

**Remarks by HE Rod Smith PSM
Australian High Commissioner**

**At a Barbecue Dinner
In appreciation of the Malaysian Media**

**Australian High Commissioner's Residence
15 May 2014**

It's an honour to welcome all of you to the Australian Official Residence this evening. Thank you for joining us, particularly on this stormy night.

Tonight's dinner is intended as a gesture of appreciation to you, members and representatives of the Malaysian media, for the great work you do every day in reporting and analysing the news, investigating issues and promoting transparency and accountability. The media has a critically important role to play in every democracy and we want to acknowledge your contribution.

It's also intended as a way of thanking you for the support you give to the Australian High Commission throughout the year. We regard the media as an important partner in the work we do to promote Australia-Malaysia relations. Thank you.

I am a relative newcomer to Malaysia as High Commissioner, having taken up my appointment just over three months ago. But I'm not a stranger to Malaysia. I first travelled here as a backpacking student in the mid-1980s, and have been back on some eight or ten occasions in the intervening period, both as a tourist and for business. It's been fascinating to witness the many changes Malaysia has undergone in this time.

The focus on Australia in Malaysia over the past two months has been dominated, understandably, by our cooperation on the search for MH370. I'll have a bit more to say about that later but first I want to take a step back and talk about contemporary Australia and the contemporary Australia- Malaysia relationship.

Many Malaysians know Australia very well. Malaysians travel to Australia in significant numbers – about 300,000 last year. 21,000 young Malaysians are studying at Australian universities. Many Malaysians own second homes or investment properties in Australia and there is strong Malaysian commercial investment. It's probably true that not many Malaysians have yet fathomed the mysteries of Australian Rules football – we can't hold that against them – but I think there is a real warmth between Australians and Malaysians that has grown over the years from a degree of familiarity that can only come from deep and sustained people to people links.

At the same time, I think in the broader community there are still some perceptions about Australia that reflect more closely the Australia of thirty years ago than the Australia of today. Like Malaysia, Australia has changed enormously in that period of time.

Economy

In the 1960s, 1970s and early 1980s the Australian economy was insular, highly regulated, with inefficient public sector monopolies contributing to low productivity and growth and poor comparative economic performance.

From the 1980s and 1990s the economy was transformed by a sweeping reform agenda into an open, dynamic, flexible and high-productivity economy. Today Australia has the world's 12th largest GDP, and the fifth highest GDP per capita.

We were the only developed country to avoid recession during the global financial crisis and are now entering our 23rd consecutive quarter of growth. Australia is forecast to realise average annual real GDP growth of 3% between 2012 and 2018, the highest forecast among major advanced economies.

The Australian dollar is the world's 5th most traded currency. We're ranked third for economic freedom and 11th for ease of doing business. Australian cities are often rated amongst the world's most livable.

The economy has been given a 'AAA' rating by the three main global ratings agencies, one of a very small number of countries so recognised. Australia has the lowest financial risk factor in the world, the second most stable financial regulatory system and the third strongest management practice of corporate boards.

Australia's economy is popularly seen as one dominated by mineral resources and agriculture. It is the case that we are the world's largest exporter of coal, iron ore, aluminum ores, zinc, and beef; we're the fourth largest exporter of LNG; and we're a major exporter of wheat and many other food products.

But our economy is about much more than just mining, resources and high quality food produce. 80% of Australia's economic output is in fact generated by the services sector, demonstrating Australia's highly skilled, well-educated and innovative workforce. The financial services sector has assets of more than A\$5.8 trillion, nearly 4 times the nominal GDP. And we have the third largest pool of investment funds under management anywhere in the world.

Innovation and Education

Australia today is a dynamic, innovative country, known for our world class universities, quality research institutions and commitment to innovation.

Australia ranks 4th for the number of universities in *The Times* top 400, with more than half of Australia's universities listed in the Top 400 and five in the top 100.

Our popularity amongst international students is a testament to our excellence. Australia is the 3rd most popular destination for international students in the world and the leading provider of overseas education to students from South-East Asia, including Malaysia. Since 2002, there have been over 500,000 enrolments by students from ASEAN countries in higher education in Australia.

