Governments and nations must make their own luck

The Asian Century white paper is a platform for prosperity

Australia’s good fortune is that the centre of economic gravity is shifting from the mature economies half a world away to the maturing economies closer to home. As Julia Gillard put it yesterday: “The world economy is coming our way.” It is tempting once again to declare that this is the lucky country. as indeed it can and should be. Opportunities beckon, but the message from yesterday’s Australia in the Asian Century white paper is that once again we are obliged to make our own luck.

The bonus for the government is that the white paper contains two blueprints in one. The first is an overview of the extraordinary opportunities for Australia to continue to build critical government, business, trading and cultural partnerships with our neighbours. The second is the message that we must rediscover the reforming spirit of the 1980s and 90s that equipped our economy for an era of unprecedented globalisation if we want to benefit from 21st-century opportunities. Just as the Hawke and Keating governments turned globalisation from a threat to a challenge for domestic reform, so the Asian Century must become the new narrative for economic reform.

For all the exotic promise of the Asian Century, the policy objectives recommended to achieve it are decidedly familiar: productivity, participation, flexibility and education. Those looking for detailed policy plans will be disappointed. There are few fresh ideas and some old ones have been given a little extra zip. That, however, is probably for the best, since the last thing this government needs is a bright new shiny plaything. What it does need is a narrative — a clear idea of where we are and where we need to get to. For a government that has searched for a vision and a set of priorities for the best part of half a decade, this white paper offers a framework to adopt and build upon in the months and years ahead.

One thing is abundantly clear: standing still is not an option. The super-charged industrial revolution in Asia is changing our world whether we like it or not. The choice is stark: we can sit back and watch our national income and living standards fall or we can lift our game and build prosperity by increasing productivity. Naturally, the white paper gives short shrift to the first option since fatalism is not part of the Australian character. It takes the ambitious path, assuming Australia can rediscover the productivity trajectory last experienced in the 90s and accelerate further. If we can raise productivity by an extra 0.5 per cent a year above the business-as-usual forecast, Australia will rise to 10th place on the global living standards table by 2025. It is a worthy and achievable goal, providing business is given the full backing of government.

To the extent that the report dwells on familiar reform challenges, such as an ageing population and the need to increase workforce participation, alleviate infrastructure bottlenecks, raise skill levels, foster innovation and deliver a world-class education system, it is a welcome reminder of the path Australia must follow. Asian language teaching, an expanded diplomatic corps and developing the international higher-education market are no-brainers. The report’s weakness is its tendency to overstate the role of government and understate the role of business. Corporations could do without the recommendation for a fixed quota of board members with “deep experience in and knowledge of Asia”, whatever that may mean. Recommending “Asian cultural competency training” for directors risks patronising businessmen and our regional neighbours in one sentence.

Professionalism, honesty, respect and trustworthiness are the universal good manners of business, and Australians have shown themselves to be accomplished practitioners. The report canvasses many business opportunities beyond mining and energy. Agricultural trade with Asia is growing and will grow even further. It is a sector with a proven productivity record stretching back two centuries to the days when the challenge was to breed a better sheep and freeze it more efficiently. Recent advances in dairying, farming provide hope for the future and the development of the tropical and semi-tropical north still has a long way to go. The report wisely avoids picking winners, and so must the government. Demand and competitive advantage should dictate future trends, and business is a better judge than government as to where the best yields lie.

Despite its faults, the report has the tone of maturity that suits a nation that feels comfortable in its skin and in its neighbourhood. It should calm the nerves of those concerned about Asian investment. Each case must be judged on its merits, but investment is essential if Australia is to achieve its full potential.

It is more than two years since the Prime Minister said the government had lost its way and as a consequence, it was necessary to remove a sitting prime minister. She appears to have been preoccupied since then with preserving her narrow parliamentary majority and savaging Tony Abbott. Unless we missed it, cutting the Opposition Leader down to size does not feature in the white paper’s pathway to prosperity. The government has the perfect opportunity to turn the corner and build a legacy by embracing the reforms outlined in the Australian in the Asian Century white paper. Like countries, governments must make their own luck.
Tighter focus for researchers

**INNOVATION**

GOVERNMENT support for science and technology will focus on those areas where Australian researchers can become national, regional or global leaders, according to the white paper.

