

Australia in the Asian Century White Paper

April 2013

On Sunday 28 October 2012, Prime Minister Julia Gillard released the Australia in the Asian Century White Paper. The White Paper asserts that the scale and pace of Asia’s transformation is unprecedented and the implications for Australia are profound. It sets out a strategic framework to guide Australia’s navigation of the Asian Century, including a number of targets for Australia over the next 13 years to 2025 to ensure Australia can fulfil its ambitions and compete effectively within Asia.

On Thursday 4 March 2013, Minister Emerson released the Australia in the Asian Century Implementation Plan, and appointed an additional three members to the Strategic Advisory Board on Australia in the Asian Century.

The White Paper is available in full [here](#). The Prime Minister’s press release, together with the press releases from members of Government across a range of portfolios, are available [here](#) (PDF).

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The Australia in the Asian Century White Paper: Overview

The White Paper is divided into two sections. The first, chapters one to four, explains the extraordinary rise of Asia over recent decades and its likely future to 2025. This section acknowledges an increasingly wealthy and mobile middle class is emerging in the region, and the new opportunities this creates for Australia. A continual theme is that as the global centre of gravity is shifting towards our region, the tyranny of distance is being replaced by the prospects of proximity. Economic growth in Asia will continue to drive demand for Australia’s energy and mineral resources. But Asia’s transformation and rising middle-class will also bring unprecedented opportunities for Australia well beyond the mining and energy sectors.

The second section, chapters five to nine, presents an ambitious set of national objectives and pathways to guide Australia to 2025. 25 objectives, supported by over 120 “pathways” are detailed in the paper. These objectives are grouped into five priority areas: strengthening our economy; building our capabilities; connecting to growing markets; ensuring sustainable security; and nurturing deeper and



broader relationships. Each objective is supported by a number of specific policy “pathways,” which guide their achievement.

As well as outlining national objectives, the paper also identifies how recent policy reforms, including in tax, regulation, skills, school funding, managing the resources boom, increasing connectivity and investing in infrastructure, are already enhancing Australia’s ability to engage with Asia. In particular it acknowledges the importance of our institutional regional engagement through the Asia–Pacific Economic Cooperation (APEC) forum with the now-developing East Asia Summit.

Five Priority Areas

The five priority areas identified in the White Paper are:

1. Strengthening our economy:

Irrespective of how the Asian century evolves, Australia’s prosperity will come from building on our strengths. We need to reinforce the foundations of our fair society and our prosperous, open and resilient economy at home. We need to build on areas where we already perform well, in order to extend our comparative advantage. Critical to this will be ongoing reform and investment across the five pillars of productivity—skills and education, innovation, infrastructure, tax reform and regulatory reform.

2. Building our capabilities:

As a nation we must do even more to develop the capabilities that will help Australia succeed. Our greatest responsibility is to invest in our people through skills and education to drive Australia’s productivity performance and ensure that all Australians can participate and contribute. Capabilities that are particularly important for the Asian century include job-specific skills, scientific and technical excellence, adaptability and resilience. Using creativity and design-based thinking to solve complex problems is a distinctive Australian strength that can help to meet the emerging challenges of this century. As a nation we also need to broaden and deepen our understanding of Asian cultures and languages, to become more Asia literate. These capabilities are needed to build stronger connections and partnerships across the region.

3. Connecting to growing markets:

Australia’s commercial success in the region requires that highly innovative, competitive Australian firms and institutions develop collaborative relationships with others in the region. Australian firms need new business models and new mindsets to operate and connect with Asian markets. We will work to make the region more open and integrated, encouraging trade, investment and partnerships. Firms will adapt their business models to seize the opportunities created in our region.

4. Ensuring sustainable security:

Australia’s future is irrevocably tied to the stability and sustainable security of our diverse region. Australia has much to offer through cooperation with other nations to support sustainable security in the region. We will work to build trust and cooperation, bilaterally and

through existing regional mechanisms. We will continue to support a greater role for Asian countries in a rules-based regional and global order. Australia’s alliance with the United States and a strong US presence in Asia will support regional stability, as will China’s full participation in regional developments.