We have one of the most highly educated workforces in the world, with 40% of workers holding a tertiary education or advanced diploma.

Australia's research institutions are amongst the best in the world and offer opportunities for private-sector industry collaborations. The national science agency CSIRO ranks among the world's top scientific institutions.

Our strong track record, skilled workforce and commitment to innovation make Australia a proven destination to develop new ideas and bring them to life. Over one billion people around the world rely on Australian discoveries and innovations around the world every day. Australians have invented or helped develop penicillin, ultrasound, the bionic ear, Google Maps, high-speed WiFi, the black box, the world's first cervical cancer vaccine and spray-on skin for burn victims.

Diversity

Australia's demographic and cultural make-up has also changed dramatically over time.

As a country, Australia pre-1970s was insular, overwhelmingly European and anxious about its neighbourhood.

Australia today is globally engaged, focused on Asia, enmeshed in the forums of the region, proudly multicultural, and confident of its place in our neighbourhood,

Around one in four Australians (24.6%) was born overseas. More than 40 per cent (43.1%) have a parent or parents who were born outside Australia. People from over 200 countries now make up the Australian community. Our current population of 23 million includes 1.7 million who were born in Asia.

Our largest source countries for migration are China and India. In fact seven of the top 10 source countries are in Asia, the others being the Philippines, Sri Lanka, Malaysia, South Korea and Vietnam. More than a quarter of our nation's migrants were born in an Asian nation and nearly 1.5 million Australians are fluent in one or more Asian languages, including Mandarin, Cantonese, Vietnamese, Hindi, Punjabi, Bahasa, Korean, Tagalog and Japanese.

So while our cultural heritage is rooted historically in the West, and English is the dominant language, Australia's economic and social links now extend to all parts of the world. Anyone who has been to Australia recently will see our ethnic and cultural diversity just walking around our cities.

Engagement with Asia

From our earliest days, Australian Governments have recognised the need to find our home in our own neighborhood. That drive towards our own region has gathered pace through the past half century.

There can be no doubt that in the past thirty years the world's economic centre of gravity has shifted to Asia. Australia has been an undoubted beneficiary of this shift. In contrast to the British focus of our trade in the early 1950s, today our export markets are predominantly in Asia, with eight of our top 10 trading partners in the Asia Pacific.

South-East Asia is fundamental to Australia's strategic and economic interests, occupying a pivotal position between the Pacific and Indian Oceans and acting as the fulcrum for the rapidly intensifying exchange of goods, people and ideas between East, West and South Asia.

Australia has a responsibility to work with our region to ensure we are collectively well-placed to advance our common interests. It is unambiguously in our long term national interest to do so. Australia's future security and prosperity will depend heavily on the region remaining peaceful, secure, stable and prosperous.

Australia sees ASEAN as a vital institution that plays a cohesive, positive role in economic and social integration. This year marks the 40th anniversary of Australia's partnership with ASEAN. Australia is proud to be ASEAN's first formal dialogue partner and to support ASEAN's role at the centre of regional institutions. We look forward to working with Malaysia as it assumes the Chairmanship of ASEAN and the EAS in 2015.

The Abbott Government's signature public diplomacy initiative, the New Colombo Plan, which is designed to foster closer ties between Australia and the region and develop stronger people-to-people links by supporting young Australians to study and undertake internships in our region. The Government has committed \$100 million over five years to implement the New Colombo Plan which will be rolled out across the region from 2015, including here in Malaysia.

Building personal links between Australians and our South-East Asian neighbours is an important part of Australia's regional engagement. We want more young Australian leaders to have direct experience of living, studying and working in South-East Asia.

Bilateral Relationship

Australia's and Malaysia's relationship has matured and developed over time to form to a close partnership in a range of mutually beneficial endeavours. Our relations are based on our many common values and our shared interest in the prosperity, stability and development of South-East Asia and the Asia-Pacific region. They have been nurtured through close and practical cooperation in many fields including trade and investment, defence, education, law enforcement, tourism and aviation, as well as through excellent people-to-people ties.

