



**COMMONWEALTH OF AUSTRALIA**

# **JOINT STANDING COMMITTEE**

on

**FOREIGN AFFAIRS, DEFENCE AND TRADE**

(Trade Subcommittee)

**Reference: Australia's trade relationship with India**

**ADELAIDE**

**Wednesday, 8 October 1997**

**OFFICIAL HANSARD REPORT**

**CANBERRA**

JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE

(Trade Subcommittee)

Members:

Mr Sinclair (Chair)  
Mr Price (Deputy Chair)

Senator Chapman  
Senator Margetts  
Senator O'Brien

Mr Brough  
Mr Dondas  
Mrs Gallus  
Mr Hollis  
Mr Nugent  
Mr Slipper

Matter referred:

Australia's trade relationship with India and to consider the emerging economies of South Asia, and report on such areas as:

India's economic significance for Australia, and the opportunities for expanding trade and investment;

the prospects for continuing economic reform and trade liberalisation in India and the implications of this for Australian trade and investment;

India's growing economic engagement with Asia and the Indian Ocean region;

South Asia's emerging economic significance for Australia, and the potential implications of closer economic cooperation amongst South Asian countries, including through the South Asian Association for Regional Cooperation;

trade and investment opportunities for Australia in Pakistan, Sri Lanka and Bangladesh.

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JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND  
TRADE(Trade Subcommittee)

*Australia's trade relationship with India*

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Wednesday, 8 October 1997

Present

Mr Sinclair (Chair)

Senator Chapman

Mr Dondas

Mrs Gallus

Mr Hollis

Mr Price

The subcommittee met at 9.04 a.m.

Mr Sinclair took the chair.

**CHAIR**—I declare open this, the seventh public hearing of the Trade Subcommittee of the Joint Standing Committee on Foreign Affairs, Defence and Trade inquiry into Australia's trade relations with India. It is all part of our inquiry into our relations with India and subsequently emerging economies of South Asia. We have received 70 submissions. There have been profound changes since 1991 in India. We are trying to see what we can do to expand our trade and investment links with the area and also to see whether there should be some follow-up of the New Horizons promotion program, particularly in 1997, the Year of South Asia. We also have an interest through the Indian Ocean Association of Regional Cooperation which Gareth Evans initiated a couple of years ago.

[9.07 a.m.]

**ATTWOOD, Mr Rodney, Consultant, Kinhill Ltd, 186 Greenhill Road, Parkside, South Australia**

**CHAIR**—We are delighted that you are here on behalf of BHP Engineering/Kinhill. I know a little about Kinhill's involvement and it is very pleasant to meet you. Malcolm Kinnaird is an old mate of mine and, at a personal level, I hope you would extend my best wishes to him.

We do not require evidence to be given under oath, but the proceedings are normal proceedings of the parliament and all that goes with that. If you wish to say anything to us in private, please request to do so, and we would be very happy to receive that evidence. I invite you to make a short opening statement and then perhaps we will address some questions to you.

**Mr Attwood**—I have recently retired as deputy chief engineer and principal mechanical engineer with Kinhill Engineers. I came to Australia from England in 1955 and, on the way out, called into Bombay, so my contact with India goes back for the best part of half a century. During the last six years of my career with Kinhill, I was a major project manager for work in India—particularly, but not exclusively, work associated with AusAID-funded projects in the steel industry and mining industry. My claim to fame in Kinhill is that I have a primary focus on the areas of heavy industry and mining. In the past six years, I have been to India 25 times. My passport shows 25 entry stamps and only 23 exit stamps, so part of me must now reside in India. I do not know how that happened, but that is the way it is.

**Mr PRICE**—Refer that to ASIO!

**Mr Attwood**—Today, I represent Kinhill, which is one of Australia's largest consulting engineering companies. It was founded in Adelaide in 1960. Some of the people who were involved in the founding of the company 37 years ago are still involved today. In the last 25 of the 37 years, Kinhill has focused on work overseas, particularly in Indonesia, but, since the mid-1980s, in India also. So we have had quite a lot of experience working overseas in our business, which is the provision of engineering services to clients, both at a government and a private level.

In 1988, we formed a joint venture with BHP Engineering to do work in India. BHP Engineering is the in-house engineering wing of BHP. The magic letters 'BHP' open doors for the joint venture in India that Kinhill, in its own right, could not open. However, Kinhill had contacts in India that BHP Engineering did not have, so it was a convenient joint venture for both parties. I do not speak on behalf of BHP Engineering here.

The focus for the joint venture was the steel industry and one can understand BHP's interest in that area. We undertook a major environmental study for the steel plants of the Steel Authority of India. It was externally funded. One of the outcomes of that led to an AusAID funded program to bring over 450 Indian engineers from the Steel Authority of India to Australia for training in aspects of environmental management of steel plants and iron ore and coal mines. That program, which was deliberately generated to target middle level professional people in the Steel Authority of India, had the full support of the then Chairman of the Steel Authority of India. He saw that, with regard to environmental matters, if change was to be effected in the steel making industry, it would come from the people who were rising through the ranks, not from the tired old men who were at the end of their careers.

These 450 engineers came to Australia; courses were also conducted in India. Out of those 450, some are already moving up through the ranks to the higher levels in the Steel Authority of India and will be in a position to influence change in India. That is one of the focuses that Kinhill has always had in doing its work in India. We do not see our role as one of going into India and patronisingly telling them what to do. Our work in India largely involves demonstrating to the Indians where we are in the process of engineering development, and how we got there. We believe very strongly that it is up to the Indians to reinterpret that into their own way of doing business and generating their own way forward. We are not colonialists or patronising; rather, we try to work in a demonstrative role.

At the same time as the work with AusAID was going on, we were also trying to generate business within the private sector in India, particularly the major alternate steel maker in India, the Tata group, which, in broad terms, would be equivalent to BHP in Australia. The Tata group is a massive conglomerate involved in many things, including making motor cars and all sorts of things. We have performed privately funded work for the Tata group, so we have penetrated into a level of business activity outside government and into the private sector.

Kinhill's particular area of expertise is very largely in the area of infrastructure development—roads, airports, water, waste water management, and ports. All these areas have been addressed by Kinhill alone and, occasionally, as part of the joint venture with BHP Engineering.

We are currently the major contractors as a joint venture with BHP Engineering to the Paradip Port Trust in Orissa. This is a massive port development to generate the capacity to handle thermal coal mined in India. It will then be transported by coastal routes to new power stations, which are to be constructed around the coast of India. It is called an export port, but it is intra-country export and not inter-country export. That project is now well advanced. Engineering has been completed and contracts are currently being let for the construction of the work.

We have also secured, as Kinhill alone, work associated with the Andhra Pradesh Pollution Control Board in waste management processes, treatment of highly toxic wastes, and management of water supply problems in the Hyderabad region—there are two projects there. In competition with major international and Australian groups, we have recently been awarded a job for the development of designs of roads in Tamil Nadu, one of the big southern states.

We see India as a country of boundless opportunity, tempered by the problem of bringing any project or enterprise to the table. An enormous number of people and businesses in India are seeking bids and business activities with us. It is our challenge to separate those into some kind of priorities and to focus heavily on those in which we really want to be involved. We have not been entirely successful in this. We have to say that we do not use as wisely as we might do the money that we have to spend on these business development activities, because it is very difficult to establish what is real and what is not real in terms of business opportunities in India. I am accosted in the foyers of hotels by people who have the most splendid business opportunity for us to pursue, and this goes on and on. When you come down to it, you cannot afford to ignore them because, amongst this plethora of opportunities, there are some priceless jewels.

In our opinion, it is very difficult to make judgments in India about which priority projects to pursue. That is because, despite the very substantial changes which have occurred at high levels in India with respect to an attitude towards business, that attitude has not necessarily permeated down through the systems into the lower echelons of the companies.

Often in India you will find that a very eminent head person of an organisation will decree that something shall be done in the company, such as building a new power station. As far as that person is concerned, it is all happening, but in the lower echelons, the responsibility, authority and accountability, devolved theoretically by the chairman downwards, do not necessarily appear at the working face. You tend to find people who speak very persuasively about their power to influence the way that the project will proceed, but in fact they do not actually have that power or do not discharge it.

Delays in project implementation is endemic in India. Whatever you think is going to take a month will take a year; whatever you think will take a year will take 10 years—perhaps not 10 years but certainly a long period. That is not necessarily universally true, but it is very close to it. I will give you an example. Last September we were one of three bidders for a major environmental project for a critical iron ore development in the middle of India. The timetable for bidding was very tight indeed. In competition with the Canadians and Germans, we spent a lot of money putting the bid together. At the behest of the potential client, we travelled backwards and forwards a number of times. The amount of money spent to secure what, in the end, may well be only a \$5 million or \$6 million project, is quite staggering.



The project still has not been contracted. A year later we are still in a situation where the project is tantalisingly close, but just as far away as it was nearly a year ago. I do not know how long that will go on, but I anticipate that this time next year we will still be wondering when we are going to get the order for this job.

**CHAIR**—But it will happen?

**Mr Attwood**—Those are some of the problems that we have with India—we think that it must happen, but there are barriers to the development of that particular project, which is to do with the relationship between the central government, the state and the state-owned organisation that needs access to the particular deposit. Those things are not easily solved and are certainly not understood by us. The nuances of that are not clearly understood by us and it is beyond us to influence anyway.

At the same time that this was going on—in fact, not until March of this year—another project in the private sector that was developed was identified. We have been able not only to identify the project but also to secure the project. We were working on it during the time that this other one has been lurching on its way. So, yes, on the one hand, we have these interminable and virtually endemic delays in how to do business in India. On the other hand, there are occasions when things will work at a pace that we can handle quite comfortably.

We need to focus very carefully on what we want to pursue and to find out ahead of time the way to go about it. To that end—and it is absolutely essential for anybody who wishes to do trade in India—we have a very trusting and trustworthy Indian colleague, who advises us about political matters in India, who pursues the way of doing business that we will never understand entirely, and who is essential to the way forward for us.

**Mr PRICE**—Is it an agent?

**Mr Attwood**—He is an employee of the joint venture company. He happens to be a lawyer—an advocate of the High Court of India—and that is something which I think is important to note in India. They have a very legalistic approach to contract work, and we believe they overuse the court system. So, rather than resolving matters over a table and everybody walking away with a clear understanding of a way forward, you will find yourself quite quickly involved in court-based activities which will take a long time to resolve—years.

If I have given a negative view of this, that is not what I intended to do. I wanted to give some realistic views that doing trade work in India is not easy, but there are rewards from it. Kinhill has spent a lot of money and time, we have learnt a lot of things, and it is one of our major ways forward.

**CHAIR**—Thank you very much for that. Could I raise three issues arising from what you have said. First, how secure is payment and who is the contractor? You mentioned these big projects—are they state governments, or are they, as they would be in Australia, a BHP or Tata, or some body of that character?

**Mr Attwood**—Every one of these projects is different. To start off with, any project involving AusAID funding is paid on time. That is easy, because it is paid out of Australian money.

Funding which is generated through some of the other agencies like ADB or the World Bank is not administered by the ADB or the World Bank; it is administered by the state government or the state agency on behalf of the World Bank. That is an area fraught with difficulty, because the state government agencies are occasionally ill-equipped to manage the amount of money that they are talking about and retreat into excuses for non-payment, which would be totally unacceptable in terms of Australian contracting business. Tata is very reliable. I think the private sector, by and large, is reliable. The public sector is much less reliable, even though they have funding from some of the external agencies.

We have felt for some time that EFIC funding, where funds may be transferred to us directly without going through the borrowing company, is very satisfactory as far as we are concerned, because it takes away from the borrower of the money the ability to withhold funds unreasonably.

**CHAIR**—The Indian rupee has not been affected the way South-East Asian currencies have?

**Mr Attwood**—Not yet. I am not an expert on currency manipulation. I think the rupee generally has held up reasonably well. In the six years that I have been involved, the value of the rupee with respect to the Australian dollar has gone from some 19 rupees to the dollar to about 25 rupees to the dollar. Inflation in India is said to be about six per cent to seven per cent. They have a chronic shortage of capital funds, but I have not seen any evidence of the change in the rupee with respect to the rupiah, the baht, or any of these things recently.

**CHAIR**—It is said that one of the reasons the South-East Asian currencies are going the way they are is that they have also been short of capital, they have borrowed extensively and they have not necessarily got to the stage of either reinvesting it in real estate or doing something else with it and, consequently, they have not really got the immediate return on that currency. That seems to be one of the problems in the Philippines at the moment. As India is also short of capital, it has the same potential to run out of funds because of what you have identified as problems with public sector funding. You do not see that, at the moment in any event?

