

The Australian APEC Study Centre

AT RMIT University

The Australian APEC Study Centre Centre Activity Report

July 2008 – June 2009

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1.0 INTRODUCTION – TRANSITION FROM MONASH UNIVERSITY TO RMIT UNIVERSITY

This report summarises the activities of the Australian APEC Study Centre since the Centre's last Advisory Board meeting in July 2008. The key important development was that following a review of the Centre by Monash University in 2008, Monash decided to cease its association with the Centre, noting that the Centre did not contribute to research funding. Monash had reduced its subsidy to the Centre over preceding years and at the period of the close of operations at Monash, the Centre was self-funded. The remainder of this introduction covers major developments arising from that decision

In late 2008, the Centre approached the Pro Vice Chancellor at the College of Business at RMIT University, Professor Gill Palmer, with a business plan to transfer the activities of the Centre and to re-establish the Centre at RMIT. This was approved in February 2009. The transfer of the Centre was effected by an Agreement between Monash and RMIT universities on 1 April 2009, and the Centre was relocated to its new address in mid-April.

The new relationship with RMIT University involved agreement on the goals and objectives of the Centre at RMIT, as well as agreement on a set of Key Performance Indicators for the Centre to meet to ensure that the relationship continues to flourish for many years. The mission statement and KPIs can be viewed in [Attachment 1](#). The goals for 2009/10 and the three year strategy of the Centre can be viewed in [Attachments 2 and 3](#). RMIT University will review the Centre's performance within the first 18 months. There is already a strong collaborative system in place with regular meetings between the Centre management and senior representatives at the College of Business to ensure a shared approach to attaining goals and objectives.

There are strong synergies between a major Australian university like RMIT, which has significant interests in the Asia-Pacific region, and the Centre, with its links to government agencies, business and academia throughout the APEC region. These synergies also build on the relationship between the Centre and the State Government of Victoria, through its funding of the Melbourne APEC Finance Centre (MAFC). The MAFC continues in its objective of making Melbourne a centre of excellence in training financial system regulators in the Asia-Pacific region, and in promoting Melbourne as a regional financial centre.

Major Commonwealth government departments, in particular the Department of Foreign Affairs and Trade (DFAT) as well as Treasury and AusAID, along with the State Government of Victoria, gave strong support for the establishment of the Centre at RMIT University. As a consequence of this support and the working relationships being established with RMIT University, the Centre looks forward with a great deal of confidence to growth and to close and profitable collaboration with the University.

Significant contracts entered into by Monash with Commonwealth Treasury, the State Government of Victoria and AusAID were novated to RMIT University as a component of the agreement between the two universities. This meant that the Centre was well placed to continue to function and to manage on-going programs during the period of transition. The projection is that the Centre will maintain a solid surplus position for the remainder of 2009, and there is confidence in maintaining a positive flow for the period ahead.

The Centre's finances rely heavily on winning PSLP grants, and the Centre has become successful at doing that. Details of recent and future programs under the PSLP are outlined later in this report. However, the Centre needs to broaden its funding sources and opportunities. The Centre is currently engaged in a number of programs outside of the PSLP sphere, but is also actively seeking to perform other activities or tap into other schemes which are core to the expertise and experience of APEC, including the APEC Secretariat Support Fund and the APEC Policy Support Unit.

An aspect of the Agreement between Monash and RMIT was that Alan Oxley retain his position as Chairman of the Centre, whilst Ken Waller became the Director of the Centre after more than 18 months as Director of the Melbourne APEC Finance Centre. Both have entered into contractual arrangements with RMIT to provide services in these capacities for a period of 18 months. Centre Project Managers, Alex Kats and Lauren Streifer, also transferred to RMIT from Monash on a fixed term 18 months contract basis. Since the transition, the Centre has recruited Margot Kilgour as

Executive Manager to replace Jaime Jobson who elected to remain on tenure with Monash University. Judith O’Gorman, previously Finance and Administration Officer, also elected to remain with Monash. A further aspect of the agreement in establishing the Centre at RMIT University was to change the composition of the Advisory Board. The Financial Service Advisory Board remains untouched. Its membership can be viewed in [Attachment 4](#).

It is worth restating what the Australian APEC Study Centre at RMIT University is about. Through its activities, the Centre pursues the objective of promoting APEC’s key goals of trade and investment liberalisation, structural and financial system reforms, and economic integration in the Asia-Pacific region. To these ends, it develops training programs, seminars, conferences, dialogues and promotes publications which aim to strengthen understanding and linkages between academic, government and private sectors in Australia and across the region on these critical public policy objectives.

