COMMONWEALTH OF AUSTRALIA

JOINT STANDING COMMITTEE

ON

FOREIGN AFFAIRS, DEFENCE AND TRADE
(Foreign Affairs Subcommittee)

Reference: Australia's relations with ASEAN

SYDNEY

Tuesday, 6 May 1997

OFFICIAL HANSARD REPORT

CANBERRA

JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE

(Foreign Affairs Subcommittee)

Members:

Mr Taylor (Chairman)

Senator Bolkus	Mr Bob Baldwin
Senator Bourne	Mr Bevis
Senator Chapman	Mr Brereton
Senator Childs	Mr Dondas
Senator Forshaw	Mr Georgiou
Senator Harradine	Mr Hollis
Senator MacGibbon	Mr Jones
Senator Schacht	Mr Lieberman
Senator Troeth	Mr Nugent
	Mr Price
	Mr Slipper
	Mr Sinclair
	Ms Worth

Matter referred for inquiry into and report on:

The development of ASEAN as a regional association in the post Cold War environment and Australia's relationship with it, including as a dialogue partner, with particular reference to:

. social, legal, cultural, sporting, economic, political and security issues;

. the implications of ASEAN's expanded membership;

. ASEAN's input into and attitude towards the development of multilateral regional security arrangements and processes, including the ASEAN Regional Forum (ARF);

. ASEAN's attitudes to ARF linkages with, or relationship to, other regional groupings;

. economic relations and prospects for further cooperation, including the development of the ASEAN Free Trade Area (AFTA) and possible linkages with CER;

. development cooperation; and

. future prospects - in particular the extent to which the decisions and policies of ASEAN affect other international relationships.

WITNESSES

JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE

(Foreign Affairs Subcommittee)

Relations with ASEAN

SYDNEY

Tuesday, 6 May 1997

Present

Mr Taylor (Chairman)

Mrs Gallus

Mr Hollis

Mr Sinclair

The subcommittee met at 8.37 a.m.

Mr Taylor took the chair.

[8.37 a.m.]

MOIR, Mr Bruce, Managing Director, Film Australia Ltd, 101 Eton Rd, Lindfield, New South Wales 2070

OLIVER, Mr Chris, Executive Producer, Film Australia Ltd, 101 Eton Rd, Lindfield, New South Wales 2070

CHAIRMAN—Welcome. As you would know, this subcommittee has wide ranging terms of reference to inquire into the development of ASEAN as a regional association and, particularly, Australia's relationship with it. As I indicated at a hearing last week, this is the 30th year of ASEAN's existence and it is timely that my subcommittee should examine that relationship, particularly its expanding relationship with us and other countries in the region. It is now the fourth largest trading region in the world after the United States, Japan and the European Union and, as a result, it is exhibiting a growing confidence and an influence in regional affairs. Therefore, it is appropriate that we should inquire into where that is heading.

We took evidence last week from the Department of Foreign Affairs and Trade, Austrade, other government departments and one or two individuals. Today we are taking evidence from Film Australia, from the ABC's international broadcasters Radio Australia and Australia Television, as well as from three or four individual witnesses who have made submissions to the inquiry based on their personal experiences. I now invite you to make a short opening statement.

Mr Moir—Film Australia is a wholly owned government company and the one activity it carries out that is funded by the government is the production of the national interest program. This is typically a series of at least 20 programs a year which deal with matters of national interest, and interpret and reflect upon aspects of the Australian experience and the lives of Australian people.

Since incorporation, Film Australia has been very energetic and active in expanding its business arena, if you like, because it needed more than that contract fee to stay alive as a company. In the early 1990s, we quite aggressively moved out and started looking at opportunities in Japan, together with traditional European, American and other partners, to make co-productions. The Asian region has been the most successful region that we have operated in since 1991. Those programs that we have made have established good and long-term relationships. We have discovered the truism that everyone says, that doing business in Asia is a matter of relationships and a matter of being in there for the long haul. As time has progressed that has proved to be the case.

In fact, our relationship with ASEAN is new and emerging. It came about as a result of our reputation for international co-productions and operating in the northern Asian region. We were invited to help out in a workshop in Indonesia to develop the

capacity of ASEAN public broadcasters to make their dollars go further. In the area of children's television they have very few dollars. In fact, several representatives from our productions went up and helped out for a couple of days putting together the whole course content. The public broadcasters were so impressed that they invited us to help them further.

It is a fairly broad interpretation of our national interest program. The money that we get does not get any bigger and we still have to make films, and fight inflation and so on. I think it is true to say that Film Australia, even before its current form of operating, was possibly the first media organisation to recognise Australia's position by starting the *Asian Neighbours* series in 1972. From that time, there has always been some form of production going on. Indonesia was first, then Thailand and it very early spread up into China. The organisation has a tradition and a feel and an experience of operating in the region.

It is true that we are very small and the number of programs we make are small. Certainly you will hear later about the achievements and the value of ATV and the ABC broadcasting in. The value that we would place on it, and the reason we always look for continued support from Foreign Affairs and the rest, is that we operate on the ground—we very much deal person to person. We have some very good friendships going there with public broadcasters. We are increasingly being plugged into their information sector and also into relationships with their government, which is trusted.

We are considered user friendly. We have a huge advantage over some of the American and the bigger European or United Kingdom type people trying to operate in the area because they have historical baggage in that they are paternalistic or considered imperialistic. They said to Chris, 'With work like this, one day we will get you into ASEAN.'

CHAIRMAN—Before we ask a few questions, the following exhibits have been accepted as evidence and will be included in the subcommittee's records for the ASEAN inquiry. Document No. 4, presented by the Attorney-General's Department, is entitled *Financial action task force on money laundering: the 40 recommendations (OECD Paris)*; document No. 5, the report presented by the Department of Environment, Sport and Territories, is entitled *Expanding Australia's sporting and recreational links with Asia (May 1995)*; and document No. 6 is the submission presented to the Senate inquiry into the role and future of Radio Australia and Australian Television, in three volumes, from Radio Australia. We were also given brochures this morning on the national interest program 1995-96, and on the video *New Horizons* and we will accept those as exhibits.

Mr HOLLIS—How do you see your role as contributing to the cultural development between Australia and the ASEAN countries? I note you said that you are different from others in that you are on the ground. What impact are you having in these areas?

Mr Oliver—The reason that the ASEAN countries invited us to participate is that they were perturbed by the amount of American product and British product being seen on their screens. They wanted to develop their own product. Up to about five years ago, they did not have the capacity to produce in the ASEAN countries to the extent where they were producing quality programming that would put them in a position to export to themselves.

Broadcasters like NHK in Japan or RTHK in Hong Kong are quite professional broadcasters, but the ASEAN countries are under-resourced. The invitation for us was because we were user friendly and quite neutral. They did not see us as imperialistic in terms of going in there and wanting to take control of their cultural agendas; they saw us as people that would genuinely share with them in the region, that would not want to get control of the programs we were producing, and that our advice would not impact on the cultural content of the programs.

In the other sense, they were wanting to learn from us, in terms of technology, scripting and process. But they were also wanting—I think because we are generally in the region—to gain an understanding of us just as we were wanting to gain an understanding of them.

Mr HOLLIS—So it is very much a sharing of skills.

Mr Oliver—Sharing of skills, yes, but it was also a sharing of generally wanting to understand how we worked as a culture. We are even discussing a program at the moment called *Democracy*: their version of democracy versus our version of democracy.

Mr HOLLIS—There have been times when Australian television programs have been very critically viewed in parts of Asia. We all remember the series *Embassy*. Is there a danger that it is, in a way, a little bit of cultural imperialism? With the Asians being so sensitive, we are not being perceived as imposing our culture on them, are we?

Mr Moir—If I can just answer that. There were two things in terms of culture and commerce. It is cultural but I would make the point that the church quite often preceded the East India Company into that region and the Jesuits preceded the Portuguese into the Far East, and these days I think television precedes business—whether American interests or others—into new regions. I see film and television, which are generally considered cultural, as still related to the business sector.

The other thing is that a lot of their systems have been closed off. Japan for instance—I have to keep moving out of ASEAN because we have got more experience up there—only imports three per cent of foreign product, that is, of the product on their 10 broadcasting systems only three per cent is acquired from foreign interests. As a result of doing co-productions with them, we get inside that barrier quite neatly. In the same way, the take-up of Australian programs in Malaysia, Singapore and Thailand is growing quite

exponentially. There are not big dollars in it at the moment but, in the goodness of time, there will be quite a reasonable export market.

It is carrying an image or a profile of Australia as a contemporary, complex society because commercially the only things that sell anywhere in the world are animals, great wide open spaces, fast flowing rivers and big rocks. But the sorts of films that we make, which analyse aspects of Australian life and culture and so on, are very difficult to sell anywhere, even into Europe. But with this New Horizons project, where we did one and they all do one, our program, which is about Australian cultural and social issues, is suddenly being exposed in all of those areas. So it increases their understanding of us.

Mr HOLLIS—But the programs are in English?

Mr Oliver—Yes, the language of production between the ASEAN countries is English and all their business transactions are in English. But I was quite shocked when they said that this production would be produced in English because of the intent of doing things in their own language to protect their cultural identity.

CHAIRMAN—As you would know, there are seven countries there at the moment and there is every indication that may move out to 10 by the end of this year. To what extent is your organisation involved in any way with Cambodia, Laos—and I am reluctant to say Burma—but is there any initial feel from any of those countries?

Mr Moir—Not yet. We did a film about three years ago called *Valley of Jars*, together with Sydney University, and that was more of an archaeological one in Laos. No, we have not have any dealings. The infrastructure is such that unless we were particularly funded, I cannot imagine having dealings with Burma, Cambodia or Laos at this stage—and we have not really done anything yet with Vietnam, either. It is a stretch for us to do the work that we have done. I think we received $10,000 from Foreign Affairs to help. We still have to make the 20 programs with the $6 million. It has been like that for several years. It is not growing.

CHAIRMAN—But is there any push from the Department of Foreign Affairs and Trade for you to become involved in Vietnam? It is one of the new countries admitted to ASEAN.

Mr Moir—When you say push, it is either encouragement or they can encourage us even more if they would like to fund things.

CHAIRMAN—Give you the dollars.

Mr Oliver—We even noticed within that ASEAN group whom we have met on three occasions now—the Vietnamese just joined that group 18 months ago—but they are well behind in terms of technology, writing skills and general production skills in that group. So I can imagine that Laos and Cambodia would be in a similar position.

CHAIRMAN—Your submission—and I think we need to get this on the record—does not give us the situation for Film Australia in empirical terms. We need, for the record, to understand what the breakdown of your annual budget is, and whether you see that varying as a result of government influence.

Mr Moir—It is quite simple. The national interest program contract currently is a four-year contract. It is currently worth $6.4 million a year. It could well go down by one per cent after next Tuesday. Whereas, under normal circumstances, we would now have been negotiating for the 1998-99 through to 2002 contract, because of the Gonski review into Commonwealth assistance to the film industry we are uncertain at this time, although we believe that—as of two weeks ago—there were no substantial cuts, and we do not know what the commitment is within the budget papers for forward estimates of what the next contract is worth or how long it will run. All other matters at Film Australia are fully commercial. That is our only government appropriation.

Mrs GALLUS—What do you see as your greatest benefit to Australia? Where are the pluses?

Mr Moir—I think it is as an ambassador through the film industry and through the programs we make and the information we provide.

Mrs GALLUS—Can you be more concrete?

Mr Moir—Over the last five years we have done something like 21 co-productions. We are currently finishing off a series—which is slightly outside the national interest program; it was more a commercial endeavour—with Shanghai Film and Television Studios of 26 half-hour programs for children's television which will be screened to 200 million Chinese. It was half shot in China, one-quarter in Poland and one-quarter in Australia. That is something that, in terms of exhibiting and promoting and creating understanding about Australia for Australians and for the rest of the world, goes on constantly. It takes the form of these documentaries—

Mrs GALLUS—So it is promotional—the awareness of Australia?

Mr Moir—And understanding.

Mr SINCLAIR—I am sorry, I have not quite caught up with what and where and how Film Australia has been doing in recent years. I was about when you were created, but I have not been much with you since, although you work about half a mile from my Sydney house. Of the work you do, how do you generally get paid? For example, of the work that you are doing, you mentioned this work you have done in Asia and that they want it done in English. When you do something like that, that is the seed money. Will you then get money from selling that work? How do you fund your operations?

Mr Moir—Most of our productions are funded from the national interest program. We receive the contract fee and we draw it across. We take a small overhead and the majority of the money goes on the actual productions on the screen. We do those with independent producers—

Mr SINCLAIR—That is the making of the film.

Mr Moir—When we sell it, we sell to Australian television. A lot of the programs we make are pre-sold to typically the public broadcasters because of the social- cultural nature of them rather than their being hard-edged commercial animals. We go to the major television markets twice a year in France and sell right around the world to about 60 territories, including the UK, US, Germany and Russia. As well as that, we also exploit the programs for any number of years into schools, through video sales, through Village Roadshow and through direct sales of videos.

Mr SINCLAIR—So you continue to draw royalties for programs?

Mr Moir—Yes.

Mr SINCLAIR—Your production cost is your first cost?

Mr Moir—Yes.

Mr SINCLAIR—What I was really getting at is this: having produced your film, the big income surely comes from your revenue from sales after the event.

Mr Moir—About $5.4 million.

Mr SINCLAIR—The Americans keep selling programs forever. We are still getting *Casablanca* and movies that were produced about 50 years ago.

Mr Moir—I wish we had a few more *Casablancas*. This year, from all our product, be it television drama which was funded by investors, the cultural documentaries or the national interest program—I should know the exact figure—it is approximately $5.4 million gross from sales.

CHAIRMAN—What you are saying is that the bill for the taxpayer is about—

Mr Moir—It is $6.4 million.

