



AUSTRALIA AS A FUNDS MANAGEMENT HUB FOR ASIA

An address to the
Investment and Finance Services Association
Conference

Delivered by Kevin Rudd MP
Shadow Minister for Foreign Affairs, Trade
and International Security
Federal Member for Griffith

Gold Coast
3 August 2006

In my remarks to you today, I'd like to do three things:

- I would like to acknowledge the important role played by the funds management industry in our national economy;
- I would like to outline some of the critical challenges facing our national economy, most particularly the need to lift exports in order to turn around our unsustainably high trade deficit and current account deficit; and
- I would like to discuss ways in which Australia's one trillion dollar funds management sector can become a new platform for exporting Australian financial services to the region and to the world.

I take these challenges very seriously.

For too long, exports have been the sick man of the Australian economy.

For too long, export focus has been concentrated on commodities.

And for too long, we have been constrained by a national economic vision in which Australia ends up being little more than China's quarry and Japan's beach.

Our task is to construct an alternative economic vision for Australia which does not put all our eggs into the one basket – one whose cornerstone is a radical investment in the knowledge economy of the 21st century.

A role for smart manufacturing.

And a critical role for smart service industries such as the one those of you in this room represent.

This will involve a revolution in the way in which we invest in education, skills, training research and innovation.

It will involve deep reform in the way in which we develop our economic infrastructure – not just our ports, rail and road networks, but also in laying out a national broadband network capable of sustaining the demands of the digital economy in the new century.

It will require a robust industry policy in which government works closely with industry sectors such as your own rather than hold them at arms length.

And importantly, an alternative economic vision for Australia that understands the profound changes underway in our global and strategic environment - most particularly with the rise of China and India - and a capacity to navigate a future for Australia across this uncertain terrain.

Rich in challenges.

Equally rich in opportunities.

And that is the business in which we, as the alternative government of Australia, are currently engaged.

The Funds Management Industry

The funds management industry is one of the great success stories of the Australian economy over the past twenty years.

Since the superannuation guarantee was introduced by Labor in 1992, funds under management have grown from \$250 billion to \$1 trillion. That is, averaging growth of 11 per cent a year for 13 years.

The funds management industry is important to the economy, not just as a facilitator of investment, but as a generator of economic and employment growth in its own right.

In 2004-05 the finance and insurance industries combined added \$62 billion to Australia's gross domestic product (GDP) and accounted for 8.5 per cent of the total economy.

This was up from 6 per cent in 2000.

It represents a 157 per cent increase since 1985.

This in turn represents average annual growth of 5.3 per cent over that 20 year period – making it the third fastest growth sector in the Australian economy after communications and property.

The financial services and insurance industries employ 275,000 people directly with another 85,000 providing services to the industry, providing total employment of over 360,000.

If your industry is added to real estate and business services, the combined employed numbers as of 2004 reach nearly 1.5 million – or 15.2 per cent of total employed persons in Australia.

Your industry is also confident in your future. The Australian Investment Management Survey 2005 reported that 50 per cent of CEOs surveyed in the sector expect growth of more than 20 per cent over the next three years.

You will understand that the growth in this sector is something of which we in the Australian Labor Party are proud, given the critical changes to superannuation policy introduced by the Keating Government 15 years ago.

For these historical reasons, as well as the sheer economic and employment grunt which you bring to our country's future, we have more than a passing interest in how this industry develops in the decade ahead.

Australia's Trade Deficit

We are particularly interested in how this industry can contribute to Australia's export future.

Data released by the Australian Bureau of Statistics in July showed that Australia has recorded 50 monthly trade deficits in a row – the longest period of uninterrupted deficit since the ABS began recording monthly trade data in 1971.

That is, we have imported more than we have exported for over four years, despite the boom in commodity prices and despite the best terms of trade this economy has experienced since 1974.

Australia's annual trade deficit in 2005 was \$18.6 billion.

This added directly to our current account deficit of \$55.2 billion.

This in turn has added to our record foreign debt, which is now at close to half a trillion dollars.

These triple deficits reflect in large part our poor export performance. It has not always been so.

Total export volumes grew by 8.4 per cent per annum between 1983 and 1996. This slowed to 6.7 per cent per annum in the five years to 2000. More disturbingly, it has slowed considerably

since then. In fact, Australia has recorded annual export growth of just 1.2 per cent over the past 5 years.