2.0 SUMMARY OF ACTIVITIES IN THE PERIOD JULY 2008 TO JUNE 2009

The Australian APEC Study Centre and the Melbourne APEC Finance Centre had a very active end to 2008, and have a comprehensive series of programs for the rest of 2009. Details about each program are listed below. There were three PSLP funded training programs in the second half of 2008, and one in June 2009 following the transition. They included a program on agricultural growth and commodity prices (September 2008); a program on the regulatory management of internal capital models (October 2008); a second program on the OECD’s Policy Framework of Investment (November 2008); and a program on food price security, bio fuels and inflation (June 2009).

The Centre was also involved in a joint program with the Asia Finance and Development Centre in Shanghai in December 2008, funded by the APEC Secretariat, aimed at training regional banking regulators and policy makers in enhancing risk management and governance in banking, with particular reference to liquidity constraints arising from the global financial crisis. In October 2008, using a new funding source, the Centre organised a high level dialogue and exchange with Chinese financial regulatory policy makers, regulators and commercial bankers, and their counterparts in Australia. The program included a dialogue and visits to major Australian policy and regulatory institutions, as well as banks.

In the second half of 2008, the Centre also participated in a Chinese study tour in Melbourne, and convened a round-table meeting in Melbourne with the Executive Vice President of the Hong Kong Stock Exchange. In May 2009, the Centre at RMIT was launched in Melbourne by guest of honour, The Hon. Simon Crean MP, Minister for Trade.

3.0 DETAILS OF TRAINING PROGRAMS – TRADE AND AGRICULTURE

3.1

Program: ‘Policy Options to Promote Agricultural Growth and Reform in an Era of Rising Commodity Prices’

Funding source: AusAID Public Sector Linkages Program

Date: September 2008

The objective of the program was to enhance the capacity of officials and leading academics in developing Asian economies to develop reform options in agricultural trade, including in the WTO Doha Round, in the emerging policy environment of higher agricultural prices.

The program comprised five days of training, which included two site visits to relevant local organisations. There were 22 participants, including three or four from each of Indonesia, Philippines, Thailand, Papua New Guinea, Vietnam and the ASEAN Secretariat. All sessions were chaired by Peter Gallagher, the Academic Coordinator and designer of the Program. He is a consultant and is a former Chief Executive of the Australian Dairy Industry Council, and a former Australian trade representative in Washington, Brussels and Geneva.

3.2

Program: 'Capacity Building to Enhance Investment Flows in APEC Economies, Particularly Investment Policy, Promotion and Facilitation' (Policy Framework for Investment II)

Funding source: AusAID Public Sector Linkages Program

Date: November 2008

The purpose of the program was to enhance the policy design and implementation skills of officials in APEC developing economies in relation to creating a policy environment conducive to stronger investment performance, particularly in relation to foreign investment policy and investment promotion and facilitation. This program has been included as a major APEC initiative in the newly approved APEC Investment Facilitation Action Plan (IFAP), and it was the second program based on the OECD's Policy Framework for Investment, with more to come.

The program comprised five days of training, plus a half day workshop. There were 21 participants, including representatives from China, Indonesia, Papua New Guinea, Philippines and Vietnam with funding from AusAID, and six more representatives funded by MAFC from Mexico and Peru. All sessions were chaired by Tony Hinton, the Academic Coordinator and designer of the Program. He is a consultant and was formerly a Commissioner at the Productivity Commission and Australia's Ambassador to the OECD in Paris.

3.3

Program: 'Food Security, Bio-fuels and Food Price Inflation: Policy Conflicts and Structural Reforms'

Funding source: AusAID Public Sector Linkages Program

Date: June 2009

The first program since the transition to RMIT, the purpose of this program was to build policy development skills in dealing with issues where policy conflicts may arise. The program used basic economic principles to achieve greater consistency in policy actions, and focused on policy responses to food security concerns, high energy costs and food price inflation to outline institutional and policy measures involved in structural reforms.

The program comprised six full days of training, plus a half-day of class exercises, hypotheticals and workshops. There were 16 participants, including representatives from China, Indonesia, Philippines, Papua New Guinea, Thailand and Vietnam. All sessions were chaired by David Harris, the Academic Coordinator and designer of the Program. He is an economic and agribusiness consultant who previously held management positions at Bonlac Foods and the Australian Bureau of Agriculture and Resource Economics. He also spent time at the Agriculture Directorate of the OECD Secretariat in Paris.

4.0 DETAILS OF TRAINING PROGRAMS – FINANCIAL SERVICES

4.1

Program: 'Regulatory Management of Internal Capital Models'

Funding source: AusAID Public Sector Linkages Program

Date: October 2008

The objective of this program was to help policy makers and financial services prudential supervisors, particularly in banking and insurance, develop the ability to assess and monitor internal capital models developed in banking and insurance sectors, in line with international best practices, aimed at improving risk management and governance in those key financial sectors.