CHAIRMAN—No, the net after the sale is back to a million dollars. Is that what you are saying?

Mr SINCLAIR—No. Your $6.4 million comes, then you get $5.1 million in

addition to that.

Mr Moir—Yes, but that is the gross.

Mr Oliver—There are other investors that it has to be disbursed to and aspects like that.

Mr SINCLAIR—Have you got a current balance sheet, just to see where your money comes from? Could you give us the last published balance sheet?

Mr Moir—We could. I have not got one with me, but we will send one as an exhibit.

Mr SINCLAIR—I am not sure and this is why I started by saying I know about you and your genesis, but not necessarily now in your afterlife—and I hope it is not afterlife in that sense. How do you project your budget for the next couple of years? In other words, are you looking more and more, as government restricts the amount of money it is providing, to public subscription? Are you looking to individual investors or are you in fact looking more to reselling the films that you have made so that you get greater cash flow and therefore you can diversify?

Mr Moir—In the eight years since incorporation, we have certainly been heading that way where we have been getting a greater proportion of third party funding or investment. What has actually happened in the latest review of Commonwealth assistance to the film industry is that the Gonski report actually recommends a fairly savage deconstruction. Ironically, it goes back to almost an exclusive operation based on that publicly funded contract.

The basic orientation of the Gonski report was obviously that the notion of a Commonwealth funded production body, which was out there seeking investment funds and competing directly with the private sector, was not on. So what they are recommending is that the national interest program continue and that we actually sell our premises and all other assets. Also, that we dispose of the commercial assets by licensing out to commercial operators and reducing more exclusively to the national interest program contract, which is typically more cultural and less commercial in orientation. Also, rather than being an executive producer and being as entrepreneurial as we have been, we should change and commission that work directly out to the private sector so that we are not in competition with them. Until the budget goes through, those matters have not been responded to by government.

Mr SINCLAIR—So the Gonski report still leaves you in limbo without the product if its recommendations have been put in place.

Mr Moir—Yes.

Mr SINCLAIR—In the moves pre-Gonski you have been trying to look at diversified funding and diversified production.

Mr Moir—Yes.

Mr SINCLAIR—Is the emphasis still on cultural cum picking up the presentation of Australian idiom?

Mr Moir—Very much. If we are reduced to just the national interest program, it also suggested that we should not be involved in distribution. We are arguing that it is essential because just on this year's projected figures—and we have just about hit estimates—we reckon we can earn $2.2 million on the national interest program on the documentaries and that sort of activity. What we are looking at—it is almost a deal—is that if we maintain the distribution and the servicing of our archive, then with that $2.2 million we can cover all our overheads, so that we can deliver 100 per cent of the appropriation straight through to the private sector. So that is where we are sitting at the moment—in limbo.

Mr SINCLAIR—Which minister are you under? I know so little about you, I am not even sure who you are responsible to.

Mr Moir—The Minister for Communications and the Arts, Richard Alston.

Mr SINCLAIR—And in the production of your work over the last 12 months, how much of it would be from contract overseas and how much in Australia?

Mr Moir—There were two projects which we were completing in the area of children's television and investment that we went into. One was with ZDF Germany which was completed during the financial year and the other one was with Poland, Shanghai and China. That will not be completed until next October. That was worth $8 million and the one with Germany was worth—although I cannot remember the exact budget—of the order of $5 million. I think they put in $2 million and the Chinese have put in about $1.5 million.

Mr SINCLAIR—And that is ongoing?

Mr Moir—Yes, that is ongoing. One is completed and the other one will be completed a bit later.

Mr Oliver—But those were not national interest program projects.

Mr Moir—They were just commercial activity.

Mr Oliver—We are no longer in the production of those programs now because

we were seen to be competing with other production companies producing similar children's material. The focus now is purely on the national interest program, projects like *New Horizons*, *Rats in the Ranks* or *Return to Sandakan* and programs like those in that current brochure.

Mr SINCLAIR—How much of this work would be contracted for by a television station, for example? Do you have the ABC or ATV sitting in the background saying to you, 'We'd like you to produce our program'?

Mr Moir—We have an output deal with the ABC and typically it is up to 10 hours a year. We also sell to SBS and we do have some programs we sell to the commercials, but typically 75 per cent of the national interest program each year is broadcast on television in Australia. A reasonable percentage, maybe 25 or 30 per cent—it varies depending on the titles—is also sold extensively overseas to Channel Fours, BBCs and PBS stations in America. The first ones that snapped up the last documentary series we did at the recent market was the Middle East, Malaysia and a lot of it is going into Korea.

Mr SINCLAIR—But you start off by having a contract from the television station which says, 'We would like you to produce this,' or do you produce something like *Return to Sandakan*, for example?

Mr Moir—No. We say, 'We want to produce this. Are you interested?'

Mr SINCLAIR—And then, 'Will you support us in the production?'

Mr Moir—And then we do a contract on a pre-sale and they offer a certain amount. It is typically of the order of say $75,000 and we have an agreement to that extent. We produce the film and look at it. They have a right of approval or they do not have to take it. They are not totally obliged, but they do.

CHAIRMAN—In terms of that strategic plan—if that is the right terminology—at the moment seemingly you have a technical imbalance in Australia's favour. I am bringing it back to ASEAN in particular. That strategic plan obviously cannot go on forever because they are catching up, are they not?

Mr Oliver—Yes.

CHAIRMAN—What do you have in the plan to stay ahead?

Mr Oliver—I think what we are supplying to them as well is that we are a vertically integrated structure. We are executive producing as well as distributing and we have an extensive archive. What they are wanting to do is to understand a bit more about distribution and also about archiving. Also on their behalf we are acting as consultants on

this series. We are endeavouring to see that series placed on their behalf on Australian television, either through SBS or ABC and initial discussions have been held in that area.

That is one way of keeping ahead, but the reverse direction is that, because of this relationship we now have with them, our programs that we produce will eventually appear on their own television sets because of that first contact and the personal relationships that we do have.

Mr SINCLAIR—But is it the personal relationships at your level or is it the actual producers, directors and stars? If you are going to sell into ASEAN or sell outside Australia, surely half their interest is in training their people.

Mr Oliver—Yes.

Mr SINCLAIR—How much of that do you do?

Mr Moir—Very small. What we are talking about is a small operation that has been growing over five years and it is just that its starting point was in ASEAN. But the other thing that is also obvious is that cable systems and satellites are going in everywhere. The opportunities are there. In a way we did a lot of developmental work in terms of international co-productions in children's programs and now we are saying that strategically we are out of that.

Mr SINCLAIR—Why are you out of children's? Is it by government direction?

Mr Moir—No, it is industry politics. There is only so many dollars of support and, even though we were very successful in getting foreign partnerships and financial contributions, the Film Finance Corporation is still a deficit funder. It has X dollars and that is not growing.

Mr SINCLAIR—But that is the only source of funding for children's types of films?

Mr Moir—Yes, because they are not fully commercial. It is very rarely with a children's television drama series that you can get full investment from the commercial sector or from broadcasters.

Mr SINCLAIR—So the obligation of scheduling a certain amount of children's television per day does not translate into the commercial stations saying, 'We need to produce some children's films.' They prefer to buy it off the shelf somewhere else?

Mr Moir—No. If you did not have those quotas you would not have any production.

Mr SINCLAIR—No, but you do have some, but it is whether it is sufficient to justify a new production.

Mr Moir—It still requires subsidy and typically most of those children's series—although the networks are picking them up—still receive anything up to 65 per cent subsidy from the Film Finance Corporation.

Mr SINCLAIR—Obviously, the display and showing of film is moving more and more to cable networks, Internet and PCs. To what degree is that now a new source of funding, particularly for example in a market like Malaysia where they are becoming quite conscious of the access? Does that offer you a new dimension?

Mr Moir—Not yet with the Internet. I am actually on the board of Australian Multimedia Enterprises and they know the ins and outs. Certainly, people like Daniel Petrie are also on the board and he is now PBL on-line. No-one has quite solved the economics of the Internet yet. They have not quite worked out how to make lots of money out of it. But on the other hand cable TV is obviously expanding.

It is a volume business, though. We are at least in a position of having 200, 300 or 500 hours of documentary titles so that we can sell some bulk. If we sell to a broadcaster in Australia we might get $30,000 a half hour or $75,000 an hour. In Asia we will get $US800 an hour for documentaries. We just sold a parcel of 25 to China to CCTV at $US800 or $A1,000 an hour. That is the sort of prices we are talking about. Similarly with cable to Taiwan, you sell in bundles and, if you have 50 or 100 titles, there are some reasonable dollars in it, but title by title it is still chicken feed.

Mr SINCLAIR—In the distribution at this stage, do people like Fox and Star TV tend to look out in order to buy material or are they essentially more and more selling their own in-house produced material?

Mr Moir—Over the last three or four years, we have had discussions from time to time with Star TV and visited them when we have passed through. They do not acquire a great deal. They were very interested in programs that exist that they could re-version or fix up. I know Total Productions did a number of jobs for them in terms of re-versioning. They wanted strip programming. The sorts of films that we make would be a drop in the ocean. With the number of hours a day they are putting out, the sort of unit costs they are looking at to make all that viable and the amount of money involved, they are still losing. No, they are not a great opportunity for us.

Mr SINCLAIR—The reason I asked is that it seems to me, if you are going to look at the future of an organisation like yours, you have to look at where the future is going. I am curious because of the extent to which the television networks are going into cable and pay TV. It seems to be the vehicle that they believe is going to work.

In Australia I would think that videos were still far more significant—that is, video sales or video outlets—than cable. At least in a lot of countries they seem to be moving more into cable. I noted that a new network of cable opened in Melbourne this week. To what degree that is going to intrude on video, I am not sure. In terms of your sales, you would still be selling more direct TV per se, some through video and some through cable. Is that right?

Mr Moir—Yes.

Mr Oliver—TV, video and cable, but a large market for us is the educational market. We have a strong secondary use for our materials in the education area.

Mr SINCLAIR—When you say 'education', do you mean at the schools, universities, et cetera?

Mr Oliver—Schools and universities.

Mr Moir—The other thing that is interesting—and I hate to say this in front of the ABC—is that increasingly our revenue is from copying off air from ABC broadcasting. The Copyright Act enables schools and the Australian Video Copyright Society to collect money on their behalf. I gather they are collecting about $6 million to $8 million a year. You register as a producer and that your title is being broadcast. Then they operate about a year behind. They broadcast in that year and we get the receipts the following year. But over the last three years it has been doing that significantly and the video sales to schools are doing that.

When you say 'Internet', you are a bit ahead of the technology. Everyone is. The hype is way ahead of the technology. In the goodness of time, if you wanted to reach an ideal, yes it would be ideal to be part of a subscription service so that you are not making little tapes, sending them through the mail and all those other things. We are now promoting the broadcast of our programs on the Internet on our web site, putting teachers' notes together and making those available for nothing via our web site. If the teachers know that the title is coming up and that all the work is done in terms of the teachers' notes and exactly how they can use it, then they will copy it.

We are increasing our revenue fees from copying off air and using it partly as a free distribution service by that operation. Ideally, one would end up five years down the line with a digital server with vast quantities of our material on it and a subscription service or something or other that you accessed on line down an Optus ATM and all that. But you cannot get it through the Internet yet. It is just too slow.

Mr SINCLAIR—Is that an Australian market? When you talk about Internet for example, what about the countries of ASEAN? Is that the way they are travelling?

Mr Moir—In our last three-year business plan before the review hit, we said, 'Okay, we have done that work. We're not going to compete in that area. There are scarce resources and it's not appropriate.' Our real strength is the fact of the information program, the cultural aspects and education. We have one of the biggest non-theatrical distribution operations in relation to schools. The potential of the education sector in Asia is just huge. The BBC is already starting a world learning service. It is going into commercial cable operations in Canada. It has moved into Europe extensively. It will be here any moment and in any number of places. One of Australia's great opportunities is exporting education electronically.

Mr SINCLAIR—As to education exports, in terms of your output you produce film and you see that you have a role in producing educational film for sale in that field?

Mr Oliver—Yes.

Mr Moir—The simple fact is—and I have referred to this a number of times—that a Hong Kong couple of a certain upper salary level will pay $10,000 per child for their education, plus the associated costs of sending them to Australia and they will only spend $50 a month on pay TV.

CHAIRMAN—Thank you very much. That has been very helpful. Would you mind sending us a copy of the last balance sheet?

Mr Moir—It is complicated. We are about to change again. We are never constant.

CHAIRMAN—Besides the budgetary and financial statements over and above the national interest program, if there is some sort of strategic plan that is available that is not too commercial- in-confidence, we would like that.

Mr Moir—Certainly there is a three-year plan.

CHAIRMAN—That would be helpful as well, if you could take that on notice.

[9.17 a.m.]

DOBELL, Mr Graeme Robert, Foreign Affairs and Defence Reporter, Parliament House Bureau, Radio Australia, ABC Centre, Southbank, Melbourne, Victoria

MANN, Mr Michael Douglas, Chief Executive, Australia Television, 221 Pacific Highway, Gore Hill, New South Wales

WATSON, Mr Trevor John, former Correspondent, Australia Television and Radio Australia, Pacific Highway, Gore Hill, New South Wales

WHITE, Mr Derek Sargent, General Manager, Radio Australia, ABC Centre, Southbank, Melbourne, Victoria

CHAIRMAN—Welcome. We have received a copy of Radio Australia's submission to the Senate inquiry. I assume that both Radio Australia and ATV would like to make a short opening statement.

Mr White—Yes, please. Thank you, Mr Chairman, for the invitation to address this subcommittee and for the chance to express a strong belief that Radio Australia's role, soon to be sadly diminished, is relevant to your inquiry. You have just received our submission which I ask that you read in conjunction with the Radio Australia submissions to the Senate committee inquiry into Radio Australia and Australia Television and its report released yesterday.

