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(Foreign Affairs Subcommittee)

Reference: Australia's relations with the Middle East

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JOINT COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE

Foreign Affairs Subcommittee

Friday, 17 November 2000

Members: Senator Ferguson *(Chair)*, Senators Bourne, Calvert, Chapman, Cook, Gibbs, Harradine, Hutchins, Sandy Macdonald, O'Brien, Payne and Schacht and Fran Bailey, Mr Baird, Mr Brereton, Mrs Crosio, Mr Laurie Ferguson, Mr Hawker, Mr Hollis, Mr Jull, Mrs De-Anne Kelly, Mr Lieberman, Dr Martin, Mrs Moylan, Mr Nugent, Mr O'Keefe, M Price, Mr Prosser, Mr Pyne, Mr Snowdon, Dr Southcott and Mr Andrew Thomson

Subcommittee members: Mr Jull *(Chair)*, Senator Gibbs *(Deputy Chair)*, Senators Bourne, Calvert, Chapman, Ferguson and Schacht and Mr Brereton, Mrs Crosio, Mr Laurie Ferguson, Mr Hawker, Mr Hollis, Mr Lieberman, Dr Martin, Mr Nugent, Mr Price, Mr Pyne, Mr Snowdon, Dr Southcott and Mr Andrew Thomson

Senators and members in attendance: Senators Bourne and Gibbs and Mr Jull and Mr Pyne

Terms of reference for the inquiry:

To inquire into and report on Australia's relations with Middle East nations and the Gulf states, with particular reference to:

- Opportunities and impediments to expanding Australia's trade relationship with the Middle East and the Gulf states;
- Australia's contribution to the Middle East peace process, and the prospects for resolution of the Arab-Israeli conflict;
- The role of the United Nations, and Australia's involvement, in promoting regional stability for the Middle East and the Gulf states, including consideration of the United Nations weapons inspection program and the impact on Iraq of internationally-applied sanctions;
- Australia's defence relationship with the Middle East and the Gulf regions, and the scope for promoting Australia's strategic interests;
- The impact of destabilising influences in the region including the potential production of weapons of mass destruction;
- Progress on the adoption of human rights principles in the region; and
- Social and cultural linkages, given the levels of migration to Australia from the Middle East and some Gulf states and with particular reference to the Australian aid program towards the Middle East and the training programs for students from the region.

WITNESSES

Subcommittee met at 9.22 a.m.

REEVE, Mr Roderick Charles, General Manager, Business Development, SAGRIC International Pty Ltd

ACTING CHAIR (Senator Gibbs)—I declare open this public meeting in Adelaide of the Foreign Affairs Subcommittee of the Joint Standing Committee on Foreign Affairs, Defence and Trade. The committee is conducting a series of public hearings for its review of Australia's relations with the Middle East. The next hearing will be held in Perth tomorrow, to be followed by further hearings in Canberra early next year. Today's proceedings will enable the committee to receive further evidence on the continuing conflict in some parts of the Middle East, as well as many other issues raised by the comprehensive terms of reference for this inquiry. We have therefore invited a range of witnesses to appear before the committee today as a basis for continuing our examination of Australia's relations with Iran, Lebanon, the Persian Gulf states and Iraq in particular.

Welcome. The subcommittee prefers that all evidence be given in public but should you at any stage wish to give any evidence in private you may ask to do so and the subcommittee will give consideration to your request. Although the committee does not require you to give evidence on oath, I should advise you that these hearings are legal proceedings of the parliament and therefore have the same standing as proceedings of the House itself. I now invite you to make a short opening statement, if you wish, before we proceed to questions.

Mr Reeve—Thank you. SAGRIC International is a South Australian private project management company. My company has submitted a written submission basically outlining our involvement in the Middle East in trade over the last 25 years. I have got not much to add to what is there, Madam Chair.

ACTING CHAIR—In your submission you talk about a tourism development in Iran. Can you expand on that, please?

Mr Reeve—As far as I understand it, the government of Iran is establishing long-term agencies in several countries around the world in order to promote Iran as a tourist destination. There was a competitive situation in Australia to gain that agency agreement and SAGRIC acquired that over a period of 18 months with a lot of marketing, visiting and business development in Iran. We now have this general service agreement by which, in a nutshell, SAGRIC promotes Iran as a tourist destination for Australians. We do that at our cost basically and in return, if numbers grow and meet targets, we achieve a return on each extra visitor from Australia. So it is a commercial venture. We have established a network of tourist operators and tourist brokers in Australia to service that contract. There is not much to add there except that Iran has, as have many of the other Middle Eastern states, wonderful heritage sites of great interest to tourists.

Senator BOURNE—When I read that, I thought that I would love to visit somewhere with such fantastic heritage sites and so on, but how would women go in Iran? As a tourist destination for Australians, for example, being in a full chador does not compute terribly well. How do you think that would go?

Mr Reeve—It is a niche market. Let us not fool ourselves, it is not going to attract the same people that go to Bali, Tahiti or wherever, but it is attractive to anyone with an interest in history and archaeology. From a female's point of view, it is perhaps not as bad as the Western press may portray at times. I have lived in Iraq and Jordan with my wife and we have had a child born in Jordan, so I speak with some experience. It is perhaps not quite so bad. This is an agreement with the government of Iran and I am sure they would ensure that all visitors receive good hospitality.

Senator BOURNE—How far along are you with the planning for it? Would you be at the stage where you would get down to that sort of detail, or are you still looking mostly at a broader picture of what sort of tourism things could be done?

Mr Reeve—We are a long way down the track. The contract is going and we have got our networks operating and we have got the meter on to see how many extra visitors we can achieve. We are doing a promotional campaign in Australia but it is not targeted at the 18-year-old footy fans, it is targeted at other sectors of the market. There is a lot of interest also from people who come from Iran and students and their families and people they interact with in the community. We are not looking at half a million visitors; we are talking in terms of thousands, units of 1,000 basically.

Senator BOURNE—National trust people and that kind of thing. I see.

ACTING CHAIR—So you are not actually building a tourist resort. There are already hotels there and it is basically a two-way thing, getting people to actually go there.

Mr Reeve—Yes. Iran has got 12,000 years of human history and they have got some wonderful sites that are not just not being developed as tourist destinations, and that is what we are doing. We are just promoting Iran and facilitating tourists to go there.

ACTING CHAIR—It is safe for women to go there by themselves?

Mr Reeve—The person who has been managing this project at SAGRIC is a woman. She has been there and has come back and briefed the company that it is a different culture, but it is like anywhere one travels in the world. If you just adhere to the local customs and local cultures, there is nothing to be concerned about.

ACTING CHAIR—I find that we usually do but males usually don't. In your introduction you indicated that there was scope for government to do more to help facilitate expansion of Australia's commercial interests. How can the government achieve this?

Mr Reeve—This stems from our acknowledgment that the Middle East and the countries you mentioned at the start have got enormous economic potential for Australian firms in particular industries. My company is a relatively small company with about 150 people on staff and we work all around the world. We believe that the Middle East has been put to one side a bit, or has taken a back seat to the Asia-Pacific area. I am not saying that is a good thing or not, but I do believe that could be a fact. We believe that there are a lot of opportunities in the Middle East for Australian firms and I believe that, as a country, Australia has a responsibility to its industries to assist them to enter those markets.

The market is perhaps easier to enter than it is in a lot of the Asian countries. There are a lot of similarities, particularly for agricultural industries and anything with a built environment because the environment is similar to Australia's. Our architecture is appropriate to the Middle East and all the things that flow from that—airconditioning and furniture and metal fabrication—right through to growing plants and looking after animals. So there is quite a market there as I am sure you are aware.

We would like to see the government, of course, assist Australian companies in small chunks of funding to conduct feasibility studies so that a company does not put as much money at risk in developing a business enterprise. The Iranian tourism proposal probably cost us $100,000 to develop and that was all at our risk. I guess that is about a ballpark figure—$50,000 to $100,000 would be required to conduct any business plan for development in any country in the Middle East. There were schemes several years ago like the export one—and I cannot remember its name—and there are similar schemes that Austrade run at the moment, but they are pretty much at the bigger end of town for car manufacturers.

Senator BOURNE—What about EFIC?

Mr Reeve—Yes, EFIC is in that group, but EFIC still exists; it is still operating.

Senator BOURNE—Yes, I know what you mean.

Mr Reeve—There was a grant where a company provided 50 per cent of the risk and the government matched it one for one. If you wanted to go and develop a sheep feed lot, for example, in Dubai you put a case to Austrade and Austrade would agree to fund it dollar for dollar up to a pre-agreed amount—usually about $50,000 was the limit.

ACTING CHAIR—So when your company first started to look to the Middle East did Austrade actually assist you to start out?

Mr Reeve—Yes. We go back a long way. The government has offered huge assistance to our company, SAGRIC. The government established SAGRIC as a company initially and supported it—not so much financially in the later years but in the early years it financially supported the whole company. When it was first established it was 100 per cent government owned. But outside that, Austrade has provided assistance to us, as to any other Australian company, for export market development grants.

ACTING CHAIR—So that is going back 25 years. Does the government still have that policy today? Do we still do that now? If somebody came along and had a company and wanted to break into the Middle East, would those terms be available and would that help be available to another company?

Mr Reeve—I am not exactly sure of Austrade's suite of assistance packages now. There is AusIndustry, which will assist in business planning development. A casual comment is that the support vehicles have decreased over the years. That is as much as I can say at this stage because I do not have the information.

ACTING CHAIR—With the troubles over there at the moment, has this affected your business at all?

Mr Reeve—It has, because the whole Middle East tends to get branded with the same brush. If there is trouble in Gaza, to Australians it is the Middle East. First, it is difficult to get people interested in business cases in the Middle East. Secondly, it is difficult to get people to go over there to develop business and to staff projects or staff company offices.

ACTING CHAIR—Why do you think people are a bit wary to actually do that? In the past I worked with people who have worked in Amman and places like that and they have earned enormous amounts of money and they have actually enjoyed it. Why you think people are a bit wary to go to these countries? Do you think it might be the customs?

Mr Reeve—It is a whole host of things. My view is that it is personal danger. I think if you did a study on it the major factor would be perceived personal danger. Then you have got the gender issues that you mentioned before. As I said, we have worked in 70 countries and I would say that the Middle East is not the most dangerous place to work, but it would be up there. There are other more dangerous places to work and more uncomfortable places to work. You are not going to get the cream of Australia beating their path to the Middle East while the trouble exists. I guess that is it. Sure, people in the middle professional ranges can earn more money in the Middle East, but they only earn more money because there is a supply and demand situation.

ACTING CHAIR—And not much to spend it on.

Mr Reeve—Only certain people will agree to go there, so the price goes up.

Senator BOURNE—If you would like to tell us about both of your recommendations, that would be good. But the second one I found particularly interesting, on provision of Australian government concessional finance to client government or entity to ensure that Australian companies can be engaged for feasibility studies. What happens now: are Australian companies not engaged in the Middle East in particular to do the feasibility study and therefore they are sort of cut out right from the beginning, and it is worth while trying to get ourselves in from that point? Would that be the idea there?

Mr Reeve—You are correct there. Australian companies will conduct feasibility studies, but that is a business decision. We find quite often in the marketplace that there might be a particular project or a business opportunity that we are developing a strategy for in Australia but there might be other countries that are in favour with that particular country who are doing the same thing. That favour more often than not means that there is concessional finance available to the German company or the American company to fund their entry into that market, whereas little Australian companies like us have to ask whether we want to put $50,000 at risk, knowing that the Germans are getting concessional finance and if a bigger project comes out of this, the Middle Eastern government will borrow money from the Germans—I keep using the Germans because they are neutral—or they might access finance from other soft loan areas. Australia used to have a DIFF scheme, which is a similar vehicle. Yes, that is the model we are referring to.

Senator BOURNE—Yes. There was some discussion about DIFF and its worthiness. It seems to be coming back into favour, I hope, or that appears to be the case. Can you tell us a bit more about your first recommendation, about heightening Australia's profile in the region by stepping up visits and things? Which countries do you think would be most useful to us to do that with?

Mr Reeve—A market analysis would indicate that first you would pick on the big economies like Iran. Iraq is a difficult case at this point in time, but that has huge potential for Australia.

Senator BOURNE—It can't be a difficult case forever.

Mr Reeve—That is what we have been saying for a long time.

Senator BOURNE—That is very true.

Mr Reeve—There are niche markets in places like UAE, which is a high service economy. Australian companies do not need to go in there and dominate the whole business. There are certain niche areas that we can be very strong in, but they might only be small markets. I met with the trade commissioner from the UAE about a year ago and he made bold statements. He said the UAE is 500 kilometres from two billion people and they tranship a lot of material through Dubai and places like that. They had the greatest export of wristwatches in the world and things like this because there is so much traffic that comes through there. It comes in from Asia and through Dubai out to Europe or America. There are just enormous opportunities there. Australia has been fairly focused on Asia in the last 10 years. I am not saying that is a bad thing, but if we could provide the same effort to the Middle East it would be a good thing. We are established there in the market, Australia is known. Australia has one great advantage that we have not touched on, and that is that it is a neutral country. I guess 'neutral' is the best word.

Senator BOURNE—Yes.

Mr Reeve—We do not come with any baggage and governments there can sign contracts with Australian firms without any recriminations, without upsetting anybody.

Senator BOURNE—Yes, that is a good point. Also, your own company is involved in what must be one of our best niche markets—biosaline, aquaculture and that sort of stuff. Surely, that is an area that needs it, and we have the expertise. It would be in our best interests to be able to get into that more in that area.

Mr Reeve—Yes, you are dead right. We have a competitive advantage over the rest of the world with our agricultural systems and our water management systems. South Australia is quite often touted as the driest state in the driest continent. We have developed micro-irrigation techniques and water management and agricultural systems that are very applicable into the Middle East. It is a strong area. I do not want to make comments off the top of my head, but one would really need to do a strategic analysis of the Middle East as a market and pick out the top five market potential areas. I am sure the two you mentioned—agriculture and water—would be up there.

ACTING CHAIR—What do they grow on the farms in this Biosaline Agriculture Centre? What is that? I am not into agriculture.

Mr Reeve—Biosalinity is just a fancy name for using salty water to grow crops. As you know, it is a very dry place with not much rainfall.

ACTING CHAIR—Yes.

Mr Reeve—One of the major breakthroughs in agriculture in the next 10 years will be the use of seawater to grow crops. You might have to water it down with clean water to grow crops in saline water or to grow crops on land that is salt affected. This biosalinity centre is the world centre for growing crops on salty soil with salty water.

ACTING CHAIR—That's fascinating. Are these in hothouses or whatever?

Mr Reeve—No, this is barley, wheat and rice, staple crops like that.

ACTING CHAIR—They are growing out in the paddocks, in the open?