Drilling down into individual sectors shows an economy whose exports base is narrowing, not broadening.

The growth in the value of our resource exports has been considerable over the past two years.

However, this is almost entirely due to an increase in international commodity prices, not because of increased production.

We need to be more than just the lucky country that relies solely on unstable global resource markets to drive our export earnings.

The truth is the actual volume of resource exports has not grown to the same extent. The ABS measure of export volumes is designed to extrapolate export trends from the impact of prices, giving an indication of how much export capacity changes over time.

After growing by 6.5 per cent a year between 1983 and 1996, the actual volume of resource exports has grown by just 1.3 per cent a year since 2000.

In fact, national accounts data show that mining production actually declined by 2.4 per cent over the past twelve months.

This is an exceptionally poor performance given the strong world demand for Australian resources.

I need not repeat in detail the problems of infrastructure and skills shortages that we are all aware of that have brought this about. Nor need I repeat the impact which these shortages have had on inflationary pressures across the economy and their consequential impact on interest rate settings.

Problems in Australia's export performance, however, have not been restricted to the resources sector.

Elaborate transformed manufactured export volumes grew by 12.9 per cent a year between 1983 and 1996 but have averaged growth of just 3.6 per cent per annum over the past five years.

The same pattern can be seen in the services sector. According to the ABS, volume growth in Australia's total services exports have experienced the same downward trend, growing at 9.3 per cent from 1983 to 1996, but slowing to 5.9 per cent a year from 1996 to 2000.

Since 2000, Australia's exports of services have declined to an annual average rate of 0.3 per cent per annum.

At the same time, the global growth in trade in services has been increasing rapidly – representing a growing share of total global exports.

By contrast, according to WTO data, Australia's share of global services exports has fallen from 1.5 per cent in 1996, to 1.1 per cent in 2005.

This disturbing trend of slowing growth or actual decline is apparent across a number of key sectors in the services industry including education services and tourism.

Unfortunately the same trend is also apparent in financial services exports.

According to the ABS, Australia's exports of financial services were valued at \$1.7 billion in 2005, comprised of \$700 million in insurance and \$1 billion in other financial services. Between, 1983 and 1996 exports of insurance services averaged growth of 21.1 per cent. Between 1996 and 2000 this slowed to growth of just 1.0 per cent a year.

Most disturbing of all, over the past five years exports of insurance services recorded a decline of 1.5 per cent per annum.

Other financial service exports have followed a similar pattern, growing by 15.8 per cent between 1986 and 1996, slowing to average growth of 10 per cent between 1996 and 2000, and averaging growth of just 2.2 per cent a year in the past five years.

It is important at this point to acknowledge that there are significant methodological problems involved in the accurate accounting of total services exports.

All exporters and importers must register with Australian Customs and record with them the value of exports and imports of goods. The ABS uses this data and therefore has complete coverage of trade in goods.

But services exports rely on surveys of service businesses. That is, businesses are required to fill out a form detailing how much revenue they have received from overseas sources.

There are two problems with this methodology. The scope of the survey is not universal although the ABS has recently increased its survey size by 2000 organisations and believes it is capturing the main players.

The second problem is the information that the survey respondents report to the ABS. Accounting systems are generally set up to measure total profits regardless of where they originate without recording whether they come from domestic or international sources.

The ABS export numbers for financial services are collected through two surveys, an ABS survey and an APRA survey. The ABS survey is a sample of business services exporters. The APRA survey is intended to be universal.

The APRA survey has the potential to provide good coverage but there are two problems. The survey is designed to collect data for total fees and charges and currently cannot provide information directly to the ABS on exports. As with general services trade, finance sector businesses have difficulty separating out what is domestic and what is foreign income.

We understand the ABS is seeking to resolve these methodological difficulties for financial services exports. However given that these difficulties have existed over some time, and given

therefore that we have been comparing like with like over time, the reported trendline data for this and other services sector exports has not been as encouraging as it could be.

The practical challenge we face is what to do about the crisis of Australian exports overall.

That's why in the year that I have occupied this portfolio, I have been arguing for A New Exports Strategy for Australia which:

- rebuilds the skills of our nation - the skills demanded by Australian exports industries;
- lifts Research and Development;
- plans properly for our national infrastructure needs - rather than standing passively by while infrastructure bottlenecks occur;
- improves export promotion and better coordinates Federal and State Government resources in this area; and
- rebuilds Australia's export culture so that exporting becomes a logical extension to simply doing business in Australia.

