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Reference: Treaties tabled on 7 and 21 August 2001

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JOINT COMMITTEE ON TREATIES

Monday, 17 September 2001

Members: Mr Bartlett (*Chair*), Senator Cooney (*Deputy Chair*), Senators Bartlett, Coonan, Ludwig, Mason, Schacht and Tchen and Mr Adams, Mr Baird, Mr Byrne, Mr Haase, Mr Hardgrave, Mrs De-Anne Kelly, Mr Andrew Thomson and Mr Wilkie

Senators and members in attendance: Senators Cooney, Ludwig, Mason and Tchen and Mr Baird, Mr Bartlett, Mr Haase, Mrs De-Anne Kelly and Mr Wilkie

Terms of reference for the inquiry:

Review of treaties tabled on 7 and 21 August 2001.

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Committee met at 10.07 a.m.

BLACKBURN, Ms Joanne Sheryl, First Assistant Secretary, Criminal Justice Division, Attorney-General's Department

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TREYDE, Ms Ruth Synthia, Principal Legal Officer, Criminal Law Branch, Criminal Justice Division, Attorney-General's Department

WILLING, Ms Annette Maree, Acting Assistant Secretary, International Branch, Criminal Justice Division, Attorney-General's Department

SPILLANE, Ms Shennia Maree, Executive Officer, International Law Section, Department of Foreign Affairs and Trade

von BRANDENSTEIN, Mr Tony, Executive Officer, Treaty Secretariat, Legal Branch, Department of Foreign Affairs and Trade

CHAIR—Welcome. Today, as part of our ongoing review of Australia's international treaty obligations, the committee will review six treaties tabled in parliament on 21 August 2001. Specifically, we will be taking evidence on: a proposed agreement with the Council of Europe on the transfer of sentenced persons; a proposed Russian space agreement; proposed agreements on social security with Portugal and Germany; a proposed amendment to the Intelsat convention and operating agreement; and WRC 2000 ratification of final acts.

I advise witnesses that, following the tragic events of last week, the House has changed its program for today. Consequently, our hearing will have to conclude by 11.30 a.m. Accordingly, I ask that all witnesses be brief in their opening statements and succinct in their response to questions. Although the committee does not require you to give evidence under oath, I advise you that the hearings are legal proceedings of the parliament and warrant the same respect as proceedings of the House. The giving of false or misleading evidence is a serious matter and may be regarded as contempt of parliament. I invite you to make an opening statement.

Council of Europe Convention on the Transfer of Sentenced Persons

Ms Blackburn—I am pleased to appear before the committee, for the first time, to assist in its consideration of the Council of Europe Convention on the Transfer of Sentenced Persons. Annette Willing and Chris Hodges have appeared before this committee before, and have been involved in the development of the transfer of prisoners scheme for some time, and Ruth Treyde has responsibility in the department for matters relating to federal prisoners in Australia and may also be able to assist the committee.

The Commonwealth International Transfer of Prisoners Act 1997 complies with the Council of Europe convention. The committee recently recommended that binding treaty action be taken in relation to the bilateral treaty with Thailand concerning the international transfer of prisoners between Australia and Thailand. The principles encompassed in that treaty apply equally to the Council of Europe convention being considered today. There is a well-established international practice of transferring prisoners to serve out their sentences in their home country. Most developed countries have conducted such transfers for many years: the United States, Canada and the United Kingdom routinely conduct transfers to and from their jurisdictions. The proposed accession to the Council of Europe convention and the bilateral treaty with Thailand are in response to public interest in the international prison transfer scheme. Much of this interest was brought to attention during the Commonwealth parliament's consideration and passage of the International Transfer of Prisoners Act in 1997 with the unanimous support of all parties. All Australian states and territories have since enacted complementary legislation to allow the scheme to be implemented.

The next step in enabling implementation of the transfer scheme in Australia is ratification of the Thai treaty and accession to the Council of Europe convention. Accession to the convention is the most cost-effective and expeditious way to facilitate prisoner transfers between Australia and a large number of other countries. It is the most widely used multilateral instrument for international prisoner transfers, and it currently has 49 state and non-state parties—including the United States, Canada, the United Kingdom and major European states.

If Australia becomes a party to the Council of Europe convention then, following the commencement of the transfer scheme in Australia, 134 of the 211 Australians presently imprisoned overseas would be eligible to apply for transfer to Australia. A significant number of foreign nationals imprisoned in Australia would similarly be eligible to apply for transfer to their home country. It must be remembered, however, that the scheme for the transfer of prisoners to their home countries is not intended to either reduce or increase the severity of the sentences imposed on those prisoners. It is purely to allow them to serve out their sentences in their home environment. My colleagues and I would be pleased to respond to any questions the committee may have about the convention or the transfer scheme.

Mr BAIRD—I notice that we are asked to lodge two declarations with the Council of Europe, like the UK. What would such a declaration include, and why is it in the form of a declaration and not some other means?

Ms Willing—The convention enables a country to choose to make declarations in relation to specific matters. We have identified two declarations: one relates simply to requiring incoming documents to be translated into the English language; the other one is intended to notify the Council of Europe members that Australia would intend to use the continued enforcement method for sentence enforcement. Another possible declaration deals with the fact that the convention refers to 'nationals' in its coverage, whereas our legislation can also extend to permanent residents. The convention enables countries to lodge a declaration which defines 'national' in their own terms, and we could define 'national' to include permanent residents, which would be consistent with our legislation.

Mr BAIRD—Is it unusual to have a declaration rather than some other means, such as a straight treaty?

Ms Blackburn—No, the use of declarations under international conventions is a common method of including countries which want to accede to the substance of the convention but for whom there may be minor issues which countries wish to deal with in different ways—such as, as Ms Willing just said, the issue of whether the definition of nationals will include permanent residents or not. The use of declarations is common, and in this particular convention, as Ms Willing has identified, there are three particular areas in which countries are offered the opportunity to make a choice—and Australia would make a choice in those cases.

Mr WILKIE—National interest analysis has said of the scheme that it appears to be working well. How have you interpreted the phrase ‘appears to be working well’?

Ms Blackburn—In preparing documents, one sometimes puts in qualifications which represent the state of one’s knowledge. The use of the word ‘appears’ is simply to indicate that the knowledge that we have of operations between other countries under this scheme suggests that these operations do work well. Because Australia has not participated in them as a participant, obviously we have no direct knowledge of how they would work if Australia were to participate in it.

