

**SPEECH BY CHARLES GOODE**

**TO THE INSTITUTE OF COMPANY DIRECTORS**  
**SYDNEY**

**THURSDAY 24 JULY, 2003.**

THANK YOU. IN ADDRESSING THE SUBJECT OF THE ISSUES FACING AUSTRALIA I WOULD LIKE TO SAY AT THE OUTSET THAT AUSTRALIA IS ONE OF THE MOST WONDERFUL COUNTRIES IN THE WORLD. EVERY TIME I RETURN TO AUSTRALIA FROM AN OVERSEAS VISIT THIS IS REINFORCED. I WILL NOT GO INTO THE NUMEROUS SUPPORTING EVIDENCE TO THE STATEMENT IN THIS GATHERING BUT WILL TAKE IT AS GIVEN.

IN THINKING ABOUT THIS TOPIC WHAT HAS STRUCK ME IS THAT THE ISSUES FACING OUR COUNTRY ARE WELL KNOWN. THERE IS A WEALTH OF INFORMATION ON THESE ISSUES AND TO A SIGNIFICANT EXTENT THE SOLUTIONS ARE ALSO KNOWN. FURTHER WHAT ACTION IS BEING TAKEN IS MOSTLY IN THE RIGHT DIRECTION. WHY THEN ARE WE WORRIED ABOUT THESE ISSUES ?

I THINK IT IS BECAUSE WE ARE A COMFORTABLE SOCIETY THAT MOVES IN CAUTIOUS STEPS. WE NEED TO BE ENERGETIC AND PASSIONATE AND TAKE BOLD AND MAJOR STEPS IN ADDRESSING OUR LONG TERM ISSUES. WE ARE TOO SHORT TERM, TOO CAUTIOUS, AND TOO COMPLACENT.

IN MANY CASES ACTION REQUIRES INCREASED GOVERNMENT EXPENDITURE, AND AS I AM NOT ADVOCATING HIGHER TAXES, THE

RESPONSE IS OFTEN THAT THE MONEY IS NOT AVAILABLE. YET WHEN THE EAST TIMOR SITUATION ARISES, OR IRAQ, WE SOMEHOW FIND THE MONEY. ADDRESSING OUR ISSUES WILL REQUIRE SOME REPRIORITISATION OF EXPENDITURE AND IT MAY MEAN SOME INCREASE IN GOVERNMENT DEBT. BUT THIS WOULD BE USED IN ADDRESSING THE NATION BUILDING ISSUES OF OUR FUTURE.

WE ARE BLESSED AS A COUNTRY WITH GREAT NATURAL RESOURCES. IT IS INTERESTING TO REFLECT ON THE STRONG ECONOMIC PERFORMANCE OF COUNTRIES WITH VIRTUALLY NO NATURAL RESOURCES EXCEPT THEIR PEOPLE AND I AM THINKING OF HONG KONG, SINGAPORE, ISRAEL AND JAPAN. THE DANGER IS THAT WHEN OUR STANDARD OF LIVING GETS TO A CERTAIN LEVEL THERE IS NOT A GREAT DEAL OF PAIN EXPERIENCED IN BEING COMPLACENT. HOWEVER WE NEED TO REALISE OUR FULL POTENTIAL AND HAVE THE CAPACITY TO LOOK AFTER OUR ENVIRONMENT AND THE LESS WELL-OFF MEMBERS OF OUR SOCIETY.

I WOULD LIKE TO SEE US BRING TO BEAR ON OUR ISSUES THE PASSION AND FOCUS THAT WE BRING TO AUSTRALIAN RULES FOOTBALL AND TO RUGBY. IN THE OFFICE WHERE I AM LOCATED WE HAVE A WEEKLY FOOTBALL COMPETITION; THE RESULTS AND THE LADDER ARE OUT BY 10 A.M. EACH MONDAY MORNING. IF THE ORGANISATION COULD RUN ITS BUSINESS AS EFFICIENTLY AS THE FOOTBALL COMPETITION WE WOULD LEAVE OUR COMPETITORS FAR BEHIND.

NOW I WILL ADDRESS FIVE MAJOR ISSUES; EDUCATION, THE ENVIRONMENT, THE ECONOMY, POPULATION, AND OUR RELATIONS WITH THE OUTSIDE WORLD.