The program comprised five full days of training, plus a half day workshop session. There were 17 participants, including representatives from China, Fiji, Indonesia, Papua New Guinea, Philippines, Thailand and Vietnam, as well as self funded participants from Chinese Taipei and Singapore. All sessions were chaired by Dr Jules Gribble, the Academic Coordinator and designer of the Program. He is an actuarial and private consultant who recently became a partner at Ernst & Young.

5.0 CONFERENCES, SYMPOSIA AND DIALOGUES

5.1

Project: 'Building institutional relationships between Chinese and Australian bankers and financial sector policy makers, regulators and Australian financial academic specialists to foster linkages and pursue priority development areas in risk management and governance'

Funding source: AusAID Australian Leadership Awards – Fellowships (ALA)

Date: October 2008

With financial support from AusAID, this Executive Roundtable and Professional Placements program was conducted under the MAFC banner and brought together participants from China and Australia. Following a successful China Australia Governance Program in 2007, the objectives of this program were to build linkages between Australian and Chinese bankers, and to pursue emerging best governance practices in the areas of risk management.

The program included 10 senior bankers from China, one of whom was sponsored by MAFC. The two-day Executive Roundtable in Melbourne comprised both Chinese and Australian bankers, academics and financial sector policy makers. This was chaired by Ken Waller, Director of the MAFC. After the roundtable, the 10 Chinese bankers participated in professional placements at Australian financial institutions in Melbourne, Sydney or Canberra.

6.0 INTERNATIONAL ACTIVITIES

6.1

Program: 'Enhancing Risk Management and Governance in the Region's Banking System to Implement Basel II and to Meet Contemporary Risks and Challenges Arising from the Global Banking System'

Funding source: APEC Secretariat Support Fund

Date: December 2008

Venue: Shanghai

In a program funded by the APEC Secretariat and jointly coordinated by the MAFC and Shanghai's AFDC, this program focused on the key aspects of risk, various types of risk and the techniques that are used to measure risk. Pressures arising from the global financial crisis, including the tightening global credit and liquidity conditions, were also discussed. The pressures for reforms to governance arrangements in banking supervisory agencies and in commercial banks to implement Basel II and to manage emerging financial pressures were also considered.

The program ran over a four day period on AFDC's campus in Shanghai and was then followed by a day of site visits to financial institutions in Shanghai. The program included 25 participants from countries as diverse as Bangladesh, Cambodia, Indonesia, Malaysia, Mexico, Peru, Philippines, Russia, Thailand, Vietnam and of course China. At various times there were also video links to groups in Mongolia and Sri Lanka. Five presenters from Australia participated, with funding from MAFC, along with two Centre staff, and other presenters from China.

7.0 OTHER FUNDED PROJECTS

7.1

Project: Financial Sector Reform: Catalogue of Policy Experience and Choice

Funding source: Australian Treasury, AusAID

Date: 2007 – Ongoing

The Melbourne APEC Finance Centre was a successful tender for the development and delivery of an on-line catalogue that is an initiative of the APEC Finance Ministers Process (FMP), and led by the Australian Treasury. The objective of the catalogue is to present relevant information about financial sector reforms, based on practical experiences of APEC member economies, using a logical and accessible website, and to facilitate information sharing between APEC economies on financial sector reform experiences.

The Catalogue also identifies relevant capacity building resources by providing links to current and upcoming initiatives. The project will continue until end March 2011 and with options to extend.

8.0 OTHER PROJECTS AND ACTIVITIES

8.1

Event: Launch of the Australian APEC Study Centre at RMIT University
Venue: The Investment Centre Victoria
Date: May 2009

The Centre at RMIT University was launched in a ceremony, partly sponsored by the Victorian Government. The keynote speaker was The Hon. Simon Crean MP. He was introduced by The Hon. Marsha Thomson MP from the Victorian Government. Also on the program was Professor Gill Palmer from the College of Business at RMIT, Bruce Kean AM, the Chairman of the Centre's Advisory Board, as well as Ken Waller and Alan Oxley. More than 60 people attended the launch, including representatives from banking, finance and government sectors in Melbourne and Canberra.

8.2

Project: Budget Affairs Commission (BAC) tour under the auspices of the China Australia Governance Program (CAGP)
Funding source: GHD Hassall
Date: October 2008

GHD Hassall contracted MAFC to provide support in arranging meetings for a study tour by the Budget Affairs Commission (BAC) of the Standing Committee of the National People's Congress of the Peoples' Republic of China. The program was held in October 2008.