Global and Regional Funds Management Markets

Within this new exports strategy for Australia, we will also need to look specifically at how we can better develop the export potential of Australia's vibrant one trillion dollar domestic funds management industry.

Global funds management represents a significant export market for Australia. There is currently over \$US49 trillion of funds under management worldwide, and this is expected to grow to over \$US60 trillion by 2010.¹

Although Asia represents just \$1.4 trillion of overall global funds under management, the Asian market is expected to grow rapidly over the next five years, with funds under management expected to increase by 14 per cent-plus per annum for the medium to long term.²

Australia's exports of financial services are still dominated by the United States and the United Kingdom, which each account for about 30 per cent of total exports by the industry. This in part reflects the size of the US market in particular at over \$8 trillion.

However, there is considerable scope to improve on our exports of financial services to our near neighbours. Singapore accounts for only around 8.5 per cent of total Australian financial services exports, Hong Kong for 6.3 per cent and Japan just 3.8 per cent.

Of most concern is that Australia's exports of financial services to China barely register at all.

¹ Cerulli Global Update 2005

² Opportunities in Asia: Key regional Asset management trends Cerulli presentation to IFSA members Sydney, June 2008

The Department of Foreign Affairs and Trade reports in its *Trade in Services Publication* that exports of finance services to China do not exist.

To be fair, China's financial market has only recently begun to be opened up through its accession to the World Trade Organisation. However, China represents a significant potential market for Australia.

China's aging population, in conjunction with the breakdown of the traditional family system of support for the aged through the one child policy, is likely to see a greatly increased emphasis on retirement incomes policy and consequential demand for fund management services.

Cerulli Services reports that in Asia the industry is looking at a region with already one of the highest savings rates in the world, where investment options until recently have been limited for consumers, as has the role played by independent financial advisers.

Combined projected assets under management (AUM) in China and India will continue to rise in the half decade ahead – reaching 26 per cent of the total projected AUM for Asia by 2010.

Again, Cerulli concludes that “Asia represents one of the world's fastest growing funds management marketplaces” which (*inter alia*) is being fuelled by expansion in China and India and a region in which pension reform represents an essential ingredient in future growth.

- Chinese mutual funds assets under management are projected to grow over the next five years from \$491 billion Yuan to \$855 billion.
- In India, mutual funds assets under management have already grown from \$940 billion Rupee to \$1.9 trillion Rupee in 2005.

In both cases the growth trajectory is significant.

The experience of Dublin as the emerging funds management centre in Europe may provide an example of what Australia could become in Asia.

With \$1.4 trillion currently under management in Asia, and with a growth trajectory of the type I have just described, the export potential for Australia's already sophisticated funds management industry is significant.

Against normal risk diversification strategies, approximately 25 per cent of Asian assets under management might be expected to be invested offshore over the next five to 20 years.

On the assumption that funds managers would normally apply up to one per cent of combined fees and charges on a given transaction, the export income earnings for Australia are potentially significant.

Australia as a Funds Management Hub of Asia

According to Axiss Australia, Australia's funds management industry at the beginning of 2005 was the largest in Asia and the fourth largest in the world.

Australian funds under management are roughly the same as funds under management for the rest of Asia combined minus Japan.

And I repeat again, this is in large part a direct product of the Keating superannuation revolution here in Australia some 15 years ago.

The result is that we have a funds management industry with a critical mass, history and depth that as of today few countries can match.

From a global and regional perspective, the Australian funds management industry has a number of advantages.

First, we have a tough regulatory environment (some in this room may argue it is too tough), with a generally sound record for probity.

Second, we have an independent judiciary which significantly assists in any external country risk analysis of Australia.

Third, we have a finance industry workforce that is highly skilled. Over half of the employees in the finance and insurance industries have post-school qualifications, with around a quarter of all employees holding a bachelors or higher degree qualification.³

Fourth, Australia's multicultural population also provides a wealth of language skills to draw on. Australia has a total of 855,000 people who speak an Asian language at home with a further 175,000 people holding bachelors degrees or higher qualifications in an Asian language.⁴ While Australia must do more to facilitate the take-up of Asian language courses by school students (in which context the Federal Government's decision in 2002 to abolish all funding for NALSAS was just plain ludicrous), we still have a significant advantage.