**Mr Attwood**—I have not noticed it. The time scale for some of these things is

perhaps different in India than it is elsewhere. India is a very large economy, and it may be more resilient to these things than perhaps some of the smaller economies.

**CHAIR**—You mentioned that you had 450 engineers and others who came out here. Some evidence suggests that getting visas to come to Australia is very difficult. Did you have problems with getting visas for these people?

**Mr Attwood**—None at all. It was an AusAID-funded activity and part of the project design was some obligation on the part of the Indian government to provide certain facilities and they were obliged to provide passports for their people to come to Australia and, of course, Australia provided the visas. We did not have any trouble at all with that. If there were troubles with that project at all, they were some early difficulties we had in coming to grips with how the medical costs were going to be paid for in Australia and where the Australian system would meet the obligations, but they were sorted out. It took some time, but we did not leave anybody abandoned.

**Mr PRICE**—You mentioned before we started the hearing that Kinhill has been taken over. Can you tell us a little about that and the reasons why?

**Mr Attwood**—Kinhill is a large Australian-based company which was funded by its capital raising activities through its own resources; in other words, the members of the company were the people who provided the capital for the company. To enable us to expand our activities and to maintain the impetus that we had, we needed a bigger capital base, and certainly with the change in the kind of business that we had to be involved with—the bigger BOOT outsourcing projects—we needed more capital base to do that.

We sought partners in a number of locations from a number of areas, and we received offers from two to take us over, the successful one being the American company, Brown & Root. I cannot speak on behalf of Brown & Root—I barely know the company—but it has been a big focus in international business in the petroleum development areas. I think it probably sees Kinhill as a vehicle for its entering into some of the markets that it has not previously had a big presence in, particularly in Australia and the Asian region. I am thinking there in terms of some of the big outsourcing projects around the region.

**Mr PRICE**—Would it be fair to say that Kinhill has adopted the export culture, but, in a sense, the price of success of that was the need for additional capital and ultimately being taken over?

**Mr Attwood**—That may be a way of looking at it, but I do not think it is the way of looking at it. Certainly we have long seen that the future of the kind of business that we wanted to do had to have a focus overseas and that is a very capital intensive business—a long-term focus requiring determination, focus and money. We may have had the focus, we may have had the intent, but we may have lacked the capital to do so.

**Mr PRICE**—At the peak, how many people would you have had in India and what would be the average length of stay?

**Mr Attwood**—The average length of stay may be more like a month than six months, but there are people who have been there for two, three or four years. The longest stay I have ever had in India would be about five weeks, but by the time you multiply that by 25, it adds up to quite a lot of time there. Although we do not normally have expatriates living in India for years, on occasions people have stayed there for longer periods.

**CHAIR**—BHP certainly has people on the ground there.

**Mr Attwood**—Yes, BHP certainly has people on the ground there.

**Mr PRICE**—Does that cause problems with families?

**Mr Attwood**—Yes. Let me review a few of the people who have been over there and see if I can put that into context. Within the context of the large port development at Paradip, we have had people who have been living in India for up to two years at a time. Usually they do go with their families. People with small children, and who have educational problems associated with those children, generally are not as happy about it. Whatever we can do, we cannot make it happy for them. I would like to make this statement off the record.

**CHAIR**—We can switch *Hansard* off for a second, yes.

**Mr PRICE**—You mentioned that if there was one thing that you would like to see a government do, it was in the area of taxation. You mentioned some of the difficulties of taxation with these projects.

**Mr Attwood**—I am not a taxation expert—there are people within Kinhill who do understand these taxation issues—but you are required to pay withholding tax and other taxes on money that is generated in India. That money may be refunded to you, but it may take years to get back—it never takes less than years to get back—and it will be the subject of a deal of activity to maintain the pressure to get it back at all. Some things you will never get back. You may get back the withholding tax, but the CESS tax, which I believe is a tax levied in India to help it fund its R&D programs, is lost to you and that may be three to five per cent of your income. By the time you are looking at 25 per cent withholding tax and the three to five per cent CESS tax, there is quite an impost on the revenue which you cannot get your hands on for a long time.

We do go through a process of requiring—if we can—the Indian company to pay that tax on our behalf and to argue the case until they can get it back. That does occur and we have been able to do that from time to time, which relieves us of the need to carry the

money.

**Senator CHAPMAN**—Do you mean the company for which you are doing the work?

**Mr Attwood**—Yes.

**CHAIR**—On top of your contract price?

**Mr PRICE**—Do your tax people have some information which they might like to submit in writing?

**CHAIR**—That would be helpful. Would you mind referring that to Kinhill's tax people? That is an area that, obviously, has emerged in various ways. If we can get some background, it might be something that we could identify and perhaps address.

**Mr Attwood**—There is an excellent publication—I think it is put out by Price Waterhouse—which advises people like us on how to go about tax issues in India and elsewhere. I know that I have referred to that on a number of occasions. I am sure the same thing occurs in Australia, but the difficulty is that the tax is a moving target and the rule which you think applies to you now actually does not—it is another rule that has been thought up overnight.

**Senator CHAPMAN**—Does the Australian tax structure have any detrimental impact on your capacity to do business in India?

**Mr Attwood**—I do not think there is a particular aspect of the Australian tax structure which is troublesome. But again, I think I had better refer that, if I can, to our tax people to write a short note to you. In general terms, business struggles in a tax regime, which is always a difficulty.

**Mrs GALLUS**—You told us of the difficulties in India. You said at the end that you did not want to paint such a gloomy picture. My instinct, before you said that, was to ask you why would you bother. The negatives you outlined were quite substantial. What is the trend? Are the Indian states themselves concerned about the problems of doing business—the delays, the bureaucratic meddling, the inability to find the right person to get the right decision made? Are they aware of this, and are they addressing it, so that you could say to us confidently that in 10 years it is going to be a different place? Where are the trend lines? Tell us what it is going to be like in 10 to 15 years.

**Mr Attwood**—That is a crystal ball which perhaps involves too long a timeframe. What I can say is that, in the six years that I have been involved in India, it has changed absolutely massively. In six years there has been a liberalisation of the process at the top level. What I did say, and I repeat it, is that some of those liberalisation policies and

principles have not filtered as low down through the system as we would like them to go. I would suggest that in a 10 year process those liberalisations will filter down, the changes will occur at the lower level, and some states in India, probably Maharashtra, for instance, will develop a process of doing business which is much more understandable for us than has been the case in the past. India is a very diverse collection of states, some of which are very business oriented and some of which are not.

**Mrs GALLUS**—Do you pick your state?

**Mr Attwood**—Maharashtra for one and Orissa is another one.

**Mrs GALLUS**—And, hopefully, that is where you want to do business.

**Mr Attwood**—Yes. Some of the eastern states beyond Bangladesh are an unknown and unknowable to us; we just do not know what is going on there at all. Some of the northern states, for instance, Jammu and Kashmir, are totally unknown to us. We do not enter that area and we do not know what the business environment is there. But Andhra Pradesh, Madhya Pradesh, Uttar Pradesh, Maharashtra, Tamil Nadu, Orissa, West Bengal and Karnataka are states which are generating more and more interest in the way that business is being done. In other states, business is extremely difficult and there are underlying currents which we do not understand. In states like Bihar there are some very unpleasant consequences of doing business.

**Mrs GALLUS**—Are the businesses that are there now and that get in early going to be the ones that benefit in the long run, or will the difficulties experienced at this stage be too great and the business that goes in later, as the liberalisation process increases, be better off? It is a hard one to call—it is an instinctive one. I suppose I am asking: is there a benefit of getting in early, despite the problems?

**Mr Attwood**—Yes, a very big benefit. But if anybody thinks they are getting in early in India now, then that is fallacious. When you go there, you find that the French, British and Germans have been there doing what you want to do for a lot longer than you have been there. We fall over these international competitors all the time. Most of them seem to have much deeper pockets than we have.

**Mrs GALLUS**—We have heard that before. We have also heard that part of the problem for Australian companies doing business is the lack of knowledge about Australia; that the Indians have a better knowledge, for instance, of the Germans and Americans. There seems to be some ignorance about Australia which hinders doing business. Would you agree or disagree?

**Mr Attwood**—I have a slightly different view. Bear in mind that Delhi is closer to London than to Sydney and in the past the eyes of India have generally turned to Europe, and I think will continue to do so. It is hard for them not to do that. Generally speaking, I

think that Indians like doing business with Australia; they would wish to do business with Australia. Firstly, by and large, we speak the language that they speak. Secondly, we are very naive with respect to the way that we talk to them—we do not come there with all the cultural baggage that the British and the French and some of these other people come with. We are very naive, I suppose, in a way. When you are naive and open with Indians, they respond in a like fashion. They do not actually trick you in the same way that might occur if you went there with a devious attitude to the whole process.

I think the wife of a previous High Commissioner in India noted that attitude. I think it is a very important one. When you go to India, do not go there smart, in the sense of 'we are going to teach these people how to do business'. Go there with a slightly naive attitude and you will do a lot better. But if you think you are going to do it quickly, that is just not on. It will take years.

**Mr PRICE**—In terms of the competitors, you said that they had one advantage of deep pockets. Are there any other advantages that they have over you in doing business?

**Mr Attwood**—I think more disadvantages than advantages. The Germans and some others—apart from the British and the Americans—do not come with the advantages that we have with the language. I would point out that there are aspects of Indian English that should be well understood by anybody who is going to do business in India. For instance, and I will just give the one instance, the word 'may' in our context around this table would mean 'conditional'—something we would perhaps like to do, or if we can possibly get around to it, we will do it; it has that sort of connotation. In India the word 'may' means 'must'. So, in India, if somebody comes to you with a contract which says, 'You may do this work by 3 June next year,' we might think that they would like us to do it by that time. But what they mean is that that is non-negotiable, that that is absolutely critical. That is an example of the way that Indian English has deviated from Australian English or anybody else's English. And you must know that—you 'may' know that. I fell foul of that five years ago, and I will never forget that lesson.

**Mr DONDAS**—In terms of the liberalisation process that has been taking place, would you say that it has escalated at a faster pace because of the lack of influence that the Soviet Union now has upon India?

**Mr Attwood**—In many ways, India is slow to make change. There are 900 million people in India. I think that, in some areas, the liberalisation has been very rapid and it has matched, at the same time, the loss of the Soviet Union's influence there. So, I think the answer is yes, that has had an effect, but it is very variable.

**Mr DONDAS**—Secondly, in terms of the language, you obviously have problems, because, even though English is an official language, they speak many dialects. What about the caste system in terms of the type of construction you are in which ranges from road construction, buildings, bridges, powerhouses, and God knows what else. How does

the caste system work? Were many women involved in Kinhill's and BHP's work force?

**Mr Attwood**—There is a whole raft of questions there, some of which might be rather difficult for me to answer. Firstly, we are not particularly faced with caste issues in our business dealings in India. The vice-president of India is from an out-of-caste area. Within the Indian constitution there are no barriers to progression through the caste system or in respect of gender. That is the constitution. But the actual practice would mean that you would normally find yourself dealing with eminent people from a higher caste, although that is not universal—you meet quite startling people who come from well outside the higher caste systems.

So far as gender is concerned, we have not had much success in using women in the work that we have been doing in India. That is not because we have not wanted to do so. Largely, it is because we do not have a lot of women to take the roles that we are looking for in India. Within India, expatriate women will be treated with deference but may not have the same credibility as men. However, that is not universal.

**Mr DONDAS**—With regard to the joint venture, did your organisation sponsor any scholarships in terms of university engineering degrees in Australia or anywhere?

**Mr Attwood**—No, that is not our business. We have not done that in a formal sense, but we did identify that we had a particular person in our Delhi office who wanted to do an MBA. In India, an MBA is virtually a passport to wealth. I am not quite sure that is the same in Australia, but in India it is a very powerful qualification. This particular person wanted to get an MBA and was vacillating as to whether they would do it in the United States of America or in Australia. We encouraged that person to come to Australia. That person has completed the MBA, stayed on here afterwards and is a very good adviser to us about Indian matters. We have just transferred that person to Singapore to work with our people there. That person will ultimately go back to India to be a critical member of our business there. That is not plucking somebody out of the population of India and putting them into a scholarship situation. That is not what we would do.

**Mr DONDAS**—Do you think there is a perception throughout the world that India lacks a high level of intelligence?

**Mr Attwood**—I do not know what the world believes, but if it does believe that, then it clearly misunderstands India. India has some of the most intellectually able people in the world. I have thoroughly enjoyed my interfacing with those people over six years. It has been an extraordinarily stimulating experience.

**Mr HOLLIS**—What is the quality of coal there? I understood that the quality of coal was not terribly good in India. Do they use it, or have to blend it?