Mr WILKIE—I am also curious whether, if someone wants to appeal their sentence and they have already been transferred, there is scope for them to do that.

Ms Blackburn—They would have to do that through the country in which the sentencing occurred. The convention and the legislation is very clear: you cannot use the transfer mechanism to be transferred back to Australia and then seek to use the Australian judicial system to appeal the original sentence that has been imposed on you by the foreign country. Presumably, you would still have access to whatever were the methods of appeal.

However, one of the conditions of transfer is that the sentence has been imposed and that the appeals have been concluded. So there is intended to be the safeguard that the transfer does not occur until all of the appropriate appeals have been exhausted, presumably because once you are back in a different country it is obviously very difficult to pursue any appeal mechanisms.

Mr HAASE—I am concerned specifically about the same areas, and I am envisaging the situation where a foreign national is incarcerated here in Australia. He is tried; appeals are processed; the sentence stays—let us say it is a 15-year jail term. He is then transferred back to his home country and, through some quirk of government, there is a populist movement locally to have that individual freed. What clout do we have to prevent that from happening?

Ms Blackburn—The populist movement occurring in the country to which the prisoner has been transferred? I will take the beginning of your question. There is a mechanism under the convention and in the Commonwealth legislation which requires a decision to be taken as to which method will be used to determine the sentence that will apply if the prisoner is transferred. The two methods are called the continuing sentence method and the converted sentence method.

In the negotiations which occur before the prisoner transfer takes place, the sending country, the receiving country and the prisoner all have to reach agreement on the sentence which will be served and the conditions under which that sentence will be served in the country to which the

prisoner is transferred. That is all agreed in advance and, as I said, Australia would have to agree to the conditions which the receiving country was going to impose. If there were subsequent changes in the country after that, then I am not entirely sure—

Ms Willing—The country would have an obligation under the treaty to continue the sentence enforcement. The protection that we have is our treaty relationship. If Australia did have some concern with a particular country, the other protection would be that, for future transfers, we would not necessarily need to consent to transfer prisoners to that country unless we were satisfied that the sentence would continue to be enforced.

Mr HAASE—I am taking your answer to mean that we have no control at all. Perhaps we are able to influence future acts, but you are saying that at this stage we do not have any real clout when it comes to insisting that an agreement is maintained after a change of government.

Ms Blackburn—I think you have the same clout that exists in all international relations. There is no more or no less than that. If the agreement is reached, you take it on faith that it will be properly implemented. As Ms Willing said, if agreements which were reached were then not honoured by a receiving country, obviously that would be a factor which would be given serious consideration in any future request for the transfer of prisoners to that country.

Mr HAASE—Is France a signatory to such an agreement?

Ms Willing—Yes.

Ms Blackburn—Yes, it is.

Mr HAASE—Were any of those arrangements in place at the time of the New Zealand incident?

Ms Blackburn—Are you referring to the *Rainbow Warrior*?

Mr HAASE—Yes.

Mr Hodges—The Council of Europe convention came into operation in 1983. The answer to your question is yes; they were in place by the time the *Rainbow Warrior* incident took place. Looking at the members, however, you will see that New Zealand is not a member of the Council of Europe convention. France is, but New Zealand is not. Hence, any transfer would not be possible under this multilateral convention on account of the *Rainbow Warrior* incident.

Mr HAASE—It is food for thought, isn't it? Thank you.

Senator COONEY—Can I ask you to go through article 11(1)(a) for me. This is the conversion of the sentence provision. I understand you cannot look behind the sentence with this—in other words, the country that receives the prisoner cannot look behind the sentence imposed by the power that did so.

Ms Blackburn—No, it is a fundamental requirement of the convention that the transfer of prisoners is not used to reopen the question of whether the conviction was rightly made or whether the sentence was properly imposed. In participating in the scheme, you accept the judgment of the courts of the territory in which the judgment was made and the sentence imposed.

Senator COONEY—I wonder why (1)(a) is in there. It seems to imply that the findings of fact are to be accepted by the receiving authority, but if you cannot go behind the sentence I wonder why that is in there.

Ms Blackburn—The article you are referring to relates to the process we mentioned earlier of conversion of sentences. I might ask one of my colleagues to explain the technical details of the conversion process.

Mr Hodges—We understand that the policy rationale behind article 11(1)(a), which states ‘shall be bound by the findings as to the facts’, is that countries should not be sitting in judgment of other countries’ judicial and legal systems so that you do not have a second trial to judge whether the foreign trial took into account all the relevant facts. Hence, the parties between whom the transferee will move are bound by the facts.

Senator COONEY—I can understand it saying that it shall be bound by the sentence or judgment imposed, but I was just wondering why it refers to the facts rather than to the sentence in saying that the receiving country has to accept it.

Ms Blackburn—The conversion process requires you to take the sentence imposed by the sentencing country and convert it by the process described there. What (1)(a) is stating is that in beginning the conversion process you take the facts as found by the sentencing court in the country which imposed the sentence. You cannot review the evidence and form a different view of the facts than that which was taken by the sentencing court.

Senator COONEY—Yes, but you would have to do that for a purpose. I wonder whether it is for the purpose of parole. Do you know whether that would be the reason? Do you know whether the receiving country can grant parole? If it can, that would make (1)(a) sensible.

Ms Blackburn—The receiving country could grant parole, but that would be in accordance with the agreement with the sending country and the prisoner at the beginning of the process as to what the conditions of the transfer are. That could include a period of parole in the receiving country.

Senator COONEY—I wonder whether that is the purpose of (1)(a). It seems that (1)(a) would be sensible if you could grant parole, but I am not sure what (1)(a) does if you cannot. Could you have a look at that?

Ms Blackburn—We can review the information that we have given you and if there is anything more that we can add to that we will happily provide that in writing to the committee. Would that be acceptable?

Senator COONEY—Yes.

Ms Blackburn—Thank you.

Senator MASON—I draw your attention to paragraph 6 of the National Interest Analysis. You mention the benefits for Australia of repatriating Australians in prison abroad. You say:

It will relieve the hardship and burden on the relatives of the prisoner and facilitate the prospects of that prisoner's rehabilitation.

Have you any evidence that this process will facilitate the rehabilitation of prisoners?