Before I detail what has happened to Radio Australia, I would like to refer you to a report in last Saturday's Melbourne *Herald-Sun* by Andrew Bolt in Hong Kong. He reported:

> Asia has erupted in fury over Pauline Hanson, with politicians, newspapers and analysts in the region warning the race debate is crippling Australia . . .
> Bangkok's *Asia Times* said Australia was traditionally anti-Asian . . .

Andrew Bolt's report said:

> Australian diplomatic staff rushed out rebuttals of Ms Hanson's comments.

However, analyst Bruce Gale of the Hong Kong Political and Economic Risk Consultancy—I think that is regarded as one of the area's more respected think-tanks—was quoted by Bolt as saying that the damage had been done. Gale is reported as saying:

> "Whatever the Australian Government does now, it is too late." . . .
> "(Pauline Hanson) and the closing of Radio Australia, seem to show Australia turning in on itself."

Mr Chairman and members of the committee, you will be aware that Radio Australia is

not now to close, thanks to decisions by the government and the board of the ABC. However, also thanks to decisions by the government and the board of the ABC, urged on by the Mansfield report on the ABC—and Bob Mansfield said he did not consider the foreign policy implications— Radio Australia will not now be able to report half as fully or effectively the Hanson debate, the rebuttal of her views, the image of Australia as a friendly neighbour in the region seeking to develop its links with that region.

Not only are our services in the language of the region to be substantially reduced but also our news and information services in English, the working language of ASEAN. But perhaps more importantly there is the likely loss of our most powerful voice into the region, the major short-wave transmission station in Darwin. Mind you, it may survive as the voice of other international broadcasters who are queuing up for access to any available leased time. While we are moving out of the region; they are moving in.

Radio Australia is not dead, but it came close. It survives badly wounded, minus some limbs, depleted in stature and with its vocal cords partly severed. I want to detail the extent and effect of that surgery.

Mr SINCLAIR—Pardon my smile.

Mr White—I tell but the truth, Mr Sinclair. This year we received $13.5 million from the ABC's budget for program production and administration. We have 144 staff, producing programs in English; Mandarin or standard Chinese; Cantonese; Vietnamese; Khmer to Cambodia; Thai; Indonesian; French and Tok Pisin.

Pending final details of the federal budget, I understand that, in 1997-98—and we have had no official advice as yet—we will have just $6.3 million, or 46 per cent, provided variously by the Department of Communications and the Arts, the Department of Foreign Affairs and Trade and the ABC for program production, administration and satellite transmission. This will support about 66 staff, again a reduction of 54 per cent.

We will lose the Cantonese service. Only last year at our last liaison meeting, Foreign Affairs urged retention of Cantonese in the light of possible problems arising from China's takeover of Hong Kong. We will lose the Thai service, which is now just two people, but they have been providing a flow of news and information about Australia and our place in the region to an ASEAN member nation via a number of their own AM or FM stations, particularly the public and university stations. The details are given in the ABC's submission.The *Bangkok Post*, responding to Mansfield, editorialised that Radio Australia demonstrated Australia's commitment to the region. I await their reaction to events of the past week.

We also lose the French service to the francophone islands of the Pacific. Again last year, Foreign Affairs urged retention of the only alternative source of information of Pacific affairs in French to the francophone islands from the French government service.

We will retain a service in English of news, information and general programs half its present size. I am afraid that Graeme Dobell, now our foreign affairs and defence correspondent in Canberra, will probably be a one-person bureau rather than a three-person bureau, where previously we have also had correspondents in trade, aid and development and in national affairs conveying a picture of Australia's government, economic and social structure.

We will have two hours a day in Mandarin instead of 4½ hours, and two hours a day of Indonesian instead of five to our most important ASEAN member nation. Our Vietnamese service, the third of our services to an ASEAN member, will be slightly reduced. Our Khmer and Tok Pisin services will be retained.

Mr Chairman, as we understand it, cabinet agreed to fund only the English and Tok Pisin services. They turned away from Asia. They ignored the overwhelming support for Radio Australia to us, to the offices of the Prime Minister and other ministers and to the Senate inquiry. There was support from sources as diverse as Australia's ambassador to Vietnam, Susan Boyd, and Indonesia's foreign minister, Ali Alatas.

I would like to quote one section from yesterday's report of the Senate Foreign Affairs, Defence and Trade References Committee entitled *The role and future of Radio Australia and Australia Television*. Point 12 of the executive summary reads:

> The disregard for the Asian language services, to which the bulk of Radio Australia's audience listens, is inexplicable given the stated policies of the Government to have close relations with Asia and the desire to increase trade with regional countries. The threat of the loss or downgrading of Radio Australia services would not have endeared tens of millions of listeners to Australia, particularly as Australia is seen as a developed and relatively wealthy country, which could afford to operate short-wave services to the region in local languages. As all countries in South East Asia and North East Asia (except Burma), including countries to which Australia gives considerable aid, operate international short-wave services, there does not seem to be any justification or logical reason for the Government's indifference to the closure of the Asian services. Certainly the Government has not given any valid reason for its decisions.

It is difficult to see how any such decision could be seen to fit Australia's role as a dialogue partner with the ASEAN members. Indeed, it is surely a contradiction in terms for the Australian government to have been seen to be willing to silence our friendly voice into Asia.

Mr Chairman, I am glad that I was able to persuade the board of the ABC last week to maintain some of our Asian language services, albeit at a fraction of their previous cost, staff and output. It is particularly pleasing that we will maintain our service to a likely future ASEAN member, Cambodia, where all parties have urged the importance of Radio Australia as a reliable source of information.

We should, of course, be providing a similar service to Burma in Burmese as

sought by Aung San Suu Kyi, but this is now impossible. That proposal was supported by the committee which recommended that funds be provided. I have to say I contrast the committee's view with that expressed yesterday by the deputy chairman of that committee, Senator Judith Troeth. If you followed her comments at the press conference, Senator Troeth would not have us reporting Aung San Suu Kyi's opposition to the Burmese government because it was opposition to the Burmese government. It was her view expressed yesterday that, in reporting opposing views within a given country, we were being intrusive. I doubt whether most members of the Australian public would share that view; I frankly doubt if most members of the government parties would share that view. At least the English speaking educated elites in Burma, as in other countries in the region, can hear a service in the working language of ASEAN; or will they?

The National Transmission Agency's published operating cost of Radio Australia's transmission by short-wave this year is $7 million. For 1997-98 Minister Alston did not wish to fund any short-wave, effectively silencing Radio Australia. We understand that Minister Downer is now to provide $2.5 million, or one-third of this year's cost, for short-wave in the next year. This would cover our Shepparton and Brandon stations, aimed mainly at the Pacific, but not Darwin which is a world-class facility built to be Australia's voice into Asia. Our chances of being heard will be very substantially reduced.

Again, this is hardly maintaining a dialogue. If I may anticipate a question: many countries in Asia are developing and expanding their own international broadcasting, Singapore being the latest to start. International broadcasting is a dialogue between countries. For the information of members, the government has spent more than $23 million on short-wave in the past six years and $13.5 million in Darwin since 1993. There is work in progress now for our benefit. Closing it down seems a very strange exercise in economic rationalism.

The role Radio Australia plays in our dialogue with the member countries of ASEAN and with the projected members was argued fully in our submission to the Senate inquiry. I would like to quote one other point from yesterday's report and it is point 21 from the executive summary:

> Whether it is in international diplomacy, business, education, tourism, the arts, sport or any other human endeavour, the goodwill engendered by Radio Australia and Australia Television provides a basis for Australia's relationships with regional countries. What Australia puts into the region, other than in a mercenary way, Australia will get out of it. The two broadcasters provide services to the region from which Australia benefits.

I will end simply by recording my surprise and my sadness that this affluent nation—seeking its place in the region as friendly neighbour and host, trading partner and honest broker—cannot afford to maintain, even expand the cheapest and most effective form of public diplomacy it has. The government has reneged on its stated policy to maintain Radio Australia, reneged entirely without cause. I can only hope that, in the light of yesterday's Senate report and your own consideration, we can in future build on what little

has been saved. Yesterday's committee report said:

It is incomprehensible that the Government would even contemplate the closure of Radio Australia's Asian language services or, for that matter, the closure of Radio Australia itself.

Thank you, Mr Chairman.

Mr Mann—Thank you, Mr Chairman, for the opportunity of appearing here today. I would like to preface my comments about Australia Television by stating that I have worked as a diplomat for about 12 years in ASEAN countries or countries who will be members of ASEAN within the next 12 months or so. So I think I can speak with some authority about what impact Australia Television has in that area.

Australia Television is just over four years old. Our major target area is the ASEAN countries. As one coalition parliamentarian told me just a few weeks ago, Australia Television is Australia's most unsung success story. I can tell you a lot about Australia Television but I think it would be easier for you to watch the cassette which I have with me. It goes for about five minutes and gives you all the basic information about Australia Television. That video cassette has been prepared to attract advertisers to our service. That is the way it has been produced. I have to give you one update about the cassette, and that is the video mentions that we are in 300 hotels in the Asian area. That was produced a couple of months ago and we are now in over 500 hotels.

A video was then shown—

CHAIRMAN—Have you got more opening comments or have you finished?

Mr Mann—The report of the Senate inquiry handed down yesterday was a ringing endorsement of Australia Television in ASEAN and Indonesia in general. The only difference between the full report and the minority report I believe is a question of ideology as to whether or not to sell Australia Television or to keep it in the public sector. I strongly believe that it should be kept as a public broadcaster and I will say a little more about that in a moment.

Australia Television demonstrated through the Senate inquiry that it has done a lot to promote trade and investment in Australia. Amongst the evidence given was that one Darwin based organisation had just received a $22 million contract in Indonesia to sell solar panels because of the programming about it on Australia Television. The Victorian businesswoman of the year this year also stated that about half of her turnover was due to Australia Television. There were many more endorsements of Australia Television in the 2,200 plus submissions given to the inquiry about why Australia Television should be kept on air and also in the public domain.

Our news and current affairs are renowned throughout Asia as our strong point.

Last year in July there were riots in Jakarta. We received many submissions: letters about Australia Television from Indonesians saying they had not seen on local television the images which they saw on Australia Television. There was a significant amount of correspondence in the Indonesian press that Australia Television had actually shown what was going on in Jakarta, which the Indonesian authorities had not let go to air there.

It is quite interesting that our programs are shown on an Indonesian satellite and the Indonesian authorities did not interfere with those messages going through via satellite. So the idea which is quite commonly spread about satellite television, that it can be chopped off if you put images to air which governments do not wish to see, in this case certainly did not ring true.

Our reach is considerable. As the video said, 22 million households in Asia can watch Australia Television every day. I know that President Ramos, Deputy Prime Minister of Malaysia Anwar, and various ministers of the Singapore and Indonesian governments watch Australia Television regularly. They have told us so.

In earlier evidence today we talked about the Internet. It should be remembered that within Asia there are currently 10 televisions for every telephone line. There is a long, long way to go before Internet will overtake the distribution of information from television.

There is a lot of concern in ASEAN countries about the invasion of their culture from Hollywood. Australia Television is the only English language programming stream of a diverse nature which is not American available to them on a regular basis—

Mr SINCLAIR—Or British—a world news department, I believe.

Mr Mann—No, regular programming of a diverse nature. BBC is only news and current affairs. There are many Asian ministers and governments who wish to see the continuation of Australia Television as we promote different cultural values from those coming out of the United States.

Earlier today, Film Australia commented that their programming was shown on Australia Television. I would like to just note that our Anzac Day programming was provided by Film Australia. We had a full day of programming appropriate to Asia and to Australia about our involvement in Asia during the Second World War and the Vietnam and Korean wars which was provided by Film Australia. I would like to thank them for that.

I keep pinching myself. I really do not understand what is going on. Radio Australia is being emasculated; Australia Television is being sold off. Is this in the best interests of Australia? Certainly not.

I think too many accountants are looking at how much it costs to put these services to air and not at the value of them. In the case of Australia Television, I can say the $6.6 million which is provided every year from government coffers to Australia Television is repaid many, many times over in our investment and trade, not to speak of tourism.

CHAIRMAN—Thank you very much. I would like first of all to refer to—and I know my colleagues have not had the opportunity to even look at this, nor have I—the executive statement to yesterday's report from the Senate Foreign Affairs, Defence and Trade References Committee on *The role and future of Radio Australia and Australia Television*. I am interested in your reaction to two paragraphs I will read which seem to encapsulate everything as I perceive it.

I would be interested in reactions from Radio Australia and Australian Television, and also from Graeme Dobell, to the impact of these decisions, whatever they might be, bearing in mind we have not really debated them in the government party room yet. I am interested in the strategic or potential strategic implications of what we are doing and the message we are perhaps sending, whether it is a negative or mixed message, particularly to ASEAN, but more widely in the region. Paragraphs 18 and 19 of the executive summary say:

The broad foreign affairs aspects of international broadcasting cannot be valued in dollars and cents. It is about the subtle messages conveyed to the peoples of the region, about life in Australia, the beauty and sometimes starkness of our countryside, our hopes and disappointments, our achievements in many fields, our democratic principles and our perceptions of issues and events which affect Australia, the region and the world. It is about creating an awareness of Australia, an understanding of our way of life and the multicultural nature of our society and showing that our future is inextricably linked with Asia and the Pacific, even though we maintain strong ties with countries in other regions from which Australians have come. It is also about programming which draws attention to things which relate specifically to trade, business, education, tourism or diplomacy from which Australia might benefit directly as a result of those broadcasts.

