



**The Parliament of the
Commonwealth of Australia**

**Australian Parliamentary Delegation
to Brazil and Chile**

7 – 15 April 2018

August 2018

Members of the Delegation

Senator the Hon Scott Ryan, President of the Senate
Delegation Leader

The Hon Julie Collins MP
Member for Franklin and Deputy Delegation Leader

Senator David Bushby
Senator for Tasmania

The Hon Matt Thistlethwaite MP
Member for Kingsford Smith

Senator Alex Gallacher
Senator for South Australia

Mr Andrew Laming MP
Member for Bowman

Mr Vincent Sheehy
Chief of Staff, Office of the President of the Senate

Dr Jane Thomson, Delegation Secretary

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Chapter 1

Overview of delegation's visit

Introduction

1.1 From 7 to 15 April 2018, an Australian Parliamentary Delegation visited the Federative Republic of Brazil and the Republic of Chile. This report provides an account of the delegation's visit.

1.2 The delegation was led by the President of the Senate, Senator the Hon Scott Ryan. The Hon Julie Collins MP served as Deputy Leader of the delegation. Delegation members included the Hon Matt Thistlethwaite MP, Senator David Bushby, Mr Andrew Laming MP and Senator Alex Gallacher.

1.3 The delegation was accompanied by Mr Vincent Sheehy, Chief of Staff to the President of the Senate and Dr Jane Thomson, Secretary to the delegation, Department of the Senate.

Acknowledgements

1.4 The delegation's visit was supported by the Australian Parliament's International and Parliamentary Relations Office (IPRO). In particular, the delegation thanks Ms Fiona Way and Mr Raymond Knight, for their administrative support and assistance.

1.5 The delegation was also supported by the Department of Foreign Affairs and Trade (DFAT) which provided an informative briefing prior to departure. During meetings and site visits in Brazil, the delegation was accompanied by officers located with the Australian Embassy in Brazil, led by HE Mr John Richardson, Ambassador to Brazil. Similarly, in Chile, the delegation was accompanied by officers with the Australian Embassy in Chile, led by HE Mr Robert Fergusson, Ambassador to Chile.

1.6 The delegation would like to place on record its appreciation for the advice and support provided by the Ambassadors and their officers during the visit. The delegation thanks both Ambassador John Richardson and Ambassador Robert Fergusson for assisting the visit, sharing their in-depth knowledge, and for their warm hospitality.

1.7 In relation to the visit to Brazil, the delegation also thanks Ms Tracy Reid OAM, Counsellor and Deputy Head of Mission who worked tirelessly on the visit program, and accompanied the delegation in Rio de Janeiro and Brazilia. The delegation also thanks Ms Viviane Aversa Franco, Embassy Advisor for her assistance and support.

1.8 In Chile, alongside Ambassador Fergusson, the delegation was skilfully supported by Ms Alice Quinn, Deputy Head of Mission and First Secretary. The delegation thanks Ms Quinn for managing the program and accompanying the delegation. The delegation would also like to thank Mr Tomás Chaparro, Public Affairs and Visits Officer and Ms Jemma Williams, Political/Economic Officer for their assistance and support.

1.9 The professionalism, knowledge and guidance provided by these officers was appreciated by all delegation members. The delegation would also like to thank other embassy staff, including drivers, who assisted with the visit and provided exceptional logistical support. The delegation greatly appreciates the effort made by all officers to accommodate its needs and for contributing to a highly successful delegation visit.

Objectives of the delegation

1.10 The overall objective of the delegation was to enhance bilateral relations with Brazil and Chile respectively, while also gaining greater insight into the issues of common interest.

1.11 The delegation's particular aims were to:

- build and strengthen parliamentary ties with Brazil and Chile respectively;
- understand the opportunities and challenges before Australian businesses operating in the region; and
- gain insight into issues of common interest as the basis on which to consolidate bilateral relations.

1.12 This report provides an overview of the key activities and observations of the delegation.

Program of activities

1.13 The delegation started its visit in Brazil, travelling first to Rio de Janeiro to meet with representatives of various Brazilian and Australian companies and organisations.

1.14 During the visit in Rio de Janeiro, the delegation met with a number of organisations and companies. The delegation thanks the following officials for taking the time to meet the delegation:

- Oswaldo Cruz Foundation (FIOCRUZ) – Mrs Flávia Teixeira, Project Manager and Mr Guilherme Costa, Engagement and Communication Coordinator.
- Karoon Gas – Mr Tim Hosking, South America General Manager, Mr Ricardo Canela, HSSE Manager, and Mr Ricardo Abi Ramai, Project Manager.
- BHP Billiton and Samarco – Mr Flavio Bulcão, Director of Operations, BHP, Brazil, Mr Dan McLaughlin, HSE Expert, Samarco.
- Federation of the Industries of the State of Rio de Janeiro (FIRJAN) – Mr Pedro Spadale, International Relations Manager, Government of the State of Rio de Janeiro and Mr Robert Muggah, Co-founder and Research Director of the Igarapé Institute.

1.15 The delegation then travelled to Brasilia, the capital of Brazil and met with the following parliamentarians, ministers and ministry officials:

- His Excellency Senator Eunício Oliveira, President of the Senate of Brazil.

- Her Excellency Senator Ana Amélia de Lemos, Head of the Brazil-Australia Parliamentary Friendship Group, and other representatives of the group.
- His Excellency Senator Fernando Collor, Head of the Senate Commission on Foreign Relations and National Defence.
- His Excellency Senator Tasso Jereissati, Head of the Senate Commission on Economic Affairs.
- Minister for Planning, Development and Management, Mr Esteves Pedro Colnago Junior and officials of the Ministry for Planning, Development and Management.
- Ministry of Finance – Mr Fábio Kanczuk, Secretary of Economic Policy, Ministry of Finance and officials of the Ministry of Finance.

1.16 In Chile, the delegation travelled to Santiago and Valparaíso. In Valparaíso, the delegation met with the following parliamentarians at the National Congress:

- Hon Deputy Jaime Mulet Martínez, First Vice President of the Chamber of Deputies.
- Hon Deputy Cristina Girardi Lavín, President of the Committee for Education, Chamber of Deputies.
- Hon Deputy Daniella Cicardini Milla, President of the Committee for Interior Government, Nationality, Citizenship and Regionalisation, Chamber of Deputies.
- Hon Deputy Juan Luis Castro Gonzáles, President of the Committee for Health, Chamber of Deputies.
- Hon Deputy Iván Norambuena Farías, President of the Australia-Chile Parliamentary Friendship Group, and other representatives of the group.
- Dr Emilio Santelices Cuevas, Minister of Health.

1.17 In Santiago, the delegation was honoured to meet the following parliamentarians, ministers and officials:

- His Excellency Senator Carlos Montes Cisternas, President of the Senate.
- Mr Gerardo Varela Alfonso, Minister for Education.
- Centre for Public Studies – Mr Leonidas Montes, Director, Mr Slaven Razmilic and Mr Lucas Sierra.
- Mr Francisco Moya Castro, Head of the Division of International Affairs and other officials of the Investigations Police of Chile (PDI).

1.18 The delegation thanks all the officials and representatives for meeting with the delegation and for contributing to an insightful and educational experience.

Australia's relationship with Latin America

1.19 In 2001, the Australian Government established the Council on Australia-Latin America Relations (COALAR) with the aim of enhancing commercial, political and cultural relations between Australia and Latin America.

1.20 COALAR was formed in response to recommendations contained in the Joint Standing Committee on Foreign Affairs, Defence and Trade 2000 inquiry report on Australia's Trade and Investment Relationship with South America.¹

1.21 The objectives of COALAR are to enhance and strengthen links between Australia and Latin America in the priority areas of business, education, sustainability, tourism and cultural promotion.² Since its inception, COALAR has been active in promoting business, education, tourism and cultural links between Australia and Latin America.

1.22 These links were emphasised throughout the delegation's visit. During meetings and site visits, issues of common interest including trade and education were highlighted as the basis on which to build stronger ties and diversify partnerships. This report, as a reflection of the delegation's visit and discussions, considers these linkages.

