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June Anderson—President, Chinese Community Council of Australia, Victorian branch

Distinguished guests, ladies and gentlemen

Introduction

Thank you to the Victorian branch of the Chinese Community Council of Australia for inviting me this morning.

Your work is particularly valuable at a time when personal relationships between Australia and China have never been more important.

It's fair to say that China has loomed large in my work and thinking since early in my career:

- As Federal Member for Bendigo in the Hawke Government in the 1980s, I was well aware of the Chinese history of 'New

Gold Mountain’—and the major contribution of the Chinese community there;

- As Treasurer and Premier of Victoria ours was the first government in Australia to put in place a whole-of-government China plan;
- I visited China many times as Premier, and worked hard to develop the relationship with Victoria’s sister-province, Jiangsu;
- I opened new Victorian Government Trade and Investment Offices in Nanjing and Shanghai, and required all Cabinet Ministers to visit China;
- I was eager to support and celebrate Chinese culture in Victoria—I remember opening the newly refurbished Chinese Museum as Premier in August 2010, standing onstage alongside the magnificent Melbourne Dai Loong [*Melbourne Big Dragon*].
- Post-politics I visit China quite regularly, through my work as National President of the Australia China Business Council, as an Independent Director of Huawei Australia and as Chair of the Fred Hollows Foundation, which has a twenty year history of eye programs in China.

The Australia-China relationship today

As President of ACBC, I follow closely the ups and downs in the Australia-China relationship.

As we mark 45 years of diplomatic relations, and 40 years of China's 'opening up' to the world, there is a lot to celebrate:

- China is Australia's largest trading partner by far, with \$183 billion of two way trade;
- The China Australia Free Trade Agreement—ChAFTA—is paying off in sectors as diverse as agriculture, health and beauty products. For example, China has overtaken the US as our top wine market, with over \$1 billion of exports;
- China is Australia's largest source of international students, with 232,000 currently studying here;
- Last year, 1.4 million Chinese visitors came to Australia;
- And if you add up China's foreign investment over time, Australia is the second-largest recipient after the US—and growing.

At the same time, we all know that over the past year there have been some significant challenges in the Government to Government

relationship.

In my opening speech at ACBCs Annual Networking Day in Canberra in June, I conveyed the concerns of business and stated that the relationship needed reset and repair.

I made clear that this does not mean compromising Australia's values or interests. The choice is not about *whether* to protect our national interest or engage more closely with China. Rather, it is about *how* to protect our national interest, which *includes* a positive relationship with China.

In this context, the ACBC warmly welcomed the Prime Minister's speech last week at the University of NSW. In his speech, the Prime Minister reminded us that:

- 'Modern Australia is unimaginable without the talented and dynamic contribution of Australians of Chinese descent. They are a vital thread in the fabric of Australian society, the most successful multicultural society in the world.'

He also acknowledged the extraordinary journey that China has made:

- 'In just forty years, China has gone from barely participating in the global economy, to being the world's largest or second largest national economy, depending on the measure. And in

terms of trade it is now the largest trading partner for half of all the G20 economies, including our own.’

The way forward

So what is the next step in the China journey, and how can Australia engage constructively as the Chinese economy continues to grow and evolve?

If I had to give a one word answer to that question, it would be ‘people’.

After all, the Australia-China relationship has always been about more than just economics:

- This year we celebrate 200 years of Chinese settlement in Australia. Mak Sai Ying, a carpenter from Guangzhou, arrived in Sydney in 1818. This was the first recorded arrival of a Chinese person in Australia.
- There are now 1.2 million Australians of Chinese descent. Family connections reach back to every corner of China’s enormous land mass.
- Australia was one of the first countries to open up diplomatic relations with China, in December 1972.

- And every year we see increasing awareness of the contribution of the Chinese community to Australia. To take just one example, it's now commonplace to see the Lunar New Year celebrated right across the nation, from local councils, to schools, to businesses large and small.

All of this matters enormously in terms of social harmony and cultural enrichment.

But it also matters in terms of the Australia-China business relationship.

As we all know, China is changing. After four decades of incredible economic growth at almost ten per cent per annum, and the lifting of around three quarters of a billion people out of poverty, China's growth model is now shifting from infrastructure development to services and consumption.

For Australia, this doesn't mean that mining and resources are no longer important, but it does mean we will see a lot more trade in services such as health care and education as well as value-added products such as pharmaceuticals, cosmetics, fine wine and high quality food and fibre. It also means that people to people relationships are more important than ever before.

All of this is good news for Australia:

- Research by the Australia China Business Council has shown that over one million new jobs could be created over the next ten years in areas as diverse as health, education, financial services, tourism and construction. That's one million new jobs in a working population of about 12 million.

But it won't happen automatically. As China's growth profile changes, the Australia-China business relationship needs to become less transactional, and more relational.