**Mr Attwood**—No, they do not blend coal. One of the focuses that we have in



Australia is trying to convince India that it needs to blend coal. They have good coal and a heck of a lot of very bad coal.

**Mr HOLLIS**—From the north?

**Mr Attwood**—The north-east in the band of coal-bearing deposits running through Bihar, Orissa, Madhya Pradesh and into the north of Andhra Pradesh. The coal scene in India is dominated by Coal India Limited, which is a massive organisation and which, in my view, fails to meet its national targets for coal production.

**Mr HOLLIS**—You mentioned the ports. I was always told that, because of the chaotic rail system in India, it was quicker to ship coal from Collie in Western Australia over to, say, Madras than it was to transport coal down from the northern part of India. I do not know whether that is true or just a myth. I was interested in what you said about the ports. What are the ports like in India? Are they in need of modernisation, are they modern ports, or are they as chaotic as some of the other systems?

**Mr Attwood**—The word ‘chaotic’ is your term, not mine.

**Mr HOLLIS**—Having travelled extensively in India, I do not resile from the word ‘chaotic’ when used to describe the transport system.

**Mr Attwood**—I would describe it as ‘ramshackle’.

**Mr DONDAS**—You are on the same wavelength.

**Mr Attwood**—By Australian terms, the Indian ports are overcrowded, overused, undercapitalised and have very few infrastructure facilities for offloading that would make them efficient in the Australian context. The major port of Haldia up on the Hoogli River is ideally located to take coking coal into the hinterland, but is in a river which is silting up, has a major lock which prevents large vessels going through—Panamax vessels can barely get through them—and has very poor infrastructure facilities on the wharf to offload the vessels and a less than ideal rail system after that. That is just one of them.

**Mr HOLLIS**—I represent a coal producing area, so I am pro coal, but isn’t there some contradiction in what you are saying about the work you are doing on the environment and the encouragement of more coal-fired power stations?

**Mr Attwood**—Kinchill neither advocates nor opposes thermal power stations. I believe that we have to separate coal into two heaps—coking coal and thermal coal. It is India’s challenge as to how it will meet its power shortfall. It has chosen to maximise its hydro-electric power generation source. It has, I think, three nuclear power stations, but basically its policy is towards the generation of power through thermal power stations. In our view, if it is going to generate that, then there is an opportunity for Australian thermal

coal. We are not coal producers, but we are designers and developers, if you like, of the infrastructure necessary to do it.

**Mr HOLLIS**—I have another very wide ranging and somewhat philosophical question. This inquiry has received evidence about what has happened in the Indian economy over recent years and how things are going. Isn't the main problem for India the 900 million people? It is okay dealing with that middle class, whether that be 60 million, 80 million or 100 million people. However, what will happen to all those people who are in intensively labour producing jobs? A factory may employ 2,000 people but it could very efficiently be run with 200 people. What do you do with those 1,800 people? At the moment, they are covered by a very benign so-called welfare system there, because people cannot be sacked, they keep them in jobs, and welfare does not have to be paid.

We come through with the economic rationalists and some people in some situations are going to do very well out of it, but I believe that there will be a massive problem with the employment of those people. Therein will lie the real difficulty for India as to how they will deal with that massive unemployment, because history will always say, 'You have massive unemployment; you have a massive political problem on your hands.' I think that is a real challenge for India.

**Mr Attwood**—I am merely a humble engineer; how can I answer that?

**Mr DONDAS**—You have been there 25 or 23 times.

**Mr HOLLIS**—Could you just hazard a guess?

**Mr Attwood**—It is a problem that I know many Indians are very concerned about. Whereas we have this social services system which catches these things, India does not have anything like that system and yet, within its population, it has an ethic of caring for its groups that makes our attitude look quite shameful. Our attitudes to people are somewhat different from theirs. The family is an extended family situation; it is not the nuclear family we have here. So there are support systems within the families that are very potent and powerful in India, as I see it. I am not saying that is going to solve the problem, but they do start from a different kind of social base than we have started from.

**Senator CHAPMAN**—Perhaps from your engineering perspective you may not feel comfortable answering this question. A few days ago I spoke to an acquaintance of mine who spent three years in the Philippines doing consultancy work on AusAID related projects in the traffic planning area. He commented to me, particularly in relation to AusAID related projects, that he thought there were areas that we should stay out of. The health area was one he cited in relation to his experience in the Philippines. He said, firstly, their system is so different from ours that our health professionals get up there and they cannot fit into the system and make a worthwhile contribution. Secondly, he said that, at least in the case of the Philippines, there is a lot of corruption in that area. Again, there

are great difficulties in doing anything worthwhile. From your experience in India, are there similar areas in India which we should stay out of or not have an involvement with, in terms of either the private sector or AusAID related projects?

**Mr Attwood**—I think there are. It is always a matter of identifying why you want to be there. Why are you there? Is it for the good of your own soul or the good of somebody else's soul? In India, you would not go there at all if you were only going there for the sake of your own soul. If you are going there for the sake of somebody else's soul, you had better understand what that soul looks like before you go there.

**CHAIR**—You mentioned problems in doing business and the difficulties between people at the top taking a decision and people down below not necessarily doing so. I gather there are problems because, as they have been reducing excise, the income is reducing and only about two million Indians pay tax. What are the links between those people below—is it at the federal or a state level? Where are the impediments to business? Are they identifiable as being more at a central government level or are they more at a state government level? Is it something to do with the change in the excise arrangements so that the fiscal pressures cause the states to say, 'We're not going to move even though the people in New Delhi wish us to do so.' Exactly where in that system are the impediments?

**Mr Attwood**—I think you have actually hit on one of the critical problems with regard to India, and that is that their internal tax system is totally inequitable. This means that anybody who has any activity on the land pays absolutely no tax at all. It does not matter whether you are a peasant who does not have the capacity to pay, or a wealthy mill owner—if it is to do with the land, then you do not pay tax.

This puts enormous pressures on the state governments, particularly the very largely agricultural-based state governments, who then hold political power to change the face of the federal government, and who insist on subsidies for rice and things like that. It is impossible for the state governments to exist without these kinds of subsidies. I think the basic barriers to trade as a result of that will be at the state government level. That does not mean to say that the federal government is immune from it all, but if I were asked to offer an opinion, I would say it is the state governments.

**CHAIR**—They do not have local government, do they?

**Mr Attwood**—They have things called district commissioners—who are an anachronism left over by the British, I think—who certainly are very powerful people.

**CHAIR**—Are they also impediments to the system?

**Mr Attwood**—I have never found them impediments; I found them the most wonderful people in India—they really are. They are the people who really do make things

happen at the very regional level. But it is a ramshackle place; that is the attitude—the whole place is ramshackle, but it works. That is the thing that we find very difficult to come to grips with.

**CHAIR**—For an engineer, it must be very difficult for you to understand.

**Mr Attwood**—Very difficult indeed. It is ramshackle but it works, and it does not seem to be getting any better. Millions of dollars are being poured into various aspects, but it does not seem to have made any substantial difference to the infrastructure. If the railway system did not exist in India, you would not be able to get about very much at all. The road system is absolutely atrocious. Mr Hollis would no doubt agree with that.

**Mr HOLLIS**—And very frightening.

**Mr Attwood**—Yes. I spent many unhappy hours in the back of a 1950s Morris Oxford, bouncing over roads that are absolutely atrocious.

**CHAIR**—If you go up in the mountains, it is even worse I can tell you that. Thank you very much indeed for coming and giving evidence to us. It has been well worthwhile. You will get a transcript of your evidence which you can check to ensure that it is factually correct and perhaps return it and then we can distribute it. We do thank you very much indeed for coming along.

[10.11 a.m.]

**MAYER, Dr Peter, Associate Professor, Politics Department, University of Adelaide, North Terrace, Adelaide, South Australia**

**CHAIR**—We welcome Dr Peter Mayer from the University of Adelaide. This hearing relates to our inquiry into Australia's trade relations with India. We have a second part of it, which will be a wider study, but we are first investigating the relationship with India. The proceedings are legal proceedings of the parliament and, although we are not requiring witnesses to give evidence on oath, they should treat the evidence that they give as such. The evidence is given in public, but if you wish to give evidence in private, by all means you may request it and the committee will consider the request.

The subcommittee has received a submission No. 26 from you. Perhaps you might wish to identify that submission and then any additions or modifications you might wish to make to it.

**Dr Mayer**—I am Peter Mayer and I am appearing in a private capacity, but for identification purposes I am Associate Professor of Politics at the University of Adelaide. I have been studying and researching India since about 1963, so I am still learning and I am glad that this is not under oath because one is always getting it wrong.

Eight years ago, perhaps not in this room, your predecessors, a Senate standing committee with the same title, held hearings into Australia-India relations. I appeared before that committee and I have to say that I was very pleased with what came out of that. First, there was a publication *Australia-India Relations, Trade and Security* and quite a few of the recommendations which that committee made have been acted upon beneficially from Australia's point of view. Senators Graham Maguire and Baden Teague were members of that committee. I am gratified to see so many of you here. I thought I might see Mrs Gallus and Senator Chapman here and it might be an all South Australian show.

**CHAIR**—There are some other states in Australia.

**Dr Mayer**—I thought you might not be travelling. One of the Senate's recommendations was that a national centre for South Asian studies be established. That was done. I judge that to have done good work in the time that it has been in operation. I understand its concerns about what will happen as the funding winds back and as the universities which support it lose the ability to underwrite it. I should raise my hand and say that we should be thinking about how we can sustain the national centre.

The Senate committee recommended that an Australia-India Council be established. That has been done and what I have seen of their work seems to be very good. I am not very close to that.

An indirect result of that increased focus which came out of the Senate report was that the East Asia Analytic Unit, under the late Dr Meredith Borthwick, produced *India's Economy at the Midnight Hour*, which is a singularly important study of the Indian economy. I was going to say that an Adelaide businessman, but you would not be a million miles off if you had some idea that you had recently heard from him, said that he could not have produced that in his firm for less than half a million dollars, and I agree.

Last year, when I was on study leave in India, the Australia-India New Horizons promotion was on. From what I saw of that program, I believe it was extremely good and, also, effective. It is probably too early to judge what comes out of that. The summary of what I would say is that the work that was done eight years ago has borne fruit, and there are some limits on what the Commonwealth can do by itself.

One instance of that is that in the year before the New Horizons promotion was launched, the Department of Foreign Affairs and Trade had several meetings in South Australia to try to get the government of South Australia on board. I tried to lobby with a number of people to get some interest on the part of the state government. We got not a sausage, so you can push a string only so hard. Some of it then has to be other people following the lead provided by institutions like yourselves.

It is clear that in the eight or so years since the Senate committee published its report, the Indian economy has made considerable changes. They are not always as speedy as outsiders would wish and that is not unexpected. Trade barriers have fallen, foreign investment is a lot easier, the rupee is, for all practical purposes, a freely floating currency. A lot of the framework of tariffs and trade, which was set up to create Indian industry after independence, has begun to be wound back. It does not happen all at once with a big noise; the changes come out piecemeal. You read the newspaper and find that some new regulation has been published and another regulation protecting small-scale industry has been removed. It is layer by layer, strand by strand; it is not a big bang sort of thing.

Naturally, the World Bank and others complain that it is not going fast enough. I seem to recollect having heard Australian businessmen making a similar complaint about the Australian government the other day. Democracies make their reforms with difficulty. I do not need to tell you that it is a political process. So we should not be terribly surprised if it does not happen all at once and as speedily as we would like.

What I find remarkable, and I will touch upon this at the conclusion of my remarks, is that a coalition government, one which has none of the solidity, experience and historical tradition of ours—a ramshackle coalition, perhaps I should say a loose coalition, dependent on support of the Congress Party which is not even a member of the coalition—has been able to do a remarkable amount in the time that it has been in office.

Let me turn to the submission that I have made and perhaps, Mr Chairman, you

will indulge me with 30 seconds of whingeing before I get to my text.

**CHAIR**—We will allow you more, if you wish.

**Dr Mayer**—I would bore myself with that. Preparing a submission like this takes a bit of time. If I had not already written a paper, I probably would not have bothered. I call your attention to the fact, because it seems to me that someone needs to think about it. From the point of view of any academic who does this, it is an irrational activity now to make a submission to a parliamentary standing committee, because DEETYA considers that a worthless activity. From the point of view of the so-called research quantum, which is a significant portion of university funding, submissions in the public interest to parliamentary committees count as nothing. *Hansard* is not a refereed scholarly publication and, therefore, any time that one gives to something which might actually lead to a publication in a refereed journal is far more useful. I think that is a nonsense.

