
The Parliament of the Commonwealth of Australia

Denmark and Sweden

Report of the Australian Parliamentary Delegation

16 to 27 October 2005

© Commonwealth of Australia 2006

ISBN 0 642 78783 2



Contents

Membership of the Delegation..... v

Acknowledgmentsvi

1 Parliamentary relations with Scandinavia 1

 Introduction 1

 Delegation to Denmark and Sweden 2

2 Denmark 3

 Introduction 3

 Economic issues..... 4

 Social issues 5

 Foreign policy issues 6

 Security issues..... 7

 Industry visits..... 8

 Agriculture 9

 Wind energy 10

 Shipping 11

 Parliamentary matters 12

 Australian-Danish relations..... 13

3 Sweden 15


 Introduction 15

 Economic issues..... 16

 Social issues 17

 Foreign policy issues 17

Security issues.....	19
Energy issues.....	20
Environmental issues	21
Parliamentary matters	22
Australian-Swedish relations	23
Appendix A - Program	27
Denmark.....	27
Sweden	28



Membership of the Delegation

Leader The Hon David Hawker, MP
Speaker of the House of Representatives
and Member for Wannon (Victoria)

Deputy Leader Ms Anna Burke, MP
Member for Chisholm (Victoria)

Members Senator Guy Barnett
Senator for Tasmania

Ms Jennie George, MP
Member for Throsby (New South Wales)

Mr Stewart McArthur, MP
Member for Corangamite (Victoria)

Senator Andrew Murray
Senator for Western Australia

Dr Mal Washer, MP
Member for Moore (Western Australia)

Officials Mr Christopher Paterson
Senior Adviser to the Speaker

Mr Andres Lomp
Delegation Secretary



Acknowledgments

The Australian parliamentary delegation expresses its sincere appreciation to the Danish parliament, led by the Speaker Mr Christian Mejdahl, and the Swedish parliament, led by the Speaker Dr Björn von Sydow, for the warmth of the welcome, the comprehensive and informative program, and the generous hospitality that was provided throughout the visit. The delegation is grateful for the opportunity that it had to meet with a broad range of parliamentary, government, community and business representatives in both countries.

Special thanks are due to Ms Lena Cox Smith and Mr Kim Pedersen from the Danish parliament and Mr Nicolas Barbier from the Swedish parliament for their tireless efforts in coordinating the visit.

The delegation is extremely grateful to the Australian Ambassador to Denmark, His Excellency Mr Matthew Peek and to Mrs Linda Peek, and to the Australian Ambassador to Sweden, His Excellency Mr Richard Rowe and to Mrs Åsa Hasselgård-Rowe, as well as the staff of both embassies for the tremendous support and assistance provided in the lead up to and throughout the visit.

Thanks are also due to the Department of Foreign Affairs and Trade, the Parliamentary Library and the Parliamentary Relations Office for their valuable contributions in ensuring the success of the visit.

Parliamentary relations with Scandinavia

Introduction

- 1.1 Australia has long enjoyed good relations with the countries of Scandinavia despite the geographic distance between us. Trade and tourism are two key areas where the relationship has developed strongly in recent years.
- 1.2 Contacts at the parliamentary level, however, have not developed to the same extent, even though Australia and the Scandinavian countries share a number of common interests at the international level. These include shared interests in working towards international peace and security, and in promoting open and fair trade.
- 1.3 With Australia and the Scandinavian countries adopting similar positions on many international issues, it was felt that stronger relations between our parliaments would assist in broadening cooperation between our countries at the international level. Accordingly, over the past two years, particular effort has been directed towards providing opportunities for greater contact between Australian and Scandinavian parliamentarians.
- 1.4 In March 2005, a parliamentary delegation from Finland, led by the Speaker of the Finnish parliament, visited Australia. Also last year an Australian parliamentary delegation visited Denmark and Sweden. Those visits will be followed in 2006 by a visit to Norway by an Australian parliamentary delegation and a visit to Australia by a Danish parliamentary delegation.

Delegation to Denmark and Sweden

- 1.5 This report presents the observations of the Australian parliamentary delegation that visited Denmark and Sweden from 16 to 27 October 2005. The delegation was led by the Speaker of the House of Representatives, David Hawker, and included four other members of the House of Representatives: Anna Burke (Deputy Leader), Stewart McArthur, Jennie George and Mal Washer; as well as two senators: Guy Barnett and Andrew Murray.
- 1.6 The delegation's aims and objectives for the visit were:
- renew and strengthen ties with the Danish parliament (Folketing) and the Swedish parliament (Riksdag);
 - gain an appreciation of key domestic social, political and economic issues;
 - gain an appreciation of the views of Denmark and Sweden on international affairs;
 - gain an understanding of the role and approach taken by Denmark and Sweden to European affairs, including the European Union and its constitutional issues;
 - explore opportunities for expanding trade, investments and tourism; and
 - consider ways to strengthen people-to-people ties through cultural, educational and other exchange programs.
- 1.7 The program for the visit arranged by the Danish and Swedish parliaments provided ample opportunity for the delegation to fulfil its objectives. From the range of meetings that were held with parliamentarians, ministers, government officials, business leaders and community representatives, the delegation has come away with a much better understanding of a number of the key issues of current significance for Scandinavian countries and, more broadly, the European Union. Many of those issues, such as security, employment, economic growth and sustainable development, are of current and ongoing debate within the Australian parliament. The opportunity provided for the delegation to gain European perspectives on such issues will undoubtedly help in informing debate in the Australian parliament.