Ms Blackburn—Sorry, I do not have any evidence this morning that I can quote to you. I am happy to take on notice whether we can find any evidence. At this stage I would be saying that I think it is an accepted article of faith amongst rehabilitative authorities that undertaking rehabilitation in an environment with which you are familiar, and with the possibility of contact with your family, has a greater chance of success than otherwise.

Senator MASON—I will change the dimension of the question then. It may facilitate the rehabilitation of the prisoner. Let us take that as a given for a second. I suppose my question then is: so what? The High Court has said on many occasions that the principal philosophy in determining the length of punishment is just deserts. In other words, the gravity of the offence, not the capacity for rehabilitation, is what determines the length of time that someone spends in prison. To take up a specific question that Mr Haase raised, let me put it to you this way: if just deserts is the principal determining philosophy—and the High Court has said that it is—then why shouldn't someone, let us say a French terrorist in New Zealand, spend 20 years in New Zealand paying the price and not be sent back to France to have an easier time there?

Mr WILKIE—New Zealand would have to agree.

Senator MASON—Let us assume that they did, Mr Wilkie. Let us assume that there was a treaty. My argument is: why should we entertain a treaty like this when just deserts is the principal determining philosophy in this country for punishment and the rehabilitation philosophy has been largely discredited. Certainly, the length of punishment is determined by just deserts. Mr Haase's example, I think, is a very good one. Why should we allow some terrorist, who has done something nasty in this country, to go back to their country and serve out their punishment there?

Ms Blackburn—I will make a number of comments in response to that. First of all, the discretion remains with Australia to agree or not to agree to a request for transfer. So, in the circumstances that you described, if the Australian Attorney-General believed that it was more appropriate, in terms of the crime which was committed and the sentence which was imposed, for the person to serve that sentence out in Australia then we could refuse to agree to a transfer.

Senator MASON—All right, but there are diplomatic and political problems with that.

Ms Blackburn—There are diplomatic and political problems with many things but, in terms of this scheme and the legal arrangements it sets up, Australia could refuse to agree to that transfer. Secondly, in relation to comments about just deserts, I think there is a distinction to be drawn between the question of the length of the sentence—which, as you rightly say, length of

the sentence is intended to reflect the severity and the consequences of the crime—and what you do while you are imprisoned for that length of time. I think that is a separate question and I think the rehabilitative approach to time spent in prison remains an accepted principle of corrective institutions.

Senator MASON—Except that the conditions may be markedly changed depending upon the circumstances within the prison itself.

Ms Blackburn—Indeed, as you would appreciate, within correctional institutions there are those which range from high security to minimum security. There are different forms of punishment and accommodation arrangements in any one correctional institution.

Senator MASON—So it does have a bearing on, if not the length of sentence, the custodial arrangements: they may be more or less easy in Australia but it will certainly have an effect.

Ms Blackburn—That would be a matter for negotiation at the time of the transfer. If we were holding a prisoner in Australia in high security or isolation or confinement or protective custody within the institution, we could negotiate similar conditions and could insist that similar conditions be imposed in the event that the prisoner was transferred to another country.

Senator MASON—Why shouldn't we, conversely, if an Australian prisoner commits a serious crime in France or Germany, let them rot over there? Given that they have broken the laws of France or Germany or whatever, why should we bring them back here? Why should we make it better for the prisoner, in having their relatives around them, when they have committed a serious offence in France or Germany?

Ms Blackburn—Senator, you are asking me to address a moral and a political issue and that is not really the role that I can take here.

Senator MASON—But that goes to the core of this, for me.

Ms Blackburn—It goes to the core of this as a policy issue.

Senator MASON—That is right.

Ms Blackburn—That has been considered by the Commonwealth parliament which has passed the Commonwealth legislation which will implement the convention. I would repeat the answer which I have given you a number of times: if there was a request for an Australian prisoner to be transferred here it is a matter of discretion for Australia whether it chooses to consent to that request. As you rightly mentioned earlier, in addition to being a legal decision that may well be a political and a moral decision. Those would be relevant factors which I am sure would be taken into account in the decision making process.

Senator MASON—Ms Blackburn, you are quite right: that is all you can say. But that answer is not good enough, obviously. Sometimes, Mr Chairman, I think we should have the executive sitting there and we should ask them the answers to these questions. Thank you, Ms Blackburn.

Senator TCHEN—This treaty is to do with the Council of Europe. It is not an international treaty in the sense that it applies to most parts of the world. It is essentially Europe plus the United States and Canada. Should Australia be party to such an arrangement given that rhetorically we are part of Asia?

Ms Blackburn—Senator, in answer to your question there are presently 49 parties to the convention and there are 10 nonmember states of the Council of Europe. Those include the Bahamas, Canada, Chile, Costa Rica, Israel, Japan, Panama, Tonga, Trinidad and Tobago, and the United States. As to the last part of your question, I cannot answer that. I made a comment in my opening statement to the effect that there are two ways in which Australia can seek to enter into arrangements to facilitate the international transfer of prisoners. One is through acceding to the multilateral instruments which are available—and this is the principal one—or by entering into bilateral treaties. This committee recently considered the bilateral treaty with Thailand. By acceding to this convention we obtain the opportunity to engage in transfers between the existing members of that convention which is obviously far less resource intensive than negotiating 49 bilateral treaties with the individual members and nonmember states to the convention.

Senator TCHEN—What you are saying is that this treaty is actually a supranational treaty. Does it automatically give us right of exchange with all of the 49 member nations?

Ms Blackburn—Once we accede to the convention, yes, it will. It is a Council of Europe convention, but it has a process for permitting nonmember states of the Council of Europe to become parties to the convention and take advantage of all of the rights and obligations that the convention imposes.

Senator TCHEN—In that case, do we have any separate agreement with any of the 49 states?

Ms Blackburn—Not for the transfer of prisoners. The only other agreement, which is presently under consideration and which this committee has recently considered, is the bilateral treaty with Thailand.

Mrs DE-ANNE KELLY—I notice that there is said to be some net cost benefit to Australia from the treaty, which is helpful. But I am actually more interested in page 8 of the briefing papers, where it says that the punishment will represent the humanitarian and rehabilitative ideals of the home country. Are we exposing ourselves to a situation where a very serious crime in Australia—such as drug trafficking or people smuggling—might receive a lesser sentence in a home country and therefore act as less of a deterrent to criminals acting in Australia?