THE FIRST ISSUE, IN MY VIEW, IS EDUCATION. IN AUSTRALIA WE HAVE A HIGH STANDARD OF LIVING AND IF WE ARE TO FIND EMPLOYMENT FOR OUR WORKFORCE AND MAINTAIN AND IMPROVE OUR STANDARD OF LIVING IT IS CLEAR THAT WE NEED A HIGHLY EDUCATED POPULATION. THE LEADERSHIP, SKILLS, INGENUITY AND KNOW—HOW OF OUR PEOPLE WILL BE THE PRIMARY DETERMINANTS OF OUR SOCIAL AND ECONOMIC PROGRESS.

WE ARE IN A WORLD NOT ONLY OF CAPITAL AND PEOPLE MOVEMENT BUT THROUGH OUTSOURCING WE ARE WITNESSING THE GLOBALISATION OF LABOUR. WE THEREFORE MUST CONTINUALLY MOVE TO PRODUCE HIGHER SKILLED PRODUCTS AND SERVICES.

WHEN WE CONSIDER THE FOCUS ON EDUCATION OF THE PEOPLE IN OUR ASIAN NEIGHBOUR COUNTRIES AND EDUCATION'S IMPACT ON GROWTH, EMPLOYMENT AND INNOVATION, THERE IS AN OVERWHELMING ARGUMENT TO DEVOTE A HIGHER PROPORTION OF OUR G.D.P. TO EDUCATION. I AM REFERRING TO OUR EDUCATION SYSTEM FROM SCHOOL THROUGH TO UNIVERSITY INCLUDING VOCATIONAL EDUCATION AND TRAINING AND INCLUDING THE PROFESSIONAL DEVELOPMENT OF OUR TEACHERS.

PROFESSOR DOWRICK AT THE AUSTRALIAN NATIONAL UNIVERSITY HAS SAID THAT AN INCREASE OF ONE YEAR IN SCHOOLING IN AVERAGE EDUCATIONAL ATTAINMENT CAN BE EXPECTED TO BOOST OUTPUT LEVELS BY ABOUT 8% IN A TYPICAL O.E.C.D. ECONOMY. IN ADDITION THERE ARE GROWTH IMPLICATIONS ARISING FROM THE COUNTRY'S ABILITY TO IMPLEMENT NEW TECHNOLOGIES.

IN RELATION TO INNOVATION THERE IS A STRONG CASE FOR FURTHER INCENTIVES FOR INCREASED RESEARCH AND DEVELOPMENT EXPENDITURE. AUSTRALIA'S R&D EXPENDITURE AS A PERCENTAGE OF

GDP IS RELATIVELY POOR FOR A COUNTRY WITH OUR STANDARD OF LIVING.

THE HOWARD GOVERNMENT'S POLICY CALLED "BACKING AUSTRALIA'S ABILITY" IS TO BE COMMENDED AS ARE THE PREMISES BEHIND THE OPPOSITION'S 2001 "KNOWLEDGE NATION" POLICY, AND DR. BRENDAN NELSON'S POLICY OF DEREGULATING UNIVERSITIES TO BE MORE AUTONOMOUS, ACCOUNTABLE AND BETTER FUNDED. THE ARGUMENT FOR DEREGULATION IS STRONG AND IS PARTLY ABOUT ALLOWING OUR UNIVERSITIES TO EXPAND AT A FASTER RATE THAN THAT WHICH WOULD TAKE PLACE FROM AVAILABLE GOVERNMENT FUNDING.

OUR H.E.C. SCHEME (HIGHER EDUCATION CONTRIBUTION SCHEME) RECOGNISES THAT THOSE THAT RECEIVE EDUCATION ARE LIKELY TO HAVE HIGHER INCOMES, AND LOANS FOR EDUCATION CAN BE REPAID OUT OF THESE HIGHER INCOMES. THIS SCHEME IS ONE OF WORLD LEADERSHIP IN REDUCING THE BARRIERS TO EDUCATION IMPOSED BY INCOME AND AT THE SAME TIME PROVIDING INCREASED INCOME TO UNIVERSITIES.