1 Joint Standing Committee on Foreign Affairs, Defence and Trade, *Australia's Trade and Investment Relationship with South America*, 4 September 2000, https://www.aph.gov.au/Parliamentary_Business/Committees/House_of_Representatives_Committees?url=jfadt/samer/samindex.htm (accessed 17 May 2018).

2 Department of Foreign Affairs and Trade, Council on Australia Latin America Relations (COALAR), <http://dfat.gov.au/people-to-people/foundations-councils-institutes/coalar/Pages/council-for-australia-latin-america-relations-coalar.aspx> (accessed 23 April 2018).

Chapter 2

Australia and Brazil

2.1 The delegation visited Brazil from 7 to 11 April 2018. The delegation first visited Rio de Janeiro before traveling onto the Brazilian capital, Brasilia.

Relationship between Brazil and Australia

2.2 Australia's relationship with Brazil is founded on bilateral trade agreements. The bilateral trade and investment relationship has strengthened over a number of years and Brazil has grown to become Australia's largest trading partner in Latin America. At the same time, the nature of the relationship has also diversified to incorporate a wide range of common interests including education, science and technology.

2.3 Australia opened its first diplomatic mission in Latin America in the former Brazilian capital, Rio de Janeiro, in 1946. The following year, Brazil established a diplomatic presence in Canberra.

2.4 The most recent parliamentary delegation to Brazil took place from 4 to 13 April, 2011.¹ In its report, the 2011 delegation noted the strong and growing bilateral relationship between the two countries.

2.5 In June the following year, the Australian Prime Minister and Brazilian President elevated the bilateral relationship between the two countries to that of a 'strategic partnership' in recognition of the deepening relationship between the two nations.² As part of the Australia-Brazil Strategic Partnership, the two countries agreed to undertake a number of initiatives directed at improving bilateral linkages. These initiatives were taken in a diverse range of areas including education, resources and energy, science and technology, trade and investment.

2.6 Thereafter, a number of bilateral initiatives and memoranda of agreement were signed on a range of issues including mutual legal assistance in criminal matters, education, research and vocational training.³

2.7 In early March 2018, the Minister for Trade, Tourism and Investment, the Hon Steven Ciobo MP visited Brazil to promote investment opportunities for Australian companies. During his visit, Minister Ciobo highlighted the opportunities

1 Prior to the 2011 visit, there was a parliamentary delegation to Brazil in 2007.

2 Department of Foreign Affairs and Trade, Brazil country brief, <http://dfat.gov.au/geo/brazil/Pages/brazil-country-brief.aspx> (accessed 24 April 2018).

3 Department of Foreign Affairs and Trade, Brazil country brief, <http://dfat.gov.au/geo/brazil/Pages/brazil-country-brief.aspx> (accessed 24 April 2018).

for Australian enterprises in sectors including innovation, research, mining, education and financial services.⁴

2.8 During its visit to Brazil, it became apparent to the delegation that there are many challenges that are common to both nations, despite considerable socio-economic and political differences. Indeed, meetings undertaken with Brazilian parliamentarians, ministers and officials, as well as private sector agencies focused on managing comparable issues in health, education, and federal/state relations such as budgetary considerations. These meetings provided a forum to exchange ideas and to discuss respective methods and approaches to dealing with these challenges.

2.9 Alongside common challenges, there are other similarities between the two nations which became evident during the visit. Both countries have historically relied on their natural resources and have, in more recent times, focused on diversifying their economies. Given the geographical diversity of both countries, they share common environmental challenges including drought. These factors have provided the basis on which linkages for scientific and research collaboration between Australian and Brazilian universities and research institutions have been forged. They have also led to the development of partnerships in the areas of agriculture and infrastructure.

2.10 The two nations have also influenced each other architecturally since the turn of the century. Both nations have designed capital cities, Canberra and Brasilia, which share a number of design and landscape similarities.⁵ In 1987 Brasilia was inscribed on the UNESCO world heritage list as a cultural site.⁶

Context of the delegation's visit

2.11 The delegation's visit took place at a time of particular political significance in Brazil with the country going to the polls in October 2018. The elections are considered vital to Brazil's future with the country due to elect the President, Vice President, National Congress, state governors and state legislative assemblies.

2.12 As a requirement under the law, cabinet ministers had to resign their positions by 7 April, or six months before polling day, to run for elected office. The delegation's visit coincided with the resignation of a number of cabinet ministers in the lead up to the election.

4 Minister for Trade, Tourism and Investment, The Hon Steven Ciobo MP, Growing trade and investment with Brazil, *Media release*, 5 March 2018, http://trademinister.gov.au/releases/Pages/2018/sc_mr_180305.aspx?w=tb1CaGpkPX%2FIS0K%2Bg9ZKEg%3D%3D (accessed 27 April 2018).

5 According to Christopher Vernon, Brazil had 'entered Australia's architectural imagination' as early as 1914. In 1948, Australian architect Harry Seidler worked in Rio with Brazilian architect Oscar Niemeyer who designed the civil buildings for Brasilia. Christopher Vernon, 'A southern design dialogue', *Architecture Australia*, September 2010, Vol. 99 No. 5, <https://architectureau.com/articles/exchange/> (accessed 27 April 2018).

6 UNESCO, World Heritage List, Brasilia, <http://whc.unesco.org/en/list/445> (accessed 27 April 2018).

2.13 The visit also coincided with the imprisonment of former president (2003-2010) and prospective 2018 presidential candidate, Mr Luiz Inacio Lula da Silva. On 8 April, Mr da Silva surrendered himself to the authorities to begin a 12-year prison sentence for corruption and money laundering. Two days earlier, the Supreme Court had denied his request to remain free until his appeals had been exhausted.⁷

2.14 The impact of the imprisonment of Mr da Silva on the forthcoming election was a matter of considerable public debate. It also raised questions about the impact of the Supreme Court's ruling on other elected representatives, particularly in light of ongoing 'Operation Car Wash' investigations.⁸ Moreover, it coincided with an ongoing Supreme Court trial to determine whether certain legal privileges conferred upon parliamentarians, including immunities from prosecution, should be restricted.⁹

2.15 It was against this backdrop of upcoming elections and unfolding political events that the delegation's visit took place.

Parliament to Parliament linkages

2.16 The National Congress is a two-chamber legislature comprising the Federal Senate and the Chamber of Deputies. The 81 Senators are elected to an eight-year term, with elections held every four years, alternating between one and two-thirds of the seats. Brazil has 26 states which are represented by 513 deputies. Deputies are elected for a four-year term through a proportional electoral system, as set out in the Brazilian Constitution.

2.17 The National Congress of Brazil is located in the capital, Brasilia. The building was designed by the famous Brazilian architect Oscar Niemeyer in the modern Brazilian style. Previously housed in two separate buildings in Rio de Janeiro, Niemeyer brought the two parliamentary chambers together in Brasilia. Rising above a flat roof and either side of twin high-rise buildings, two cupolas represent the bicameral legislature. The Senate chamber is shaped as a shallow parabolic dome while Niemeyer inverted the symbolic dome to create a bowl shape for the Chamber of Deputies.¹⁰

7 Manuela Andreoni and Shasta Darlington, 'As President 'Lula' of Brazil Opened the Prison. Now He's an Inmate', *New York Times*, 9 April 2018, <https://www.nytimes.com/2018/04/09/world/americas/brazil-lula-jail.html> (accessed 28 April 2018).

8 Since early 2014, Brazil has been subject to an unprecedented series of corruption investigations focused on kickbacks at state-run firms. Jonathan Watts, 'Operation Car Wash: Is this the biggest corruption scandal in history?', *The Guardian*, 1 June 2017, <https://www.theguardian.com/world/2017/jun/01/brazil-operation-car-wash-is-this-the-biggest-corruption-scandal-in-history> (accessed 4 June 2018).