Ms Blackburn—If I understand your question correctly, we have made the point on a number of occasions this morning that the question of the sentence to be served in the receiving country would be negotiated at the time that the transfer was agreed. I also said in my opening statement that the purpose of this scheme is neither to reduce nor to increase the severity of the sentences. It is intended, in terms of the punishment imposed upon people convicted of offences, to essentially be neutral in its outcome. The only benefit conferred on a prisoner being transferred is that they will serve out the sentence in a country with language and perhaps home support that they would not have if they were serving it in a foreign country. That is the only

benefit that it is intended to confer, and it is considered to be a humanitarian benefit which is valid to confer upon prisoners.

CHAIR—Given that, it seems curious to me that in article 10 the conditions explicitly prevent any increase in sentence but make it quite possible that there could be a decrease in sentence. So, given what you have said, article 10 seems to be perhaps weighted in favour of a reduction of sentence by stating that the sentence in the administering country could not exceed the maximum duration prescribed by the law in the administering country.

Ms Willing—That is really directed at the situation where you have a different type of penalty in the other countries, so you need to adapt it in some way in order to make it enforceable in Australia. For example, if someone had the death penalty in another country, it would be possible for us to enforce that as life imprisonment, if the other country agreed. It is really directed at those kinds of situations. That is an extreme example, but it is directed where you have different types of penalties.

CHAIR—But is it conceivable that—given the requirement that the sentence cannot exceed the maximum applied in other countries—if the administering country did have a substantially different sentencing regime to ours, it could result in a substantial reduction in penalty?

Ms Blackburn—It could result in a change in the penalty. Ms Willing has mentioned the death penalty. The other example is of regimes that impose flogging. That may be an obvious case—where an Australian prisoner has sought transfer and the sending country was prepared to agree to that, then obviously we would be negotiating a sentence in Australia that did not include flogging—because it is not a punishment which we impose in Australia.

CHAIR—Fair enough. Before I hand over to Mr Wilkie, I have one last question of fact. In your introductory comments you mentioned that there are 211 Australians imprisoned overseas and a significant number of overseas prisoners in Australia who might benefit potentially from the application of this treaty. Could you give us a closer approximation of that significant number?

Ms Blackburn—I was hoping I could slide past that one, Mr Chair. On the information we have, 211 is the number of Australian prisoners imprisoned overseas in all countries, as at 30 June 2001. On our calculations, 134 of those prisoners are in countries which are party to this convention. In terms of the number of prisoners in Australia who might seek to transfer to another country, the numbers are difficult to obtain, primarily because the information that is available shows prisoners by country of birth, which does not indicate whether they have subsequently become Australian nationals or permanent residents. The best information we have available is provided by the Department of Immigration and Multicultural Affairs and suggests that it might be in the order of 650 Australian prisoners who are nationals of other countries and who may be eligible to seek transfer under this scheme.

Mr WILKIE—Given that prisons are not run by the federal government—they are run by the states—have we discussed this with the states and what has been their reaction?

Ms Blackburn—There have been negotiations with the states over a period of time. The Commonwealth International Transfer of Prisoners Act contemplates the making of

administrative arrangements between the Governor-General and the governor of the state, which is a common arrangement in Commonwealth legislation where you need state assistance. Those arrangements are under negotiation with the states and we hope to conclude them as soon as possible. In general terms those arrangements are looking at filling in the detail for each state on things such as where the requests will need to be made, that is, specifying the office holders who will exercise the powers in relation to that and identifying the responsibilities of the Commonwealth and of the states in relation to actions that are needed. As you would expect, this is not unique because we have existing arrangements with the states for the housing of federal prisoners. Prisoners who are transferred back to Australia under the scheme would be federal prisoners and would be treated in Australia as federal prisoners.

Mr WILKIE—On the whole, would you call the negotiations positive?

Ms Blackburn—Yes, the negotiations with the states are making progress. There remains some issues to be dealt with, but I am confident at this stage that we will have those concluded by the early part of next year.

Mr WILKIE—I would be interested to know what they are, but I think we will leave it. Thank you.

Senator MASON—There is a claim made in paragraph 6 that prison transfers will ‘facilitate the prospects of that prisoner’s rehabilitation’. If you could provide the committee with evidence of that I would be delighted.

Ms Blackburn—We are happy to take that on notice.

CHAIR—Thank you. We will now move on to the second treaty, the proposed Russian space agreement. I understand that an incorrect NIA was initially tabled on this. We need to accept an amended version.

Resolved (on motion by **Mr Wilkie**, seconded by **Mr Haase**):

That the revised national interest analysis presented by Mr Peter Morris be received as an exhibit to the committee’s inquiry into the Russian space agreement and be authorised for publication.

[10.45 a.m.]

KUSCHERT, Mrs Karen Ann, Manager, Space Policy Section, Department of Industry, Science and Resources

MORRIS, Mr Peter Thomas, General Manager, Space and Aerospace Branch, Department of Industry, Science and Resources

Russian Space Agreement

CHAIR—Welcome. Mr Morris, we would like to hear your introductory comments.

Mr Morris—Thank you, Mr Chairman. I just note that the department proposes to arrange for tabling of the amended version of the National Interest Analysis tomorrow in the parliament. I am pleased to have the opportunity to discuss with you the agreement between Australia and Russia on the exploration and use of outer space for peaceful purposes. For convenience, I might refer to that from hereon as the Australian-Russian space cooperation agreement. I thank the committee for its agreement to accept the amended version of the National Interest Analysis. I offer the department's sincere apologies for the errors in the foregoing version.

The agreement with Russia was signed on 23 May this year by the Minister for Industry, Science and Resources, Senator Nick Minchin and Mr Yuri Koptev, Director-General of the Russian Aviation and Space Agency. Subject to this agreement with Russia coming into effect, it will replace the current agreement between the government of Australia and the government of the Union of Soviet Socialist Republics on cooperation in space research and the use of space for peaceful purposes made on 1 December 1987. The 1987 agreement is outdated, narrow in scope and is insufficient to facilitate the transfer of space technology to Australia, given our current circumstances of proposed commercial collaboration.

The new agreement will underpin our mutual relationship on space matters, building upon the inherent advantages of our two nations. Russia is a recognised leader in space technology. Australia, in turn, is well placed geographically for launches into space in addition to possessing a stable political and economic environment that is attractive to potential investors and prospective launch participants. The agreement covers joint activities relating to the exploration and use of outer space. It also covers cooperative research and development and the exchange of space technology expertise, equipment and material resources. The potential exists to include other areas of cooperation and joint activity.