Mr Reeve—Yes, that is the aim. This research institute is attracting some of the best scientists in the world because it is a fairly nice place to work. That is something we have been associated with. We have some staff linkages there. So Australia has got all these networks. I do not want to give you an agricultural lesson, although I used to be an agricultural lecturer, but in Australia the food we eat by and large comes from the Middle East. Lamb, wheat and barley are all native plants and animals from the Middle East. They are the ancient cradle of civilisation between the Euphrates and the Tigris. We have brought their species and plants to Australia and worked out how to grow them very efficiently here. Meanwhile, they are still in a fairly primitive state back in the Middle East—the plants I mean, not the cultures—and we then take this high technology from Australia back to the Middle East and they can grow their own native plants in salty water, hot conditions, et cetera.

ACTING CHAIR—And you have been doing that since 1992? Is that right?

Mr Reeve—No, since the foundation of the company in 1979. The South Australian government formed SAGRIC in 1979, and that followed about 30 years of technical exchange in the agricultural field. South Australia would send missions into the Middle East to collect barley plants, clovers and grasses and bring them back here for our own agriculture. So what I am saying is there are 50-plus years of good solid relationships with a lot of these countries.

ACTING CHAIR—So your company would have rather a high standing over there, I would imagine?

Mr Reeve—Yes, we do. As an Australian company, I think we would be as recognisable in the Middle East as BHP because we have been there. We have not been to many other places, but we have been there a lot.

ACTING CHAIR—One of the witnesses yesterday from the Gold Coast City Council was talking about tourists coming over to the Gold Coast. He said that people in the Middle East liked Australians, that we were basically the flavour of the month and that they thought we were very nice people and very friendly. So that would basically tie into your thoughts of us being a neutral country.

Mr Reeve—Yes, I agree with that. We tend to think that way; whether it is true or not, I am not sure. We do have a lot going for us in that we do not have any baggage, we are a multicultural country and we are a tolerant society. If you were a Palestinian, an Iraqi Kurd or whatever, you would just dream about living in Australia. So when you met an Australian, you would think, 'These are lucky, nice, mature people.'

ACTING CHAIR—Thanks.

Senator BOURNE—Egypt is another place you mentioned in the submission. I would imagine that Egypt is quite different to deal with and do business in than places like Iran or Iraq because it has had so much western influence in business as well as everything else for so long. From your perspective, how does your business venture in Egypt differ from the business ventures you have in other places? In the other places, it seems to me that you would go in having to learn a lot more about business practices than you would here and you would not have the background. Is that right? I went to Egypt once and found that the amount of things I had to learn to do and not do culturally was quite spectacular to start with. So I imagine in business it would be difficult, but not as difficult, for instance, as Iran or the UAE. How do you find it?

Mr Reeve—It is hard to generalise, but I do not think Egypt presents any fewer or any more challenges to Australian companies.

Senator BOURNE—So you would not think it is worth targeting over the other places or anything like that?

Mr Reeve—I would not say it is a stand-out country, but then I would not say any of the countries are stand outs. Egypt has been more open to external relationships. It is a difficult country to break into because there are a lot of strong relationships between Egypt and Europe, whereas you could walk into Iraq, for example, and pick up a lot of contracts—which you could at the moment because of the trade embargo—because there is no competition. One of our strategies is that, when Iraq does settle down and open up, we will be on the first plane in there. In that context, it would be a lot better for us to invest in a marketing trip to Iraq—and to open Iraq—rather than to Egypt, just because of the competition. There is too much competition in Egypt whereas in Iraq we have good contacts, and we have worked there for several years.

Senator BOURNE—It is interesting. What you are doing in Egypt seems to me to be quite different from the other ones that you described. Is that because that opportunity just opened up there? Or is it because that is the way you think it is best for you to do business in Egypt at the moment?

Mr Reeve—Yes. It had one advantage in that it was exactly what you just said. The perception of Egypt is that it is an easier, more friendly market to work in. Because that perception goes across banks and boards and those sorts of things, you will find that banks and

company boards are much more open to investing in Egypt than they are in some other countries. That is one of the major factors there.

Senator BOURNE—They are just as knowledgeable about it as I am. It is a bit of a worry, if that is the case.

Mr Reeve—Yes, that is the reality. If you go to the bank and say, 'I want to borrow. Can you lend me $10 million for a joint venture in Egypt?' versus doing it in some other countries—I will not name any—you will get Egypt every time.

Senator BOURNE—That is interesting. Is that working okay at the moment? It is just being set up, by the look of it.

Mr Reeve—Yes, it is in its early stages. It looks positive. The model is fantastic, but they have some fairly run-down farms. We will provide the expertise to bring them up to world standard—which is not that difficult; it is just a matter of using Australian systems—and we will market the produce into Europe. We have established networks into Europe, but it is at the end of phase one in a three-phase development.

Senator BOURNE—I probably should not say this, but you have not found too many difficulties doing business in a joint venture there? Don't bother telling us if you would rather not.

Mr Reeve—There are difficulties, for sure. That is why we do it and other companies do not. There are difficulties, and hopefully we know our way around them, but anyone going in green might find it more difficult.

Senator BOURNE—That seems to be one of the things that we have come across in a lot of the evidence that we have had—that you have to really know your way around to do business properly in the Middle East. If you do not, it must be difficult to get that first experience. Until you do, there are many pitfalls and you would be better off starting off in some sort of joint venture with somebody who knows what they are doing. Do you think that is right?

Mr Reeve—Yes, definitely. That is the most sensible way to go. You minimise your risk. You might not get such big returns, but you must look at it in the long term. If you are successful, with even just a 10 per cent equity position in an early stage, in 10 years time you have learned the systems, you know the lawyers, you know the law and you know how business is done. Ten years later you can take a 50 per cent position, and maybe in 20 years you can take a 100 per cent ownership position.

Senator BOURNE—Yes. Everybody will know you and hopefully trust you by then.

Mr Reeve—Yes.

Senator BOURNE—Exactly.

ACTING CHAIR—Are there many Australian companies over there now? Or are you basically it?

Mr Reeve—There is not a lot. In most countries, there is a body like the business group of Australian business people who would meet—I know there are in several countries—on a quarterly basis or Austrade, if it is active in that area, would get them together. There are Australians there but not a lot. It depends which country you are talking about. There are lot in the gulf states, and there are a lot in Egypt. I doubt that you could form a cricket team in Iran or Iraq at the moment.

ACTING CHAIR—Should the government do more to promote and encourage businesses to go over there?

Mr Reeve—Yes, and the government does. We do conduct trade delegations from time to time, and that is wonderful. That does provide companies with the opportunity to visit in a fairly structured and efficient way.

ACTING CHAIR—Would it help with mutual understanding if we had more interaction—social and cultural activities—between the two countries? Would understanding more of what is happening there be beneficial for us and for them?

Mr Reeve—In this discussion we have been focussing more on the commercial aspects. There is also all of the bilateral relationships and being a member of the global community and so on. Obviously, Australia will benefit both commercially and globally from greater engagement with the Middle East. That is a pretty broad statement.

ACTING CHAIR—Would you recommend that we go over and have a look?

Mr Reeve—Definitely, because it has taken a back seat. Under the last two governments Asia received a lot of attention, which was and is a great thing. But we have had things in Asia, like the Asian crisis and so on, which have made Asia a little less attractive. The Middle East, by and large, has no financial problems. They are good payers. We have had a lot of contracts in most of the Middle Eastern countries, from Libya across to Iran, and apart from one—which was because of a war—we have never had a bad payment yet. They pay well. They have got good financial terms. The contract has got good financial terms. So it is not such a risky market at all.

ACTING CHAIR—That is very interesting. Thank you for your attendance here today. If there are any more matters on which we might need additional information the secretary will write to you. You will be sent a copy of the draft transcript of your evidence, to which you can make any necessary corrections.

Proceedings suspended from 9.58 a.m. to 10.06 a.m.

VOIGHT, Mr Denis (Private capacity)

ACTING CHAIR—On behalf of the subcommittee, I welcome Mr Denis Voight. The subcommittee prefers that all evidence be given in public, but should you at any stage wish to give any evidence in private you may ask to do so and the subcommittee will give consideration to your request. Although the committee does not require you to give evidence on oath, I should advise you that these hearings are legal proceedings of the parliament, and therefore have the same standing as proceedings of the House itself. I now invite you to make a short opening statement if you wish before we proceed to questions.

Mr Voight—I would like to preface my remarks by saying that I believe our relations with the Middle East have a direct consequence within our nation. That is what I would like to talk about from my experience of meeting, working and studying with people from the Middle East and other Australians. That is why I think this inquiry is very important. Our external foreign policy and foreign relations have a correlating effect within our own nation.

ACTING CHAIR—You state in your submission that the field of education offers trade opportunities as well as avenues for cultural links between Australia and the Middle East. Why does Australia not receive more students from the Middle East?

Mr Voight—Geography is a part of it. One of the issues I would like to raise relating to that is perceptions: whether we make people welcome and whether we actively market these opportunities in the Middle East. If you allow me, I will relate some anecdotal stories that I have picked up over my years.

ACTING CHAIR—Sure.

Mr Voight—My interest came about because of a final year project looking at the effect of the Gulf War on Adelaide's Muslim community. That opened my eyes to a number of issues. I had an interest in this area even before that. My primary school colleagues were from Lebanon, which was quite amazing and mysterious to me as a primary school student. From then on, I have had some sort of interest in other parts of the Middle East. I had a relative working in Iraq on contract with an agricultural company, which ended when the Iraq-Iran war began. One of my classmates worked in Libya until Libya became a pariah nation and jobs ended. Throughout my life, there have been incidents where our relations with the Middle East have had a direct personal effect on colleagues, friends and family from this country.

One of issues I would mention when talking about our welcoming the opportunity for more trade and educational issues with people from the Middle Eastern countries is our perceptions. After the Gulf War I was going to a fancy dress party with friends and we called in to a supermarket to get some soft drink and what have you. We were all in costume; I was dressed in Arabic costume. It was interesting that this lad came up to me and said, 'Pity you lost the war, mate!' in true Australian style, and we laughed about this. But I thought to myself, 'Why did the guy immediately think I was an Iraqi and not a Kuwaiti or a Saudi Arabian? How does he know that I wasn't on the winning side?'—if you like to put it that way. And I thought, 'It is our perceptions of people.' It is partly the result of Hollywood—and all the work of all the

parliaments in the world cannot compete against Hollywood's stereotypes. However, there is this constant recurring theme.

One of the people who has arrived more recently from the Middle East has become a good friend of mine and has moved interstate and has work. He told me, 'Denis, I do not use the name Mohammed because when I use that name I feel that Australians think of terrorists.' He uses another Middle Eastern name. I think it is rather sad that the name Mohammed, held in high esteem for the founding of a very worth while and, at the time, revolutionary religion and moral code, should be equated with terrorism, Another man has chosen an Irish name, both family name and first name—

ACTING CHAIR—What he has chosen?

Mr Voight—An Irish name, like Patrick O'Donoghue or something.

ACTING CHAIR—You cannot go wrong with an Irish name in Australia.

Mr Voight—Even though he was born in Iraq and has excellent English, very good qualifications and is a very skilful young man, he laughed when he said he preferred to be called Patrick O'Brien or something like that. The sad thing is that he feels that would be an advantage for him. That resonates with me because my father during the Second World War inserted the letter 'H' in the Voight name to try and distinguish it from other Voigts that were known as German Voigts. He served in the Royal Navy. It is very sad that when I was a teenager and found some childhood nursery rhyme books in a suitcase that were all written in Gothic German script, I was fascinated and took them to my mother and said, 'Whose are these and where did they come from?' She took them from me and said, 'Put them away. They were given to your father as an infant, but he does not like people to dwell on that, because of the great aunties and the German connection, here in Australia.' That was after World War II, and I understand all that. But even today people feel they have to mask or hide their identity in order to be accepted. One of the good things about Australia is that we do not, for the most part, get really wrapped up in people's religion. We get more wrapped up in what football team to support—the important things—not in your nationality, your religion, your political affiliations. These people are picking up this.

The next point is that if we have these perceptions so that people who come here feel they are not welcome, that they must hide their identity, that they must keep it private, what effect does that have if we are trying to market Australia and bring more students here from some of these countries? The other important thing is that it is not only income that can be generated through the education process—which is another debate and issue—but the good effect when Australians meet people of any other nationality and country, because it is through interpersonal contacts that you see a better picture. For example, time and time again I meet people from the Middle East who fled the Gulf War because they would not attack their family in Kuwait. For the local people, the issue of Iraq, Iran and Kuwait is immaterial because they are all part of the one family—it is just political lines drawn by historical accidents. I will leave it at that.

ACTING CHAIR—What sort of strategies would you suggest the government put in place to attract students from the Middle East?

Mr Voight—It is just not a matter of advertising. It is a matter of making people in Australia welcoming, desirous and positive about receiving people like this and making ordinary Australians more open. We are really at the end of the line, unless you are going to the South Pole, so we do not have a great influx of cultural hurly-burly and activity except, say, for the Olympics when we were flooded by visitors.

For the most part, many Australians would not even know where Afghanistan is on the map. The average person would not have much reason to be aware of these places. The Gulf states would be seen as somewhere where there was a war. We need to prepare the Australian population and community to realise that this is a vital part of the world, a part worth engaging in, and a part of the world worth learning about. We should be encouraging people to come here and having us doing trade and bilateral relations.

Just before I get to answering your question, another example of a negative aspect concerns a DIMA official who was speaking at one of my committee meetings and talking about the asylum seekers arriving here. He warned us that these people were all Muslim. I said, 'Yes, and most of my committee, being connected with the church group, are Christians, of course. So?' His inference was that these were fundamentalist Muslims. I said, 'I have fundamentalist Christian friends too, but what does that have to do with the issue?' There is this negative perception. Imagine if a university encourages students to buy an education package here and they come here and they feel unwelcome, that if they speak their language in the street they will be made fun of. This happens with Chinese students. Even in our own city people make fun of them. I have been with people when that has happened. The task is to change the attitudes. How do we do this?

Senator GIBBS—That is very disturbing to hear. Yesterday we had representatives of the Gold Coast City Council appear as witnesses. They said that quite a lot of tourists come over here and apparently they like us. They think that we are really nice people and we are very friendly. Surely, it would be the minority who would make fun of them? You are going to have those minorities everywhere, aren't you?

Mr Voight—Yes, of course.

Senator GIBBS—Australians, generally, are pretty laid back sorts of people, aren't they? We are egalitarian.

Mr Voight—We are, but I remember the unfortunate incidents. For example, I was with one of my colleagues as a student and we were walking down the street and someone made a very rude remark to him. I said, 'Do you know this guy? Does he have a beef against you?' The answer was, 'No.' At least once a week there would be an incident that would happen, and he related the story of the week previously when some young lads were walking along and they started mimicking speaking Chinese in front of him. I said, 'What did you do?' He said, 'When we got to the traffic lights and we were standing there together I just commented to them that I thought they spoke very good Cantonese.' They went quite red and ran across the road. He was lucky they did not turn on him and beat him up, in fact.