Denmark

Introduction

- 2.1 Australia's relations with Denmark received a significant boost with the marriage of Australian Mary Donaldson to Crown Prince Frederik of Denmark. The marriage has given Australia a high profile in Denmark and has prompted increased Australian interest in Denmark. It has provided the basis for a strengthening and broadening of the relationship in a number of sectors, including trade, tourism and education.
- 2.2 It was a great thrill for the Australian parliamentary delegation to arrive in Denmark on 16 October 2005, the day after the birth of a son and heir to the Danish throne for Crown Princess Mary and Crown Prince Frederik. Throughout the delegation's visit, there was a great degree of excitement about the royal birth and the special bond that it has created between Denmark and Australia.
- 2.3 The warm welcome afforded the delegation throughout its visit was a clear indicator of the goodwill that exists for Australia in Denmark. The delegation was honoured to have an audience with Her Majesty Queen Margrethe II of Denmark. That audience reflected the special relationship between our two countries.
- 2.4 During the visit, the delegation met with a range of parliamentarians, government representatives and business leaders. The delegation also had the opportunity to visit one of the world's largest shipping companies, inspect an agricultural research centre outside of Copenhagen and visit an alternative energy producer. The information obtained and issues discussed at the various meetings are outlined in this chapter of the report.

Economic issues

- 2.5 During its visit, the delegation gained a good appreciation of some of the key economic issues confronting Denmark today. Employment and labour market issues were of particular interest, given Australia's ongoing debate on labour market reform.
- 2.6 Denmark currently has an unemployment rate of around 5 per cent. At a meeting with the Confederation of Danish Industries, it was pointed out that even though this rate is low compared with other European Union countries, the aim is to bring this rate down further.
- 2.7 The labour market model in Denmark is based on employer organisations making collective agreements with trade unions. Around 80 per cent of blue collar workers belong to a trade union – a figure that is relatively high compared with other European Union countries.
- 2.8 While other European Union countries have a more heavily regulated labour market, many of the labour market issues in Denmark are dealt with through negotiations between employers and trade unions. This includes agreements on working conditions, wages and pensions. At the same time, the collective agreements allow for certain decisions, such as working hours, to be made at the individual workplace level, by agreement between managers and employees.
- 2.9 The Confederation of Danish Industries noted that flexibility is important for future growth. At the same time, it emphasised that flexibility needed to be created in accordance with the traditions of the country, which included providing a significant safety net for those who find themselves unemployed and in need of support.
- 2.10 According to the confederation, economic issues of current interest and concern in Denmark include:
- the impact of globalisation on local industries, particularly as Denmark has high labour costs; and
 - the ageing population, the consequential decline in the number of people in the labour force and the impact this could have on growth.
- 2.11 The confederation pointed out that the Danish people are among the most positive in Europe about globalisation. While they have seen the loss of labour intensive industries to countries such as Poland and China, Danish industry has adjusted by targeting value added production. Automation and streamlining of production processes have been a particular emphasis for industry.

- 2.12 To address the issues of an ageing population, the Danish parliament has been considering reforms to the pension system. A key reform being examined was the abolition of early retirement (from the age of 60) and an increase in the general retirement age (currently 65) to take account of the fact that people are living longer.
- 2.13 The confederation told the delegation tax reform was the next big issue that needed to be addressed after reform of the pension system. It said personal income tax rates were too high (with 63 per cent being the top rate and Value Added Tax at 25 per cent). The tax rates, it said, were not in tune with a globalised economy where people, particularly young people, were extremely mobile. There also was an informal black market economy, particularly in the construction industry.

Social issues

- 2.14 In discussions with the Minister for Family and Consumer Affairs, the delegation was told that an important issue in Denmark lately is the question of how best to achieve work-family balance. A taskforce has been established to develop proposals to deal with work-family issues.
- 2.15 The taskforce is independent of government and includes experts and community representatives. It is examining the issues, problems and pressures families are facing and will develop proposals on what legislators can do to assist families, including in areas such as labour market reform.
- 2.16 The minister noted that the percentage of women participating in the Danish workforce is almost as high as men, with a large percentage of women returning to the workforce after having children. As a result, child care is a significant issue for Danish households, with the government providing subsidies to assist with the costs of child care.
- 2.17 Emphasis is also being placed on ensuring that day care centres are places of learning and not just child minding. The minister noted that pedagogical standards have been developed for the education of children in day care centres.
- 2.18 In addition, a significant investment is being made over four years to increase the quality of day care centres. This includes improving the services available to disadvantaged children.
- 2.19 Recently rules regarding the establishment of day care centres have been liberalised to allow for private day care centres to be established at work

places or to allow companies to jointly establish a day care centre. These changes are, however, yet to make an impact.

- 2.20 Another social issue raised by Danish parliamentarians and business representatives in their discussions with the delegation was the level of immigration into Denmark. In recent years Denmark has tightened its immigration policy. However, with a low unemployment rate and skills shortages emerging, more skilled workers are needed. There are concerns, nevertheless, about the integration of migrants into Danish society. The delegation was told this would be an ongoing issue for debate, with the government looking at ways in which greater integration could be encouraged.

Foreign policy issues

- 2.21 In the delegation's discussions with Danish parliamentarians, including members of the European Affairs Committee, as well as foreign ministry representatives, two foreign policy issues were identified as being of primary importance to Denmark:
- trans-Atlantic cooperation; and
 - European Union cooperation.
- 2.22 Trade is central to both trans-Atlantic and European cooperation, and Danish parliamentarians emphasised Denmark's commitment to free and fair trade. The delegation welcomed that commitment and reiterated that Australia shared Denmark's enthusiasm for free trade, including agricultural reform.
- 2.23 Danish foreign ministry representatives indicated that Denmark's preference was to achieve free trade outcomes through the World Trade Organisation (WTO) processes rather than through bilateral agreements. They had concerns about the United States proceeding with bilateral agreements if adequate progress was not made at the WTO.
- 2.24 On European Union matters, the European Affairs Committee told the delegation that the failed referendums in France and the Netherlands on the new European Union constitution have given rise to a great deal of reflection within the Danish parliament. The parliament is keen to consult with the public on how best to move forward into the future, but at this stage is not planning on a vote on the constitution.