Importantly, the agreement forms the umbrella framework for additional agreements and arrangements that may be mutually beneficial for the relationship. One such agreement is currently under negotiation with the Russians in relation to a commercial space launch facility at Christmas Island. A technology safeguards agreement will address the protection of sensitive technologies, particularly those that warrant protection in accordance with Australia's and Russia's obligations under the missile technology control regime.

The agreement we are considering today will facilitate the development of a commercial Australian space launch industry using Russian launch vehicles. At least two companies, Asia Pacific Space Centre Pty Ltd and Spacelift Australia Ltd, are proposing to use Russian launch vehicles in their commercial space launch operations in Australia. The agreement is a necessary precursor for such commercial ventures to proceed.

There has been some debate in the media over recent months about the size and volatility of the global space launch market and the viability of an Australian space launch industry within that context. A draft report commissioned by the department estimates that the Australian space sector has the potential to capture between 10 per cent and 20 per cent of the global launch market during the next decade and contribute up to \$A2.5 billion to the balance of payments. Access to proven and reliable Russian space technology, which this agreement facilitates, is vital to Australia's ability to capture a viable share of that global market.

There has been extensive consultation with state and territory governments, Commonwealth departments and industry during the negotiation of the agreement. Launch proponents were consulted, as was the international space advisory group which comprises leaders from industry and research organisations. Several Commonwealth departments were either participants in the negotiations themselves or were consulted prior to consideration of the agreement by government. Consultation also took place in the context of developing new legislation that will be required to implement the agreement. The Space Activities Amendment (Bilateral Agreement) Bill 2001 has passed both chambers and is currently awaiting royal assent. A bill to implement concessional customs entry of import related space goods is currently before the House.

In summary, the agreement offers benefits to Australia in terms of promoting joint activities, exchanges, research and cooperation in space related matters and facilitating development of an Australian space industry. One again, I appreciate the opportunity to discuss the agreement with you and I am happy to answer any questions you may have.

Senator LUDWIG—I see that you have the regulatory impact statement attached in respect of this proposed treaty and you have mentioned a number of proposed pieces of legislation. Could you go through which and how many proposed pieces of legislation, including the Space Activities Amendment (Bilateral Agreement) Bill 2001, will hang off this treaty and whether or not they have regulatory impact statements prepared for them? If they have, can they be made available to the committee?

Mr Morris—There are the two pieces of legislation: one is to give administrative effect to the agreement and the other is to provide for duty exemption. I am advised that both are accompanied by regulatory impact statements in the explanatory memoranda attached to the bills.

Senator LUDWIG—Can you make those available to the committee?

Mr Morris—Yes.

Senator LUDWIG—Are those pieces of legislation dependent upon the passage or the signing of this treaty?

Mr Morris—They are, in the sense that they give effect to the treaty. Without the treaty having effect, there is no point to the first of those two bills, the Space Activities Amendment (Bilateral Agreement) Bill. The duty exemption bill, which will be a tariff amendment bill, would have effect, notwithstanding whether this agreement enters effect or not. The reason for that is that the duty concession, as a matter of WTO obligation, must be given on a most favoured nation basis; in other words, be available to all countries.

Senator LUDWIG—Could you remind me where the legislation now is?

Mr Morris—The administrative bill, the Space Activities Amendment (Bilateral Agreement) Bill, has passed both chambers and is awaiting royal assent.

Senator LUDWIG—Does it have a start date or was it going to start from the time of royal assent?

Mr Morris—Yes, it was from royal assent. The proposed Customs Tariff Amendment Bill (No. 4) for the current year has been introduced in the House and is awaiting debate.

Senator LUDWIG—In relation to those two pieces of legislation, could you briefly outline how they will facilitate the implementation of this agreement?

Mr Morris—The administrative bill, the Space Activities Amendment (Bilateral Agreement) Bill, is an extremely simple bill which provides for the minister to make regulations under the Space Activities Act to require that collaborating Australian organisations under the auspices of this agreement abide by the terms and conditions that would be put upon them by the agreement. The administration bill is the extension into domestic law of the rights and obligations expressed in the agreement. The customs tariff amendment bill will simply introduce a new item 69 into schedule 4 of the tariff. It will provide for duty-free entry of space related goods for a project authorised by the Minister for Industry, Science and Resources.

Senator LUDWIG—In relation to the first piece of legislation you mentioned, what stage is the drafting of those regulations at?

Mr Morris—We have not commenced on drafting instructions for those at this stage.

Senator COONEY—Article 7(2) deals with intellectual property and how that is going to be, as it were, shared between the two countries. That is going to be done according to agreements. Can you tell us whether those agreements have been entered into or prepared yet?

Mr Morris—There is no project yet officially ordained under the agreement. The first candidate of course is the Asia Pacific Space Centre project for Christmas Island.

Senator COONEY—So the agreements are going to be specific to each project—there is not going to be any overriding agreement?

Mr Morris—Correct. To the extent that there is any overarching framework, it is expressed in the attachment to this agreement.

Senator COONEY—Would each agreement be made available to this committee?

Mr Morris—I would have thought not; I would have thought they would be commercially confidential agreements.

Senator COONEY—Could you check that? I would like to make a request that we be given the agreements. When you go back and make the request they will probably say, ‘They might make the request but the request is not going to be adhered to.’ Could you communicate that request?

Mr Morris—Certainly. We will respond to that—

CHAIR—Is there any idea when the first of those agreements would be initiated?

Mr Morris—The current contractual negotiations between APSC and the Russians are very well advanced. They certainly are dealing with intellectual property issues and need not await the conclusion of this agreement or ratification of the agreement and the definition of regulations and royal assent to regulations under domestic law. The terms of the intellectual property provisions of this agreement are very simply saying parties collaborating under the agreement should have private intellectual property arrangements in place. In the event that they do not, they should default to the norms set out in the attachment to this agreement. So what we will see happen in the Asia Pacific Space Centre instance is the formalisation of intellectual property arrangements on a commercial basis but in a manner that can then be subsumed within the auspices of this agreement.

CHAIR—There are no further questions. Thank you, Mr Morris and Mrs Kuschert.

[10.57 a.m.]

