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Official Committee Hansard

JOINT STANDING COMMITTEE ON TREATIES

Reference: Nuclear nonproliferation and disarmament

THURSDAY, 7 MAY 2009

DARWIN

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**JOINT STANDING
COMMITTEE ON TREATIES**

Thursday, 7 May 2009

Members: Mr Kelvin Thomson (*Chair*), Senator McGauran (*Deputy Chair*), Senators Birmingham, Cash, Farrell, Ludlam, Pratt and Wortley and Mr Briggs, Mr Forrest, Ms Hall, Mr Murphy, Ms Neal, Ms Parke, Mr Simpkins and Ms Vamvakinou

Members in attendance: Senators Cash and Pratt, Mr Briggs, Ms Hall, Mr Murphy and Mr Thomson

Terms of reference for the inquiry:

To inquire into and report on:

- The international treaties involving Australia which relate to nuclear non-proliferation and disarmament.
- How these treaties advance Australia's objectives in this field.
- How the treaties might be made more comprehensive or effective.
- How inter-parliamentary action can assist in strengthening treaty-based aspects of the nuclear non-proliferation and disarmament regime.
- How the Committee and the Parliament can contribute to the work of the International Commission on Nuclear Non-proliferation and Disarmament.

WITNESSES

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Committee met at 9.37 am

CHAIR (Mr Kelvin Thomson)—I declare open the public hearing for the Joint Standing Committee on Treaties' ongoing review of Australia's international treaty obligations. Today the committee will receive evidence for its inquiry into nuclear nonproliferation and disarmament and for its inquiry into the agreement establishing the ASEAN, Australia, New Zealand Free Trade Area. I thank witnesses for being available.

[9.37 am]

Nuclear Nonproliferation and Disarmament

TUTTY, Mr Justin, Uranium Spokesperson, Environment Centre Northern Territory

CHAIR—Welcome. Although the committee does not require you to give evidence under oath, this hearing is a legal proceeding of the parliament and warrants the same respect as proceedings of the House and the Senate. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of the parliament. If you nominate to take any questions on notice please ensure that your written response to questions reaches the committee secretariat within seven working days of your receipt of the transcript of today's proceedings. I thank you for your submission, which we have received, and invite you to make some introductory remarks.

Mr Tutty—It is very good to have this opportunity. We welcome the inquiry—it is a very good thing that you are doing—as we welcome the joint Australia-Japan international commission, which I suppose was an election promise. I read somewhere that this is the 'guilt inquiry', but I would not use those words. I would recognise this as perhaps part of a policy offset for Labor's dumping of their 'no new uranium' policy. In the platform there was a commitment to world's best practice in environmental management of uranium mines, and we have not seen any evidence of that yet. Our one uranium mine, ERA, out at Ranger mine in Kakadu, continues to pollute with impunity. But it is good that action has been taken in relation to the objectives of the nonproliferation treaty, and it is timely.

Looking at the news today, in Al Jazeera there is discussion of the insecurity of Pakistan's nuclear weapons, and Reuters in Germany have new reports about highly enriched uranium discovered in Egypt. So just looking at today's media, there is evidence that there is great value to be found in the objectives and the work of this inquiry, so I am very pleased to be here. I know that, through submissions, you were alerted to the news poll late last year, where two-thirds of Australians stated opposition to the export of uranium to nuclear weapon states. There we have a good measurement of the community's attitudes to, and the expectations of, control of nuclear weapons.

A bit has changed since January, when submissions were due. We have recently had the Defence white paper, and I expect that the deliberations of this inquiry will take note of that context. What I read in it is that funds for diplomacy are being cut. There is scant attention to nonproliferation, let alone disarmament, in the white paper, but obviously there is a massive increase of spending on defence. The paper promotes that broken mindset of 'good' nuclear weapons protection as distinct from 'bad' nuclear weapons, and indeed the Defence white paper recognises that expansion of nuclear power itself is a driver for increased nuclear weapons threat.

To recap our submission, the Environment Centre's focus is on the impact and implications of and from our uranium export agreements to the shared global objectives of nonproliferation and disarmament. It is probably appropriate to have some focus on trade with China. Trade

agreements with China were sealed in the dying months of the previous Howard government. More recently, we have seen perhaps better scrutiny of proposals for trade with Russia. We believe it would be appropriate in the context of this inquiry to perhaps revisit the agreements with China. We have already seen an entire shipment of uranium from the Ranger uranium mine go to China. A certain Liberal senator was recently reported as saying:

The Chinese government is a highly organised and fanatical administration that takes nationalism and control to the point of brutality.

