

SPEECH to ACCA Asia-Pacific Interest Group
(the Association of Chartered Certified Accountants)

Tuesday 22nd November 2011

Ms Isabelle Li, facilitator of ACCA Asia Pacific Interest Group.
Ms Lei XU, ACCA Technical Manager
Ladies and Gentlemen

It is a pleasure to join you this evening, to make some opening remarks and join a question and answer session, and general discussion on the three questions nominated by Isabelle and Lei.

ACCA

I have to be honest and say I was not familiar with ACCA. My background is not Accountancy but Government and International Affairs.

In Australia I thought we only had 3 accounting bodies:

- Institute of Chartered Accountants - ICAA
- Certified Practising Accountants - CPA
- Institute of Public Accountants - IPA (formerly NIA – National Institute of Accountants)

As I understand the situation ACCA is recognised in Australia and your members can apply to join Australian Accounting bodies subject to meeting entrance requirements. Your Head Office is in Sydney and you hold your exams in the major capital cities.

Further your qualifications are recognised by the above three bodies as sufficient to obtain a skill assessment as an Accountant for the purposes of migration to Australia. Also the Tax Practitioners Board has accredited ACCA as a recognised tax agent association and as a recognised BAS [disambiguation needed] agent association since 12 May 2010.

Subject to passing exams in Australian tax and law, ACCA members may obtain the professional National Accountant (PNA) designation from the National Institute of Accountants. On the same basis, ACCA members can obtain direct entry to the CA Program of the ICAA.

ACCA has not procured a mutual recognition agreement with any accountancy body in Australia whereas both CIPFA & CIMA are recognized in Australia via MRA with CPA Australia.

Therefore I am advised that ACCA, established since 1904 as an International Accountancy Body, can replace the need for its members to become a

member of a national accountancy body in Australia, which certainly has merit in an increasingly globalised world.

ACCCI

The Australia China Chamber of Commerce and Industry of New South Wales (ACCCI) was established in Sydney in September 1976 after about two years of discussion and organisation.

Whilst over the last 35 years the Chamber has extended its activities all over the world with respect to Australia-China Economic Relations, it remains headquartered in Sydney, the financial and commercial capital of Australasia (which includes New Zealand and the South West Pacific nations).

This is an important matter as traditionally Sydney and New South Wales were always 'free trade' whereas Melbourne, Victoria and other States were 'protectionist'. It has often been said that the Australian Federation was a conspiracy against Sydney and its international cosmopolitan perspectives.

Chamber, and its member companies and senior executives have played a significant part in winning that battle so that in 2011 Australia is one of the most open trading societies in the world.

Just as important over the last decade ACCCI has taken initiatives in Australia, China, USA, EU, ASEAN and the Pacific Islands, to highlight the connections between trade and investment and political-security issues on the one hand and social-cultural questions on the other through the Indauspac Maritime Community concept. On our website at www.accci.com.au commentary can be found on Indauspac–Strategy and Indauspac–Watch.

Finally Chamber is pioneering a new philosophy of international activism and participation, namely the Right to Interfere, which brings us into direct opposition to traditional PRC ideas of state sovereignty and US views of an 'exceptional' society. In a harmonious Global Society the inclusive interests of the multicultural peoples of the world take precedence over any one country no matter how powerful.

Answers to questions

I will try to answer as many of your questions as possible, but the length of my answers obviously depends on the difficulty/depth of the questions - some questions can be very philosophical/historical/cultural.

Also as usual I consult the appropriate members of the ACCCI Executive Committee on matters relevant to their responsibilities. One of them is Dr Anthony Pun, coordinator of the ACCCI Advisory Council, who is of Malaysian Chinese ethnic background and a resident/citizen of Australia for over 30

years. He is well known in the Chinese communities of Australia. His gracious and brief comment is included for your consideration.

Question 1

Mr Jones, we know you have a lot of business friends, some of them are ethnic Chinese, some of them are Australian, what do you think are the differences between Chinese entrepreneurs and Australian entrepreneurs.

In many respects that depends on age.

I have been involved in national and international affairs, as an activist as well as an armchair expert, since about 1962 – almost 50 years. The men and women who were my mentors and advisors in the 1960s included obviously my father and mother, my father-in-law Rev. Dr. Allan Wesley Loy, my High School Ancient History, Modern Asian History, Economics and English teachers, the father of one of my early girlfriends Allan Ashbolt plus Lionel Murphy and a number of other political figures..