9 'Parliamentary immunity: what's at stake in the Supreme Court', *The Brazilian Reporter*, 3 May 2018, <https://brazilian.report/2018/05/03/parliamentary-immunity-supreme-court/> (accessed 10 May 2018).

10 David Douglass-Jaimes, 'AD Classics: National Congress/ Oscar Niemeyer', *ArchDaily*, 21 September 2015, <https://www.archdaily.com/773568/ad-classics-national-congress-oscar-niemeyer> (accessed 28 April 2018).

2.18 As a multiparty republic, Brazil has 35 registered political parties of which 26 are currently represented in the National Congress.¹¹ Amongst the parties, various alliances and coalitions are formed, which are particularly significant given that Brazil's electoral laws prohibit independent candidates.¹²

2.19 At the time of writing, there were twelve presidential candidates for the forthcoming election.¹³ One such candidate and former president (1990 to 1992), HE Senator Fernando Collor, informed the delegation during its meeting with him that that he would contest the election as a presidential candidate.

Senator Ryan and Ms Collins with HE Senator Collor – National Congress



2.20 The delegation was privileged to meet HE Senator Collor, who is the current Chair of the Senate Commission on Foreign Relations and National Defence. During the delegation's meeting, Senator Collor emphasised the need to draw on the commonalities between the two nations to further consolidate the bilateral relationship. The discussion with him focused on the strength and longevity of the

11 In the lead up to the 2018 elections, there were at least an additional 12 parties awaiting recognition in the Superior Electoral Court including the Brazilian Favela Front Party, set to launch favela candidates into political office. Ciara Long, Eli Nemzer and Rodrigo Arantes, 'Backgrounder: Demystifying Brazil's Web of Political Parties', *Rioonwatch*, 26 September 2016, <http://www.rioonwatch.org/?p=32871> (accessed 10 May 2018).

12 Aureo Dias Mesquita, 'New Political Movements and Political Parties Join Forces to Launch Candidates in 2018 Elections', Wilson Centre, 14 May 2018, <https://www.wilsoncenter.org/blog-post/new-political-movements-and-political-parties-join-forces-to-launch-candidates-2018> (accessed 25 May 2018).

13 Joao Feres Junior and Fabio Kerche, 'Brazilian candidate still crushing his rivals from jail', *The Conversation*, 16 May 2018, <https://theconversation.com/brazilian-candidate-still-crushing-his-rivals-from-jail-95634> (accessed 25 May 2018).

bilateral relationship between the two nations which is underpinned by a shared commitment to free trade and investment.

2.21 An important focus of the delegation's visit to Brazil was the opportunity to strengthen ties between the parliaments. Therefore, the delegation was honoured to visit the National Congress and to have the opportunity to meet the President of the Federal Senate, HE Senator Eunício Oliveira and to be officially introduced in the Senate of Brazil.

2.22 The delegation also met with HE Senator Tasso Jereissati, Head of the Senate Commission on Economic Affairs. Discussions focused on educational and other linkages between the two countries. Senator Jereissati made the point that the territories of the two nations were geographically similar. It was noted that as one-third of Brazil suffers from drought, joint initiatives in the area of drought prevention, including research and collaboration between Australian and Brazilian institutions, should be encouraged.

2.23 During its visit to the National Congress, the delegation was fortunate to be accompanied by HE Senator Ana Amélia de Lemos, Head of the Brazil-Australia Parliamentary Friendship Group.

2.24 Noting the level of activity during its visit to the National Congress, the delegation expresses its particular thanks to Senator Ana Amélia for dedicating her time to accompanying us throughout the day.

HE Senator Ana Amélia introducing the delegation to the Senate of Brazil



Trade and investment

2.25 Australian and Brazilian foreign and trade policy interests coincide in several important areas, while the two countries have historically cooperated on issues of mutual interest including agricultural trade reform in the World Trade Organisation.

2.26 Australian economic engagement with Brazil has grown at a steady pace since the mid-1990s, primarily in mining, agribusiness, services, and more recently in the education sector. In the 2013–14 financial year, two-way merchandise trade between the two countries totalled \$1.414 billion. By 2016–17, the two way trade between Australia and Brazil had grown to more than \$3.3 billion.

2.27 More than 100 Australian companies now have a presence in Brazil, primarily through joint ventures. Amongst them are BHP Billiton, Karoon Gas and Pacific Hydro Australia, which entered the Brazilian market in 2006.¹⁴

2.28 The major Australian exports to Brazil are coal, aluminium, fertilisers as well as insecticides, herbicides and disinfectants. Brazilian imports into Australia include medicaments, coffee, pulp and waste paper, as well as civil engineering equipment and parts.¹⁵

2.29 Throughout its visit to Brazil, the delegation discussed current and emerging opportunities for increased Australian trade and investment in areas including information technology, biotechnology, transportation, banking, insurance, mining, water management, oil and gas, education, agribusiness, retail, tourism and infrastructure.

Fiscal challenges

2.30 Opening up the Brazilian economy to enable greater foreign investment was recognised as vital to the country's economic revival. While reported to be showing positive signs of recovery, the country experienced a period of significant recession from 2015.¹⁶

2.31 During discussions with the Minister of Planning, Development and Management, Mr Esteves Pedro Colnago Junior and ministry officials, the delegation was informed of the multifaceted economic and fiscal challenges facing the country.

2.32 Ministry officials explained that the Brazilian economy was responding to adjustment policies and efforts underway to transform the economy to promote fiscal

14 Pacific Hydro Australia, About Pacific Hydro Australia, <http://www.pacifichydro.com.au/english/about/about-pacific-hydro-australia/?language=en> (accessed 26 April 2018).

15 Department of Foreign Affairs and Trade, Brazil, Australian Government, <http://dfat.gov.au/trade/resources/Documents/braz.pdf> (accessed 10 May 2018).

16 The World Bank has noted that considerable economic and social progress was made in Brazil from 2003 to 2014 when the country lifted 29 million people out of poverty. However, the rate of poverty reduction stagnated after 2015 when the country went into a deep recession. The World Bank in Brazil, Overview, The World Bank, <http://www.worldbank.org/en/country/brazil/overview> (accessed 10 May 2018).

sustainability and reduce debt. Brazil has sought to pursue fiscal adjustment measures and a reform agenda to re-establish confidence and restore a favourable investment environment. The ministry informed the delegation that there are plans underway for further structural reform and efficiency measures to stabilise the country's debt. However, there are numerous challenges to achieving fiscal adjustment, including budget rigidities, given that less than 15 per cent of national expenditure is discretionary.¹⁷

2.33 During its meeting with the Minister Colnago Junior, and ministry officials, the delegation was informed that a considerable amount of public spending is determined by the Constitution or is legally mandated. The existence of mandated minimum spending levels for social programs as well as other forms of expenditure and revenue earmarking, including required transfers to the states and municipalities, have contributed to a state whereby there is limited budget flexibility.¹⁸ Ministry officials noted that these budgetary limitations coupled with pension liabilities have imposed considerable challenges on the Brazilian economy.

2.34 Brazil is faced with a growing challenge whereby it has a rapidly ageing population, generous pension scheme and a low minimum retirement age. The average age of retirement is 56 years for men and 53 years for women.¹⁹ Overhaul of the public pension system, widely seen as unsustainable, was recognised by government officials as the key to reducing the country's budget deficit.

