



Australian Government

Department of Family and Community Services

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES

ENGAGEMENT WITH

THE PEOPLE'S REPUBLIC OF CHINA

**SUBMISSION TO THE FOREIGN AFFAIRS SUB-COMMITTEE,
JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS AND TRADE,
PARLIAMENT OF AUSTRALIA**

1. FACS' INVOLVEMENT WITH CHINA

Engagement with Asia

The Australian Government Department of Family and Community Services' (FaCS') engagement with the People's Republic of China is part of its overall approach to building long-term relationships with key countries in the Asian Region.

FaCS engages with the region because of its commitment to the whole of government approach to Australia's foreign policy. It seeks to establish long-term influential relationships at a portfolio level with other key countries in the Region across several areas of government within those countries. It does this with a view to furthering Australia's political and economic interests.

The nature of this engagement is such that it focuses on areas requiring expertise that only the FaCS portfolio can provide. This narrow focus is to provide support for systemic change within key countries in the Region. For example:

- In Indonesia, FaCS works with the Ministry of Manpower and Transmigration to explore ways to empower communities and encourage them to be more self-reliant, based on experience within the FaCS Portfolio. In doing so, FaCS seeks to impact upon the development of Indonesian Government policy, so as to ensure that communities in that country can respond effectively and flexibly to economic and social change;
- In Vietnam, FaCS works with the Commission for Population Family and Children to assist in the development of a National Family Strategy, as well as provide policy and program advice, designed to strengthen the role of the family in Vietnam's changing society;
- In Singapore, FaCS has established a mutually beneficial relationship with the Ministry of Community Development, Youth and Sports through the exchange of social policy approaches focussed at present on issues arising from low fertility rates and ageing populations. FaCS seeks to use this model of a social policy partnership to extend Australia's influence into the ASEAN group of countries; and
- In China, FaCS works with the National Development and Reform Commission, the premier body responsible for formulating social policy, to explore joint approaches to community development (covering joint research, piloting of approaches and development of policy), in order to assist China to rebuild communities affected by recent economic reforms;

FaCS is not constituted to provide aid and does not seek to do so. Rather, as noted above, the department limits itself to providing expertise for carefully targeted activities. Funding for the capacity building activities undertaken by

the FaCS portfolio comes from FaCS' annual allocation. Generally, there has been no special supplementation

Engagement with China

Since September 2000, with the signing of a Memorandum of Understanding (MoU) with the National Development and Reform Commission, FaCS has engaged with its counterparts in China to advance issues of mutual interest in the area of social security and to extend Australia's influence in that country. FaCS has done this through a formal and focussed program of activities both bilaterally, under the framework of a MoU, and multilaterally, in regional forums such as the APEC Social Safety Net Capacity Building Network. A timeline of FaCS' engagement with China is at Attachment A.

The key principle underpinning FaCS' engagement with China is relationship building. The department's involvement in China is founded upon close and robust partnerships with key ministries, as well as with counterparts in provinces of strategic importance. In this way, FaCS' relationships in China not only extend the Australian Government's influence in that country, but also provide a platform for the development of strong, strategic and cooperative relationships and partnerships amongst government, business, community and academic sectors. This benefits FaCS by allowing it to reflect upon its own approach to social policy. It also contributes to the promotion of trade opportunities between Australia and China.

At present, FaCS maintains strong and active links with the following Chinese Government agencies at the Central Government level:

National Development and Reform Commission (NDRC)

FaCS has cooperated actively with the NDRC in the area of community development since June 2001, with the most significant cooperation to date being the Australia-China Community Development Seminar, held in Brisbane between 10 and 11 November 2003. The focus of the Community Development Seminar was to share information, knowledge and experiences in the field of community development. During that seminar, Senator the Hon Kay Patterson, Minister for Family and Community Services, and Mr Li Shenglin, Vice Chairman, NDRC, launched an innovative and groundbreaking joint research report examining the link between community development and increasing employment opportunities.