THERE IS MUCH TO BE COMMENDED IN THE AREA OF EDUCATION BUT MUCH MORE TO BE DONE TO ENSURE THE FUTURE EMPLOYMENT OF OUR PEOPLE AND GROWTH OF OUR ECONOMY. WE ALSO NEED TO RECOGNISE EDUCATION AS ONE OF OUR MAJOR EXPORT INDUSTRIES.

THE SECOND ISSUE IS THE ENVIRONMENT. WHETHER OR NOT WE ACCEPT THE SCIENTIFIC ARGUMENTS OF GLOBAL WARMING, WHETHER OR NOT WE ACCEPT THAT GLOBAL WARMING HAS AN ADVERSE OVERALL IMPACT ON OUR PLANET, AND WHETHER OR NOT WE AGREE TO JOIN THE KYOTO AGREEMENT DOES NOT ALTER THE ARGUMENT OF HAVING AN AUSTRALIAN POLICY OF CARING FOR OUR

ENVIRONMENT AND LEAVING IT IN NO WORSE STATE FOR OUR CHILDREN.

WE CAN TALK ABOUT OUR GOOD ECONOMIC PERFORMANCE IN TERMS OF GROWTH IN GDP, AND I WILL ALSO BE DOING THIS TODAY, BUT IF WE INCLUDED THE REDUCTION IN OUR NATIONAL ASSETS FROM ENVIRONMENTAL DAMAGE, IT WOULD NOT BE SUCH A PRETTY PICTURE.

THE REPORT "AUSTRALIA: THE STATE OF THE ENVIRONMENT 2001" CONCLUDED THAT WE ARE NOT MANAGING AUSTRALIA'S ENVIRONMENT ON A SUSTAINABLE BASIS. THIS SHOULD BE A HUGE WAKE-UP CALL TO US ALL; SIMILAR TO THAT WHICH WOULD ARISE IF AUSTRALIA WON NO GOLD MEDALS AT AN OLYMPIC GAMES.

IT NEEDS A WHOLE OF GOVERNMENT APPROACH, COMMUNITY INVOLVEMENT AND THE USE OF MARKET MECHANISMS. WE NEED TO ADDRESS WHETHER THIS IS AN AREA THAT THE STATES SHOULD HAND OVER TO THE COMMONWEALTH AND WE NEED TO RECOGNISE THAT ADDRESSING SOME ISSUES SUCH AS THE ENVIRONMENT AND SECURITY WILL INVOLVE RESTRICTIONS ON OUR PRIVATE PROPERTY RIGHTS AND CIVIL LIBERTIES. THIS NEEDS TO BE WELL DEBATED.

WE HAVE MADE SOME PROGRESS ON URBAN AIR QUALITY AND MORE ENERGY EFFICIENT HOMES. HOWEVER THERE IS MUCH TO BE DONE IN ADDRESSING THE DESTRUCTION OF PRIME AGRICULTURAL LAND THROUGH SALINITY AND THE DEGRADATION OF WATER QUALITY IN OUR RIVER SYSTEM.

WE CERTAINLY NEED A NATIONAL WATER POLICY WHICH WOULD INCLUDE RESOLVING ISSUES SUCH AS THE PROPER PRICE FOR WATER, WATER PROPERTY RIGHTS AND THE OVERLAP OF THE STATES AND FEDERAL JURISDICTIONS. WE NEED TO RECOGNISE THAT SALINITY IS THE WHITE DEATH THAT IS SPREADING ACROSS OUR COUNTRY. IT IS ESTIMATED THAT THE EQUIVALENT OF ONE FOOTBALL FIELD OF PRODUCTIVE LAND WOULD HAVE BEEN LOST TO SALINITY DURING THE HOUR OF THIS LUNCH AND THE EQUIVALENT OF 50 FOOTBALL FIELDS OF BUSHLAND WILL HAVE BEEN CLEARED.

ON GREENHOUSE EMISSIONS WE NEED A POSITIVE POLICY THAT TAKES INTO ACCOUNT ITS EFFECTS ON THE INTERNATIONAL COMPETITIVENESS OF AUSTRALIAN INDUSTRY, AND AT THE SAME APPLIES A STICK AND A CARROT APPROACH SO THERE ARE INCENTIVES FOR RESEARCH. AFTER-ALL TECHNOLOGY WILL BE THE ULTIMATE ANSWER TO EMISSIONS.