2.35 In 2013, the pension scheme amounted to 3 per cent of GDP but it ballooned to 10 per cent in 2015, before being edged back to 8.2 per cent of GDP in 2016 and 7 per cent in 2017. However, it is estimated that, under the current rules, pension expenditure could reach 17 per cent of GDP by 2060 and thereby substantially contribute to the central government's budget deficit.²⁰

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- 17 The World Bank in Brazil, Overview, <http://www.worldbank.org/en/country/brazil/overview> (accessed 1 May 2018). Other reports suggest that discretionary expenses amounted to about 22 per cent. See James M. Donald and David Jauregui, *Revitalising Brazil's Economy through Reforms*, Lazard Asset Management, 27 November 2017, https://www.lazardassetmanagement.com/docs/-sp13-/48339/RevitalizingBrazilsEconomyThrough_LazardResearch_en.pdf (accessed 10 May 2018).
- 18 Approximately 40 per cent of the federal government's primary spending, or 50 per cent of mandatory expenditures, is consumed by social security system benefits. James M. Donald and David Jauregui, *Revitalising Brazil's Economy through Reforms*, Lazard Asset Management, 27 November 2017, https://www.lazardassetmanagement.com/docs/-sp13-/48339/RevitalizingBrazilsEconomyThrough_LazardResearch_en.pdf (accessed 10 May 2018).
- 19 OECD, Policy Memo, Reforming Brazil's Pension System, April 2017, <https://www.oecd.org/brazil/reforming-brazil-pension-system-april-2017-oecd-policy-memo.pdf> (accessed 10 May 2018).
- 20 OECD, Pension Reform in Brazil – OECD – April 2017, 2 May 2017, <https://www.fiapinternacional.org/en/pension-reform-in-brazil-oecd-april-2017/> (accessed 10 May 2018).

2.36 The OECD has noted that planned pension reform is crucial to ensure compliance with the expenditure rule and to promote fiscal sustainability.²¹ This view was shared by the Secretary of Economic Policy at the Ministry of Finance, Mr Fábio Kanczuk who highlighted the importance of pension reform to securing long-term fiscal prosperity.

2.37 The prospect of pension reform, which is not popular amongst Brazilian workers, is expected to be a key election issue.

2.38 The Ministry of Planning, Development and Management also highlighted the importance of pursuing labour reforms within a modern legal framework in order to strengthen labour agreements. In addition, the Ministry noted the importance of addressing the informal or shadow economy. This shadow or underground economy is estimated to account for 16.6 per cent of the country's GDP.²²

Delegation meeting with Minister of Planning, Development and Management, Mr Esteves Pedro Colnago Junior and ministry officials – Brazilia



21 OECD, Brazil–Economic forecast summary (November 2017), <http://www.oecd.org/brazil/brazil-economic-forecast-summary.htm> (accessed 10 May 2018).

22 An underground economy is the production of goods and services deliberately not reported to the government, in order to evade taxes, avoid social security contributions, avoid compliance with labour laws and regulations, and bypass expenses to ensure compliance with respective regulations. Brazilian Institute of Competition Ethics and FGV's Brazilian Institute of Economics –Underground Economy Index, 'Underground economy causes BRL 1 trillion loss to Brazil', FGV, 28 November 2017, <https://portal.fgv.br/en/news/underground-economy-causes-brl-1-trillion-loss-brazil> (accessed 10 May 2018).

Australian companies in Brazil

2.39 Australian investment in Brazil is focused on mining, IT, and advanced manufacturing.

2.40 A primary focus of the delegation's visit to Brazil was to gain a greater understanding of the opportunities and challenges facing Australian companies seeking to invest in Brazil. The delegation's program focused on those sectors where Australia has considerable expertise, such as mining and resources, education, and health.

2.41 The delegation met with representatives of Karoon Gas and BHP Billiton. Karoon Energy International Ltd is an independent oil and gas exploration company based in South America. It is a member of the Karoon Group, which is owned by Karoon Gas Australia Ltd (Karoon Australia), an Australian company that plays an important role in the oil and gas exploration industry. Karoon Australia has shares listed on the Australian Securities Exchange.

2.42 BHP Billiton Brazil and Vale each hold a 50 per cent shareholding in Samarco Mineração S.A (Samarco). On 5 November 2015, the Fundao tailings dam, operated by Samarco at its mine site in Brazil's south-eastern Minas Gerais state, failed. A significant volume of mine tailings (water and mud-like waste) was released when the dam wall collapsed, causing the flooding of a number of local villages and the tragic death of 19 people.

2.43 Mining operations were suspended and a not-for-profit autonomous foundation, the Renova Foundation, was established with the agreement of the Brazilian authorities to remediate and compensate the affected local communities. BHP agreed to fund a total of up to US\$181 million for its share in financial support for the Renova Foundation and Samarco until 30 June 2018.²³

2.44 During its meeting with BHP Billiton and Samarco, the delegation discussed the restoration and compensation scheme as well as the lessons learnt from the Samarco tragedy. The delegation was informed that BHP has undertaken a review of its risk management processes, accountability systems and governance structures. It has also undertaken a number of internal reviews into the management of dams and tailings and of joint ventures with particular focus on the safety and health aspects.

2.45 Mr Flavio Bulcão, Director of Operations for BHP Billiton informed the delegation that resuming operations will not only require the granting of licences by state and federal authorities, but also local community support.

2.46 The delegation also met with representatives of the Federation of the Industries of the State of Rio de Janeiro (FIRJAN). FIRJAN serves as a network of industry organisations with a shared goal to promote competitiveness, education and quality of life for workers and society, while contributing to the sustainable development of the State of Rio de Janeiro.

23 BHP, 'Samarco update', *News Release*, 22 December 2017, <https://www.bhp.com/media-and-insights/news-releases/2017/12/samarco-update> (accessed 10 May 2018).

2.47 Mr Pedro Spadale, International Relations Manager, Government of the State of Rio de Janeiro informed the delegation about initiatives underway to promote and facilitate investment in Rio.

2.48 The delegation also met Mr Robert Muggah, co-founder and Research Director of the Igarapé Institute. Mr Muggah detailed some of the challenges facing Brazil with regard to cybercrime, homicide and citizen security issues. He explained some of the initiatives undertaken by the Igarapé Institute in these areas including 'CrimeRadar'. CrimeRadar serves as a digital platform that uses historical crime data to predict crime rates in different neighbourhoods at different times. It runs on smartphones and desktop browsers with the aim of engaging the public in crime prevention. According to the Igarapé Institute:

CrimeRadar draws on over five years of crime data (roughly 14 million reported crime events) collected by the Rio de Janeiro state police. By isolating out patterns across incidents, locations and time, the app is able to determine relative crime risks today, tomorrow and into next week – and also features historical crime trends going back 12 months.²⁴

People to people links

2.49 In addition to a strong and expanding trade and investment relationship, Australia and Brazil have growing people to people links. A key growth area in terms of Australia-Brazil relations is that of travel.

2.50 Tourism between the two countries has grown steadily over the last decade and Brazil has become the largest Latin American market for visitors to Australia. Of the 47,200 Brazilian visitors to Australia in 2016, 11,600 or 30 per cent engaged in some form of education, 24 per cent visited friends and relatives and a further 7 per cent undertook business activities.²⁵

2.51 Over 41,000 Australian tourists visited Brazil in 2014, of whom around 20,000 travelled to Brazil for the 2014 FIFA World Cup.²⁶

2.52 In November 2017, a new e-visa system for Australian passport holders travelling to Brazil was introduced. The system was the subject of discussion throughout the delegation's visit as it enables Australians to complete the entire visa process online and without having to attend a consulate in person.

2.53 In 2016 during the Summer Olympic and Paralympic Games in Rio de Janeiro, Brazil introduced a temporary visa-waiver program for travellers from four countries, including Australia. The program enabled entry into Brazil without a visa

24 Igarapé Institute, 'CrimeRadar', <https://igarape.org.br/en/apps/crimeradar/> (accessed 10 May 2018).

25 Tourism Australia, Brazil Market Profile 2017, <http://www.tourism.australia.com/content/dam/assets/document/1/6/x/g/6/2002902.pdf> (accessed 10 May 2018).

26 Universities Australia, Brazil Australia Higher Education Forum, 9–10 June 2015, <https://internationaleducation.gov.au/International-network/Brazil/policyupdate/Documents/Background%20reading.pdf> (accessed 10 May 2018).

for up to 90 days. According to the Brazilian Government, this initiative in combination with the Olympics, saw a 55 per cent increase in the number of travellers from the four countries, when compared to the same period a year earlier. Of these, approximately, 49,800 were Australian tourists visiting Brazil, representing an 11 per cent increase on the previous year.²⁷

2.54 Thereafter, the e-visa system was introduced on a permanent basis and is expected to boost the number of Australians travelling to Brazil into the future.