**CHAIR**—I was not aware of that. Has DEETYA advised you formally of that?

**Dr Mayer**—There are the four categories of publications which can be adduced as publications which count to the research part of university funding. Publications in refereed journals, refereed conference proceedings and one other that does not come to my mind—

**CHAIR**—Have you some advice formally in writing that you could identify that picks that point up?

**Dr Mayer**—I can certainly locate the rules for that. The rules in themselves are meant to ensure that what we count for publication is genuine publication, but there is a distorting effect introduced by that, which simply indicates that some kinds of scholarly contribution in the public interest are valueless.

**CHAIR**—If we can identify that, we will do something about it. Wearing my other parliamentary hat, I believe that it tends to be in breach of parliamentary privilege. I would feel quite strongly about it on that ground. From the committee's point of view, it is even more significant, because we would have no capacity to process any of our inquiries if it were not for the evidence given to us. It becomes tremendously important that we not only have verbal interchange but, where possible, get written input which identifies areas of expertise and background that would otherwise not be available. I think it is of great concern.

**Mrs GALLUS**—Can I just add that you can see the problems. Obviously if you are going to get credit for your publications, and that includes giving committee evidence, every time we appear in any city we will have a list of 20 academics lining up to get the credit which, I suspect, would be to the detriment of the committee. Also, it makes it very difficult, because it is not refereed and anybody can appear before the committee. I see

there is a problem.

**CHAIR**—I think there is a way by which you can attribute material not just to parliamentary committees—I would think it is also a matter of subscribing to a range of forums, some of which you might do in the public interest. It might be that you have an interest group. You should be able to identify those and the fact that they are there and listed among your publications—

**Dr Mayer**—You can do this. The university accepts that as a worthwhile activity. For the purposes of research funding, for the reasons Mrs Gallus identified—

**CHAIR**—You can give us the evidence and we can look at that and discuss it.

**Senator CHAPMAN**—The bottom line is the time you spent on this—

**Dr Mayer**—If it had not been the basis of a chapter in a book already, given all the other things I was doing, I would have thought twice and thrice about preparing a submission to you.

**CHAIR**—If we can get that written evidence, if you do not mind sending that to our secretary, that would help and we will see what we can do about it, but also taking into account the point raised by Mrs Gallus.

**Dr Mayer**—You can see by the numbers of copies I have brought along that I was a pessimist as to how many of you would be here, so I apologise for that. This paper is an adjunct to what is said in words in this submission. In the submission I have made, I suggest that I think that there are driving forces in the Indian economy which mean that, however slow, the movement of economic reform in India will continue. In the previous testimony, of which I heard a little, you were touching on some of those areas. Essentially, the fiscal deficit of the Indian government is a growing problem and an acute one. The percentage of the budget which is absorbed by debt repayment is growing and the money available for investment in infrastructure is declining. That puts a very real squeeze on the Indian government.

Your previous witness told you about the declining revenue. One of the major sources of revenue, about seven per cent originally, was from the tariff. As tariff levels have fallen in the past seven years, there has been a drop in income. Just as we need to restructure our tax system, India also needs to restructure its tax system. That is having an effect on government revenue and where it can spend it. Very much like the vertical fiscal imbalance which we have in Australia, the Indian states are also highly dependent on funding from the central government. That is declining also. Virtually all the Indian states are in fiscal crisis.

**CHAIR**—Do they have a formula similar to ours?



**Dr Mayer**—They do. I do not know the details, but there is a formula.

**CHAIR**—So that the states within India have a tax reimbursement formula arrangement which, as in Australia, has some that is attributed and some that might be a special purpose grant.

**Dr Mayer**—It is not an area in which I am an expert, but roughly that is my understanding.

**Mr DONDAS**—Your paper almost infers that India is a real financial basket case.

**Dr Mayer**—I think that is an exaggeration. There are difficulties and that is the difficulty. It is not a basket case by any means, but there are emerging problems which I think are going to be resolved by further reform. That is what I am pointing to—that the way out of those difficulties, the resolution which I see coming, is greater liberalisation. Essentially, the path of state ownership and massive subsidies is unsustainable. That is the driving force for the reform process. Maharashtra is a case in point.

**Mr DONDAS**—I have circled page 6 of your submission. It says that they are in financial trouble.

**Dr Mayer**—Yes. That is the ‘best of’ part of India. That is the industrial heartland and where the most activity is taking place. They were put under starter’s orders by the World Bank last year, because they would not change electricity tariffs, and their financial situation was quite parlous.

In the submission, I point to the situation of the State Electricity Boards. It is particularly noticeable. Those of you who have been in an Indian city in the hot weather will note that there are times when the electricity is not on. Any enterprise which hopes to stay in business has so-called ‘captive power’. One of the fastest growing industrial sectors in India is the production of alternative sources of energy, such as small diesel generators, petrol generators, and storage battery inverter systems for providing lighting. People have to have their own electricity systems because the publicly provided system is failing.

There is a whole series of reasons why that is going on. India has very populist politics, which you will be far more in tune with than perhaps I am, but one of the common promises made at election time is that farmers will not have to pay anything for electricity. In the state of Tamil Nadu, farmers pay nothing. In the recent election in Punjab, the party that won the election promised that farmers would not have to pay anything for electricity.

**CHAIR**—I must tell my constituents about that one.

**Dr Mayer**—Several years ago I was staying in a village in South India. People were sleeping beside their pump sets overnight because there was no electricity during the day. If the electricity came on at two in the morning, you had to run like hell and get it out to the fields. They may pay nothing for it, but they get a rather lousy service. I think somebody is going to have to point out to farmers that, if they want a reliable electricity supply, it actually costs something.

What is happening then is an emerging fiscal crisis and, also, a recognition among states that the only way out of that is for greater private involvement in infrastructure investment. The most interesting dynamic which is going on that I can see is the emerging competition between states. Even the Marxist Communist Party in West Bengal, which used to follow the Chinese line, is now running after capitalists and telling the workers, ‘Softly, softly; we have to get businessmen to come back to Calcutta.’

That dynamic is going to continue even if nothing happens in the centre. Much as Australian states do, the Indian states are definitely now seeing each other as competitors and trying to attract investment and smooth the way rather than, as possibly occurred previously, putting up hurdles in the way of investors. Some states are far more successful at that than others. I suppose the point that I was making in my submission was that those regional inequalities are already there but they will be intensified by this process.

*An overhead transparency was then shown—*

**Dr Mayer**—Essentially, if you draw a vertical line through India, those on the west side of the country have the potential to gain from this process and much of eastern India is going to languish. One fact which I highlight is the growing regional imbalances in the country. Broadly speaking, the western part of India but sliding over to the eastern part in Maharashtra, Karnataka, Tamil Nadu and, to a certain degree, Andhra Pradesh, and some of the surrounding regions are the ones where we can expect the greatest dynamism.

When referring to the eastern area, an academic has coined the phrase ‘Bimaru’. That is an acronym in the best UN tradition for Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh, but it would also include Orissa. It also means ‘sick’ in Hindi. This is the ‘Bimaru’ region. It is very sick. If you were looking for all the indicators of backwardness—low female literacy, high infant mortality, low sex ratios—

**CHAIR**—‘Low sex ratios’ meaning more men than women?

**Dr Mayer**—You are about to tempt me into an area which is of real interest. This is a puzzle in itself, but in Australia, Japan, the United States and Europe we would normally expect there to be about 105 women for every 100 men. There are parts of Uttar Pradesh where there are less than 81 women for every 100 men, so one of the real puzzles is why the sex ratios are so low.

**Mr HOLLIS**—No puzzle.

**Dr Mayer**—There is an even deeper puzzle, which is that all over India the sex ratio has fallen steadily at virtually every census since 1901. So overall one sees a worsening of the situation in terms of survival of women. That is something on which I am conducting research, but I cannot provide an easy answer. To the extent that that is another marker as to where backwardness is, it is this core area, which also largely maps onto the area where Hindi is the prevalent language. That is really by the by.

The last part of the submission you have before you suggests that the area of highest value added, which is really a concentric circle around Bombay, can be seen as the core of an emerging natural economic territory. The analogy I have drawn is with southern China, the area around Guangdong, which includes Hong Kong and also parts of South-East Asia. What I think we can see happening is that Bombay has, and always has had, very strong links, for instance, with the Gulf and with east Africa. Some of those links go back to before colonial times with Arab traders coming across the Indian Ocean. I think we can now see all sorts of flows backwards and forwards as the Indian economy develops and as the economic strength of Bombay becomes more robust. It is at all sorts of levels. You see rich Arabs coming to Bombay for medical treatment. There is a lot of legal and illegal trade in and out of Bombay, a lot of smuggling from Dubai, so without any kind of formal government encouragement, those linkages are there and I think we can see they are being strengthened. We can imagine a transnational economic agglomeration emerging which centres around Bombay.

I think there is a possibility of a lesser one which would be around Singapore but would include these parts of eastern India including Tamil Nadu. I think that will be interesting, especially as we try to put strength and meaning into the Indian Ocean associations which we are trying to create, because I think the centre of that, realistically, will be Bombay and not Perth.

I recently wrote a paper entitled 'We are the Slowest Reformers: Disinvesting Indian State-owned Enterprises'. Briefly, it is a look at the last year of something called the Disinvestment Commission, which is a body created to try to begin the process of selling off India's state-owned enterprises. My conclusion is that, at the end of the year, they have accomplished a great deal more than I thought they would. I think we can reasonably expect in the next few months to see signs of what that means. I am not referring to the selling off, but rather much as we are doing with Telstra—we are not losing ownership but we are disinvesting. So the government will still be either a majority or a major shareholder. In all these they will remain essentially largely public sector enterprises, but shares are being sold, market pressures and assessments are coming to bear and these corporations will increasingly be expected to raise capital on national and international money markets.

The character of the state-owned enterprises is changing very dramatically. The

bureaucrats who once ran them are now saying, 'You have to free us from ministries. If you expect us to behave like capitalists, you have to let us act as capitalists. We have to be able to fire workers, if necessary, and close down enterprises. You cannot expect us to be an adjunct of the welfare state, because we cannot compete with people who do not have those obligations.' Tremendous dynamism has been introduced through the back door into the state-owned enterprises and, for a weak coalition government, which the United Front is, I think they have achieved an astonishing amount in the past year.

I would like to close my remarks, if I could, by quoting myself, which is always bad practice—I apologise. When I appeared before the committee in 1989, I was looking around at the state of South Asian expertise in Australia, looking at my colleagues who are beginning to go grey, and calculated that, by 2010, about 75 per cent of us would have fallen off the perch, retired, or would otherwise be out of the trade. The core of South Asia expertise in Australia, is the academic community. Eight years on, that situation is much as I predicted.

There is a contradiction—a market failure—which I would also underscore for you, which is that, despite what people think, in fact academic enterprises are highly market driven. The problem is that the market which drives it is comprised of 17-year-olds. It is difficult to have a rational national policy of expertise in an area like South-East Asia, South Asia or West Asia when courses in subjects such as media studies are always going to have preference over national concerns about South Asia expertise. It is an accident, in a sense, that we have the core of people working on South Asia that we do. When we retire in the next 10 years or so, it is not clear that there is an obvious replacement. For example, over the past 10 years my colleagues in the history department at the University of Adelaide have lost two historians in India. When they retired, they were not replaced by South Asian historians—because of funding cuts they were not replaced at all.

There is a general problem which I think that we as a nation need to think about and that is how we secure expertise in languages and in regional expertise without creating a monster for ourselves in terms of funding. I do not know quite what to recommend to you. I highlight it as a problem which has not gone away in the past seven years.

**CHAIR**—Thank you very much, Dr Mayer. You have obviously opened a number of fascinating areas. We thank you for that. The two papers you have handed to us will, in due course, be incorporated into our proceedings but, first of all, Mrs Gallus has some questions.

**Mrs GALLUS**—I have several questions. I was fascinated by your last point about the culture. In India, is it more a question of knowing the culture rather than the language, because generally English is spoken in the business community?

**Dr Mayer**—One can get different figures and it is complex. Obviously, India has 14 major languages that are spoken by enormous numbers of people. Tamil is spoken by nearly 60 million people and Hindi is the fifth most widely spoken language in the world.

There are varying estimates about how many people speak English. Formally, about five per cent of the population speak English; informally, I have seen figures which suggest a third of the population profess at least some understanding of English, even if they lack competence in expression. Somewhere in between is what we are talking about.

**Mrs GALLUS**—If you want to do business with India, is it adequate to have English, or should you have an Indian language?

**Dr Mayer**—For most purposes, knowing English is sufficient for Australian business people.

**Mrs GALLUS**—There is the question of culture and knowing the country.

**Dr Mayer**—That is very important, and that would be true when doing business in any foreign country. One needs sensitivity, one needs awareness, one needs to understand the context in which things are happening.

