



Economy Knowledge-driven agenda

Brain power over brawn in blueprint for the future

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Knowledge-based industries driving the future economy will be treated more favourably in tax and assistance terms than the old industrial powerhouses under a competition and investment agenda to be released on Tuesday.

And educational facilities offering courses and skill sets needed in this sophisticated new economy will also be favoured, with an emphasis on increased resourcing for STEM subjects: science, technology, engineering and mathematics.

The federal government blueprint has been drafted with industry sectors, educators and employers such as members of the Business Council of Australia.

It is seen as a way of addressing what the employer body has warned is declining international competitiveness even when measured against other advanced economies such as the US.

The BCA says Australia risks declining living standards in years to come due to deteriorating competitiveness from high labour costs in overly rigid labour markets, "no boost from a rising terms of trade" and the fact that "the drivers that have given Australia more than 20 years of uninterrupted growth will

not continue into the future".

Signalling a major attitude shift from the previous approach that eschewed "picking winners", the government's National Industry Investment and Competitiveness Agenda is expected to include changes to taxation law to restore favourable treatment to the transfer of stock options instead of pay in some salary packages, or employee share schemes.

Reports suggest the "options" provided to employees would be taxed only when converted into shares, rather than when issued as part of the employment package.

There are also likely to be changes to rules governing visa access to foreign investors, aimed at channelling new investment into sectors regarded as having significant growth and employment potential rather than just any enterprise.

In June, Prime Minister Tony Abbott visited a school in Brooklyn, New York, which was partly funded by IBM.

The idea has since been under consideration in Canberra after Mr Abbott argued at the time that it helped tailor the skill base in the education system towards the job

opportunities and industry needs of the future.

"I believe this is an innovative and valuable education model for us to consider in Australia," Mr Abbott said after a tour of the school.

"So many young people get to the end of their time at school wondering what they are going to do for the rest of their lives, what job they are going to do the day after they leave.

"On the other hand, so many people who run businesses complain they can't find people to work in their business. These are the sorts of issues we are wrestling with in Australia."

The Brooklyn model has a shared responsibility: the education authority meets the base cost and the partner company, IBM, provides mentoring and takes an active role in course design to maximise the relevance of qualifications.

Fairfax Media has previously reported that up to \$600,000 will be allocated to fund additional training for science teachers.