Our diplomatic presence in Malaysia was established 59 years ago, predating Malaysia's independence. Next year will mark the 60th anniversary of our diplomatic presence here, and we look forward to sharing with the media some of the events and activities we plan as part of the anniversary. We hope you will join with us to celebrate this significant milestone.

Our shared history of course stretches even further back to the Second World War when Australian soldiers fought in defence of Malaya. The Second World War was followed by Australia's involvement in the Malayan Emergency from 1950-1963, the longest continuous military commitment in Australia's history. Australia also provided troops to support Malaysia during the Confrontation between 1965-1966.

Our relationship with the Royal Malaysian Police also goes back many years with our forty year police presence in Malaysia the longest running Australia Federal Police post in the world. The Australian Federal Police continues to work closely

with the Royal Malaysian Police to strengthen Australia and Malaysia's capacity to combat transnational crime.

We've made substantial progress working together in countering common national security threats, including people-smuggling and human trafficking, terrorism and the proliferation of weapons of mass destruction. The cooperation between our national security agencies, including in law enforcement, immigration, customs and border protection has intensified in recent times. The numerous agency-to-agency and whole-of-government working groups in these fields has matured and deepened and has demonstrated our capacity to work together on these common challenges.

Our trade and investment relationship has continued to prosper. Malaysia is now Australia's ninth largest trading partner with two-way trade in goods and services in 2013 of \$A17.1 billion. Some 3,500 Australian companies export to Malaysia each year and some 250 companies have representation in Malaysia. The entry into force of the Malaysia-Australia Free Trade Agreement on 1 January 2013 was a significant step forward and built on earlier gains achieved from the implementation of the ASEAN-Australia-New Zealand Free Trade Agreement in 2010.

Two-way investment stands at around A\$23 billion, with \$15 billion of Malaysian investment in Australia and A\$8 billion of Australian investment in Malaysia. There is a lot of scope to grow this, and we are committed to encouraging further expansion in our trading partnership and to facilitating new foreign direct investment.

As I said at the beginning, a key bond between our countries has always been our people-to-people ties. Every year, the number of visits in both directions increases. More than 500,000 Australians visited Malaysia last year, alongside (as I said earlier) the almost 300,000 Malaysians who visited Australia.

Students also form an integral part of these people-to-people links. More than 300,000 Malaysians have studied in Australian Universities over the years. Many are now in senior leadership positions in government, business, academia, the arts and other sectors. As well as the 21,000 Malaysian students currently studying in Australia, another 20,000 students are enrolled at Australian universities in Malaysia. Increasing numbers of Australian students are coming to Malaysia for short term study and internship programs, and these numbers will increase further over time with the introduction of the New Colombo Plan.

The Australia-Malaysia Institute, established in 2005 by the Australian Government, has increased mutual awareness and understanding of each country's culture, values and traditions through a variety of exchange programs. There is much we can do together to share the cultural richness and diversity that are defining features of both our countries.

All of this adds up to a broad, deep and dynamic relationship underpinned by shared interests, many common values and a powerful sense of optimism about the future.

Our joint efforts in the search for MH370 are a demonstration of the ongoing cooperation between our two nations. Australia has been pleased to be able to assist in coordinating the search.

I'm often asked why Australia is doing this. The answer is because we believe it's the right thing to do: the right thing to do as a close friend and neighbour of Malaysia; the right thing to do out of respect for the grieving families of the passengers and crew; and the right thing to do as a country concerned about the safety of civil aviation.

The scale of the search and the level of cooperation has been a remarkable demonstration of how nations can collaborate to address a challenge that is beyond the resources of any one nation.

There is still much to be done, but we will continue to approach our engagement with Malaysia with a strong sense of purpose and a determination to do everything we can, in the interests of both countries.

This applies to the search for MH370, as it does to the many other areas we work together. And we do so, as I said, with a great sense of optimism about the future.

I thank you for joining us this evening and would be happy to take questions before we make our way onto the terrace for dinner.

Terimah kasi.