I would not use those words but I note that there are some really big differences between the way society in China operates and the way we understand the world to work. We have a vibrant and viable political opposition; a strong, confident, organised labour trade union movement; rigorous, capable, independent media; quite free community and environment organisations, like our own; and legislation for whistleblowers. These elements of social infrastructure just do not exist in China, and we believe that is an important factor in determining our uranium exports. In recent weeks, there has been renewed focus on the comprehensive test ban treaty, which China refuses to ratify. With that perspective, it would be appropriate for this inquiry to have a good look at our agreements for trading nuclear materials and technology with China.

We definitely welcome a lot of the discussion that is already before the committee through submissions in relation to strengthening the role of the IAEA. I will not go into that because I think that has been very well presented to you and I note recent developments, such as strong statements from US President Barack Obama and Russian President Medvedev.

CHAIR—Thanks. Does the Environment Centre Northern Territory have a view about proposals for the nuclear weapons convention?

Mr Tutty—I have not come with a particular view but we are generally supportive.

CHAIR—If you decide you want to make comments or observations about that, you can contact the inquiry secretary and follow that up afterwards. You passed over in your remarks the question of the IAEA's safeguards efforts. Your submissions said there were a number of shortcomings in the IAEA's safeguard efforts. Do you want to tell us anything more about what you see as the shortcomings of that regime and what actions might be taken or need to be taken to remedy that situation?

Mr Tutty—Yes, thank you. As I said, I think it is rather well defined. It is certainly broadly presented that IAEA is vastly under-resourced for the responsibilities that it has. I think a very clear and helpful reform of the IAEA would be to absolve them of the responsibility for promoting nuclear energy. It seems quite obvious that these two roles, which are lumped on the one body, are often leading in different directions, and we would see that removal of that burden of promoting a poisonous and dangerous industry from the IAEA could only help them in their other roles.

CHAIR—In your submission, the first paragraph of page 2, you said:

Those declared weapons states which once committed to the shared goal of disarmament have each recently embarked on programs for a new generation of nuclear weapons designed not for deterrence but for deployment.

Obviously the question confronting the committee is how we deal with this or respond to this. Of course, you said the greatest solution to this is to cut off supply. But setting aside that matter, do you have views about how, around the world, there might be a response to declared weapons states looking at a new generation of nuclear weapons?

Mr Tutty—I am sure you are well aware of the Comprehensive Fissile Material Treaty. That would obviously go a long way. We would see that a benchmark should be, as last year's survey proposed, that Australia should not export to nuclear weapons states. But I would welcome the CFMT as a useful step.

CHAIR—One of the issues before the inquiry is the question of greater public involvement and public support for disarmament and nonproliferation. As a peak non-government group, do you have any thoughts or suggestions as to how this might be achieved? How do we get greater public involvement, support, interest and awareness in terms of disarmament and non-proliferation issues?

Mr Tutty—I would contend that there is very strong public support for nuclear disarmament participation. I suppose organisations like ours have a role in facilitating that, but so does government. There is one other point which I neglected in the submission which is quite important, so I just want to raise it briefly—that is, the Global Nuclear Energy Partnership. We have a raft of concerns about that agreement between Australia and the United States. We would like to see that agreement abandoned. It certainly seems to be stalling, if not falling apart at the seams already. We have serious concerns about the implications for nuclear waste storage in the Northern Territory or, at least, in Australia. But I think that, in the context of this inquiry, there are very real issues about the proliferation and weapons capabilities associated with proposed next-generation reactors, as they are called. I understand that has been explored recently by the joint Japan-Australia commission and I would encourage this inquiry to seriously consider recommending an end to that agreement.

Mr MURPHY—Mr Tutty, in the descriptors at the conclusion of your report to the committee you say in the penultimate one:

We should abandon the US alliance until such time as America abandons a US nuclear posture and embraces the goal of total elimination of their arsenal.

Would you like to expand on that?

Mr Tutty—Yes, I would like to clarify that. The environment centre does not have a policy on ANZUS. I am referring to our participation and cooperation with their nuclear program. We have serious concerns about the implications of Australia's reliance on extended deterrence, the nuclear umbrella which is moving more like a cloud. Our investment in that sort of policy sends the wrong signal to our neighbours—that is, that nuclear weapons are a viable defence alternative. We believe that they are not and that Australia should not cooperate or insinuate itself in that dangerous posture.