BAC has been undertaking studies in fiscal reform under the auspices of the China Australia Governance Program. The major function of the BAC is to strengthen the examination and supervision of the national budget as well as supervising its implementation behalf of the National People's Congress and its Standing Committee. The tour comprised 6 delegates of the BAC, a translator, a Chinese representative from the CAGP and a representative from the Australian embassy in China. The MAFC arranged meetings for the BAC with representatives of the Victorian State Departments of Treasury and Finance, and Parliamentary Committees of the Australian Federal government. Representatives of MAFC also joined some of the BAC meetings in Melbourne.

8.3

Event: At the Boardroom: Round-table with Lawrence Fok
Funding source: Victorian Government and MAFC
Date: August 2008

In August 2008, the Victorian Government sponsored a visit to Melbourne of Mr Lawrence Fok, Executive Vice President and Head of Issuer Marketing Division of the Hong Kong Exchanges and Clearing Limited (HKEx). As part of his visit, the MAFC hosted a round-table with Mr Fok and Australian business and official representatives. Discussions covered the securities market and its relationship with China, the global financial market, and Australia's position in China's growth.

9.0 RESEARCH, PUBLICATIONS AND PAPERS

During 2008/2009 the Centre and its partners produced several important research papers and publications as follows:

9.1

Papers, speeches and reports

- Speech: 'Driving APEC Harder', The Hon Simon Crean MP, Launch of the Australian APEC Study Centre at RMIT University, 1 May 2009
< http://www.apec.org.au/docs/crean_simon_DrivingAPECHarder.pdf>

- Report: 'Winners All: How Forestry Can Reduce Both Climate Change Emissions and Poverty – A Pro-Development Program', World Growth, December 2008
< http://www.apec.org.au/docs/09_WG_WA.pdf>
- Paper: 'Inconsistencies in treatment of foreign investment in trade agreements', Kristen Bondietti, Australian APEC Study Centre, December 2008
< http://www.apec.org.au/docs/08_AASC_IFDI.pdf>
- Article: 'Food commodities and policies: Some long-run factors affecting prices', Peter Gallagher, November 2008
< http://www.apec.org.au/docs/08_FCM_PG.pdf>
- Chapter in Book: 'Innovation and the Financial Sector: Role of the Asia-Pacific Economic Cooperation', Kenneth Waller, in 'Innovation for Development and the Role of Government: A Perspective from the East Asia and Pacific Region', World Bank, October 2008
This publication can be viewed and purchased at:
<http://publications.worldbank.org/ecommerce/catalog/product?item_id=8611556>
- Speech: 'Capacity Building for Sharing Success Factors of Improvement of Investment Environments', Ken Waller, APEC Seminar Peru, August 2008
<<http://www.apec.org.au/docs/Capacity%20Building%20Seminar%20Lima.pdf>>
- Seminar Presentation: 'Why Corporate Governance is Important in APEC Economies', Ken Waller, APEC Corporate Governance Workshop, Peru, August 2008
<<http://www.apec.org.au/docs/APEC%20Governance%20Workshop.pdf>>
- Report: 'Undermining Mitigation Technology: Compulsory licensing, patents and tariffs', Tim Wilson, Institute of Public Affairs for the AASC, August 2008
< http://www.apec.org.au/docs/08_IPAAASC_MT.pdf>
- Paper: 'Convergences and Divergences in APEC's FTAs / RTAs', Diego Urbina Fletcher, APEC Peru 2008, July 2008
< http://www.apec.org.au/docs/08_ASCconf/002_Urbina_ppt.pdf>
- Paper: 'Economic Structural Change in APEC – Economic integration beyond trade liberalisation', Alan Oxley, APEC Peru 2008, July 2008
< http://www.apec.org.au/docs/08_ASCconf/017_Oxley_pr.pdf>

9.2

Conference and Dialogue papers

- Report on the Executive Roundtable Meeting, prepared for the Australian Leadership Awards – Fellowships Group, Melbourne APEC Finance Centre, December 2008
Available upon request
- Report and Review of the Workshop on Risk Management in Commercial Banks, Ken Waller (MAFC), Li Kouqing (AFDC), December 2008
Available upon request

9.3

Internet Publications

The Australian APEC Study Centre has continued to maintain its websites, including:

Existing:

- Melbourne APEC Finance Centre (MAFC) <www.apec-melbournefincen.org.au>
- Managing Regulatory Change in Financial Services <www.apec-finsec.org>

These two websites are to be updated shortly in order to bring them into line with the Centre's new branding and focus.

Redeveloped:

- APEC Study Centre <www.apec.org.au>

Following the transition to RMIT University, the main Centre site was rebranded to fit with the RMIT branding. It was relaunched in June 2009.

Other:

- Globalisation Guide <www.globalisationguide.org>

The globalisation guide website was re-written to bring its content up to date and to add new elements. The new content has not yet been loaded onto the site.

- Treasury Catalogue <www.financialreform.apec.org>

See item 7.1 above for details.