The Community Development Seminar provided the impetus to explore the possibility of undertaking pilot projects in Nantong, Jiangsu Province, and Xi'an, Shaanxi Province. The purpose of the pilot projects is to test the relevance of aspects of the Stronger Families and Communities Strategy in the Chinese context. Those discussions are still taking place, and the pilot projects are expected to get underway in late 2005.

This cooperation has realised two significant achievements. Firstly, the NDRC has adopted the Australian Government's approach to community development when formulating a similar development plan for China. The Chinese Government plan is expected to represent a radical shift from the current direction of community development in that country, and is derived largely from the FaCS/NDRC joint research report and discussion at the Australia-China Community Development Seminar. Also, the NDRC recognises that there are areas of community development that are similar between both countries, even though there are fundamental differences in the concept of community. Consequently, the NDRC is keen to trial aspects of the Stronger Families and Communities Strategy for relevance in the Chinese context.

Ministry of Finance (MOF)

Both FaCS and MOF have cooperated on a number of visits, and during the Australia-China Sectoral Conference on Social Insurance, held in China in January 2003. In September 2004, FaCS signed a MoU with MOF, with the first cooperative activity, taking place 8 – 15 March 2005, focussing on means testing policy and its implementation.

MOF is currently working towards the development of a sustainable and affordable social security system, and is aiming to reduce budgetary outlays spent on social security payments. Its focus on means testing and its implementation could assist in this task.

MOF has advised FaCS that it considered Australia's approach to social security to be world class, and of relevance to the Chinese situation. The fact Chinese Urban Minimum Livelihood Guarantee (Urban MLG) scheme was derived from Shanghai, which in turn was derived from the Australian model. Australia, and FaCS more specifically, is in a good position to influence further the direction of social security reform in China, and could play a key role in promoting social stability in that country.

Ministry of Labour and Social Security (MOLSS)

FaCS and MOLSS have a close and long standing relationship. The pinnacle of cooperation between both ministries was the Australia-China Sectoral Conference on Social Insurance, which was held in China between 20 and 22 January 2003.

The Sectoral Conference was important for both countries. It was the first time that such a conference, with its focus on retirement incomes, prudential regulation and funds management, was held in China. Also, it was the first time that representatives from all provincial governments in China had participated at a social security conference hosted jointly by the Chinese Government and a foreign government.

The conference was also instrumental in providing a solid platform for developing relationships between Australia and China in the fields of social

security, retirement incomes and funds management. It also provided an excellent opportunity for Australia and China to exchange innovative ideas and experiences in those areas.

A number of outcomes, some of which are still emerging, were achieved by the Sectoral Conference. Among them were:

- Mercer Investment Consulting was selected as the investment consultant for the National Social Security Fund;
- The Victorian Funds Management Corporation is exploring the possibility of establishing a funds management research centre with China;
- An arrangement between Merrill Lynch and the Bank of China to establish a joint venture funds management company was finalised as a result of the Sectoral Conference;
- The Commonwealth Bank and Hantong Securities set up a joint venture funds management company called Hantong Securities. The Sectoral Conference also provided the impetus for the successful conclusion of those negotiations; and
- CommServe, the pension fund administration arm of the Commonwealth Bank of Australia, is exploring the possibility of administering occupational pension schemes in China.

In March 2004, Mr Liu Yongfu, Vice Minister, MOLSS, visited Australia to examine Australia's approach to retirement incomes. The objective of his visit was to clarify his ministry's understandings of the superannuation system in anticipation of his announcement of China's regulations on occupational pension schemes. During his visit, FaCS officers were informed that China's introduction of occupational pension schemes was the direct result of the Sectoral Conference.