Education

2.55 Education is a key area of growing opportunity for cooperation between Australia and Brazil with significant ties between the two nations.

2.56 The delegation was informed of a range of opportunities to deepen academic and research engagement between the two countries and build on the links established through the *Science without Borders* scholarship program.

2.57 The number of Brazilian students studying in Australia has risen steadily over time. In 2011, there were 15,270 such students and by 2014, there were more than 22,267 Brazilians studying in Australia. In the same year, there were more than 80 active agreements between Australian educational institutions and the Brazilian government and its educational institutions.²⁸

2.58 In 2016 alone, there were 29,440 enrolments of Brazilian students in Australian institutions while there were more than 110 active agreements between Australian educational institutions and Brazilian governments and institutions. Today, Brazil provides the largest source of international students to Australia outside of Asia.

2.59 The delegation was informed that Brazilian students in Australia now comprise the third largest international student flow after China and India.

2.60 Education linkages include joint university research collaboration. The Brazilian Government launched a new program in November 2017 to internationalise its educational institutions. It identified Australia as a priority country for partnerships with Brazilian institutions. The new program is directed at facilitating research collaboration, creating strong institutional ties and identifying joint sources of funding.²⁹

27 Nelson Belen, 'Brazil Unveils E-Visa for Australian Travellers; US, Canada, Japan Next', *The Rio Times*, 23 November 2017, <http://riotimesonline.com/brazil-news/rio-politics/brazil-unveils-e-visa-for-australian-travelers-us-canada-japan-next/> (accessed 10 May 2018).

28 Universities Australia, Brazil Australia High Education Forum, 9–10 June 2015, <https://internationaleducation.gov.au/International-network/Brazil/policyupdate/Documents/Background%20reading.pdf> (accessed 25 May 2018).

29 Flinders University, Internationalisation of Brazilian Higher Education Institutions – Australia as a priority, 23 January 2018, <https://research.flinders.edu.au/rp/Blog/5156/new-opportunities-internationalisation-of-brazilian-higher-education-institutions-australia-as-a-priority> (accessed 25 May 2018).

2.61 One program which the delegation was able to engage with was that of the Nuffield initiative. Nuffield International serves as a global network of farmers to promote excellence in agricultural production, distribution and management. Scholarships are awarded to farmers and professionals to study and investigate an agricultural issue worldwide. Australia became a member country of Nuffield in 1950 and Brazil is an Associate Country.

2.62 In 2018, two agriculturalists from Brazil and two from the United States were selected as Nuffield Scholars, joining a further 1,300 scholars from eleven countries as part of the global scholarship initiative to build the capacity of farmers, ranchers and agriculture professionals worldwide.³⁰

2.63 The delegation was pleased to meet with a number of the Nuffield International Farming Scholars during a function hosted by HE Ambassador Richardson. The delegation had the opportunity to meet with Sally Thomson, the Nuffield Honorary Ambassador for Brazil, who provided an overview of the program. The delegation was also fortunate to meet with a number of the 2018 Scholars including Steven (Archie) Griffin from Washington NC, Sarah Bolton from Southgate, NSW, and Stuart Borg from Sarina, Queensland. The delegation notes the high level of professionalism displayed by the scholars and was impressed by the calibre of their research.

2.64 The delegation was informed that some of the challenges in education for Brazil emanate from a historical focus on the university sector. In 2014, the OECD noted that public education institutions in Brazil spend four times more per tertiary student than on primary or secondary students.³¹ However, the delegation found that there was widespread recognition of the need to focus on the early education sector, as well as on the quality of education provided to Brazilian students.

Health

2.65 A primary example of a significant collaborative relationship between Australia and Brazil is that of the joint work currently undertaken in Brazil to reduce the country's burden of mosquito-borne diseases.

2.66 Brazil suffers from a range of mosquito-borne diseases including dengue, the zika virus and chikungunya. An estimated 7 million cases of dengue fever have been reported in Brazil since the 1980s. From 2009 to 2014, there were 3.2 million cases of dengue fever and 800 dengue-related deaths.³²

30 'Brazil and USA Talent Joins International Farming Network', *Media Release*, Nuffield International Farming Scholars, 22 December 2017, http://www.nuffieldinternational.org/scholarship/2018_scholarships_media_release.pdf (accessed 10 May 2018).

31 OECD, *Education at a Glance 2014, Brazil, Country Note*, <http://www.oecd.org/education/EAG2014-Country-Note-Brazil.pdf> (accessed 10 May 2018).

32 World Mosquito Program, Brazil, <http://www.eliminatedengue.com/br> (accessed 10 May 2018).

2.67 Brazil has also suffered outbreaks of the zika virus. In 2015, there were an estimated 50,000 to 1.5 million cases of zika and approximately 200,000 cases in 2016. In May 2017, the country witnessed a drop in cases by 95 per cent.³³

2.68 The World Mosquito Program (WMP) is an international research collaboration which aims to reduce the global burden of mosquito-borne disease such as dengue, zika and chikungunya. It is led by Professor Scott O'Neill, Director of the Institute of Vector-Borne Disease at Monash University.³⁴

2.69 The WMP introduces *Wolbachia* into *Aedes aegypti* mosquitoes, the primary vector of these viruses. *Wolbachia* are naturally occurring bacteria found in 60 per cent of all insect species, and are safe for humans, animals and the environment.

2.70 When mosquitoes with *Wolbachia* are released, they breed with wild mosquitoes which then carry *Wolbachia*. These mosquitoes have a reduced ability to transmit viruses to people, decreasing the risk of zika, dengue and chikungunya outbreaks.

2.71 The WMP was brought to Brazil by the Oswaldo Cruz Foundation (FIOCRUZ) under the guidance of the Ministry of Health. The delegation met with Mrs Flávia Teixeira and Mr Guilherme Costa of FIOCRUZ in Rio de Janeiro.

2.72 The WMP began its operations in Brazil by undertaking small-scale trials using *Wolbachia* in two neighbourhoods – Tubiacanga in Rio de Janeiro (2014–2015) – and Jurujuba in Niterói (2015). Following the success of the trials, the project was expanded in 2017 as part of a national effort to combat zika and other mosquito-borne diseases in Brazil. It is expected that the program will reach 2.7 million people across the municipalities of Rio de Janeiro and Niterói by early 2019.³⁵

2.73 The delegation was informed that prior to the release of the *Wolbachia* mosquitoes, project researchers and the community engagement team spent more than two years monitoring mosquitoes and working with the local community. Furthermore, during and after releases of the *Wolbachia* mosquito, engagement with the local community continues to ensure that residents understand the research and engage with it. The point was made to the delegation that the program complements other control strategies already underway such as that of removing breeding sites.

2.74 FIOCRUZ has plans to expand the program into the north of Brazil and is currently undertaking a review of the cost-effectiveness of the program for the Ministry of Health.

33 Kristi Rosa, 'A Detailed Look at the Zika Virus Epidemic in Brazil', *ContagionLive*, 1 March 2017, <http://www.contagionlive.com/news/a-closer-look-at-the-zika-virus-epidemic-in-brazil>; 'Zika virus: Brazil says emergency is over'. *BBC News*, 12 May 2017, <http://www.bbc.com/news/world-latin-america-39892479> (accessed 10 May 2018).

34 Professor Scott O'Neill, Monash University, <https://www.monash.edu/vector-borne-disease/about-us/our-people/scott-oneill> (accessed 10 May 2018).

35 World Mosquito Program, Brazil, <http://www.eliminatedengue.com/br> (accessed 10 May 2018).

Release of Wolbachia mosquito in Tubiacanga, Rio de Janeiro in September 2014 as part of the first field trial in South America – FIOCRUZ ³⁶



36 World Mosquito Program, First *Wolbachia* mosquitoes released in Brazil, 25 September 2014, <http://www.eliminatedengue.com/br/progress/view/news/343> (accessed 10 May 2018).