- 2.25 European Union enlargement was also raised in discussions, with foreign ministry representatives indicating that the 2004 enlargement was successful, despite initial concerns about immigration from east to west. Those concerns were greatly exaggerated, they said.
- 2.26 At the same time, they acknowledged that future enlargement would be a long and complicated process. In relation to Turkey, for example, that process could involve going through around 15,000 pieces of legislation to determine whether European Union standards were being met. The process could take from eight to 15 years.
- 2.27 The issue of Iraq was also raised in discussions, with Danish parliamentarians indicating that, while there has been division among the Danish public regarding Denmark's troop involvement in Iraq, a majority support Denmark's continued involvement to help with the reconstruction program. At the same time, the issue of an exit strategy is being debated, with parliamentary debates on the matter likely to be intense. It was suggested that a majority in the Danish parliament support troops remaining as long as is required to "finish the job".
- 2.28 There was also considerable interest in Asia's ongoing growth and development, including China's growing influence in the region. Danish parliamentarians saw the Asian region as offering great opportunities, particularly in trade, and were interested in Australia's relationship with the region.

Security issues

- 2.29 The delegation received a detailed briefing on security issues during a visit to the Police Division at the Ministry of Justice. As other countries around the world have done in the post September 11 environment, Denmark has been taking action to deal with the threat of terrorism.
- 2.30 New terrorism provisions were included in the Danish criminal code in 2002. The criminal code, originally enacted in 1936, did not adequately deal with terrorist actions.
- 2.31 There has been improved cooperation between the Danish security intelligence service and immigration authorities. Particular assistance has been given to identifying people of interest who are entering Denmark and seeking to reside there.

- 2.32 The removal of border checks between European Union countries that have signed the Schengen Agreement¹ has posed one challenge. As travel from non-Schengen countries is generally by plane, tighter checks have been implemented at airports.
- 2.33 Other measures aimed at combating terrorism include reporting of suspicious financial transactions and retention of telecommunications data. The latter was being debated at the European Union level due to the administrative arrangements that would need to be put in place and the potential costs involved in the logging of information.
- 2.34 Police powers have also been increased to enable secret searches to be undertaken, based on judicial approval. Provision has also been made for people to be punished in Denmark if they act against another country. The law previously only applied to acts committed against Denmark.
- 2.35 Following the 2005 London terrorist attacks, an interdepartmental committee was established to consider further measures to combat terrorism, including further amendments to the criminal code. Among other measures, that interdepartmental committee was examining legislative amendments aimed at preventing agitation of violence and support for terrorist actions.
- 2.36 At the same time, the police force is undergoing reform. The current number of police districts (54) is being consolidated (to between 10 and 12). Part of the reason for the reform is to provide better coordination in combating organised crime and terrorism.
- 2.37 The delegation was told that, to date, the Danish public generally has been supportive of measures to improve security and combat terrorism. However, there was an expectation that any new measures proposed by the interdepartmental committee would be debated vigorously in the parliament and among the public.

Industry visits

- 2.38 During its visit, the delegation was fortunate to meet with representatives from three key Danish industries with relevance to Australia: agriculture, energy and shipping.

1 The 1985 Schengen Agreement is an agreement between European countries which allows for common immigration policies and a border system that has resulted in the removal of border posts and checks between Schengen countries.

Agriculture

- 2.39 The delegation visited the Danish Institute of Agricultural Sciences' Research Centre at Foulum on the largest of Denmark's islands, Jutland. At the research centre the delegation received a comprehensive briefing on developments in agriculture in Denmark and at the European Union level.
- 2.40 In Denmark agriculture has traditionally been the backbone of the economy and a significant part of the national heritage. Two thirds of Danish land is devoted to agricultural production.
- 2.41 The average farm size in Denmark has been 57 hectares, but the average size has been increasing over the past decade and is expected to increase further over the next decade. By 2015 it is expected that Denmark's previous total of 50,000 farms will reduce down to around 10,000 farms.
- 2.42 With European Union enlargement, reform of the Common Agricultural Policy has become an imperative. More emphasis is also being placed on rural development.
- 2.43 In this regard, scientists at the research centre noted that the strength of Danish agriculture is its connection with research and development. Technological development has enabled Danish farmers to maintain and increase production despite stricter environmental regulations.
- 2.44 The delegation was told that Denmark has been making the transition from labour intensive agriculture to more knowledge and technology based farming. This has helped to improve productivity.
- 2.45 As one example, the delegation was told of an internet based decision support system that has been developed to assist farmers with their decision making. Farmers can put their local conditions into the system and in return are provided with information to assist their decisions on managing their farms and farm production.
- 2.46 The Danish Institute of Agricultural Sciences, through its research activities, is playing a significant role in the transition to more knowledge based farming. The areas of focus for its research include sustainability, health and safety, cost-efficiency and profitability, and ethical acceptability.
- 2.47 The Research Centre Foulum includes the only cloning laboratory in Scandinavia, which the delegation inspected. The focus of the laboratory is on the production of high value animals, including rare or endangered breeds and animals with high genetic value. Previously the laboratory had some collaboration with Australian cloning laboratories, but that collaboration has ceased as Australian laboratories have closed down. The

Danish scientists indicated that they would welcome renewed collaboration with Australia in this field.