AGAIN ON THIS ISSUE WE HAVE MADE SOME PROGRESS. THE HAWKE GOVERNMENT IN 1990 ESTABLISHED LANDCARE, IN 1997 THE HOWARD GOVERNMENT ESTABLISHED THE \$2.5 BILLION NATIONAL HERITAGE TRUST; AND IN 2000 THE COMMONWEALTH AND THE STATES SIGNED THE NATIONAL ACTION PLAN FOR SALINITY AND WATER QUALITY.

BUT WE NEED TO MOVE MUCH FASTER AND FURTHER. A GOOD START WOULD BE A NATIONAL RESOURCE MANAGEMENT COMMISSION SIMILAR TO OUR PRODUCTIVITY COMMISSION. THE REPORT OF THE WENTWORTH GROUP OF CONCERNED SCIENTISTS PUBLISHED IN NOVEMBER 2002 CALLED "BLUEPRINT FOR A LIVING CONTINENT" HAS NUMEROUS CONSTRUCTIVE PROPOSALS. WE NEED TO ENSURE THAT FUNDS ALLOCATED FOR THE ENVIRONMENT ARE NOT ONLY WISELY SPENT IN LINE WITH WELL-RESEARCHED HOLISTIC POLICIES BUT

ACTUALLY SPENT AND THERE IS SOME EVIDENCE THAT THIS IS NOT HAPPENING TODAY.

I WOULD LIKE TO SEE US DEVELOP AN ENVIRONMENTAL POLICY THAT IS PARTICULARLY SUITED TO OUR COUNTRY AND TO EXECUTE IT IN A MANNER THAT RECEIVES INTERNATIONAL RECOGNITION AND APPROVAL.

THE THIRD ISSUE IS TO MAINTAIN OUR ANNUAL ECONOMIC GROWTH AT ½% TO 1% ABOVE THE AVERAGE FOR O.E.C.D. COUNTRIES. THIS IS AN AREA IN WHICH WE HAVE BEEN DOING WELL.

AUSTRALIA'S RATE OF GROWTH IN AVERAGE INCOME (THAT IS GROSS DOMESTIC PRODUCT PER HEAD) WAS BELOW THE O.E.C.D. AVERAGE FROM 1950 TO 1990 AND OUR RANKING AMONG O.E.C.D. COUNTRIES SLIPPED FROM 5<sup>TH</sup> TO 15<sup>TH</sup>.

HOWEVER IN THE 1990'S THIS CHANGED WITH THE GROWTH IN OUR G.D.P. PER HEAD BEING 2.5% AS AGAINST THE O.E.C.D. AVERAGE OF 1.7%. WE HAVE MOVED FROM 15<sup>TH</sup> POSITION TO 7<sup>TH</sup>.

IN RECENT YEARS WE HAVE ENJOYED STRONG GROWTH AS WE HAVE BENEFITTED FROM THE ECONOMIC REFORMS OF EARLIER YEARS; A LOW LEVEL FOR THE AUSTRALIAN DOLLAR UNTIL THE LAST SIX MONTHS; LOW INTEREST RATES; SOME FISCAL STIMULUS; A STRONG HOUSING CYCLE; RELATIVELY LITTLE EXCESS CAPACITY FROM THE WORLD HIGH-TECH BOOM; AND A GOOD GOVERNMENT COMPLEMENTED BY A PROFESSIONAL RESERVE BANK.

WE NEED TO MAINTAIN THIS STRONG ECONOMIC GROWTH AS IT PROVIDES THE WHEREWITHAL TO ADDRESS THE MAIN ISSUES FACING THE COUNTRY. THIS MEANS WE MUST CONTINUE TO EMBRACE

CHANGE AND GUARD AGAINST REFORM FATIGUE. THERE ARE BENEFITS TO BE WON FOR ALL AUSTRALIANS FROM FURTHER DEREGULATION OF THE LABOUR MARKET.