Ministry of Civil Affairs (MOCA)

FaCS and MOCA signed a MoU in September 2002 during the visit to Australia of Mme Yang Yanyin, then Vice Minister for Civil Affairs. Since then, both ministries have maintained close contact in the area of social safety net provision. In support of this, Senator the Hon Kay Patterson, Minister for Family and Community Services, met with Mr Li Xueju, Minister for Civil Affairs, during the East Asia Ministerial Forum on Families, held in Hanoi between 28 and 30 April 2004. During that meeting, Minister Patterson expressed support for cooperation between FaCS and MOCA in the area of social safety net provision.

The department has followed up on those discussions. Both ministries have agreed that cooperation should focus on the development of the Urban MLG system in China. Cooperation between FaCS and MOCA in this area reflects the Chinese Government's recognition that Australia is a relevant source of

expertise in this area and that its experience is relevant to the Chinese context. In order to progress cooperation between both ministries, FaCS hosted the visit of Mr Zhang Yinzong, Vice Minister for Civil Affairs, in November 2004. Discussions are still progressing regarding cooperation in the area of social safety net provision.

Provincial Governments

FaCS also maintains relationships with its counterparts in the Beijing, Shanghai, Tianjin and Guangdong provincial governments. The most significant relationship is with the Shanghai Municipal Labour and Social Security Bureau (SML&SSB).

Cooperation between FaCS and the SML&SSB commenced in earnest in 2003, following the Sectoral Conference. Since then, FaCS has arranged for 29 young officials from the SML&SSB to undertake placements in Centrelink. The purpose of those placements was for the young officials to examine Centrelink's customer service techniques, including how it promotes best practice customer service and high staff morale.

This is the first program of its type for any agency of the Shanghai Municipal Government, and is expected to be an on-going program between FaCS, Centrelink and the SML&SSB.

The relationship between FaCS and the SML&SSB is extremely robust. Of particular note, the SML&SSB assisted FaCS in a recent activity it conducted as part of the Vietnam-Australia Capacity for Effective Governance Facility by facilitating a visit by Vietnam Social Security to the SML&SSB to examine a modern and efficient social security system in Asia.

Multilateral Engagement with China

FaCS also engages multilaterally with China, which is playing a more active and influential role in the Asian Region. This demonstrates the increasing convergence of issues of significance not only between Australia and China but also to other countries in the Asian Region.

Of particular note, FaCS and the Chinese Ministry of Civil Affairs (MOCA) participated in the East Asia Ministerial Forum on Families, held in Hanoi in April 2004. A process for bilateral and multilateral relationships among countries in the Region was established and the Hanoi Statement for Regional Cooperation on the Family was promulgated as the mechanism for participating countries to cooperate over the medium to long term.

As a further example, FaCS and MOLSS participated in the APEC Social Safety Net Capacity Building Network Seminar in China in July 2004. During that seminar, FaCS and MOLSS played key roles. Discussion centred on the ways in which robust social security systems can promote economic growth and develop social capital. The importance and need for ongoing sharing of information and cooperation between countries, not only through bilateral

partnerships between member economies but also multilaterally, was also highlighted. Similar issues were discussed during the General Assembly of the International Social Security Association, held in Beijing in September 2004.

2. BACKGROUND TO SOCIAL SECURITY REFORM IN CHINA

Prior to the period of Reform and Opening, which commenced in 1978, State-Owned Enterprises (SOEs) in urban areas were responsible for providing social security services for their employees. This system was known colloquially as the “Iron Rice Bowl”, which denoted the cradle-to-grave welfare provided by all SOEs at that time. Since then, the Chinese Government has embarked on a sustained program of social security reform, which has resulted largely from the impacts of SOE reform and population ageing. In reforming its social security system, the Chinese Government is seeking to improve its capacity to respond to systemic changes in China’s transition from a centrally planned to a socialist market economy.