I do acknowledge that just in the last couple of months the joint commitments from Obama and Medvedev and, indeed, our Prime Minister are quite a stroke; it is a real policy shift. These recent, strong statements are very welcome but, at the same time, we oppose the underhanded,

un-Australian prohibition of Pine Gap recently as a special defence undertaking. We are opposed to Australia's involvement in that war base. We are opposed to the nuclear warships and nuclear submarines that will be visiting our port in a matter of weeks. So, to clarify, that statement is in relation to our cooperation with the nuclear program.

Mr MURPHY—Have you got any advice for the government on how we might phase down uranium mining in Australia?

Mr Tutty—No new mines would be a good start.

Mr MURPHY—And what about the promotion of disarmament? Have you got any further advice to us?

Mr Tutty—I think I said no export to nuclear weapons states. I suppose something that we are right on the cusp of is the requirement for ratification of the Comprehensive Nuclear Test-Ban Treaty, and I guess it would follow that requirement for ratification of a pending fissile material treaty would also be an obvious step in that direction.

Mr MURPHY—Thank you.

Senator CASH—Mr Tutty, could I get you to clarify a point in your recommendations. You say:

The plan for phasing down uranium mining in Australia and turning off the flow of nuclear WMD materials at their source ...

So you are advocating a total stoppage of the export of uranium from Australia; that would be your ideal position?

Mr Tutty—I am glad that is clear.

Senator CASH—I would like to explore with you the difference between the civil and military use of nuclear material. If we are stopping the export of uranium to those countries, what do you say will be the impact on the future energy needs of those countries? Are we compromising those energy needs based on the fact that they have nuclear civilian energy industries?

Mr Tutty—I see two parts to that question. There is a well defined and regrettable history of so-called civilian nuclear power programs leading to or ramping up weapons capabilities, and I know that that is well described to you in other submissions. I am sure we have been referred, perhaps through the medical association, to the report entitled *An illusion of protection*, so I think that nexus between civilian and weapons programs is well defined. Pakistan is a case in point, where a civilian program allowed the nation to leapfrog into weapons capabilities, which then led on to regional proliferation in Iran, Libya and North Korea, which we are told are now serious concerns—and, of course, another customer of our mines is America. I am sure it has been well described to you. The American military reliance on tritium production from civilian power plants is well defined, and so I would insist that there is a clear relationship between the two. They are not separate.

Senator CASH—Does your association support nuclear power or nuclear energy?

Mr Tutty—No, we do not. And we would like to see Australia export—

Senator CASH—What about the environmental benefits of nuclear energy in reducing carbon emissions? Do you have any comment on that?

Mr Tutty—I would acknowledge that, currently, some reactors can use rich supplies of uranium in a way that results in less fuel cycle carbon emissions.

Senator CASH—You have to, because that is the scientific evidence.

Mr Tutty—Yes. I would go on to acknowledge that known fissile resources are quite limited and I would refer to the well-known Ziggy Switkowski report. I think that report described maybe 50 years of known resource at current rates of consumption. So with that recognition, we cannot see uranium as a long-term solution to anyone's energy needs. If nuclear power were to be ramped up for whatever reason then, obviously, known fissile resources would expire faster than the 50 years we have. Fifty years later, we would be in the same position we are in now, but with a larger pile of unwanted nuclear waste.

Senator CASH—Do you know what the economic benefit to Australia is, in terms of its uranium exports?

Mr Tutty—I am not that good with numbers.

Senator CASH—But you would agree that it is considerable; it pumps a bit of money into our economy.

Mr Tutty—A fraction of a per cent of GDP.

Senator CASH—Have you any suggestions for the government as to how, if your position of stopping all uranium exports is adopted, they will supplement that income to the Australian economy? Do you have any suggestions?

Mr Tutty—Yes, I have probably got a few. I think there is a lot of opportunity for Australia in the export of renewable energy technologies. I think we have a lot of opportunities for taking the leadership role in developing renewable industries and technologies and from there, export opportunities would extend.

Mr BRIGGS—I have one issue I want to follow up from your submission. On the first page you say, in the last paragraph:

And so it is a source of great disappointment to recognise that the current government might continue the previous coalition policy of ramping up Australia's uranium exports: the very source of much of the world's growing nuclear WMD problem.