Chapter 3

Australia and Chile

3.1 The delegation visited Chile from 11 to 15 April, travelling to both Santiago and Valparaíso.

Historical relationship between Chile and Australia

3.2 Australia has a long historical relationship with Chile. The relationship goes back to the beginning of modern Australia when Chilean wheat imports fed the immigration influx to Australia during the successive gold rushes of the 19th Century.¹

3.3 Australia's third Prime Minister, John Christian Watson was born in Valparaíso, Chile in 1867. He served as Prime Minister for a term from April to August 1904.

3.4 Chilean consular representation was established in Australia as early as 1899 in Newcastle. Diplomatic ties were established when the first Chilean chargé d'affaires en titre presented credentials in Canberra on 5 July 1945. In September 1969, the mission upgraded to an Embassy and an Ambassador was appointed. An Australian Legation in Chile was first established in August 1946. Then after a period of suspension, Australia re-established a mission in the form of an embassy in Santiago in June 1968.²

3.5 The strong contemporary bilateral relationship between the two nations is underpinned by a number of shared interests. Both countries have significant mining and agricultural economies, with an Asia-Pacific trade focus. The two countries also have strong, internationally acclaimed, wine making industries.

3.6 In late 2006, Australia agreed in-principal to commence a bilateral negotiation process with Chile, with a view to developing a comprehensive Free Trade Agreement (FTA) to strengthen the trade relationship. Formal negotiations to develop the FTA begin February 2007, with an agreement signed on 30 July 2008.³

3.7 Along with the bilateral FTA and double taxation agreement, a number of other bilateral and international agreements underpin the growing relationship between the two nations. Both nations are members of the Cairns Group of Fair

1 The Hon Julie Bishop MP, Minister for Foreign Affairs, 'Australia and Chile: strong partners linking Asia and Latin America', Article published in El Mercurio, Chile, 2 July 2015, https://foreignminister.gov.au/articles/Pages/2015/jb_ar_150702.aspx?w=tb1CaGpkPX%2FIS0K%2Bg9ZKEg%3D%3D (accessed 4 May 2018).

2 Department of Foreign Affairs and Trade, Chile country brief, <http://dfat.gov.au/geo/chile/Pages/chile-country-brief.aspx> (accessed 10 May 2018).

3 Department of Foreign Affairs and Trade, Australia's free trade agreements (FTAs), Background to the Australia-Chile Free Trade Agreement, <http://dfat.gov.au/trade/agreements/in-force/aclfta/fta-information/Pages/background-to-the-australia-chile-free-trade-agreement.aspx> (accessed 10 May 2018).

Trading Nations which seeks to liberalise global trade in agricultural production.⁴ The two countries were partners to the Trans-Pacific Partnership (TPP) negotiations and during the delegation's visit, the importance of the TPP for both nations was repeatedly emphasised.

3.8 In 2015, Australia and Chile marked the 70th anniversary of diplomatic relations. At that time, the Minister for Foreign Affairs, the Hon Julie Bishop MP described Australia's relationship with Chile as 'our most developed and comprehensive in Latin America'.⁵

3.9 Chile has drawn on Australian models and examples when strengthening its own institutions. In September 2015, Chile's then Minister for the Economy, Development and Tourism, Mr Luis Felipe Céspedes visited Australia to study Australia's Productivity Commission. The Minister also visited Melbourne University, where more than 150 Chilean students were completing their higher education.⁶

3.10 Chile's own Productivity Commission had been created months earlier by decree, in February 2015. It is significantly influenced by the Australian model and the Australian Productivity Commission has provided assistance and strategic advice to its Chilean counterpart over some years.⁷

3.11 In addition, the Chilean Mining Qualifications Framework was established by the Chilean Mining Skills Council in 2015. It is based on the Australian Qualifications Framework and establishes a set of occupational profiles and training packages.⁸

People to people linkages

3.12 In 2005, Australia and Chile signed a memorandum of understanding (MOU) establishing a work and holiday visa program. It began with 100 places and by 2017

4 The Cairns Group, <http://cairnsgroup.org/Pages/Default.aspx> (accessed 10 May 2018).

5 The Hon Julie Bishop MP, Minister for Foreign Affairs, 'Australia and Chile: strong partners linking Asia and Latin America', Article published in *El Mercurio*, Chile, 2 July 2015, https://foreignminister.gov.au/articles/Pages/2015/jb_ar_150702.aspx?w=tb1CaGpkPX%2FISOK%2Bg9ZKEg%3D%3D (accessed 4 May 2018).

6 Peter Ker, 'Chile and Australia ponder life after the boom together', *Sydney Morning Herald*, 11 September 2015, <https://www.smh.com.au/business/companies/chile-and-australia-ponder-life-after-the-boom-together-20150908-gjhkuw.html>

7 Andrea Renda and Sean Dougherty, Pro-Productivity Institutions: Learning from National Experience. Selected National Experiences, Draft Background Paper, OECD, October 2016, pp. 6, 9 & 18, https://www.oecd.org/mwg-internal/de5fs23hu73ds/progress?id=sooBOOTfpFxFJ_M7qt8YW1NID3WAhimtkDfki-0N19t0,

8 Overview of skills training in the Chilean mining sector, Austrade, 27 July 2015, <https://www.austrade.gov.au/education/news/updates/overview-of-skills-training-in-the-mining-sector>; David Landers, Speech 2nd Australia-Chile Economic Leadership Forum, 6 December 2016, Melbourne, <http://www.alabc.com.au/News/ID/3063/David-Landers--Speech-2nd-Australia-Chile-Economic-Leadership-Forum-Melbourne-6-December-2016>

had increased to an annual intake of 2,000 places.⁹ The program is directed at young Chileans and Australians with appropriate qualifications and language skills. It provides them with an opportunity to experience life living and working in another country.

3.13 From September 2011, Chilean nationals were eligible to apply online for the e676 electronic Australian tourist visa.¹⁰ Thereafter, the number of Chilean tourists has continued to rise. In July 2017, there were 2,100 short term visitors (who stayed less than one year) and in February 2018, the number had risen to 3,500.¹¹

3.14 In 2017, a total of 51,978 Australian tourists visited Chile, marking an increase of 2 per cent compared to 2016.¹²

Parliament to Parliament relations

3.15 As an active member of the international parliamentary community, Australia recognises the importance of international parliamentary relations with other parliaments. Therefore, the opportunity to meet with Chilean parliamentarians was a key priority for the delegation.

3.16 The delegation was honoured to visit the National Congress of Chile in Valparaíso and to have the opportunity to meet with the Hon Deputy Jaime Mulet Martínez, First Vice President of the Chamber of Deputies. The delegation also met with HE Senator Carlos Montes Cisternas, President of the Senate in Santiago. The delegation was able to use the opportunity to formally extend an invitation to the presiding officers to visit the Australian Parliament.

3.17 During the delegation's meeting with the presiding officers, the role of the Australia's Parliamentary Budget Office (PBO) and its Chilean equivalent were discussed. Of particular interest to participants was that of the respective budgetary processes undertaken in each country and of the role of Senate estimates.

9 The Hon Alex Hawke MP, Assistance Minister for Home Affairs, 'Australia-Chile Work and Holiday arrangement grows', *Media release*, 28 June 2017, <http://minister.homeaffairs.gov.au/alexhawke/2017/Pages/australia-chile-work-and-holiday-arrangement-grows.aspx>

10 Department of Immigration and Citizenship, *Visitor visa program quarterly report*. Quarter ending at 30 September 2011, <https://www.homeaffairs.gov.au/ReportsandPublications/Documents/statistics/visitor-visa-report-sep11.pdf> (accessed 7 May 2018).

11 Australian Bureau of Statistics, 'Visitor arrivals and resident returns by country', http://stat.data.abs.gov.au/Index.aspx?DataSetCode=ABS_OAD_COUNTRY

12 'Chile received record number of tourists in 2017', *Santiago Times*, 10 January 2018, <http://santiagotimes.cl/2018/01/10/chile-received-record-number-of-tourists-in-2017/> (accessed 7 May 2018)

Delegation in the Chamber of Deputies, National Congress of Chile



3.18 The delegation had the opportunity to visit the former National Congress building in Santiago following its meeting with the President of the Senate, Senator Montes.