By way of background, social security is a broad term in China. It comprises the following six areas:

- *Social Insurance*, which encompasses old age pension insurance, unemployment insurance, health insurance, work injury insurance, and maternity insurance;
- *Social Welfare*, which covers the provision of community services to disadvantaged groups, such as the elderly, people with disabilities, and disadvantaged families;
- *Social Relief*, which refers to the provision of income support through the Urban Minimum Livelihood Guarantee Scheme;
- *Preferential Treatment and Resettlement*, which refers to the provision of special treatment and resettlement services for members of all branches of the armed forces;
- *Mutual Assistance*, which refers to people volunteering their skills, time and effort to contribute to the well being of others, and of society generally; and
- *Individual Savings*, which are viewed by the Chinese Government as being an important back up for the Chinese people.

The key Chinese Government agencies involved in social security in China are as follows:

- **National Development and Reform Commission (NDRC);**

The NDRC is responsible for initiating strategies for social development; coordinating social development plans, and developing and coordinating policies on, *inter alia*, population, social welfare and social relief, preferential treatment and resettlement, mutual assistance and social insurance. It is also responsible for arranging special funds for social development activities of the Chinese Government.

- **Ministry of Finance;**

The Ministry of Finance's role in the area of social security is to oversee the spending of ministries such as the NDRC, and the Ministries of Labour and Social Security and Civil Affairs, formulate the accounting management regulations for social security funds, and monitor the use of social security funds.

- **Ministry of Labour and Social Security; and**

The Ministry of Labour and Social Security is the line ministry responsible for the administration of all national labour and social insurance activities in urban enterprises, government agencies and public institutions, as well as pension insurance in rural areas.

- **Ministry of Civil Affairs.**

The Ministry of Civil Affairs is the line ministry responsible for community development, disaster relief, social safety nets in urban and rural areas, social welfare and social affairs, marriage and funeral administration, and the preferential treatment and resettlement of soldiers.

Social security reform has been of crucial importance to the Chinese Government since at least 1999. In support of this task, it has implemented a number of key reforms, the most important of which was the *Liaoning Pilot Program on Perfecting the Urban Social Security System*, which was undertaken over a three-year period commencing in December 2000. The Liaoning Pilot Program sought to design a social security model that could be emulated throughout China.

The Liaoning Pilot Program, while generally not considered successful, resulted in a number of key learnings for the Chinese Government. In particular, the Ministries of Finance and Labour and Social Security learned valuable lessons regarding the efficient collection of contributions, ways to expand the investment of social security funds so as to prevent shortfalls, how to ringfence monies in a person's individual account, and the standardisation of contribution rates. Many of these learnings are being implemented gradually throughout China.

Many of the issues addressed by the Liaoning Pilot Program reflected the challenges that the Chinese Government is facing in reforming its social

security system. One of the major problems being faced is that the individual accounts are often raided to meet current social security requirements. While the Chinese Government readily acknowledges this problem, it does not have a clear solution. Some options arising out of the Liaoning Pilot Program are currently being trialled, but it is unclear at this stage how successful they will be. At present, the Chinese Government estimates that the total amount of money raided from individual accounts to date totals approximately CNY 6.5 billion (AUD\$1.08 billion).

Perhaps the most significant problem facing social security in China is the size of the shortfall in social security funding. This shortfall is the by-product of both limited investment and inadequate funding. In terms of investment, social security funds can only be invested in bank deposits and government bonds. As such, the Chinese Government has opted for security in its investment of social security funds rather than maximising the potential of its investment returns. In terms of funding, it is clear that there is a shortfall in the amount of funding available to each province. The Ministry of Labour and Social Security readily acknowledges that there is a serious shortfall in pension funds. It has stated publicly that the current shortfall (end 2004) totals RMB 2.5 trillion (AU\$417 billion). The exact size of the shortfall in GDP terms is a closely guarded secret of the Chinese Government, but outside observers, such as foreign fund managers, currently estimate it to be between 40 and 70 per cent of China's Gross Domestic Product.