As you said, we are a very laid back, tolerant sort of group of people. However, people in a tourist area see lots of tourists and they know we depend on them for our income and our jobs,

and appreciate that. On talkback radio I have had a man say to me, 'With the released asylum seekers, why don't you send some to our country town. We would welcome them.' This is a rural area in South Australia. The interviewer said, 'Do you think people would welcome these strange people?', and he said, 'If it meant more people using the post office and the shop, it would mean I would have a post office and a shop to go to. We would love to have more people.' Australians are also pragmatic, but it is the fear of what we don't know that is the problem. This is where I think the parliament and our leadership has a great opportunity. We need to always be positive in pushing the advantages of a diverse, inclusive community. At present, from where I sit, I often see examples from our departments that are not always inclusive. I know there are bigger political issues beyond this immediate issue that has to be weighed and balanced in protecting the integrity of our shores and a whole range of those issues. I would not even start to deal with that, it is beyond me.

There is a real need to keep building on education programs that are already in place and celebrating our diversity, but we should be very positive in hammering home the advantages of interaction with people from other cultures and places. That creates a climate in which people know that it is safe for them to send their sons or daughters and that it is safe for postgraduate students to come here. South Australia had some advantage in dry land farming skills and techniques to be exported to the Middle East. I think we have lost some of that impetus through involvement in supporting other sides.

We really need to combat racism across the board. That should be sustained not only in school programs but in what we say in the parliament and in community groups. We should constantly push that that is not acceptable, that we cannot tolerate ignorance. It is all very well to allow people to have freedom of speech and expression but if they use it to such a point that it divides the community, that is very harmful.

CHAIR—How responsible is the press in that respect?

Mr Voight—Two weeks ago I visited a private boys school here in Adelaide and spoke about the asylum seekers. I was telling them the facts as I saw them. They said, 'Denis, we have never understood this, we didn't know that Australia has obligations according to a 1951 convention. We didn't know that there are these issues with children in detention. Why didn't we hear about this? All we hear is press reports of releasees being given special treatment at Centrelink.' There was a great story in Adelaide: a group came down from Darwin and the Centrelink office opened early to process them en masse in order not to interfere with the orderly process of the business of the day. It was a very good management decision to get them all done in one hit. But it was portrayed by the press that these people were getting something special. They had spent two or three days on a bus coming from Port Hedland, got off the bus and were processed by a Centrelink office, and that was supposed to be special treatment. It was very sensationalised reporting.

With freedom of speech, you cannot expect parliament to legislate as to how the media will do things, because that would be a disaster. But the alternative is to provide positive images and information. I remember, going back some years, there were furphies about the Aboriginal community getting special treatment. The minister at the time brought out a refutation of what Aboriginal people do and do not get, point by point. There were stories that they got special housing loans, cars and whatever, and it detailed the facts. That is a very positive thing for the

parliament to do and it counters the press. This is where SBS, Radio National and the ABC are invaluable, because they are actually presenting issues rather than sensationalising incidences. That encourages the debate and opens up the discussions.

CHAIR—This is a leading question: are you suggesting that maybe the print media is not quite as responsible as some of the electronic media? I have got my own theories about that.

Mr Voight—I think you can draw your own conclusions from that. For instance, in the local press here in South Australia, we have had some very positive, good stories that have been published as well. There have been human interest stories. The *West Australian* at the beginning of this year interviewed a number of young boys from Port Hedland and gave their stories, and they were quite good. But the press has got to make a profit. This is where the leadership comes in, to create within the community an informed, educated, critical society that will take these stories on board and weigh them up.

Senator BOURNE—It is interesting to listen to what you are saying. It reminded me of what occurred a few years ago when Mrs Hanson was in parliament, and the number of incidents that were reported to the Human Rights and Equal Opportunity Commission skyrocketed. DIMA brought out very good briefing papers that did the same sort of thing as you are talking about with Aboriginal affairs. They do not seem to be doing much of the same thing at the moment, particularly with regard to refugees. That was very useful and it was something that would probably be useful if it were continued. I had not thought of that before.

I go now to a completely different thing. You have mentioned sanctions against Iraq in your submission, and just the other day—last week, I think—another British plane went in, and we have had a French one; they have been allowed to go through different airspace. It seems that it is starting to fray at the edges. Is there anything you can suggest that would be useful for Australia to do to try to make the whole thing more fair—to drop the sanctions, or to modify them—because some of the things that we have had as evidence have been pretty appalling?

Mr Voight—Again, this is an anecdotal story. A young lad, who actually comes from Babylon but studied in Baghdad, was talking to me about the effects of the bombing—and there is still bombing carried out occasionally in his country. I was listening to his stories and the attitude that people have. He gave the story—you might remember seeing it in the press—about 'the luckiest man in Baghdad'. One of the missiles was going to a bridge to blow it up and, because the missiles had video camera connections, it was deflected. But this lad said, 'But it would have landed somewhere else, and it would have blown up another family or another worker, or whatever.' He had almost a resigned casual approach that when your number is up, it is up, and we will just hang on. I thought to myself, it is a bit like London in the Blitz. As an Australian from my generation, I grew up hearing of the heroic Brits defying the Nazi bombing. I thought, 'Yes, there is something in people that when pushed to the wall, we will resist.'

On top of the appalling government that they have in their country, the West is seen as punishing these people. I have a bias here, because I am a Roman Catholic, and we certainly would accept that this is immoral and unjust to do this. You cannot justify punishing the innocent. There is no moral excuse for the behaviour of NATO and the western countries in that country. Many people have talked about the consequences. Australia is no superpower—we can say what we like and people will just yawn and go the other way—and we have to balance the

integrity and the whole issue of what is good for Australia. But I would suspect that taking a decent moral stance has more value than kowtowing to the wishes of other people.

For example, when we intervened in East Timor, at great cost and damaging our relations with our neighbour, I think most Australians and most of the world would have said that this was the right thing to do even at great cost. I think the right thing to do is to put on pressure as much as we can, the little that we probably can, to stand and say—like the French, who are working to oppose these views and these impositions—it is quite immoral and unjustified and it reinforces the stereotype that people in the Middle East are fanatics, a danger and terrorists. Why else would we be bombing them? Because we do not realise that we are bombing them not for a just reason but probably for a whole range of political and economic reasons and rationales that probably escape us here anyway.

Senator BOURNE—It is interesting what you said about Hollywood. When you said that, I was thinking back to a series of James Bond movies, where it used to be the Russians who were necessarily the evil ones. They have got to find somebody else. So you are right.

Mr Voight—Or it is the cowboys and the Indians, and so on. How many Australians recognise that when Europe was throwing their night water out into the streets, Baghdad had flushing toilets and there were street lamps in the streets? One of the great civilised centres of learning and culture, with libraries and museums, was Baghdad before it was sacked, by the Mongols I think. These are positive, wonderful images. We hear about the great Greek achievements and culture and the library of Alexandria, but in our schools what do we learn about the Middle East? Terrorists or struggles for independence, oil, rich Arab oil sheikhs—things that are not representative of the people from that area.

It is a Hollywood construction of the world, and the consequences always are at the base level amongst our community, as I said, where people have to hide. Last year I organised a dinner for Christian and Muslim students at the university, and at the end of it a resident Muslim, who was from the Middle East, said, 'Denis, it is good to find westerners who don't hate Muslims.' He had been here seven years. His studying at the university, and he has in his head that he has to hide his religion and his identity. What sort of community are we that we allow people to pick up these negative stereotypes?

Senator GIBBS—Do you feel that we are doing as much as we can for the asylum seekers when they come here? Or do you think we are not doing the right thing? If we are not, how could we address this?

Mr Voight—I accept that we cannot just have open slather for people to jump on boats and ships and come here. We have 50,000 overstayers who have arrived by plane already in our country, but I would suspect that they are white and come from New Zealand, America and Britain. We certainly are not doing the right thing for the people who are here. Given the fact that we are trying to deter people from coming here, the reality is that desperate people will not believe negative information because they hang on to hope. I guarantee that you could take someone from Woomera—someone who has been there for 12 months in almost isolation; one of the people who sits there and bashes their head against the wall, for example—home to their community and get him or her to tell their community the terrible circumstances that they are in, that they are in limbo and in no person's land, and the people in that community would say,

'You are probably just saying this because you don't want us to come and join in.' I say that from my own experience with colleagues and contacts in the Philippines, where I have done research and have contacts and friends. The ordinary Filipino worker says, 'Denis, we will do anything to come to Australia.' They will not believe me, even when I send them immigration forms saying what are the requirements to migrate here. They refuse to accept it. They say, 'There must be a way you could get us there. I know friends who go and work there, and they do well. Why aren't you helping me to come there?' I would help them if I could. I would sponsor them myself if I could. Some of them would make a great contribution to our community.

The negative punitive effect will not have a great influence on people desperate to come here. There are children being kept in the detention centres, which is quite wrong. I know the minister said, 'We do not want to break up families,' and that is quite right. I think in the budget for this year $200 million is allocated for detention centres and the costs associated with them. Twenty million dollars is going to the UNHCR overseas programs. One is out of sight, working at the root cause; the other is the bandaid effect here. I might be a bit cynical and say, 'Why are we making such a big show of this?' Other countries allow these people to settle in their own community. They would have contact with DIMA or Centrelink. We could keep track of them there at a greatly reduced cost to the community and with less trauma. These people in these detention centres have already escaped trauma, and what do we do? We add to it. We take people from different religious backgrounds, people from different national backgrounds and people who have been at war for hundreds of years and lump them together.

We could say, 'It is their choice. It is their consequence. If they come here, this is what you end up with.' But we have a responsibility for the wider community because years down the track these people, when they come and settle in our community, are still going to be traumatised and there are still going to be dysfunctional scars from this effect. I am not saying that Australia has got a responsibility to fix the problems of the whole world, but they do to the people who do wash up on our shores—the trickle of people. I think 3,000 people arrived last year by boat. In two weeks, one of the African countries had 28,000 people.

Senator GIBBS—That is all very well, but we do have a migration policy where people are waiting to come in and, when these people come, Australians get very upset because they are waiting for their families to come over and they see these people as queue jumpers—and they are. People are waiting for a certain time. It is probably a hard one to solve.

Mr Voight—It is, but I reject the notion that they are queue jumpers. If you look at the statistics for where we get our refugees from—12,000—you will see that we pick the good ones. A very small number came from the Asian region last year. Earlier this year I think the *Sydney Morning Herald* carried an article that gave the figure at about three per cent. So there is no queue for the people from Afghanistan to join. I wish that there were: I wish that we would set up processes and a camp to give them some safety. But we have not done that. So until we get queues in order, there is nowhere for them.

I understand the problem because there are Sudanese families whom I work with and they say to me, 'Denis, why are you helping these people who just come here'—admittedly at great cost to themselves—'when we have cousins in the camps in Kenya; cousins who go to bed hungry at night, who go to bed fearful that they are going to be raped or attacked or robbed or dragooned

into the local army? Why can't we help them instead of the others?' This is an artificial distinction. Why is it either/or; it is all in together. It is a case of need if you are thrown off your land, shot, raped or discriminated against. What mother lets her 16-year-old son disappear over the mountains hoping that he will survive somehow or other? That is desperation.

ACTING CHAIR—Thank you for your attendance today. If there are any matters on which we might need additional information, the secretary will write to you. You will be given a copy of the draft transcript of your evidence, to which you can make any necessary corrections.

[10.39 a.m.]

BARELDS, Mr Albert, Manager, Multicultural and Equity Strategies, Department of Human Services, South Australia

LEAHY, Ms Monica, Project Officer, New Arrivals and Refugees, Department of Human Services, South Australia

CHAIR—On behalf of the subcommittee, I welcome representatives of the TPV Interagency Strategy Group. The subcommittee prefers that all evidence be given in public, but should you at any stage wish to give any evidence in private you may ask to do so and the subcommittee will give consideration to your request.

Although the committee does not require you to give evidence on oath, I should advise you that these hearings are legal proceedings of the parliament and therefore have the same standing as proceedings of the parliament itself. I invite you to make a short opening statement and then we will proceed to questions.

Mr Barelds—I understand that the subcommittee was interested in asking us some questions after receiving evidence from the Refugee Council earlier this year. I am the chair of the interagency group that looks at the initial settlement of the TPV holders when they come to South Australia. This group meets fortnightly and has representatives from the government of South Australia as well as the Commonwealth and a range of non-government agencies. I will leave it in your hands to ask some questions of us.

CHAIR—How many people make up the strategy group?

Mr Barelds—About 15 to 20 if everybody turns up.

Ms Leahy—We sometimes ask people to come for a particular purpose.

CHAIR—What would you describe as your main activity?

Mr Barelds—With the Commonwealth having created the system of temporary protection visas, and the policy consequences associated with that in terms of settlement support, it meant that, for South Australia and the other states, an instrument needed to be created to make it possible to have an organised process for those people to enter the community. The regular settlement services through the Australian Refugee Association and the Migrant Resource Centre, funded by the immigration department, are not available to this group of refugees, as you would know.

CHAIR—Are you funding this?

Mr Barelds—We are funding part of what is happening. The South Australian government looked at the plight of this group and considered a number of options about what should be

done. It put in place a very limited response, when compared to the general settlement service provided to permanent protection visa holders. So some services are provided and funded by the state government. What happens is that, between different categories of services, people try to find ways within existing programs that are not Commonwealth funded or DIMA funded to make ends meet.

CHAIR—Could you bring us up to date with what the current situation is regarding the temporary visa holders in South Australia? Can you give us some indication of the numbers, the funding problems that you might have and perhaps some of the issues you are dealing with?

Mr Barelds—Including those arriving today, 760 people have arrived in South Australia. I will give you a breakdown of the nationalities. There are 272 from Afghanistan, 457 from Iraq, four from Turkey, two from Syria and 22 are from other categories or are stateless. There are some Kurdish people, some Iranians and some Palestinians. The first group arrived on 30 March and then the next group did not come until 18 June. Out of this group of 760, we have 27 unaccompanied minors and fifty families. Within the total population, there are 105 children. These children are separate from the unaccompanied minors. So these are children within families. The issues we have tried to address include housing, English language classes, specific services for families, what needs to be done in terms of the unattached minors and what the state might do in terms of information we receive about the Woomera Detention Centre. They are some of the issues.

The state government is very keen not to create two classes of refugees. The Premier has made that quite clear in his media statements over the last few months. He felt that we should try to create a situation where people would have humane and, where possible, equitable treatment without the state being able to pick up the Commonwealth-funded programs.