WE WILL BE FACING INCREASING BUDGETARY PRESSURE FROM THE SOCIAL AND HEALTH CALLS ON GOVERNMENT FROM AN AGING POPULATION. IT IS ALSO LIKELY WE WILL CHOOSE TO INCREASE OUR DEFENCE EXPENDITURE FROM ITS CURRENT RELATIVELY LOW HISTORICAL LEVEL OF 2% OF GDP.

WITH THIS PRESSURE WE WILL HAVE TO BE FAR BETTER AT INTERWEAVING OUR INCOME TAX AND SOCIAL WELFARE SYSTEMS TO PROVIDE GREATER INCENTIVES FOR PEOPLE TO MOVE FROM SOCIAL WELFARE TO EMPLOYMENT ESPECIALLY PART TIME. WE NEED TO ENCOURAGE OUR SOCIETY TO BE MORE SELF RELIANT AND IN PARTICULAR CAREFULLY EXAMINE BENEFITS PAID TO MIDDLE AND UPPER INCOME GROUPS. I THINK WE HAVE GONE TOO FAR IN TAXING SUPERANNUATION WHICH IF ENCOURAGED HAS THE CAPACITY TO REDUCE PEOPLE'S RELIANCE IN OLD AGE ON THE GOVERNMENT. WE WOULD DO WELL TO EXAMINE THE CENTRAL PROVIDENT FUND SYSTEM THAT OPERATES IN SINGAPORE.

I PERSONALLY WOULD FAVOUR BEING PRO-ACTIVE IN IDENTIFYING, NURTURING AND ENCOURAGING GROWTH INDUSTRIES SUCH AS EDUCATION, MEDICAL RESEARCH, THE PROVISION OF HEALTH SERVICES, FOOD PROCESSING, OUR SERVICE INDUSTRIES, AND TOURISM.

THE FOURTH ISSUE IS POPULATION. I AM IN FAVOUR OF NET MIGRATION AT THE HIGHEST LEVEL THAT WE CAN ASSIMILATE MIGRANTS INTO OUR COMMUNITY AND I THINK THIS IS TOWARDS THE HIGHER END OF A RANGE OF ½% TO ¾% PER ANNUM OF OUR

POPULATION. AN INCREASING POPULATION ASSISTS TO CREATE A DYNAMIC, DIVERSE AND INNOVATIVE ECONOMY. IT IS ALSO SUPPORTED BY HUMANISTIC AND DEFENCE ARGUMENTS AND ENCOURAGES US TO BE MORE OUTWARD LOOKING IN WHAT IS A GLOBALISING WORLD.

THE AGING STRUCTURE OF OUR POPULATION PRESENTS A SIGNIFICANT PROBLEM. WHILE TODAY WE HAVE SIX PEOPLE OF WORKING AGE FOR EACH PERSON OVER 65 YEARS, IN THIRTY YEARS THERE WILL ONLY BE THREE PEOPLE TO SUPPORT OUR OVER 65's. THIS HAS IMPLICATIONS FOR THE NUMBER OF PEOPLE CONTRIBUTING TO ECONOMIC ACTIVITY AND PAYING TAXES, AND ALSO IN RESPECT TO WHAT WILL BE A SIGNIFICANT RISE IN SOCIAL AND HEALTH COSTS.

THE AGING POPULATION MEANS LIVING STANDARDS COULD GROW AT A CONSIDERABLY LOWER RATE IN FUTURE THAN THOSE TO WHICH WE HAVE BECOME ACCUSTOMED. WITH A SLOWER GROWING ECONOMY AND A GREATER DEMAND FOR SOCIAL AND HEALTH SERVICES THERE WILL EMERGE BUDGETARY PROBLEMS AS WELL AS SOCIAL ISSUES.

WE NEED POLICIES TO REDUCE THE WASTEFULNESS OF UNEMPLOYMENT AND TO ENCOURAGE HIGHER LABOUR MARKET PARTICIPATION.

IN THIS RESPECT WE HAVE NOT AS A SOCIETY RECOGNISED THAT WITH PEOPLE LIVING TO AN OLDER AGE THEIR WORKING LIFE HAS ALSO BEEN EXTENDED. THERE ARE FAR TOO MANY PRODUCTIVE PEOPLE AT ALL LEVELS THAT RETIRE OR ARE MADE REDUNDANT WHILE IN THEIR FIFTIES. OFTEN THIS IS AT THE INITIATIVE OF THE EMPLOYER TO FREE UP POSITIONS FOR YOUNGER AND IN MANY CASES MORE CAPABLE AND ENERGETIC PEOPLE.