**Mrs GALLUS**—If you talk to young people, it is my experience that they will see that there is a future in Asia and they see the future in places like Japan and Indonesia. You never hear them mention India, but India is potentially the biggest market after China.

**Dr Mayer**—Amen. There is an irrationality about the love affair with Vietnam. Compared to even a medium sized Indian state, Vietnam is not a big market. The message has not got out, possibly because what we expect to happen has not quite yet happened, but I agree, it is very puzzling.

**Mrs GALLUS**—What we should be doing is selling to those 17-year-olds: if you want a future in that sort of area, India is a good place to look at.

**Dr Mayer**—I think we really need to spread what we are already doing for China, Japan and Indonesia into India.

**Mrs GALLUS**—Whose responsibility is that? Is that a government responsibility, is it an academic responsibility?

**Dr Mayer**—I think it is probably the responsibility of us all. I think that, realistically, a tremendous amount has been done over the past 20 or 30 years. When I first came to the University of Adelaide, we were struggling to get teaching of Japanese and Chinese on the curriculum. Those are well established now. Asian languages, by and large, have almost entirely displaced European languages in schools and at university—not entirely and nor should they. But we have turned the culture around in Australia in an amazing way. There is more to be done.

**Mrs GALLUS**—Perhaps it gets back to the teachers in the schools highlighting the possibilities.

**Dr Mayer**—It is also how parents and children see their future.

**Mrs GALLUS**—I did not want to get too distracted on that.

**Mr HOLLIS**—It is also trade.

**Dr Mayer**—Yes.

**Mr HOLLIS**—Japan is our major trading partner. China is an important trading partner, also. It is obvious that it is not only schools and academe; it is the business community and everyone who has pushed Japan. It is common knowledge that to do business with Japan you have to speak the Japanese language, and that is why people are studying. The Indonesian experience is more interesting, but I believe that the Japanese experience is logical.

**Mrs GALLUS**—We do not want to wake up one day and say, ‘Wouldn’t it be nice if we had some people who knew a little more about India.’ Once the trade is there, it will come.

**Mr HOLLIS**—But the trade relationship with Japan is different from that with India.

**Dr Mayer**—I agree. I think that is part of the answer. The trade relationship has improved a lot. It is still not very deep; it has a long way to go.

**Mrs GALLUS**—I am looking at the potential, I suspect. I wanted to take up what Mr Hollis asked an earlier witness when I think you were here. It was really a reaction to what was going on. We have had the tariffs lowered, so the income from tariffs has decreased, I think you said, to about seven per cent. With the drop in tariffs, obviously there will be the loss of jobs to which Mr Hollis referred. We are also now talking about a reduction of subsidies to people like farmers, which again is going to make some of them non-viable, and which also means a loss of jobs. Will there be a backlash? You are predicting that, yes, there is going to have to be greater liberalisation because of the problems they have with their finances in all these states. But India is a democracy. What about that backlash from the people who we see in every country do not like these trends because they see them as taking their jobs?

**Dr Mayer**—I think part of the answer to that is how you do the reforms, which is a political and management question. A lot of the subsidies are very inefficient and do not reach the poor. There is no point, for instance, in spending a lot of money on subsidising food which is essentially consumed by rich people. You could do a lot more by way of

targeting and reaching the people you want to reach than is being done at present. The public distribution system which supplies grain, ostensibly to poor people, buys first quality rice. It should be buying the kind of rough foods that poor people buy and let rich people go out into the market and feed themselves.

A lot of the electricity subsidy is not getting to untouchables in squatter colonies for two reasons, one of which is that many do not consume electricity and those who do often get it informally and do not have meters on the wires that they use. So, a lot of that is also mistargeted. The biggest electricity consumers in the countryside, I have no doubt, are rich farmers and not poor farmers. So, one could have far more efficient subsidies which at the moment have a very desirable intention but a very inefficient form of delivery.

It is still early days to see what tariff reductions are doing. Indian industry became tremendously flabby, just as, in a sense, did Australian industry, behind tariff walls. The classic instance which Mr Rodney Attwood was touching on earlier was the Ambassador car. That was essentially taken on licence in the early 1960s and was produced very successfully but without the least bit of innovation since then. As all of us who have travelled to India will know, you can go to any village and break down and find the parts to repair them, but they are not a competitive, exportable automobile.

Part of what has to happen is a restructuring of industry. That really has been going on since at least 1985. New firms are coming in which are export competitive, and there will be a transition—an awkward one—and there may be a backlash, but I also sense—and this is very hard to be clear about—an impatience with at least some of the attempts to protect inefficient industries.

There are some totally indefensible instances. A fertiliser factory in West Bengal was the product of a really ingenious idea where India would put a factory together and go to the Bulgarians for one bit, the Czechs for another, and the East Germans for another. They put it all together and it did not work. They got American and Japanese experts in. I gather that everybody said, 'It cannot work. The only thing to do is get several hundred kilos of TNT and blow it up. It is simply a disaster.' That establishment has a full complement of staff, there are promotion practices and maintenance drills, but it has never produced a kilogram of fertiliser. As far as I am concerned, that is indefensible.

**Mrs GALLUS**—It is like a hospital in *Yes, Minister*.

**Dr Mayer**—Very much so. There are parts of the state-owned sector which are simply indefensible and, really, what is going on now is an attempt to rationalise that to find ways to ease people out and not to cut off their incomes. One of my colleagues in India produced a paper which said that it would be cheaper to continue to pay everybody salaries and lock the doors. Textile mills in Bombay are sitting on fantastic capital in terms of the real estate that they occupy. There is a problem of how to deal with workers'

expectations with regard to income and housing, but the income stream which could be generated if that property was, in effect, commercialised is enormous, because of the price of real estate in Bombay.

**Mrs GALLUS**—Did you not just hit the nail on the head when you queried what to do with the workers? What we are looking at is, yes, your argument would obviously be accepted by those people who understand the economic workings, but when you get to the grassroots, they do not understand it in Australia, so they will not understand it in India where the educational level is lower.

**Dr Mayer**—Without in any way dissenting from what you are saying, what one is dealing with in those workers is what one might refer to, if one were a Marxist, as an aristocracy of labour. Most Indian workers are not in secure employment. Most are totally at the mercy of market forces. These are the best-off workers and a very small percentage of the overall work force. They will be protected; they will not be laid off without anything happening to them, but something needs to be done.

**Mr HOLLIS**—You cannot just say that they will be protected, because how will they be protected? You do not have a welfare system and you will not have one. So, how are they going to be protected?

**Dr Mayer**—Let me go back a step. The Indian state acquired so-called ‘sick’ industries. Textile mills, which the private sector could not sustain and which would close their doors, were taken over by the state. There is now a whole raft of unviable textile producers. Most of the employees in those mills are approaching retirement age, so it is entirely feasible simply no longer to run those enterprises, continue to pay those people’s salaries, make the contributions to superannuation and, in a few years, most of that problem of the workers will solve itself.

**Mr HOLLIS**—But it will not, because the demography is such that the vast majority of the population of India today is not of retirement age. The vast majority of the population of India today is under 30, so they are coming on and there will not be a job for them. You have all these people. The economic rationalists will go through and an efficient industry will be protecting a small group of people. We are talking about 900 million people, so a huge number of people will be out of work and with time on their hands. It is a huge population. We are not talking about unemployment in Australia of eight per cent or 10 per cent; we are talking about a huge pool of young, frustrated, unemployed people. It is a recipe for a disaster.

**Dr Mayer**—It could be.

**Mr HOLLIS**—I do not know about ‘it could be’—it is.

**Dr Mayer**—You can push me two different ways, so that is why I am appearing to



equivocate. One way would say if you go back and look at what happened in the Punjab in the 1980s, the group of people who were most attracted by Bindianwali's vision of separatism were young, lower, small, peasant farmer youth, with some education in the cities of the kind you are talking about, not finding employment, and they took to the gun. You can also go to almost any middle-class household in an Indian city and say, 'What is it like getting a household servant these days?' You will think that you are back in the days of the Raj, and they say, 'Getting servants these days is so difficult.' Why is getting servants difficult? There is a tightening up of the labour market. People do not want to work as servants any more. There are alternative sources of employment which are more dignified and pay better.

So, whereas I share your apprehension and concern, I think there is also a dynamism in the economy which I cannot provide good figures for, but as a kind of journalist rule of thumb, the back-of-the-taxi kind of indicator, there is a scarcity of labour. People are coming in from the cities, being pulled as much as being pushed out.

My sense is that, although India definitely has to worry about its employment prospects, the real hope for it is sustained growth at about seven per cent for the next 10 years. If it does that, I do not see any reason why it cannot repeat what Malaysia and Indonesia have done and become a labour scarce economy. That seems unbelievable, but we know that Bangladeshis and Indonesians are flocking into Malaysia. Perhaps that is my sanguine temperament. However, I can at least see that continued economic growth can actually solve that problem to a significant degree.

**Mr HOLLIS**—You may be right, I do not know, but seven per cent growth maintained for 10 years is an awfully big order. You used the example of Indonesia and Malaysia, but given the current situation in both those countries with the run on their currencies, I would suggest that their currencies have much more going for them than the Indian rupee. Even on Air India you cannot use the rupee. On one occasion I tried to use the rupee on Air India and they would not let me use it. Try and change it in Singapore or anywhere else. You may be right and, as someone who is very fond of India, I hope you are right, but I would suggest that sustained seven per cent growth for 10 years is an awfully big ask.

**Dr Mayer**—I think I would dissent on that. I would say that for the past 10 years, except for a hiccup in about 1991, that has already been achieved. The finance minister in recent announcements and his opposite number—Manmohan Singh was the finance minister—have said that India ought to accept seven per cent as a minimum. If you look at what China achieved, seven per cent looks paltry. This is a country at the early stage of industrialisation and one would expect a tapering off, but compared with what the East Asian economies have experienced, seven per cent seems rather modest. I think it is reasonable for the Indians to set themselves higher targets.

**Mrs GALLUS**—I notice that Dr Gupta has now joined us. Referring to his

submission, you talked about the success of the New Horizons program. Dr Gupta seems to have another opinion. If you have not read his submission, he says:

It has become clear now that the Australia-India New Horizons programme has not been a success, despite the best intentions, efforts, promotion and the expense.

Would you like to comment on that?

**Dr Mayer**—I think it is hard to know how you judge success and I have done no studies of it. Possibly, if you are looking at the immediate trade spin-offs it was disappointing. I was looking at it as one who was mainly involved in it from the education point of view. I thought a lot was done, in a rather concentrated and effective way, to raise the general awareness and profile of Australia in India. I take it that that was one of the prime objectives. In terms of whether we got our money back on it, if we were not quite so crass, it would happen in the first six months—I take it we made that. I think, from that point of view of the target being an influential group of people in the Indian economy, in business, and in government, it reached that group rather well, and I think they were impressed with what they saw.

**Mrs GALLUS**—I would not want to misquote or misinterpret Dr Gupta, and he will have a chance to answer, but I believe he suggests that, even on the Australian side, we were not all that wholehearted and there were problems coming from our own High Commission in facilitating the two-way exchange between India and Australia—certainly the Indians to Australia. Do you have any experience of that?

**Dr Mayer**—I cannot comment on that. As I said in my introductory remarks, both Dr Gupta and I tried to get the government of South Australia to participate wholeheartedly, and we had to confess failure.

**Mrs GALLUS**—With regard to your comment on Bombay, you said that many Arabs were going there for medical treatment. Is this because of the easier availability of body parts, or is it because Bombay has developed certain expertise?

**Dr Mayer**—I think it is both. I do not think many people come for body parts, but it cannot be denied that that is a trade which is formally illegal but which now exists. But it is because you have very good hospitals, extremely skilful surgeons and the cost of medical treatment is quite affordable.

**Mrs GALLUS**—Who has put the money into those hospitals—is it foreign or Indian money?

**Dr Mayer**—I suspect both. There is a range of hospitals. Perhaps Dr Gupta can give you a better indication on that. There are very good public hospitals but also an increasingly large amount of investment in private hospitals. However, that is something

about which I do not have a great deal of knowledge.

**Senator CHAPMAN**—I was interested in your comment at the end of your presentation in relation to the interest of students in serious academic study of India. Is it a problem that has come about as a result of changes to the university structure, or is it driven by the students themselves? I think you referred to media studies as being the flavour of the month, in effect. Are you saying that Mickey Mouse courses, in effect, have been elevated to a status they should not have been as a result of changes to the university structure over recent years and that serious areas of study have been neglected?