BARSON, Mr Roger, Assistant Secretary, International Branch, Department of Family and Community Services

HUTCHINSON, Mr Peter Anthony, Director, International Agreements, Department of Family and Community Services

MURRAY, Ms Peta, Assistant Director, International Agreements, Department of Family and Community Services

VAN DOOREN, Mr Gerry, Assistant Director, Agreements, International Branch, Department of Family and Community Services

MURRAY, Mr Nigel Patrick, Director, Superannuation, Australian Taxation Office

Agreements on Social Security with Portugal and Germany

CHAIR—Welcome. We now will discuss the agreement between Australia and the Republic of Portugal on social security. Since we have dealt with similar social security agreements previously, in your introduction you might confine your remarks to any areas in which this agreement differs from others.

Mr Barson—Thank you, Mr Chairman. We appreciate time is pressing. As foreshadowed in the national interest analysis, the agreement with Portugal was signed in Lisbon on 3 September 2001 and will replace the current agreement when it comes into operation. The agreement with Germany was signed last December and relates to years of discussion going back to 1985.

In fact, the agreements before you today are based on exactly the same principles as the previous shared responsibility social security agreements that have been before you. The committee is well aware of those and I do not see any real need to repeat them. The only point on the two agreements themselves is that the agreement with Portugal is significant because it is only the second agreement to include provisions to avoid double coverage of seconded workers—their superannuation guarantee that we discussed last time. So the agreement with Portugal includes those provisions, as did that of the Netherlands previously. My colleague from the Australian Taxation Office is here to deal with those. Consultation did not bring to light any particular issues around the agreements themselves. I am happy to answer any questions the committee has.

Mr HAASE—I am concerned with a particular area of the treaty, and it is not specifically just this treaty. It is to do with our reciprocal arrangements with regard to superannuation. I raise this question: we have harvest workers here from overseas on working visas, and we have employers deducting superannuation payments from those wages that are being paid. Will these treaties create a situation where that accumulation of funds in Australia will be payable in Portugal, for instance?

Mr Murray—I might answer that one. What superannuation includes are seconded workers, so the worker has to be sent formally from one country to work temporarily in the other country. Harvest workers who might generally come out here for a holiday, as backpacker type employees they are not sent formally by their employer to Australia for work. As a result they are not actually subject to the provisions of this agreement, so the employers in Australia of harvest workers would still be required to contribute the superannuation guarantee for them in Australia, and that would not be changed by this agreement. The agreement only deals with employees who are actually sent formally by their employer to work for that employer in that other country.

Mr Barson—To add to that, this issue has been raised before, and I guess it will continue to be raised. The policy focus of these particular agreements is to avoid double coverage of superannuation where in fact people are already contributing, and are required to contribute, to superannuation arrangements in their home country and, by virtue of law, are required to contribute in the receiving country. In particular what we are trying to deal with here, as my colleague said, is with people who are seconded but whose companies end up, because of that secondment, paying twice. The issue that you have raised is a slightly different one and I am happy for my colleague to continue to address that, but it is different from the policy intention of our agreements.

Mr HAASE—Yes. It points it out clearly. Thank you.

CHAIR—Is there any estimation of an increase or decrease in cost to Australia because of these arrangements?

Mr Barson—No. It is difficult sometimes to predict costs with these agreements because it does depend on the numbers of people who actually take up those provisions in future years. In the Portugal agreement there is nil impact as far as we can estimate on administered funds on the funds that are paid out. There is a small cost to the department which goes across the whole size of these agreements in terms of systems changes, but there is nil impact on the actual outlays in terms of pensions. With Germany there is a small impact in terms of outlays of \$0.175 million, but it is of that order. As we have said to the committee before, the general purpose of these agreements is to enable reciprocal arrangements between two countries. By and large they are beneficial to Australia, but of course there are swings and roundabouts with different countries.

Senator COONEY—I notice the list of Portuguese communities that have been consulted, which seem to be mainly in New South Wales but there are some in the Northern Territory, Victoria, Queensland and South Australia. How many people were involved in those consultations? Would you have any idea? What I want to get from you is some idea of how many Portuguese there are and how many Australians of Portuguese background are concerned. It would be quite a substantial number, I suppose, that you consulted.

Mr Barson—Certainly we consulted with 16 groups, as you noted. It is difficult to say how many people of Portuguese origin there are because we tend to only have contact with those involved in the social security system in some way. One of my colleagues has an idea on migration numbers. I note that there are 379 pensions paid by Australia into Portugal, which is a

cross-section of the number of people there, and 502 pensions paid by Portugal into Australia. But, as I said, that will not be the entire population.

Senator COONEY—But you cannot do any more than you have done—that is, to consult those bodies where you are likely to find interest.

Mr Barson—We do try to consult widely. I think there are always improvements that can be made in consultation, but it is partly a product of how far you want to go and how expensive you want it to be.

Senator COONEY—I suppose if you consulted too widely you would be accused of being slow.

Mr Barson—That is one of the problems. Certainly with the German agreement there is considerable pressure on us from previous residents of that country, given the long period over which discussions have gone on, to get this over with so that they can get paid.

CHAIR—Thank you for your time this morning.

[11.07 p.m.]

CARRICK, Mr Michael, Contractor, Department of Communications, Information Technology and the Arts

JARZYNSKI, Mr Tad, Manager, Radiocommunications and Satellite Policy, Department of Communications, Information Technology and the Arts

THOMAS, Mr Brenton Dale, General Manager, Enterprise and Radiocommunications Branch, Department of Communications, Information Technology and the Arts

ABBASI, Mr Rafiq Omar, Manager, Satellite Development, Reach Networks Australia Pty Ltd

SMITH, Mr Richard Ian, Manager, Government Affairs, Optus

Amendment to Intelsat Convention and Operating Agreement

CHAIR—Welcome. Do you have any comments to make on the capacity in which you appear?

Mr Abbasi—Reach Networks Australia Pty Ltd was the Australian signatory at the time of the privatisation of Intelsat. Prior to that, I worked for Telstra in the same role.

Mr Smith—From today, it would be appropriate to drop the term ‘Cable and Wireless’ from Optus’s title.

CHAIR—Mr Thomas, would you like to make some brief introductory remarks?

Mr Thomas—Yes, and they will be brief. I understand that we have to move on quite quickly. The proposed binding treaty action is that Australia accept the amendments reached in Washington on 17 November 2000 to the agreement and the operating agreement relating to the International Telecommunications Satellite Organisation, Intelsat. Intelsat began operations in 1964 and was formally established as an international organisation on 20 August 1971 to ensure the provision of satellite capacity necessary to make international telecommunication services publicly available. At that time the costs and risks of such a venture were considered too high for normal commercial development.

