamentary Secretary to the Minister of Foreign Affairs, Canada, Robert Oliphant M.P.’s remarks matched the sentiment of that shared by Minister Simon Birmingham.

He announced that 2020 marks the 80th anniversary of diplomatic relations between Canada and Australia and the 125th anniversary of Canada’s first trade commissioner, who arrived in Australia in 1895. Mr. Oliphant advised that on February 13, 2020 he visited the Victoria State Control Centre, which directs efforts to deal with the devastating bushfires. While there, he met with a large group of Canadian fire specialists and thanked them for their efforts and for proudly representing Canada. Since December 2019, Canada has provided 238 fire management personnel, among other support, and is prepared to do more if required.

“Canada and Australia share a close relationship based on a history of co-operation, common values, and strong and diversified commercial relations. This year’s forum was the first since the new regional trade agreement, the CPTPP, entered into force, and we look forward to working with our CPTPP partner to maximize the benefits of the agreement,” said Mr. Oliphant.

TRADE AND INVESTMENT

The themes explored in this panel discussion were global architecture, the impact of uncertainty on businesses and possibilities for disruption, and creative solutions. The latest tensions between the U.S. and China were the primary challenge to trade and investment for Canada and Australia.

Companies needed to continue to diversify, however the question was posed whether there can be a diversification strategy that doesn't include China – given 55% of Canada's trade with Asia is with China. It was noted that most Canadians would like to have a free trade agreement with China – despite the apprehension they have about dealing with Chinese businesses and government – which highlighted a wider understanding of the importance of Asia.

Both Senator the Honourable Simon Birmingham and Parliamentary Secretary Robert Oliphant M.P. provided commentary on TPP-11. Mr. Oliphant said Canada needed to remember that it is a Pacific Rim country, and that there was need for Canada to expand its trade horizons beyond its neighbours.

The resulting members of the agreement are a formidable collection, even without the inclusion of the U.S., to a point where there are still others who'd like to participate.

Minister Birmingham commented that the U.S. influence in terms of the approach to e-commerce, to state owned enterprises and to issues such as competitive neutrality was actually very important in creating a high quality TPP. He outlined that he believes the U.S. walking away from the benefits of such an agreement is "its loss" and would like to see the TPP membership expand. In that environment, the agreement would help mid-sized economies operate under rules that allow them to compete and operate in a fair environment. Both Senator Birmingham and Mr. Oliphant said that the U.S. should remain engaged in a fair way.

Panelists equated uncertainty with hesitation and a slow-down in economic activity. The number of companies in Canada that have "gone global" (and therefore export to more than one market) had increased from 13% of the country's companies in 2015, to 35% in 2019. This number speaks to the trends emerging in sectors dominated by service companies, and technology companies really wanting to increase their market presence.

In support of these efforts, government policy is encouraged to prioritise investment and make it easier for business, academia and government workers to develop stable and reliable relationships. This could translate into policy that impacts human capital, notable indigenous engagement and visas allowing for true global mobility.

Panelists acknowledged that economic and social anxiety accompanies uncertainty. This is predominately triggered by the lack of stability and maintenance of regulations that support long term business decisions.

CEO PANEL

PwC presentation: PwC CEO Survey Report

The PwC CEO Survey Report was in its 23rd year and is annually released in Davos. 1,600 business leaders were surveyed globally in 2019. Of that group, 117 were Australian and 71 were Canadian.

Over the last three years, there had been a pessimistic outlook from respondents on global growth. This was consistent across global, Australian, and Canadian data. This seemed to be more prevalent in large, publicly listed companies; the private space didn't face as many regulatory challenges and uncertainties, resulting in a fostered optimism.

Seven out of 10 Canadian CEOs had a very positive outlook when it came to their own business, just not when looking at the global direction of the business. Cyber security and technology were the top risks to business growth for CEOs globally.

Climate change was considered risk to growth by CEOs, ranking 9th and 10th for Australia and Canada, respectively. Last year, Canadian CEOs looked to universities and other institutions to train and produce talent with more advanced digital skills. This year, the accountability to build that skill set had been taken on by business leaders as they invest in the talent, they believe they need to grow.

In Australia, CEOs were also looking to 'up-skill' talent to help navigate uncertain issues, such as cyber security. Panelists were encouraged to reflect on the results of the CEO report and the potential impacts of issues like climate change, protectionist trade policies and cyber security.

One of the challenges discussed was understanding where to innovate and how to defend that innovation against negative impacts. In the case of a cyber-attack, current systems would accurately and quickly detect a breach of security in the system. The reality of the threat is that a breach is inevitable. The real challenge was ensuring that whoever breached the system is unable to get anything out of the system.