How much Australian uranium is contained in nuclear weapons around the world?

Mr Tutty—Unfortunately I cannot give you a number because—

Mr BRIGGS—Do you have any proof that there is any?

Mr Tutty—Unfortunately it is not possible to say which uranium is in the WMDs. There is not a little Aussie flag on our uranium.

Mr BRIGGS—Sure. But we keep track on where we send it.

Mr Tutty—And the international authority who we rely on to enforce all our international bilateral agreements does not track uranium to its point source. So—

Mr BRIGGS—Let me summarise: you are asserting that it is on the basis that it cannot be proved that it is not; is that right?

Mr Tutty—If you like.

Mr BRIGGS—You have made the submission to this parliamentary committee. You are sitting in front of us; I am just trying to clarify. Do you have any evidence at all which says that Australian uranium which has been exported is the source of the world's growing nuclear WMD problem?

Mr Tutty—Perhaps I can answer your question this way, which is that the IAEA does report back to Australia on Australian originating nuclear material, but that is just a volume for volume report back. So they do assure us that the same amount that we send out, minus material unaccounted for, is known to be still sitting at a facility somewhere on the other side of the world. We cannot say yes or no, whether that is the material that originated in Australia, just as you cannot say whether Australian material does not go into weapons of mass destruction; neither can I show that it does.

Mr BRIGGS—But my point is you have said it does, and in fact you have said it is the very source. I am just trying to work out on what basis did you make the claim in your submission?

Mr Tutty—On the same basis that ASNO tells us, that it is not.

Senator CASH—If it is blindingly obvious, can you at least tell us because it is not blindingly obvious to me.

Mr BRIGGS—Or me. And in fact, we have had evidence before the committee which says, from both government authorities—

Senator CASH—The exact opposite.

Mr BRIGGS—Yes.

Mr Tutty—From?

Mr BRIGGS—Government authorities, and the Australian Uranium Association in Sydney, who both made the point that there are checks and balances on where our uranium goes, and I think it is quite a significant suggestion to say that a policy of our government—both Liberal and Labor—has led to the very source of much of the world’s growing nuclear WMD problem. And I presume you are suggesting in that, North Korea, Iran. Is that what you are suggesting? Those, to me, are the problem states at the moment with nuclear weapons. Are you suggesting there is Australian uranium contained in—

Mr Tutty—Yes, I would agree that they do appear to be the problem states as the moment. We have also had problems with Iraq, and I think that example demonstrates that today’s friendly importer is tomorrow’s dangerous concern. I take your point and I do surrender that, no, I cannot demonstrate that any Australian uranium is in any particular weapon of mass destruction. But what I can demonstrate is that Australia is a significant uranium exporter. We do export to nuclear weapons states, and we cannot account for whether or not Australian uranium does go to those weapons.

Mr BRIGGS—I want to follow up from Senator Cash on climate change, I guess, or power sources. You are talking about China, and some of the issues you raised with China earlier on are well known, about human rights and so forth. The question is: China is growing, whether we like it or not, as is India, and it is growing very quickly, and they need a lot more power than they needed some time ago, and a lot of that is now through nuclear power. Do you not think it is better, as far as the climate is concerned, because of the low emissions technology in nuclear power, for nuclear power to be used rather than coal sources?

Mr Tutty—I think that is a real false dichotomy. Certainly, nuclear reactors cannot be built as quickly and in such a great number in China as other power-generating facilities can.

Mr BRIGGS—Sure.

Mr Tutty—I note that, yes, China needs a lot more energy in the near future than it has—

Mr BRIGGS—As does India.

Mr Tutty—I understand that these nations are ramping up coal, gas and even solar, as well as nuclear.

Mr BRIGGS—But wind and solar, as much as they are good technologies and we use them in Australia, they are not baseload.

Senator CASH—Or cost-effective, and that is a huge issue.

Mr Tutty—No.

Mr BRIGGS—What I am wanting to get from the environment centre—and I respect that you care deeply about the environment—do you not think it is better that we are exporting something to China and other countries which is reducing the amount of carbon emissions that are being put into the atmosphere?

Mr Tutty—No.

Mr BRIGGS—Thank you.

Mr Tutty—We are opposed to all uranium export.