Intelsat’s operations were formalised by an agreement to which countries are party and an operating agreement to which telecommunications operators designated by each party to the agreement are signatories. The agreement required that the necessary satellite capacity be globally available and provided on a commercial and non-discriminatory basis. The operating agreement sets out the commercial basis upon which Intelsat services are to be delivered and regulates the day-to-day delivery of these services. On 1 April 1998, the 22nd assembly of parties, which comprises member states, unanimously decided to restructure Intelsat into a more

market responsive organisation. The proposed treaty action will formalise Australia's acceptance of amendments to the foundation instruments of Intelsat resulting from that decision.

From 18 July 2001 a new private corporation, Intelsat Ltd, commenced the provision of global telecommunications services on a fully commercial basis and with a structure more able to participate in a competitive global market environment. A small intergovernmental organisation called the International Telecommunications Satellite Organisation, ITSO, is supervising Intelsat Ltd's adherence to the public service obligations. The effective and efficient operation of Intelsat Ltd is of great importance to Australia because it remains an integral part of the national telecommunications system. The privatisation of Intelsat is also in accord with the government's competition policy. As at 1 March 2001, Australia held a 2.64 per cent investment share valued at approximately \$A104 million. Approximately five per cent of Australia's international telecommunications traffic is carried by the Intelsat system and some 50 international destinations can be reached only via Intelsat.

In recent years, Intelsat's competitive position has been threatened by increased market liberalisation and by changes to the international and domestic regulatory environment of member states. These have led to a significant rise in the number of competitors—for example, Panamsat, Astrolink and Skybridge are all free of the operating constraints inherent in intergovernmental organisations. The reform and restructure of Intelsat was therefore considered vital in order to ensure its ongoing ability to compete in the medium to long term and to deliver on its public service obligations. Given the significance of Intelsat to Australia, it is important that reforms be achieved which meet the long-term needs of Australian consumers; the Australian telecommunications industry, including carriers and service providers; the existing users of Intelsat services, for example broadcasters, the Department of Defence et cetera; and, finally, Intelsat's Australian investors, primarily Telstra and Optus.

Australia's objectives in the reform process were to minimise government involvement in the provision of Intelsat services but to maintain the delivery of public service obligations to users, countries and destinations where there is no cost-effective alternative to Intelsat; to provide a fair and open competitive environment for all players; and to support the elimination of unnecessary privileges and immunities currently enjoyed by Intelsat. The privatisation of Intelsat will minimise government involvement in the provision of Intelsat services and promote a fair and open competitive environment for all players in the international telecommunications market. Allowing Intelsat to compete on a more commercially viable basis will provide for expanded growth, increasing economies of scale and reduced costs for lifeline users. Such an approach is in line with Australian government policy regarding privatisation and competition. Accordingly, the Australian government supports the privatisation of Intelsat. In reaching its position, the government has engaged in extensive consultation with state and territory governments and other key stakeholders such as Telstra and Optus, each of which has supported the privatisation initiative.

In summary, Intelsat will continue to operate 20 geostationary satellites, with an additional nine satellites to be launched in the next two years. Its services will include the provision of wholesale Internet, broadcast, telephony and corporate network solutions to over 200 countries and territories; services which earned revenues of over \$1 billion in the year 2000. In the Australian domestic context, the privatisation of Intelsat will have a positive impact in respect

of satellite access and only a minor impact in terms of relevant legislative instruments. That concludes my opening statement. We would appreciate any questions.

Senator LUDWIG—Shouldn't there be a regulatory impact statement attached to this?

Mr Carrick—Consultations were undertaken with the appropriate organisation and it was determined that a RIS was not required, largely because there would be no negative impact on the commercial market in Australia—particularly in the context of the satellite industry and telecommunications generally and also because such instruments that are affected by this are very minor in nature.

Senator LUDWIG—It has a commercial business effect, doesn't it?

Mr Carrick—It does, but that would not be considered inhibitive to market operations or the freedom of the market to operate efficiently and effectively.

Senator LUDWIG—I am curious as to how you could get an exemption from doing the RIS. Who gave you an exemption from doing a RIS?

Mr Carrick—I cannot recall his name off the top of my head. I think it is the Office of Regulatory Review.

Senator LUDWIG—It would be helpful if that does occur if you could perhaps put that in your statement so that we understand why, because I believe that if it has a commercial effect it is not a matter for you to determine the size of the commercial effect when a RIS should be undertaken. If you do not have to do one, it would be helpful for us to know that and we can always examine you on that point. In addition, will any public servants be affected by the privatisation? If so, have discussions been entered into—

Mr Carrick—In the Australian context, none. In the context of the international organisation Intelsat, the extent of the impact is largely in terms of the privileges and immunities that applied to international public servants by dint of their being employed by Intelsat proper. That will have changed now that they are largely officers of an international corporation with its registration through the corporate laws of Bermuda.

Senator LUDWIG—That leads onto the next question: will their privileges and immunities then differ from what they currently have?

Mr Carrick—The officials that remain with the more minor ITSO organisation will attract some privileges and immunities. The extent of their application within Australia will be quite limited in that there will be no regional office of ITSO in Australia. If they were to be granted privileges and immunities for the purposes of passing through the country, they would be those that are normally attributed to international public servants.

Senator LUDWIG—In relation to their membership of ITSO, is Australia going to have any representative on that?

Mr Carrick—We do not actually have formal membership of ITSO in the sense that we have officials that work in Washington. There may be proceedings of ITSO which would require attendance by officials from Australia. It is not envisaged that there would be many of those—possibly one or two a year at maximum.

Mrs DE-ANNE KELLY—I notice that section 16 lists the Department of Defence as an existing user of Intelsat services. Has the Department of Defence had input into how this privatisation might affect the delivery of their service and their security?

Mr Abbasi—I understand that at the time the government was developing its policy for the privatisation of Intelsat there was consultation with all Australian users of Intelsat services, including the Department of Defence. I hope that answers your question.

Mrs DE-ANNE KELLY—What was the Department of Defence's response?

Mr Abbasi—I am not part of the department of communications, so I am not aware of what their response was. I understand that they did not have any objection to what is proposed in privatising Intelsat.