9.4

e-Newsletters

Both newsletters are distributed to the Centre's subscriber base of circa 2,300 people:

Melbourne APEC Finance Quarterly – MAFC started producing the Melbourne APEC Finance Quarterly in the second half of 2007. The newsletter draws on Centre networks and industry linkages for content that considers issues of contemporary importance to the finance sector. Topics have included lifting the age of workers that qualify to receive the pension, the impact of anti-laundering and counter-terrorism financing laws and the implications of the US sub-prime issue.

APEC Currents – The template for APEC Currents was recently updated to reflect the APEC Study Centre's website and new RMIT branding. The first newsletter under the new branding is due in July 2009. Through APEC Currents and general announcements, the Centre builds upon an extensive alumnus of officials throughout the governments of APEC countries, including China and the ASEAN economies.

10.0 MEDIA / PUBLIC EXPOSURE

In 2008/09 the Centre was mentioned in the media and in parliament, particularly through the activities of the Chairman, Alan Oxley. Following is a selection of some of these mentions:

10.1

Media Exposure

- The Australian, Alan Oxley, 'Don't kill exports', 9 June 2009
 - o Major subjects: importance of not raising trade barriers
- Media Release, Australian APEC Study Centre, 'The Hon Simon Crean MP to open the APEC Study Centre at RMIT University', 1 May 2009
- Quadrant Magazine, Alan Oxley, 'John Howard's pro-American trade legacy', 1 April 2009
 - o Major subjects: bilateral agreements; Australia-USA Free Trade Agreement
- The Age, Tim Wilson, 'Trade millstone around Australia's neck', 11 February 2009
 - o Major subjects: APEC; foreign investment; Australia-USA Free Trade Agreement

- The Australian, Alan Oxley, 'Higher costs kill exports', 24 September 2008
 - o Major subjects: trade policy, competition, exports, foreign investment
- Australian Financial Review, David Crowe and Tracy Sutherland, 'Crean calls on APEC to give Doha a chance', 5 August 2008
 - o Major subjects: APEC, Doha Round, trade
- Australian Financial Review, Greg Earl, 'APEC aims for balanced reform', 4 August 2008
 - o Major subjects: APEC; trade regulation, reform
- ABC Television, Lateline, 'Doha Round of trade talks fail', 30 July 2008
 - o Alan Oxley interview
- The Australian, Nicola Berkovic, 'Garnaut scenario simply wrong', 7 July 2008
 - o Major subjects: climate change, economic impact, Alan Oxley
- ABC Radio, PM, 'Jury out on bad privatisation choices', 5 July 2008
 - o Alan Oxley interview

10.2

Parliamentary Exposure

- 'Trade and Foreign Investment Implications of Australia Introducing an ETS – Submission to Senate Economics Committee Inquiry into the exposure drafts of the legislation to implement the Carbon Pollution Reduction Scheme', Institute of Public Affairs, March 2009
 - o Mentions: Alan Oxley
- Standing Committee on Foreign Affairs, Defence and Trade, 25 March 2009
 - o Chris Gaskell, APRA, mentions 'APEC Study Centre in Melbourne'
- Budget Estimates 2008-09, Australian Parliament, Senate Committee Reports, Alan Oxley, Australian APEC Study Centre
- Budget Estimates 2008-09, Senate Committee, Foreign Affairs, Defence and Trade Committee, Alan Oxley, Australian APEC Study Centre

11.0 CENTRE STAFF

Alan Oxley continues his position as Chairman of the Centre.

Ken Waller recently became Director of the Centre, after serving for over a year as Director of the MAFC. He is also Chair of the Centre's Financial Services Advisory Board.

Jamie Jobson left the Centre in February 2009 during the transition process after nearly 4 years.

Margot Kilgour began as Executive Manager in May 2009. She brings Asian experience and a business perspective to the role.

Judith O'Gorman also left the Centre in February 2009 during the transition process after more than 5 years at the Centre in a part-time capacity. As part of the Centre's new arrangements with RMIT, a finance officer at the College of Business has been appointed to oversee the Centre's financial activities and accounts.

Alex Kats began at the Centre in September 2006 and continues in his capacity as a Project Manager. In the last twelve months he has continued to manage projects and participated in the project in Shanghai in December 2008.

Lauren Streifer began at the Centre in October 2006 and continues in her role as Project Manager, with a focus on the MAFC program. In the last twelve months she has also continued to manage projects including the ALA project, and participated in the project in Shanghai in December 2008.

Professor John McKay continues his relationship with the Centre as a Senior Associate.

12.0 FUTURE ACTIVITIES

Remainder of 2009

The Centre has been active in bidding for government and multi-lateral agency development programs and planning for other related activities. The Centre will continue to pursue tenders for the organisation and delivery of capacity building training programs in trade, finance and climate, as well as working towards undertaking research, and hosting conference and lecture events.