Radio Australia and Australia Television project images of Australia to Asian and Pacific countries. There is no other viable and cost-effective means of projecting and promoting Australia to tens of million of people in the Asia Pacific region and beyond. Without Radio Australia and Australia Television, there would not be an effective Australian voice or images of Australia to inform the region about our country.

Can I have a short reaction from both Radio Australia and ATV?

Mr White—It won't surprise you, Mr Chairman, that we would agree with those comments totally. Underlying that—being serious about it—a very strong message has come back to us in literally thousands of pieces of correspondence, not only reaction to the original proposal about RA but also from people who deal in the area and from within Australia. It is fully documented; it is a fairly massive submission—a little light reading for members of the committee. Fully documented there is the degree to which people firmly believe what is in those paragraphs. I mentioned earlier that I believe—and I think

this applies obviously to Australia Television—that together we provide the cheapest and most effective form of public diplomacy that Australia has.

I draw your attention to a comment—I am not sure if it is in the ABC submission or in my own submission to the previous inquiry—in the KPMG survey conducted for Radio Canada International. It said they had found no broadcasting organisation in the world that provided international radio and international television for less than—I think from memory—$60 million. Radio Australia and Australia Television together this year cost less than $30 million. Michael made the point earlier about the very small amount of money that is involved.

Mr Mann—I would like to put myself in the position of people who are listening and watching our international services. I was in the Philippines just a fortnight ago and Philippine business people and members of parliament were telling me that they thought this was all a joke. They could not believe that Australia, which is committed to being engaged in the Asia-Pacific region, is being seen to be pulling back.

Because it is such a high profile issue, it has been very well broadcast throughout the Asia-Pacific region already. People, particularly those who have some bone to pick with Australia, are really playing this up. They are saying, 'Once again the Australians are doing this.' It has been a really bad public relations exercise to date for Australia and, if the results are what we think they are going to be, it will get worse.

CHAIRMAN—In particular, are these decisions inconsistent with our so-called push into Asia? In other words, are they contrary to or an inhibitor to further dialogue with the region?

Mr Dobell—One of the things that strikes me about this is the role of the Australian reporting agenda or information agenda in South-East Asia that we have played up to now and the fact that the ASEANs are about to take a huge leap into the unknown—going to an ASEAN 10. They know the dangers but, for a whole range of reasons, they are going to do it.

I was reading the *Economist* editorial today and I think the *Economist* caught it very well when it said in that editorial that they are basically buying in a thuggish military regime, a Cambodia on the verge of civil war, and that they are facing the potential embarrassment of yet again having to go back to where they were in the 1980s and choosing sides amongst the various Cambodian factions.

It turned my mind back to the role that Australia played in 1989, 1990 and 1991 in the Cambodian process. I reported that from Singapore, Jakarta and Bangkok. The Australian reporting agenda in all of that was extremely important because, of course, we were a player. Ali Alatas, Gareth Evans and the Australian diplomats throughout the region played a quite fundamental role in getting the factions to that series of informal

conferences. It was the Australian reporting agenda and the Australian information agenda flowing through that process which was extraordinarily important.

That is why I thought that the comment Ali Alatas made the other day—which you will find on page 1 of the supplementary submission—was a rolled gold endorsement of Radio Australia. He said in that interview that Radio Australia was well-known throughout the region, that governments and peoples may or may not like some of its contents, but it has been able to establish a track record, it has been able to establish a quite significant presence over the years. Committee members would understand the significance of a comment like that, given all of the past ups and downs in the relationship that we have had with the ASEANs.

We have been players. We have been important players. We have got endorsements from all the faction leaders in Cambodia. We get endorsements from Aung San Suu Kyi. Whenever our current Indochina correspondent, Evan Williams, goes to see her, she will tell him what she likes and does not like about what he has been doing. She will say, 'You got that right. You got that wrong. Go harder on that.' That element of Australian involvement in the Cambodia process—and Michael could talk about that too—was so important. And given the huge leap that they are now about to make, I think they would be a little surprised that we might not be there to play those same sorts of roles.

Mr White—I would like to add one thing to the points made by Michael and Graeme. Bad news is always more attractive for coverage in a country than good news. In recent times we have not been getting a great press in Asia. It worries me a great deal that the papers that are reporting—with some enthusiasm in some cases—the debate on race in Australia may not be reporting as fully the other side of that debate; the rebuttal. If Australia Television and Radio Australia are not there to report it, then I think Australia loses very badly.

I believe that the impression of Australia created by the two services is very important in influencing the wider discussion on political issues at higher levels. I just note—and the details again are in the submission—that various qualitative surveys that we have done of the reaction to our broadcasts indicate that, clearly, we establish an image of Australia as a friendly nation. It has taken years and years to build that and to have that effect. I have a feeling that, if we are not there, the destruction of it by counter press copy would be much quicker than the building up. The destruction of that image might occur much faster if we are not there to counter it through current publicity.

CHAIRMAN—Trevor, did you want to add something as a practitioner?

Mr Watson—I would just like to endorse all that Michael, Graeme and Derek have said. To follow on from the point that Derek was just making, basically if we are not prepared to speak for ourselves in the region, the people of the region are going to form opinions of Australia based on what others say about us, and that is totally unacceptable.

Many of the newspapers in the region that are carrying, for example, the current race debate in Australia are running their own agenda. There is a whole range of reasons why politicians and the media in the region want to get involved in this debate and want to create a particular impression of Australia amongst their own people.

Mrs GALLUS—Could you give an example of one country?

Mr Watson—Malaysia, for example. In my view, the Malaysian government wishes to keep the values that Australia holds dear at arms length because I think the current Malaysian government finds some Australian values threatening.

Mr Dobell—A dollars and cents example is Singapore. In 1991, 1992 and 1993, when Lee Kuan Yew was very worried about his brain drain and knew exactly where his brain drain was going, the *New Straits Times* had a particular agenda on Australia and was quite open that it had been given a particular view of Australia that it was supposed to be pushing. The Australian High Commission in Singapore was going berserk trying to counter any element that could be used to deter middle- to upper-class brain drain prospective people going to Australia. It was being used to highlight the counter arguments about how it was not a place they should be going to.

Mr Watson—Much lies behind the interests of the Malaysian government and the Malaysian media, or the Thai government and the Thai media, or the Singaporeans, in the current debate. If we are not prepared to speak for ourselves then the people of the region are going to believe what others are saying about us.

In my view—and it has been said over and over again here—there is absolutely nothing Australia could possibly do that could build awareness of this country, in a way over which we have some control, more cost effectively than Australia Television and Radio Australia. While the present government will argue that Radio Australia and Australia Television are being dealt with in the way that they are at the moment purely for economic reasons, that is not going to wash in the region for a moment.

We have heard the figures already on what Australia Television and Radio Australia cost this country and it is relatively nothing. For example, as Michael just pointed out, Australia Television is costing Australia about $6½ million a year. Rupert Murdoch's Star Television service out of Hong Kong is losing $2 million a week. So the economic argument simply is not going to wash in the region. The region is going to look at political issues lying behind this.

I will not go on with it now but, like Graeme, I could trot out an enormous amount of anecdotal evidence as to the value of Australia Television. I have worked as a correspondent for Australia Television and Radio Australia in Fiji, Cambodia, China, Malaysia, Thailand and Vietnam, and in each of those places the involvement of Australia Television and Radio Australia has been enormous.

Mrs GALLUS—Some of what I am getting at I think we answered in some of those examples. Earlier on, Graeme, you were saying that Aung San Suu Kyi would take us on on the sorts of things we had said. Generally, how is Radio Australia regarded amongst the leaders? I can see that, for oppositions, it is very nice to have Radio Australia there. What would your opinion be of the opinions on Radio Australia of the leaders of the countries? Do they want us or not want us?

Mr Dobell—That endorsement from Alatas to me was just an extraordinary endorsement.

Mrs GALLUS—Is there any dissent from that?

Mr Dobell—Of course there is. That was one of the reasons it really jumped out and grabbed me because the Indonesian official line about overseas broadcasters has always been that it is external interference in internal affairs. You actually do see that in some of the laws—laws often observed more in the breach than in the observance—in terms of use of satellites, and so on. What you are going to get on the official line is sometimes different to what you are going to get unofficially. I have had the experience, and I think Trevor probably has too, of being called in and given the official reprimand, and then being taken around the back for the cup of tea and being told, 'By the way, I liked that bit, but you got that wrong,' and so on.

I do not think I have to tell the members around this table about the use of media. One day you use it, one day you do not, one day you like it, one day you do not. The consciousness of international media in Asia is a bit different, because Asian elites use English as an elite communication device amongst themselves. That is one use of English which is different, and why some of the Asian elites will use the *International Herald Tribune* and the *Asian Wall Street Journal* to talk amongst themselves. That level of savvy is there.

One of the things that struck me was that when the Indonesians went in to clear out the PDI headquarters, they did a ring around the week before to find out what was the best day and they did it on the Saturday when the markets were closed. So the answer, I think, for any group of politicians and bureaucrats is always a multi-faceted answer, as any group of politicians sitting around a table would understand.

Mrs GALLUS—It is a multi-faceted answer, but do you think that for the leadership of any of the ASEAN countries it would be in their interest to say, 'We are better off without Radio Australia because we regard their information as not the type of information we want getting out'?

Mr Dobell—The response from Cambodia is quite clear. The response from Cambodia is that every faction leader has given us an endorsement of their use of—

Mrs GALLUS—I am asking not about the factional leaders but about the leaders.

Mr Dobell—That is Sihanouk, that is the two prime ministers—

Mr White—And Sam Rainsy.

Mrs GALLUS—So you feel that the ASEAN leaders, not the potential leaders but the ones that are actually in power now, would be happy to keep Radio Australia there and it is in none of their interests to see Radio Australia go?

Mr Dobell—Certainly not; I would say definitely in some of—

Mrs GALLUS—This is not a trick question. I am really trying to find out if there is—

Mr Dobell—Cambodia is clearly the clearest answer. You have got the two prime ministers, the king, Sam Rainsy. That is the clearest example.

Mr White—We now have the Indonesian Foreign Minister. We have had support from official sources in Vietnam. To go outside ASEAN for a moment, we had quite an amazing response from China, including from a number of state broadcasters. They included the head of China National Radio who would not speak if it was not appropriate and who pointed out the strength of the audience.

Mrs GALLUS—Okay. I guess I found a bit of inconsistency here. I am on your side, but I am just trying to pin it down in my own mind, because obviously if we are broadcasting the other side of an issue on Radio Australia and the government does not want their people to particularly look at that other side, they are not going to be very happy with that.

Mr Mann—If I can draw on my experience as a diplomat, from time to time government leaders in ASEAN and in the rest of Asia will get upset with foreign broadcasting—there is no doubt about that—and they will voice that. Overall, though, they see it adding to the diversity of their cultures and also adding to their economic development. For example, what if CNN or ourselves were not broadcasting in Singapore and advising the Singaporean marketplace of what is happening in the rest of the world? Those overwhelming benefits outweigh the times they get upset.

Mr White—And I think there is something specific in that we are broadcasting from the region into the region and I think a lot of governments respect what we do for that reason. They see *Voice of America*—one of our principal competitors—because it still carries state department editorials as having overtones of US propaganda. The BBC still has a Eurocentric vision. They know that our outlook is—

Mr Dobell—They have just renamed their Far East service. It took them only about 40 or 50 years—

Mr White—Yes. From being the Far East service—

Mr Dobell—They finally got that off about three years ago.

Mr White—We are perceived as being in, and part of, and covering the region from a regional perspective.

Mr Watson—I think that the view of Australia Television and Radio Australia varies amongst the politicians in the region, depending on the country, the politician and the issue that happens to be running at the time. I know that King Sihanouk, for example, is a regular listener to Radio Australia and a viewer of Australia Television. I know, because I have been reprimanded by him when he has not liked the coverage. So it varies. But I think also—to support Derek's point—the ABC, the parent organisation for both of us, has the largest network of staff correspondents in Asia of any international broadcaster in the world. For that reason, we have credibility in the region. It is one of the reasons that Singapore, for example, allows Australia Television to be run on its domestic pay service. Although Singapore is extremely cautious of allowing external influences—and they are even monitoring the Internet in Singapore and are controlling individuals' access to the Internet—they run Australia Television on the domestic pay service. I think that that is an indication of where we stand in the region.

Mr White—We are also the first Western nation allowed to put a correspondent back into Vietnam, I think.

Mr Watson—That is right. We are the only foreign broadcaster with a staff correspondent based in Vietnam.

Mr Dobell—Of course, accurate information for any politician, any elite, is the lifeblood. One of the problems for even the most sophisticated of the ASEAN states is that sometimes elites have got to be able to filter out the signals that they are sending to their own people. One of the internal debates that the Singaporeans were having at one stage was: if they ever really did have a crisis, would they actually be able to get their own people to believe it because they run so many campaigns.

Mrs GALLUS—Are you saying then that they would have to use Radio Australia to broadcast that something was a genuine crisis?

Mr Dobell—They would believe it if they did. The reason that the Try Sutrisnos and others of this world get up in the mornings, pray to Mecca and then listen to short-wave radio, is they know that if something has happened in the Middle East or in the Muslim world they will get it on Radio Australia, but they will not get it from their own. I

think that lifeblood issue of the way the elites actually talk to each other and want to get their hands on accurate information quickly is still an alive one.

Mrs GALLUS—We have had a very long answer to a question. I have a couple more, so if we can—

CHAIR—Let me go to Colin and we then will come back to you.

Mr HOLLIS—I agree with everything you say, but to come to Chris's point, it is not so much whether the government or the elite approves of or endorses Radio Australia—we know that the present regime in Burma obviously would not—but the question, surely, should be: is it in Australia's interest to be there? Is it in Australia's long-term interest? The elites of the governments that are there today might not necessarily be there in six months time.

Mr Dobell—If it is accurate information, you are hoping that it is information that is going to be of use to all in a society.