5. Nurturing deeper and broader relationships:

Australia needs to strengthen its deep and broad relationships across the region at every level. These links are social and cultural as much as they are political and economic. Improving people-to-people links can unlock large economic and social gains. While the Australian Government plays a leading role in strengthening and building relationships with partners in the region—with more intensive diplomacy across Asia—others across a broad spectrum spanning business, unions, community groups and educational and cultural institutions also play an important role. Stronger relationships will lead to more Australians having a deeper understanding of what is happening in Asia and being able to access the benefits of growth in our region. In turn, more of our neighbours in the region will know us better than they do today.

Figure 1: Roadmap to navigate the Asian Century



Implementation

On 4 March 2013, Minister Emerson released the Australia in the Asian Century Implementation Plan, which sets out White Paper measures already taken, action envisaged over the next 12 months and further policies that need development.

Some of the objectives outlined in the White Paper are linked to existing government policies, such as the Gonski Review of School Funding, the Skills for All Australians reforms, the National Broadband Network and the Henry Tax Review. Others will require further policy development and new legislation, as well as collaboration between the federal and state and territory governments. All Ministers have specific responsibilities for White Paper policy within their own portfolios.

The Implementation Plan is available in full [here](#).

Governance

To support the implementation of the plan outlined in the White Paper, the Hon. Craig Emerson MP, Minister for Trade and Competitiveness, has taken on the responsibility for assisting the Prime Minister to deliver on the objectives of the White Paper. His new responsibilities, as Minister Assisting the Prime Minister on Asian Century Policy, will complement his existing portfolio responsibilities.

On 3 November 2012, Minister Emerson announced the formation of an implementation unit within the Department of Prime Minister and Cabinet, a Strategic Advisory Board, and a special Cabinet Committee to oversee the implementation of the White Paper.

The unit within the Department of Prime Minister and Cabinet will be staffed by officials from agencies across the Commonwealth. The Strategic Advisory Board will be made up of members of the White Paper Task Force Dr Ken Henry, Professor Peter Drysdale, Mr John Denton and Catherine Livingstone.

The special Cabinet Committee includes the Prime Minister, Deputy Prime Minister and Treasurer, Minister for Finance and Deregulation, Minister for Foreign Affairs, Minister for Defence, Minister for School Education, Minister for Industry and Innovation, Minister for Tertiary Education and Skills, Science and Research, and the Minister for Trade and Competitiveness.

Figure 2: Governance arrangements for implementation of the White Paper



Strategic Advisory Board on Australia in the Asian Century

On 4 March 2013, Minister Emerson announced the appointments of three new advisory board members: Mr Hamish Tyrwhitt, Executive Director and Chief Executive Officer of Leighton Holdings, Professor Margaret Gardner AO, Vice-Chancellor of RMIT, and Ms Rebecca Dee-Bradbury, President, Developed Markets, Asia Pacific of Kraft Foods. The appointment of the new advisory board members will help keep governments, business and the wider Australian community focused on the opportunities



presented by the transformation of Asia. Mr Tyrwhitt, who has extensive experience in Asia, will chair the board.

Prior to becoming Executive Director and CEO of Leighton Holdings, he was Managing Director of Leighton Asia Limited and Leighton Contractors (Asia) Limited. Of the myriad projects and operations of Leighton in Asia, a trades school set up in India to train local recruits to basic Australian qualifications merited special mention in the White Paper.

Professor Gardner has been Vice-Chancellor of RMIT University since 2005, having previously held senior positions at Deakin University, Griffith University and the Queensland University of Technology. Professor Gardner also chairs RMIT Vietnam Holdings Pty Ltd, which established RMIT University Vietnam in 2000 on the invitation of the Government of Vietnam. It is that country's first international campus.

As President, Developed Markets, Asia Pacific of Kraft Foods, Ms Dee-Bradbury leads an organisation with about 3,650 staff in Australia and New Zealand. Before joining Kraft, she held a number of senior positions, including CEO for the Asia-Pacific Region of Maxxium, a global spirits and wine distributor. In 2012, Ms Dee-Bradbury represented industry on the Prime Minister's Taskforce on Manufacturing. She will again provide a strong industry voice, in particular on behalf of agricultural and food processing businesses.