- UPCOMING PROGRAMS

The following programs have been confirmed by the AusAID Public Sector Linkages Program and contracts have been issued:

Program: 'Capacity Building to Enhance Investment Flows in and between APEC Regional Economies, Particularly in Relation to Trade and Taxation Policies'

Date: July 2009

The objective of this program is to highlight the determinants of a positive and welcoming investment climate (for both local and foreign investors). The Program is based on the OECD's Policy Framework for Investment (PFI). By increasing an understanding of the PFI and its role, particularly in relation to trade and taxation policies, participants will develop the skills necessary for policy development and for effectively applying the PFI tenets. The Program is designed to improve investment flows and increase economic growth.

The program consists of five days of training plus a half day of workshops, and has place for 22 participants from eight countries.

Program: 'Training on Policy Options to Promote Reform in Non Agricultural Market Access (NAMA) in an Era of Falling Demand, Rising Protectionism and Economic Uncertainty'

Date: September 2009

The objective of the program is to enhance the capacity of officials and academics in APEC developing economies to develop reform options in trade in industrial products in the emerging policy environment of falling demand, rising protectionism and economic uncertainty. The purpose is to improve the capacity for policy development which supports open markets and liberalisation efforts both domestically and in the WTO NAMA negotiations. Greater understanding of the benefits and utility of using open market reform tools will assist policy makers to re-engage in the Doha Round in NAMA in a meaningful way. Officials completing this program will be better placed to respond to current economic challenges through domestic policy options which support reform of trade in industrial products.

The program consists of five days of training plus a half day of workshops, and has place for 24 participants from six countries plus the ASEAN Secretariat.

Program: 'Enhancing Risk Management and Governance in the Region's Banking System to Implement Basel II and to Meet the Contemporary Risks and Challenges Arising from the Global Financial and Banking System Crisis'

Date: September 2009

Participants will be exposed to current thinking about the consequences of the Global Financial Crisis for the future of banking regulation, and in particular for the further development and implementation of the Basel II Accord. Particular focus will be given to the shortcomings in

banking practices and regulation exposed by the crisis, with viewpoints from regulatory, practitioner, and academic perspectives. Regulatory responses to the financial crisis will be examined along with implications for the future of financial regulation.

The program consists of five days of training plus a half day of workshops, and has place for 22 participants from eight countries.

Program: 'Financing and Managing Risks in Public Private Partnerships at National and Sub-National Government Levels'

Date: October 2009

The objective of this program is to enhance the capacity of policy officials to understand the policy choices and mechanisms in the development and delivery of Public Private Partnerships (PPPs) in infrastructure in national and sub-national development. The financing and provision of infrastructure is a significant issue amongst APEC members. If the private sector is to be encouraged to invest in infrastructure projects, improvements in the regulatory framework in a number of economies will be required. Australia is a leader in the field of PPPs, thus Australian representatives are well placed to share their experiences and best practice proposals.

The program consists of five days of training plus a half day of workshops, and has place for 25 participants from nine countries.

Program: 'Capacity Building for Policy Makers and Financial System Regulators in the Asia-Pacific: Regulatory and Industry Structures for Private Pensions Systems, Funds and Asset Management'

Date: November 2009

The objective of this program is to encourage appropriate industry, regulatory and consumer responses to current challenges and to help improve governance and management of regulatory bodies who have oversight of private pension and funds management systems. The goal of the program is to support structural reform of regulatory agencies responsible for the private pension and funds management systems by providing regional officials the tools to address the challenges in their regulatory arrangements. It has come about as a result of a dialogue that the MAFC held in March 2008 on a similar topic, the objective of which was to assess the current challenges in regulatory arrangements with regard to private pensions, funds and asset management. The dialogue also discussed the respective industry, regulatory and consumer positions.

The program consists of five days of training plus a half day of workshops, and has place for 20 participants from ten countries.

- SUBMISSIONS PENDING

The following programs have been submitted to the AusAID Public Sector Linkages Program and have had preliminary confirmations, but contracts have yet to be issued. Once confirmed, they are likely to take place in late 2009 or early 2010:

Program: 'Managing risks, enhancing governance and the role of capital modelling tools in risk management in the region's financial and regulatory agencies in response to the global financial crisis'

The objective is to improve the capacities of regional policy makers and banking regulators in managing increased risks to the region's banking systems arising from the global financial crisis and which has resulted in a serious slowdown in economic activity and growth. The activity will contribute to enhancing financial system stability in a time of crisis and help to promote growth and economic activity. Financial failures causes and lessons learned will be analysed in the context of emerging regulatory reforms and as regional economies implement Basel II. The activity will build on and develop concepts developed in a PSLP funded training course to provided by this Centre for regional policy makers and regulators in October 2008.