The new strategy will involve streamlining the often overlapping network of more than 200 existing funding and tax incentives for research and development currently administered by the federal, state and territory governments.

Tax reform would “create the right incentives to invest in new capital and research”, encouraging private sector investment to build on the foundation provided by government funding, the Prime Minister said.

Julia Gillard also promised “greater collaboration between universities and firms, helped by government, to turn specialist knowledge into commercial advantage”.

The white paper sets a target of developing an Australian “innovation system in the top 10 globally”, although no benchmark or timeframe has been decided against which to measure this.

To achieve the goal, a National Research Investment Plan “that enables Australians to engage with the best global research teams” will be developed.

The paper suggests the CSIRO, which has developed specialist research hubs across the country to provide the scale and quality of work necessary to attract partnerships from overseas, be used as a model for this.

The federal government expects to provide about $8.9 billion in direct support for science and innovation during the current financial year, the paper says.

This is $500 million less than last year but still a substantial increase on the funding available five years ago, according to government figures.

“We cannot rely solely on our natural resources for future prosperity,” said the Minister for Science and Research, Senator Chris Evans.

“Industry, the research sector, the workforce and all levels of government will need to work more collaboratively to ensure we have the innovative products, services and processes . . . that are essential for success,” Senator Evans said.

The chief executive of Science & Technology Australia, Anna-Maria Arabia, welcomed the focus on innovation.

However, she said time was running out to train a new generation of researchers.

“Implementation must start today with measures that are budgeted and acknowledged as an investment in our future, rather than a step away from preserving a budget surplus,” Ms Arabia said.

DAN BOX
Unis told to look to region for partners

Bernard Lane

Every Australian university should have a presence in Asia, and establish an exchange program with transferable credits with at least one major Asian university, the Asian Century white paper says.

Murdoch University’s professor of Southeast Asian studies David Hill said the exhortation for all universities to have a presence in Asia was unusual and unclear. Universities had diverse missions, some with a more logical connection to their own region in Australia, while others had a more obvious international role.

He said it was usually more efficient to pursue credit exchange arrangements collectively through university consortiums.

“It is very easy for universities to sign memoranda of understanding and very difficult to go beyond to build genuine, sustainable relationships,” he said.

Simon Marginson, professor of higher education at the University of Melbourne, said the time was ripe for universities to work up plans for offshore activities in Asia.

He saw yesterday’s launch of the white paper as signalling the beginning of months of detailed policy development, in which the government would be open to funding ideas consistent with its vision. “The chance now is to lift study in Asia from a small activity to a big one at some universities.”

Although universities already strong in Asia might be expected to take the lead, there was an opportunity for outsiders to establish themselves by seizing the strategic opportunity represented by the white paper.

Professor Marginson said OS-HELP loans were an obvious vehicle for the government to bankroll an expansion in outward student mobility.

However, to generate momentum it might be worth offering Asia-specific subsidies for student travel, at least at the outset.

The paper does not make clear how much extra money might be spent on study in Asia, nor how it might be delivered.

Kent Anderson, pro vice-chancellor (international) at Adelaide University, said credit exchange between Australian and Asian universities would go beyond familiar double-degree programs. Under a credit exchange arrangement each institution vets the content and quality of what the other teaches and agrees that the results of one are equivalent to those of the other.

“The chance now is to lift study in Asia from a small activity to a big one at some universities”

Simon Marginson
University of Melbourne
Migrants with specialist skills needed to help bolster economy

IMMIGRATION

BRENDAN NICHOLSON

AUSTRALIA is increasingly looking to Asia for skilled migrants who are crucial to the nation’s economy and the development of business opportunities in the region, says Immigration Minister Chris Bowen.

Mr Bowen said Australia was set to capitalise on Asia’s highly skilled population to create an educated, productive workforce to bolster the economy in the future.

