

Opening of the Leadership Victoria (Williamson Leadership Program) 2008

Mike Smith

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Good evening. I'd like to thank you all for being here to mark the commencement of the 19th year of the Williamson Community Leadership Program.

Of course, this has special significance for me having joined ANZ four months ago as chief executive officer.

The Williamson Foundation was established with an endowment from Hugh Williamson.

Hugh Williamson joined ANZ Ballarat branch in 1918, some 89 years before me.

He went on to be one of the most distinguished executives in ANZ's long history and was the Bank's General Manager from 1954 to 1961.

Hugh Williamson is also remembered for his enduring contribution to the Victorian community as a member of welfare, arts and hospital boards.

This contribution continues today through the Williamson Community Leadership Program and so it's a special honour to have been invited to open the 2008 Program here tonight.

The essence of the Williamson Community Leadership Program is in its contribution to Australia's future.

It's a contribution made by exposing some of Victoria's best and brightest leaders from every walk of life to the big issues and big challenges for the nation in the decade ahead.

I therefore thought the most useful thing I could do this evening is give you a few personal observations on one issue I see as critical to Australia's future.

Now while I am wary of talking about history after that introduction and Warren Buffet's remark that: *'If past history was all there was to the game, the richest people would be librarians'*..... right now, I'll take the chance.

It was a decade ago that we saw the start of the Asian financial crisis.

The events that began with the Thai Baht's collapse in July 1997 generated fears of a "lost decade or lost generation" in Asia.

Instead of a "lost decade" though, today Asia is playing a key role in the world economy.

By 2015, China will be the world's largest economy.

Of course, some would argue this is the natural order of things given that, for the majority of the last 20 centuries, China has been the largest economy in the world.

However in 1890 a quarter of the globe was ruled from London.

Then we moved from the European century to the American century.

Over the last two decades we have watched the industrialization and urbanization of China and to a lesser extent India. Over that time around 700 million people have moved from rural areas into the cities. This dwarfs what happened during the industrial revolution.

Let's consider another fact: over 60 per cent of the world's population lives in Asia.

Asian GDP growth, led by China, is forecast to remain 3 to 4 times higher than OECD countries. The compound effect of this growth is that whilst Asia accounted for just 20 per cent of global GDP in 1980. Today, it is close to double that.

This century is the Asian century.

I believe one of the key issues for Australia in the decade ahead is in embracing our place in Asia – in business, between governments and among the people of the region in every facet of society.

After all, the reality is we are part of Asia, like it or not.

Australia is already the leading destination for the education of a new generation of Asian people. Australia is currently home to 90,000 Chinese students, 50,000 from India, 25,000 from Singapore and 20,500 from Malaysia.

To put this in perspective, Australia is currently helping to educate more Chinese students than the US.

Half of Australia's population growth is from migrants and Asia accounts for over 40 per cent of that.

At ANZ, like many Australian organisations, we are already incredibly multi-cultural. Among our top ten surnames are five Asian names.

Of course, I'm pleased to say Smith still tops the list.

Much of our wealth and economic growth is already coming from Asia. That's most obvious with the success of our resources industry.

Now as a nation, as businesses, as people, we can make a decision to sit back and see others in the region succeed and passively accept the indirect benefits, or we can decide to be part of Asia, part of the opportunity and share in creating the region's success.

To help us decide whether this is our new reality or just a fad, let me give you two facts and ask you a question.

In 2003, China represented 21 per cent of world population and 4 per cent of world GDP. Today the figures are 21 and 15 per cent.

Do you believe this trend has stopped?

If you want some help, the Board of BHP Billiton have already answered that question in making the proposal to Rio Tinto to create a \$400 billion resources giant.

Chinese companies and Chinese sovereign funds are also answering the question. They are using their size to look at strategic opportunities outside China.

But global growth is not just about China. Nor are our opportunities just about China's influence on our region.

India began its economic transformation almost a decade after China did but is rapidly creating world-class businesses in knowledge-based industries such as software, IT services, and pharmaceuticals.

A decade ago, no one could have imagined that Indian business people could be among the wealthiest in the world but Forbes magazine recently ranked four in the top 10 globally.

I'll pause there however because, as a banker, I know I talk a little too much about business and about money.

My wife Maria likes to remind me of this and so I guess I still have a thing or two to learn from Hugh Williamson.

But the thought I want to challenge us with tonight is how we foster a national culture of creativity, innovation and enterprise that builds political, business and community linkages with Asia so that we become an integral part of the region and its future success.

Of course, these ideas and the many others the Williamson Community Leadership Program will examine in 2008 come at a stimulating time.

Prime Minister Rudd has helped reignite discussion on the long term strategy for the nation's future with the *Australia 2020* Summit in April.

To prosper in the future, Australia needs initiatives like the Williamson Program and a vigorous national discussion on our long term future that draws on the diversity of talent, ideas and energy that exists right across the community.

On that note, I would like to commend the 2008 Program and to wish the participants in the Program, particularly Vinita Godinho from ANZ, every success.

Thank you.