- 2.48 The research centre has also been investigating the impact of agriculture on the environment, a matter of significant interest to the Danish public. Field research is undertaken on issues such as crop rotation, loss of nitrate and reducing environmental odours associated with farming.
- 2.49 One of the scientists who briefed the committee was Dr Mark Henryon, an Australian who had been working in Denmark for the past decade. He spoke about projects in which the research centre had been involved, including projects to breed disease resistant pigs and to breed better trout and marron. Dr Henryon said such projects could provide Australia with some “good food for thought”.
- 2.50 Dr Henryon noted that while there are many personal contacts between Danish and Australian scientists and some specific project collaboration, he was unaware of any formal agreements for systematic cooperation between Australian and Danish research institutions. Given both countries’ strong interest in agricultural production and research, the delegation considers that this area requires attention.
- 2.51 The delegation was extremely impressed by the Research Centre Foulum and considers that there would be benefits for Australia from broader and more formalised contacts between Australian agricultural research institutions and Danish agricultural research centres such as the one at Foulum. The delegation gained the impression that Danish scientists would welcome such broader contact.

Wind energy

- 2.52 As part of its trip to Jutland, the delegation also had the opportunity to visit the headquarters and factory of Vestas Wind Systems, which manufactures wind turbines that are used to produce wind generated energy. Vestas, a Danish company, operates in Australia, in Victoria and Tasmania.
- 2.53 Wind energy is highly regarded in Denmark. In discussions with Danish parliamentarians, the delegation was told that Danes place great importance on well developed renewable energy. While a high proportion of Danish energy production is coal based, there is a growing emphasis on renewable energy. Nuclear power, however, is not seen as an acceptable alternative, as people are concerned about the siting of nuclear power stations close to population centres.

- 2.54 Wind turbines are located throughout the country, including offshore. The sighting of wind turbines was not raised as a major issue. Vestas advised the delegation that around 25 per cent of Danish electricity is generated through wind power.
- 2.55 Vestas indicated that Australia has some of the best wind sites in the world. Australian public reaction to wind turbines has been mixed, however, with residents of some regions welcoming them and others objecting to them.
- 2.56 According to Vestas, lack of certainty regarding future renewable energy targets in Australia, coupled with public opposition to wind turbines in some areas, is putting the wind power industry in Australia at risk. Vestas indicated that if the market for wind turbines disappears in Australia, then their production facilities in Australia could also disappear.
- 2.57 New markets for wind power are being developed in Asia, with India and China regarded as significant future markets. Production facilities may need to be located where the demand is highest.
- 2.58 It was made clear to the delegation that Vestas has significant concerns about the future viability of their manufacturing operations in Australia in Portland (Victoria) and Wynyard (Tasmania). Given the impact this could have on jobs in Australia and the potential loss of an alternative energy producer, these concerns need to be taken seriously.

Shipping

- 2.59 In Copenhagen the delegation was pleased to visit the headquarters of the world's largest container ship operators, A P Møller-Maersk, where the delegation met with executives of the company. A subsidiary of the company operates at five locations in Australia.
- 2.60 Maersk executives indicated they have an interest in Australian container terminal operations and would like to be a third player in the Australian market. They were interested in the possibility of terminals becoming available in Sydney, Melbourne and Brisbane to allow them an entry to the market.
- 2.61 Maersk was somewhat surprised that Australia had five major ports to service a nation of just 20 million people. They believed fewer ports and a more comprehensive transport infrastructure based on rail would provide greater benefits.
- 2.62 Issues of port security were also raised during the meeting. Maersk noted that considerable work had been done since the September 11 attacks on

the United States to improve port and container security. They said areas of concern to guard against for the future included:

- individual countries making their own rules without international coordination, and the potential this had to hamper trade;
- security regimes being designed by suppliers wishing to sell their own technology; and
- unclear rules being developed and interpreted differently by different countries.

2.63 Maersk argued that any future security measures adopted for ports should build on what was already in place. They emphasised that security regimes should not be built on proprietary systems but on systems that are accessible to all.

2.64 The delegation notes the points made by the Maersk executives. These are matters that deserve consideration by relevant authorities in Australia.

Parliamentary matters

2.65 During its visit, the delegation had the opportunity to hold discussions on various parliamentary matters. This included discussions with the Speaker and Deputy Speakers of the Danish parliament and a range of other parliamentarians.

2.66 For the delegation a particular point of interest regarding the Danish parliament is the strength of its committee system. As minority governments are the norm in Denmark, consultation and negotiation within the parliament is vital for legislation to be passed. Much of that consultation occurs through committees, which meet to consider and debate issues in detail. Committees, therefore, are very influential in Danish parliamentary processes.

2.67 Two committees are considered particularly influential: the Finance Committee, which considers appropriations, and the European Affairs Committee, which considers issues to be dealt with at the broader European Union level. For example, legislation relating to the ratification of the Maastricht Treaty was considered by the European Affairs Committee.

2.68 During their meeting with the delegation, members of the European Affairs Committee emphasised the importance of committees within the Danish parliament. They noted that ministers regularly come before the

European Affairs Committee to discuss matters that are on the agenda for the European Union.

- 2.69 Ministers are expected to seek the endorsement of the committee for the position they are to take in negotiations in Brussels over European Union matters, particularly those which will require national legislation or regulation. If ministers do not get an endorsement from members of the committee who would constitute a parliamentary majority, they risk having difficulties in passing legislation that flows from any decisions taken in Brussels.
- 2.70 It is important to note that the Danish parliament is unicameral. One parliamentarian observed that the European Affairs Committee, to an extent, acts like an upper house in that it reviews the bulk of legislation to do with European Union matters before it is enacted by the Danish parliament.
- 2.71 Another point of interest for the delegation was that the Danish parliament sets its own budget without interference from executive government. This is considered important in maintaining the independence of the parliament, particularly in its role of keeping the government accountable.