Management and executives were required to lead growth through change. Part of that was acknowledged to be investing in training people, processes and new technologies; but all aligned with the objectives of making the job safer and adding value to stakeholders.

Even those companies that experienced prosperous periods of growth were facing challenges in maintaining quality work. An example of a lesson learned during a period of rapid growth was that an innovative company could turn into order takers instead of business creators. As a result, the firm's culture needed to empower people to be situational leaders.

Panelists agreed that government still played a vital role in protecting emerging industries through smart guardrails, but constantly changing regulations make it more challenging for businesses to grow. All panelists agreed that any regulation needs to be clear, concise and effective. Ultimately, all also agreed that CEOs should maintain a growth mindset, not a victim mindset and stay optimistic.

INDIGENOUS ECONOMIC AND ENTERPRISE DEVELOPMENT

This panel focused on the opportunities to increase Indigenous economic and enterprise development; examples of initiatives that have worked and have not worked; and identifying next steps to be taken to move forward.

Panelists outlined the great opportunities that exist in both Canada and Australia in support of Indigenous economic development. Three percent of Indigenous procurement is already being implemented in Australia, and Canada is aiming towards a promise of five percent, however there are still disturbing gaps in healthcare, access to potable water, education and employment. This gap can only be closed with serious and sustained investment in the education of indigenous youth.

Beyond access to mainstream education institutions or covering tuition fees, there also needs to be a celebration of the Indigenous identity through meaningful learning. The benefits include the sharing of Indigenous knowledge around climate change, environmental stewardship, traditional medicine, conflict resolution, inclusive decision making – which foster innovation without modern technology, instead focusing on relationships, open minds and a willingness to work together.

In Australia, the policy on supply diversity was implemented by the Labor Party a decade ago, but the policy itself lacked teeth. It wasn't until the Coalition government added targets and accountability mechanisms that the Indigenous community saw real progress. At the time of the Indigenous Procurement Policy (IPP) being launched in 2015, \$6.3 million had been generated by Indigenous businesses. Today, there was more than 12,000 contracts completed that were worth more than \$2 billion – that was the strength of putting accountability behind the public policy.

In Canada, the Aboriginal people were the nation's first entrepreneurs. Today, Aboriginal professionals are emerging as lawyers, engineers and more. By breaking down stereotypes and showcasing the good work of entrepreneurs, large corporates can be encouraged to engage with Indigenous enterprises and support equity by helping communities look at reconciliation, not as a way of managing poverty but as a way to create wealth. The model proposed suggests that corporations assign points to vendors that are either Indigenous businesses themselves or support Indigenous businesses.

As a result of the close relationships built through the AusCan Forum, the Australia-Canada Indigenous Economic Partnership (ACIEP) was formally launched at the 2020 Forum. The ACIEP Taskforce aims to facilitate opportunities to increase economic outcomes for Indigenous peoples in Australia and Canada. The ACIEP will serve as a platform to convene and coordinate the stakeholders required to identify, implement and measure the impact of exchanged practices. As a part of its reporting on outcomes for the Indigenous economy, ACIEP will present a report card at the next AusCan Forum outlining the progress in implementing best practices across both countries; the impact in the country adopting the practice; how this compares to benchmarks in the country the practice originated from; and identifying next steps or additional work programs for the periods leading up to the next AusCan Forum.

SMART CITIES INFRASTRUCTURE

To open this session, it was noted that Smart Cities are not about infrastructure, or what is built with concrete and steel, their purpose is creating quality of life and amenity for citizens.

The Canadian government had set aside over \$200 million over 10 years to invest in public infrastructure, focused on the outcomes that the investment is going to reap and to do it in the way that meet local priorities for the greater good of communities.

A Canadian Smart Cities Challenge had been put forward that asked communities to contribute ideas on how data and technology could be used to tackle real problems. The challenge was not trying to dictate what the 'right' answer was, or evaluate the best technology used, it was about the empowerment and effect initiatives had on the community itself.

Through the \$300 million Challenge, 220 communities participated with 130 applications. Issues outlined included addressing high youth suicide rates in the north by creating infrastructure maker spaces where teenagers could come and get the support they needed; energy security in the rural areas;

food security; and keeping the elderly at home. All applications were made available to other participants as a way to share knowledge and ideas on how to tackle community issues.

In Melbourne, the fastest growing city in Australia, the Smart City conversation needed to be centered on delivering more for people. Many of these types of conversations focused mostly on economic productivity, however, if the elements are only ever economic, technology won't be pushed into quality-of-life elements. The role of a municipal government extended beyond roads, rates and rubbish, but also as a finger on the pulse of the community and its shifting needs. The primary challenge was maintaining momentum and keeping the outlook positive, as negativity kills progress.

