



Senator Barnaby Joyce

Leader of The Nationals in the Senate

Shadow Minister for Regional Development, Local Government and Water

LNP Senator for Queensland for Queensland

28th June 2011

The Hon Gary Gray
Special Minister of State
Suite M123
Parliament House
CANBERRA ACT 2600

Dear Minister,

In accordance with the requirements of Clause 9.2(b) of Remuneration Tribunal Determination 2006/18 (the Determination), I submit the following statement reporting on my recent overseas study journey.

i.(a) Confirmation of Purposes

The purposes of the journey are outlined as follows;

India: (paid for privately)

1. To meet with management and executives of Indian infrastructure, energy and resource companies with an interest to invest in Australia.
2. To establish two way international trade and investment relationships between India and Australia.

Malaysia: (covered by study allowance)

1. To establish an initial dialogue with senior government officials in Malaysia.
2. To learn more about Malaysia's economic development and trading relationship with Australia.
3. To discuss case studies where Malaysia has promoted economic development of outlying towns and regions.
4. To gain an understanding of any barriers which may prevent increased trade between Malaysia and Australia.
5. To meet with senior government officials engaged in developing policies to promote economic development or trade.

(b) Itinerary

9th June; Private flight Perth to Hyderabad*

10th June; Meetings and Indian wedding in Hyderabad

11th June; Meetings and Indian wedding in Hyderabad

12th June; Private flight Hyderabad to Kuala Lumpur

13th June; Meetings in Kuala Lumpur

13th June; Malaysia Flight 123 10:10pm Kuala Lumpur to 8:00am 14th June Sydney

*The first part of the trip to India was fully privately funded and the study entitlement is only required to cover the Kuala Lumpur to Sydney flight.

(ii) Key Meetings and Main Findings / Outcomes

Details of the meeting with Ministry of International Trade and Industry below:

Attending Senior Official: En Zulkafli Abd Karim, Deputy Secretary General
Venue: Office of the Deputy Secretary General (Trade)
Ministry of international Trade and Industry
14 Floor, Block 10, Government Offices Complex, Jalan
Duta, Kuala Lumpur
50622 Wilayah Persekutuan
Date: 13 June 2011 (Monday)
Time: 12:00pm
Officer in Charge: En Ibrahim bin Abdullah
Tel No: 03 - 62032892
Email: ibrahim@miti.gov.my

Details of the meeting with Ministry of Rural and Regional Development below:

Attending Senior Official: Madam Zainon Md. Nasir
Under Secretary, Strategic Planning Division
Venue: NKRA Meeting Room
Level 7, Block D9, Complex D
Federal Government Administrative Centre
62606 PUTRAJAYA
Date: 13 June 2011 (Monday)
Time: 3:00pm
Presentation: (1) MRRD Overview
(2) Agropolitan Project Overview
Officer in Charge: Pn Shahira Nur Binti Zolkepli
Principal Assistant Secretary (R) P3
Strategic Planning Division
Ministry of Rural and Regional Development
Level 7, Block D9, Complex D
Federal Government Administrative Centre
62606 Putrajaya MALAYSIA
Tel No: +603 88862588
Fax No: +603 88892149
Email: shahira@rurallink.gov.my

The five main findings/outcomes from my visit to Malaysia included:

1. Malaysia has recently experienced high levels of economic growth which has created urban cities comparable in wealth to cities in developed countries.
2. Nonetheless, economic disadvantage remains in some areas, particularly rural areas.
3. A key focus for Malaysian policymakers are policies which seek to increase the economic development of rural areas through targeted approaches.
4. As Malaysia becomes wealthier the potential for Australia high value exports will increase, particularly of products such as beef.
5. A closer dialogue between Australian politicians and Malaysian policymakers could help to foster stronger government-to-government Malay-Australian relations.

Malaysia ranks as our third largest trading partner in ASEAN and our eleventh largest trading partner overall. Two-way goods and services trade between our two countries stood at \$14.3 billion in 2009. Australia's main exports to Malaysia include raw sugar, refined copper, unwrought aluminium, dairy products, wheat, coal, education services and tourism. Malaysia's main exports to Australia include crude oil, computers, integrated circuits, radios, office machine parts and telephone equipment.

Trade between Australia and Malaysia is governed by the Australia-NZ-ASEAN trade agreement, but Australia and Malaysia are also negotiating a bilateral Australia-Malaysia agreement. This agreement is expected to focus on services trade in telecommunications, movement of natural persons, financial services and mutual recognition arrangements. Malaysia has recently introduced a new competition law and is in the process of establishing a competition body to enforce that law.

The importance of the Malay-Australian trade relationship was stressed at a meeting with the Ministry of International Trade and Industry chaired by En Zulkafli Abd Karim, Deputy Secretary General (Trade). En Zulkafli Abd Karim has been a public servant for over 30 years, and has an in depth knowledge of South East Asia.

It is evident that there has been vast economic development in Malaysia in recent years, much of it under the prime ministership of Dr. Mahathir bin Mohamad. There is clear evidence of extensive prosperity, especially around the urban areas of Kuala Lumpur and the Federal Territory of Putrajaya.

This standard of living is now being reflected in the increased demand for the choice of dietary requirements and the rise in aspirations of the middle class. Higher end products such as beef are gaining a greater proportion of the market and displacing the consumption of other items such as fish, chicken and vegetarian products. The predominant form of protein for many regional areas is fish.

Increased demand for these high value products represents a great opportunity for Australia's export markets. Although Australian beef exports to Malaysia have been relatively flat over the last decade there would appear to be opportunities for future growth.