**Dr Mayer**—No, I would not put it that way, but to the extent that we are competitive within institutions and between institutions, for quite a while now student interests have been very important in determining what kind of courses we put on. I would not describe the media studies courses that are put on as ‘Mickey Mouse’. I think the level of theory is dense to the point of impenetrability.

**Mrs GALLUS**—What use is it?

**Dr Mayer**—Students are interested in the media. It pervades our society and it is a central part of the life we experience. Things to do with Asia have done reasonably well, but I know that if I put too much of India in my courses on development, I get complaints at the end of the year that it was too much on India. It is a marginal interest for students and has not caught their attention. I have failed to communicate, as well, but that is a difficulty and I have to be a realist. Students are more interested in Africa than they are in South Asia at the moment.

**CHAIR**—I think that there is a combination of reasons. I was having a quiet interchange with Mrs Gallus. I believe that part of the problem is that, in the period prior to 1991, there was a feeling that India was a hopeless mess. The one issue that you have not portrayed, which to me is also a problem, is that our media generally concentrates on conflict with Pakistan, the difficulties over Kashmir and those issues, plus the fact that India has been shut off from contact. So much has been happening in our part of the world and Mandela and apartheid and all the things that have been happening in Africa tend to give it a higher profile.

While I do not know that in my part of the world I would see media studies as the prime problem, I think, rather, it is the media emphasis. I believe there has therefore been lack of awareness. Part of the task of this committee is to see how we can raise that awareness. I believe that might also address the generational problem which you see in the number of academics, students and others interested. As Mrs Gallus was saying, it is also partly a matter of the degree to which history, in general, is studied. Many other curricula-related activities also perhaps need to be considered.

**Dr Mayer**—I think that is a very fair characterisation. I was going to mention, for

instance, that when I began my postgraduate career, the United States at that point had a scholarship program underwriting the study of critical languages. I do not know that we could afford it or fund it as generously as it was funded then, but something like that is certainly worth considering if we think that there are areas where we are in deficit. You cannot guarantee that people will end up as academics, but we need to be concerned not only about South Asian languages, but about critical languages in our area which are very hard to sustain on student numbers alone.

I heard last night that you were quoted as commenting that only three institutions teach Hindi. I am amazed that we can sustain as many as three. The numbers are not there. It is a demanding course and, to run it to the point where it makes academic sense to honours level, you must have a reasonable number of students coming in at first year. At the moment, we do not have that.

**Senator CHAPMAN**—The other area I want to explore is the tables that you provided. There is no sign in the tables that there is any improvement in this debt-ridden situation. Is there evidence that action has been taken?

**Dr Mayer**—I have not had time to update that for the past year. My feeling is that the trend line continues much as it is. The finance minister attempted to bring in two fairly tight budgets, but my reading is that the coalition keeps undermining him so that the budget is a rather loose budget, and I do not think there has been much change.

**Senator CHAPMAN**—What happens when the lenders say, ‘No more’?

**Dr Mayer**—That is a very good question.

**Mr PRICE**—For 1994-95, where you have ‘.35’, does that mean 35 per cent?

**Dr Mayer**—I have given you all my copies, unfortunately.

**Mr PRICE**—On the second page—capital expenditure.

**Dr Mayer**—I think that is 35 per cent rather than 0.35 per cent, but I will endeavour to correct that. I think you are pointing to something that is not accurately expressed.

**Mr PRICE**—And the interest for the state receipts seems to be extraordinarily high.

**Dr Mayer**—In some states it is clearly unsustainable. States are re-borrowing to pay the interest, which is classically how poor peasants get into the hands of money lenders.

**Mr PRICE**—Can you explain figure 2 for me?

**Dr Mayer**—This may not be a correct interpretation, but I suppose I was trying to estimate whether borrowing was essentially coming in to pay off loans. So, if we were borrowing as much as we were paying out on interest, there is a sense of just turning the money over, taking it in on one side and paying it out to the creditors on the other. All income is fungible, so that might not be the direct route, but I was really trying to get a sense of whether, essentially, borrowing was just being turned over to pay off interest payments.

**Mr PRICE**—Can I quote an interesting fact of which I became aware only recently? Local government in Australia is provided with grants, which I thought used to go towards projects, but Penrith council actually borrows all its capital works, so that essentially the Commonwealth grants go towards paying salaries and interest. Although we might be horrified by the situation which you highlight, I would suggest that quite a few councils in the local government sector in Australia may be in a similar position.

**Dr Mayer**—That might be true. I think local government in America has always had bond issues to fund capital works and traditionally we have had a different model.

**CHAIR**—The one difference would be that, after all, local governments are creatures of state governments and state governments are a little more solvent, whereas these are essentially state government figures and, for that reason, India is more vulnerable.

Thank you very much indeed, Dr Mayer. We appreciate your evidence. In due course, you will receive a copy of the transcript and from that you can make whatever factual corrections you might care to make. Thank you very much indeed for coming along today.

Resolved (on motion by Mrs Gallus, seconded by Mr Hollis):

That the subcommittee accepts as exhibits a document entitled 'We are the Slowest Reformers: Disinvesting Indian State-owned Enterprises' and four additional graphs to the inquiry into Australia's trade relationship with India.

[11.17 a.m.]

**AUSTIN, Mr Timothy Neil, Vice-President, Australia-South Asia Regional Chamber of Commerce, 196 The Cove Road, Hallett Cove, South Australia 5158**

**GUPTA, Dr Satish, President, Australia-South Asia Regional Chamber of Commerce, 196 The Cove Road, Hallett Cove, South Australia 5158**

**CHAIR**—Thank you very much for coming to give evidence today. As you know, the hearing is part of our inquiry into Australia's trade relations with India. There is a second part that we hope to pursue in due course regarding our relations with other countries in South Asia. We normally prefer evidence to be given publicly, but if you wish to give any evidence in private, by all means request it and we can consider that. You have already tendered submission No. 38. You might look at that, and if you wish to add any other comments before we engage in some dialogue, by all means do so.

**Dr Gupta**—As I stated in my submission, we have just established an Australia-South Asia Regional Chamber of Commerce, and the submissions were lodged to make you aware of that new body. We will be happy to assist you and your colleagues in any manner that we can.

Also, I thought this was the right opportunity to make you aware that many things have been done in our country here and perhaps they should be done differently and more effectively in order to achieve our objectives.

**CHAIR**—You mentioned the New Horizons program. Were you involved in India at that time? Did you have a particular association with it? I think you also mentioned some problems with visas. I wondered if you might expand on that.

**Dr Gupta**—I was involved in discussing a draft program here in Adelaide at the foreign affairs department. I was not able to go to India at that time, but I think the problems arose because of the inability of our High Commission people to grant visas to businessmen from India who wanted to come here to look for themselves at how they can assist in our economic growth and how they can seek some investment to take back to India as well, so it has to work both ways, as I understand it.

We received many messages from India that people were not given permission to visit Australia. My point was that something should have been done to encourage our High Commission staff in New Delhi to give visas to people who wanted to come here at that time as a follow-up to the extensive and expensive program which our country launched in India.

**CHAIR**—They lodged their application in the normal course with the High Commission?

**Dr Gupta**—Yes.

**CHAIR**—Were there problems in establishing that they wanted only short-term visitor visas? What was the problem? Presumably, they had their passports.

**Dr Gupta**—I am sure they had a passport—without a passport, you could not ask for a visa. The applications were lodged, as we understand, and they were refused on various grounds. They were asked to provide all sorts of information and some were even refused a visa because the High Commission personnel were not sure they would return from Australia. I cannot imagine that a multi-millionaire business person would go for three months, hide somewhere, and not go back. This is an absurd ground for refusing visas to people who were simply trying to follow up the New Horizons program.

**CHAIR**—Did you or your association follow it up at all, or did anybody else try to do something about it at the time?

**Dr Gupta**—In a couple of cases, I pursued the matter and the visas were given, but as an individual I cannot do that. I do not even know those people.

**CHAIR**—Would it be possible for you to get a number of the names so that we could go back to the High Commission and find out what the problem is? The difficulty is we could say it applies in general and we might be able to get an answer, and you would have to give it confidentially, not necessarily on the record, but were we able to get their names, we could go back to the Australian High Commission and say, ‘Look, here are a few people who applied for visas and who were refused them. It was a follow-up to the New Horizons program and, obviously, it was an impediment to its success that they were unable to get visas to Australia.’ Would you be able to do that, or do you not know their names?

**Dr Gupta**—Names were not given to me and I did not seek to establish the names. The message was received from India by fax. With some help, I pursued visas for a couple of people. I do not know the names of others.

**CHAIR**—Who did you get the message from?

**Dr Gupta**—From people in India.

**CHAIR**—Were they businessmen or state government people?

**Dr Gupta**—Business people. I understood from our Economic Development Authority that some people were already here and they were trying to get some people to come here to look around as a follow-up to New Horizons, but they were also not given visas. The whole thing has been like that for quite a while. This is the document produced, for example, by Foreign Affairs. It is available to anybody in the Economic Development

Authority offices—EDA. With regard to doing business, countries are classified according to risk. India is almost at the bottom of the heap.

If I were an Australian going to India to look into business opportunities, when I see it at the bottom of the heap, I would say, ‘Get lost, I don’t want to do business with you, because my country is placed at the bottom of the heap as a risky country to do business with.’

**CHAIR**—May we look at that document?

**Dr Gupta**—Of course, you can.

**Mr PRICE**—Getting back to the issue of the visas, what you are contending really is that there appeared to be a lack of coordination between the trade initiative represented by New Horizons and immigration officials in New Delhi.

**Dr Gupta**—Yes.

**Mr HOLLIS**—While I am not disputing what you are saying, I have visited our High Commission in India and at any time there is a huge queue. In fact, on some days the queue goes right around the block. I have seen that with my own eyes. I cannot accept, however, that our High Commission, which was so closely involved in the New Horizons program, would have deliberately put obstructions in the way of people getting visas. It is true that with regard to some countries—Indonesia, India and other countries—there is a difficulty. Where young people from those countries come here without good guarantees, the evidence shows there is an overstay problem. However, that does not apply to the business community. What sometimes happens, and it happens with the Australian business community as well, is that some people are not always prepared to provide all the documentation that has to be provided when they get visas.

I dealt with people who were coming here from the Bombay Chamber of Commerce for the opening of parliament. They contacted me and said that they had been refused visas. They actually had not been refused visas; they were asked to produce documentation, which I and everyone else have to do. They did not produce that documentation. When they produced the documentation, they were all issued with visas. Sometimes there is a breakdown in communication. After investigating these messages, sometimes the situation is not always as it appears on the surface, and that is often as a result of breakdown in communications.

**Dr Gupta**—I did not use the word ‘obstruction’. I said that they were not made aware that people will, and must, come here as a follow-up to the New Horizons program. Unless they come here to find out for themselves, I cannot imagine anybody is going to look at our country from a distance. Their visit here was not facilitated. I did not use the word ‘obstruction’. There is perhaps some policy—I do not know what the situation is, but



people were not allowed to come here, because it was believed that there was a risk that they would not go back home. If you come here on a three-month visa, you are asked all sorts of awkward questions. You are asked to bring your accounting statements and that sort of thing. How could that be related to your three-month visa here?

I have been very active in promoting our country's economic growth by moving into India, because India is a massive country and a massive market. South Asia imports \$74 billion worth of goods a year and our share is only 1.8 per cent. It is such a vast country with a consumer market that is now larger than the population of America or all of Europe put together. We are not doing anything. All we are doing is playing games and playing with words and nothing tangible is happening. On the one hand, we want it; on the other hand, we do not want it. Why are we dithering? Yes or no. Do you want to do it or not? If you want to, go. If you do not want to, forget it.

**CHAIR**—The New Horizons program seems to have been quite well received, but you do not feel we got the benefit from it. Apart from the visa issue, did you do any enhanced business out of the New Horizons program with India?

**Dr Gupta**—I beg your pardon?

**CHAIR**—In your submission, you give the impression that you do not really believe that the New Horizons program has, as yet, given us the lift that it might do, and given the nature of India and our relationship, I think it is hard to expect it in too short a time span. Apart from the visa question which we have just been talking about, did you or those with whom you are associated see any general improvement in business opportunities as a result of the New Horizons program?

**Dr Gupta**—Not many people—perhaps only one or two—visited us in Adelaide, South Australia, to pursue it further. I do not know much about other states, but in our state especially there has been no follow-up action taken by Indian businesses.

**Mr HOLLIS**—But the previous witness—I do not know if you were here—was quite critical of the South Australian government for not being involved in the New Horizons program. I think he said that there were two visits from the Department of Foreign Affairs and Trade to Adelaide. I heard you say you were involved in discussions, but he actually made the point that you can push a string so far. He made the point that there were several visits from the department to the South Australian government, they had meetings here and they did everything but beg the South Australian government to involve itself in New Horizons and the South Australian government would not. It must logically follow that perhaps those states that were more involved and had a participation may have had follow-up business.