In the second half of 2000, the Chinese Government established the National Social Security Fund (NSSF) as a fund of last resort. In essence, the NSSF is a medium to long-term reserve fund designed to make up shortfalls in provincial social security expenditure. The Chinese Government hopes that it will remain untouched for at least 20 years, to enable it to accumulate sufficient funds to cover any future shortfalls in social security funding. It is not yet clear how successful the NSSF will be, especially as its activities are the subject of much speculation and rumour.

Population ageing in China is one of the major drivers for social security reform in that country. China became an ageing population in 2000, at which time 10 per cent of the population was aged over 60 years. Furthermore, the Ministry of Civil Affairs expects that the number of elderly people aged over 60 years will reach 400 million by 2050, representing approximately 35 per cent of China's population and 20 per cent of the total number of elderly people world wide. This demographic transition has occurred much more rapidly in China than it has in many Western countries. As a result, China must address an extremely complex issue at a much earlier stage of its development.

The issue of population ageing has been exacerbated by China's reliance on the 'One Child Policy'. While this policy curbed the growth of the Chinese population, it has contributed to the structural ageing problem that is now being experienced. The rapid ageing of the Chinese population has placed enormous pressure on the budget of the Chinese Government, especially in terms of being able to meet its social security requirements.

Such rapid population ageing and the impact of the 'One Child Policy' also means that the ratio of workers to pensioners is expected to decline to 3 to 1 in 2050 from 10 to 1 in 1995. Unless effective and successful policies are implemented to address the problem, this ratio will make it increasingly difficult for workers to fund adequately the pensions of current retirees and place even more pressure on the Chinese Government to provide funds for social security.

The reform of State-Owned Enterprises (SOEs) has also impacted significantly upon social security reform in China. In particular, it has produced a new kind of urban poor, particularly those workers who have been laid off or who are unemployed, and has meant that SOEs are no longer responsible for providing social services to people. At the same time, there are a lot of retirees receiving low pensions and many migrant workers, who may not receive their wages or entitlements on time. This is resulting in increased social unrest, especially in provinces where SOEs dominated industry, such as Heilongjiang, Jilin and Liaoning. It has also led to communities being increasingly relied upon to provide basic services to the Chinese people. The total number of urban poor in China, currently estimated at around 22 million people, appears to be increasing, and communities are playing a more important role in people's lives than they ever did before.

The Chinese Government is giving priority to assisting the urban poor and alleviating poverty in these areas. In doing so, it has adopted a range of measures, among which the most important is the establishment of the Urban Minimum Livelihood Guarantee (Urban MLG) scheme, which was derived from a pilot program based in Shanghai. The purpose of the Urban MLG scheme is to ensure that the income of all households in any given area meets the standard average family income for that area. Based upon its dealings with the Chinese Government, FaCS expects that the Urban MLG scheme will play an increasingly important role in China's social security system, especially as it becomes more evident that the current pension system is in danger of collapsing.

With people being asked to look towards communities to provide social services, the Chinese Government has identified a need to develop the community's capacity to undertake its own planning processes, as well as to identify and train community leaders and provide services. In this context, community development is viewed by the Chinese Government as integral to that country's urbanisation process and in developing the Western parts of that country. Chinese communities are also playing an increasingly important role in alleviating the unemployment problem that currently exists in China's urban areas, thus ensuring China's continued economic and social development and stability.

Over the past year, the most significant development in social security reform in China has been the introduction of occupational pension schemes. Although such schemes have existed for some time, the Chinese Government is now making a concerted effort to encourage companies to establish such schemes, so as to provide additional retirement benefits to their employees. The

renewed effort of the Chinese Government began in May 2004 with the promulgation of Regulations 20 and 23, which were influenced significantly by the Australian *Superannuation Industry (Supervision) Act 1993*, and by the broader Australian superannuation system.

3. FUTURE OPPORTUNITIES

FaCS continues to pursue a strategic approach to its dealings with China, within the limits of its resources.

Potential business opportunities for Australian financial services companies exist in the areas of the administration of occupational pension schemes, funds management, insurance, prudential regulation and actuarial sciences.