WE NEED TO CREATE A RESPECTED CLASS OF EMPLOYMENT SUCH AS "EXTENDED SERVICE" WHEREBY A PERSON CAN CONTINUE ON IN EMPLOYMENT, WITH HONOUR AND RESPECT, WHILE AT THE SAME TIME MOVING TO A LESS SENIOR JOB AND AT A LOWER SALARY. THEY WOULD HAVE A LESS STRESSFUL JOB WHILE CONTRIBUTING THEIR EXPERIENCE TO THE ORGANISATION. WE NEED A TITLE FOR SUCH EMPLOYMENT AND TO RECOGNISE THAT SUCH PEOPLE ARE NOT BEING DEMOTED BUT ENTERING INTO EXTENDED SERVICE. WE WOULD BE MOVING TO REWARDING THE POSITION RATHER THAN THE PERSON. THIS WOULD REQUIRE CHANGES TO THE LAW AND WE WOULD NEED TO RELATE ANY DEFINED BENEFITS PENSION TO THE PERSON'S HIGHEST EARNINGS PERIOD. WE SHOULD ALSO CONSIDER INCENTIVES TO ENCOURAGE PEOPLE TO WORK LONGER BY SAY A LOWER TAX RATE ON SALARY AND WAGE RELATED INCOME FOR THOSE OVER SIXTY YEARS OF AGE.

AGAIN IN THE AREA OF POPULATION THERE ARE NUMEROUS REPORTS INCLUDING THE 2002 INTERGENERATIONAL REPORT. WHAT WE NEED IS THE DEVELOPMENT AND IMPLEMENTATION OF POLICIES RELEVANT TO OUR CHANGING CIRCUMSTANCES.

THE FIFTH MAJOR ISSUE IS AUSTRALIA'S INTERFACE WITH THE OUTSIDE WORLD. WE HAVE A WORLD IN WHICH USA HAS 4% OF THE WORLD'S POPULATION AND AT MARKET EXCHANGE RATES 32% OF WORLD GDP AND THE OTHER SIDE OF THE COIN IS CHINA WITH 22% OF THE WORLD'S POPULATION AND 4% OF THE WORLD'S GDP. WE HAVE THE PRE-EMINENCE OF AMERICA AS THE WORLD ECONOMIC AND MILITARY FORCE AND THE ONLY COMPARABLE POWER THAT I CAN FORSEE IS THE EMERGENCE OF CHINA OVER THE NEXT FIFTY YEARS. WE HAVE SLOW GROWTH IN EUROPE AND THE EMERGENCE OF ASIA AS THE INCREASINGLY IMPORTANT THIRD ECONOMIC REGION.

WE ARE FORTUNATE IN HAVING A CLOSE RELATIONSHIP WITH USA THROUGH TRADE AND SHARED DEMOCRATIC PRINCIPLES AND VALUES.

WE ARE GEOGRAPHICALLY LOCATED IN EAST ASIA WITH CONSIDERABLE TRADE IN GOODS AND INCREASINGLY OF PROFESSIONAL SERVICES; IN TOURISM WITH APPROXIMATELY TWO MILLION OF THE FIVE MILLION SHORT TERM VISITORS TO AUSTRALIA COMING FROM EAST ASIA – THAT IS 40%; AND THROUGH STUDENTS FROM EAST ASIA COMING TO AUSTRALIA. THERE ARE AT ANY TIME AROUND 140,000 STUDENTS FROM EAST ASIA OR 75% OF THE TOTAL NUMBER OF FOREIGN STUDENTS IN AUSTRALIA.