**Dr Gupta**—When we had a change of government in our state, I met Dean Brown, our former premier, and he asked me to speak to John Cambridge, who was the head of

EDA. I met John and he said that perhaps I should tell Dean he needs \$1 million to set up a unit in his office dealing with India.

When I mentioned it to Dean Brown, he laughed. You do not need \$1 million to set up a wing—I do not know whether or not they do. The point is, after that, I met John Olsen also when he became premier. He said, ‘We rely on Austrade to bring trade for us from India.’ I said, ‘Austrade is a federal body; it will not look after South Australia in particular, because most of the business goes to New South Wales and perhaps Victoria, and Perth also, because Western Australia is the only state in our country which has an office in India—a state office.’ The matter was left there.

Then I heard from other people that our government has not supported the New Horizons program, because of the economic problems that this state had at that time. I quite agree that the state should have joined, but obviously they came to the conclusion that there was no gain for them by joining New Horizons, even if they had to spend \$20,000 or \$30,000.

I did say to the minister in charge, John Olsen, that he does not have to spend \$50,000. They can send only one person from here as a member of the whole country’s team, but it was not done, I quite agree with you. I do not want to criticise the state government, but that is the fact.

**Mr PRICE**—Congratulations on the formation of your chamber and your position as president. How many members do you have?

**Dr Gupta**—We have about 25 active at the moment and we recently had a launch. I did invite John Howard, but Nick Minchin launched it, and we had about 65 people at the launch. Most of them, I am sure, will join the chamber once we are incorporated. The chamber is in the process of being incorporated and, once we have achieved that, we will approach all those people who left their cards with us at the launch—I asked them to do so, because there is no free lunch. They left their cards. They are expecting our call to come and join us, which they will.

**Mr PRICE**—Does your association have a focus on a number of states? India is such a large and diverse country.

**Dr Gupta**—Our chamber deals with the whole of South Asia, which consists of seven countries—India, Pakistan, Bangladesh, Nepal, Sri Lanka, Bhutan and Maldives. We will be visiting those countries and introducing ourselves and will see what we can do.

I am not sure if we are going to look into states in India, but I think we will contact state chambers and chambers of all these countries as well. I will soon visit India for a couple of weeks on development projects and I will introduce myself in my capacity as president, also, and then we will take it from there.

**Senator CHAPMAN**—Do you operate under the wing of the Employers' Chamber of Commerce in South Australia?

**Dr Gupta**—We have their approval to operate.

**Senator CHAPMAN**—Among those who expressed interest, have any of the major South Australian businesses expressed interest?

**Dr Gupta**—They are all local. Some have their main offices interstate, but they all have offices in our state. We also received serious inquiries from TAFE colleges. They want to join us. There are a couple of thousand Indian students in South Australian TAFE colleges.

**CHAIR**—Under an AusAID program, or an aid program of some sort?

**Dr Gupta**—I am not sure if it is a program. I think they are perhaps on their own at their own expense.

**CHAIR**—Privately?

**Dr Gupta**—Yes. Most students go to America to study. At the latest count, 35,000 Indian students went at their own expense—they can afford it. They are in America studying in various universities, and our share has been at the last count about 4,000 students from India studying in Australian universities.

**Senator CHAPMAN**—Have any of the major South Australian businesses expressed interest in doing business with India through the chamber?

**Dr Gupta**—They have not, but I am sure they will. We are just establishing ourselves. Great interest was shown at the launch. Sixty-five people were present, and most expressed an interest to join us and they will utilise our offices to introduce them to Asian businesses, which we will be doing some time in the next year.

**Senator CHAPMAN**—Is there any particular sector of business that predominated amongst those who expressed interest, or was it across the board?

**Dr Gupta**—As a consultant involved in the infrastructure development, I will be doing that, but also will be including manufacturers who are able to supply technology which is needed in India and other South Asian countries, such as farm technology, mining technology, and things like that.

**CHAIR**—In your letter to us, you talked about the South Asian Association of Regional Cooperation and a meeting that took place in Male and the formation of a trade and economic bloc. Can you tell us any more about that? You said it was a recent

meeting. Is that 1997 or 1996?

**Dr Gupta**—The most recent meeting of SAARC heads of state was in the Maldives, Male, and they discussed certain measures to bring the seven countries together as an economic bloc, and I am sure it will work. I think India has taken a leading role in giving special consideration or concessions to the small countries around it, which I think is a good thing to start with, hoping that other countries will reciprocate and join each other in order to develop a strong union of South Asian countries.

**CHAIR**—You talk about a water sharing agreement. What level is it? Is it a heads of government meeting, or is it a foreign ministers' meeting—what level is it?

**Dr Gupta**—It was a heads of government meeting. The new Bangladesh Prime Minister went to India. As you know, the new government in Bangladesh has been closer to India, the government party. India was able to accommodate the new Prime Minister and they agreed to share Ganges water with them. India's five rivers played a part there. That agreement could not be signed with previous governments, so that is what happened.

With regard to Nepal, the government of India was quite generous and gave it special facilities, as a smaller country bordering India. India and Pakistan have some problems, of course. I suppose they will get around to it sooner or later.

**CHAIR**—Could you elaborate on why you think it will take longer?

**Dr Gupta**—There is a long history in the subcontinent. As you know, Pakistan was created out of India as a home for Muslims in the subcontinent, yet they have more Muslims in India than in Pakistan. India is the third largest Muslim country in the world, having more Muslims than in Pakistan. Even though Pakistan was established as a new country and as a homeland for Muslims, more Muslims stayed in India than went to Pakistan.

Kashmir has also been a bone of contention. It has the same background. Kashmir was one of the states or principalities in India which had a Muslim majority. On the basis of that, Pakistan believes that the Muslim majority state of Kashmir should go to Pakistan. Again, there are more Muslims in India than in Pakistan.

**Mr PRICE**—What is the No. 2 Muslim country? Indonesia is one; what is the second?

**Dr Gupta**—I think Bangladesh.

**CHAIR**—Old animosities. The other area that flows from that is this whole field of the Indian Ocean concept to try to parallel the Asian Pacific APEC group. Have you any feel for that, and is that something that your chamber will try to promote? You are

not quite in the Indian Ocean, but I suppose you are closer to it than those of us who are on the east coast.

**Dr Gupta**—The countries of India, Bangladesh, Sri Lanka and Maldives have Indian Ocean frontage, while Bhutan and Nepal are landlocked countries, and Pakistan is on the Arabian Sea on the other side. I think the Asia Pacific is a very large bloc of countries. It is difficult to see what that large bloc of countries can achieve together, because they have different geographical locations, different cultural situations, and different interests.

**CHAIR**—Is this the Indian Ocean group?

**Dr Gupta**—Asia Pacific.

**CHAIR**—The Asia Pacific will go ahead. I think the Indian Ocean is what we have to be interested in.

**Dr Gupta**—The Indian Ocean group has some countries in East Asia as well—for instance, South Africa. That bloc of countries has had a few meetings. I think Alexander Downer has been attending those meetings as well. I think there is tremendous feeling that South Africa has emerged as a new country now and they have been coming closer to India also and vice versa. I believe that our country, India, and South Africa can play an important part in bringing together the other smaller countries around the Indian Ocean, and that it could be another economic bloc for trade and should benefit us in our country.

**Mrs GALLUS**—In your submission, you stated that unless entry requirements are relaxed and India is removed from the list of high risk countries for migration—we actually have a totally non-racial migration policy; I think you might have meant to say a high risk country for tourist visas rather than migration.

**Dr Gupta**—As well.

**Mrs GALLUS**—There is no discrimination in our migration policy.

**Dr Gupta**—No, I do not mean discrimination. It is a high risk country. It does not say for migration or tourists. With regard to Indonesia, when I query people about why is it like this, they say that Indonesia is more stable. I just cannot believe it.

**CHAIR**—That is prepared by an international group in Berne. It is not prepared by Australia.

**Dr Gupta**—It has the Australian government stamp on it.

**CHAIR**—It is prepared by Austrade but the figures you refer to come from an international forum.

**Dr Gupta**—Although it is high risk, it is the world's largest democracy and it is a stable country. People tell me because it is a coalition government it is unstable. That is nonsense. How can a coalition government become unstable?

**CHAIR**—We take on board your concern and we will adopt that into evidence.

**Dr Gupta**—Governments come and go; the countries are always there. The policies of the countries are there. The main thing is that it is a highly successful functioning democracy. It has so many things in common with us—British background, legal system, financial institution, Reserve Bank. China and Indonesia have yet to establish a Reserve Bank in their countries and still we think that Indonesia and China are more stable than India. It is mind boggling to me.

**CHAIR**—They do say that its resources are from Berne. We take on board your concern. I think it is something we might check and get a later figure. If it is available, we will take account of that. There being no more questions, thank you for coming along today. Mr Austin, did you want to add anything?

**Mr Austin**—No, Dr Gupta has done a brilliant job.

**CHAIR**—When your chamber is incorporated, I wonder if you would advise our secretary and provide a list of members. Obviously, when we produce our report, we will refer to various organisations and the fact that your association is being established, if it is registered in the report, it might bring it to the notice of people who read reports. That might be to your benefit. In due course you will be provided with a copy of the transcript. If you want to correct any errors of fact, by all means do so. I thank you very much for coming along.

Resolved (on motion by Mr Dondas, seconded by Senator Chapman):

That the subcommittee accepts as an exhibit the pamphlet headed 'At a Glance' to the inquiry into Australia's trade relationship with India.

[11.52 a.m.]

**COOK, Mr Ian Leonard, Chair, AusHeritage Ltd, 33 Hurtle Square, Adelaide, South Australia 5000**

**RAMSAY, Ms Penelope Joy, Executive Director, AusHeritage Ltd, 33 Hurtle Square, Adelaide, South Australia 5000**

**CHAIR**—I welcome Mr Cook and Ms Ramsay and thank you very much for coming along and giving evidence to us today. The proceedings are parliamentary proceedings and we do not require evidence to be given on oath. We still treat them as normal proceedings of parliament. The inquiry, as you would know, is into Australia's trade relations with India. We are looking at a fairly broad base to try to establish where we are going as a result of the significant changes in India since 1991. In due course, we will proceed to the second part, which will be Australia's relations with South Asia. If you want to comment on that, you may, although essentially we will be pursuing that part of the inquiry at a later stage. We prefer that all evidence be given in public. If you wish to give anything privately, by all means make such a request and we will consider any such request.

**Ms Ramsay**—This will be a very brief submission to you. AusHeritage has not engaged with India in any significant measure yet, but it is something we plan to do, and that is why we wanted to appear before you today.

AusHeritage is Australia's network for cultural heritage services. It is an export company that was initiated by the federal government through the Department of Communications and the Arts with the support of the Australian Heritage Commission. It has been going for about 18 months. It is a not-for-profit incorporated company, which I manage. It has a very small staff of two, but I answer to a board of 12 and I have 32 members who are actively involved in the business of AusHeritage. Although in one sense it has a very small executive management, it has a very large and far-reaching national active membership.

AusHeritage's purpose is to export services overseas and especially we have been looking at the South-East Asian region. That has been our primary focus in our first 18 months of business. We were very interested when the Department of Foreign Affairs and Trade had the special high profile event with India last year and we thought very seriously about being part of that, but it was still very early in our working life. We had not yet launched ourselves and we were not ready to take part. It was a real pity from our point of view that it was not 12 months later, because India and the whole subcontinent is an area we are very interested in looking to and working with.

If I might summarise what small interest and engagement we have had to date with India, we certainly in the first instance recognise that there are many opportunities in India

and we are pleased that the government recognises that, too. One of our members, the Australian Museum in Sydney, works very closely with people in India, both on its own and through the Getty Institute. One of our members, Vinod Daniel, has very close links with Madras in particular. I have some through previous work I have done with the Asia and West Pacific Network for Urban Conservation and with CEDMA in Madras, which is the Centre for Development in Madras. They are our only real links at this time, but we intend to use those as an entry strategy. We hope that by 1998-99 we will be much more actively involved in that region.

Interestingly, one of the areas where India has come up quite a lot in our work in South-East Asia is that there is a certain confluence in the architecture of those two regions and there are a lot of Anglo-Indian buildings, Anglo-Indian bungalows, especially throughout South-East Asia, particularly in northern Malaysia and Singapore. The lime mortar expertise which is available in India for the restoration of those buildings needs to be sourced and used. So, there are practical reasons also, while, even though we are working in South-East Asia, we need to use our links and knowledge.