Mr HOLLIS—Yes.

Mr Watson—And, of course, the elites of these countries are not the only ones that are watching and listening. Australia Television now reaches more than 20 million households. Clearly, it is not only the leaders and the elites of those countries that we broadcast to that are watching.

Mrs GALLUS—That brings us back because I was trying to tease out from that the point of my next question: who wins? If Radio Australia cuts down to the extent that it is going to have to under the budget cuts, who wins? Does anybody? Is there a winner out there?

Mr Watson—No. They are all losers.

Mrs GALLUS—Are there people out there clapping their hands?

Mr White—I do not believe so. To take Mr Hollis's point: even in Burma, I suspect that the governing forces listen to international radio for information about the region to be up to date, as Graeme said. I think that there are a lot of losers—Australia loses.

Mrs GALLUS—We accept that it would be a loss to Australia. And who fills the vacuum when Radio Australia reduces? Somebody will fill the vacuum; vacuums are always filled.

Mr White—There is a massive development going on. Not all of it is, perhaps,

development that we would welcome. Let me give one example: Iran is installing—the details again are given in the Radio Australia submission—10 large transmitters capable of international broadcasting, presumably to spread its message of fundamentalism through into the Islamic areas of Asia, at least in part.

Mrs GALLUS—This is fascinating. Can we stay on this for a minute?

Mr Watson—I just wanted to add that the Burmese television that is controlled and operated by the State Law and Order Restoration Council is now available via satellite competing with Australia Television.

Mrs GALLUS—What you have said about Iran is something that I had not thought of, but Iran right now is looking to South-East Asia to extend its influence. It has been held back by Turkey to the north, so it is really now directing it. It would seem to be that if we move out of this, there is a vacuum there that, perhaps, would be filled by Iran anyway, whether or not Radio Australia would be there. But Iran has a very concerted interest in spreading this fundamentally Muslim message in this area. I think it is a very interesting point that there will be no Radio Australia to counter that if there is a vacuum, and people have to listen to something, and you have mostly a Muslim population.

Mr White—On a more restrained point, all of the world's international broadcasters are keen to step up their transmission into this area. None of them, of course, are going to have an Australian viewpoint, or Australia's interests at heart. Just to give one example: I think it is Deutsche Welle that has recently started an Indonesian service for 100 minutes a day, while we are cutting ours down to less than half. They introduced it last year, from memory, into that area.

Mrs GALLUS—Have you done any correlations between trade and the amount of air time that the countries are putting into the area?

Mr White—I do not think that you can do that in a qualitative way, or in a direct dollar sense. It is one of the things that was canvassed at length in the review of Radio Australia and Australia Television. It is very difficult. However, there is ample evidence from people who corresponded with us that there can be a direct link between our Australian product and its reporting on air by radio or television. There are a number of examples of that in the report.

Mrs GALLUS—You made that point earlier, and I think it was an excellent point. Very quickly, are you disappointed that ABC has not fought harder?

Mr White—I would have to say, yes, I am.

Mrs GALLUS—We are getting nods from Michael Mann, Derek White and Graeme Dobell. Did we get a nod from Trevor Watson, as well?

CHAIRMAN—Let me just clarify that. Are you saying that you are just as critical of ABC management as you are of government?

Mr White—I believe that the primary driving force was the cut, clearly, in the ABC's funding. Mr Mansfield made a proposal that overseas broadcasting should not be a core function of the ABC. That proposal appeared to be accepted by the ABC until its final submission to the budget for additional funding to cover international broadcasting. The ABC, in its response to the Mansfield report, said that domestic broadcasting must have priority and that international broadcasting would not go ahead unless it did not draw from, or interfere with, domestic programming. I think the ABC was placed in a difficult position, but its apparent support for the Mansfield review left Radio Australia and Australia Television in a very difficult position.

CHAIRMAN—Is it being too simplistic to say that Radio Australia and ATV have become sacrificial lambs in the whole budgetary process?

Mr White—It is a phrase—

Mr Dobell—Cannibalism might be a better word.

CHAIRMAN—I wanted to be tactful.

Mr White—The ABC did ask for the full funding. The point is made, I think, at point 11 in the executive summary of the report.

Mr Mann—I think it goes back a lot further than that. Looking at the history of international broadcasting within the ABC—and it was borne out in all the evidence given to the Senate inquiry—it has always been at least the poor cousin, if not worse, over a period of decades. The ABC has not used the fantastic facilities which it has had available to it to promote international broadcasting as much as it might have. In fact, had international broadcasting had the profile within Australia, which it might be getting now because of what is happening to Australia Television, we might never have got to this stage.

Mr SINCLAIR—One thing I remember specifically on that point is that the old Radio Australia transmissions on short- wave were really quite magnificent, and they have engendered for broadcasting in Australia a justifiably good reputation—without going into anecdotal comments or anything. I think it was a sacrificial lamb. It is there, frankly, more because of the venture into pay TV and the ridiculous nature of that diversion from the main task of the ABC than for any other reason.

What I was really worried about—and I wonder whether you can tell us this because the ballpark has moved since we first started talking about all this; and you know my views, I am a strong supporter for both of your organisations—is where we go from

here. How much independence are you now allowed in attracting outside funding? ATV certainly has always attracted significant funding support; we saw that endorsement a moment ago. Are you allowed to attract outside funding, Derek?

Mr White—We are under the ABC's charter and the act. We are not exempted from the bar on advertising and sponsorship; Australia Television was specifically exempted by legislation when it was set up. I have to say that I do not believe commercial revenue is a real option for Radio Australia.

Mr SINCLAIR—Why not? Would it not be an option for you to try to set yourselves up in a separate entity looking after ATV and Radio Australia? Sure, you would have to have some special link with the ABC and you would have to have a special link with probably SBS. But, after all, ABC has had a special link with Australia Post and has been in charge of the telecommunications technology for years. Have you thought about that? Is that an option you have looked at?

Mr White—There have been various proposals. Indeed, the ABC itself looked at an international broadcasting division. I think it may have been more practical when we were of a larger size. Now, at the very small scale we will be, we will be even more dependent on the ABC. As a comparison, incidentally, Australia Television, as part of its costs, pays the ABC for the supply of its news service; it buys the news service.

Mr SINCLAIR—And other programs.

Mr White—Yes, and other programs. With our budget system at the moment, to suggest a user-pays system for the links we have with the ABC—we are reliant on the ABC for our programming. We could not afford, literally, to pay the ABC unless we had substantial revenue. The only two international radio organisations that I know of that take advertising revenue—Radio Netherlands and Radio France International—get less than one per cent of their revenue from advertising and sponsorship. It is difficult enough to raise revenue for international television from advertising because of the difficulty of measuring audiences. You can, if you like, wrap something in the flag of patriotism.

Mr SINCLAIR—But you are looking backwards.

Mr White—No, I am looking ahead realistically.

Mr SINCLAIR—No, you are not. If you have problems at the moment, wouldn't it be better to think of ways around them? If you look at the most significant of all the fields where radio has moved, it is the talkback shows. If you got an Indonesian John Laws or a—

Mr White—We have one!

Mr SINCLAIR—I am trying to test whether there is a way in which you could fund a service. At the moment you face a withdrawal into yourselves and you are going to have a much diminished capability to pursue a task which most of us endorse. I think what Michael has done is great. It has been hard because you have only been going there for four years. But wouldn't it be better if you, within the ABC—perhaps in conjunction with Michael—now looked at another way in which you could function?

Mr Mann—I think there is a possibility of putting the two organisations together as one entity. I do not think much money will ever come from advertising on Radio Australia because internationally, radio networks do not have advertising. On the contrary, all television networks have advertising. That is just the way in which the model has been set up. I would not preclude the possibility of getting advertising for radio. Australia Television would need to earn enough money to subsidise Radio Australia. It does not look like it is going to happen in the future. But if the government wants to come to the party and subsidise that one organisation, I would not rule that out at all.

Mr White—That is a real issue. There is another way of perhaps easing the cost burden on the government rather than directly supporting Radio Australia—that is, through transmission. One of my major concerns is the possibility that the Darwin transmitter will be closed. Here is this huge capital investment; the whole of the National Transmission Agency is to be privatised. Just to give you one illustration of my concern, we are going to be broadcasting the Prime Minister's address for the launch of the Asia Society on Thursday, which we anticipate is going to be a very important address. If the Darwin transmitter closes, most of the people who would now hear that will not hear it.

There is a worldwide demand from major broadcasters—and I am talking about broadcasters with budgets of hundreds of millions of dollars, not single figures. I believe—and I will be having talks, I hope, with the relevant departmental authorities on this—that the leasing of time, which Australia has never done before, to those broadcasters might make it possible for costs to come back, which would help support us, or at least reduce the cost burden—

Mr SINCLAIR—Are you the only users of the facility at the moment?

Mr White—We are the only users at the moment.

Mr SINCLAIR—Does ATV use it?

Mr White—No. These are the short-wave stations. I believe that by judicious scheduling we may be able to make time available—let alone in Darwin, which at the moment we would not have access to.

Mr SINCLAIR—How much does it cost the ABC a year to run those facilities?

Mr White—The total operating budget, according to the Mansfield figure by the NTA, is $7 million. That does not include capital depreciation; it does not include a return on the investment. That was one of the fallacies of the figures quoted to the Mansfield inquiry and used by the minister—that it cost $7 million for short wave. Of course, if that system is privatised under the NTA, any private operator will want a return on the investment, will want to charge people for the administration and everything else. The true cost is probably about $10 million to $12 million.

Mr SINCLAIR—I have not been sure of the Australian audience of short-wave. You are the only short-wave broadcasters in Australia at the moment, aren't you?

Mr White—Yes.

Mr SINCLAIR—What is the local Australian audience?

Mr White—For Radio Australia or for international broadcasters?

Mr SINCLAIR—No, for short-wave transmissions which are Radio Australia? I have not seen this figure in any of your information, yet in a lot of Australia it is still fairly important. I do not know what that percentage is.

Mr White—The domestic short-wave stations have been, I think, closed—

Mr SINCLAIR—But you can still receive short wave from Radio Australia?

Mr White—It is very hard to hear in Australia because none of our aerial systems are designed for it. You can hear some Radio Australia programs—

Mr SINCLAIR—On satellite, yes.

Mr White—You hear it on satellite if you have got a dish, but also the parliamentary news network uses certain programs and, in my view, should use more, particularly our coverage of Asia. Radio National now uses a few programs. It used to use Radio Australia continually from midnight to 5.00 a.m. It has ceased to do that now.

Mr SINCLAIR—What are ATV's hours of transmission?

Mr Mann—Australia Television is on air 24 hours a day. Sixteen hours of that is Australia Television programming, and eight hours—from midnight to 8 a.m. Hong Kong time—is the shopping channel out of Sydney. TVSN—the Television Shopping Network—is based in Sydney and is doing very well in selling products from Australia into Asia via satellite.

Mr SINCLAIR—What about radio?

Mr White—We are on English services 24 hours a day; the other languages are different in different areas. But Michael made the point about the use of the shopping channel: that is now either an equal source or the biggest single source of revenue. Is it an equal source of revenue?

Mr Mann—No; it is a quite small source of revenue.

Mr White—I thought it was a major source of revenue for Australia Television.

Mr Mann—Not yet.

Mr White—But the hiring of transmission time is a real factor.

Mr Mann—There is one point, following on from what Derek said about the Prime Minister making a speech this Thursday night at the Asia Society. Australia Television intends to cover that as a one-hour special; as a public broadcaster we do that but, if Australia Television is sold, that would not happen.

CHAIRMAN—If a rationalisation were to be considered—and I am interested in what is the chicken and what is the egg in terms of that rationalisation within the ABC infrastructure—what order of savings, in budgetary terms, would you assess as emerging from some sort of rationalised organisation such as an overseas broadcasting service, or whatever you want to call it?

Mr White—Very little.

Mr Mann—Derek would lose his job.

Mr White—I will be losing mine, anyway. Very little, because Australia Television's administrative staff is not an enormous figure: how many people have we now?

Mr Mann—Our total staff is 30, two of whom are in administration.

Mr White—Our administrative structure is about eight per cent because, again, we rely heavily—

Mr SINCLAIR—How many staff have you got at Radio Australia?

Mr White—We have 144 staff at the moment. Both Radio Australia and Australia Television are very closely tied to the ABC for the services which allow them to function as organisations. Our human resources, building and accommodation services—those things are tied in to the ABC.

CHAIRMAN—If your advance information is confirmed on Tuesday night, you will go back to about 50 per cent. So the rationalised staff would then be about 100: is that right?

Mr White—Yes. Does your 30 include the news staff?

Mr Mann—Yes.

Mr White—The news staff for Australia Television are paid by ABC News.

Mr Mann—We pay for it; we reimburse them.

Mr White—Yes, and the service is paid back.

CHAIRMAN—Any more questions? I think we need to get Mr Woolcott in the chair.

Mrs GALLUS—I have dozens more questions, which really worries me because I realise that we are behind time and I am obviously not going to get the time to ask them. I did have one question about the transmitter, but it has totally gone out of my head for the moment. Instead, let me ask you who the buyers are.

Mr Mann—We started off with 55 expressions of interest for Australia Television, and that is now down to four. That information is most confidential. In fact, I am not involved in the selling process; the ABC board will decide, either in May or June, who is to be the preferred tenderer.

Mrs GALLUS—There certainly is no lack of interest, which might indicate something to us, might it not?

Mr Mann—Certainly.

Mr White—I should add that, in the same way, within three days of the Mansfield report recommending that RA close, we had a letter from the BBC expressing interest in the staff from our Indonesian, Chinese and Vietnamese sections. Equally, even in the last few days, when it was reported that Darwin would not be funded, we immediately had expressions of interest in hiring as much time as is available from Darwin. The frequencies, of course, we lose straight away.