Mr Tyrwhitt, Professor Gardner and Ms Dee-Bradbury will join those members of the board who advised the Government on the White Paper's development. They are former Treasury Secretary Dr Ken Henry AC, Emeritus Professor Peter Drysdale AM from the ANU's Crawford School of Public Policy, Partner and CEO of Corrs Chambers Westgarth Lawyers Mr John Denton and Telstra Chairman Ms Catherine Livingstone AO.

Ex-officio board members include the Secretary of the Department of the Prime Minister and Cabinet Dr Ian Watt AO, Secretary to the Treasury Dr Martin Parkinson PSM and Secretary of the Department of Foreign Affairs and Trade Mr Peter Varghese AO.

The Asian Century Business Engagement Plan

On 19 December 2012 the Asian Century Business Engagement (ACBE) Plan was released. This Plan is a four-year program that will run from 1 July 2013. The objective of the ACBE Plan is to facilitate new initiatives to improve Australian business links into Asia through Australian business organisations based in Australia or in Asia.

The key goals of the ACBE Plan will be to leverage and / or expand the capability of member-based business groups to:

- assist Australian firms to more effectively access in-market business networks and develop new relationships with potential business contacts and partners in Asian countries
- identify and secure more opportunities for Australian firms to compete and succeed in regional value chains
- enhance and strengthen business links between Australia and Asia by reinforcing the profile of Australian business capability within the region to increase awareness and understanding of Australia in Asia, and of Asia in Australia.

ACBE Plan grants are intended to provide partial funding to member-based business organisations to deliver new projects or programs aimed at achieving the objective and goals of the ACBE Plan. This includes projects or programs that demonstrate the potential for the development of long-term links between institutions in Australia and their counterparts in Asia.

Under the plan, eligible applicants can be offered between \$20,000 and \$300,000 in grants. The grants are merit-based and competitive. Applications for ACBE Plan grants opened on 1 March 2013 and will close on 22 March 2013.

More information on the Plan, including the grant application guidelines, is available [here](#).

Background

The White Paper was commissioned by Prime Minister Gillard on 28 September 2011, and was designed to be a comprehensive review of economic and strategic change in Asia and its implications and opportunities for Australia.

Dr Ken Henry AC, former Secretary of the Treasury, was appointed as advisor to the Prime Minister on the White Paper, and led the project. He worked with the White Paper Task Force and Advisory Panel, which also comprised of:

- Professor Peter Drysdale AM, Emeritus Professor of Economics, Australian National University
- Mr John W.H. Denton, Partner and CEO, Corrs Chambers Westgarth
- Ms Catherine Livingstone AO, Chair, Telstra Corporation
- Dr Gordon de Brouwer, Associate Secretary, Department of the Prime Minister and Cabinet
- Dr David Gruen, Executive Director, Treasury
- Dr Heather Smith, Deputy Secretary, Department of Foreign Affairs and Trade

Compiling the White Paper also involved a comprehensive public consultation process. Written submissions were invited between 17 December 2011 and 4 March 2012. Over 450 written submissions were received during this period. The submissions are available in full on the White Paper website, and a summary of their contents is available [here](#).

In addition to receiving written submissions, a number of public forums were held across the country as part of the consultation process.

Terms of Reference

The Terms of Reference for the White Paper state that it should consider:

- the current and likely future course of economic, political and strategic change in Asia, encompassing China, India, the key ASEAN countries as well as Japan and the Republic of Korea;
- the domestic economic and social opportunities and challenges of the Asian Century for Australia;



- opportunities for a significant deepening of our engagement with Asia across the board, including in the economy, science and technology collaboration, clean energy, education, business-to-business and people-to-people links and culture;
- the political and strategic implications of the Asian Century for Australia; and
- the role of effective economic and political regional and global cooperation.