The Department of Foreign Affairs and Trade asked us to organise the Adelaide leg of Mr Om Prakesh Jain's recent visit to Australia, which we did very happily, and we hope that we might have an opportunity to continue working with him. As well as the Sanskrit Institute that he runs, he is also head of the National Trust in Delhi, so it is very relevant for us that we can source through him some projects on buildings there as well as some work in arts administration. I think that sums up our present involvement, which I stress is at the early stages but which we intend to take much further.

**Mr Cook**—To reiterate what Penny said, AusHeritage is committed to the development of a world heritage industry, because we think that the creation of a world-wide industry will help sustain the Australian industry. For those of you who are not familiar with the concept of a heritage industry, I suppose it is best to describe our membership.

Our membership at the moment is a partnership between the public and private sector. As Penny said, we have 32 members. Those members include all the federal collecting institutions, the National Library, Australian Archives, the National Gallery of Australia, the National Maritime Museum, the National Museum and the National Film and Sound Archive. It also includes a number of universities—the University of Sydney, the University of Melbourne and the University of Canberra.

It includes a number of materials conservation organisations, both public and private sector, like International Conservation Services in Sydney and ArtLab Australia which is based in South Australia, and it includes a number of highly prestigious architectural firms, Peddle Thorpe and Walker and Phillip Cox Architects. It is an interesting mix of the private and public sector. There are all sorts of interesting and fascinating working synergies that are developing out of the sort of cross-fertilisation of



the expertise in those areas.

We are focused on South-East Asia. We want to broaden that focus and, to do that, I suppose there are two things we have been thinking about: creating private sector partnerships with industry—organisations perhaps like the ANZ Bank; but also, from a structural point of view, the creation of business cells to focus on the region. One of the things we are exploring at the moment is the creation of a business cell that will look at promotion and development into the Indian region.

**CHAIR**—Whereabouts are you based?

**Ms Ramsay**—In Adelaide.

**CHAIR**—Does your representation on the board come from all over Australia, or only South Australia?

**Ms Ramsay**—All over Australia.

**CHAIR**—You are also based in South Australia?

**Mr Cook**—Yes.

**CHAIR**—You are based here, but you bring people from Australia and meet only in Adelaide?

**Ms Ramsay**—I go to them. Although we are based in Adelaide, the registered address is Canberra. I happen to live in Adelaide. When I took this job 18 months ago, we chose for me to do the job from Adelaide, because it does not much matter where I am. We meet either in Sydney or Canberra usually, although it does not have to be that. I am in those other cities often and I am in South-East Asia a lot.

**Mr PRICE**—Was this an initiative of the current government?

**Ms Ramsay**—No, it was an initiative of the Keating government towards the end of its term of office. It had committed two years funding and it gave us one, and the current government gave us the second. We have had very good support from Senator Alston.

**Mr Cook**—I guess we could say bipartisan support.

**Mr DONDAS**—How much was the seed funding?

**Ms Ramsay**—It was \$212,000 for each of two years, plus the cost of making a video, which was shown in 20 countries throughout the Asian region, and that cost almost

\$250,000.

**Mr DONDAS**—What language was the video in?

**Ms Ramsay**—In English and it was shown on ATV.

**Mr DONDAS**—Through Darwin?

**Ms Ramsay**—Yes.

**Mr DONDAS**—In your paper, you say that you are trying to do something on a commercial basis with partners in the Asia Pacific region. Are you concentrating on a particular country?

**Ms Ramsay**—Yes, at the moment we are focusing very strongly on the countries of ASEAN, and in particular the founding members of ASEAN, not because they were founding members, but it is that group.

**Mr DONDAS**—What has been the success rate?

**Ms Ramsay**—I wish you could ask me that in three months time, because I think we are on the cusp of a couple of big things. We are working with ASEAN on a very large project—a three to five year project looking at policy and strategy for conservation in that whole region which has gone through all but the ultimate ASEAN committee for its full endorsement. So I think we are about to be very fully engaged across those nine countries for quite a long period.

**Mr DONDAS**—Do you think your ATV coverage got you a reasonable amount of exposure?

**Ms Ramsay**—Yes, it did. It was first shown on 11 September—a somewhat memorable day—but I know it is still being shown because I get faxes from people, who have seen it, asking questions about things.

**CHAIR**—Can we borrow the video?

**Ms Ramsay**—Yes. I should have thought to bring it.

**CHAIR**—It is something we might be interested in.

**Mr DONDAS**—What other resources do you get? You are the chairman and you do all the legwork. Where do you get your admin backup, et cetera?

**Ms Ramsay**—I have one person in the office.

**Mr PRICE**—A man Friday.

**Ms Ramsay**—Yes. I can leave and know the office is in good hands.

**Mrs GALLUS**—You were talking about the film archives as cultural heritage. If I can make a jump from that and mention that India is a massive film market—it is an Indian film market and they watch Indian films. Those films are starting to hit our screens. In the last couple of months I think we have had two Kama Sstras. The title of one was *Unforgettable*, and another is coming out in the next couple of weeks. Is there any possibility of any interest in Australian films or culture in India, or is it too much of a closed Indian market?

**Ms Ramsay**—I cannot answer that properly for you. It would only be a guess. My guess would be that, given that India has such a strong film industry itself, and that there is such a lot of interest in film-making, there would be a wider interest in a range of other films as well, because that tends to be the pattern in other countries.

**Mr DONDAS**—It would be much cheaper, too.

**Mrs GALLUS**—Is there any chance that the Indian film industry would be looking for any offshore locations? As you would be aware, here we are trying to build up Australia as a good place to make films. Is India so self-sufficient and so Indian in its film-making—they are very Indian films—that that is not yet a possibility?

**Ms Ramsay**—Perhaps the area in which we could work with them very well in that field is in the preservation of film. You know more about this, Ian.

**Mr Cook**—The National Film and Sound Archive is, without doubt, one of the leading organisations in the world in the preservation of film. It would seem to me that a good entry strategy—and this is just off the top of my head—into the film industry could be through the preservation angle. Our experience in South-East Asia is that work comes through personal relationships, and you have to have a starting point.

**CHAIR**—I would have thought, however, that Britain, from its long colonial association, through the British Museum and goodness knows who, would have been involved in the very field you are involved in in India. Do you work with them, or are you aware of what Britain is doing?

**Mr Cook**—We are certainly aware of what Britain is doing.

**CHAIR**—What are they doing?

**Mr Cook**—Australia's challenge in the heritage industry, from a heritage industry point of view, is trying to get our colleagues to the north to look south rather than west,

and recently, for example, we competed with a British organisation for a fit-out of the National Gallery of Malaysia. Two organisations were asked to tender—one was British and the other was AusHeritage. In both the film preservation industry and the heritage industry in general, the Brits have a very vibrant and exciting industry and are highly competitive. One of the things that we have noted is that the British Council is very active in the region in supporting its heritage participants.

**CHAIR**—British Council, as distinct from the British Museum, or individual entities? Is the British Council like our Australia Council, or is it like AusHeritage? Where do AusHeritage and the Australia Council interrelate?

**Mr Cook**—The British Council is—

**Ms Ramsay**—Like a bigger Australia Council—it is broader.

**Mr Cook**—But with very much a foreign affairs mandate. It is highly linked to trade development. Of course, they have offices in most countries throughout the world—I do not know how many they have now, but it is perhaps 100 offices or something like that.

**CHAIR**—What is AusHeritage's link with the Australia Council? Is there any?

**Mr Cook**—There are no formal links, but we have relationships with some offices of the Australia Council, so at the recent ASEAN COCI forum that was held in Langkawi, there was an Australia Council officer—it was part of the team, of which we were a part, that made a presentation to the forum.

**CHAIR**—You mentioned two fields—buildings and film. What about all the other cultural fields such as literature, drama, music, ballet—are you involved in all that?

**Ms Ramsay**—That is largely the province of the Australia Council. AusHeritage works mainly with tangible heritage, so it works with the preservation or conservation of objects in galleries and museums. It works with libraries and archives; it works with built environments. So from large things, such as groups of buildings, through to small things, such as a small precious object, we actually deal with tangible heritage and the conservation and preservation of that tangible heritage.

**CHAIR**—Do you work with schools of anthropology, for example, or universities?

**Ms Ramsay**—With our university colleagues, we have links with anthropologists and archaeologists and a range of specialists in different fields.

**CHAIR**—Archaeologists, I suppose, rather than anthropologists.

**Ms Ramsay**—Both can be relevant, depending on the project.

**CHAIR**—You have no formal link with a university?

**Ms Ramsay**—We have members who are university departments. We have six university departments who are members and who have a range of skills.

**CHAIR**—AusHeritage, to me, is more Australian heritage as is. You do not have a domestic role, do you?

**Ms Ramsay**—Not at all. Our brief is to export services.

**Mr Cook**—It is international marketing and promotion and brokerage.

**Mr DONDAS**—Who are the Northern Territory delegates on AusHeritage?

**Ms Ramsay**—The Museum and Art Gallery of the Northern Territory, who have worked closely with Ian and ArtLab on some of their overseas projects.

**Mr DONDAS**—They do work in Indonesia and they have a lot of stuff there, too.

**Ms Ramsay**—Yes, extraordinary.

**Mrs GALLUS**—Last time we met, you mentioned that you won the contract for the Malaysian outfit.

**Ms Ramsay**—No, we had not won it. We came second. That was a very sore point—the Brits won it.

**Mrs GALLUS**—If you won it, what would have been the next step?

**Ms Ramsay**—The next step would have been to work with them very intensively in the next six months on the fit-out.

**Mrs GALLUS**—Who would have worked with them?

**Ms Ramsay**—AusHeritage members. Some of our members are very large organisations. Probably Cox and Peddle Thorpe would have worked on it. They, between them, have many hundreds, possibly into the thousands, of employees, both here and overseas. They have overseas offices as well as Australian offices, so we draw on that.

**Mrs GALLUS**—Obviously, your members have overlapping interests. If you get something like this coming up, how do you say this member is going to do it or that member is going to do it?

**Ms Ramsay**—The board has a project committee which chooses who does the job, so people put in their bids. Depending on the size of the job, you choose one person to do it, or you may choose two people and say, ‘Can you work together on this, because you have complementary skills?’

**CHAIR**—Do you handle, for example, ships? I was thinking of the relationship between western India and the Gulf countries, and it has been a very important part which the evidence this morning seems to suggest is an ongoing association. Apparently, there are now health links between the Middle East and Bombay, largely from those traditional links. Do you look at marine links and things beyond the physical resources on land—ships, et cetera?

**Mr Cook**—Yes, the National Maritime Museum is a member of our organisation, so we have an interest in things maritime.

**Ms Ramsay**—ArtLab has preserved boats and anchors.

**Mr DONDAS**—Can you give us a list of the members?

**CHAIR**—Yes. As Mr Dondas suggested, could we get a list from you of your members?

**Ms Ramsay**—Yes.

**CHAIR**—I had not heard of you. I think it is a wonderful concept.

**Ms Ramsay**—It is working extremely well. It is early days yet, but I think you will be hearing a lot more of us.

**CHAIR**—I can see there are so many areas to cover. In my mind, the South Pacific is another area where they are crying out for somebody to do similar work. Does New Zealand have a similar body?

**Ms Ramsay**—Not that I know of. I have had links with them for a number of years. I do not know of anything like this. They work actively and well over there, but not with this structure.

**Mr DONDAS**—Do you get much support from our trade commissioners?

**Ms Ramsay**—It is variable. In some places it is very good, but in other places other people in the post are far more useful. They have been under some stress in the past couple of years, so I guess it will sort itself out.

**CHAIR**—The name rather puzzles me. It is AusHeritage. It does not seem to relate to what you are doing.

**Mr DONDAS**—It does not sound very international.

**CHAIR**—Nor does your emphasis. It is more than just heritage. It is heritage in one sense, but—

**Mrs GALLUS**—If it was called Heritage International, it would give you more of a flavour.

**CHAIR**—Any further questions? If not, thank you very much indeed for coming along and giving this evidence. We obviously wish you well in your task. A copy of your transcript will be made available and, if you wish to correct it, by all means do so. If you do not mind providing a list of members, that would be helpful, and if we could borrow the video, that would be helpful, also. If there are any other matters that you might wish to advise, then by all means, we would be very grateful for that.

Resolved (on motion by Mr Dondas, seconded by Senator Chapman):

That information on AusHeritage be accepted as part of the record of proceedings.

**CHAIR**—Thank you very much Hansard and I thank the secretariat.

Resolved (on motion by Mr Dondas, seconded by Mrs Gallus):

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

**Committee adjourned at 12.15 p.m.**