Mrs GALLUS—That was actually my question. How many frequencies can you get out simultaneously from the Darwin transmitter?

Mr White—We use four transmitters of the five available in Darwin, and each one transmits on whatever frequency is selected as being the most effective to reach the target

country at that time. The frequency allocation is supposed to be an international agreement but, in fact, it is not observed: there is so much crowding in the spectrum space that frequencies are shared by various broadcasters—sometimes with foreknowledge and sometimes without. Short-wave is, in that sense, a very difficult thing.

Mrs GALLUS—How many could you actually get out simultaneously if you wanted to?

Mr White—We have a total of 14 transmitters—I hope that my memory is correct—available at once. Normally we have, if we are in maximum use, 11 of those transmitters going—two at Brandon, which is a small unmanned station; five of six out of Shepparton and four of five out of Darwin, the other one being on stand-by.

Mr Watson—And of course there is capacity in Carnarvon as well.

Mr White—Carnarvon was closed. As you are aware, the government and the ABC agreed last year to close our Carnarvon station, which was a very effective station. To increase reception you need diversity of frequency and diversity of geographic location. The closure of Carnarvon was a major loss. It was closed to provide funds to pay for the satellite for Australia Television as part of that agreement with the previous government on the funding of Australia Television.

Mrs GALLUS—Getting back to Mr Sinclair's question about Radio Australia taking advertising, could you see the situation arising—if you are combined and Radio Australia could take in advertising—where the Australian government realises that it has lost the goose that laid the golden egg and would put more money into Radio Australia to make up for what it had lost, so you would be getting revenue directly to promote Australia?

Mr White—I do not believe so. I will leave it to Michael to answer. But I would suggest that the government's response to advertising on Australia Television, was—and this applies to the previous government—very, very reluctant indeed.

Mrs GALLUS—But are we taking a situation where, if Radio Australia is run down, they will start to realise that they lost something and might have to pump money back into it to make up the reputation they had lost in Asia?

Mr White—I hope so, without the advertising factor. The reason I was so anxious to retain at least a minimal basis of Asian languages was because I firmly believe, had we not done so, we would have had nothing to build on in the near future. The argument would have been rapidly raised within a year or two that a service to the Pacific only was not worth doing. At least if we retain the very small Asian language service that we are retaining, we have something, hopefully, to build on in the future.

Mrs GALLUS—The word I should have used was not 'advertising' but 'sponsorship'.

Mr Watson—The point with sponsorship is that there is an international convention that state funded international broadcasters in the short-wave area do not carry advertising. I am not aware of a single international short-wave broadcaster that carries advertising. I may be wrong about that.

Mr White—There are two.

Mr Watson—There are two, are there?

Mr White—I also have reservations, I must say. If we had to go for advertising in order to make a profit, even to make a return on the salespersons—and that was floated in the case of Canada by KPMG in their study of Radio Canada International, and they themselves said they thought, yes, the RCI should perhaps pursue the option as one advertising option, but they doubted very much that it would raise significant revenue and it may not even cover the cost of the effort—

Mr SINCLAIR—Yes, but that is in Canada.

Mr White—But I am sure that if you were to pursue the lowest common denominator advertising—and I suppose that would be some of the ubiquitous American products—I am not sure that is something that an organisation like Radio Australia should carry into foreign countries.

CHAIRMAN—I assume that that is some sort of multilateral convention. It would not be a series of bilaterals.

Mr Watson—I am not sure indeed there is an Australian document, or whether it is simply tradition. Graeme, do you know?

Mr Dobell—One of the funny things about short-wave is that short-wave has rusted on. We have had it since the twenties, basically, and in fact it contravenes a lot of domestic laws as such. Much of short-wave is a convention. That is the great beauty of short-wave—you are actually leaping over the boundaries. It is a convention in practice; I do not know if it is enshrined.

CHAIRMAN—We will take it up. We will have a look at that in conjunction with the treaties committee or DFAT.

Mr Dobell—I think you will find it is a rusted on convention, not one that is actually—

CHAIRMAN—We will look at that.

Mr White—Most international broadcasters began, as did Radio Australia, as government broadcasting organisations for a particular purpose.

CHAIRMAN—We are running over time. Thank you very much for very helpful evidence. I regret the circumstances in which you are both appearing before us today. Let us hope that on Tuesday night things will not be quite as draconian as you might suggest. Let us wait and see.

Mr SINCLAIR—I might also say, as an endorsement of a view that was quietly said by Colin Hollis, that Senator Judith Troeth's views are not endorsed by me.

CHAIRMAN—Absolutely; I agree with that. Thanks very much.

[10.38 a.m.]

WOOLCOTT, Mr Richard Arthur, Chairman, Australia Indonesia Institute, c/- Department of Foreign Affairs and Trade, Canberra, Australian Capital Territory 2600

CHAIRMAN—Mr Woolcott, you indicated you were not going to make a formal written submission, but you referred to us an article from the *Weekend Australian*, which I am sure we all read with interest. You have heard part of the evidence before us. In terms of our time constraints, we have one more witness after you. We have to finish by 11.50 a.m., so could we work to about 40 minutes with you, if that is convenient to you?

Mr Woolcott—Yes.

CHAIRMAN—We will try to finish your evidence at about 20 past. Would you like to make an opening statement?

Mr Woolcott—I would prefer to deal in a way with any issues that you have in mind, but I will make an opening statement of a general nature. I spent a long time in ASEAN countries over the years. I was a commissioner in Singapore and a deputy in Kuala Lumpur, and then Ambassador in the Philippines and Indonesia. After becoming Secretary of Foreign Affairs and Trade, I attended regularly the ASEAN post-ministerial conference meetings, the APEC meetings, and, as Chairman of the Australia Indonesia Institute, I have been going back to Indonesia at least once a year. I generally have maintained fairly close contact with leaders and senior officials in the ASEAN countries—with the exception of Vietnam which I suppose is the country I have had the least to do with.

I hold the view strongly that ASEAN as a sub-regional institution is very important to Australia. As I mentioned in that particular article you referred to, there is occasionally a slight danger that with the natural focus on Indonesia as a very large and immediate presence—and as no doubt the largest and most influential country in ASEAN in terms of population and resources and everything else—there is occasionally a tendency for us to lose sight of the importance of ASEAN as a whole.

Australia really cannot take any successful initiatives in the region without ASEAN support, the reason being that ASEAN has a rather cumbersome policy-making structure, but it moves by consensus. In other words, that means that one country, if it chooses to be slightly obstructive to an Australian interest within ASEAN, can prevent a consensus happening—as happened recently in respect of Malaysia over Australia's wish to participate in ASEM, the Asia-Europe heads of government meeting. It is, I think, a very critical and important issue because, if we are excluded from that sort of body, on the one hand we are not seen by the Europeans as part of Europe any longer and, if we are not seen by the ASEAN countries as an appropriate member at the table on their side of the

equation, we are in fact excluded along with New Zealand. That raises the question of where do we belong.

As I have said, we cannot really do anything in the region without the support of ASEAN. I can give you three quick examples. In relation to APEC, we could not have gone forward with the Hawke initiative at the Asia Pacific Economic Forum at ministerial level without the full support or, at the very least, the acquiescence of the then five ASEAN members. Again, I think the Cambodian peace process—that has tended to fall apart recently because of domestic developments in Cambodia—we could not have carried forward without full ASEAN support.

Then, of course, there is the regional security dialogue which now exists through the ARF. But when we first suggested that back in about 1989 or 1990, it was rather frowned upon by some of the ASEAN countries, and particularly by the United States who preferred an arrangement of having a series of hub and spoke bilateral arrangements—but that, too, has taken off. So I think Australia has been able to play a very constructive role in the establishment of APEC, in the establishment of the ARF—at least in a catalytic role in the ARF—in the Cambodian peace process, and to some extent too in the Cairns Group, of advocating free agricultural trade in the Uruguay Round negotiations.

None of that would have happened or would have been practical without the support or, at the very least, the acquiescence of ASEAN. So I think it is a very important, if you like, subregional organisation in respect of Australian foreign trade policy in South-East Asia.

There are just a few points I would like to make quickly by way of introduction. ASEAN is expanding, and I think that can be quite helpful to Australia because it has already drawn in Vietnam, which rather changes its character. In fact, historically, I think it is remarkable that, when ASEAN was formed, it was essentially formed out of security concerns which to a large extent related to Vietnam. Now Vietnam is a member, and that shows you how the situation in the region has changed.

But adding Vietnam—and shortly to be added are Laos, Cambodia and Burma—first of all, makes it substantially a larger organisation and a more diverse organisation than it was. It is going to further widen the economic disparities between, say, countries like Singapore and Malaysia on the one hand, which are economically now very advanced, and countries like Laos and Cambodia, which are economically very backward. So you are going to get a widening of the economic disparities, and also you are going to have, as I have already said, a more diverse membership in terms of trying to proceed by consensus.

Now if that consensus system of policy making were to break down, I think that would be advantageous for Australia because then they would gradually move, presumably, to what the overwhelming majority wanted, and by and large that would work in Australia's interest because at the moment some of the things that we want to do are

blocked by one country, which is Malaysia. That gives us two options. I think one is to endeavour to persuade Malaysia to our point of view, which of course we are doing but, down the track as ASEAN gets larger, the whole issue of policy making by consensus may fall away, and that would not be unhelpful to us, I do not think.

I would make a general point, which I am sure has probably been made to you before, about the diversity of ASEAN. It really is a remarkable organisation when you look at it, and when you think that it has been as successful as it has been. When you start to look at the differences, there is Thailand where you have got a Buddhist-speaking constitutional monarchy—and Thailand of course has never been colonised—and Malaysia which is a former British colony, also with a quite complex ethnic make-up: Chinese, Malays and Indians.

You have got the Philippines, which was a Spanish colony which then became an American colony, which is predominantly Catholic with a strong Muslim element in the south and essentially Spanish-speaking, or it was originally. You have Indonesia—now the fourth most populous nation in the world following the disintegration of the former Soviet Union—which is predominantly an Islam or Muslim country and a former Dutch colony. And now to that mix you add Vietnam which is still ruled by its communist party and was a former French colony.

So you have really an amazing religious, ethnic and historical mix. It really is extraordinary that it has been so successful in welding together what you might call a unified approach to a number of problems. I have always thought that, given the existing diversity within ASEAN, Australia is not that much more diverse than the differences between Vietnam and Indonesia, for example. I feel we may have missed this boat but it would have been very advantageous to our long-term interest to consider seriously adherence to the Treaty of Amity and Cooperation which brings you into at least an associate membership role with ASEAN.

I think as ASEAN has got larger, and because of developments like the Dili massacre in Indonesia and some other problems, that opportunity may have passed. I feel that we might be better placed had we looked at that very carefully in the late 1980s and the early 1990s. But that is gone now and the problem we face is that the ASEAN countries, by and large—with the exception of Laos and Cambodia—at the moment are growing very rapidly economically and Australia is growing fairly slowly economically, and in terms of population growth too. Because of that there is a danger of Australia becoming somewhat marginalised in the region in 10 to 15 years time unless we address this relationship very carefully and directly.

I am not saying the government is not doing that—it probably is. You can see this. If you go back a few years, Gareth Evans used to say that the Australian economy was larger than the economies of the ASEAN countries put together. That, of course—

CHAIRMAN—It is no longer the case.

Mr Woolcott—That's right. Even he reverted from that and started using the formula, 'We are nearly as big as'. The disparity is increasing, and that is a problem for us. However, there are other issues. Although I said initially that we should not over-focus on Indonesia, we should keep in perspective the importance of ASEAN as an institution, it remains the fact that Indonesia is the core of ASEAN because of its size, because of its resources, and because of President Suharto's status as the longest serving head of government there. Indonesia, incidentally, will become Australia's dialogue partner with ASEAN in 1997. So there is a special importance in relation to Indonesia.

That may be offset somewhat by developments in Indonesia itself, and by Vietnam as Vietnam becomes economically and politically more cohesive. It is a very big country. Vietnam by population will be the second largest country in ASEAN once it settles into it.

There are a number of other issues I could touch on but, as I said, I would prefer to answer questions. One issue I heard earlier when the Radio Australia people were being questioned is the matter of Islam. Australia needs to keep it in mind that if you look at ASEAN you have Malaysia, which is an Islamic country, notwithstanding its ethnic Chinese minority; Indonesia is the largest Islamic country in the world in terms of population; Brunei is an absolute monarchy and a strict Islamic country; and the Philippines has a large area in the south, in Mindanao, which is predominantly Islamic. Islam is a strong force in the region and I think we need to take that into account.

I was Secretary of the Department of Foreign Affairs and Trade during the Gulf War. I remember saying to Mr Hawke at the time, when he was about to announce our strong support for the American position, 'This is fine, but it would be prudent to advise Indonesia, Malaysia, Brunei, and even the Philippines, as members of ASEAN with strong Islamic connections, and keep them informed of what we are doing.' And that was done.

I think that is something we need to keep in focus—the growing strength of Islam in the ASEAN area. It is not a problem but, by and large, particularly in Indonesia, it is a rather moderate form of Islam. You have got an Iranian type of situation—it would be very difficult for us if we did. But that is another factor which needs to be kept in mind.

CHAIRMAN—I have just two issues. First of all, let us go back to the evidence from Radio Australia and ATV—you only heard part of that. Going back to your wide experience of international diplomacy on the ground, as a government have we got the balance right in terms of that on-the-ground diplomatic resource in relation to the electronic resource which is Radio Australia and ATV? If media reports are correct, are we making a major tactical error—in fact, cutting off our nose to spite our face—in terms of both of those organisations?