Australian-Danish relations

- 2.72 As noted previously, Australia and Denmark have a strong bilateral relationship, boosted recently by the royal marriage of Crown Prince Frederik and Crown Princess Mary, and the birth of their son. Trade, cooperation in international fora, and people-to-people links are some of the areas of strength for the relationship. The potential for growth in these areas was highlighted to the delegation throughout its visit.
- 2.73 On trade, Australian wine has become extremely popular in Denmark, as the delegation was told on numerous occasions. In 2004-05, wine was the major Australian commodity exported to Denmark, worth \$A44.5 million out of a total of \$A170 million in Australian exports to Denmark. Wine exports are continuing to grow, with Denmark now being Australia's sixth largest wine market.
- 2.74 People-to-people links have also been developing, particularly following the royal marriage that has brought the two countries closer together. The delegation gained the impression that in a number of fields of endeavour, particularly science and education, there are great opportunities for

broader contact between Australian and Danish institutions and people, for the benefit of both countries.

- 2.75 In this regard, the delegation had the opportunity to visit a joint educational venture between the Viborg School of Nursing and Victoria's Deakin University. The joint venture, which has operated since 1999, enables collaboration between the two institutions, including student and teacher exchanges, a joint masters program and research projects. Danish participants in the joint program, with whom the delegation met, praised the initiative and the benefits it brings through exchange of teaching and learning principles and ideas.
- 2.76 In discussions with Danish parliamentarians, emphasis was also placed on the values and principles that Denmark and Australia share at the international level, particularly on issues such as security, combating terrorism, free and fair trade, and promoting peace. It was noted that cooperation at the government to government level was good, and that broader contacts among Danish and Australian parliamentarians would benefit such cooperation in the future.

Sweden

Introduction

- 3.1 The Australian parliamentary delegation's visit to Sweden followed a number of significant Swedish visits to Australia, including the February 2005 visit by Prime Minister Göran Persson and the March 2005 visit by Her Royal Highness Crown Princess Victoria. It also preceded the November 2005 visit by His Majesty King Carl XVI Gustaf and Her Majesty Queen Silvia. As such the delegation's visit helped to reinforce the strength of the relationship between Australia and Sweden, and importantly focused attention on parliamentary aspects of that relationship.
- 3.2 The warmth of the welcome afforded the delegation indicated the high regard with which Australia is held in Sweden. The relationship has developed over many years, and in recent times has broadened through trade and investment, cooperation on international issues, and people-to-people contacts.
- 3.3 During the delegation's visit, Speaker David Hawker was honoured to be granted an audience with the King. The delegation also was fortunate to meet with a range of parliamentarians, government representatives and business leaders. In particular, the delegation met with a number of parliamentary committees, discussing topics of current interest in both Sweden and Australia. During those meetings the delegation was able to explore a wide range of issues, as detailed in this chapter of the report.

Economic issues

- 3.4 The Swedish economy relies heavily on a highly developed and successful industrial sector. In meetings with parliamentarians and business leaders, the delegation was told that Swedish companies have always had a strong international focus, because the small Swedish home market for goods has compelled companies to think global.
- 3.5 Swedish commitment to research and development has been an important factor in the development and success of its industrial sector. At a meeting with the Royal Swedish Academy of Engineering Sciences, it was noted that big business is a key driver of research and development, which accounts for around four per cent of gross domestic product. Three per cent of that can be attributed directly to business.
- 3.6 The delegation was also told that Sweden's emphasis on developing new industry sectors, in value added areas such as telecommunications and information technology, has helped Sweden in the transition to a globalised economy. When more labour intensive industries, such as textiles, have moved to other countries, the new value added industries have taken their place. At the same time, a strong social security system has been critical to minimise the concerns of those in industries that have disappeared.
- 3.7 Sweden currently has an unemployment rate of around 5.5 per cent, but it was noted that this percentage does not include a large number of people currently participating in training schemes. The Swedish economy is growing and is highly competitive, with increasing industry productivity. However, lack of jobs growth is a concern and is being addressed through new schemes.
- 3.8 At a meeting with the parliamentary committee on social insurance, the delegation was told about the Plus Jobs scheme. That job creation program enables 20,000 people who have been unemployed for two or more years to get work in the public sector.
- 3.9 At the same time, increased jobs growth is being sought through the private sector. The government emphasised jobs growth in its last budget, and wants to see 55,000 jobs created over the next few years.
- 3.10 Of longer term concern is the ageing population and the impact this will have on the labour market and the pension system, particularly in a country with generous welfare benefits. There is a current debate in Sweden, as was the case in Denmark, on how to keep people in the labour force longer to ensure there are sufficient skilled people to meet future labour force needs. Also being debated is the role of immigration in

dealing with future labour needs, a debate that is mirrored in other western European countries.

- 3.11 On industrial relations issues, it was noted that the approach from the government and the opposition is similar. Both support collective bargaining.

Social issues

- 3.12 Immigration and integration of migrants were highlighted as two key social issues for Sweden. Both issues were discussed at a meeting the delegation held with Swedish Migration Minister, Ms Barbro Holmberg.
- 3.13 Ms Holmberg noted that Sweden is currently dealing with around 23,000 asylum seekers. Overall in Europe the number of asylum seekers has been declining from a very high level.
- 3.14 Sweden has a policy of repatriating people who are unsuccessful in their asylum bids. However, Ms Holmberg noted that the reality is more difficult to achieve, because of humanitarian considerations and because asylum seekers are also filling labour market gaps.
- 3.15 In this regard, the minister indicated that labour market demands will be an important consideration in the setting of future immigration levels. At the same time, there are concerns about migrants integrating into Swedish society, and such matters will also have to be taken into consideration in determining future immigration levels.