“Even with the government’s unprecedented investment in tertiary education and upskilling Australians, we need migrants who bring their specialist skills to Australia,” Mr Bowen said.

He was commenting on the recommendation in the Australia in the Asian Century white paper that Australia must maintain a flexible, responsive and well-planned migration framework, that included its skilled migration programs, to meet its changing needs, to maintain opportunities for Australians and to support the nation’s engagement in the region.

“Streamlining the student visa assessment process will make it easier for people who want to study here, while post-study work rights for bachelor degrees and PhD graduates will encourage skilled people to contribute to Australia’s development,” Mr Bowen said.

“The Gillard government’s improvements to our migration systems and visa processes will mean that we are well prepared to welcome people from across Asia who will contribute to our economy and culture.”

Mr Bowen said the rise of Australia’s close neighbours had the potential to greatly benefit the nation over the coming century.

He said seven of the top 10 countries from which migrants came to Australia in 2011-12 were in Asia — India, China, The Philippines, Sri Lanka, Malaysia, South Korea and Vietnam. The Indian sub-continent provided 23 per cent of migrants and 18.3 per cent came from the north of Asia.

Tourism from Asia injects billions of dollars into the economy every year and piloting new streamlined visa processes will encourage more people from the region to consider Australia as a destination of choice.

“We are making it easier than ever for tourists from the Asian region to visit Australia and contribute to our economic and cultural growth,” Mr Bowen said.

“We need to be able to take advantage of the expected increase in regional travel across Asia and the subsequent emerging tourist markets.”

To facilitate this, the Department of Immigration and Citizenship was expanding its network of service and delivery partners to support online visa lodgment, multiple entry visas and longer visa validity periods, Mr Bowen said.
Language policy will cost nation ‘billions’

Benjamin Preiss

THE FEDERAL government’s plan to allow all students to study an Asian language would cost billions of dollars, an Asia policy expert says.

Professor Ken Chern praised the government’s “ambitious” strategy to strengthen ties with Asia but said it would require a major financial commitment.

“The government will have to move powerfully to implement what I think is a very important program,” he said at Melbourne’s Swinburne University.

The Asian Century white paper outlines plans to improve Australians’ knowledge of Asian languages and culture. It aims for all students to have access to study Mandarin, Hindi, Indonesian or Japanese.

Professor Chern said giving students the opportunity to learn an Asian language would “likely run into the billions”.

But he welcomed the white paper’s proposal for Asian language studies to be a core requirement of funding arrangements for schools to be negotiated between the federal and state governments and non-government education authorities.

The Asia Education Foundation’s executive director, Kathe Kirby, welcomed the education objectives listed in the white paper but said they would require the support of state and territory governments.

The foundation believes it would cost about $1 billion to have 50 per cent of young people in Australia learning an Asian language over the next decade.

The federal government also aims to encourage more Australian university students to study in Asian universities.

The Tertiary Education Minister, Chris Evans, said the government would support universities in increasing the number of students taking Asian studies as part of their education.
Language studies plan backed despite high cost

By BENJAMIN PREISS
HIGHER EDUCATION REPORTER

THE FEDERAL government's plan to allow all students the opportunity to study an Asian language would cost billions of dollars, an Asia policy expert says.

Swinburne University Asian policy Professor Ken Chern praised the government's "ambitious" strategy to build stronger ties with Asia but said it would require a major commitment.

"The government will have to move powerfully to implement what I think is a very important program," he said.

The government's Asian Century white paper, launched yesterday, outlines plans to improve Australians' knowledge of Asian languages and culture.

It aimed for all students to have access to studying Mandarin, Hindi, Indonesian or Japanese throughout their schooling.

Professor Chern said giving all students the opportunity to learn an Asian language would "likely run into the billions". "It's a seriously expensive project," he said.

But he welcomed the white paper's proposal for Asian language studies to be a core requirement of funding arrangements for schools to be negotiated between the federal and state governments and non-government education authorities.