On arrival, we give people a minimal support package. For example, people arrive here by bus from Port Hedland, Woomera or wherever, and DIMA puts those people in backpackers' hostels. We now have a maximum of four days notice before people arrive, and that generally works well. What we have to keep in mind—and I understand it—is that it was a situation that the Commonwealth was confronted with when systems were not in place, so it took quite a bit of time for things to start working properly. The four days notice assists us to get certain things in place by the time people arrive. We have had some big groups of 60, 58 and 34 arriving. When you have a group of 60 arriving in buses and there is nothing in place that creates a fair bit of work for people on the ground.

DIMA organises two nights accommodation in the backpackers' hostel, but it is paid for by the refugees themselves. It is taken off the initial allowance they receive when they leave Woomera—if they receive any. Then people are registered by the South Australian Housing Trust. There is nothing in the South Australian policies to prevent residents of South Australia making use of our services. Because of their specific circumstances—basically being homeless—these people get initial assistance like anybody else would. For this group, that has been translated into a couple of extra nights in the backpackers' hostel, because that is a fairly cheap rate. The individual people get up to five nights accommodation at the backpackers' hostel. After that, in terms of housing, individual single people are on their own. Over time, as you can imagine, that has created tremendous pressure on the private rental market. People can

also register for public housing, but it is almost impossible for a single person to receive priority listing to get public housing.

We organise families very early in the piece. We felt that there was a particular need not to create traumatic experiences for families with dependent children or extend traumatic experiences for small children by being in a backpackers' hostel, which is not set up for families. So we have used existing state programs to house those people for a maximum of four weeks. They pay the same sort of equivalent as DIMA used to charge people in the on-arrival accommodation. So out of their income from Centrelink, or whatever they might have, they pay a percentage for their residential accommodation for the first four weeks. At the end of the four weeks, families can register for housing trust accommodation because they would very quickly be in the category of being in dire straits, homeless, or their children not having support, et cetera. Like any other family, they would become eligible for state housing.

That has happened only since September. Before that, we tried to get people into the private rental market, but it has become quite difficult. After four weeks people can go either into state housing, if it is available, or into private rental. Of course, there is a waiting list for state housing but it does mean that some people might be able to access low-demand public housing—that is basically housing that has been rejected by other people on that waiting list. The state government is trying to be very careful, on the one hand, to give fair and humane treatment, without being seen to be deliberately assisting those people above local, long-term residents.

CHAIR—What do you do with unaccompanied minors?

Mr Barelds—That is the next category. There are 27 unaccompanied minors and, as far as I know, 25 of those have stayed in South Australia.

Ms Leahy—The number is 24.

Mr Barelds—It is 24 now; the other one has left. They are under the guardianship of the minister for immigration and under the Migration Act. Under that act, the care and protection is delegated to the chief executive of the Department of Human Services. So he holds the guardianship but the care and protection is delegated. There is a longstanding memorandum of understanding between the state government and the Commonwealth, but that dates back to the Vietnamese boat arrivals in the 1970s. When we started to deal with this category of children, nobody had looked at it for a while because we did not really have any unattached minors—basically the demands these days are quite different. We have different expectations in terms of care and protection and support. So there is an instrument in place that does reimburse the state for some of the costs, but that is not adequate. Both arms of government fully agree that it is not adequate and negotiations are taking place between Commonwealth and state to have a new MOU. Because the Commonwealth minister has the guardianship responsibility, the Commonwealth provides initial housing and all the on-arrival accommodation.

Ms Leahy—Household formation assistance is also given to them, and they are case managed as a normal humanitarian entrant would be until they turn 18.

Mr Barelds—They get full support, as other permanent protection visa holders do. So they get area assistance if they need it and they do get the Migrant Resource Centre support.

CHAIR—Do I get you right? They are virtually put into a flat together.

Mr Barelds—Yes, that is basically true. But you need to keep in mind that most of them are between 16- and 18-years-of-age, so they are fairly independent. I think we have a few. I think we have a few who are younger.

Ms Leahy—We have fewer than five who are under the age of 15 or 16. The age of 16 is the point at which Centrelink benefits can be paid. So the children under the age of 16 must have direct guardians appointed otherwise no Centrelink payments can be made for their support. The youngest we have unattached is 13. By his own choice, through negotiation with a social worker from our department, he is placed with an Australian family rather than an Afghani family.

CHAIR—And that has worked out okay?

Ms Leahy—I believe so. We also have in our department a mentor who works very closely with the boys and who makes contact with them once a week, at the absolute minimum. So he knows how they are all going at any time and keeps a fairly close eye one them to make sure that they are doing all right. He talks to them about budgeting and so forth.

CHAIR—How do they keep themselves amused during the day?

Ms Leahy—They go to school.

Mr Barelds—They are excellent students.

Ms Leahy—Yes. I have spoken to the student counsellor at the school they are attending. She is extremely pleased with their progress. Obviously, literacy and a lack of schooling in their background is a huge issue, but she says that they are punctual, they are well dressed, they are clean, they are organised and they do their homework, and she is looking into traineeship programs for them and apprenticeships.

CHAIR—What sort of extracurricular activities would they undertake?

Ms Leahy—There are no compulsory activities. They can join the school soccer team and so forth if they choose.

Mr Barelds—Some get involved in the mosque.

Ms Leahy—Some are going to the mosque, but teenagers are teenagers.

CHAIR—That is precisely why I asked the question; they are teenagers.

Mr Barelds—That is of course the general issue: with the lack of settlement support, what this committee has been looking at is, how do we make sure that those people get to know about

Australian society, to ensure that the expectations, coming straight out of Afghanistan, a refugee camp or wherever they are coming from, are not being projected into their relationships here, maybe with women or whoever? A lot of work is going in to trying to replace those normal settlement support services, to help people understand how Australian society functions. That is not easy, because we basically have to put in place a completely new regime.

Senator BOURNE—In particular, with the minors, there was a note from the Refugee Council, that I am sure you have seen, about trauma and torture counselling and psychological help. Has that been a significant problem with the minors you have been dealing with?

Ms Leahy—Reports from the boys' social worker initially, with the first few boys who arrived, were that they did not want to speak about their experiences. They said, 'I've already told Immigration this—what am I having to tell you again for?' So they were very closed about it. The executive director of STTARS—Survivors of Torture and Trauma Assistance and Rehabilitation Service—is on the school council of Adelaide Secondary School of English, where the boys who are going to school are going at the moment. It is very close to the school and so there is an open invitation for the boys to go there. They have an afternoon off from school once a week, when they are invited to go and hang out at STTARS, talk to counsellors and so forth. So STTARS have taken a proactive approach in making sure that they get to know all of the unaccompanied minors. But it is believed that there is a significant history of trauma that needs to be addressed in these boys if they are going to settle successfully in Australia.

Senator BOURNE—So that is really all that they think they can do? I would have no idea what else you could do. Nobody is saying, 'We should be doing this as well'?

Mr Barelds—We have close contact with the social workers of the Department of Human Services who relate closely with those boys. Although they are not specialists in torture and trauma, they certainly know when there is deep frustration, and they might make referrals. So being close to them is probably the best possible thing.

CHAIR—Are they happy enough within themselves?

Mr Barelds—They seem to be at the moment, because they are in a group.

Ms Leahy—Yes. I spoke very recently to the student counsellor at the school that they are attending. She makes contact with each of them on a daily basis through the care class. She is very pleased with their progress, their psychological progress and adjustment.

Senator GIBBS—They are always boys—you never get unaccompanied girls?

Ms Leahy—Yes, they are always boys.

Mr Barelds—We have a few young women who are single but they are in their 20s.

Ms Leahy—And that has mostly been the history of unaccompanied minors who come to Australia—they have mostly been boys.

Senator GIBBS—They do not have a problem with the language—they speak English okay?

Ms Leahy—They learn very quickly.

Senator GIBBS—They learn when they come here?

Mr Barelds—That is right. Most of them do not speak English.

CHAIR—What is the rate of acceptance by the other students?

Ms Leahy—Complete. The Adelaide Secondary School of English is a new arrival school. They have students there of, I think, currently about 70 different nationalities. It shares a campus with Croydon High School, which has about 50 nationalities represented. These kids are just any other kids as far as the students are concerned.

Senator BOURNE—This question is not so much about unaccompanied minors, but one of the other things that was mentioned by the Refugee Council was health, particularly problems with TB and hepatitis B and C. What sort of screening programs do you have for that and how soon are they carried out after people get here?

Mr Barelds—There were some discussions with the department about screening processes in the detention centre in Woomera, and there was some concern that the protocols were not followed as quickly as they should have been, but that has been addressed. From all evidence I have seen, and that is very recently, the screening takes place at the rate that it should. In regard to immunisation, we have asked that protocols for long-term residents be taken into account, because although these people are here with a temporary visa, three years in terms of the effects of immunisation, et cetera, is long term.

I understand that the Commonwealth has agreed to put it in place and follow the regular Australian standards. If people do have serious illness when they leave Woomera, or any other detention centre, there is now a good system in place. Again, it took a little while to work well but, with health undertakings, it is being forwarded to the local health authorities. If there is a case of TB, of course the state takes action in its own right if people do not front up very quickly. Because most of those people are initially on Centrelink payments, there is a way to follow through. So there have been hiccups, but the latest reports are that that is working well.

CHAIR—What support have you had for your program from the press? Have they been helpful in their coverage?

Mr Barelds—This is a tricky question; I am speaking as a public servant.

CHAIR—I am speaking as a Queenslander.

Mr Barelds—There must be a difference.

CHAIR—Some of the reaction from the press up there has worried me, frankly.

Mr Barelds—It would be fair to say that the press in South Australia has been quite even-handed. You might know from cuttings you get that there has been quite a bit of debate because of the stance of the state government on this group of people. There has been some strong debate between Minister Ruddock, the Premier and other parts of the South Australian government, and it has been fairly reflected. Therefore, I think the bit of news coming out is reasonably even-handed. As always, there is not a great deal of detail. The press tends to go for the bigger issues—the headlines—rather than go in depth into Australian obligations and what they mean. I think your previous speaker talked about that.

CHAIR—It is part of the reason I raised it. One of the difficulties we have is that there is no awareness out there in the public of some of the obligations we have.

Mr Barelds—That is true. We try as much as possible to give detailed knowledge and information about what the state's obligations are and what we might expect of the Commonwealth. I think it is a fair point to make that it is the Commonwealth's responsibility to start explaining what the obligations are.

CHAIR—Yes.

Senator BOURNE—Was inappropriate dental care reflected in South Australian—

Mr Barelds—Yes, that came up at one stage. It has been taken up with the Commonwealth, and there is no issue at the moment.

Senator BOURNE—Okay, good.

Mr Barelds—That interagency committee—this goes without saying—gives the opportunity of raising issues very quickly. Because there are people from all different sides who deal with this group at different stages of their arrival, issues come very quickly to the table. DIMA is there, and issues are being dealt with fairly quickly.

CHAIR—This is probably too broad a question, but could you give us a cross-section of the biggest concerns visa holders have at the moment?

Mr Barelds—All of them are very keen to learn to speak English because, if you do not speak English, it is very difficult to settle in society and get work, et cetera. Not having Commonwealth funded English language classes is extremely difficult for this group. We have seen people coming back to South Australia, although they had been released elsewhere, because they felt they might have more opportunities to access some of the community classes, or whatever program, here in South Australia.

Employment is raised instantly because people are very keen. Monica can add to this because she sees more people first-hand than I often do, but the impression I get from people I have talked to is that they do not have a handout mentality; they are very keen to work for their income and, of course, that would have a number of reasons. That is possibly because they might have to send money home or, it has been alleged, some people might still have to partly pay for the fare to come here. They are certainly very keen to work; that is the point I am trying to make. What has been raised a number of times is that people are very pained by the fact that

they cannot get their family over fairly quickly, because that is one of the reasons they would have come.

Ms Leahy—We have to accept that the adult males—and they are coming through at between two-thirds and three-quarters of the number of people that we get here—are not single men, as we call them; they are married men with children. It is a great cause of stress to them that they are going to be separated from their families for a very long time. In actual fact, one of the counsellors from STARRS reported at one of our Interagency meetings that one man was suicidal at the thought of not seeing his children grow up, not being able to go back there and not being able to be reunited with them.

Senator GIBBS—What about the unaccompanied males? What about these young teenage males? Do they have families? Are they orphans?

Mr Barelds—Many would have families. What I understand—and I am not a specialist—from immigration is that often families would allow one of their sons to be a refugee in the hope that that would be an opportunity to get a family reconciliation afterwards. They are fairly independent young boys.

Ms Leahy—Most of them have not made a two-month journey to get to Australia. The Afghanis left Afghanistan over a year ago. The Iraqis have been living in Iran for a year or two years before they made the journey here.

Senator GIBBS—Who organises for them to come here? Why would they come here when there are so many other places to go that are closer to home and with people similar to their own cultures? Why us?

Ms Leahy—I do not know. You would have to ask the people smugglers, I suspect, the people who organise it.

CHAIR—There is no evidence that would indicate that they have a particular preference for Australia?

Mr Barelds—If you look at the numbers we get it is very small compared with the stream of refugees around the world. We get a trickle. But, of course, I am a migrant to this country too.

Senator GIBBS—So am I. I have nothing against migrants.

Mr Barelds—What I am trying to say is that you know, as I do, how attractive this country is. We know its beauty and its opportunities, and it is no different for this group of people. They seek particular opportunities. They might be misguided because they might not know that they will go into a detention centre or whatever. But I do not think that it will necessarily stop them compared with where they come from.

Senator GIBBS—Do people organise these things for them? For instance, 'Australia would be a you-beaut place to go and if you pay me so much I'll get you there.' Is it an organised thing?

Mr Barelds—The story you often hear is that people are getting the impression that coming here would mean directly into a job, directly you could get your family over and you would make a lot of money. That is the expectation that people would have. There is nothing unusual about that. That is the same as people going to western Europe or wherever.

CHAIR—Are they all of the Muslim faith?

Mr Barelds—Most of them. There are a few Christians, and we are now getting a few of the John the Baptist group. They are a sect from Iraq.

Ms Leahy—They refer to themselves as John the Baptists, but the name of their faith is Sabaean or Mandaean.

Senator GIBBS—What is that? Is that Christian?

Mr Barelds—It is a Christian group, but we are still trying to find out some specific details of what that means in terms of what they believe.

Ms Leahy—They believe that John the Baptist is their prophet and that Jesus was a follower of John the Baptist. That is straight from one of the people themselves. That is what they indicated they believed.

CHAIR—You may not know, but are there many Iraqi Christians?

Mr Barelds—Some, but not many. That is not a question we would necessarily ask people. We know there are some, but by far the majority are Muslim people.

Senator GIBBS—These are not my views, but we have heard from previous witnesses that, when people come here, a lot of races assimilate but the Muslim people do not. What about these unaccompanied, teenage males? Teenagers being teenagers, they get with other kids, they love to do the same sort of thing, it is this peer pressure type of thing. Do you have any evidence that they like our lifestyle rather than their own and they really just want to be an Australian kid? Or is their upbringing so ingrained that they might not want to marry an Australian girl or whatever?

