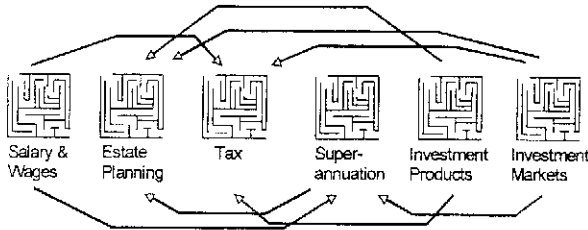


Senate Select Committee on Superannuation and Financial Services

Main Inquiry Reference (b)

Submission No. 24 (Supplementary to Submissions
Nos. 17 & 19)

Submittor: Mr Bruce Baker
Certified Financial Planner
Puzzle Financial Advice P/L
PO Box 739
KENMORE QLD 4069
☎ - (07) 3371 8112
📠 - (07) 3870 4023



Puzzle Financial Advice P/L
 Unit 12, 200 Moggill Rd
 Taringa Qld 4068
 PO Box 739
 Kenmore Qld 4069
 ☎ (07) 3371 8112
 FAX (07) 3870 4023
 A/H (07) 3202 7701

Puzzle Financial Advice Pty Ltd
 ABN 72 075 545 112
 ACN 075 545 112
 Dealers Licence 165 340

20 July, 2000

Ms Sue Morton FAX: (02) 6277 3130 PH: (02) 6277 3433
 Secretariat, Senate Select Committee on Superannuation & Financial Services
 Parliament House
 Canberra ACT 2600

Re: On Australia as a Major Financial Centre

Dear Sue

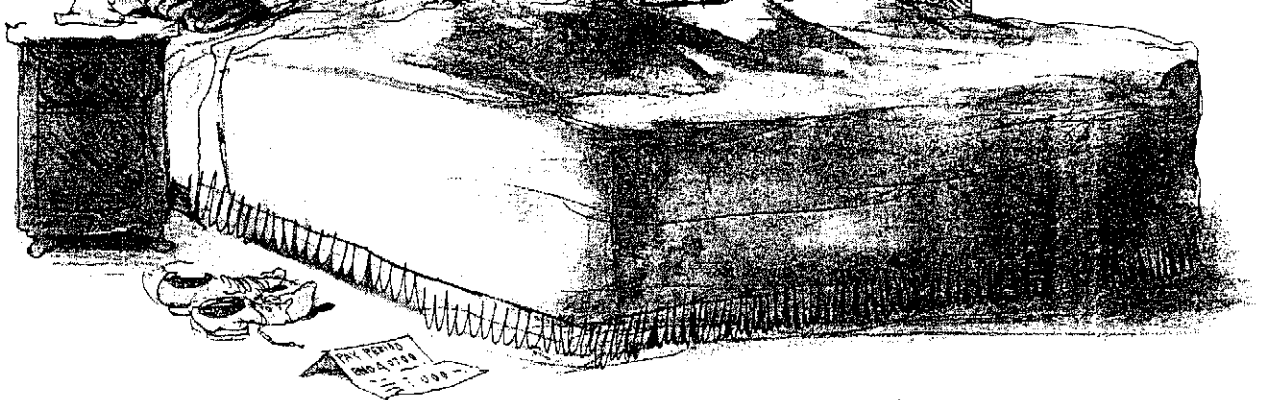
Further to previous comments and correspondence, I would like to forward an article that is consistent with my view-point. AFR 7/7/00 "ASEAN+3 is one key player short". In this article a **former Australian ambassador to China (Professor Stephen Fitzgerald)** is quoted.

To quote the article '**Fitzgerald lamented the fact that ASEAN+3 versus ASEAN+4, which has "enormous implications for Australia", has "barely rated in Australian public discussion".**'

I believe that one of those implications is likely to be **"That unless Australia is part of ASEAN+4, it is quite unlikely that Australia will be a major Asian financial centre over the medium-term."**

Yours Sincerely

Bruce Baker BSc(Stats) MBA DipFinPlanning
 Certified Financial Planner
 Director & Authorised Representative, Puzzle Financial Advice Pty Ltd



AFR 7/7/00

ASEAN+3 is one key player short

University foundation dinners are, unfortunately, usually not the most memorable occasions, often because the speaker fails to live up to the grandeur of the occasion or to the festivities promised by the colourful range of academic dress.

