MEDIA RELEASE

<div align="center">

**Leaders offer promising path for
Australia's long-term economic growth potential**

Industry responds to Government's call to demonstrate digital confidence

</div>

Sydney, 17 August 2009 – Following the release of the Government's 'Australia's digital economy: Future Directions' paper, The Australian Industry Group and IBM Australia will today release a blueprint outlining what Australia needs to do to enter the next growth phase and build a more sustainable economy.

'Towards a Smarter Economy: A roadmap to making it happen', summarises the discussions between forty of Australia's senior public and private sector leaders, who met on 30 April in Sydney at the Australian Leadership Forum (ALF). The Blueprint also proposes a roadmap for developing Australia's intelligent infrastructure over the next ten years.

Hosted by IBM and the Ai Group, The ALF provided a platform for delegates from organisations including Climate Action Australia, Energy Australia, Telstra, Medibank Private Limited and the Department of Broadband Communications and Digital Economy, to explore solutions to the pressing systemic issues hampering Australia's productivity and the creation of a digital economy. Discussions focussed on the telecommunications, transport, energy and water sectors, and the substantial economic benefits of building intelligence into these systems.

Heather Ridout, Chief Executive, Ai Group, said: "We welcome the Government's commitment to the rollout of the National Broadband Network. The release of this Blueprint illustrates the real benefits that can be gained at the intersection of all industries – not just within one industry - from a focus on the digital economy. We look forward to continuing to work together to advance this agenda further."

Glen Boreham, Managing Director, IBM Australia and New Zealand commented on the level of consensus reached at the ALF: "Despite the diversity of their agendas, the scientists, engineers, business leaders, environmentalists and policy makers at the Forum reached a clear consensus: Australia needs to merge its physical infrastructure, of roads, airports and buildings, with the digital infrastructure of broadband, the internet and data centres.

"This will create digitally aware roads, water networks, energy grids, health systems, cities and buildings – giving Australia an intelligent infrastructure that can collectively support pressing national objectives, such as improving our global competitiveness or reducing carbon emissions targets," said Mr Boreham.

A full copy of the Blueprint can be downloaded from:
http://www-03.ibm.com/press/au/en/presskits.wss

Contacts:

Tony Melville	**Sally Toepfer**
Australian Industry Group	**IBM Media Relations**
02 6233 0700	**0433 114 192**
Anthony.Melville@aigroup.asn.au	**sallyt@au1.ibm.com**

Executive Summary

New Opportunities, New Conversations

Many of the everyday systems on which our way of life depends are inefficient and unsustainable. But now, smart technologies give us the opportunity to make our transport, water and energy networks, cities and buildings digitally aware. If infrastructure is digitally aware it can sense and communicate problems, give us information to make better decisions, reduce inefficiencies – even predict and prevent failure.

For example:

- An intelligent road system will help us to reduce traffic congestion by warning people of traffic jams and suggesting alternate routes;
- An intelligent energy system will have smart meters that help people to better manage their electricity bills;
- An intelligent water system will help to reduce water restrictions by minimising waste across the system;
- An intelligent health system will improve the speed and quality of treatment and help to take the pressure off hospitals; and
- Intelligent broadband communications will deliver new services, create new industries and allow more Australians to work from home or avoid work-related travel.

The information these smarter systems would generate – and the services they would enable – could help us to tackle many of the issues arising from climate change, drought and our aging population.

According to new research[i] by Access Economics, smart systems also offer the most promising path for Australia to lift its long-term economic growth potential. Conservative estimates from a ten year plan to adopt smart technologies in electricity, irrigation, health, transport and broadband communications point to benefits including:

- Increasing GDP by 1.5% over ten years;
- Increasing the net present value (NPV) of gross domestic product (GDP) of $35-80 billion over the first ten years;
- Creating more than 70,000 jobs in 2014 alone.

But, to achieve these benefits, we will need to sharpen our focus on two capabilities:

- **Technology capability**
  The availability and deployment of the required technology, including its effective integration and funding.
- **Change capability**
  The behavioural change required for the technology to be adopted, bearing in mind the complex stakeholder relationships involved. This will require proactive collaboration, societal shifts, microeconomic reform and regulation.

The starting point is to develop a comprehensive and integrated plan that provides a single view of the whole program of effort required and the matching benefit streams. This plan will not only provide the roadmap for achievement, but also a clear sense of purpose and an appreciation of how the moving parts will need to work together to achieve success.

Then, we need to make a solid start very quickly – to get the process moving and to harness the resources and capabilities required.

In doing so, we must bear in mind seven key principles:

1. **Think big, but start small**
   Define manageable chunks of activity that will propel us down the path towards our overall vision for a smarter economy.
2. **Decide what not to do**
   Agree on priorities, so we can focus on what needs to be delivered and when. Assess projects in terms of both value and potential for a quick win.
3. **Collaborate early and often**
   'Connect the dots' between governments, researchers, businesses and citizens.
4. **Exploit the technology opportunities**
   Use international standards and fuse physical and digital infrastructure.
5. **Expect and encourage behaviour change**
   Recognise the importance of community acceptance and the level of resources required to drive and support societal shifts.
6. **Enable capabilities**
   Support change with regulation and microeconomic reform to increase productivity.
7. **Track progress and celebrate success**

To move to a better and smarter economy, we need to do things differently. Redressing the challenges outlined earlier will not happen automatically. Indeed, we will need a strong focus to make the required modifications to the way we use technology both in specific industries and as a nation as a whole.

To build a sustainable economic future, Australia must make a swift, concerted and collaborative effort to form and work towards a vision for smarter digital infrastructure.

We have the capabilities and opportunity to build a smarter economy. Now we need our government, industry and academic leaders to agree on the vision and gather the resources to make it happen.