3.19 The former National Congress building was inaugurated in 1876 and then rebuilt after a fire in 1895. It served as the home of the National Congress until September 1973 when the parliament moved to Valparaíso, some 140 km west of the capital. The former National Congress building was declared a national monument in 1976.

Trade and investment

3.20 The Australia-Chile Free Trade Agreement (FTA) entered into force on 6 March 2009. It covers trade in goods, services, and investment and is recognised as the most comprehensive FTA that Australia has negotiated with another agricultural producing country since the closer Economic Relations Agreement with New Zealand.¹³

13 Austrade, Australia-Chile Free Trade Agreement, <https://www.austrade.gov.au/Australian/Export/Free-Trade-Agreements/Chile/ACIFTA>

3.21 In 2017, Australia launched FTA negotiations with Chile as a member of the Pacific Alliance (Chile, Colombia, Mexico and Peru). Any arrangement that is established will complement the 2009 Australia-Chile FTA.

3.22 On 9 March 2018 in Santiago, the Minister for Trade, Tourism and Investment, the Hon Steven Ciobo MP signed the Comprehensive and Progressive Agreement for Trans Pacific Partnership (TPP-11).¹⁴

3.23 Chile has become Australia's third largest trading partner in Latin America, with two-way trade in goods and services amounting to \$1.4 billion in 2016–17. Australia's largest export is coal (\$349 million), with copper, other ores and concentrates our primary import (\$205 million). Australia is the sixth largest foreign investor in Chile with investments worth over \$6.34 billion.

3.24 Alongside coal, Australia's major exports to Chile include civil engineering equipment and parts, specialised machinery, and measuring and analysing instruments. Major imports into Australia from Chile include ores and concentrates, fruit (prepared or preserved), copper, and wood.¹⁵

3.25 There are over 120 Australian companies operating in Chile today. Austrade has noted that the Australia-Chile FTA coupled with the double taxation agreement and a transparent process for conducting business make Chile a 'natural hub' for Australian companies.¹⁶

3.26 Historically, the trade relationship has been dominated by mining and the mining services sector, as well as agriculture. The official offices of CSIRO Chile were opened by the Foreign Affairs Minister in July 2015. CSIRO Chile serves as a Centre of Excellence in Mining and Minerals Processing co-funded by the Chilean Government. In more recent years, the centre has diversified into water management systems and renewable energy.¹⁷

3.27 The delegation was told that diversifying the Chilean economy was key to reducing the country's economic vulnerability to commodity price cycles and dependence on copper. Its relationship with Australia is reflective of this emphasis on diversification as the relationship has expanded to encompass a range of areas including genetics trade, food, infrastructure development, health, transport and logistics.

14 The Hon Steven Ciobo MP, Minister for Trade, Tourism and Investment, 'TPP-11 delivers extra wins for Aussie exporters', *Media Release*, 9 March 2018, http://trademinister.gov.au/releases/Pages/2018/sc_mr_180309.aspx?w=tb1CaGpkPX%2FIS0K%2Bg9ZKEg%3D%3D

15 Department of Foreign Affairs and Trade, Chile, Australian Government, <http://dfat.gov.au/trade/resources/Documents/chle.pdf>

16 Austrade, Market profile. Export markets – Chile, <https://www.austrade.gov.au/Australian/Export/Export-markets/Countries/Chile/Market-profile>

17 CSIRO Chile, CSIRO Chile News, Inauguration of CSIRO Chile Office by Australian Foreign Minister, <https://www.csiro.au/en/Research/Mining-manufacturing/CSIRO-Chile/Noticias/CSIRO-Chile-offices-opening>

3.28 In terms of understanding some of the economic and social challenges before Chile today, the delegation met with representatives of the Centre for Public Studies (CEPA).

3.29 During the wide ranging discussion, the participants considered issues including economic diversification, public sector reform, irregular migration, the age of retirement, health and education. The delegation was informed of issues with deficiencies in the labour market, low pension contribution rates and an early retirement age.

Education

3.30 In 2011, there were 1,974 Chilean students enrolled in Australian institutions.¹⁸

3.31 In July 2015, Minister Bishop signed an MOU on Education with Chile's then Vice Minister for Education, in Santiago. The same year, Chilean and Australian institutions released 538 joint publications. The top two Australian collaborating institutions were the University of Melbourne and the University of Sydney.¹⁹ The delegation was informed that over the past three years, 200 joint publications have been produced.

3.32 Between 2015 and 2016, Chilean enrolments in Australian educational institutions grew by 18.2 per cent. At the end of 2016, there were 76 active formal agreements between Chilean and Australian institutions.²⁰

3.33 By 2017, there were 3,231 Chilean students studying in Australian institutions, making Chile the third-largest source of international students from Latin America, after Brazil and Colombia.²¹ Of them, 86 Chilean students were enrolled at the University of Queensland (UQ). In 2016, Chile and UQ co-produced 55 publications while over a five year period, more than 160 co-publications were produced in areas including astrophysics, biology and pharmacology.²²

3.34 The delegation had an opportunity to further discuss educational matters, including joint partnerships with Australian institutions, at an education reception hosted by HE Ambassador Fergusson on 12 April. At the event, the delegation was

18 Australian Government, *Response to the Joint Standing Committee on Foreign Affairs, Defence and Trade report: Inquiry into Australia's trade and investment relations with Asia, the Pacific and Latin America*, December 2012, p. 8.

19 The Hon Kelly O'Dwyer, Minister for Revenue and Financial Services, 'Speech to the Chile Economic Leadership Forum – Australia', 5 December 2016, <http://www.kellyodwyer.com.au/speech-chile-economic-leadership-forum-australia/>

20 The Hon Kelly O'Dwyer, Minister for Revenue and Financial Services, 'Speech to the Chile Economic Leadership Forum – Australia', 5 December 2016,

21 Department of Foreign Affairs and Trade, Chile country brief, <http://dfat.gov.au/geo/chile/Pages/chile-country-brief.aspx> (accessed 7 May 2018).

22 University of Queensland, UQ and Chile, <https://global-engagement.uq.edu.au/latin-america/chile>

able to meet and discuss these matters with the deans of Chilean universities and directors of vocational training centres as well as Australian university representatives in Chile including UQ and the University of Western Sydney. During the event, the delegation also met with representatives from Centres of Excellence including CSIRO Chile and the Sustainable Minerals Institute

3.35 During the delegation's meeting with the Minister for Education, Mr Gerardo Varela Alfonso, these academic ties between the two nations were highlighted. The discussion also focused on the areas of joint collaboration in terms of academic research between the two countries. Initiatives to improve the proficiency of English amongst Chilean students, including the prospect of leveraging the interest of Australians in living and teaching in Chile, were discussed.

3.36 One such initiative is the English Opens Doors Program which is supported by the Ministry of Education. In operation since 2003, the program seeks to improve the level of English amongst Chilean students between grades five to 12 throughout the Chilean public school system, by providing teacher training and other resources. The National Volunteer Centre, which is a branch of the English Opens Doors Program recruits native and near-native English speakers to work as teaching assistants in Chilean classrooms.²³

3.37 Chile's National English Strategy seeks to strengthen English proficiency in order to 'accelerate the integration of Chile into a global world and therefore improve our competitiveness'.²⁴ Under a 1996 decree, foreign language learning was made a requirement in Chilean primary schools, from grade five. Modifications since then have established English as a mandatory subject in primary school.²⁵ Current assessments indicate that three to five per cent of the general population are proficient speakers in English.

3.38 Discussions on education, including the quality of English teaching, continued when the delegation met with the President of the Chamber of Deputies Committee for Education, the Hon Deputy Cristina Girardi Lavín. She emphasised the importance of quality of education and the challenges in ensuring that poorer students have access to quality teaching and adequate educational resources.