That means forming new partnerships across the two countries—government to government, business to business, community to community, and most importantly, person to person.

Today government, business, academia, community, cultural and scientific organisations must work together to strengthen our ties with China.

Partnerships

I'd like to suggest just a few areas where this can happen.

The first is in science, R&D and innovation:

- In his National Congress speech last year, President Xi said that China wants to ‘move faster to make China a country of innovators’, with a focus on advanced manufacturing, innovation and consumption.
- The OECD predicts that next year China will overtake the US as the world’s largest spender on R&D.
- The World Intellectual Property Organisation (WIPO) reports that in 2016 the number of Chinese international patent applications was over 43,000. This was up 44 per cent from the previous year—a much larger increase than any other country.
- China has also launched an ambitious renewable energy program worth \$474 billion in an effort to peak their carbon emissions by 2030, in line with their Paris Climate Agreement targets.
- We hear a lot in Australia about the need to become an innovation nation. Today, that means partnering with China and leveraging some of that unprecedented R&D spend.

A second area of partnership is in sport and culture:

- This year we saw the second AFL game played in China for premiership points, after the success of the Port Power-Gold Coast Suns clash in 2017.
- The airing of Port Adelaide games on Chinese broadcaster CCTV reached about 3 million Chinese viewers in 2017. That's more than the 2.7 million Australians who watched last year's AFL grand final.
- Research done by the Port Adelaide Football Club found that over half of the fans they surveyed said their understanding of the Australia-China relationship had improved thanks to the club's involvement in China, and almost all of them thought that a positive Australia-China relationship was a good thing for Australia.

Third, Australia can also forge new partnerships with China through our education and tourism sectors:

- Australia was one of the first countries to secure Approved Destination Status from China in 1999. This marked the beginning of the Chinese tourist boom.
- In 2016 we hit one million Chinese visitors per annum. Last year it was 1.4 million. By 2026 the number is expected to reach 3.3 million.

- From a business perspective, Chinese visitors spend more per head than any other nation. In 2016, Chinese visitors, including those here for education, generated \$9.2 billion in total expenditure. This is expected to be \$13 billion by 2020.
- But we know the benefits of Chinese tourism go well beyond this immediate spend. They are more likely to buy Australian products upon their return, to study and even to invest in Australia.
- When you consider the needs of many of our regional communities ... and the assets of those communities in terms of natural beauty and unique flora and fauna, as well as high quality offerings in food, wine and other agribusinesses ... and when you combine that with the demands of a Chinese middle class on the lookout for new experiences and quality products ... we have an opportunity Victoria and Australia cannot afford to miss.
- When it comes to education, a recent ACBC report showed that in 2016, Chinese students contributed between \$5 billion and \$6 billion to the Australian economy.
- But the most important benefit—and perhaps the most neglected—of international education is the opportunity to form long-

term relationships between future Chinese business leaders, investors and professionals of all kinds, and their Australian counterparts. It's easy to overlook this—but in a changing region and world, it's more important than ever.

A fourth area I would highlight is BRI. In early July, ACBC hosted a high level Conference in Darwin aimed at a better and deeper understanding of BRI and what it could mean to Australia and our region. ACBC has been a strong advocate for a closer Australian alignment with BRI....we see significant economic opportunities for Australian companies as well as stronger regional flows of goods and services....and of course significant improvements in regional infrastructure, such as ports, water and sewerage, power generation etc. BRI has the potential to help lift hundreds of millions of people in our region out of poverty.

The fifth area I would identify is the one highlighted by Gareth Evans in his excellent opinion piece published two weeks ago on the China Australia relationship. In it, Professor Evans suggested that Australia and China could further strengthen our relationship by working together in the region on a number of 'public good' issues. I wholeheartedly endorse this suggestion.....there are a range of areas from preventative health and medical research through to tackling environmental degradation, where our two countries could form strong partnerships.

Each of these five areas I have mentioned can build on the long history of genuine friendship between our two countries.

Conclusion

To conclude.

Bill Gates recently said: ‘No other country has accomplished what China has achieved in the last few decades—breaking the relentless cycle of poverty and disease for hundreds of millions of people while modernising its economy at a scale and speed unprecedented in human history.’

Australia has been a huge beneficiary of this growth story. It’s the principal reason our standard of living is the second highest in the world. And, of course, we’ve also benefitted immensely from Chinese migration, helping to build a more diverse, skilled and outward looking Australia.

At the ACBC, we believe that impressive as it is to date, the Australia-China journey has only just begun. With the right settings built around mutual trust and respect, Australia and China have much to gain from a strong and positive partnership into the future—not just economically, but socially and culturally as well.

The Chinese-Australian community is a powerful part of this story. That's why the work of the Chinese Community Council of Australia is so important, and why I'm pleased to have the opportunity to join with you today. Thank you.