Foreign policy issues

- 3.16 Each year Sweden's foreign policy agenda is mapped out in a government statement to parliament. The emphasis of that agenda has traditionally remained on pursuing a multilateral approach, with the United Nations being an important focus for Sweden.
- 3.17 In a meeting with the Swedish Institute of International Affairs, the delegation was told that Sweden is committed to United Nations reform. It has been disappointed with the pace of that reform and recent setbacks to it.

- 3.18 Cooperation within the European Union is also critical, with the Swedish Foreign Minister, Mrs Laila Freivalds, highlighting European Union issues during her discussions with the delegation. Mrs Freivalds noted that a particular challenge for Sweden, as a small nation with definite ideas and ideals, was to ensure that its views are taken into account in European Union decision making.
- 3.19 One issue on which Sweden and Australia share a similar view is the need for reform of the European Union's Common Agricultural Policy, and this was raised during the delegation's meeting with the Foreign Minister and other parliamentarians. The delegation was informed that Sweden supports the opening up of agricultural markets and was arguing for this within the European Union, but was facing resistance from countries such as France. The delegation was told it was a particularly important issue for developing countries, which need both development aid and access to markets to ensure their future growth. Furthermore it is important for like-minded countries to work together on issues such as free trade, and Sweden welcomed future cooperation with Australia on this issue.
- 3.20 On the failed French and Dutch referendums concerning the new European Union constitution, Sweden, like Denmark, feels that increased discussion with the public is needed on European Union matters. Swedish parliamentarians are keen to foster more public debate on issues such as the new European Union constitution.
- 3.21 As for European Union expansion, Sweden considers that all members of the union gain from enlargement, particularly through the increased market for goods and services. In relation to future enlargement, Sweden is comfortable with the progress being made in negotiations with Turkey. The delegation was told there is still a long way to go in those negotiations, with the need to ensure that European standards are reflected in Turkish laws and structures. Nevertheless, Sweden was positive about having a large Muslim country within the European Union, as it would help to break down perceptions of the European Union being a club.
- 3.22 Relations with Russia were also raised during the various meetings the delegation held, including at the meeting with the Foreign Minister and the Swedish Institute of International Affairs. It was noted that the European Union lacks a cohesive policy on the development of relations with Russia. As Russia is a major energy exporter, a number of European Union countries have their own national interests to consider in dealing with Russia, as was highlighted during recent gas supply problems.

- 3.23 The delegation was told that recent pressure put on the Baltic States of Estonia, Latvia and Lithuania by Russia regarding gas supplies was a matter of concern. It was also an example of how different European Union countries adopt different approaches according to their particular national interest. Uncertainties within Russia had the potential to create tensions in Europe, it was noted. The Baltic States and their energy situation was one area where those tensions had risen to the surface in recent times.
- 3.24 Beyond Europe, China is of growing interest to Sweden and the European Union, with collaboration between Sweden and China increasing. At its meeting with the Royal Swedish Academy of Engineering Sciences, for example, it was noted that a four year memorandum of understanding has been signed with China on developing renewable energies, environmental solutions and information technology.
- 3.25 The delegation was told that Sweden is interested in deepening relations with China. Australia's familiarity with China and the Asian region was seen as something that Sweden could tap into in developing its relations with Asia. One obstacle for Sweden broadening relations with China is the European Union arms embargo. Sweden would like to see further development of human rights in China before the embargo is lifted.

Security issues

- 3.26 During the delegation's meeting with the parliamentary justice committee, it was noted that a number of changes have been made to Swedish laws dealing with terrorism since the September 11 attacks on the United States. Those changes were linked to broader European Union efforts to combat terrorism, as Sweden believes it crucial to have close cooperation with other countries, particularly European Union countries, on security issues.
- 3.27 Further changes to security laws are planned to allow for the extension of wire tapping and related measures to prevent crimes such as terrorism. Under the proposed changes, a smaller level of suspicion will be required to enable wire tapping. A major parliamentary debate on this issue was anticipated.
- 3.28 The parliamentary justice committee said parliamentary oversight of security agencies and security mechanisms is vital to ensure the tools against terrorism are being used appropriately and are not being misused. There has been a debate among the Swedish public and within the parliament about whether the implementation of tough measures for

dealing with terrorism will change the Swedish way of life and infringe liberties too much.

- 3.29 In this regard, the justice committee is examining the constitutional protections regarding personal liberties. While there are broad constitutional protections, there is a feeling among many parliamentarians that more work needs to be done in protecting individual rights. In particular, consideration is being given to the use and storage of personal information and what protections are available to and needed for individuals.
- 3.30 The financing of terrorist activities was also raised as an issue. The justice committee said seizure of financial assets was regarded as an important tool to limit the opportunity for terrorists to access adequate funds to commit terrorist acts.

Energy issues

- 3.31 Sweden's approach to energy issues also featured in meetings the delegation held during its visit. With recent debate in Australia on uranium mining and nuclear energy, Sweden's experiences as a nuclear energy consumer were of interest to the delegation.
- 3.32 Despite a referendum in 1980 to phase out nuclear power, only two out of the 12 nuclear reactors in Sweden have been shut down in the 25 years since the referendum. While there are no plans to revisit the referendum or to move away from its intended outcome, recent surveys indicate that Swedish attitudes to nuclear power have been changing and that the public would be interested in reopening the debate over its future use in Sweden.
- 3.33 At the same time, emphasis is being placed on alternative energy sources, such as wind power. Sweden is on track to meet its Kyoto targets for reducing greenhouse emissions. However, with only limited access to hydro power, and wind power only providing a small proportion of Sweden's energy needs, the reality is that alternatives to nuclear power have not been developed to the extent that would allow Sweden to replace its current dependence on nuclear power.
- 3.34 It was noted that energy self-sufficiency is an important issue for Swedes. Until alternative energy sources can be developed further, nuclear power is likely to remain a reality for Sweden in the foreseeable future.