Cities have to be human-centered and based on what is right for that particular community, therefore it is business and government's obligation to best meet the needs of the people.

Most infrastructure projects originate because a property has breached its capacity limitations, resulting in construction that can end up being challenging and problematic for those living or working there. With the introduction of social media, people are not shy about expressing their citizen fatigue with change in cities. This has also fundamentally changed how citizens are engaged in the building and planning process, resulting in property developers utilising co-creation models alongside community advocates.

Many Smart City solutions came down to quantity and quality of data. Cities needed to strike a balance to create an arena of trust between those providing data and organisations leveraging insights from that data for creative solutions. Helsinki, Finland had solved its city congestion by mandating that all transportation operators share ridership data and usage. While arguably commercially sensitive data, the government's move encouraged start-ups to bring completely different thinking to solve mobility in the city.

CLOSING SESSION

The Canadian High Commissioner to Australia Mark Glauser and The Australian High Commissioner to Canada Natasha Smith challenged delegates to do more than simply leaving the Forum with a "warm glow", but to take tangible action by capturing discussions properly in order to progress them. Strong collaboration is key to the future of the Australia and Canada relationship, and there needed to be even more collaboration between Australian and Canadian businesses and governments.

In order to elevate collective prosperity, delegates were urged to focus on innovation and human capital – specifically, to focus on talent upskilling, industry and universities. Both High Commissioners provided reassurance that government leaders were keen to help and work together for better business outcomes.

The Forum Co-Chairs Norman Steinberg and Jennifer Westacott closed the Forum with several observations and actions to follow through on for the next Forum.

They called out the need to reframe the concept of certainty with talk about stability and said we may never have certainty however we can ask political leaders for further stability.

In discussing trade relations with China, we were not able to "diversify away" from China, but rather create "diversification in addition to doing the hard yards of working with China".

The Chairs identified meaningful ways in which Australia and Canada could cooperate bilaterally and at the practical level. This included making more use of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, and identifying enhancements to bilateral regulatory and tax arrangements.

In relation to climate change and energy, it was clear that there may be a way to achieve net zero carbon by 2050, however Canada and Australia should compare and share technologies, milestones, policy and regulatory settings to help achieve this goal.

Australian and Canadian space agencies could start proactively actioning the rules for engagement in space, as well as communicate more about the application of space technology on the ground to get communities excited about space.

The Co-Chairs noted that a topic for next Forum could be looking at micro credentials as we ask for increasingly skilled talent. Our two countries should also look at comparable standards, and the kind of progress that can be achieved through this type of education system.

To help further protect our two countries from cyber-attacks, further progress needs to be made around sharing common standards for third party access to business systems or information from small suppliers, as that is what often undoes the work businesses are doing on cyber-security.

In relation to Smart Cities, there needs to be a tighter definition of what Smart Cities are, in order to focus on the application of data and information for improved citizen outcomes and better quality of life. An opportunity was identified for collective work on a governance model that would unleash the opportunity of private capital from companies to meet the social and public need.

A piece of work identified from the Australia-Canada Indigenous Economic Partnership Working Group was that there may be some common legal frameworks that can release the national estate to the benefit of communities. In addition, the AusCan Forum could sponsor some young Indigenous people to attend as guests to ensure that it has representation from emerging leaders and to foster relationships with them.

There was a call for a focus on facts, not misinformation. This echoed the frustrations of the Treasurer and our High Commissioner, discussing the media stories about Australia “burning to the ground” which caused economic pain. Delegates were encouraged to share information about their beautiful and safe trip to Melbourne.

As a Forum and Group of Citizens, it was up to all attendees to choose optimism because pessimism leads to inaction. Therefore, it was upon everyone to commit themselves to leaving the event as optimists.

The Co-Chairs thanked the AusCan Forum’s President and CEO, Bob Onyschuk, Committee Members and Secretariat for the successful planning and organizing of the event. They were grateful for the excellent speakers, moderators and participants. Last but not least, they thanked the outstanding sponsors for their support - led by presenting sponsor, PwC; palladium sponsors, BHP and Nutrien; platinum sponsors, Transurban and ATCO; and gold sponsors, Kirkland Lake Gold, Air Canada, the State Government of Victoria, and the Federal Governments of Australia and Canada; silver sponsors Norton Rose Fulbright, OMERS, Bombardier, CPP Investments, Quanta Services Australia, HATCH, CDPQ, SNC-Lavalin, Saputo, Newcrest Mining Limited, RBC Capital Markets, RioTinto; and bronze sponsors

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NEXT FORUM

It was announced by the Co-Chairs that the next Forum will be held in Toronto in 2021.