23 Ministry of Education Chile, National Volunteer Centre, The English Opens Doors Program, <http://centrodevoluntarios.cl/the-english-opens-doors-program/>

24 Kathryn Cronquist and Ariel Fiszbein, 'English Language Learning in Latin America', *The Dialogue*, September 2017, p. 11, <https://www.thedialogue.org/wp-content/uploads/2017/09/English-Language-Learning-in-Latin-America-Final-1.pdf>

25 Kathryn Cronquist and Ariel Fiszbein, 'English Language Learning in Latin America', *The Dialogue*, September 2017, p. 25.

Delegation with the Minister for Education, Mr Alfonso and officials – Santiago



Health

3.39 The delegation was fortunate to meet with the Minister for Health, Mr Emilio Santelices Cuevas in Santiago. The same day, the delegation also met the President of the Chamber of Deputies Health Committee, the Hon Deputy Juan Luis Castro Gonzáles. In addition, the delegation was able to discuss health issues with Chilean medical and health experts at a lunch hosted by HE Ambassador Ferguson.

3.40 Amongst other health matters, discussions focused on the public health system and hospital waiting times. The Chilean national public healthcare program serves 80 per cent of the population while the remainder use private insurance, which is more comprehensive. Some of the challenges in health relate to the fact that the national health system remains highly centralised and subject to budgetary constraints. The delegation was informed that these challenges have resulted in an increase in the number of people on hospital waiting lists for surgery as well as an increase in the surgery waiting time, with an average wait of two years.

3.41 However, the biggest health challenge facing Chile is that of rising adult and childhood obesity. The Minister for Health informed the delegation that 74 per cent of the population is overweight or obese. An estimated 5 out of every 10 children in Chile are overweight while one of every 11 deaths is linked to obesity.²⁶

26 Associated Press, 'Chile Seeks to Fight Obesity With New Food Labeling Law', *VOA News*, 28 June 2016, <https://www.voanews.com/a/chile-seeks-to-fight-obesity-with-new-food-labeling-law/3395681.html>

3.42 In 2016, the medical cost of obesity was \$800 million, or 2.4 per cent of all health care spending in Chile. The figure could potentially rise to 4 per cent by 2030.²⁷ Furthermore, it was noted that in December 2015, the World Economic Forum reported that Chile was the world's largest per-capita consumer of sugary drinks, at 188 calories per person per day.²⁸

3.43 The delegation was particularly interested in efforts undertaken by Chile to address obesity. In the face of this significant public health challenge, Chile has introduced a number of measures to improve the health status of its citizens including methods to change dietary behaviour. Of particular interest to the delegation was Chile's tax on sugary food and its food labelling legislation.

3.44 In September 2014, Chile increased its tax on sugary beverages and reduced the tax for non-sugary and low-sugar beverages. Under the taxation measures, the specific tax on sweetened non-alcoholic beverages was increased by 5 per cent from 13 to 18 per cent. At the same time, the tax on beverages with lower sugar content was reduced by 3 per cent.²⁹

3.45 Food labelling regulations were first passed by the Chilean Congress in 2012. However, it was not until 26 June 2015 that the implementing regulation to Law No. 20606 was published and the regulations came into force a year later on 26 June 2016. Under Article 5 of Law No. 20606, all food and drink packaging, including all food and beverages imported into Chile, are required to carry a black octagonal stop-sign warning label if the item is high in one or more of the following – calories, sugar, salt and saturated fat.

3.46 The purpose of the regulation is to improve consumers' knowledge of the content of food products. It is targeted at food products intended for consumption by children below 14 years of age. Article 6 of Law No. 20606 states that products bearing one or more stop signs cannot be sold, marketed, promoted or advertised within preschool, primary or high schools. In addition:

The product shall not be advertised on media or means of communication that target children under 14 years old, such as posters, printed materials, point of sale or textbooks, nor in television, radio, internet, magazines, or in

27 Andrew Jacobs, 'In Sweeping War on Obesity, Chile Slays Tony the Tiger', *New York Times*, 7 February 2018, <https://www.nytimes.com/2018/02/07/health/obesity-chile-sugar-regulations.html> (accessed 10 May 2018).

28 Emma Luxton, 'Which countries consume the most sugary drinks?', *World Economic Forum*, 3 December 2015, <https://www.weforum.org/agenda/2015/12/which-countries-consume-the-most-sugary-drinks> (accessed 10 May 2018).

29 Josefina Bascuñán Arellano and Cristóbal Cuadrado Nahum, 'Effectiveness of sugar-sweetened beverages tax to reduce obesity: evidence-based policy brief', *Medwave*, September-October 2017, <https://www.medwave.cl/link.cgi/English/Features/HealthPolicy/7055> (accessed 4 June 2018)

advertising space during or close to the latter, when the capture audience is greater than or equal to 20% of children under 14 years of age.³⁰

3.47 Furthermore, such products cannot be given freely to children under 14 years old. In addition, 'commercial hooks' targeted at children including toys, accessories, or stickers cannot be used to attract children to these products.

Food label: high in sugar; high in saturated fat; high in sodium; high in calories.



3.48 These black octagonal stop-sign warning labels apply to all solid food products which exceed the following limits:

High in sugar: 10 grams of sugar or more per 100 grams;

High in saturated fats: 4 grams or more of fat per 100 grams;

High in sodium: 400mg of sodium or more per 100 grams;

High in calories: 275 calories or more per 100 grams.³¹

3.49 In October 2017, UQ and the Chilean Ministry of Health signed an agreement during an international symposium on challenges in public health in Santiago. Organised by the Ministry of Health and UQ, with the support of the Pontifical Catholic University of Chile and the Australian Embassy in Chile, the purpose of the symposium was to exchange knowledge and best practice in research and policy on obesity as well as cancer, healthy ageing, health and indigenous peoples. The agreement signalled an intention on the part of the signatory parties to work together on these health matters.³²

30 Chile's New Nutritional Labeling Law, 26 June 2015, http://www.fratinivergano.eu/static/upload/1/1/15.09_11_TP_Issue_16_.pdf (accessed 10 May 2018).

31 Chile's new food labelling laws commence, Austrade Ltd, 28 July 2016, <https://www.austrade.gov.au/news/latest-from-austrade/2016/chile-s-new-food-labelling-laws-commence> (accessed 4 June 2018).

32 The University of Queensland, Global Education, UQ and Chile, <https://global-engagement.uq.edu.au/latin-america/chile> (accessed 10 May 2018).

Cyber security

3.50 On the last day of the delegation's visit, it met with representatives of the Investigations Police of Chile (PDI) and conducted a tour of the PDI Training Academy in Santiago. The PDI is the civilian police of Chile.

3.51 The PDI's Cybercrime Investigation Brigade is responsible for investigating cybercrime under the direction of the Office of the Prosecutor.

3.52 Amongst other matters, the delegation's meeting with the PDI focused on cybercrime, which is recognised as a growing challenge for law enforcement in Chile. This challenge is particularly significant given the availability of the internet in the country. In March 2016, 73.8 per cent of the Chilean population had access to the internet. The delegation was informed that this number has now risen to 97.5 per cent.

3.53 Chile developed its National Cybersecurity Policy 2017–2022 in response to a high number of cyber-attacks that had taken place in the country in 2013 as well as across Latin America. Accessing or stealing information from infected computers or devices were a feature in the region at the time.³³ In fact, between 2010 and 2015, the PDI conducted a total of 3,370 cybercrime investigations.³⁴

3.54 One of the measures identified in its national cybersecurity policy was adherence to and implementation of the Council of Europe Convention on Cybercrime, otherwise known as the Budapest Convention. On 20 April 2017, Chile fulfilled this commitment and became the third Latin American state party to the convention.³⁵

33 Government of Chile, *National Cybersecurity Policy 2017–2022*, p. 13.

34 Government of Chile, *National Cybersecurity Policy 2017–2022*, p. 38.

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Investigations Police of Chile Cadets – Santiago



**Senator the Hon Scott Ryan
President of the Senate
Delegation Leader**