Senator CASH—And on that basis, are you then saying that it does not matter what safeguards are in place, there will never be safeguards which will satisfy your organisation's—basically you are opposed to the export of uranium, carte blanche, and we will never get to a level of safeguard that is going to satisfy your association's concerns with the export, because you will go back to your basic proposition, which is a ban on the export of uranium, full stop.

Mr Tutty—Yes. I am quite happy to tell you, Senator, that we are opposed to the mining, the milling, the processing, the curing and the dumping of nuclear materials in and from Australia. But in the context of this inquiry, I imagine that, if Australia were to refuse to export to any nuclear weapon states, if we were to make disarmament a pre-condition of export, then I would imagine that a lot of the concerns related to this inquiry would be absolved.

Senator CASH—Thank you.

CHAIR—Can I just ask one other question before we close. To come back to the Atomic Energy Agency: you expressed concern that only a fraction of eligible stockpiles and facilities were actually subject to inspection and that the agency's work is characterised by accounting discrepancies such as the regular reporting of material unaccounted for. Do you see these issues with the Atomic Energy Agency as being a question of resources, of there not being enough person power to do the inspections, to do the work; a question of its powers—and I notice you referred to institutionalised loopholes and exclusion of military nuclear establishments from the inspection regimes—or something else? In trying to get the atomic energy agency to do the things that it needs to do to make the world a safer place, how do you see these things being tackled?

Mr Tutty—I think that you have heard quite clearly from a range of voices that the IAEA is under-resourced, and that has been acknowledged by the authority itself and recently by US President Obama. So I imagine that it is generally expected that this inquiry would recommend that the IAEA needs further resourcing. There are other issues with what is called the revolving door between the agency and the wider nuclear power industry. I suppose that goes to, as I was saying previously, relieving the IAEA of the compromising role of promoting nuclear power.

CHAIR—Thank you for attending to give evidence today. If the committee has any further questions, the committee secretariat may seek comment from you at a later date. We will now suspend for a morning tea break.

Proceedings suspended from 10.09 am to 10.55 am

Australia, ASEAN, New Zealand Free Trade Agreement**BICKNELL, Mr Greg, Manager, International Business Council, Chamber of Commerce, Northern Territory**

CHAIR—We will now recommence the hearing and take evidence on the agreement establishing the ASEAN, Australia, New Zealand free trade area. We will commence hearing from Northern Territory business associations, the aim of which is to encourage discussion and debate. I will now call a representative from the International Business Council. I indicate that if other Northern Territory business associations arrive, they will be included in this section of the hearing as well.

Although the committee does not require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of the parliament and warrants the same respect as proceedings of the House and the Senate. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of the parliament. If you nominate to take any questions on notice, could you please ensure that your written response to questions reaches the committee secretariat within seven working days of your receipt of the transcript of today's proceedings. I now invite you to make an opening statement.

Mr Bicknell—Thank you. I am representing the International Business Council, which has a membership of 200 Northern Territory businesses, and I also look after the Manufacturers Council, which has a membership of about 100 businesses. Both of these councils are part of the Northern Territory Chamber of Commerce, the largest employer organisation in the Northern Territory, with offices in Darwin and regional centres. Our membership ranges from companies with hundreds of employees through to sole traders, with the majority being small to medium sized businesses.

The International Business Council has responsibility for FTA policy in the chamber and has provided several opportunities for its members to learn more about the ASEAN, Australia, New Zealand free trade area both pre and post ratification. Our members have been extremely positive about the introduction of the FTA, as it covers all of our nearby markets, including the important market of Indonesia. I believed from press reports this morning that you would be hearing from the NT Livestock Exporters Association, but I am now informed that they may not be here, so I had not intended to touch on the live cattle trade other than to say the development of the Vietnam market is occurring now and that the industry welcomes the certainty of tariff levels provided through the FTA.

On the Australian side, or the Northern Territory side, we would welcome the resumption of banana imports from the Philippines, as this has been a major impediment to the resumption of previous volumes of live cattle trade into that market due to political interference. With the further tariff reduction from three per cent to zero next year, the industry is set to take advantage of existing infrastructure such as feedlots in the Philippines.

Significant opportunities under the Australia-ASEAN-New Zealand FTA exist in the mineral sector, agribusiness, automotive, pharmaceutical products, chemicals, manufacturing, and

education and financial services. Several of these sectors do not have much of a presence in the Northern Territory. Over in the chemical sector, most higher tariffs will be eliminated—an important win for the mining supply and services sector in the Northern Territory. The education sector welcomes any improvement in the flow of students into the Northern Territory from ASEAN, in both the private and public sectors.