Fifth, although there are more developed financial services hubs in the world, Dublin, Luxembourg and London, Australia has the advantage of being in the same time zone as the rapidly growing Asian market. This comparative advantage, unlike the others delivered to us by nature, cannot be underestimated.

Challenges for the Future

So what can be done to better leverage our significant domestic funds management industry into the burgeoning market of our immediate region?

Once again it should be emphasised that while 27 per cent of Australian assets are placed offshore, only one per cent of assets under Australian funds management are derived from offshore.

³ Ibid

⁴ Ibid

The challenge, therefore, is great.

The industry raises three sets of concerns on this score:

- First, the impact of Australia's business taxation system on foreign funds flowing to Australian fund managers;
- Second, market access barriers in certain critical regional markets; and
- Third, the need to comprehensively badge and brand Australia across the region as a natural funds management hub for Asia – just as Ireland is becoming in Europe.

The industry advises that Australia currently levies a rate of 30 per cent on income paid overseas from funds managed in Australia. That is, if an overseas resident places money with an Australian managed fund to invest on their behalf they will pay 30 per cent withholding tax on the earnings as they are paid out.

The industry also advises that through the Australian income tax system, non-residents may get the 30 per cent rate down to 15 per cent through a number of deductions. However, this requires the non-resident to lodge an income tax return, which they are reluctant to do.

The industry further advises that other countries have flat headline tax rates. For example, the equivalent tax rate in the US is 15 per cent, Singapore 10 per cent and Japan 7 per cent. These countries do not require tax returns to be filed to receive this rate.

The industry argues that there are benefits to be gained both to the industry and the economy as a whole from a reduction in the withholding tax to a more competitive rate. It is argued that if this occurred:

- there is the prospect that more funds could flow for investment into Australia to be managed by Australian funds;
- greater investment would also flow into Australia for Australian funds managers to invest globally. For example, a Japanese resident could place their funds for management with an Australian funds manager for investment in an appropriate third country market; and
- the fees and charges paid on the services provided by the Australian funds manager are then counted as Australian export income, and through the tax system contributing further to the public revenue.

Currently the dominant sector in this regard is funds under management in Australia and invested directly in Australia.

However a number of Australian funds managers already have global funds products where foreigners place money with the fund which in turn invests back overseas. Some of these companies are Mirvac, Vanguard, UBS, AMP Capital, GPT, and Westfield.

There are, however, a number of public policy questions which need to be examined carefully in response to the industry's advocacy, including: any distorting effects which individual business taxation change may have on business activity overall; the public revenue implications of any taxation change (positive or negative); as well as how best to model the impact of any such changes on export growth.

Furthermore, would any change in Australia result in a competitive race to the bottom in other taxation jurisdictions – which may be to the delight of those present in this room but to the despair of those responsible for the management of the public revenue.

Nonetheless the case put forward by industry, given the real potential for export growth in Asia, warrants substantive investigation.

And for this reason I can announce today that Labor in Government will establish an Australian Funds Management Export Taskforce (AFMET) with costs to be absorbed from Departmental resources.

Obviously this is a narrower remit than a broader inquiry into the exports of the Australian financial services sector more generally into Asia. But the reason for this is that the relative critical mass, experience and depth of the Australian funds management industry is a regional and global standout. AFMET would also have a remit to investigate other policy challenges including regional market access and Australian national branding as a potential funds management hub for Asia.

Removing Market Impediments in Asian Financial Markets

One of the most important ways that the Government can assist in creating Australia as a funds management hub is by driving the trade liberalization agenda in the region.

The collapse of the Doha Round last week was a disaster for the Australian economy and the world economy.

There was much press coverage on the impact of the failure of the Round on agriculture. The loss to Australian farmers is significant

The failure of the Round however was also a disaster for the services industry, including the financial services industry.

Financial services were included in the Uruguay Round of trade reforms that were negotiated during the term of the previous Labor Government and finalised in 1997. The main outcome from the Uruguay Round for financial services was that it contributed to more transparent financial sector regulations in member countries.⁵

⁵ Cornford A. The WTO Negotiations on Financial Services: Current issues and future directions United Nations Conference on Trade and Development June 2004. p.1

The Doha Round sought to go further in liberalizing financial services trade. Australia's priorities for financial services from the Round were:

- Increasing the number of operating licences available for foreigners;
- Reducing requirements to operate through joint ventures;
- Allowing a greater number and broader range of products to be marketed; and
- Mutual recognition of overseas qualifications.⁶

The inclusion of these items in a successful Doha Round would have been a substantial opportunity for the Australian financial services industry.