HOWEVER WE NEED TO ENGAGE MORE WITH EAST ASIA. AUSTRALIA'S CAPITAL INVESTMENT IN EAST ASIA IS VERY LOW AVERAGING ONLY AROUND \$110 MILLION PER ANNUM OVER THE LAST FIVE YEARS. WE NEED A GREATER UNDERSTANDING OF THE CULTURE, HISTORY, AND LANGUAGES OF THESE COUNTRIES, THEIR DISTRIBUTION SYSTEMS AND THEIR WAYS OF DOING BUSINESS. WE NEED GREATER INVESTMENT IN EACH OTHERS COUNTRIES AND IN TIME REPRESENTATION BOTH WAYS ON THE BOARDS OF EACH OTHERS LEADING COMPANIES.

WE ALSO NEED TO FOCUS MORE ON OUR REGION AND TO RECOGNISE THAT TO THE COUNTRIES OF THE SOUTH PACIFIC WE CAN BE SEEN AS A RELATIVE SUPER-POWER. OUR POSITION AND STRENGTH IN THE REGION BRINGS WITH IT ASSOCIATED RESPONSIBILITIES. THERE IS A ROLE TO BE PLAYED BY US IN CONJUNCTION WITH THEIR GOVERNMENTS IN THE MAINTENANCE OF LAW AND ORDER, IN THE TRAINING OF THEIR PEOPLE, AND IN THE FORMULATION OF APPROPRIATE DEVELOPMENT POLICIES. I AM THINKING IN

PARTICULAR OF COUNTRIES SUCH AS PAPUA NEW GUINEA AND THE SOLOMON ISLANDS.

THERE ARE MANY OTHER ISSUES SOME OF THEM OF GREAT SIGNIFICANCE ON WHICH I HAVE NOT COMMENTED INCLUDING SECURITY; TAXATION; HEALTH SERVICES; THE DRUG PROBLEM; THE POSITION OF OUR INDIGENOUS PEOPLE; AND REGIONAL AND INFRASTRUCTURE DEVELOPMENT.

IN PASSING I WOULD COMMENT ON HEALTH SERVICES THAT I THINK WE ARE WAITING FOR SOMEONE TO DESIGN A FUTURISTIC SYSTEM THAT MOVES MEDICAL REMUNERATION FROM THE INPUT BASIS OF TREATING SICK PATIENTS TO AN OUTPUT SYSTEM THAT REWARDS DOCTORS FOR LOOKING AFTER THE HEALTH OF A CERTAIN NUMBER IN OUR COMMUNITY.

NOW LET ME INDULGE AND COMMENT ON A FEW ISSUES ON WHICH I HAVE A PARTICULAR INTEREST. ONE IS OUR PROCESS OF GOVERNMENT. WE HAVE A GOOD SYSTEM BUT IT WOULD BENEFIT FROM REVIEW AND CONSIDERATION BEING GIVEN TO WHETHER WE MOVE FROM THREE YEAR PARLIAMENTS TO FOUR YEAR PARLIAMENTS (WHICH I WOULD FAVOUR); THE ROLE OF THE SENATE AND WHETHER IT NEEDS TO BE AS LARGE AS IT IS, (GIVEN THAT IT WAS ORIGINALLY SET UP TO REPRESENT THE INTERESTS OF THE INDIVIDUAL STATES); WHETHER WE SHOULD HAVE A REDUCED NUMBER OF MEMBERS OF PARLIAMENT AND PAY THEM HIGHER REMUNERATION; AND HOW PARLIAMENTARY DEBATE MIGHT BE IMPROVED

WE ARE IN NEED OF A NATIONAL ENERGY POLICY THAT ENCOURAGES THE USE OF VARIOUS SOURCES OF ENERGY INCLUDING OUR NATURAL GAS RESERVES AND RENEWABLE ENERGY AND PROVIDES INCENTIVES

FOR ENERGY EFFICIENT INITIATIVES. WE CLEARLY NEED TO ENCOURAGE NEW INVESTMENT IN EXPLORATION AND THE DEVELOPMENT OF OUR ENERGY SUPPLY INFRASTRUCTURE. WE NEED TO EXAMINE CHANGES TO THE PETROLEUM RESOURCE RENT TAX TO ENCOURAGE DEEP WATER EXPLORATION AND THE DEVELOPMENT OF MARGINAL OIL ACCUMULATIONS AND STRANDED GAS RESERVES. WE ALSO NEED A POLICY TO ARREST THE DECLINE SINCE 1998 IN OUR ANNUAL MINERAL EXPLORATION EXPENDITURE.