Environmental issues

- 3.35 In its meeting with the parliamentary environment committee, climate change was identified as one of the key environmental concerns for Sweden. Also of importance to Sweden is the protection of the Baltic Sea and its environment.
- 3.36 The environment committee noted that 15 national environmental objectives have been adopted by the parliament and those are being reviewed by the committee. The 15 objectives are:
- reduced climate impact;
 - clean air;
 - natural acidification only;
 - a non-toxic environment;
 - a protective ozone layer;
 - a safe radiation environment;
 - zero eutrophication;
 - flourishing lakes and streams;
 - good quality groundwater;
 - a balanced marine environment, and flourishing coastal areas and archipelagos;
 - thriving wetlands;
 - sustainable forests;
 - a varied agricultural landscape;
 - a magnificent mountain landscape; and
 - a good built environment.
- 3.37 The Environmental Objectives Council assesses the progress towards achievement of the objectives. It issues a progress report identifying whether the proposed targets for each objective will be met. The progress report is considered at an annual parliamentary seminar.
- 3.38 During the discussions with the parliamentary environment committee, the objective of sustainable forests was highlighted, with committee members noting the importance of achieving a balance between environmental and production goals. Forestry is of particular significance

to Sweden as, together with Finland, it accounts for around half the total production of forest products in the European Union.

- 3.39 The committee noted there are several levels of protection for forests in Sweden. Large estates of forests are conserved in the north. Private owners must always leave 50 per cent of forests when harvesting, and must replant in harvested areas within three years.
- 3.40 The delegation was told that pulp mills are very important to Sweden. While they caused significant environmental problems in the 1960s and 1970s, since then there has been a strong push for environmentally responsible production, including through the use of new technology. It was put to the delegation that significant inroads have been made in dealing with the environmental issues associated with pulp mills.
- 3.41 On the environmental objective of a good built environment, the delegation was briefed on an urban development project known as Hammarby Sea City. The project, in a previously run-down port and industrial district of Stockholm, is an example of a major urban redevelopment based on principles of sustainability.
- 3.42 Hammarby, Stockholm's largest ever construction project, will provide 8,000 apartments along with offices and commercial space combined in a unique, environmentally friendly, urban zone. The use of the latest technology will ensure environmentally responsible management of energy, water and waste within the area. It is a demonstration of the significance that Swedes place on achieving an environmentally responsible and sustainable future.

Parliamentary matters

- 3.43 From its discussions with Swedish parliamentarians and its meetings with a range of parliamentary committees, the delegation was impressed by the strength of the parliamentary committee system in the Swedish parliament. With a unicameral parliament, as in Denmark, parliamentary committees have a significant scrutiny role in Sweden. They oversee government expenditure and also take an active role in debating administrative and policy issues.
- 3.44 In this regard, the environment committee spoke of its role in reviewing the national environment objectives, as mentioned earlier in this chapter. As another example, during the delegation's meeting with the constitution committee and the foreign affairs committee it was noted that European Union matters are increasingly being considered and debated in detail by parliamentary committees.

- 3.45 The delegation was told that committees undertake systematic scrutiny of government activity during the autumn session of parliament. During the spring session, committees have the opportunity to focus on specific issues that parliamentarians may wish to investigate. The delegation was informed that the Swedish government's response to the December 2004 Asian tsunami disaster, in which 500 Swedish citizens died, would be the subject of examination by a parliamentary committee.
- 3.46 The delegation was very impressed with the fact that the parliament sets its own budget. Symbolically and in a practical way this asserts the independence of the parliament.
- 3.47 The board of the parliament, comprising representatives from each political party, submits its annual budget to the Ministry for Finance. The budget includes all administrative costs for the parliament including building maintenance, as well as parliamentary salaries and pensions, which are set by an independent committee. To date, the ministry has not altered the budgets that have been proposed.
- 3.48 During its visit to the parliament, the delegation also had the opportunity to visit the child care centre that operates in the parliament. The centre is only for use by parliamentarians and is regarded as complementary to other child care services. It is not a full-time service, but rather a supplement to the usual child care arrangements outside of parliament that parliamentarians may use. Child care staff are employees of the parliament. Currently around 35 parliamentarians make use of the facility.
- 3.49 In its meeting with parliamentarians and parliamentary staff, the delegation also discussed security for the parliament. It was noted that while there have been security enhancements, these have been developed in accordance with the strong Swedish tradition of having an open parliament as accessible to the public as possible.


Australian-Swedish relations

- 3.50 Throughout the delegation's visit, it was made clear that Australia is well regarded in Sweden. A strong relationship exists between our two countries in a variety of fields, with well-developed trade and investment links, good cooperation on international issues such as preventing the spread of weapons of mass destruction, combating terrorism, United Nations reform and free trade, as well as strong people-to-people links, evidenced particularly by the large number of Swedes who travel to Australia.