Mr Barelds—I would like to comment on the very first point you make. I think we generalise by saying that people from the Muslim faith do not integrate well into Australian society. I personally object to that. I have got a range of Muslim friends, and I am not a Muslim, who mix with a wide range of people. I think we often confuse this specific cultural background of people with their religious background. There is nothing, as you know, in the Muslim faith which would stop people integrating well into an Australian society. There are certain cultural taboos in certain countries to behave in a certain way, and if people hang on to those, then it makes it more difficult for them to integrate. What we see in this group of people is that they seem to be very happy in a way because, where these people come from in that culture, the clerics in some parts have been part of a repressive society.

Senator GIBBS—Particularly towards women.

Mr Barelds—Yes, but also towards men. I fully agree with that it is particularly towards women, but it is across-the-board in terms of the political repression towards some of the men. Then what you see, and this is I think quite a natural psychological phenomena, is that people turn away from that for a while and, therefore, we might not see as many people go to the mosques as one would expect, and I think that is what we see at the moment. People seem to be quite happy to try and integrate into Australian society.

Senator GIBBS—It must be a great relief to the women to be free. From what we have seen of how women are treated, it must be quite comforting for women to be able to do what they want to do here.

Ms Leahy—No, I find from talking to some of the women—and I have met most of the women through the Muslim Women's Association—that a lot of them are actually scared of the freedoms we have here.

Mr Barelds—They do not call them freedoms, necessarily.

Ms Leahy—They associate some of it with a lack of safety. Where their personal self may have been protected by the culture in their country of origin, they do not see that happening here. When I have assisted a family at night or something and I have gone to their house and driven there by myself, the women have said to me, 'Aren't you scared?' I say, 'No.' They actually find what you and I think of as freedoms as being, not dangers, but more scope for danger to them. I cannot speak for all of them, but I have certainly had that sort of thing said more than once.

Mr Barelds—It might pay the committee to invite some Muslim women's representatives to answer those specific questions because they certainly see a lot of freedom in choosing to wear a veil, for example, and therefore get the respect that they feel they should have.

Senator GIBBS—That is conditioning, is it not?

Mr Barelds—Not if it is a new Muslim choosing to do so.

Senator GIBBS—Women have been conditioned in all cultures throughout the centuries.

Mr Barelds—But we are all conditioned—even you and I.

Senator GIBBS—Exactly, that is what I am saying. We are gaining our freedom only now, but we have been conditioned. Let's face it: men have tried to rule for years.

Mr Barelds—Some Muslim women will have some extremely strong statements to make. They will take you up on some of these points and you will have a very interesting debate.

Ms Leahy—Some of those women are Australian women who have converted to Islam and chosen to wear the veil—not to cover themselves up, but because they feel that they want to do that to demonstrate their faith publicly and because they get a measure of respect and people

behave differently towards them. I behave differently towards them, and I eat with them and visit their houses. It is hard for us to understand.

Senator GIBBS—I find it very strange. I live in Queensland and it is as hot as this place.

Mr Barelds—Afghanistan is pretty hot.

Senator GIBBS—Exactly.

CHAIR—If there are no further questions, I thank you both very much indeed for your attendance today and for the evidence that you have given. If we need any more information, the secretary will be in touch with you. We will send you a draft transcript of the evidence so that you can make any corrections.

Proceedings suspended from 11.18 a.m. to 11.40 a.m.

WERDEN, Mr Ray, Coordinator, Lebanese Coordination Bureau

HAIKAL, Mr Bachar, Coordinator, Lebanese Coordination Bureau

CHAIR—On behalf of the subcommittee, we welcome the Lebanese Coordination Bureau. The subcommittee prefers that all evidence be given in public, but should you at any stage wish to give any evidence in private you may ask to do so and the subcommittee will give consideration to your request. Although the committee does not require you to give evidence on oath, I should advise you that these hearings are legal proceedings of the parliament and therefore have the same standing as proceedings of the House itself. I invite you to make a short opening statement, and then we can proceed to questions.

Mr Werden—Thank you, Chairman. And thank you for hosting us at short notice and for organising everything. The Lebanese Coordination Bureau is a member of the United Australian Lebanese movement. I would like to read from a little prepared text that I have, and then we would welcome questions. We, as Australians of Lebanese origin, have come here today requesting the Australian government's assistance in helping to restore Lebanon's sovereignty and a return to democracy. As a strong supporter of the Middle East peace process, Australia should realise that, without a strong central Lebanese government, rejectionist Palestinian militia in South Lebanon will continue in partnership with their Syrian backers to use violent means to destabilise the peace process. As you are aware, there are well over half a million Australians from Lebanese descent in Australia. We ask the Australian government to take a strong stand and utilise its respectability in all international forums to call for the implementation of United Nations security resolutions 425 and 520 which call for the withdrawal of all foreign forces—Syria is the major foreign force still remaining—from Lebanon.

Syria's presence in Lebanon is an extremely destabilising influence on the whole of the Middle East. Israel has recently withdrawn from Lebanon, as you know, in compliance with United Nations security resolution 425. Resolution 425 also calls for the Lebanese government to assert its authority over the southern region of Lebanon. To date the Syrian regime has not allowed this to take place. In the absence of a Lebanese central government, the region is under the control of a number of militias taking orders directly from Syria. Kofi Annan, in a report to the United Nations Security Council dated 1 November, said:

I believe that the time has come to establish the state of affairs envisaged in the resolution ...

That was the resolution I was referring to earlier. He continues:

the government of Lebanon (needs) to assert its authority over the entire area from which Israel has withdrawn ... otherwise there is danger that Lebanon may once again be in an arena, though not necessarily the only one of conflict between others.

He is talking about the fact that Lebanon is sandwiched between Israel and Syria. Syria's presence in Lebanon leads to continuing internal destabilisation of Lebanese society. The Syrian regime maintains an armed presence of some 35,000 soldiers on Lebanese soil, together with some 30,000 intelligence forces as well.

I would like to table for your information some articles from respected journals and human rights organisations around the world such as Amnesty International, the *Boston Globe*, *Washington Post* et cetera. These articles and other evidence point clearly to human rights abuses and other unlawful activities such as electoral irregularities, intimidation of human rights activists/opposition parties/those who are opposed to Syria's presence in Lebanon. The abuses include illegal detention without trial, torture, interrogation and threats to activists and their families and, in the severest cases, executions. There are also a significant number of Lebanese detainees illegally held in Syria, Israel or Lebanon. In many cases, they have been held for years and their families are unsure of their whereabouts or whether in fact they are alive or dead.

Of particular interest to Australia is the fact that since 1990 over 900,000 mainly young people have emigrated from Lebanon due to the stifling economic climate. The Syrian presence in Lebanon has resulted in the inflow of over one million Syrian workers and the emergence of extensive corruption within government and business circles. Naturally, it would be in Australia's interest to assist Lebanon to restore sovereignty and economic prosperity so that Australians of Lebanese origin can be relieved of the burden of having to support their families in Lebanon. I noticed from the previous evidence that the refugee issue is very important, too. The immigration department would also be relieved of the pressure of having to deal with the significant number of Lebanese people requesting political asylum.

I will now turn to the elections held recently, in September 2000. Subsequent to those elections, many Lebanese parliamentarians called for a reconsideration of whether Syria needs to remain in Lebanon, particularly in light of the fact that Israel has withdrawn. In return for these thoughts, these parliamentarians have been threatened, in some cases with death. The notable MPs targeted recently are Mr Walid Jumblatt and Mr Albert Moukhaber. The pressure on Walid Jumblatt is particularly intense, given that he is a leader of the Druze community in Lebanon and was formerly a staunch ally of the Syrian regime.

In conclusion, we believe that Australia has a very strong role to play in the restoration of Lebanese sovereignty. It is imperative that Australia play this role because it will assist in the speedy implementation of a complete and just Middle East peace resolution for all countries in the region. As I said, there are a significant number of Australians of Lebanese origin that are residents in this country. Australia, very importantly, adheres to the UN charter on independence and sovereignty of member states. Lebanon, unfortunately for it, was a founding member of the UN. Lebanon, being a small country in the middle of the Middle East, and Australia, being a relatively small country in the middle of Asia, need to look after each other's interests—not only because of the historical connections that we have and the fact that there is a significant Lebanese population here but also from a justice perspective.

CHAIR—They are pretty close connections. There have been some pretty distinguished Australians of Lebanese origin, whether it be in literature or even on the Rugby Union field.

Mr Werden—Good point. You are referring to Queenslanders, aren't you?

CHAIR—Of course!

Senator GIBBS—We even have a couple of members of parliament of Lebanese origin, don't we?

Mr Werden—Yes, you do.

Senator GIBBS—My friend, Daryl Melham—

Mr Werden—And a snowy-haired gentleman, Bob Katter. And also there is Steve Bracks, the Premier of Victoria.

CHAIR—So, in that respect I understand where you are coming from. Can I establish something: does the Lebanese Coordination Bureau cover the full gamut of the Lebanese community in Australia, or does it cover one particular section?

Mr Haikal—We do not seek to represent the community as a whole. Rather, we seek to represent the values that all Lebanese would like to adhere to. They are values of justice and sovereignty for Lebanon.

CHAIR—So you do not make any distinction between Christians and Muslims or Druze?

Mr Haikal—Definitely not.

CHAIR—So you cover the full gamut?

Mr Haikal—Yes, that is correct.

CHAIR—Bearing that in mind, basically what you have just said is that the present Lebanese government is a fraud.

Mr Werden—That is the bottom line.

CHAIR—And the elections were a fraud.

Mr Werden—Very much so. The Syrian regime would like to give the semblance of some sort of legitimacy to those elections, and some token people have been elected who express some sort of dissent, mild though it is, against the Syrian regime. But, by and large, the members of parliament are there because they are cooperating with the Syrian regime.

CHAIR—Could you give us a bit of background to that September election? My understanding was that the candidates, no matter what political party they represented, virtually had to have approval from Damascus.

Mr Haikal—Actually, the approval had to come from Anjar, which is an area in the eastern part of Lebanon. That is the headquarters for Mr Ghazi Kanaan, who is the head of Syrian intelligence in Lebanon. In a way, he is the governor of Lebanon, and all politicians have to get his approval. Most candidates—I will not say all candidates—had to have the approval of Mr Ghazi Kanaan. This has been mentioned by a number of international journalists in their reports on the situation in Lebanon.

Mr Werden—Some of which are contained in this document.

CHAIR—In terms of the composition of the parliament—and bearing in mind what you have said about that—what other aspects of Lebanese society are in the same situation? Is the legal system beholden to the same people? What is the situation these days with the Lebanese defence forces?

Mr Werden—I have some articles here to show you the extent of Syrian control over all aspects of Lebanese society. One is a recent article in which a gentleman rejoiced the passing away of the former President of Syria, Hafez Al Assad. The writer was jailed under a law which says that you should not disrupt brotherly relations with Syria. They legitimise arbitrary arrests by getting warrants from a judiciary which is not separate and independent. The Lebanese security forces—police and army—are at the beck and call of the Syrian forces in Lebanon. That is clearly shown by the fact that the Lebanese government—because it is a puppet regime—does not deploy any forces in the south.

CHAIR—I was going to move on to that. Do you have an update on what the situation in the south might be at the moment?

Mr Werden—I think Bachar might want to add to my answer.

Mr Haikal—Referring to the judiciary, Lebanon has a tradition of a strong judicial system. Unfortunately, under the influence of the Syrians, a lot of that independence has been compromised and a lot of arbitrary judgments have been passed. I would like to bring to your attention, for example, the charges that were brought against a former finance minister, Mr Saniora, at the time of the Hariri government prior to the 1998 change of government. Mr Saniora was charged with fraud and corruption, but these charges were never brought to trial. After the change of government, Mr Saniora was reappointed as finance minister and all charges were dropped without any further ado. This shows the arbitrary operation of the judicial system. All senior levels of decision making in the defence forces are, unfortunately, under the control of Syrians, and this has been legislated through the treaties that were passed between Syria and Lebanon. So, in a way, they are legitimate treaties, because both states approved them, but it definitely shows that the Syrians control all aspects of the defence forces.

That brings us back to the south of Lebanon. UN resolution 425, calling for the withdrawal of Israeli troops from the south of Lebanon, which the United Nations recently oversaw, also calls for the Lebanese government to restore its sovereignty over the territories that were vacated by the Israelis. Unfortunately, again through Syrian influence on the political system and the defence system, Lebanese troops are not deployed in that area—it is under the control of militias that take orders from the Syrian regime. Briefly, the reason that the Lebanese government gives for not deploying forces there is that no forces will be deployed there until there is a total peace settlement between the Arab world and Israel—meaning Israel should withdraw from the Golan Heights. However, the Lebanese government refuses to give security to the Israeli border, meaning that the Lebanese government really wants further conflict along that area.

CHAIR—So, in terms of the life of the Palestinian refugees in that area, nothing much has improved for them since the withdrawal?

Mr Haikal—Unfortunately, the refugees' status in Lebanon is a very sad one. We feel that the refugee problem in Lebanon should be solved through multilateral talks arising from the Madrid conference on peace. Lebanon is not allowed to participate in these multilateral talks—one of the issues being refugees—because of the Syrian boycott of these talks and their pressure on the Lebanese government not to attend. So this is a problem that is not only a Lebanese problem: it is a regional—if not an international—problem that should be solved. Lebanon is too small a country to solve the problem of half a million Palestinian refugees in Lebanon.

Senator BOURNE—What you said is interesting. That would explain why the Lebanese government has refused to reinforce the blue line between themselves and Israel. Would it be correct that they, in fact, want a bit more trouble there? Would that be right—because of Syria's influence?

Mr Werden—Syria's wants a bit more trouble there.

Senator BOURNE—Yes, sorry—Syria wants the trouble.

Mr Werden—Syria wants a bit more trouble there because it is a bargaining chip in relation to Golan and all the other statesmanlike ambitions that the Syrian regime has for the region. I am sure that if they got all the concessions they were looking for they would withdraw tomorrow. The Lebanese regular army troops would be deployed there and they would take the Golan as the prize for their years of struggle. Unfortunately, Lebanon is being used as the pawn, as always. For the last 25 years, these battles have been fought on Lebanese soil.

Senator BOURNE—Yes, exactly. UNIFIL's time has been extended until, I think, January. Is it still useful to have UNIFIL there?

Mr Werden—In a perfect world, our preferred position would be that, in the interim, once the withdrawal of all foreign forces is achieved, the United Nations would deploy troops like UNIFIL to ensure a peaceful transition towards democracy and would also oversee independent, free and fair elections.

Mr Haikal—UNIFIL is there. Mr Kofi Annan, the Secretary-General of the United Nations is actually very worried about the situation in south Lebanon and about the renewal of the presence of these troops there because of the Lebanese government not complying with United Nations resolution 425. The United Nations troops that are there should work in conjunction with the Lebanese security forces to re-establishment Lebanese control of these territories. If that part of the resolution is not put in, there is a problem about the presence of these troops there. That was Mr Annan's position. For that reason, he is really worried about the situation there.