Professor Chern said it was crucial that Australian students were exposed to Asian culture by incorporating it into history, economics and political studies at schools and universities.

Asia Education Foundation executive director Kathe Kirby welcomed the education objectives listed in the white paper but said they would require the support of state and territory governments.

The foundation believes it would cost about $1 billion to have 50 per cent of young people in Australia learning an Asian language over the next decade.

Ms Kirby said some students were put off learning Mandarin because they studied alongside native speakers who already had a strong grasp on the language.

Although Mandarin is offered separately for new and native speakers in Victoria, Ms Kirby said students often studied in the same class.

"Where the system falls down is schools usually don't have enough students to be running separate classes," she said.

The white paper sets a goal of 10 Australian universities reaching the top 100 in the world by 2025. Australia now has six universities in the first 100 of the Times Higher Education global rankings.

Melbourne University's Asia Institute director Pookong Kee said many Asian governments were investing heavily in their universities.

He said institutes in China, Malaysia, Singapore and Japan were trying to establish themselves as world-leading universities with their governments "rapidly outsprinting Australia" on higher education.

The global situation is changing rapidly," he said.

The federal government also aims to encourage more Australian university students to study in Asian universities.

Tertiary Education Minister Chris Evans said the government would support universities to increase the number of students taking Asian studies and languages as part of their education.

"We want to support more Australian students to undertake part of their study in the Asian region not only to boost their direct understanding of Asia in the changing economy, but also to develop networks and friendships that will last a lifetime," he said.

"Our aim is that by 2025, a larger number of Australian university students will be studying overseas and a greater proportion will be undertaking part of their degree in an Asian country."

But Professor Kee said his institute had already been trying to encourage more Australian students to study in Asia. "In general students are still preferring to travel to Europe. They find Paris more interesting than New Delhi or Beijing," he said.

Professor Kee said students who did study in Asia sometimes struggled to gain recognition from local universities for the work they had completed.

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VET takes a hit
While international student numbers in Australia have fallen dramatically, the fall has been mainly in the area of vocational education and training (VET) which is supplied by TAFEs and private colleges. So far the number of international students in universities has been far less affected. Much of the fall in VET student numbers is attributable to the federal government’s tightening of skilled migration rules, which closed the easy route to permanent residency through VET study. International student numbers have continued to fall in 2012.

Tim Dodd
Diplomas at risk in credential creep

Joanna Mather

The mandating of diploma-level qualifications for some occupations and government targets may have saved the diploma from extinction. But they aren’t out of the woods yet, with Australia’s foremost expert on mid-level qualifications identifying diplomas as the likely victim of credential creep in coming decades.

Education and training experts gathered in Melbourne last week to consider the future of so-called mid-level qualifications. That is, sub-bachelor qualifications offered by both higher education providers and the vocational sector, including diplomas, advanced diplomas and associate degrees.

“The general wisdom was that diplomas were in trouble,” said Gavin Moodie, the principal policy adviser at RMIT University. “This was based work by [National Centre for Vocational Education and Training managing director] Tom Karmel, who examined enrolments until 2007. But since then enrolments in advanced diplomas and associate degrees have grown strongly.”

Diplomas have long been maligned. Dumped by universities in the 1960s in favour of bachelor degrees, their role has again been challenged more recently with the introduction of associate degrees. Both take about two years and both set students up to either continue into a bachelor’s degree or enter the workforce in paraprofessional and technical roles.

Resurgent interest in mid-level qualifications by universities comes as they use associate degrees to usher more students into bachelor’s degrees, in line with government targets.

In some cases industry has been heavily involved. The Minerals Council of Australia, for example, is working with a handful of universities and technical and further education institutions to develop associate degrees in mining.

The council’s aim is to get paraprofessionals into the workforce more quickly while opening up opportunities for those individuals to go on to further study.

In light of the trend, Dr Moodie and colleague Nick Fredman, from the LH Martin Institute at the University of Melbourne, studied national enrolment data for diplomas and advanced diplomas since 2008 to see whether associate degrees had cannibalised the diploma market.