The Northern Territory has a special relationship with four of the 10 ASEAN nations through the regional Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN growth area—or, as it is better known here, BIMP-EAGA. I will continue to refer to it as BIMP-EAGA. The Northern Territory is a development partner with this regional alliance that takes in Brunei, East Malaysia—being Sabah and Sarawak—eastern Indonesia and the southern Philippines. It currently has export trade, excluding minerals, to the value of over \$350 million per annum, which is a significant amount for our SME members.

A major stumbling block in the development of trade into the region is behind-the-border trade barriers, and the International Business Council welcomes the support offered as part of the free trade agreement to work on limiting these barriers. The Northern Territory currently has two Indonesian customs officials based in Darwin, providing pre-clearance of goods into eastern Indonesia. Unfortunately, the volume of goods going into this market is not sufficient to keep them fully occupied and any increase of exports through tariff reductions is welcome.

The capacity building provided through the economic cooperation outlined in the free trade agreement is one of the most important aspects in growing trade in the region. One of our members who supplies vehicles into Indonesian mine sites is particularly worried about how the Indonesian government handles these behind-the-border issues and the general implementation down the ranks. He is also worried, for instance, about the luxury tax, which he cannot find any answers to. Currently, a troop carrier is included in the luxury tax bracket, as is a Ferrari. So the end price of his troop carriers into mine sites is about \$200,000. That is an example of some of the behind-the-border barriers.

we have recently done some research for one of our members who manufactures shade sails for the export market, and there is little change offered for fully manufactured products such as his, with Thailand's tariffs remaining unchanged at 30 per cent over the next few years, but with significant decreases for other markets—for example, Brunei and Indonesia, down from 10 to five; Philippines, 15 down to seven; and Vietnam, 30 down to 25 next year. All of those will eventually be reduced to zero but, being a small business, he is looking at fairly immediate opportunities rather than maybe 10 years down the track.

On the import side, the Northern Territory has an extremely small manufacturing base and this is not currently threatened by cheap imports. In fact, we actively encourage businesses in the Northern Territory to directly import foreign goods that would normally come through southern suppliers. This helps to build our shipping trade into the region and provides major savings to business in the Northern Territory. A recent example of this is doors manufactured in South-East Asia. A local construction company was sourcing these from a southern supplier for \$800 each, but he was able to buy them direct for less than \$100.

In closing, it is worth mentioning that most SMEs find the large number of FTAs confusing and would like to see a simplified information system that lets them find changes relevant to

their businesses across the range of FTAs rather than search through the masses of highly important but sometimes confusing information on the government's websites. Most SMEs are demand driven and staff poor. When an inquiry comes in from an overseas customer, they need to be able to access relevant information quickly and have it in layman's terms.

CHAIR—Can I ask you about the impact of the global financial crisis on your members and on the trade opportunities that are around in the ASEAN nations? Have you noticed any change in your members' prospects or opportunities? How has it affected you?

Mr Bicknell—Unfortunately, there is no-one from the Northern Territory Resources Council here, but my understanding is that the mineral sector has remained fairly strong. The Northern Territory resources sector is mainly made up of gold, uranium and phosphates, for which the prices have remained fairly strong despite the crisis. Some of the other commodities have suffered. The live cattle trade has remained very strong into Indonesia, partly because the lowering of the strength of the Australian dollar has managed to protect that, and also that trade has been very well developed and supported by industry, the Northern Territory government and the Australian government. Our SMEs have seen some reduction in trade, but that has not necessarily been so much due to the global financial crisis as the fact that the local economy has been so strong and has soaked up most of the products that they put onto the market. Generally, they have not needed to actively seek overseas markets.

CHAIR—How are your competitors faring? If you want to export live cattle into Indonesia, or whatever export opportunities and markets are around, are your members noticing increased competition from others who are seeking to do the same thing, reduced competition, or around the same?

Mr Bicknell—There is certainly increased competition. For instance, in the live cattle trade most of the competition comes from boxed beef, mainly out of South America. India is presenting some major competitive challenges, but that has been around for quite some time. Those economies have been competing very vigorously for that market.

CHAIR—Yes. So Brazil and India are both looking to export meat into Indonesia.

Mr Bicknell—Argentina as well.