Program: 'Capacity building to enhance structural reform and investment flows in the APEC region'

The objective is to enhance structural reform and investment flows in APEC developing economies, thereby underpinning stronger prospects for economic growth both locally and regionally. This will be achieved through building capacity in APEC ministries and agencies responsible for policies and programs that can affect the investment environment. The program will increase the capacity of APEC officials to pursue reforms that will improve the overall investment climate. The importance of policy coherence and the need for sound institutional arrangements will be emphasised. Training program workshops will provide opportunities for participants to examine the scope of the policy challenges and reform options that will be covered in detail in presentations by faculty members with expertise in these fields.

- BEYOND 2009

As mentioned, the Centre will continue to bid for AusAID PSLP funding, but will also look at new and alternative funding sources for future programs. The Centre currently awaits a decision by the State Government of Victoria on the second tranche of funding for the Melbourne APEC Finance Centre.

Dialogues / Conference

Some of the dialogues in the MAFC pipeline for late 2009 and beyond, include:

- Dialogue on regional securities
- Dialogue on PPPs for infrastructure development
- Regional dialogue on emerging accounting standards and rules
- Regional dialogue on consumer policies and regulation
- Trading out of Recession: Challenges for Australia – Conference planned for late 2009.

Annual APEC Lecture

Following the transition, the Centre now plans to revive the Annual APEC Lecture series, to continue to engage business and policy makers in Australia and the Asia-Pacific region in discussing major strategic, economic, finance and climate change issues in the region.

- APEC STUDY CENTRE ISSUES

International Trade

The Centre's focus will continue to be on activities which direct attention to policies that optimise gains created through trade liberalisation and market based solutions for sustainable economic development. The Centre will continue to watch the progress of the WTO's Doha Development Agenda (DDA) round and the possibility of a new AP Free Trade Agreement if the round cannot be successfully concluded; new directions for APEC as the tariff reduction agenda wanes, including behind-the-border reform and structural adjustment; and the pursuit of market based approaches for trading genetic resources and intellectual property.

Financial Governance

The Centre will continue to expand its financial governance programs in asset management and infrastructure. In particular it will build its relationship with Chinese institutions including the Ministry of Finance under the CAGP symposium and Victorian Government funding of MAFC.

Globalisation

The anti-globalisation agenda is expanding with new bases for criticism of free markets being established on human rights, labour and trade grounds. Anti-globalisation NGOs continue to mount broad scale programs that seek to weaken intellectual property regimes in particular and the global

trading system in general. The Centre will continue its monitoring and counterpoint activities with regards to these matters.

Environment

The Centre's work on Climate Change continues with ongoing participation by the Centre Chairman in the UN's Convention on Biodiversity (COB) with regards to regulatory regimes for genetic resources, deployment of clean technologies and the structural impacts of carbon abatement strategies on economies.

(c) The Australian APEC Study Centre at RMIT University, July 2009

13.0 ATTACHMENTS

Attachment 1:

Mission Statement and Key Performance Indicators

The mission and objectives of the Australian APEC Study Centre at RMIT University are:

- 1) To support Australia's involvement in promoting APEC's objectives for the integration of economies of the region and social and humanitarian advancement.
- 2) To be a centre of excellence for regional institutional capacity building in policy areas relating to trade, finance, investment, structural reform and the environment.
- 3) To position Victoria as an international provider of financial services education and expertise, and as an international financial services centre, particularly in areas related to pensions and funds management, infrastructure financing and related risk management, and services related to clean development.
- 4) To promote Australian strategic and economic interests in the region through cooperation with Australian Government, the State Government of Victoria and RMIT University.
- 5) To organise conferences, workshops, regional dialogues, symposia, research and training programs involving regional and international policy makers, regulators and businesses in support of APEC's objectives and wider regional interests.
- 6) To cooperate with RMIT in defining and promoting interests in the region and to disseminate information and materials related to business, regulatory and academic activities.

Within 18 months of the commencement the Australian APEC Study Centre at RMIT University, the Centre should have:

1. Maintained financial viability in accordance with contractual specifications. The budget to include RMIT overheads as specified by RMIT's Financial Services Group and provide breakdowns of the consultancy and administration expenses.
2. Become affiliated to RMIT's Global Cities Institute with areas of cross-support identified.
3. Liaise with Global Business Development Unit to ensure the University is informed about APEC activity and tenders.
4. Assist in the recruitment of two industry or government members to a new College Industry Advisory Board.
5. Where appropriate, facilitate participation of selected faculty or senior post-graduate students in centre courses.
6. Profile and enhance the RMIT University Brand and the College of Business programs through four prominent industry events or forums in Melbourne.
7. Provide ongoing co-operation in the Development of co-branding initiatives, particularly in the form of content suitable for the University and College's industry engagement online portal.
8. Facilitated the engagement between College of Business senior academic staff and industry/government through two new memberships to prominent industry or government advisory bodies.