Surprisingly, they found the share of students doing diplomas increased in each of the seven years to 2011. “They’ve got life in them yet and there are specific occupations and specific roles which still clearly need them,” Dr Moodie said.

“For example, in the legal profession in almost every practice, from small suburban practices to multinational companies, we’ve got specific roles for conveyancing clerks and probate clerks — positions which do not require a degree.”

Dr Karmel said enrolment patterns were patchy, with government regulation in areas such as financial services, where practitioners must obtain a diploma to provide financial advice, driving a lift in diploma enrolments.

But in other areas, such as health and education, diplomas had been replaced by bachelor’s-level degrees, a change also driven by professional and regulatory requirements, he said.

But ultimately diplomas were on borrowed time, Dr Karmel said. “The labour market is against [the diploma] in the longer term. It’s not going to be growing as fast as degrees.”
Higher education philanthropy has hit a new high and both the University of Sydney and the University of NSW celebrated receiving major gifts from business people last week.

John Grill, whose fortune of more than $700 million came from building engineering firm WorleyParsons into a major global services company for the resources industry, announced a $20 million donation to build a centre for project leadership at the University of Sydney. The centre will research and teach the skills needed by managers to lead projects worth tens of billions of dollars.

Almost concurrently, UNSW officially opened a learning centre for indigenous students which was partly funded by a $1.5 million gift from Neil Balnaves, who sold his Southern Star TV production company for $98 million in 2006. Balnaves Foundation has previously supported indigenous medical students at UNSW with a $1.4 million grant for nine scholarships. Nura Gili is also supported by a $1.25 million grant from investment bank UBS.

UNSW vice-chancellor Fred Hilmer said the university was aiming to nearly double to 500 the number of indigenous students on campus by 2015. UNSW says there has been great improvement in the retention rate of indigenous students in the past five years and it is approaching the rate of non-indigenous students.

The latest wave of giving follows a number of other notable philanthropic gifts for higher education and research.

Two months ago, Kinghorn Cancer Centre at St Vincent’s Hospital in Sydney was opened, funded in part by a $25 million gift from John Kinghorn, who made $650 million in the 2007 float of RAMS Home Loans, just before the global financial crisis wiped out its value.

Chinese businessman Chau Chak Wing gave $20 million towards the new Frank Gehry-designed business school at UTS, which will be named after him.

Dr Chau topped up the donation with an additional $5 million to endow a scholarship.

Graeme Wood and Andrew Brice, co-founders of accommodation website Wotif.com, gave $18 million to the University of Queensland to set up an endowment fund. Mr Wood followed up with another $15 million to establish the university’s global change institute.

The largest donor to Australian higher education and research is Irish-American duty-free billionaire Chuck Feeney who has donated about $500 million to Australian institutions and used that to leverage another $1.5 billion in government and private sector support.
Asia plan ‘needs more reform’

**Jacob Greber**
Economics correspondent

**Michael Smith**

Business leaders have called on the Gillard government to accelerate key economic reforms if it is to meet ambitious productivity targets contained in the Asian Century white paper aimed at catapulting the nation’s living standards into the world’s top 10 by 2025.

Prime Minister Julia Gillard yesterday released the Australia in the Asian Century white paper, which sets the goal of boosting the average income by $11,000 to $73,000, pushing Australia from 13th place to 10th, ahead of Switzerland, Sweden and Taiwan.

The white paper warns that “most of what is required to lift Australia’s productivity is in the hands of individuals, especially managers of businesses”.

While business leaders welcomed the paper’s emphasis on closer ties with the world’s fastest-growing region, led by China, India, Indonesia, Japan and South Korea, they argue the government should do more to deliver reforms that reduce red tape, compliance costs and labour market constraints.

The paper’s recommendation that one-third of company boards have Asian experience was also questioned, with the Australian Institute of Company Directors arguing that “any particular target can often be counter-productive”.

Business Council of Australia president Tony Shepherd said the 2025 targets were challenging. “Certainly productivity and efficiency start at the firm level but it is up to government — federal, state and local — to provide the circumstances and the business environment which encourages businesses to be more productive,” Mr Shepherd said.