The number of Malaysians studying in Australia has expanded rapidly over the past few decades. Currently there are approximately 20,000 Malaysian students studying

in Australia. This has helped develop a cultural understanding between our two countries. That has helped to facilitate and underpin increased trade flows and economic links between Malaysia and Australia. For example, in the other direction, Malaysia has increased its export of computer hardware and software to Australia.

Notwithstanding these developments there remain cultural misunderstandings which may limit engagement between the two countries. Indeed, Malaysian authorities identified that the biggest impediment to Australia achieving stronger bilateral relationships in the region was our propensity to at times come off as patronising.

Following the meeting with the Ministry of International Trade and Industry I travelled to Putrajaya which gave a further brief capacity to observe the infrastructure development and country in the immediate surrounds of Kuala Lumpur. These areas show an impressive and modern scale of economic development.

Nonetheless, there remain areas of economic disadvantage in Malaysia and this fact was highlighted at a meeting with the Ministry of Rural and Regional Development in Putrajaya chaired by Madam Zainon Md. Nasir, Under Secretary, Strategic Planning Division. This meeting was conducted in the Ministry building in Putrajaya and was well attended by a range of departmental officials.

The officials presented a detailed brief on the Agropolitan project, a Malaysian regional development policy. The Agropolitan project is a series of initiatives to develop a process of lifting sections of rural Malaysia out of poverty. The project involved a coordinated approach between state and federal governments investing in pertinent infrastructure such as roads, water infrastructure and housing.

It was of immense interest to me how they dealt with poverty in Malaysia. The programmes, such as the Agropolitan, are targeted at the more remote and disparate parts of Malaysia such as Sarawak, Sabah, and the outer rural peninsular regions. Farming areas in general are vastly poorer than urban Malaysia, with subsistence agriculture still found in some rural areas.

The government assists by upgrading the essential capital in an area to allow it to produce more and economically develop. Like in most countries there is a great movement of Malaysians from regional areas to urban areas for income and a higher standard of living. One of the only ways to moderate the size of this effect, and the consequent congestion pressures it creates, is to promote the increase of the standard of living in rural areas.

Another trend that became apparent to me throughout this meeting was that the Malaysian government is very aware of trying to deal with health issues. This is being driven by sanitation campaigns, such as the '1Malaysia Hand Hygiene Month Campaign' which was held in October 2010. This campaign was conducted with the aim of reducing the spread of communicable diseases and increased awareness of the danger with diseases spread by hands. Issues such as malaria are not the problems they historically were, however dengue fever remains endemic.

Power projects are also of vital importance and these incorporate extensive use of renewable energy, such as solar power. This is not driven for a desire to reduce carbon emissions but to deliver power to remote areas where there are no electricity

mains. It is not practical for industrial use and is only used for rudimentary domestic purposes, such as lighting.

Proximate to Kuala Lumpur and running to Singapore, are substantial freeways that would look quite in place in an Australia major capital city. The further you travelled from the capital city the more the road quality reduces. Roads projects in regional areas were also an essential part of development, converting tracks to gravel roads and gravel roads to all-weather bitumen.

During the meeting my hosts were somewhat surprised about my inquiries of the capacity for private enterprise to deliver infrastructure on the promise of a commercial return for its operation. The Malaysian government sees that essential infrastructure is the realm of government and unless the government builds it in the more disparate areas then it will not be constructed. They also see it as a key to overall national development and an increase in economic output.

An item of some bureaucratic confusion is the ownership of investment. This was seen where a private individual might own the house but the government owns the land it is on. This was designed to inhibit the sale of this asset by the person in the regional area because the Governments view is that people should stay in the area to develop and not move to the city. It is parallel in a form to the Federal Coalition's zonal taxation argument which is desirous of the same outcome of inspiring the individual to stay in the same area, not fly in and fly out.

Another example of confusion was that the federal government provides the money but the state government decides where to spend it. The parochialism of lower level of government like most countries can cause issues. Malaysia seems to have a strong federalist concept.

After the meeting I went on a tour of the recently constructed capital, Putrajaya, which was noted by major and extensive public works and government builds. One of the most outstanding, being the Prime Minister's office as well as the new modern Putra Mosque.

The Malaysian officials I met displayed a strong sense of patriotism and connection between the people and their nation. This was also evident from the people themselves, portrayed by the display of the Malaysian national flag from flats and houses and the pride shown by the general population in their public buildings and roads.

(iii) Conclusion

My study period in this country was only of one day's duration but it was of great assistance in familiarising myself with Malaysia. It allowed me to take part in my first study tour since becoming a Senator and therefore obtain a wider perspective of issues under my Shadow Portfolio.

It also gave me the opportunity to open dialogue and relationships with a view to building on this link long term. I was very interested in the regional development programmes in Malaysia (being developed by the government) and trading links to Australia.

In summary, water is wealth, housing is health and roads bring the progression of social services. Federal Malaysian government programmes are at times confounded by federal state relations, similar to issues we face in Australia. Just like in Australia, vertical fiscal imbalance is an issue: the Federal Malaysian government administers the budget but the state government delivers programs.

Australia has much to gain from a stronger relationship with Malaysia. I encourage all Australian politicians to engage with Malaysia and help deliver on that opportunity.

I note that, in accordance with Clause 9.5 of the Determination, a copy this statement may be obtained from you upon request by any Senator or Member. I also note that this statement will be tabled in Parliament at your discretion, including as part of the six-monthly tabling of travel costs for Senators and Members.

Yours sincerely



Senator Barnaby Joyce

LNP Senator for Queensland

Shadow Minister for Regional Development, Local Government and Water

Leader of the National in the Senate