Senator BOURNE—So that is why it has been extended only until January, I take it?

Mr Haikal—That is correct.

Senator BOURNE—What do you think will happen after January when they look at it again?

Mr Haikal—We worry that what happened at the time when the south of Lebanon was called Fatahland could happen again. It was used by the Palestinians to undertake what some call liberalisation attacks and some call terrorist attacks against Israel. They were using Lebanese territories for reasons that were not really Lebanese. We feel that that can happen again. The conflict in the south of Lebanon can be regional, but unfortunately the damage that is done is done to Lebanon and to the Lebanese infrastructure and civilian population.

Senator BOURNE—So the flare-up that is happening at the moment might have very bad consequences for Lebanon itself?

Mr Haikal—Very much so. Lebanon's position should be to adhere to international legitimacy and meet United Nations resolutions. If Lebanon decides not to adhere to these resolutions anything can happen. I think Israel will then have the right to undertake retaliatory action against Lebanon and we will lose the legitimacy of the Israeli withdrawal from Lebanon.

CHAIR—Part of the problem with that whole area is that so much hinges on Lebanon. Isn't part of the difficulty the fact that Lebanon is so resilient? The banking system still works and, in that respect, economically—

Mr Werden—But it has suffered.

CHAIR—It has suffered but the basic stability is still there.

Mr Werden—It is, and that is largely thanks to the strong Lebanese Diaspora. I have some articles here which show the Lebanese statistics. Even after 15 years of war, in 1990, the current account deficit was $1 billion. It is currently $25 billion. It is huge. Forty-two per cent of the gross domestic product goes towards paying interest on debt. The economy has suffered so badly because of things like the presence of Syrian workers—that is, what we feel is the illegal granting of citizenship to half a million Syrians of Lebanese origin—who are repatriating money back to Syria.

Israel's occupation of the south did not help because again, economically, that was undermining the southern region of Lebanon. And there is this whole culture of graft and corruption if you want to do a deal. For example, with some of the major deals that have taken place—the rebuilding of the airport, the rebuilding of Martyrs Square in central Beirut—a part of your budget has to be, unfortunately, paying off the Syrian regime from the public purse. It is really the rape and pillage of a nation. We believe there are parallels with the East Timor experience. If you let it go on long enough, eventually people chafe at the occupational force. Eventually that anger gets stronger and stronger and more severe. We have an opportunity now as part of the democratic world, and hopefully at what looks like a new world order, to restore some semblance of sovereignty and democracy without having too much more blood shed unnecessarily.

CHAIR—Has there been any change in the line from Syria since the change of regime there?

Mr Werden—I will let Bachar answer that.

Mr Haikal—Unfortunately, we do not see any changes. If anything, we see a lot of dangerous positions being taken by the new regime, mainly by putting pressure on Hezbollah to take more aggressive action against Israel, and really applauding it. This is a very dangerous position taken by the regime. I am not sure whether it is through inexperience or through bad advice that they are getting, but it is really very worrying.

As far as the internal repression in Lebanon is concerned, the Syrian regime, if anything, has become more aggressive and has been involved in very repressive measures on anybody who has shown any dissent to their presence in Lebanon.

Mr Werden—To turn to that matter you raised earlier about the judiciary, I had the pleasure recently of hosting a human rights activist from Lebanon, a gentleman by the name of Ziad Abs, who met with you and with some of your parliamentary colleagues. To give you an indication of the amazing nature of the Syrian coercion of Lebanese judicial authorities, Ziad Abs been jailed on numerous occasions for between 10 and 20 days. It is always less than 20 days because otherwise it appears on his criminal record. They knew he was coming to Australia, they knew he would talk about the Syrian presence in Lebanon, so they issued arrest warrants for him scheduled for his departure and on the day of his arrival.

CHAIR—He told us that he expected to be arrested as soon as he arrived.

Mr Werden—Correct. One of the arrest warrants was issued for treating a police officer harshly. He believes it dates back to some months ago to a time—and he has got it on video and photographs of it—when he was beaten by Lebanese security forces and he had his arm broken. And they call that treating a police officer harshly!

Senator BOURNE—He put his arm in the way!

Mr Werden—Yes, accidentally. These guys are getting arrest warrants, they are getting search warrants, they are questioning him, and the due process of law seems to be done, but it is done at the beck and call of the Syrian authorities because these human rights activists are having some success in pointing out the human rights abuses that are taking place.

Senator GIBBS—You were saying you would like Australia to help more towards democracy. How can we do that?

Mr Werden—We have a strong record in supporting human rights around the world, in assisting people who have been abused and in assisting peace processes—for example, the peace process in Indochina and the eminent person's group for majority rule in Zimbabwe and South Africa. We are a respected moderator in these things, because it is clear that we have no axe to grind, other than of supporting the rule of law and international legitimacy. We can lobby at the United Nations level. Parliamentary fact-finding tours have taken place, and they need to continue to take place. Light needs to be shone on the Syrian intimidation of the citizens of Lebanon, as part of the Middle East peace process—I stress that: it is not just a Lebanese issue. If peace is not brought to those three countries in the region where the current flashpoint is—Israel, Syria and Lebanon—if each of them does not have a legitimate and lasting peace, then we have no hope. Also, the Palestinian question must be settled as well. Unfortunately it is very complicated, but we can tackle it piece by piece. There is no reason why the Syrian forces

should remain in Lebanon. There is no reason why democracy should not reign in Lebanon. Australia has a vital role to play in that regard—at the UN level and at all sorts of international forums that we are part of.

CHAIR—Are you saying that—and the proposition has been put to the committee—if there are future United Nations peacekeeping forces there, the situation could be quite advantaged by having Australian membership of any future UN group?

Mr Werden—I think so. If we talk about historical ties, Australians fought in Lebanon in both World War I and World War II. Sir Roden Cutler lost his leg fighting the Vichy regime in Lebanon in World War II. If we want to draw a parallel with the East Timor situation and the fuzzy wuzzy angels, then there are some fuzzy wuzzy Lebanese angels too.

CHAIR—I am trying to get a picture of the elections. You are saying that virtually the candidates had to get the seal of approval. Are there any political parties operating in Lebanon independently? If so, what form does their campaigning take?

Mr Haikal—Lebanese society has very strong civil groups. By civil, I mean the unions—the students union, the professionals union and some labour union movements. I believe that opposition to the Syrian presence in Lebanon is being manifested through these groups. The most active ones are the student union groups. For example, in a recent student union election in the American University of Beirut, the majority of positions were taken by a group of Lebanese that have a strong position attacking the presence of Syrian troops in Lebanon. So, on that level, there is very strong action. Unfortunately, on the political level, on the politician's level, all politicians are either tamed, exiled or executed. The history of the Syrian regime has shown that it has exterminated a number of Lebanese political leaders, starting with people like Mr Kamal Jumblatt. The mufti of the Lebanese republic, Sheikh Hassan Khaled, was a Sunni mufti, and he was opposed to the Syrian presence in Lebanon. There were threats against a number of nationalist leaders and so on, so the only people who are working on the political stage are people who are compliant with the Syrian regime. They have not been able to change the civil society in Lebanon—I am talking about institutions like the churches, the unions and some of the religious leaders. They are people who can operate because they have a strong tradition in having a free way of thinking.

CHAIR—In terms of the militia, what is left now?

Mr Haikal—They are client militias to the Syrian regime. They have disbanded all militias that took any action against the Syrian presence in Lebanon. For example, they dismantled the Lebanese forces, which was a Christian militia. They disbanded a number of Sunni militias and Murabitoon and so on. The only two militias that are still operational are the Amal and the Hezbollah militias, although the pretext for their presence was that they were resistance fighters against the Israeli presence in Lebanon. That was the reason that they were justified for maintaining these militias. These two militias still are there, still actually have freedom of movement in civilian areas in the south of Lebanon and in certain parts of the Bekaa and Beirut.

CHAIR—Do you know who is financing them? Is it principally from Syria, or beyond?

Mr Haikal—Hezbollah is being financed through Iran, but the manager is Syria. Iran is happy to have a team to support Lebanon—it gives them the opportunity to be a regional player—but they have no control of Hezbollah. Definitely it is the Syrians who hold the cards, the Syrians who make the moves.

CHAIR—It is a fairly sobering situation. Unless you get some resolution of the situation in Lebanon, the prospect for anything else happening is fairly remote.

Mr Werden—With the latest flare up between the Palestinians and the Israelis and the hardening of the respective camps' positions and allowing for the fact that Barak's grip on power is tenuous at best, we were confident that perhaps that would force the Israeli government, whoever was in charge of it, back to a position of having to negotiate a peace treaty with Syria and Lebanon—unfortunately together. It should not be that way. We are all for peace with all of our neighbours, including Syria. That may be an upshot of this current situation so that the Palestinians then are marginalised, in a sense, and there is a domino effect in that peace treaties will then have been established with all of Israel's neighbours, so in a sense the Palestinians would have nowhere to go. But, as you can see, the position changes daily in Lebanon and vis-à-vis the Palestinians and the Israelis.

Mr Haikal—The biggest risk is what we stated earlier, what Mr Annan said in his report, that Lebanon may once again be in an arena, although not the only one, for conflict. Really, allowing the south of Lebanon to remain under the control of Syrians is causing a big risk that a major conflict can erupt in the area. That is why it is important that a strong central Lebanese government be allowed to take control of affairs in Lebanon, a government that represents the will of the Lebanese and is not antagonistic to its neighbours. The Lebanese do not want to close their borders with their Syrian neighbours. We believe in good neighbourly relations, but we definitely do not approve of Lebanon being used by its neighbours to resolve a conflict with anybody else.

CHAIR—What is the state of the Syrian economy at the moment? It is not too flash either, is it?

Mr Haikal—About 250,000 people enter the labour market in Syria every year, so they have a big problem economically. The only way Mr Assad senior was able to control it was by having a large public service, like they did in the Eastern European bloc earlier. So the economy is not in a good situation. In a way, that is why the regime can exist—by being brutal, by suppressing its own people, by keeping its people below the poverty line, uneducated, with a very low literacy rate and so on. The situation is very bad in Syria. It is quite worrying, because if there is any opening up of the economy we fear that Syria might break up. This is something that should be looked at carefully. The Balkanisation of Syria is a big possibility.

Syria, as you probably know, is ruled by a party that is called the Baath party. It is meant to be a secular party. Unfortunately, it is really a minority sect that controls a country. There is a lot of hatred towards that sect, namely the Allawites. I can see that if there are any disturbances there is going to be a Balkanisation of the area, where these minorities will probably go to one area of the country and try to create their own little cantons there. It is a worry, and that is something that should be looked at by the Australian government. That can be a source of worries, not only for the conflict in the area but as a source of refugees and of human misery.

CHAIR—Southern Lebanon aside, what is life like now in Beirut? Does business go on normally?

Mr Haikal—The economy is very depressed. There is no trust in the economic system in Lebanon at this stage by international investors, mainly because they do not trust the political system. The judiciary is not working properly. For example, any contracts that have been done in the last few years with government had to be drawn under the auspices of the International Court in The Hague. For example, the rebuilding of the Beirut Airport was done by a German company called Hoechts. The contract that was drawn for that particular operation was drawn in The Hague and now there are disputes that are being resolved. For these people who want to go and invest, if there is any dispute where they have to resort to the judicial system to solve, there is no trust in the system in Lebanon.

Lebanon's economy is quite easily revived. We have a very large diaspora all over the world. The Lebanese, even after two or three generations, still take an interest in Lebanon. They go there for a holiday; they send money; they invest. But if you do not have that stability of government, of the political system, that sovereignty and independence, that feeling of security disappears and Lebanon cannot be rebuilt. Lebanon does not need international help to be rebuilt. The Lebanese in the diaspora will do it quite easily. We have so many millionaires overseas. As soon as there is peace I am sure that they will do a better job than all the aid that we can get from any country.

Mr Werden—To add to the statistics that I was quoting earlier, the current unemployment rate in Lebanon was 38.5 per cent, so that is a damning statistic in itself.

CHAIR—Can you go back to Lebanon whenever you want to? Are there any restrictions? Do you have any difficulties?

Mr Haikal—Personally, I have been advised not to go. I do not think anything would happen to me, but there is no need. My safety is not at risk but let me put it this way: my honour might be. I might be called for an interrogation about my activities and I might be detained for a couple of hours or called to appear in a security office, a Lebanese or a neighbouring security office. Why should I go there and have to face something like that? There is no big risk. There are people who have taken a lot stronger position than we have and they were able to come out of it safely, but for that reason I would not do it.

Mr Werden—I have never been there. I was born here. My oath is that I would prefer not to go until I can go without having—to use Bachar's words—my honour in some way compromised.

CHAIR—Have the Syrians got spy systems even in places like this to keep an eye on what is happening?

Mr Werden—Very much so. I do not know if you saw that SBS documentary recently, where there was an Australian journalist who was interviewing human rights activists, and there was a Syrian operative sitting in on the conversation. He actually made reference to the guy. Yes, there are. The Syrian modus operandii extends around the world.

By virtue of our Australian citizenship we are protected somewhat, a lot more than Lebanese citizens. You yourself saw the trials and travails that Ziad Abs has been put through. It is a similar sort of detention and arbitrary arrest system as was deployed by the South African apartheid regime, albeit on a less brutal scale. But the issue is to target the leaders and up-and-coming leaders and take them out of circulation and disturb the movement. Fortunately, the movement gets stronger.

Senator BOURNE—Always. It never works—you would think they would learn.

Mr Werden—It never works, but we need to help these people. We need to shine the light before the atrocities mount.

Mr Haikal—Unfortunately, dictatorships do not take lessons from history.

CHAIR—As there are no further questions, I thank you very much indeed for the evidence you have given today. It has been very useful indeed to the committee. If we need any further information, the secretary will be in contact with you. We will send you a copy of the transcript in case there are some changes that you might think need to be done. Thank you very much.

Proceedings suspended from 12.21 p.m. to 12.54 p.m.

CHESTERFIELD, Mr Norman, Chesterfield and Associates

DALBY, Mr Donald Richard, Partner, Chesterfield and Associates

FELL, Mrs Laura Ann, Associate, Chesterfield and Associates

CHAIR—Welcome. The subcommittee prefers that all evidence be given in public but should you at any stage wish to give any evidence in private you may ask to do so and the subcommittee will give consideration to your request. Although the committee does not require you to give evidence on oath, I should advise you that these proceedings are legal proceedings of the parliament and therefore have the same standing as proceedings of the House itself. I invite you to make a short opening statement, if you wish, and then we can proceed to questions.

Mr Chesterfield—I shall read the preamble and proceed from there through the document, judiciously leaving out parts.