Writing for *The Australian Financial Review*, ANZ chief executive Mike Smith argues the paper should

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Asia plan ‘needs more reform’

From page 1

form part of a broader commitment to reforms that will create a more flexible economy.

The white paper rightly identifies innovation, research and development and taxation policy among others as areas for focus,” he says. “Ultimately this will also need to extend to creating more flexibility in labour markets, for example, by building new workforce skills, supporting mobility and accommodating a range of business operating models.”

To reach the government’s target, productivity growth needs to be “roughly comparable to that experienced in the 1990s”, the paper says. In that period, productivity surged off the back of Hawke, Keating and Howard reforms, including the floating of the dollar, dismantling of tariffs and labour market deregulation.

JPMorgan Australia chairman Rod Eddington said Australia risked being left behind if it did not engage more deeply with countries such as China. “There is a sense of urgency because other countries are already well and truly on this journey and they are not waiting for us to catch up,” Sir Rod said, pointing to strong bonds between Asian powers such as Taiwan, Japan, Korea and Singapore, with countries such as China.

The white paper says productivity improvements will be vital to offset the ageing population and declining terms of trade. It argues that a failure to raise productivity growth after almost a decade of stagnation would mean average national income may rise to just $67,000 — a potential loss of $5000 per capita.

It estimates that to reach the government’s economic goal, productivity growth would need to be about 1.5 percentage points above “business as usual” rates.

Treasurer Wayne Swan said that under the Labor government, Australia’s rise in global per capita rankings to 13 from 17 reflected “the hard work, creativity and determination of our workers and businesses as well as our successful policy response to the global financial crisis”.

“To break into the top 10 will not only require greater engagement and integration with the region, but also further lifting our productivity at home — irrespective of how exactly the Asian Century evolves,” he said.

“This ambitious productivity goal cannot be achieved by the government alone — it will require a concerted and coordinated effort by the whole community over many years.”

The chairman of the Australian Financial Services Task Force, Mark Johnson, said that while the paper laid out a structural and cultural reform agenda, there were hurdles.

“The big question is how do we build the domestic institutions and mechanisms to progress this and overcome vested interests who don’t want to see changes to tax, higher education and work places?” he asked.

The white paper forecasts Australia’s population will reach 27 million by 2025, including an extra 2 million jobs. Cities would be home to 4.5 million additional residents.

While lifting the population through “well-planned and well-managed migration” could boost economic growth, it could also detract from living standards if mishandled, the paper says. As Asian prosperity rises, Australia will face competition to “retain its best workers and to attract the region’s best to Australia”.

The paper says the Asian Century will drive demand for Australian resources and services. “The share of world output within 10,000 kilometres of Australia has more than doubled over the past 50 years to more than a third of global output today, and this share will rise to around half of global output in 2025,” it says.

The paper warns that Australia’s ability to capitalise on growth in the Asian region is dependent on “getting the policy settings right and the private sector and its partners taking up the opportunities on offer”.

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Change begins at home, says business

Reform
Michael Smith and Patrick Durkin

Business leaders have called on the government to match its rhetoric around opportunities in Asia with real productivity reform across infrastructure, work place relations and excessive red tape to enable Australia to compete in the region.

Responding to the Asian Century white paper, corporate bosses welcomed a framework for greater engagement with Asia but warned it must be a joint effort.

Some directors also warned that aspirational goals, including having a third of board members of top-200 companies with deep Asian experience, would damage business if they became a mandatory target.

Business Council of Australia president Tony Shepherd said the paper was a step in the right direction but the government must help deliver on policy commitments which would enhance productivity, including reducing regulatory hurdles to trade and investment and to address under-investment in infrastructure.

"To support the Asian engagement policy it is essential for the government to support policies which make us more productive and efficient," Mr Shepherd told The Australian Financial Review.

The Australian Industry Group said both sides of government needed to provide the foundation for businesses to become more productive.