In 1965 at Sydney University I was a founding member and only Australian representative for two years on the executive of OSASU, the Overseas Students Association of Sydney University. There were 18 executive members, 5 ethnic Chinese from Singapore, Malaysia, Hong Kong, Taiwan and Papua New Guinea and 4 ethnic Indians including the President from Fiji. Hence there were 8 from other countries and ethnic groups.

The Chinese were highly educated according to the British system and usually from very wealthy entrepreneurial families.

Their entire mind-frame was different to those ethnic Chinese students I have met over the last decade – I could write another book.

The Chinese who studied in Australia, or migrated to Australia in the 1960s were very different to those who came in the late 1940s, or again prior to China's Opening in the 1980s, or post Tiananmen Square in June 1989, or China's admission to the WTO in late 2001.

For example during the mid-late 1990s Chamber from memory had about 17 meetings with PRC younger businessmen to form a Sydney-Shanghai Economic Corporation to promote Economic Relations between the two financial and commercial centres. The discussions collapsed because we could not agree and this was a fundamental cultural/historical/philosophical divide. Irrespective of the ACCCI failings our view was that the PRC organisations had a completely erroneous view of western capitalist practices – contractual, commercial/ownership and ethical - and were too much the mouth-pieces of their governments whether Central, Provincial or Municipal. Short term selling/buying is a different business relationship to a long term economic partnership. It is the reason why the Australia-China Free Trade Agreement negotiations have gone nowhere.

In this context Chamber predicted the behaviour of the PRC in recent years, in the South China Sea particularly – the aggressive rather than assertive, chauvinistic rather than cooperative, and simply fool-hardy government, military and business pronouncements have brought the inevitable US reaction in Obama's speech in the Australian parliament and at the East Asia Summit. I visited and spoke in over 50 cities of China between 1998 and 2005 warning Chinese officials that the panda should not pluck the feathers of the American eagle because eventually it might peck out your eyes – the Chinese Economy is also very vulnerable.

Chinese entrepreneurs from the PRC pretend not to have a political agenda, but most senior company executives are members of the Chinese Communist Party and toe the ideological line. Chinese company executives from other countries come from a background of family business, although increasingly less so as a percentage of business, and therefore often have non-state allegiances and motivations – in this respect they are more similar to Western entrepreneurs and company executives.

Tony Pun

There is no difference in the goal of Australian and Chinese entrepreneurs as it is their aim to make a profit. However, the most significant difference between these two groups is the cultural approach to business. The Australian group is fairly homogeneous based on western culture whereas the Chinese is very diverse in culture, a reflection of the Chinese diaspora present in South East Asia and the Pacific. For example, there are noticeable differences in the way they do business depending where they come from, viz. Malaysia, Singapore, Hong Kong, Taiwan, PRC, Indo-China etc. The most differences among the Chinese group, is exhibited by the PRC Group.

Question 2

Mr Jones, probably you've been asked many times on the difference in China between your first time visit (30 years ago?) and now. Here we'd like to know how do you think the ethnic Chinese people in Australia today compared with 30 years ago.

Education and international travel are big factors here.

The Chinese business officials I met in the 1980s both in Australia and China were essentially government officials wearing multiple hats – Party before breakfast, Government before lunch, Business after lunch, and perhaps Military following afternoon tea. They then played-up at long, well fed and

watered, government paid dinners. I held the all time visitors' Mitai rice wine toasting record in Xi-an from June 1995 to October 2010 when the former Commander of the Tasmanian police set the new standard.

Today leaders in China – Party, Government, Business, Military, Civil NGO etc are far better educated and internationally travelled then 30/40 years ago. There is a separate and distinct international community in China based on hundreds of thousands, indeed millions, of students, business people and tourists bringing back the best and worse of global society. The tensions are escalating explosively as the affluent/rich demand civil rights under law, and the worker/peasants demand better wages and conditions from SOE and foreign companies. These things would not have happened in Mao's days or even with Deng.

With respect to Australian PRC Chinese there are at least three groups. Those who basically use Australia as a secure base for business activities in China and between China and the world – such as the post 1997 Hong Kongers, those professional Chinese who no longer speak Chinese as a first-language or relate to their place of birth but play high level roles in Western countries – such as the post 1989 mainland Chinese migrants, and those descendents of much earlier waves either in the gold rushes of the 19th century or post the 1949 Revolution who have totally integrated into Australian society – many are surprised to discover their Chinese ancestry.