- 3.51 The delegation was told that in recent years there has been growing interest in Australian wine in Sweden as well as greater interest in Australian education services. More than 2,000 Swedish students were enrolled in Australian courses in 2004, and growth in this field has been identified as a priority for Australia. Australian students are also studying in Sweden.
- 3.52 With Sweden's strong focus on research and development, the delegation was told that Swedish research institutions are interested in broadening research links with Australia. It was felt that the current research interaction between our two countries could be enhanced. It was suggested, for example, that business management is an area where there could be closer collaboration between Sweden and Australia, as we share similar management characteristics. Currently there is only minimal research contact on such issues, in contrast to the links that have been established with Canada, where research in such fields is high on the agenda.
- 3.53 During a meeting with the Swedish Trade Council, it was noted that trade with Australia is also of growing importance to Sweden. Australia has become Sweden's fourth largest export market outside Europe. The growing significance of the trading relationship with Australia was demonstrated through the visit of the King and Queen of Sweden to Australia in November 2005, immediately after the Australian parliamentary delegation's visit to Sweden. The King and Queen were accompanied by a business delegation comprising around 30 business leaders.
- 3.54 Another point of connection between Australia and Sweden is the Nobel Prize, which was founded on the will of the Swede Alfred Nobel, with the annual prize ceremony taking place in Stockholm (except for the Peace Prize ceremony which is held in Oslo). A number of Australians have won the Nobel Prize, which is awarded in various categories. It was a happy coincidence that immediately prior to the delegation's arrival in Sweden it was announced that two Australians, Barry Marshall and Robin Warren, were the recipients of the 2005 Nobel Prize in Physiology or Medicine.
- 3.55 The delegation was fortunate to visit the Nobel Museum during its time in Stockholm. It was a source of great pride that two new Australian Nobel Laureates had just been announced. During the delegation's tour of the museum, the museum's director noted that the Nobel Foundation's Centennial Exhibition was touring the world, but that Australia was not a current destination for the exhibition. The delegation urges the federal government to examine the feasibility of bringing this exhibition to Australia, given Australia's impressive involvement with the Nobel Prize over many decades.

- 3.56 In addition to the opportunity the delegation had to find out about areas of potential growth in Australia's relationship with Sweden, the delegation's visit itself helped to strengthen the parliamentary dimension to that relationship. In this regard, Swedish parliamentarians with whom the delegation met, including Speaker Dr Björn von Sydow, indicated that they saw merit in broadening international contact between parliamentarians, particularly through parliamentary committees.
- 3.57 Swedish parliamentarians suggested that inter-parliamentary activities could be focused to a greater degree on sharing information and ideas between like committees in the parliaments of different countries, as many of the issues that committees investigate are of similar interest and significance in a variety of countries. The Australian parliamentary delegation considers there is merit in this suggestion.

David Hawker
Leader of the Delegation



Appendix A - Program

Denmark

Sunday, 16 October 2005

Arrival in and tour of Copenhagen

Monday, 17 October

Meeting with the Presidium of the Danish Parliament (Folketing), including Speaker Mr Christian Mejdahl

Meeting with Ms Mette Lyster Knudsen, Head of Police Division, Ministry of Justice

Tour of Rosenborg Castle

Meeting with H.E. Mr Ulrik Federspiel, Permanent Secretary of State for Foreign Affairs

Official dinner hosted by the Presidium of the Folketing

Tuesday, 18 October

Meeting with Mr Lars Barfoed, Minister for Family and Consumer Affairs

Tour of the Folketing

Audience with Her Majesty The Queen

Meeting with the Confederation of Danish Industries

Wednesday, 19 October

Visit to Jutland

Inspection and briefings at the Research Centre Foulum

Inspection and briefings at Vestas Wind Systems

Thursday, 20 October

Inspection and briefings at Viborg School of Nursing

Visit to Odense

Return to Copenhagen

Official dinner hosted by the Speaker of the House of Representatives, the Hon David Hawker, MP

Friday, 21 October

Meeting with the Danish Parliament's European Affairs Committee

Meeting with the 1st Deputy Speaker of the Danish Parliament, Mr Svend Auken

Meeting at A. P. Møller-Maersk Group

Tour of Christiansborg Palace

Sweden

Saturday, 22 October

Departure from Copenhagen and arrival in Stockholm

Tour of Stockholm and visit to Nobel Museum

Sunday, 23 October

Visit to Linnés Hammarby

Visit to Uppsala and official lunch hosted by the County Governor, Mr Anders Björck

Monday, 24 October

Australian Embassy briefing

Briefing on the Swedish Parliament by Mr Anders Forsberg, Secretary-General

Inspection of parliamentary library and child care facilities

Briefing on the international work of the Swedish Parliament by Ambassadaor Lars Vargö, Head of the International Department

Bilateral meetings with the Swedish Parliament's party groups: Moderate Party, Liberal Party and Social Democratic Party

Briefing at the Swedish Institute of International Affairs

Tuesday, 25 October

Meeting with the Special Emissary for Baltic Sea Issues, Mr Kent Härstedt, MP

Meeting with the Speaker of the Swedish Parliament, Dr Björn von Sydow, MP

Meeting with the Swedish Parliament's Committee on Environment and Agriculture

Audience with His Majesty King Carl XVI Gustaf

Meeting with the Swedish Parliament's Committee on the Constitution and Committee on Foreign Affairs

Meeting with the Minister for Foreign Affairs, Mrs Laila Freivalds, MP

Official dinner hosted by the Speaker of the Swedish Parliament, Dr Björn von Sydow, MP

Wednesday, 26 October

Meeting with the Swedish Parliament's Committee on Justice

Meeting with the Swedish Parliament's Committee on Industry and Trade and Committee on Transport and Communications

Meeting with the Swedish Parliament's Committee on Social Insurance

Meeting with the Royal Swedish Academy of Engineering Sciences

Meeting with the Swedish Trade Council

Meeting with the Chairman of the Swedish Parliament's Defence Committee, Mr Eskil Erlandsson, MP

Official dinner at the Australian Residence hosted by the Speaker of the House of Representatives, the Hon David Hawker, MP

Thursday, 27 October

Visit to Drottningholm Castle

Official lunch at Stockholm City Hall hosted by Lord Mayor Mr Barry Andersson

Meeting with the Minister for Migration and Asylum Policy, Ms Barbro Holmberg, MP

Departure from Stockholm for Australia