"In addition to building Asian language capabilities and a greater familiarity with and presence in Asia, this requires a turnaround in the slump in our productivity performance and in the disturbing rise in our unit labour costs," chief executive Innes Willox said.

Business leaders with deep experience in the region said a focus on Asian languages in schools was long overdue and Australia risked being left behind if it did not move fast on engaging with countries like China.

"There is a sense of urgency because other countries are already well and truly on this journey and they are not waiting for us to catch up," Sir Rod Eddington, JPMorgan Australia chairman and a former chief executive at Hong Kong-based Cathay Pacific, said.

Sir Rod, who is president of the Australia Japan Business Co-operation Committee, also said there was a wealth of untapped talent in Australia such as diplomats with years of experience in Asia who could serve on boards. He said there needed to be more effort to get young Australians to work and study in Asia.

James MacKenzie, chairman of Mirvac and co-vice-president of China-owned Yancoal, said the government must follow through and help fund the objectives.

"The government has not got to be timid in spending the money to achieve the objectives. On the one hand it is an inspirational document but the other hand it demands action. It cannot be left sitting on a shelf," he said.

The call for the boards of Australia's top 200 publicly listed companies to push for at least one-third of directors "with a deep experience in and knowledge of Asia". This was questioned by some directors.

"I always get nervous when people say you have to have so many HR people or whatever it is, because people have got to work out what they need at any given time and not be governed by what everybody else thinks," John Calvin, chief executive of the Australian Institute of Company Director said.

Mike Wilkins, the chief executive of Insurance Australia Group, said changes to visa arrangements would make it easier to transfer skills between Asia and Australia.

He called on the government to do more to lobby foreign governments to lift caps on Australian businesses wanting to invest in the region. "The signs are good. There is a road map around that. Short-term I'm not sure there is going to be a great deal of difference but it will help us over the longer-term," Mr Wilkins said.

ASX Ltd chief Elmer Funke Kupper hinted upcoming regulatory decisions, including whether to allow competition in clearing and settlement, should not be made in isolation of the white paper.

"From today, all government regulatory and market structure decisions must ask: does this decision advance our position in Asia, our opportunities to integrate, and our long-term ambitions for the country?" he said.

Mark Johnson, chairman of the Australian Financial Services Task Force, said while the paper laid out a structural and cultural reform agenda, there were hurdles.

"The big question is how do we build the domestic institutions and mechanisms to progress this and overcome all vested interests who don't want to see any change to tax, higher education and work places."

Toll Holdings chairman Ray Horsburgh said the logistics giant had learnt from its experiences buying into Japan that a deep understanding of Asian cultures was important.

"Clearly it is up to the firms to understand the cultural differences. It is not just a matter of sending expats here but having more qualified Asian people coming through the universities that are good captive future executives," he said.

Leighton Holdings chief executive Hamish Tyrwhitt, who has spent 20 years working in Asia, said: "The government's given a clear vision that spans beyond the political cycle and comes up with key strategies that empowers the vision to be achieved. The challenge is now up to business to put it into action."

"My long-term ambitions for the country?" said the government's chief executive Hamish Tyrwhitt, who has spent 20 years working in Asia, said: "The government's given a clear vision that spans beyond the political cycle and comes up with key strategies that empowers the vision to be achieved. The challenge is now up to business to put it into action."

"Miner Rio Tinto said chief executive John Kehoe, Jenny Wiggins"
It is essential for the government to support policies which make us more productive and efficient.

Tony Shepherd, BCA

There is a sense of urgency because other countries are well and truly on this journey and they are not waiting for us to catch up.

Businessman Rod Eddington

The government has not got to be timid in spending the money to achieve the objectives.

James Mackenzie, Mirvac

It is not just a matter of sending expats but having more qualified Asian people coming through the universities.

Ray Horsburgh, Toll Holdings

Short-term I’m not sure there is going to be a great deal of difference but it will help us over the longer-term.