Tertiary institutions and professional associations could assist China by providing education and training services, and encouraging the accreditation and recognition of Australian qualifications in China.

FaCS' ENGAGEMENT WITH THE PEOPLE'S REPUBLIC OF CHINA

Date	Event/Activity
September 2000	<p>A Memorandum of Understanding (MoU) is signed between FaCS and the then State Development Planning Commission (SDPC).</p> <p>Dr David Rosalky, then Secretary of the department, visits China and signs the MoU with Mme Hao Jianxiu, then Vice-Chair, SDPC, at Diaoyutai State Guest House.</p> <p>It is agreed that the focus of cooperation under the MoU will be community development.</p>
December 2000	<p>On the basis of its close relationship with the Chinese Ministry of Labour and Social Security (MOLSS), FaCS is invited to participate in a seminar commenting on the <i>Liaoning Pilot Program on Perfecting the Urban Social Security System</i>.</p> <p>FaCS is the only government agency from around the world to attend the seminar. Its participation is regarded highly and noted favourably by MOLSS.</p>
March 2001	<p>Mr You Ningfeng, Vice-Governor, Guangdong Province visits Canberra and Sydney to examine the Australian retirement incomes system.</p> <p>Following his visit, FaCS establishes a relationship with the Guangdong Labour and Social Security Bureau. Vice Governor You also encourages other relevant Provincial Government agencies, such as the Guangdong Local Taxation Bureau, to learn from Australia's experience.</p> <p>The Guangdong Local Taxation Bureau subsequently visits Australia in March 2002.</p>
June 2001	<p>Cooperation between FaCS and the SDPC commences. The first cooperative activity to take place under the MoU is an SDPC study tour to Canberra, Perth, Adelaide, Melbourne and Sydney to examine Australian approaches to community development.</p> <p>Based on the success of that activity, the SDPC decides that aspects of the Australian approach to community development are relevant to the Chinese context. It also confirms that it is committed to cooperation with FaCS in the area of community development.</p>
April 2002	<p>Senator the Hon. Amanda Vanstone, then Minister for Family and Community Services, visits China. During her visit, Minister Vanstone meets with her counterparts. Her visit enhances the already strong relationship between the</p>

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	FaCS Portfolio and its counterparts.
June 2002	<p>The second cooperative activity with the SDPC takes place. It involves a FaCS delegation visiting China to study community development in that country. From that visit, FaCS and the SDPC obtain a common understanding of community development in each other's countries.</p> <p>The visit is crucial in informing later discussions regarding the Community Development Pilot Program, and demonstrates that FaCS is willing to learn from China's experience and that it is willing to participate in the relationship on equal terms</p>
July 2002	<p>Joint research between FaCS and the SDPC on the link between community development and increasing employment opportunities commences.</p> <p>The joint research undertaken by both Ministries is ground breaking. It is the first time that FaCS has carried out joint research with a foreign government. It also breaks new ground in the study of community development in China.</p>
September 2002	<p>Mme Yang Yanyin, Vice Minister, Ministry of Civil Affairs (MOCA) visits Australia to sign a MoU and to gain a sound understanding of the Australian social welfare system.</p> <p>Minister Vanstone and Vice Minister Yang sign a MoU formalising cooperation between the FaCS Portfolio and MOCA. During the visit, Vice Minister Yang is impressed with the Australian social security system as managed by the FaCS Portfolio and mentions that it is the model that China should adopt.</p> <p>Vice Minister Yang is also impressed by the one-stop shop approach to service delivery employed by Centrelink. She mentions that she will push for the Chinese Government to carry out a pilot program to test this principle in China.</p>
January 2003	<p>The Sectoral Conference on Social Insurance is held in Shanghai. It focuses on retirement incomes, and explores issues in the area of the management of pensions, funds management, regulation, fraud control, and compliance.</p> <p>Minister Vanstone opens the Sectoral Conference with Mr Liu Yongfu, Vice Minister, Ministry of Labour and Social Security (MOLSS), and Mr Feng Guoqin, Vice Mayor, Shanghai Municipal Government. During the ceremony, MOLSS announces that up to 40% of social security funds would be allowed to be invested in stocks. This is a significant announcement and one that many fund managers have been expecting.</p> <p>The Sectoral Conference is extremely important for both countries. It is the first time that such a comprehensive conference, with its focus on retirement incomes, has been</p>