CHAIR—Yes, clearly as competitors to our exporters here. So they are maintaining their export capacity in the face of the global financial crisis?

Mr Bicknell—They have actually been growing their exports, certainly into the Indonesian market, over the past 12 to 18 months. There are very strong support mechanisms for industry development in Indonesia and even in terms of looking at onward markets for the beef after it is slaughtered in Indonesia. So there is a lot of work done apart from just the cost of the cow going off the ship.

CHAIR—Is any particular reason given for India, Brazil or Argentina being able to ramp up their export efforts?

Mr Bicknell—Not that I am aware of.

CHAIR—You mentioned in your opening remarks the behind-the-border trade barriers and your hope that the treaty which we are reviewing might assist in addressing or tackling those behind-the-border trade barriers. Do you want to give us a little bit more detail about the nature of those barriers?

Mr Bicknell—I would like to take that on notice.

CHAIR—That is fine.

Mr Bicknell—I consider what I say publicly in relation to those.

CHAIR—For witnesses who want to add to answers or take questions on notice, we have a capacity for you to contact the committee secretariat afterwards and your further response will be circulated to members of the committee.

Mr Bicknell—The departmental officials involved in negotiations who briefed us highlighted the support that would be offered in terms of economic cooperation in developing investment protection under the terms of the free trade agreement. Anything that can help strengthen those areas would be very welcome, and we think it is a really positive move to include those things in the agreement.

CHAIR—The other thing you said in your opening remarks which I found interesting was this question of the small to medium enterprises seeking a simplified information system to deal with the range of free trade agreements. I think the treaties committee members get a feel for the complexity of this, because we see each of the free trade agreements as they come through. They are indeed complex and detailed documents, so I can agree at once that that would pose a challenge to those members. Do you have any thoughts on how that simplified information system might work or how it could be presented in a form which would be useful for people who, as you say, are time poor and struggle to read large documents that deal with each different country?

Mr Bicknell—Most SMEs are well aware of the customs codes that they use. The easiest way would be to simply go in by a customs code. That would list right across the various FTAs the timelines that they would come into place by. Research we did in the last week for a shade sail manufacturer was very time consuming, and that was only for four or five AECC codes.

CHAIR—Are you thinking about dividing these trade agreements up in terms of their subject matter. Say the one before us has a chapter 13 on intellectual property, have you got members who would like to be able to get to the chapter on intellectual property for each of the free trade agreements but who do not necessarily have much interest in reading the rest? Is that the kind of thing you had in mind?

Mr Bicknell—Yes, that is exactly what our members are saying to us. All they wish to know about is the nitty-gritty that affects their opportunities, rather than having to wade through what is a very time-consuming process.

Mr MURPHY—Mr Bicknell, do you see any disadvantages to your members through this agreement?

Mr Bicknell—The feedback we have had from our members has all been positive. As I mentioned, we are not overly threatened. We do not have a manufacturing base that is threatened by cheaper imports. Most of our goods come in either from overseas or from interstate. Being this far away from interstate trade, people here look at the bottom line. There is not really any national allegiance when it comes to business. As far as disadvantages go, nothing has been highlighted to us as yet.

Mr MURPHY—Are the big advantages in livestock exports, or are there better opportunities in mining and manufacturing?

Mr Bicknell—Certainly livestock is one that is of keen interest to everyone in the Northern Territory. It affects people right across the Territory. There are indigenous cattle stations, there are family cattle stations and there are cattle stations owned by big business. All of those are keen to continue to develop the trade through the Port of Darwin into Indonesia. One of the big advantages is that this will offer some diversification. The industry is quite worried about the fact that they have Indonesia as such a large percentage of their market, so if they can do anything to increase the spread of their product sales they will be a lot more comfortable. There was quite a strong trade with the Philippines prior to the banana importation problems that arose several years ago.

Mr MURPHY—Would your members like to see the abolition of all subsidies and tariffs, in accordance with what the WTO are trying to achieve in the resolution of the Doha round, which has been going for more than eight years now?

Mr Bicknell—We will believe it when we see it, if Doha ever gets finally sorted. From our members' perspectives, subsidies that are not offered obviously are a big issue for an open economy like Australia and the Northern Territory. We try to compete on a level playing field and it is not always level, so we welcome anything that can be done to level it.

Mr MURPHY—In the interests of this inquiry, it would be in our interest for you to share those concerns with us—not publicly—and I would enthusiastically encourage you to give us a submission in that area.