My second question relates to what you said about compromise, expansion from

the seven to the club of 10. Your article in the *Weekend Australian* and a number of other submissions have made the same point, which is that attempts to do this in the past have been quite unsuccessful. You refer to going back 35 years or whatever it was. Why has ASEAN been so successful? What is its main thrust? Is it to counter what they perceive is happening with China? What is the thrust of ASEAN? Bearing in mind that there are differences of opinion between existing ASEAN members as to how fast they should move to get to the club of 10, what sorts of pressures will that be building up within ASEAN itself? What does that pose for us? We are going to hear from Reverend Gaffey in a moment specifically about Burma, but what does that pose for us in terms of problems for our international diplomatic efforts?

Mr Woolcott—There are a number of questions there. Let me start with your question about Radio Australia. I do think that either scrapping Radio Australia altogether or even seriously reducing its capacity will send the wrong message to countries in South-East Asia.

The fact that some countries have occasionally complained about Radio Australia reports and that because it is funded by the government some people in the region probably assume that it is a government voice, or ought to be the voice of the government, are relatively minor issues compared to the main one. I think what is happening to Radio Australia is likely to send a signal of disengagement at precisely the wrong time.

As I mentioned in my opening remarks, we have been going backwards a little in relative terms. As the ASEAN economies are growing at a much faster rate than ours, they are becoming a much more influential subregional organisation—not just in Asia-Pacific affairs but even globally. If you go back into history, for example when I was in Kuala Lumpur in 1962, Australia successfully became part of the Asian Broadcasters Union. We became regional members of ECAFE. In 1977 we were invited along with the prime ministers of New Zealand and Japan to attend the ASEAN 10th anniversary summit. Here we find ourselves in 1997 fighting to get into ASEM if we can. Part of the irony of that is that it was Malaysia which hosted the 10th anniversary of ASEAN summit to which we were invited in 1977.

So part of the problem of our relationships with ASEAN is that we are the suitor. It is Australia which is seeking to engage itself more comprehensively with Asia because it is to our political, economic and security advantage to do so. It is not those countries which are seeking to engage directly with us. In a sense, if we want that engagement it does limit our options a little as to what we can do.

Again, I think that we need to be careful about the signals we send—for example, the scrapping of the Development Import Finance Facility very early in the days of the Howard government. You could make out a very good case for scrapping DIFF on the grounds that it is a subsidy to industry, but I do not think you just announce it sort of ex cathedra in the second week of a new government without prior consultation with

countries which were the main recipients—namely, China, Indonesia, Vietnam and the Philippines. It did cause quite a negative reaction.

In our handling of our relationships both with ASEAN as a group and bilaterally with the member countries, we need to give more thought than we do sometimes to the message of certain actions that we might take for essentially domestic political reasons, or even sound reasons in our perception of what our national interests are, so that they are properly explained. Our diplomatic missions, of course, are on the ground there to do that. An instrument like Radio Australia is also very important in getting the government message out.

From my own experience in Indonesia, particularly in Nusa Tenggara in eastern Indonesia, it has a very large audience. It comes through more clearly, strangely enough, in islands like Sumba and Sumbawa and Flores and Timor, more clearly than RRI—Radio Republik Indonesia. It is something which has been built up over time and, as I say, I think it sends the wrong signal to disengage.

On another question that you raised, as to why ASEAN has been so successful when other bodies like ASA and Maphilindo failed, I was in the region at the time that they were being advanced and the countries then were just too divided. You had Sukarno in power pursuing erratic foreign policies, in what was called Konfrontasi or confrontation with Malaysia, so they were at loggerheads. You had Malaysia pursuing its claim to Sabah and the Philippines and you had a lot of ethnic tensions. Really, if you look at the map of South-East Asia, say, in 1960 and compare it to now, it has clearly been an amazing transformation.

But why it was successful at the time it was established in 1967 was that a lot of those problems had been at least partially resolved or damped down. I think the disappearance of President Sukarno was probably a key factor and the great change that followed in Indonesia of moving down the path of economic development. As the largest and most populous and most resource rich country in the South-East Asian region, that provided the basis for the establishment of ASEAN.

In other words, the time was right. It built up slowly. It took quite a long time before the sorts of mechanisms were provided for. Some of those disputes continue. There are still arguments over territory and over seabed boundaries. The Philippine claim to Sabah is not entirely resolved but you have that mechanism now for dealing with it. The establishment of ASEAN—and then subsequently the negotiation of the Treaty of Amity and Cooperation—really was a watershed development.

You asked what the main thrust of ASEAN was. Basically I think it is twofold. It was always presented as an economic and cultural body, but its real basic thrust was strengthening regional security by having a mechanism which would resolve, or help resolve, intra ASEAN tensions and at the same time provide a larger sort of subregional

organisation which would collectively be large enough to have some influence perhaps on China and on Vietnam, before Vietnam became a member. It obviously has had an influence on Vietnam because one of the security problems which led to the formation of ASEAN was Vietnam. Now Vietnam is a member of it, so you can see how the situation has been changed, and China itself does attach great importance to its relations with ASEAN. The thrust was regional security and I think that has worked. The establishment of the ARF I think has been a very useful step forward and I think Australia can be quite proud of the role it took in promoting that originally.

One of the problems with the ARF is that the ASEANs did not want to talk about security for a long time. They are still fairly hesitant to do so. Clearly a country like North Korea should be drawn into ARF because that is where one of the threats is, but that has not happened because obviously South Korea does not want it.It is all moving in the right direction. I think you asked another question?

CHAIRMAN—I did, on the expansion and the problems within ASEAN. Particularly, does that have any ramification for dialogue with Australia? I am thinking particularly of the vexing question of the SLORC and Burma.

Mr Woolcott—There are really three issues there. On the expansion, as I mentioned—I think you were out of the room at the time—I see the expansion of ASEAN as possibly not disadvantageous or advantageous to Australia because one of the problems we have had with ASEAN is that ASEAN has a cumbersome policy formulation process. It depends on consensus and that means you move at the pace of the slowest member or one country can block something, as Malaysia has done in respect of ASEM. As ASEAN gets larger, I think two things will happen. First, it will further widen the economic disparities between countries like Laos and Cambodia on the one hand and Singapore and Malaysia on the other, and make it probably more difficult for the AFTA free trade agreement to really gather momentum.

Second, as the membership is a little more divided and a little larger, as in all organisations, it is going to be much harder to reach consensus. I think the consensus decision making process might break down to some extent, which could be quite helpful to Australia because the overwhelming majority of those countries want us to do some of the things we want to do like join into ASEM.

Mr SINCLAIR—Do you see ASEAN 10 being the limit and ARF taking in all the others, or do you think ASEAN 10 is only a pro tem goal from which they might look to even further expansion?

Mr Woolcott—They have always been rather conservative about expansion. The route into ASEAN is to start by adhering to the Treaty of Amity and Cooperation. I would see 10 as probably the limit for the time being. I mentioned earlier, when you were out of the room, that I would have liked to have seen Australia look more seriously at adhering

to the Treaty of Amity and Cooperation in the 1980s, when it could probably have been done. I think it is in the too-hard basket now; there are already 10, and certain countries may not want it.

Mr SINCLAIR—You would not think that Australia should make an application? That is what I was really getting at.

Mr Woolcott—Yes; but, as I said, I think that it is probably too late. It is something that would be well worth while exploring, both privately and diplomatically, to see what the reaction was. We are, after all, in this part of the world and we are the major regional institution in this part of the world.

CHAIRMAN—But, one would assume that if Dr Mahathir has a hang-up about ASEM and Australia's membership, then he would have an even more vitriolic opposition to Australia's—

Mr Woolcott—Yes; I imagine that Malaysia would be opposed to it, but maybe not indefinitely. The real problems are in the areas of human rights and differing political systems; that is where the real problems lie in that respect.

Turning to the problems of ASEAN that you mentioned, one is the growing economic disparity between the more developed and the less developed economies. Another is—and this is an important issue which is often overlooked—the dangers of fragmentation. Indonesia has those sorts of problems in Irian Jaya, East Timor and Aceh in the north, and they have had them in the past in the Moluccas. Malaysia, whilst so far so good, could have such problems, if one looks back at how Sabah and Sarawak came into Malaysia. There are the same problems in the southern Philippines with the Moro National Liberation Front. Australia has had a fair amount of focus on Bougainville and, again, that is essentially a fragmentation issue.

The government and the Australian community need to look very carefully at what one does about these things. There is a natural sympathy within the Australian community for supporting what I might call national liberation and independence movements. One needs to look at where this ends and at what the Australian national interest is. Our own view is that it is not in our interests to in any way encourage fragmentation of these countries. We need to think very carefully before we respond to, say, lobbies for the independence of Bougainville or East Timor—and it goes far beyond that. It goes through into India, Burma and Thailand, where you have got groups seeking independence. The world would end up with about 600 countries, if this were to go ahead.

Mr SINCLAIR—You mentioned East Timor and Indonesia, and it is obviously one of the major issues which will continue to make life difficult between Indonesia and Australia from time to time. How do you reconcile your concerns about human rights and the processes of equal development? Irian Jaya is perhaps even more of a dramatic

concern, in a long-term sense.

Mr Woolcott—In the long term, Irian Jaya is probably a more difficult problem than is East Timor. The Indonesians have grossly mishandled East Timor. It seems to me that there was no particular reason why the absorption of East Timor into Indonesia in 1975 would not go relatively smoothly. After all, India had absorbed another neglected Portuguese colony, Goa, without any great problems in a period of 10 years. There is already in Indonesia—and people forget this—a province called the Flores, which had a long association with Portugal, is 90 per cent Catholic and is quite comfortable within the Indonesian republic. It is a result of the mishandling of East Timor that the problem is still there 20 years later. I think that it is now contained within what I hope is a broad bipartisan approach to the importance of the relationship with Indonesia, but it will be an ongoing problem.

On the human rights issue—aside of that issue—it is never going to be a clear choice between principle and practical national interest. It is always going to have to be a balance. You are going to have to try and balance conflicting interests. Both the former government and the present government are confronted with that situation and trying to do it. It is not easy and it is not going to get any easier, I would not think.

Mr SINCLAIR—The reason I raised it was that it seems to me that this is perhaps one of the reasons why an application to join ASEAN is worth contemplating. Though, on the other hand, if ARF is going to work, through it in our region we can talk about some of these processes. I see it also not peculiarly relating to the fragmentation of sovereignty, but also the future of succession. It is not peculiarly in Indonesia that we need to worry about succession. You have a number of other countries where the attitudes and views of the people who are now there could well be fundamentally different.

Mr Woolcott—Yes.

Mr SINCLAIR—Burma is a very good example. When the SLORC go, you are going to have a different regime and how we put pressure to get that transition.

Mr Woolcott—I am not sure that there is a great role for Australia in putting pressure. South Africa was a slightly different case because there you had institutionalised racial discrimination underpinned by law which was totally contrary to the Universal Declaration of Human Rights. The SLORC regime is a very bad regime in many respects. I think we sometimes exaggerate our influence and the extent to which we can determine the internal affairs of other countries. We need to be very careful about that, otherwise we start to appear to be intrusive.

One of the problems—and Ian mentioned this—is adhering to the Treaty of Amity and Cooperation which involves a step towards joining ASEAN. One of the key clauses of that which would probably not be acceptable to the wider Australian community is non-

interference in the internal affairs of member countries. This is why, of course, we may be very critical of certain developments in Indonesia or Malaysia, but you very rarely hear them criticising us about Aboriginal deaths in custody or something like that. There is that convention which is hard to get around and is focused by the agreement on mutual security with Indonesia. I do not think if that had been publicly debated it would have happened. Obviously, Mr Keating took that view too and went ahead and did it.

It is a problem in all Western democracies that foreign trade policies have to rest on broad community support if they are going to be effective. It is an ongoing problem in relation to some of the ASEAN countries, because of the cultural and social differences between our society and theirs. How do you bridge that gap? How do you deal with it? The government-to-government relationships with all these countries is good, even with Malaysia. The business community to business community relationships tend to be good. The academic communities tend to be good and improving, but the gap is out there in the wider community.

I think there is an enormous job. I do not know if committees like this can be helpful in sensitising and educating the wider Australian public to the national interest which is involved in dealing, not only with ASEAN as an institution, but with all of its members as a group. It is a continuous balance between our legitimate concerns about democracy and human rights on the one hand and, on the other, the fact that in the end these countries are going to have to solve their own domestic problems. They are not going to necessarily take prescriptions. If America is not powerful enough to settle the situation in, say Liberia or closer to home in the Caribbean, it is unlikely that Australia is going to be able to provide blueprints for countries like Indonesia or Malaysia.

Mr SINCLAIR—We are not going to have a Grenada landing or something.

Mr Woolcott—That is right.

Mr SINCLAIR—Thinking about defence issues on another plane, how do you see the future of the ASEAN-Australian defence relationship, given the degree to which there has been a major build-up of their defence capability? I am not too sure whether at this stage they really know what they are defending for or against. The Indonesian defence force is still more internally focused than focused against an external threat. How do you view the military build-up in the region?

Mr Woolcott—Of course I would like to see them spending less money on defence and more on social welfare but, as these countries grow and their budgets increase, a lot of it is modernisation of very outmoded and outdated defence equipment. I think we have, and they all acknowledge, that collectively we have a common interest in the security of the region. To the extent that there are external threats—I suppose there is uncertainty about the future course of events in China. But in the main I have been less worried about increases in defence budgets in countries like Malaysia, and to some extent

Indonesia, being in some way threatening to Australia. They are still a long, long way behind our overall defence capability. I guess it is something that needs to be watched over time. Of course, another aspect to it is, to the extent that equipment and purchases in those areas are coordinated, that Australian companies are going to be in there bidding to be suppliers. That is a whole other issue.