Chesterfield and Associates is an alliance of several Adelaide individuals who came together several years ago to promote Australian business and understanding in the Middle East in response to an official invitation of the head of the London based Middle East International Group, His Excellency Sheikh Alsayed A.K. Al-Abed of Samarra. I was speaking to His Excellency last night and he wished to convey to the committee that he is praying that Allah be with your deliberations. He felt he should not make any further submission on the grounds that it might be seen to be an attempt to influence our own democratic processes.

In keeping with His Excellency's agenda, our principal focus has been Iraq, in particular opportunities arising within the UN Oil for Food program but also embracing longer-term prospects for resumption of the kind of special relationship which existed between South Australia and the Republic of Iraq prior to about 1984.

Because of delays and interference in the operation of the program, however, and a regional wariness of Australia attributable to our perceived uncritical subservience to US interests—naive or calculating, according to how significantly the respective countries regarded Australia's precipitate rush to join the abortive February 1998 anti-Saddam campaign and the less than diplomatic conduct of the Australian national head of UNSCOM—our role has until now been largely limited to advocacy, liaison and preparation for the eventual reopening of the doors between the two nations. As it is our specialised area of interest and knowledge in the Middle East, we shall restrict the focus of our submission to Iraq, though, where relevant, observations about other countries in the region may be included. While adhering broadly to the stated terms of reference, our submission is organised under other more distinct subheadings.

We apologise for our tardiness in completing the submission, but developing events in Iraq this year have seen barely a week go by without yet another crucially different factor having to be taken into account, the most notable of which has been the impact of news received by us in late July, not confirmed until 4 September, of plans for Saddam Hussein's imminent departure from power, reportedly under the effects of lymphatic cancer. Whether or not the Iraqi President

is indeed mortally ill or, as we suspect, merely creating or having created for him, a la Noriega, Pinochet, Idi Amin and others, a plausible cover for taking up a comfortable retirement in a safe haven should his present manoeuvring with world oil supplies not produce the result he intends, the significance of such a development for Australia's opportunities vis-a-vis Iraq and in the region generally, both immediate and long-term, cannot be overstated.

Our wish to incorporate in this submission only the most accurate and current, if not fully definitive, information has meant further procrastination by us as we waited upon confirmation of the implications of the imminently expected change of government in Iraq, particularly with regard to the future role of the US in the Middle East following what will be widely perceived as a final capitulation and admission of failure of 20 years of US-Allied policies in the Gulf. In September aircraft from France and Russia arrived in Baghdad carrying humanitarian supplies for workers, and in both cases goodwill sporting teams. This blockade-busting grew apace in October by direct flights from Italy and Germany and resumption of domestic flight services within Iraq a couple of weeks ago, albeit with only a skeleton fleet. In November Iraq has also successfully staged the Baghdad Trade Fair, attended by business people from many nations seeking to get a foot in the door with pre-signed contracts in advance of the long-awaited and imminently expected removal of sanctions.

There is a willingness in principle on the part of the Baghdad government for resumption of the special relationship which existed with South Australia prior to the 1984 withdrawal of the Australian presence from the war zone, a connection which continued access by the Australian Wheat Board has done much to keep alive in spite of the difficulties of sanctions. The special significance of the AWB and AWB Ltd's role is that the only two western countries to maintain wheat sales to Iraq uninterrupted since 1991 and the first to have contracts for wheat purchases issued under the Oil for Food program were France and Australia. However, through what the Arabs see as belligerently uncompromising and arrogant posturing by the Australian former UNSCOM chief, Australia itself is considered, rightly or wrongly, to have contributed to the ongoing failure of the Oil for Food program to effectively counteract the deprivation and suffering of the Iraqi people.

Though Australians are largely oblivious to it, the gravest and to the Arabs most incomprehensible fault—Australia's fault—is that while being equipped with the insight to recognise what is wrong we wilfully fail to act upon it, as we did as a nation with Vietnam in 1965 and East Timor in 1975 and since. As patriotic Australian citizens, we object vehemently to such reprehensible things as it has now been emerged occurred in these conflicts and continue to occur in Iraq being done in our names and deplore the manipulation of information and authority which led to the kinds of ignorant government decisions and actions to which this country has been party over the last decade in respect of Iraq.

What makes it worse is the ineffectiveness in this situation of our democratic parliamentary process, state and federal, to correct the wrong-headedness which has been almost wholeheartedly bipartisan. The offence is one, however, which may be overcome if the appropriate perspicacity and responsiveness is demonstrated. Indeed, there will be a window of opportunity, and only one, for Australia to rehabilitate itself in the eyes of the Iraqi government and people and with Muslim elements around the world, but it will require a far more timely action than evidence so far suggests this administration or for that matter the alternative is capable of. Our group is frustrated, offended, even dismayed at such responses as the reportedly

cravenly insulting reception of Australia's foreign minister to briefings provided in person by such truly expert figures as former director of the UN Iraq program Denis Halliday and the apparent wilful lack of interest in our own attempts to promote better understanding of the realities through our access as electors of the seat of Mayo, which we are. It is a question of finally seeing things independently and correctly. In the words of one of our major clients, 'If we don't take this chance now, we can forget about this region for the next 15 years.' Our detailed submission, urges a revision of our perceptions, policies and practices in the Middle East in order to better deal with the realities of the post-millennial world, addresses some of the ways and means by which this might be achieved.

To avoid burdening the presentation by duplication of statistical and other information also available from primary documentary sources already supplied by other witnesses, we shall confine our submission as far as possible to what we have ourselves directly experienced and observed, particularly where it provides a perspective not accessible to or through other contributors.

CHAIR—Could I ask you to further explain what that special relationship was between South Australia and Iraq in 1984.

Mr Chesterfield—We had a number of agencies working there, largely in relation to dryland farming technology but there were other connections, largely in the northern governorates, working at a very senior and public sort of level. The teams were withdrawn in 1983-1984, as a result of much of the work then being done being in what was then the combat zone between Iran and Iraq. It was considered to be dangerous for them to remain there. They left with the sort of sense that it was a job not complete, but with all the relationships I think still intact.

CHAIR—Were they government instrumentalities or private consortiums?

Mr Chesterfield—Yes, government. SAGRIC was probably the best known of them.

Mr Dalby—I think we had quite a good trade in wool tops with them as well. Michells, for example, operated four woollen mills in the northern areas of Iraq. They have in fact asked us to see whether they may be reopened.

CHAIR—Can you give us any indication of how you can restore that special relationship?

Mr Chesterfield—The relationship is still there, potentially. It is latent. Really it is just awaiting the appropriate gesture, and the appropriate gesture is pretty much what the Iraqi Embassy has put in its submission; that is, a trade mission led by the minister. It does not really matter whether or not it is at foreign minister level as such. That would signify to them that bygones are bygones.

Mrs Fell—There has been an expressed preference for the foreign minister to lead a trade mission, obviously for political reasons. However, our current minister for agriculture is also very highly favoured because of the South Australian connection, so there is a state and a federal focus.

CHAIR—Who are the clients of your organisation, what sort of activities are they in and should the special relationship be restored? Where do you see some future trade successes?

Mr Chesterfield—I think I can say in general terms that, as I mention later on in the document here, Telecommunications: for example, effectively we have been offered the right to do the whole of the refurbishment, rebuilding and reconstruction of the Iraqi telecommunications system—the lot.

Mr Dalby—We should explain that it is through the Sheikh.

Mr Chesterfield—That is right; it is through the Middle East International Corporation that all those negotiations have occurred. But that is an invitation direct from the Iraqi government itself.

CHAIR—Any others?

Mr Chesterfield—Oh yes. We have association with Heytesbury and a number of other pastoral groups on the matter of setting up food production, particularly feedlotting for cattle and sheep in a way that will avoid, for example, the deaths and so forth of livestock being transported at inappropriate ages across there. There is a lot of other agricultural back and forth—joint-venturing and so forth. That of course bears on water as well. We have been specifically asked to provide a number of technologies, both for water management rurally and also in municipal settings. For example, the replacement of the sewerage system in Baghdad, at the invitation of the mayoralty of Baghdad, has meant an approach to the South Australian company, Ribloc, who already have a profile in the Middle East through Abu Dhabi and Qatar and Dubai, because they can do a very fast job at perhaps a tenth of the cost and a tenth of the time to restore damaged sewerage systems. Another example is water purification, through a Victorian company called Pump Power, which is actually interestingly headed by a radical Christian gentleman. In view of some of the things that have been said before the committee in relation to cultural differences and religious differences, this is not a problem in Iraq at all. In fact, it is almost that the stronger your faith is in whatever it is, the happier they are to be dealing with you—as Mr Dalby can testify.

Mrs Fell—We are also looking at the rebuilding of some of their agricultural industries. At the moment we have a focus on the poultry industry and eggs. All of these industries are basically shattered. They were once reasonably good producers. The population has grown. The embargo has meant obsolescence. In essence, the message that we are getting is that they want to move from Third World to First World status as soon as they possibly can. We have the technologies here in this country to assist that.

CHAIR—Do we have any presence at the trade fair—that you know of?

Mr Chesterfield—Not that we are aware of.

CHAIR—We did not have anybody sneak in there and have a look?

Mr Chesterfield—There may be. I would imagine the Wheat Board has got somebody there.

Mrs Fell—Any individual can actually go at any time. There is no restriction on that. The difficulty seems to occur if there is any political presence either required or intimated, and then suddenly the stops are out.

Mr Chesterfield—What we are getting is the very strong perception in a number of instances that proposal X is the best that is being offered and therefore that is the one they want and they are prepared to wait until Australia makes the appropriate gesture, so it will be held over. They have just completed prematurely phase 8 of the Oil for Food program. It will be held over into phase 9 or 10 or whatever until the moment is right. They are being very patient about it.

Mrs Fell—Having said that, there are competing interests, quite obviously, who will be lobbying furiously. There is a window of opportunity for us, but it will not stay there forever.

Mr Chesterfield—Another area is education. Their education sector has virtually collapsed. One of the documents that came to us was in relation to requirements under phase 8. In a marginal note on a request for 1.3 million school desks, was a rather pathetic little comment that the purpose of this was to ensure that children did not have to sit on the ground. In many ways they are working from a totally devastated, ground zero position and, at the same time, wishing to restore the full height of their technological training and tertiary education services they had prior to 1979-80. Certainly TAFE and the university sector in South Australia are very interested in becoming involved in providing technician training and trainer training, in partnerships and exchanges.

Senator BOURNE—I am particularly interested in the stuff you have about the unravelling of the sanctions and the flights. I saw last week that one came from England—

Mr Chesterfield—I would doubt it.

Senator BOURNE—Or some English people.

Mr Chesterfield—It is likely that it was English people on something coordinated by, say, Medecins Sans Frontieres.

Senator BOURNE—It could well have been. The point, of course, is that the sanction scene is unravelling.

Mr Chesterfield—Yes.

Senator BOURNE—In your opinion, is this unravelling gathering speed?

Mr Chesterfield—Yes. There is another factor: the US presidential elections. By that I do not mean what is happening in the election process—speak of unravelling!—but the simple fact that that would allow a kind of watershed in respect of the Clinton policy. We know that George Bush's policy will be to wind back involvement of any kind in the Middle East, should he win.

Senator BOURNE—What would his policy be?

Mr Chesterfield—George Bush's policy will be to roll back engagement by America within the Middle East. They may be stuck with Israel and Palestine, but the unpublicised activities in Iraq are to be chopped straight away—even the Clinton administration has admitted that they have lost, on all fronts.

Senator BOURNE—They have lost Vietnam, too, and that took them a while—

Mr Chesterfield—Yes. As I have indicated, Australia was in a position on both occasions to provide the appropriate level of critical advice to the Americans which might have allowed them to avoid both disasters. I was training in intelligence at RAAF Fairbairn in 1965-66 and saw it all. It is the same story.

Senator BOURNE—Yes. I can see the instances that you have given in your submission that there are planes coming in, and there was the Baghdad trade fair. I did not know anything about that, which is quite interesting. Where did people come from to go to that? Were they from around Europe?

Mr Chesterfield—Principally Europe, Russia and China—the countries which have maintained close trade links with Iraq are obviously the most welcome. But there is a problem with reliability of supply and quality assurance when they do get the things in. For example, China won contracts for supply of pharmaceuticals, and four contracts in a row—that is, over four consecutive phases—were aborted because of quality failures. This is again where Australia is considered to be a much preferred trading partner because we do not have those quality control issues, especially with pharmaceuticals and medicines.

Senator BOURNE—Exactly

Mrs Fell—We had another situation with past trading partners—not necessarily countries, but businesses, such as Ingersoll Rand—who have a known performance record. Under the right circumstances, they would be asked provisionally to supply again. Our perception at this stage is that it is a case of just sitting and waiting for the boom gates to go up. It is a critical time for positioning. Mentioned in this report is the preference that will quite clearly be given to those countries and businesses that have positioned themselves before the boom goes up. It has certainly been stated to me that, once it goes up, you are just out there with the rest of the world.

Senator BOURNE—Exactly. I take it that the Baghdad trade fair has not happened for quite a while and this is the first time it has been held recently.

Mr Chesterfield—Yes. There have been gatherings of people from various other Arab countries for trade delegations or trade show-type things, but this is the first open business-oriented one they have had. It finished last week, so it is very current.

Senator BOURNE—Yes. I do not suppose you have any more up-to-date information on children who are ill and dying—that sort of information?

Mr Chesterfield—Not much. I think the figures that Denis Halliday has given are probably as up-to-date as you are likely to get.

Senator BOURNE—Is it getting any better?

Mr Chesterfield—It is not getting any better. The key problem seems to be that, while adequate quantities of certain pharmaceuticals are getting there, the right mix is not available at the right times, particularly for the cancer treatments that are required. Of course, the residue from the depleted uranium on the Basra to Kut road means there is 20 to 40 times the expected normal rates of cancer in those populations.

Mrs Fell—And limited or no treatment.

Mr Chesterfield—Yes, little effective treatment.

Senator BOURNE—Especially for small children. Thank you.

Senator GIBBS—I notice that in your submission you talk about Australia positioning itself to contribute to the ongoing failure of the Oil for Food program. Could you expand on that comment, please?

Mr Chesterfield—There is a belief that the Oil for Food program was created in such a way that it would fail. It comes from facts like relying on a given rate of oil production and then sale on the world market, but there is a deliberate embargoing of the necessary supplies to repair the pipes, for example, to enable that oil to be exported. It reached a ridiculous height in September last year when the amount of oil that was able to be produced for sale under the program vastly exceeded Iraq's capacity to produce it. The Americans and the British have continued to bomb ground targets, including the oil pipelines and the repair works going on. The figure we have is 40,000 missions flown between March 1998 and May 1999.