	<p>held in China, and is the first time that officials from every Provincial level Labour and Social Security Bureau in China have attended a social security related conference.</p> <p>The Sectoral Conference provides relevant Australian Government agencies and the private sector with a good opportunity to understand the significance of pension reform in China. The following outcomes are achieved:</p> <ul style="list-style-type: none"> • Mercer Investment Consulting is selected as the investment consultant for the National Social Security Fund; • The Victorian Funds Management Corporation is exploring the possibility of establishing a funds management research centre with China; • A deal between Merrill Lynch and the Bank of China to establish a joint venture funds management company is finalised as a result of the Sectoral Conference; • The Commonwealth Bank and Hantong Securities set up a joint venture funds management company called Hantang Securities. The Sectoral Conference also provides the impetus for the successful conclusion of those negotiations; and • CommServe, the pension fund administration arm of the Commonwealth Bank of Australia, is exploring the possibility of administering occupational pension schemes in China. <p>During the Sectoral Conference, FaCS establishes close links with the Shanghai Municipal Labour and Social Security Bureau (SML&SSB), and makes contact with the Tianjin Municipal Labour and Social Security Bureau.</p>
<p>March 2003</p>	<p>SDPC becomes the National Development and Reform Commission (NDRC) during the National People's Congress. In effect, the NDRC becomes a super commission, as many organisations of the State Council (equivalent to Cabinet in Australia) are brought into its organisational structure.</p>
<p>July 2003</p>	<p>FaCS visits China to profile communities in Nantong and Xi'an with a view to setting up pilot projects to test aspects of the Stronger Families and Communities Strategy in those cities.</p> <p>The visit results in a high degree of trust being established between FaCS and the NDRC. It also expands FaCS' understanding of community development in China and</p>

	<p>informs discussions relating to the proposed pilot projects.</p>
<p>September 2003</p>	<p>FaCS and the SML&SSB work together to place 19 of the SML&SSB's young officials in Centrelink. The placements are the first of their kind by any agency of the Shanghai Municipal Government, and are viewed as a test case by that city's senior leaders.</p> <p>The placements take place in Brisbane and Perth, with a view to understanding the ways in which Centrelink promotes World Best Practice customer service and high staff morale.</p> <p>After returning to China, many of the young officials are promoted to middle management positions within the SML&SSB, and many techniques used by Centrelink are implemented in Shanghai.</p>
<p>November 2003</p>	<p>FaCS' most significant cooperation with the NDRC occurs.</p> <p>The Australia-China Community Development Seminar takes place in Brisbane. The Seminar is instrumental in bringing relevant areas of FaCS and the NDRC together to discuss issues of bilateral concern in the area of community development.</p> <p>Resulting from the seminar, the NDRC adopts the Australian approach to community development in formulating a community development plan for China. The content of that plan is derived largely from the FaCS/NDRC joint research report and from discussion during the seminar.</p> <p>Mr Li Shenglin, Vice-Chair, NDRC, visits Australia to launch the joint research report at the Australia-China Community Development Seminar with Senator the Hon. Kay Patterson, Minister for Family and Community Services. He also takes the opportunity to examine Australian approaches to community development and undertake other business in his role as the most senior Central Government official responsible for tourism and organising the Beijing 2008 Olympics.</p> <p>Following his study tour, Steve Irwin (the Crocodile Hunter)'s programs are approved for airing on Chinese television, and Australian companies win contracts to design stadiums for the Beijing 2008 Olympics.</p> <p>Mr Cao Yushu, Deputy Secretary, NDRC, visits Australia to attend the Australia-China Community Development Seminar and to examine Australian community development policies and programs underway in Northern Australia.</p> <p>A copy of the joint research report is at <u>Attachment B</u>.</p>