ANOTHER ISSUE IS OUR UNFAIR TREATMENT OF EXPATRIATES IN THE AREAS OF OFFSHORE SUPERANNUATION AND CAPITAL GAINS ON OFFSHORE ASSETS,. I WONDER WHY WE HAVE ENQUIRIES EVERY DECADE AS TO HOW SYDNEY COULD BE A REGIONAL FINANCIAL CENTRE WHEN WE DO NOT ADDRESS SOME SIMPLE PEOPLE ISSUES SUCH AS THE DISADVANTAGE FACED BY INTERNATIONAL PROFESSIONALS STAYING IN THIS COUNTRY FOR MORE THAN FIVE YEARS. THERE IS NO REASON WHY WE SHOULD NOT HAVE POLICIES THAT HAVE US TALKING OF A BRAIN GAIN RATHER THAN A BRAIN DRAIN.

ANOTHER QUESTION IS THAT OF OUR FOREIGN INVESTMENT POLICY. AS A COUNTRY IT IS QUITE CLEAR THAT WE DO AND SHOULD WELCOME FOREIGN INVESTMENT HOWEVER IT IS ALSO IMPORTANT TO HAVE A NATIONAL IDENTITY IN OUR BUSINESS SECTOR IF WE ARE TO RETAIN ENERGY, COHESIVENESS AND DIVERSITY IN OUR SOCIETY. IT IS THE HEAD OFFICES OF COMPANIES THAT ARE THE CENTRE OF GRAVITY THAT ATTRACTS THE TOP TALENTED PEOPLE AND PROVIDES THE ANCILLIARY BUSINESS TO THE INVESTMENT BANKING, LEGAL AND ACCOUNTING PROFESSIONS.

CORPORATE GOVERNANCE IS NOT IN MY VIEW ONE OF OUR MAIN ISSUES BUT BECAUSE OF THE NATURE OF THE GATHERING TODAY I WOULD LIKE TO MAKE A FEW COMMENTS. ACTUALLY I DO NOT THINK IT IS A PROBLEM IN AUSTRALIA. TO ME CORPORATE GOVERNANCE IS ABOUT A BOARD UNDERTAKING AN ACTIVE MONITORING OF THE COMPANY'S ACTIVITIES AND ENSURING THAT INTEGRITY PREVAILS WITHIN THE COMPANY. IT REQUIRES AN ENVIRONMENT THAT ENCOURAGES WELL-INFORMED, CHALLENGING AND CONSTRUCTIVE DISCUSSION. THE BOARD NEEDS TO KNOW AND CARRY OUT ITS DUTIES, AND FOR THIS TO HAPPEN THERE NEEDS TO BE OPEN DISCLOSURE BETWEEN MANAGEMENT AND THE BOARD. WHILE WE WILL BE ENCOURAGED TO A MORE COMPLIANCE MODE WE SHOULD REMEMBER THAT ENRON, ON PAPER, HAD ALL THE CORPORATE BOXES TICKED.

TO CONCLUDE, THE MAIN ISSUES FACING AUSTRALIA ARE WELL KNOWN AS ARE MANY OF THE SOLUTIONS. THE WAY FORWARD IS FOR US AS A COMMUNITY TO INTELLIGENTLY AND PASSIONATELY DEMAND BOLDER ACTION ON OUR MAJOR LONG TERM ISSUES. WE NEED TO DEMAND FROM THE GOVERNMENT A BLUEPRINT OF THEIR VISION FOR THE FUTURE AND MORE IMPORTANTLY THE ACTIONS THEY PROPOSE FOR OUR COUNTRY TO GO FORWARD AND REALISE ITS FULL POTENTIAL. WE ALSO NEED TO REALISE THAT IT IS NOT ONLY A MATTER FOR THE GOVERNMENT BUT THERE IS AN IMPORTANT ROLE FOR THE PRIVATE SECTOR AND THE WHOLE COMMUNITY. IF YOU ASKED ME THE TWO LONGER TERM ISSUES FOREMOST IN MY MIND, THEY ARE EDUCATION AND THE ENVIRONMENT.

THANK YOU.