Tony Pun

In my 30 years of observation, the Chinese group of 30 years ago has changed considerable. The Chinese 30 years ago, were more docile, low profile and exhibited little interest in public issues. The latter is due mainly to the White Australian policy. Today, the immigrant group is more diverse and there has been an injection of highly education immigrants who came to study in Australia in the 70s. The abolition of the white Australia policy and the highly skilled & educated immigrant changed the Chinese community into an assertive group who showed tremendous interest in public policies and politics. The Chinese now are just as sophisticated as the Greeks or Italian immigrants.

Question 3

Mr Jones, you have extensive experience in economic trade relations between China and Australia. When doing business, in China we always talk about "relation net" (Guan Xi), while in Australia, we talk about "social network". Personally, do you think there is any difference, and how you deal with it?

Connections are always important but outcomes more so.

As you would know there are historical and cultural reasons and no doubt philosophical reasons for Guanxi, and even a definitional dispute as to what it actually means re the translation from Chinese to English. The arguments are beyond me – I just note them.

The circles of family relations, close friends, acquaintances etc were absolutely necessary in a country to size of China and throughout the Overseas Chinese communities as the only form of protection especially with the coming of Western Imperialism as it carved up Asia. How are your business transactions protected against Chinese 'officials', gun-boat diplomacy and foreign arbitrary laws? Put simply the family.

The family and broader guanxi depends on time-honed relationships not laws of courts and governments. Results or Outcomes are not all important as the methods, procedures and processes involving 'face' are essential. I can understand this, and the circumstances that made it essential. From a Christian perspective it is far more honourable and just than our modern day western 'buy the best legal advocate' system.

On the other hand the 'social network' whether old school/university tie, business and political contacts, or simply the local cricket/football club, is theoretically better in terms of Outcomes but debatable on other grounds. It certainly provides greater opportunities for ordinary people to break into the 'circles of success', so in that respect it fits better into the western revolutionary slogans of 'Liberty, Equality, Fraternity' or 'Life, Liberty and the Pursuit of Happiness' or 'A fair Go'.

I have argued for years that the Communist Party of China, with presently about 80 million members, is just a bigger pool for Chinese guanxi. All the best and brightest join the Party to have the right 'connections' beyond government, civil society, the law and so on. The Party runs the PRC Government, the Economy through the SOE, the Legal System, the Military, Civil Society NGO and virtually everything – so you would be very silly not to be a member. A number of senior ACCCI executive members have had parents as high level officials and have joined. Personally I have always declined Honorary Membership as I am a Life Member of the Australian Labor Party (ALP).

Tony Pun

Universally, the merits of the business plan are the major attraction among capitalists of any social, cultural or political background. In China, Guanxi is essential whilst in western countries it is desirable but not essential. Without being offensive, I believe the Guanxi system is more conducive to improper practices. Social network is a better practice model with players entering the field and developing a relationship with business people and government. It is more open.

Further questions

May I just open up by saying the question of democratic exclusivity, or whether an institution can operate democratically when membership is by invitation, is beyond today's discussion – or perhaps not?

Similarly the roles of Chinese global organisations such as the WCEC (World Chinese Entrepreneurial Convention) is relevant – please visit our commentary on the ACCCI Website Homepage. For example:

- 1) Are purely ethnic organisations still viable?
- 2) Are international organisations/institutions truly independent or vehicles for national governments or vested economic interests?
- 3) What role can Australia play re G20, EAS, APEC, CHOGM, UN Security Council?

Background Briefing

- 1) About ACCA
- 2) ACCA in Australia
- 3) ACCA Asia Pacific Interest Group
- 4) Gathering details
- 5) About this gathering

ABOUT ACCA

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. We aim to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

Founded in 1904, ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability. We believe that accountants bring value to economies in all stages of development. We aim to develop capacity in the profession and encourage the adoption of global standards. Our values are aligned to the needs of employers in all sectors and we ensure that, through our qualifications, we prepare accountants for business. We seek to open up the

profession to people of all backgrounds and remove artificial barriers, innovating our qualifications and their delivery to meet the diverse needs of trainee professionals and their employers.

ACCA works to strengthen a global profession based on the application of consistent standards, which we believe best supports international business and the desire of talented people to have successful, international careers. We champion the needs of small and medium sized business (SMEs) and emerging economies, and promote the value of sustainable business. To achieve this we work with global bodies such as the International Federation of Accountants (IFAC) and with 71 global accountancy partnerships. Above all, we seek to bring long-term value to economies in which we develop and support professional accountants.