9. Facilitate the engagement between college of Business senior academic staff and industry/government.
10. Where requested, and where contacts allow, facilitate introductions with industry organisation and particularly government.
11. Where requested, facilitate an application to the AusAid Adra Grant Scheme. Review all future funding applications to maximise the research component under the DEST ruling.
12. Where requested, facilitate international networks to support College international policies in China and Vietnam to have outcomes in education, research and industry engagement.

Attachment 2:

Key Goals for 2009/10

| Key Goal | KPI | Date |
|---|---|-------------|
| Deliver value to RMIT College of Business | Meet KPIs in Centre/College Agreement | May 2010 |
| Broaden funding base | Less dependence on AusAID as leading sources of funding | End 2010 |
| Value add to the Victorian Government strategies through the MAFC program | Exceed commitments in Agreement with DIIRD to provide tangible support to the Victorian Government's financial services export strategy | End 2010 |
| Expand the pension and funds and asset management stream of the Finance Program | Undertake three capacity building activities on these activities | End 2010 |
| Develop programs to support APEC's structural adjustment agenda | Secure funding from APEC to deliver at least one structural adjustment capacity enhancement program | End 2010 |
| Expand the trade and trade related and environment related work in the Centre program | Delivery of larger number of trade, trade related and environment programs than over last two years | End 2010 |

Attachment 3:

Three Year Strategy

Issues Focus

- Deliver on RMIT KPI's and on Victorian Government objectives for the Centre
- Maintain an emphasis on training of international trade and finance policy issues, but expand the ambit to include behind-the-border developments, e.g. productivity, structural adjustment
- Enhance Centre's standing as leading trainer on financial management, focusing on regional public sector regulators
- Hold the focus on sustainable development issues as they relate to economic development
- Advocate market based economic integration and trade and investment liberalisation

Activities

- Retain emphasis on executive training of priority issues in APEC
- Build linkages between RMIT and the Study Centre's alumnus, government and the private sector
- Promote Victorian Government's goals for Melbourne as a centre of excellence for training regional financial regulators and as a regional centre for financial services
- Host conferences on cutting edge issues related to economic integration and development through trade, finance and environmental issues

Training

- Continue to solidify position as a leading executive trainer in the field of financial management and regulation in East Asia
- On trade and economic integration, focus on managing impact of structural adjustment, deregulation and liberalization, and policy implications of interlocking bilateral, regional and multilateral activities
- On sustainable development, focus on creating approaches suitable to developing economies and on compatibility with international trade and investment liberalisation

Research

Seek funding for research on topics relevant to:

- effective and sustainable development in East Asian economies
- improvement of regulation of financial sectors in the APEC region
- enhancement of market based economic integration in East Asian economies
- bid for APEC Secretariat funding for PSU Structural Reform initiatives

Advocacy

Build activity which promotes international action to achieve prosperity through trade integration and open markets.

Conference

Host an annual conference on a key international economic integration.

Attachment 4:

Financial Services Advisory Board Membership

Mr Ken Waller, Chair

Mr Alan Oxley, Chairman, Australian APEC Study Centre at RMIT University

Mr Chris Gaskell, Head of International Relations, Australian Prudential Regulation Authority

Dr David Knox, Worldwide Partner, Mercer Consulting

Dr Jules Gribble, Actuarial Partner, Ernst and Young

Professor Kevin Davis, Director, Melbourne Centre for Financial Studies

Mr Robert Glading, Consultant and Former Insurance Commissioner

Mr Tim Coyne, Partner, Financial Services, Ernst and Young

Mr Tony D’Arcy, Project Manager- Financial Services, Department of Innovation, Industry and Regional Development

Dr Leonie Lethbridge, Head of Risk – International Partnerships, ANZ

Mr Richard Fisher, General Counsel, Office of General Counsel, University of Sydney

Mr Edmond U, Commlnsure, Commonwealth Bank of Australia

Ms Kathryn Watt, Vanguard Investment Australia Ltd

Professor Christine Brown, University of Melbourne

Professor Aaron Smith, College of Business, RMIT University

Mr Ian Thompson, Chief Credit Rating Officer and head of Research, Asia Pacific Region, Standard and Poor’s

Mr Syd Bone, Chairman, Melbourne Centre for Financial Studies

Mr Joe Garbutt, Head of Group Regulatory Strategy, National Australia Bank

Ms Kerstin Wijeyewardene, Financial System Division, Australian Treasury

Alternate Members:

Mr Sean Balding, Ernst and Young

Dr Marcus Chadwick, Australian Prudential Regulation Authority