Mr Bicknell—I would be very happy to do that.

Mr MURPHY—Thank you.

Senator CASH—You may also want to take my question on notice. There has been some criticism of this agreement, and I am just going to read you out a statement from a press release:

The FTA provides only small improvements in access for services and is a major disappointment for Australia's growing services exporters. Many key products will receive little or no improved access.

The statement goes on to make particular comments about rice, the fruit industry and sugar. Do you have any comments in relation to that statement?

Mr Bicknell—Not off the top of my head.

Senator CASH—Would you like to take it on notice?

Mr Bicknell—I am happy to take that on notice.

Senator CASH—That would be great.

Mr Bicknell—Rice is not an issue. I would need to do some more research on the services sector to see the impact there on our members. Fruit may have some impact but, again, it is an area I have not looked at closely.

Senator CASH—And sugar.

Mr Bicknell—Sugar is currently an issue in the Northern Territory, unless the Ord River project takes off.

Mr BRIGGS—The chair picked up on the issues I was planning to pick up on. I accept you are going to come back to us with more information on behind-the-border barriers, but can you articulate, without going into too much detail, how much of a problem they are? Are they adding costs and so forth?

Mr Bicknell—They tend to be very restrictive in terms of most of the key advantages that our exporters can offer. For example, Indonesian mine sites are often run by multinationals. Their supply chains are very important to them and time of delivery is key. Anything that holds up those deliveries weakens the strength of the exporters out of here. We often find that can be one of the behind-the-border barriers that we have to battle against. Unless you smooth the path in some way, those hold-ups can put you at a major disadvantage against your competitors.

Mr BRIGGS—Have you done any estimates on what the economic benefit is of the agreement for Northern Territory businesses?

Mr Bicknell—We are in the process of doing that.

Mr BRIGGS—Do you think it is substantial?

Mr Bicknell—We are coming from a relatively small base, so the increases are going to be substantial for us, but on a national level they will have very little impact. Certainly the live cattle can have some impact but, again, that is driven by climatic factors and a whole range of different issues in terms of our ability to supply and the ability of the markets to take the supply.

CHAIR—There are changes in the treatment of rules of origin. Do you have any views about that?

Mr Bicknell—I will again take that one on notice. It is an area that we are looking at quite closely. We issue certificates of origin both for the Australia-Thailand Free Trade Agreement and for normal trade, so we are looking at that quite closely, but I am not in a position to answer that at this stage.

Senator CASH—In taking that on notice, could you also comment on the claim that has been made that the new rules of origin will actually expose many Australian industries to tougher Asian competition?

Mr Bicknell—We actually welcome that competition because it is not a threat to our local industries. But I will again have a look at it in the context of the rules of origin.

Senator CASH—That would be fantastic.

Mr BRIGGS—Do you think the assertion that it will increase competition is right?

Mr Bicknell—I certainly expect it would, and I would hate to be in the automotive industry. But, again, we do not have an automotive manufacturing parts sector up here.

Mr BRIGGS—It would not be as popular in northern Adelaide.

Mr Bicknell—That is exactly right.

Mr BRIGGS—I would like to explore something which is outside of this issue, and you do not have to answer it if you do not wish to. There has been for quite a period of time some discussion about free trade agreements with China. Do you see benefit for Northern Territory businesses in the government pursuing that sort of free trade agreement, excluding the South Australian and Victorian automobile issues which exist in the manufacturing industries and which, as you say, are not so strong here in the Territory? Would that be something that your organisation would see as a positive for the Northern Territory?

Mr Bicknell—Without having seen the fine print, on the surface I would see it as a positive. Again, it is a shame we do not have anyone here from the Resources Council to talk about that. There is obviously some public sentiment about the amount of investment coming in out of China that would need to be explored very fully in terms of any agreement.

Mr BRIGGS—Do you think uranium sales to China and so forth would open up further opportunities? There are already sales and obviously they benefit the Territory currently.

Mr Bicknell—It is not an area I have expertise in.

Mr BRIGGS—Sure. Thank you.

CHAIR—Thank you for attending to give evidence today. If the committee has any further questions, the committee secretariat may seek further comment from you at a later date. As we indicated, there are a couple of issues that we raised that we would welcome your further comments on.

Resolved (on motion by **Senator Cash**):

That this committee authorises publication of the transcript of the evidence given before it at public hearing this day.

Committee adjourned at 11.21 am