We support our 147,000 members and 424,000 students in 170 countries, helping them to develop successful careers in accounting and business, with the skills needed by employers. We work through a network of 83 offices and centres and more than 8,500 Approved Employers worldwide, who provide high standards of employee learning and development.

ACCA works in the public interest, assuring that its members are appropriately regulated for the work they carry out and, promoting principles-based approaches to regulation. We actively seek to enhance the public value of accounting in society through international research and we take a progressive stance on global issues to ensure accountancy as a profession continues to grow in reputation and influence.

ACCA IN AUSTRALIA

ACCA supports more than 4,000 ACCA students and members in Australia.

We have a staffed office in Sydney and regularly host meetings and events in capital cities in Australia.

ACCA ASIA PACIFIC INTEREST GROUP

ACCA sets up ACCA Asia Pacific Interest Group for those ACCA members with an Asia Pacific background or those ACCA members with an interest in Asia Pacific. The purpose of this interest group is to allow ACCA members with similar background and interests to share their experience and exchange information on career development in Australia and New Zealand.

Isabelle Li is the facilitator of ACCA Asia Pacific Interest Group in Australia. Isabelle was born and educated in China, graduating from Xia'men University in 1992 with a Bachelor of Economics. She completed her ACCA studies in 1996 while working in Singapore as an auditor. After arriving in Australia in 1999, she embarked upon an MBA degree at the Australian Graduate School of Management. Since 2001, she has been

working for a telecommunications company in roles ranging through business process reengineering, change management, commercial evaluation and operational strategy, to her current role of managing the international voice business. This involves business planning, financial reporting, revenue assurance, quality improvement, product management and general management, all in a cross-cultural environment.

In her spare time she pursues creative writing and has published various short stories, two of which were included in Best Australian Stories 2007 and 2008. She has a Master degree in Professional Writing from UTS and is doing a research project on writing between cultures, exploring Chinese writers' representations of the migrants' experience.

GATHERING DETAILS

Venue	ACCA Australia & New Zealand Suite 402, 68 York Street Sydney NSW 2000
Date	Tuesday 22 November 2011
Time	6.00pm - 7.00pm
Gathering Chair	Isabelle Li

ABOUT THIS GATHERING

We are expecting around 30-40 of our members join this gathering. Based on our experience, half of attendees will be ACCA members immigrated from Asia Pacific (mainly China, HK, Singapore and Malaysia) and another half of attendees will be ACCA members who have either personal interest or work interest in Asia Pacific. Most of attendees are between age 25-45 and have extensive working experience in various countries (especially in Asia Pacific).

Yes I agree that 1 hour is too short for such a big topic and especially there is an expert like you on board. It may be a little chance to finish late, like last time we finished around 8pm while we expected 7pm, but still it's short for the discussion of this topic. In the past, the main purpose for our gatherings was to provide the social networking opportunities and share the knowledge of AP. That's the reason we didn't have the presentation while only group discussion to provide more time for each member to talk about and to know each other. After the gathering, some of members might go for a drink or dinner together.

Regarding the format for this gathering, my initial idea is

- * When members sign in, we will give them a blank paper to ask them write down ONE question they'd like to discuss

- * The first 15 minutes, we would like you to comment on three questions we prepared in advance as ice-break.

* Then, after we collect those questions from our members, we will pass to you for picking up 2-3 questions you think interesting. For each question, we will ask our members for their opinions, and at the end you will contribute your comments.

* The last 5 minutes, Isabelle will have a conclusion address to close the gathering.

Are you happy with this format?

Then, 3 questions for the ice-break, I would like to suggest:

1. Mr Jones, we know you have a lot of business friends, some of them are ethnic Chinese, some of them are Australian, what do you think are the difference between Chinese entrepreneurs and Australian entrepreneurs.

2. Mr Jones, probably you've been asked many times on the difference in China between your first time visit (30 years ago?) and now. Here we'd like to know how do think the ethnic Chinese people in Australia today compared with 30 years ago?

3. Mr Jones, you have extensive experience in economic trade relations between China and Australia. When doing business, in China we always talk about "relation net" (Guan Xi), while in Australia, we talk about "social network". Personally, do you think there is any difference, and how you deal with it?

Are you happy with these 3 questions?

Best regards

Lei
Lei XU - ACCA