They also state that the White Paper will consider current Australian policy settings and make judgments on:

- a high-level strategy to enhance Australia's navigation of the Asian Century, including appropriate policy settings. The focus will be on opportunities to increase the economic and other net benefits to Australia from the global economic and strategic shift to Asia in the short, medium and long term;
- early actions which are able to be taken within five years of the submission of the review; and
- further policy initiatives which may be developed over the medium-to-longer term, out to 2025.

Appendix: Twenty-five national objectives for 2025

1. All Australians will have the opportunity to acquire the skills and education they need to participate fully in a strong economy and a fairer society.
 - Australia's school systems will be in the top five schooling systems in the world and our universities and training systems will be among the world's best. (See Hawker Britton's Occasional Papers on the [Gonski Review of School Funding](#) and the [Skills for All Australians](#) reforms, which provides further detail on these targets.)
2. Australia will have an innovation system, in the top 10 globally, that supports excellence and dynamism in business with a creative problem-solving culture that enhances our evolving areas of strength and attracts top researchers, companies and global partnerships.
3. Australia will implement a systematic national framework for developing, financing and maintaining nationally significant infrastructure that will assist governments and the private sector to plan and prioritise infrastructure needs at least 20 years ahead.
 - Infrastructure investment will support Australia's growing trade and investment with the region, improve productivity and will reduce future congestion costs by billions of dollars a year. (See Hawker Britton's Occasional Papers on [Infrastructure Australia](#), the [National Priority List for Infrastructure](#), and [Infrastructure Financing and Funding Reform report](#) for more detail on current infrastructure reform.)
4. Australia's communications infrastructure and markets will be world leading and support the rapid exchange and spread of ideas and commerce in the Asian region.
 - The National Broadband Network (NBN) will have bridged geographical barriers to Asian markets, allowing all Australian businesses and households to conduct more of their activities online.
 - All Australians will have access to high-speed broadband through a nationwide fibre network and wireless satellite services.
 - Australia will have high-speed broadband fibre to 93 per cent of premises, rolled out progressively to 2021 and capable of supporting speeds of one gigabit per second. (See Hawker Britton's Occasional Paper for more detail on the [NBN](#)).
5. Australia's tax and transfer system will be efficient and fair, encouraging continued investment in the capital base and greater participation in the workforce, while delivering sustainable revenues to support economic growth by meeting public and social needs. (See Hawker Britton's Occasional Paper on the [Henry Tax Review](#) for more detail on current reform of the Australian tax and transfer system.)
6. Australia will be among the most efficiently regulated places in the world, in the top five globally, reducing business costs by billions of dollars a year.
7. The Australian economy and our environmental assets will be managed sustainably to ensure the wellbeing of future generations of Australians.

- Australia will have reduced emissions by at least 5 per cent below 2000 levels and we will be well on our way to securing a clean energy future in which emissions are 80 per cent below 2000 levels by 2050. (See Hawker Britton’s Occasional Paper on the [Carbon Price](#) for more detail on emissions reductions efforts.)
 - Australia will be a world leader in implementing sustainable food production methods, in sustainable energy and water use, and in biodiversity conservation.
8. Australia’s macroeconomic and financial frameworks will remain among the world’s best through this period of change.
- Australia will have a strong and sustainable fiscal position and will continue to have a triple-A sovereign credit rating.
 - Australia will have a deep and liquid corporate bond market to harness our national savings so that more investment is domestically funded and we have less reliance on offshore wholesale funding markets.
9. Australia’s school system will be in the top five schooling systems in the world, delivering excellent outcomes for all students of all backgrounds, and systematically improving performance over time.
- By 2025, Australia will be ranked as a top five country in the world for the performance of our students in reading, science and mathematics literacy and for providing our children with a high-quality and high-equity education system.
 - By 2015, 90 per cent of young Australians aged 20 to 24 years will have a Year 12 or equivalent qualification, up from 86 per cent in 2010. (See Hawker Britton’s Occasional Paper on the [Gonski Review of School Funding](#), which provides further detail on these targets.)
10. Every Australian student will have significant exposure to studies of Asia across the curriculum to increase their cultural knowledge and skills and enable them to be active in the region.
- All schools will engage with at least one school in Asia to support the teaching of a priority Asian language, including through increased use of the National Broadband Network.
11. All Australian students will have the opportunity, and be encouraged, to undertake a continuous course of study in an Asian language throughout their years of schooling.
- All students will have access to at least one priority Asian language; these will be Chinese (Mandarin), Hindi, Indonesian and Japanese.
12. Australia will remain among the world’s best for research and teaching in universities, delivering excellent outcomes for a larger number of Australian students, attracting the best academics and students from around the world and strengthening links between Australia and the region.
- By 2020, 20 per cent of undergraduate higher education enrolments will be people from low socioeconomic backgrounds, up from 17 per cent in 2011.
 - By 2025, 40 per cent of all 25 to 34-year-olds will hold a qualification at bachelor level or above, up from 35 per cent in 2011.
 - By 2025, 10 of Australia’s universities will be in the world’s top 100.