It was just coincidental that in August there was a visit here by a squadron of Tornadoes based in Kuwait, ostensibly as part of the interdiction no-fly zone policing program. I have Air Force connections and happened to have an opportunity to talk to some people about what is going on. Two things were immediately apparent: first, the Tornado GR-4—which is what these aircraft were—has no air-to-air capability at all. It is a ground attack aircraft

Secondly, John Pilger—who happens to be in Adelaide today—completed a documentary called *Paying the price: killing the children of Iraq*, in which he cited what he thought was the height of reprehensibility: the RAF attacking peasant farmers and their sheep flocks. He had footage of sheep being blown up by air strikes. The word we have had is not that it was some dreadful imperialist conspiracy to wage war against peasants, but that the RAF pilots concerned were not at all happy with having to fly such missions when they were supposed to be doing something totally different and that, in fact, they had flown their planes off into the mountains so they could drop their bombloads, whip back to base and say they had done the job, and had inadvertently bombed some flocks of sheep. It is pure catch-22.

Mr Dalby—It is not only that. In New York, where all of these applications for food and pharmaceuticals come before American inspectors, they say, 'This a bit doubtful so we will not allow it to go through.' There is all of that issue as well.

Mr Chesterfield—There are billions of dollars worth of things the UN has approved, and the US has used its veto power to say, 'No, not yet.' Anything they designate as being of dual use is subject to their veto. The most bizarre example I can remember—and this was from Madeleine Albright's own mouth—was water pumps. She said that they did not think it was appropriate to approve the export of water pumps to Iraq because they did not want them winding up in the swimming pools of Saddam and his friends.

Senator BOURNE—There cannot be that many swimming pools for them to wind up in.

Mr Chesterfield—The fact that the Secretary of State of the United States would make comments in those terms shows the kind of thing we are up against.

Mr Dalby—Perhaps what Senator Gibbs is asking, Norm, is how have we been implicated in that. Why are we saying that we have been part and parcel of this? Why are we implicated?

Mr Chesterfield—Coming back to the idea that we are in a position to see things differently, we have not, with the appropriate degree of courage and independence of thought, told the Americans what they should be told: that, at a strategic level, the way they have proceeded with things in the Middle East is not right. Secondly, perhaps we should have said, 'This is about oil and restricting the flow of oil to a time when it suits the Americans better to have it opened up. We do not want to be part of that.' Or, if it is to be like that, we should put it honestly before an electorate.

We have been seen to be too easily led by the Americans. The classic case was the February 1998 effort, where Bill Clinton's administration wished to have another go at Saddam, called on the former Gulf allies to support them and, apart from Britain, who normally would be expected to go in anyway, only two countries stepped forward: Canada and Australia. And both countries committed—and here it was bipartisan—before we waited to find out what the United Nations had to say on the matter. Of course, the United Nations and Kofi Annan himself said, 'This is not on,' and Kofi Annan went to Baghdad to try to ameliorate things. It is actions like that that tar us totally with the Americans, as far as the Iraqis are concerned.

Mrs Fell—There has to be an underlying fear also that perhaps our government is being put under pressure by our major trading partner, the US, with which, in terms of trade, we are minuscule players. There is a potential here that it may be muscling behind the scenes on trade matters, sadly.

Senator GIBBS—What about Iraq's build-up of arms lately.

Mr Chesterfield—Almost any arms capability the Iraqis have was supplied by the Americans in the first instance, and since about 1995 it has been China and Russia that have been providing them. The problem as we see it is that Saddam has been put in a position, by the program that the Americans run, to be able to have his own private source of income from the oil. Probably a quarter or more of all the oil produced in Iraq is sold through Saddam's own black market mechanisms, with the proceeds going not into the Oil for Food program coffers but into his own, and probably directly into a Swiss bank account, of which the Americans are fully aware and about which they have done nothing, even though it is quite possible for them to have those accounts suspended.

Senator GIBBS—Did you say that he is basically in retirement?

Mr Chesterfield—No, not yet.

Senator GIBBS—He is still hanging around?

Mr Chesterfield—He is still there, but the signals have begun to be sent that in the near future he might step down. There has been a council appointed, of which his younger son is a member—not Uday the monster but a more reputable person. It is essentially a family council.

Senator GIBBS—It is very dangerous, though, isn't it? They are a dangerous family, aren't they?

Mr Dalby—Isn't the problem made worse by the way in which we are treating them? I am thinking of the situation after World War I in Germany where, because the West applied such severe measures—demilitarised them; took away all their colonies; did not allow them any connection with Austria; in effect, proscribed them in terms of their economy—the resentment that was created gave rise to the leadership of Adolf Hitler and World War II. The same kinds of dynamics are occurring in Iraq, where you are getting a whole generation of people who are growing up with this feeling of resentment: 'Here are some people on the other side of the world telling us what we can and can't do; what are we going to do about it?' That seems to me to be the problem. They are trying to work out how they can react and respond to a situation where someone else is putting a foot on their neck.

Senator GIBBS—Are we talking about the general population as a whole?

Mr Dalby—Yes, the general population.

Senator GIBBS—We are talking about individual lunatics who come forward in history every now and again. These people are going to be there regardless, aren't they? They see themselves as world leaders.

Mr Chesterfield—No, the perception of Saddam as a lunatic is a fiction put out by the Americans. The man has remained in power despite whatever has been attempted against him.

Senator GIBBS—Hitler was not exactly a nice person, either.

Mr Chesterfield—How long did Hitler last? Saddam has long outlasted Hitler. And what is more, Hitler's people turned against him. The Iraqi population has not turned against Saddam. The one near attempt at an uprising, in March 1991, was bombed out of existence by the RAF and the USAF. That was the uprising in Basra. We know that Saddam was installed by the Americans in the first place, and so does every Arab. He was there to do their global bidding over oil from about 1979 onwards, which involved creating such tension between Iran and Iraq in the form of a war that Iraq's export oil production became zero and Iran's was severely restricted. The beneficiaries of that, of course, were countries like Kuwait and the other Gulf states, all of whom are good friends of America. We understand that the strategy was to provide a hiatus of about 50 years, to take them to about 2020, when America had forecast, probably wrongly, that they would be very much in a position of control in the Middle East.

Unfortunately for them, they called the shots wrongly and it will not happen that way. They have built themselves a lasting legacy of resentment and suspicion. Our own sheikh says, 'They're people that we have to put on the "wily Arab" bit for. For Australians, we don't have to do that. We can trust one another.'

CHAIR—Do you have any contact with other Arab states? If so, can you try to give us a bit of crystal ball gazing in terms of some of the trade opportunities that you see emerging in them, bearing in mind that in some of those areas we have had some pretty good figures in recent years?

Mr Chesterfield—There are 17 countries in which the Middle East International Group is able to offer access. It ranges from countries which have Hashemite family rule, such as Morocco, Jordan and so forth, to the other individual emirates. I can only see growing trade. Dubai is the best example in this regard. They are the most far-seeing of the Gulf states. Iran, of course, although not Arab, is closely linked into this. Our organisation is essentially Shiite, so that gives access to that country that normally one would not expect from the other Arab countries. I think it is all to the good. We think that the key is to set up a proper relationship with Iraq, which will be the most important Arab nation.

Mrs Fell—It is obvious from the discussions that I have had with Sheikh Al-Abed that our technology, reliability and emphasis on quality are very highly valued, plus the fact that they perceive us to be people that they wish to deal with. Our problem is that we cannot achieve the scale of operations that are on offer to us. There is a perception by businesses which are invited to tender into that area of instability and risk—which is probably not helped by media representations—which makes it a very difficult area to deal in in terms of getting practical results. What is coming out loud and clear is that we are preferred, we do have a competitive advantage, and they can afford to pay the price. It is a very significant advantage for us and it does need to be capitalised on. I believe it is starting to happen but what is not being realised is the true benefit of what is potentially available to us through Iraq with their strategic positioning process having been done in the earlier stages—which is right now.

Mr Chesterfield—I would like to expand on that a little. We have a specific example of somebody who tendered going right outside the frame, shifting the goalpost for the tender—in fact, I mentioned it in the submission—and saying, 'We would like to take a look at this whole thing, do a feasibility study for you, and the intellectual property then becomes the property of the Iraqi government. Then you can decide when we have completed that whether you want to proceed or what options you want to follow.' That was going to be billed separately. The specifications of the tender documents did not allow for that sort of thing. Nonetheless, they were given the nod to do that. Then the message came back after a couple of months where we did not hear anything, 'Thank you very much.' 'Would you like to triple your bid? We think your estimates may be a little low.' That is not the usual baksheesh arrangement. The government of Iraq has a very strict rule on how much one may pay consultants and that sort of thing: it is 2½ per cent—neither more nor less.

Mrs Fell—Wasn't that recognition of the practicalities of what would be met on the ground? But it is interesting and refreshing.

Mr Chesterfield—It is also an indication of the ready availability of the money that is there. The other point we ought to mention is the EFIC situation. We were taken by surprise, about a year ago, I think it was, to discover that the omission of Iraq—there was a blank line by Iraq's name—under the EFIC table for insurance risk for exporters did not mean that they were wishing to discourage trade with Iraq. It simply meant that there is no risk—none whatsoever—because trade under the Oil for Food program is guaranteed. This is where the government probably should publicise things a little more positively—that is, because it is guaranteed, EFIC do not insure—not because Iraq is not to be traded with. EFIC went further to say that bridging finance was available, particularly to people who wish to work in Iraq, to cover the period of set up before you got your actual cheque. Again, it is not something that is well known in the commercial community at all.

Mrs Fell—It does relate back to the UN's tardiness in paying their accounts at times.

Senator BOURNE—You mention—you might not want to talk very much about it—that you think the different personalities who are now emerging throughout the Middle East are a very positive sign in most cases?

Mr Chesterfield—Yes.

Senator BOURNE—Would it be less positive in some cases than in others?

Mr Chesterfield—No. Several of them have direct links with 'our' sheikh, particularly in Morocco and Jordan. What is transpiring is that the older generation—even King Hussein—is being seen retrospectively as having been despots by comparison with what is now coming with their successors, Muhammad, Abdullah and the rest of the 'new generation'.

Senator BOURNE—Is that within their countries or outside it?

Mr Chesterfield—Both within their own countries and on the world scene.

Senator BOURNE—Okay.

Mr Chesterfield—It is a generational change, quite literally, in the countries I have mentioned. Syria is the most recent one. Hafez Al Assad is gone and his son is very Westernised and a true liberal. That is one of the reasons why Lebanon has now got some hope, I think. In Morocco, almost the first thing the new king did when he came in was sack the Minister of the Interior who ran the secret police in Rabat. I think he was jailed, yet he had literally been the power behind the throne of the former king.

Mrs Fell—This may tie into that point. The young lions—as I think they are called—have gained from overseas educations and broadened experiences.

Senator BOURNE—Yes, that is a good point—especially in the case of Jordan and Syria. We have heard a lot about that. But you seem to think there have been pretty positive changes all over the Middle East.

Mr Chesterfield—Yes.

Mrs Fell—You can link it in to changes globally: it is part of a massive movement; an opening up, an awareness. The dynamics are very, very fluid, but I think very positive. This is simply one corner of the world where it is starting to happen—and quite noticeably so in a fairly short period of time. It does not mean that there will not be hiccups—no period of progress is ever without a backward step occasionally and it is typically a fairly difficult area, as you would understand—but our general feeling broadly is one of quiet optimism for the future.

Senator BOURNE—That is good to hear, thank you.

Senator GIBBS—As to education and broadening experiences, I suppose that is happening in quite a few of the Arab countries because of the wealth that the oil has brought. They are sending their children, particularly to Britain, and they speak terribly, terribly good English.

Mr Chesterfield—That is right, yes.

Mrs Fell—In very cultured tones, I might add.

Senator GIBBS—So I suppose that is bound to happen, isn't it? Do they send just their sons or their sons and daughters?

Mr Chesterfield—Mainly their sons. We are talking about something that has been going on for a very long time.

Senator GIBBS—I know that.

Mr Chesterfield—It has been customary since the 1920s or earlier for this to happen.

Senator GIBBS—But it is a matter of those people being in power.

Mr Chesterfield—What is different now is that the incoming rulers are professionals in other areas in their own right. The man in Syria is a surgeon and so on. The Jordanian is a military officer, which is fairly standard. But they have all attained professional respectability in other areas, rather than just being from a ruling family.

Senator GIBBS—Rather than simply being rich kids who are educated and then come back and sponge off dad until he drops dead and they take over.

Mr Chesterfield—That is right; that is what is different now.

Mr Dalby—By the way, we have a terrific opportunity in tertiary education. I am a part-time lecturer at the University of South Australia and, with our cheap dollar, Australia is much more attractive, particularly to students from Asia but perhaps also to students from places like Iraq. They can come to Adelaide and do their tertiary training, compared with, say, Britain where the exchange rate is not as good.

Mr Chesterfield—On the issue of competition, I should point out that Cambridge University sends its scouts to Brunei, for example—that far afield—to attract talent. In fact, my wife's cousin does that for the universities of Dundee and Aberdeen all over the place throughout the Muslim world. Australia could do exactly the same thing and, if we did, we know that we would be the preferred providers.

Mr Dalby—We used to have Iranian tertiary students doing PhDs up at Waite.

Mr Chesterfield—Waite is known to be the most highly respected agricultural institute in the world.

Mr Dalby—They stopped, by the way, under President Khamenei, because the perception was that they were becoming too liberal in their morality or ethics or whatever—I do not know. The girls started to take their veils off and wore short-sleeved dresses and so on.

Mr Chesterfield—The interesting thing in relation to Iraq is that Iraqi society is not like that at all—it is not fundamentalist. In fact, the interesting thing there is that the Shiites are the moderates. I do not mean by that that all the rest are even more extreme, but the Shia in Iraq speak with a moderate voice—very much so—and our Sheikh is like that.

Mr Dalby—They also have a Christian church in Iraq.

Mr Chesterfield—A very big Christian presence.

Mr Dalby—The Chaldean Christian church.

Mrs Fell—Any of the documentaries show the women on the streets in short-sleeved blouses and dresses, not their full robes, except when there is a political rally.

Mr Dalby—Or a religious induction.

Senator GIBBS—Is that right?

Mrs Fell—Yes. It is far more liberal than most people perceive, because the media presentations of the Muslim activities generally have been closed and very negative.

Mr Chesterfield—Women were emancipated in Iraq in 1938, and by that I mean fully emancipated.

Senator GIBBS—I am so pleased to hear that.

Mrs Fell—It is not widely known.

CHAIR—As there are no further questions, thank you very much indeed for coming today and for bearing with us in terms of the change to the schedule and the rest of it. If we need any further information the secretary will be in contact.

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

That the preamble presented by Chesterfield and Associates be received as submission No. 93.

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

That the supplementary submission by Chesterfield and Associates be received as evidence and authorised for publication.

Resolved (on motion by **Senator Bourne**, seconded by **Senator Gibbs**):

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

Subcommittee adjourned at 1.43 p.m.