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<p>March 2004</p>	<p>Mr Liu Yongfu, Vice Minister, MOLSS, visits Canberra, Melbourne and Sydney to examine Australia's approach to retirement incomes. The objective of his visit is to clarify his ministry's understandings of the superannuation system in anticipation of his announcement of China's regulations on occupational pension schemes in May 2004.</p> <p>During his visit, FaCS officers are informed that China's introduction of regulations regarding occupational pension schemes is the direct result of the Sectoral Conference.</p>
<p>April 2004</p>	<p>FaCS and MOCA participate in the East Asia Ministerial Forum on Families, held in Hanoi.</p> <p>During the discussions, in which MOCA participates actively, a process for bilateral and multilateral relationships among participating countries is established in the form of the Hanoi Statement for Regional Cooperation.</p>
<p>June 2004</p>	<p>A FaCS delegation visits China to profile communities in Nantong and Xi'an, with a view to testing the relevance of aspects of the second iteration of the Stronger Families and Communities Strategy in those cities.</p> <p>At the end of that visit, both sides agree in-principle to the scope of the pilot programs, which will include early childhood development and community development planning processes.</p> <p>Discussions on specific details are still taking place, with the pilot programs expected to commence in late 2005.</p>
<p>July 2004</p>	<p>FaCS and MOLSS participate in the APEC Social Safety Net Capacity Building Network Seminar. During that seminar, in which FaCS and MOLSS play key roles, discussion centres on the ways in which robust social security systems can promote economic growth and develop social capital.</p> <p>The importance and need for ongoing sharing of information and cooperation between countries, not only through bilateral partnerships between member economies but also multilaterally, is also highlighted in discussions.</p> <p>During that event, the close links between FaCS and MOLSS are strengthened.</p>
<p>September 2004</p>	<p>ISSA General Assembly in Beijing</p> <p>A MoU between FaCS and the Chinese Ministry of Finance (MOF) is signed between Minister Patterson and Mr Lou Jiwei, Executive Vice Minister, Ministry of Finance. The signing of the MoU formalises cooperation between both ministries.</p>
<p>October 2004</p>	<p>FaCS and the SML&SSB again cooperate on placing 10 of the SML&SSB's young officials in Centrelink. The placements took place in Brisbane.</p>

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	<p>During the placements, FaCS and Centrelink officials gain a sound understanding of the challenges facing social security service delivery in Shanghai, and note the synergies that exist between Australia and Shanghai in this area. Those synergies are the product of similar policy development and service delivery processes.</p>
November 2004	<p>Mr Zhang Yinzhong, Vice Minister, MOCA, visits Canberra and Melbourne to examine Australia's approach to the provision of social safety nets. During that visit, discussions regarding cooperation in this area are progressed.</p>
December 2004	<p>FaCS and the SML&SSB facilitate the visit of a delegation from Vietnam Social Security to Shanghai to examine a modern and efficient social security system in Asia.</p> <p>This is the first time that FaCS and one of its counterparts have cooperated on such a visit. The success of the visit demonstrates the robust nature of the relationship between FaCS and the SML&SSB.</p>
March 2005	<p>The first cooperative activity between FaCS and MOF takes place between 8 and 15 March 2005, and focuses on means testing policy and its implementation.</p> <p>Following that activity, MOF indicates that it believes Australia's approach to social security to be world class, and of relevance to the Chinese context.</p> <p>MOF informs FaCS officers that it will implement an Australian style means testing regime in China, and that it is giving serious consideration to redesigning that country's social security system, so that it resembles more closely that of Australia. MOF is also impressed by the one-stop shop approach to service delivery employed by Centrelink and mentions that it will consider trialling such a model in China.</p>