- A larger number of Australian university students will be studying overseas and a greater proportion will be undertaking part of their degree in Asia.
13. Australia will have vocational education and training systems that are among the world's best, building capability in the region and supporting a highly skilled Australian workforce able to continuously develop its capabilities.
- By 2020, more than three-quarters of working-age Australians will have an entry-level qualification (at the Certificate III level or higher), up from just under half in 2009.
 - Australia's vocational education and training institutions will have substantially expanded services in more nations in the region, building the productive capacity of the workforce of these nations and supporting Australian businesses and workers to have a greater presence in Asian markets. (See Hawker Britton's Occasional Paper on the [Skills for All Australians](#) reforms, which provides further detail on these targets.)
14. Decision makers in Australian businesses, parliaments, national institutions (including the Australian Public Service and national cultural institutions) and advisory forums across the community will have deeper knowledge and expertise of countries in our region and have a greater capacity to integrate domestic and international issues.
- One-third of board members of Australia's top 200 publicly listed companies and Commonwealth bodies (including companies, authorities, agencies and commissions) will have deep experience in and knowledge of Asia.
 - One-third of the senior leadership of the Australian Public Service (APS 200) will have deep experience in and knowledge of Asia.
15. Australian communities and regions will benefit from structural changes in the economy and seize the new opportunities emerging in the Asian century.
16. Australia will be a higher skill, higher wage economy with a fair, multicultural and cohesive society and a growing population, and all Australians will be able to benefit from, and participate in, Australia's growing prosperity and engagement in Asia.
17. Australia's businesses will be recognised globally for their excellence and ability to operate successfully in Asian markets.
- Australian businesses will offer high-value goods and services as they link into regional and global value chains.
 - Small and medium-sized enterprises will be integrated into Asian markets.
18. The Australian economy will be more open and integrated with Asia, the flow of goods, services, capital, ideas and people will be easier, and Australian businesses and investors will have greater access to opportunities in Asia.
- Australia's trade links with Asia will be at least one-third of GDP by 2025, up from one-quarter in 2011.

- Australia will be part of comprehensive region-wide agreements that substantially reduce the cost of doing business in Asian markets by lowering trade and investment barriers, better aligning economic regulations and corporate governance arrangements, and enhancing connectivity of infrastructure.
 - Businesses in Australia and the region will have well-developed working relationships based on a good understanding of each other's legal institutions, commercial practices and corporate governance standards.
19. Australia's agriculture and food production system will be globally competitive, with productive and sustainable agriculture and food businesses.
- Australian food producers and processors will be recognised globally as innovative and reliable producers of more and higher-quality food and agricultural products, services and technology to Asia.
20. Australian policies will contribute to Asia's development as a region of sustainable security in which habits of cooperation are the norm.
21. The region will be more sustainable and human security will be strengthened with the development of resilient markets for basic needs such as energy, food and water.
22. Australia will have the necessary capabilities to promote Australian interests and maintain Australia's influence.
- Australia's diplomatic network will have a larger footprint across Asia.
23. Australia will have stronger and more comprehensive relationships with countries across the region, especially with key regional nations—China, India, Indonesia, Japan and South Korea.
24. Australia will have deeper and broader people-to-people links with Asian nations, across the entire community.
25. Australia will have stronger, deeper and broader cultural links with Asian nations.