The collapse of the Doha Round leaves us to rely in the immediate future on bilateral agreements which have so far in aggregate not produced any significant trade benefits for Australia.

A breakdown of data by country for financial services exports for 2005 is not yet available, so it is not yet clear whether Australia's financial services trade position with the US has improved under the 2004 free trade agreement.

The establishment of the joint Financial Services Committee (FSC) under the USFTA is a positive step. The Committee will provide for the coordination of integration of the financial services markets in both countries.

There are a number of outstanding issues the FSC will have to deal with including:

- The harmonisation of Securities Exchange Commission and ASIC regulations, allowing US investors direct access to Australian securities and managed funds;
- Mutual recognition of licences for securities dealers and financial products issued by either the SEC or ASIC; and
- Reducing the disclosure requirements for capital raisings.⁷

However the treatment of financial services under the Australia Thailand Free Trade Agreement (TAFTA) is an example of the dangers of bilateral agreements.

There are many problems with the agreement. I am advised that the most significant, however, has been the erosion of preferential access that Australian companies had in the Thai financial services sector, due to the failure of the Government to ensure the inclusion of a general most favoured nation clause.

⁶ Department of Foreign Affairs and Trade website.

⁷ Australian Services Roundtable newsletter, August 2005.

A most favoured nation status clause requires that greater access provided to a third party through a subsequent agreement is automatically accorded to other parties already in an agreement.

Since signing TAFTA, Thailand has undertaken numerous bilateral agreements with other countries, which has substantially eroded the preferential access accorded to Australia. Perhaps this problem has been rectified. If not, it needs to be.

The value of multilateral trade liberalization is apparent from the partial opening up of the Chinese financial services sector as a result of China's accession to the WTO in 2001.

Prior to China's accession, foreign banks could not operate local currency businesses except in a couple of provinces.⁸ These restrictions are scheduled to be phased out by December this year, a process that began in 2001.

Some other examples of China's commitments on financial services on its accession to the WTO are:

- Uniform and reasonable regulations across all levels of government; and
- Publication of all laws, regulations and government policies affecting services trade.⁹

It remains to be seen whether Australian negotiators will be able to secure any greater access to China for the Australian financial services sector under the current bilateral FTA negotiations between Canberra and Beijing.

China has already flagged the services sector generally as being one of the most sensitive sectors for negotiation. It is nonetheless critical that the Australian Government ensure that financial services are included and that significantly greater access to the Chinese financial services market is provided.

The Government has signalled that Australia is likely to seek removal or liberalisation of:

- Chinese limits on foreigners entering joint ventures with domestic banks;
- Limitations on the breadth of insurance products allowed; and
- Reform of onerous requirements for insurance licences.¹⁰

There are a range of other barriers to trade in the financial services sector across Asia, a number of which directly impact on the funds management industry in Australia. These include restrictions on foreign participation in Japan's and Korea's insurance markets through the monolithic operations of Japan Post and Korea Post. They also include Malaysia's and Vietnam's direct limitations on foreigners providing fund management services to local individuals and corporations.¹¹

⁸ Parlin, C, Current developments regarding the WTO financial services agreement p. 3.

⁹ Ibid.

¹⁰ DFAT website

¹¹ Office of the US Trade Representative, 2006 National Trade Estimate Report on Foreign Trade Barriers, various chapters.

AFMET will also be provided with a remit to undertake a comprehensive analysis of all regional barriers to trade impacting on the ability of the Australian funds management industry to access these markets.

The conclusions of this investigation will be used to directly inform Australia's trade negotiating strategy for further rounds of trade liberalisation negotiations on financial services markets.

Branding Australia as a Funds Management Hub for Asia

A further question arises as to how we best brand Australia as a funds management hub of the region.

This goes the question of the adequacy of existing support programs from DFAT, AusTrade and Axiss, which is a part of Invest Australia.

We have been unable to identify any DFAT or AusTrade program which is specifically devoted to the enhancement of Australia's financial services exports.

Let alone one specifically dedicated to the regional branding of Australia's funds management services in particular.