However, the University of NSW Foundation Dinner 2000 last Saturday evening with its keynote speaker, the old regional war horse, former Australian ambassador to China and chairman of the Asia-Australia Institute Professor Stephen FitzGerald, was a notable exception. Indeed, FitzGerald gave a very significant address about the "new regionalism" in our part of the world which carried many important messages, not only for the university, but also for the Government and the Federal Opposition.

FitzGerald's focus was the organisational joining of South-East Asia with North-East Asia, of the 10 countries of ASEAN with China, Japan and Korea, the process now dubbed ASEAN + 3, and in particular his concern that it was not ASEAN + 4, to include Australia.

Specifically FitzGerald lamented the fact that ASEAN + 3 versus ASEAN + 4, which has "enormous implications for Australia", has "barely rated in Australian public discussion". This he says "is an oddity". FitzGerald emphasises "at a time of great and possibly historic importance for Australia in regional affairs, Australia is not in the main game, some are not even inclined to want to play in a game whose rules are determined by Asians, and publicly, the Australian Government is, as it were, not looking".

As FitzGerald says: "If there is something like this going on in our region, involving all of our neighbours,

Australia needs to focus on Asian economic integration, argues John Hewson.

if decisions are being made and institutions formed, is it not in our interests to try to be in it? Is it not sound to give ourselves options?"

FitzGerald is absolutely correct. The Australian Government should have been talking about ASEAN + 4 to the Australian people and promoting a policy, or at least a range of policy options. The failure to do so, as FitzGerald notes, is "a deep problem with Australian foreign policy".

It is most disturbing that the Australian Government has waxed so eloquently about our considerable success in weathering the Asian crisis, yet it has failed to perceive one of the most significant consequences of that crisis for Asia, namely the thrust towards a single East Asia. As ASEAN Secretary-General Rodolfo Severino said last year, as quoted by FitzGerald, the new regional agenda shows "how strongly the financial crisis has jolted our ways of thinking, how significantly it has stretched the horizons of the possible, how indeed, things will never be the same again — how much, in a fairly short time, we have come to think about ourselves as a region".

It is most disturbing that successive Australian governments, as FitzGerald points out, "have failed to recognise the force and durability of this idea within East Asia when it has emerged in earlier forms". FitzGerald acknowledges that there is a range of views within both the Government and the Opposition, "from the most extreme discomfort with the idea that Australia should be joined in

such a union, to a position, believe it or not, of 'there's nothing we can do' because of the opposition of the Malaysian Prime Minister, Dr Mahathir [Mohamad], to ignorance of its significance or even its existence".

Not surprisingly, FitzGerald concludes that the underlying problem is the lack of an analytical framework or "coherent foreign policy doctrine".

While conceding that the reasons for the Government's reluctance to raise and debate the issue of ASEAN + 4 are "quite complex", FitzGerald proffers four explanations. First, past failed attempts to join preceding East Asian arrangements have produced "a measure of emotion and righteous indignation" and a determination that it is now unacceptable to "beg" to Asians. Second, there is a significant divergence in views in Canberra about Asia and being close to it.

Third, there has been a shift since the Asian crisis in the way the Government looks at the region in general, such that significantly more emphasis is now given "to what distinguishes or separates us from Asia" than has been the case for more than a decade.

And finally, as a consequence of East Timor, there has been a "retraction" of the horizon "to a more subjective self-centring and self-referencing view of foreign affairs in respect of our region", which is exemplified in the "totally unrealistic claim to leadership in Asia" and in the initiation of a defence review without addressing key issues of foreign policy.

FitzGerald's remarks should be taken most seriously. ASEAN + 4 should be a matter of significant public debate. Perhaps that process will be initiated by the Opposition Foreign Affairs spokesman, Laurie Brereton, in his planned address at UNSW on July 19.

THEY SAY

The only way out

Medibank architect Richard Scotton, writing on the future of health care in the current issue of the *Medical Journal of Australia*.

In Australia, multiple program and funding streams, overlapping jurisdictions in the federal system of government and poorly articulated relationships between public and private sectors add layers of complexity to the problem. It is a tribute to the funders, managers and providers of health

services that our system works as well as it does. On the whole, it provides universal and equitable access to most clinically effective health services, at an overall cost which compares well with those in most comparable countries, and is lower than some. The point has to be made that the rise in real costs of state-

of-the-art health care will make it increasingly necessary to limit total expenditures on health. Raising the efficiency of resources used to produce services is the only way to minimise the consequent stresses. The managed competition model offers a framework within which higher efficiency can be pursued without sacrificing the principle of universal access, which remains as much as ever a core component of a humane society.