Mike Wilkins, IAG

KEY POINTS
- White paper calls for a third of directors to be Asian-literate.
- Govt must help fix red tape, infrastructure, workplace reform to help companies compete.
- White paper lays groundwork for education, training reform.
In creating a “national objective” that 10 Australian universities will be in the world’s top 100 by 2025, as measured by the Academic Ranking of World Universities, the government has created a very ambitious goal and, if it is serious about it, a very expensive one.

It means we are joining China and other Asian countries in the rush to quickly raise the quality of research in higher education institutions. It is a race that China is highly motivated to win and it is funding a rapid build-up of research programs and investment in research infrastructure.

China, most of all, desperately wants its universities to rise up this list. The ARWU is an index created at Shanghai Jiao Tong University a decade ago, initially for the purpose of benchmarking Chinese universities against the rest of the world with respect to research as part of their effort to quickly boost their research performance.

But it is now the most widely used ranking of university research, even though it is narrowly based.

Among the few measures used are the very high-value, notable research successes — Nobel prizes and Field medals (in mathematics) — and citations in the most prestigious general scientific journals, Science and Nature.

At present only two Australian universities, the University of Melbourne and the Australian National University, are firmly ensconced in the list. This year three other universities, the University of Sydney, the University of Queensland and the University of Western Australia, made it just past the cut-off point. The next nearest contenders are the University of NSW and Monash, which are in the 150-200 range, and then we are looking at Macquarie University and the University of Adelaide in the 201-300 range.

Does the government plan to create a very targeted, very expensive research plan to lift research quality for universities with prospects of entering the top 100 by 2025? That would be difficult to get other universities to accept. Or will it boost competitive research funds generally in the hope that all university research is lifted to the level where our 10 best make the ARWU lists?

Don’t forget this is the government that only a week ago cut university research funds by $500 million. Now it is proposing to go head-to-head with China in quality of university research. Is this remotely realistic? The answer is no.
A bold bid to put 10 Australian universities into the top 100 universities by 2025 is at the centre of the federal government's plan to use higher education to build closer ties with Asia.

Noting that five Australian universities were named in the Academic Ranking of World Universities top 100 this year, the white paper nominates a “national objective” of having 10 universities in this list by 2025.

The government does not say how much it will spend to achieve this, but it would require heavy investment in university research and comes a week after university research funding was cut by $499 million in the mid-year economic and fiscal outlook.

Only the University of Melbourne and the Australian National University have a firm position in the ARWU top 100. In 2012, the University of Queensland, the University of Western Australia and the University of Sydney made it into the 90s.

The other education centrepiece of the white paper is a plan to build Asian language skills and education links with Asian countries, promising that all students will have the opportunity, and be encouraged, to study an Asian language through all their years of schooling. Students will be able to learn at least one “priority” Asian language, named as Mandarin, Hindi, Indonesian and Japanese, and all schools will “engage with at least one school in Asia to support the teaching of priority Asian language”.

And every student is to have significant exposure to Asia across the school curriculum. The government says it was working to make Asian language teaching part of new school funding arrangements with state and territory governments but, again, no funding estimates were given. The university sector is also to increase teaching of Asian studies and Asian languages and Minister for Tertiary Education Chris Evans said universities would be supported to achieve this, including through use of the National Broadband Network and other digital technology.

Senator Evans also said the government wanted to boost the number of Australian university students studying overseas and gaining credit for their courses in Australia.

“Our aim is that, by 2025, a larger number of Australian university students will be studying overseas and a greater proportion will be studying in an Asian country,” he said. At present, 8.1 per cent of Australian university students study overseas with one-third of these going to Asia.

The white paper noted the sharp drop in Asian language skills in Australia. In 2008, only 6 per cent of Australian students studied Indonesian, Korean, Mandarin or Japanese in Year 12, and fewer studied Indonesian in Year 12 in 2009 than in 1972.

The government will bring non-fee-paying Asian students to Australia, creating 12,000 Australia Awards (Asian century) scholarships. However, it has not released estimates for the cost of its initiatives.

**KEY POINTS**

- The government plans to build Asian language skills of students.
- The number of Australians studying in Asia will be grown.
- However, no funding estimates have been given for the initiatives.