It may be that DFAT and AusTrade have engaged in specific one-off promotion activities in individual country markets. But the detail is difficult to identify.

The principal vehicle identified by the Australian Government for the promotion of the Australian financial services sector is Axiss Australia, part of Invest Australia, which belongs to the Department of Industry, Tourism and Resources.

As Invest Australia is primarily involved with increasing incoming investment, it does not have a role in branding Australia as a financial services hub but more as a general destination for investment.

As for Axiss Australia, its website states that it "...aims to facilitate the establishment and operation of global financial services firms in Australia via direct assistance".¹²

The main activities undertaken by Axiss are:

- collection and dissemination of data on Australia's financial services sector for business cases and presentations;
- advice on policy and regulation matters;
- assistance with developing business cases for firms wanting to expand overseas;
- facilitating meetings between the government and offshore financial service businesses;

¹² Axiss Australia website.

- “assistance” for financial services companies looking to expand overseas; and
- provides advice on training and education in the sector.¹³

None of these activities look to the branding of Australia as a funds management hub for Asia or anything like it.

What specific assistance Axiss Australia provides to financial services companies expanding overseas is unknown.

While Axiss may well be assisting individual Australian firms, it is difficult to see how they would do so effectively on behalf of the one trillion dollar industry represented by the 85 funds management businesses that belong to ISFA – given that Axiss’s total staffing resources was reportedly reduced in the last Federal Budget from 13 to 9.

If you were to compare and contrast that nine with the number of Australian Government agencies, officials and advisers engaged in the promotion of Australian agricultural exports, the comparison is likely to be stark indeed.

Once again we see a further function for AFMET in recommending a comprehensive, clear-headed and long term strategy for promoting and entrenching the Australian national brand as the funds management centre of choice for Asian markets.

This is not the sort of thing you can achieve overnight. It requires active cooperation between government and industry. But it represents precisely the sort of value-added that government can provide as an industry-wide service to the sector.

Conclusion

As the alternative government of Australia, we look forward to working with IFSA and its member companies on the development of this important exports sector for Australia.

There have been a number of items of international taxation reform where we have worked on a cooperative, bipartisan basis with the Australian Government with a view to enhancing the international competitiveness of the financial services sector and Australian business in general.

This includes Labor’s support for the New International Tax (Participation Exemption) Bill which streamlined the test for capital gains liability for the sale of shares in a foreign company and tax on dividends from foreign companies.

Labor has also indicated its support for the New International Tax Arrangements (Managed Funds and Other Measures) Bill which seeks to correct a disadvantage faced by Australian managed funds in disposing of foreign assets.

¹³ Ibid.

This is because we are in the business of supporting Australian business in what we know to be a highly competitive international market.

It is also a part of our overall approach to enhancing Australia's international economic competitiveness through policy initiatives such as those recently outlined in Labor's Blueprint on Innovation Policy.

We are also consulting industry on how to improve Australia's venture capital market – a venture capital market recently described by Andrew Green of the Australian Venture Capital Association as “like dealing with Botswana”.

Our overarching purpose, however, remains to improve competitiveness, increase exports and thereby address the underlying challenge of Australia's triple deficit – our record trade deficit of \$18.6 billion; contributing to our near record current account deficit of 6 per cent of GDP; contributing in turn to Australia's record foreign debt of half a trillion dollars.

Some economists, analysts and commentators query today whether such external imbalances still represent a significant macro economic problem for Australia.

There is a view among some economists that current account deficits are not a concern. The argument, known as the “consenting adults” thesis, goes like this. Since the debt is owned by private individuals and they know their circumstances best, it is up to individual borrowers and lenders to decide how much debt is appropriate.

However, the more conventional and conservative view is that large and consistent deficits put long-run upward pressure on interest rates. In particular, high and persistent deficits risk a sudden collapse in confidence in Australia as an investment destination leading to a downward pressure on the Australian dollar and upward pressure on import prices, causing the Reserve Bank to raise rates to suppress demand and keep inflation in check.

Our view is that the laws of economic gravity have not been suspended.

That is why we can no longer allow exports to languish as the sick man of the Australian economy.

That is why we need now A New Exports Strategy for Australia.

And that is why your industry, given its success to date, represents for us such a key part of that strategy.

We look forward to building with you not only a new exports sector for the country, but in doing so, assisting in transforming Australia into the knowledge economy it needs to become if we are to have a sustainable economic future for the 21st century.