Senator COONEY—When you say privatised, who are going to be the shareholders? Are shares going to be listed on the Stock Exchange? Could you explain what you mean by privatisation?

Mr Carrick—In simple terms, what is occurring is that, where previously you had a stand-alone international organisation, you now have a very small formal element which will be retained, called ITSO. You will then have the International Satellite Organisation Pty Ltd, which is registered in Bermuda as a corporation. Shares are allocated in the first format of the organisation to signatories to the operating agreement—which, in the Australian context, is firstly and primarily Telstra and then Optus, and now both separately. They are apportioned on a percentage basis and they are given value by the total value. That apportionment has been retained in the sense that the corporation issues shares and can now be traded as such, whereas formerly they were not tradeable—they were just allocations of proportionate recognition and responsibility within the Intelsat organisation.

Senator COONEY—So Australia's companies could be bought out by private organisations, or does it have to be some other telecommunication body?

Mr Carrick—Within the context of market operations, it is possible that an Australian telecommunications organisation could be merged or bought out by an external organisation similar to the recent SingTel operation. In the context of satellite technology, I do not think that the intention was to see Intelsat invading, as it were, the potentiality that exists within member countries—the parties. But commercial reality would prevail, ultimately, so that the competitive spirit of Intelsat, vis-a-vis Panamsat in the United States particularly, might see freer market forces apply and perhaps see the nature of Intelsat being changed or being forced to change because of it. The unique element of the organisation, though, is the retention of its public service responsibility, particularly in the context of countries that have to utilise or are required to utilise Intelsat services because they are unable to access other services or they do not have the financial reserves to afford satellite access.

Senator COONEY—Who is going to enforce that?

Mr Carrick—ITSO's primary responsibility will be to ensure that the corporation adheres to its public service requirements.

Senator COONEY—I suppose it has been contemplated. Say it has been bought out by Russia or Japan or Iran or somewhere like that: who is going to enforce the social obligations?

Mr Carrick—I think—without overriding your commercial knowledge, Rick—that because of the unique nature of the organisation, both from the ITSO perspective and also from the commercial reality side of the Intelsat corporation, as it were, any attempt by any country to dominate or to buy it out would be rather limited by the presence of an extraordinary range of member and shareholder interests. Also the possibility that you would want to buy or override or take charge of an organisation that had a public service responsibility beyond your corporate endeavours would be significant.

Senator COONEY—Say you are the United States or the United Kingdom. I think you said Australia has 2½ per cent of what will in effect be the shares. I would not have thought it would be a great problem to buy out 2½ per cent.

Mr Carrick—Possibly not, but I think the public service requirement and the nature of the organisation give those shareholdings perhaps an eminence and a stability that is not inherent in, for example, the share interests of Australia.

Senator COONEY—I would like to go into this a bit more, but I am conscious of the fact that we are short of time. So there is nothing to stop a very big and wealthy company buying Australia's share and then just shutting down the facility insofar as it operated in Australia, in theory at least?

Mr Abbasi—The way the private company has been set up, it has a public service agreement with ITSO, the residual intergovernmental organisation under which the public service obligation of the private company is to be managed. The public service obligation is guaranteed for a period of 12 years, which is also the guaranteed lifetime of the intergovernmental organisation. Even if there was a takeover or an acquisition of control of the company by some private organisation, the corporate documents of the private company require it to fulfil its obligations under the public service agreement, and that is legally enforceable through the residual intergovernmental organisation.

Senator COONEY—But you would have to enforce it in Washington, wouldn't you? You would have to go to a court in Washington to enforce it, wouldn't you, if Australia was bought out?

Mr Abbasi—The public service agreement is under international law.

Senator COONEY—We are short on time, but I would like to have a further look at this if I could.

Mr Carrick—The implications are that, if you make any organisation which in one format has a degree of protection because of it being an international organisation and made up of sovereign states, it depicts and holds a certain status within itself in international law. On the other hand, its efficiency and integrity within the marketplace and its reflection as an organisation which is competing and providing services within the marketplace is perhaps being defeated by its nature. The attempt in this context was to establish an organisation which would preserve the capacity of countries which did not have satellite access and capacity readily available to and affordable for them, not only to retain that possibility but also to open it to a more competitive market environment. When Intelsat was established, satellites were rather unique in terms of presence and capacity, and they were really just opening up the bridge that they now represent in international communications—

Senator COONEY—I understand all that, and if we had another hour I would tease it out now, but we have not got the time.

CHAIR—You could put some questions on notice.

Senator COONEY—Or could we come back next week—would there be any problems with that? I do not think we have really explored this issue.

Mr Carrick—Would it be to your advantage if we gave you a private briefing on the commercial side of it?

Senator COONEY—Yes, that would be great.

Mr Carrick—So we can stand outside the committee and just give Senator Cooney a private briefing.

Senator COONEY—Is everybody else happy with that?

CHAIR—Perhaps coming out of it you might have some questions to put on notice.

Senator LUDWIG—That way you could share it with the committee as well.

Senator COONEY—I will just have a private briefing.

CHAIR—Paragraph 37 of the NIA states:

It is not expected that ITSO member states will be involved directly in the negotiation of the Public Services Agreement.

If that is the case, how will it be possible to ensure that the public services agreement will adequately protect the public service obligations currently provided by Intelsat?

Mr Abbasi—The way the public service agreement has been set up, it provides a mechanism for the residual intergovernmental organisation ITSO; it is like a legally binding agreement between the parties—a private company and the ITSO. The ITSO is run by the assembling party, which is the meeting of the various governments that wish to participate in those meetings. It would review any issues of noncompliance with the public service obligations by the private

company. Through that public service agreement, they would have the legal mechanism for seeking the compliance of the private company. There are additional tools built into the agreements whereby the jurisdictions within which the private company is incorporated would, through the influence of other member governments in the ITSO, be able to take action to encourage the private company to meet its obligations under those agreements.

CHAIR—Thank you. I am afraid that we have run out of time to hear from or ask questions of the other witnesses regarding the final item on today's agenda, which is the ratification of the final acts of WRC 2000. We ask that the Australian Communications Authority table its opening statement and the report on the NIA so that we may consider them in due course. If we have any questions arising from that, we will give them to you on notice.

Resolved (on motion by **Mrs De-Anne Kelly**, seconded by **Mr Haase**):

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

Committee adjourned at 11.29 a.m.