But, on the whole, I think that we all do have a common interest in regional security and the best way to deal with that problem is an ever-growing network of contacts, which we are having through the ARF, through the agreement on mutual security with Indonesia, and through the five-power defence arrangements with Singapore and Malaysia. The SEATO organisation is dead but the treaty is still formally there, which has a link with the Philippines and Thailand. Our defence cooperation programs with all these countries is an ongoing thing. I think all that is part of the confidence building mechanism.

CHAIRMAN—With the emphasis on bilateralism and the real emphasis on bilateral relations, particularly at the official level, do you see the official level as the important ingredient in that?

Mr Woolcott—Yes, I think it has to be both. We have to deal multilaterally with the various ASEAN bodies like the ministerial forum and the ARF, but also, very importantly, we must maintain the bilateral links with each country because the attitude is going to be the sum of the whole.

Mr SINCLAIR—Part of the problem lies in places like the Spratlys where you have an ability for the situation to change. Whether it will depends on a lot of factors including the American presence in the area.

Mr Woolcott—The Spratlys is particularly interesting because now that Vietnam is a member of ASEAN and is a claimant to the Spratlys and the Paracel Islands, I think you will find there will be certain worries in countries like Indonesia that Vietnam will try and draw ASEAN into an antagonistic position towards China. Again, mechanisms have been established to deal with that. I do not see that being easily resolved because territorial claims very rarely are. I think it is a remarkable thing that Australia and Indonesia have now completed their seabed boundary. That is a great and important development.

But the Spratlys are still a potential area of danger and they are all conscious of it. They will look for ways of dealing with it. I do not think the Chinese will react in a military sense, unless they feel that they are being provoked. I have actually talked about this issue with Premier Li Peng and Qian Qichen, the foreign minister, when I was in China last time. There is a difference between public posturing and what the realities really are. I do not think any of these countries want to get involved in hostilities over the Spratlys. You had the Mischief Reef issue with the Philippines but even there that was partly to ensure that an adequate defence budget was passed by the Philippine congress.

Mr SINCLAIR—The Simons report having just come out, how do you regard in general—putting DIFF aside—the results of development assistance aid to ASEAN from Australia?

Mr Woolcott—That is a big subject, of course. It is a bit spotty. There have been excellent programs which have really contributed. The objective of aid should really be to make a contribution to sustainable development in those countries and I think in some it certainly has.

Australian aid to Malaysia in the early days was crucial. We ought to remind the Malaysians privately of this a bit more often. We set up the Malaysian central bank and Malaysian Airways. We virtually set up the Malaysian armed forces. We have done a great deal in the way of rural development projects in Indonesia. In the Philippines there have been very effective projects in really difficult places like Samar and Mindanao. By and large, it has been pretty positive.

Mr SINCLAIR—And for the future?

Mr Woolcott—As they get wealthier and more economically advanced, there will really be no need for Australian aid in a place like Singapore now, and much less probably in places such as Malaysia. In the big, populous countries with high levels of poverty, such as Indonesia, the Philippines and Vietnam, our aid should continue to be focused on what will make the best contribution to sustainable development.

For example, in 1964 in Indonesia 74 per cent of the population lived below the poverty line according to UN measures. In 1997, by the same UN measures, 14 per cent live below the poverty line. No country in the Third World has achieved anything like that change. It is not entirely due to aid, but a lot of it has been due to well-focused aid. Australian aid to Indonesia is actually a very small percentage of the total aid that Indonesia receives, but that graph is good. You do not see that sort of thing in Nigeria or Africa where there is a lot of wealth but not much success for aid programs.

CHAIRMAN—I must admit that I had forgotten, until you mentioned it in terms of Malaysia, that Tony Synnot and Bill Dovers were the first commanders.

Mr Woolcott—They were the foundation naval commanders, yes. And Bill Wilcock, who used to be with the Commonwealth Bank, established the Central Bank of Malaysia.

Mr SINCLAIR—There is a problem as you move away from aid. One of the disappointing factors to me from what I have read of the Simons report, is that, for example, in eastern Malaysia there is a real worry that they not continue to denude the forests and destroy the environment. Have you thought about perhaps changing the character and nature of the aid we provide and, if so, what are your views on that? It is

only because it is very important in our conclusions and we really want to get your comments.

Mr Woolcott—I retired as secretary of the Department of Foreign Affairs and Trade five years ago and I have not really been involved in the aid side. This is an issue. The Australian government has addressed it in relation to the Solomon Islands, for example. Trying to tie aid to proper environmental practices is a good idea in principle. Again, you do run into the problem from time to time of intrusion into what they regard as their own right to determine their own economic development programs. One would hope that, through a variety of international organisations, that countries will realise that it is not in their own long-term interests to denude their forests. It has happened in Brazil to a disastrous extent, but one would hope that Malaysia, Indonesia and Papua New Guinea will learn from that.

Mrs GALLUS—You started, Mr Woolcott, by talking about Islam and pointing out the number of ASEAN countries that are in fact Islamic countries.

Mr Woolcott—I just mentioned that as a factor that might get overlooked.

Mrs GALLUS—At the moment we are not seeing too much fundamental Islam in those countries but we know there are forces trying to establish that in the countries. It has been quite successful in the Middle East. We are seeing fundamental Islam on the rise in countries where we did not expect to see it. I think there is no question it is increasing in Egypt as well as in some of the other countries. Do you see any dangers of that happening in the ASEAN countries?

Mr Woolcott—No, I do not really but I think it is an issue we need to watch. We need to maintain our own interests and religious toleration. In Indonesia, you do have a fundamentalist group in Aceh in northern Sumatra. When one is looking at human rights violations, I suppose they are as bad in Aceh as they have been in East Timor. But there they are directed against the Islamic fundamentalists because they are seen by the Suharto government as a real danger to moderate and religious tolerance in Indonesia if they take root.

But there are not too many centres where fundamentalism has really put down roots. Aceh in Indonesia is one. North Eastern Malaysia is another in Kalimantan but, again, I think that has been well managed. We have been fortunate to the extent that these countries, particularly Indonesia and Malaysia—and to some extent the Philippines—have handled the Islamic issue.

Something Indonesia very rarely gets credit for is its religious toleration but it really has been a very tolerant country. At times like elections, which we are coming up to now, you do get the religious issue coming to the fore and that is always dangerous. But I would say it is a case of so far, so good. I do not really see it changing unless you have

very depressed economic conditions, as you had in parts of the Middle East, and a vast gap between the rich and the poor. It is just something that the government needs to watch and consult on when we are doing things which have an Islamic aspect to them, like the Gulf War which I mentioned as an example.

Mrs GALLUS—Is there any evidence that you know of that they are working at the grassroots in the way that they have been so successful, which is not raising their heads but just infiltrating at the very grassroots, and it is only when that comes into a critical mass that you start to realise you have a problem?

Mr Woolcott—Yes, that is a potential danger. There is a very strong awareness of this in Indonesia, particularly at the present time. There has been a danger in Indonesia that what is called the 'Islamic card' will be played in political terms. Again, we are enormously fortunate that the major Islamic organisation in Indonesia is Nahdlatul Ulama and it is headed by a man called Abdurrahman Wahid who really believes that politics and religion should be kept separate. The membership of Nahdlatul Ulama is over 30 million. It is very important that that sort of stability is maintained. He has good contacts with Australia too. Indonesia is not going to become a theocratic state, I am sure of that, unless when Suharto leaves the scene, you were to get some reversion to the sort of chaos of 1965.

That is the sort of situation in which the concerns you have can take root. But I do not think that will happen because the country has advanced so much economically and socially that, when the transition comes, there will be volatility but I do not think it is going to degenerate—

Mrs GALLUS—That was my second question actually: after Suharto what? I believe there is a volatility there now that somebody sort of feels something and there is an immediate demonstration on some sort of subject. How serious is that like to become into the election? Will this be a little blip and it will go on smooth sailing, or does it depend on what the forces at work are at the time?

Mr Woolcott—I think it is a brave person who will predict the outcome of such complex transitions as you are having in Indonesia and China. But, that said, I would say that my own assessment—for what it's worth—is that there will be volatility, as you say, but in the end there will be a relatively smooth transition to the incoming government whatever it is, because ABRI, the Indonesian armed forces, they are still the guarantor of the security of the state.

They, the business community and the international community all have a very major interest—and so does the president himself, I would think. President Suharto will want to go down in history as the man who has transformed his country from what it was in 1964 to what it is now. All the indicators point to a relatively proper transition through existing constitutional means; in other words, the 1995 constitution. It would be helpful if

the president would indicate a vice-president who would be widely popular.

In Malaysia, for example, you already have Dr Mahathir having virtually designated a successor. In Singapore, you had Lee Kuan Yew stepping aside and designating Goh Chok Tong. You do not have that sort of situation in Indonesia. On the other hand, there is a constitution that does provide a mechanism and one would hope that will work.

CHAIRMAN—So you do not see Try Sutrisno as a really serious contender for the presidency?

Mr Woolcott—Yes, I do and I think that would be a very good outcome. But the president is playing his cards very, very close to his chest. If I were the president, Try Sutrisno would be an excellent option. But they say no man is a hero to his valet.

CHAIRMAN—He would certainly be an excellent option for Australia.

Mr Woolcott—Yes, but there are others. Some would be divisive, I guess. All this material can become public so I better be a little careful, but there would be some candidates who would be divisive and who have tried to play religion. But I would think the thrust will be to pick somebody fairly safe.

CHAIRMAN—And in Malaysian terms, Anwar is likely to maintain some sort of—if he is to be the man—secular state, is he not, rather than a fundamentalist state?

Mr Woolcott—Yes, definitely. Anwar is a very urbanised man who has good contacts with Australia. But the longer you wait in the wings, the more danger you may face. There are now other candidates popping up in Malaysia.

Mr SINCLAIR—I think it is important that we recognise that there are people like Dick who have really made a lifetime career of promoting Australia's contacts within ASEAN. I commend you, Dick, for the way in which you have done it since your retirement. I think it is important that high profile Australians are seen with that cause. It does not always run in line with some of the more emotive statements made, but it is important that at arms length people who know the ASEAN countries are out there speaking for them. I commend you for the way in which you do so.

CHAIRMAN—I think we all agree with that. Thank you very much, Mr Woolcott.

Mr Woolcott—I agree that it is very important that Australia gets these linkages right.

CHAIRMAN—We may have to invite you to come back later on because these are only preliminary hearings.

Mr Woolcott—Thank you. I actually volunteered to do this partly for the reasons that Ian has mentioned. I think it is very important.

[11.40 a.m.]

GAFFEY, Reverend Paul, International Director and Chief Executive Officer, International Developing Youth Dignity, PO Box U242, University of New England, New South Wales 2351

CHAIRMAN—Thank you for joining us this morning. We thank you for your extensive submission. We understand your need in that submission to address the one particular issue of Burma, the SLORC. You heard Mr Woolcott, for example, make some comments about that. In the short time that we have—and I apologise for that, but we can always get you back again—you may have some different views to express, a different emphasis. That is what we would like to hear.

Mr Gaffey—I have a statement I would like to make. There is an edited version of the full version. I will read the edited version.

CHAIRMAN—Let us first of all introduce this full statement into the evidence.

Mr Gaffey—That is not the statement; that is an appendix.

CHAIRMAN—All right, we will do it on that basis.

Mr Gaffey—That is an appendix to the proposal submission that I sent to parliament about six weeks ago.

CHAIRMAN—Thank you.

Mr Gaffey—Because of time, I will just read the edited version. Then I will give it to Cliff and he will admit the full version. I speak to you today as head of International Developing Youth Dignity. I also speak as a Catholic minister, a deacon, with all the theological background that that entails but with little time for the condescension and irrelevant doctrines that religion imposes upon many perceived weaker members of society, and upon children in particular.

I have come here today to expand upon my plea to the parliament of Australia that ASEAN should be advised through diplomatic channels of Australia's serious concern over the inclusion of Burma under the SLORC into full membership of ASEAN. The Burmese military junta, the so-called State Law and Order Restoration Council, is a brutal genocidal and illegal government which receives its major support in the form of constructive engagement—a euphemism for abrogation of responsibility and ethics to the forces of economic rationalism.

SLORC profits economically at the expense of the lives of its own peoples, from constructive engagement with ASEAN states and directly, in military terms, from China,

which is proving to be more and more interventionist and imperial. A few months ago—actually, on New Year's Day—I returned from the Thailand border and a short but terribly traumatic week in Rangoon during the so-called riots there. I still carry the scars on my legs of having been beaten by the SLORC soldiers.

I had come behind the sit-in demonstration at the medical university. I sat behind them. That was broken up by tear gas and water cannons. In Australian terms, it would have been regarded as a nothing demonstration—students just sitting and saying, 'Democracy now.' The next day they said it was all quiet, and so I went back to videotape and photograph the scene. It was there that I was abused and assaulted by Tatmadaw—the army soldiers. I was sent back to the Bahosi Hotel and detained, and I was not allowed to leave the hotel with any audiovisual equipment. It was only because of Simeon Gilding, the charge d'affaires there, that I managed to get out of Burma three hours before they served a warrant for my arrest. It was very traumatic. I have had a great deal of trouble—as Ian would know—adjusting back into life.

The people of Burma live in a world of mass turmoil, fear, violence and poverty, for which we should be trying to find solutions. Admitting Burma, under the fabulously wealthy SLORC, into ASEAN is no solution to anything. Australia, the US and ASEAN should be applying a policy of instructive disengagement to Burma. By that I mean that we should be linking trade and aid to the internal exercise of human rights and ecological rights and encouraging ASEAN to follow suit.

If the SLORC will not respond, then ASEAN should help to isolate it in the Asia-Pacific region by means of sanctions and the closure of our Austrade office in Rangoon, which is headed by a man who very clearly is a SLORC plant. I cannot understand what he is doing in the Australian embassy.

There are fears that to do that would create a Burma-China axis but, let me assure you, such fears are out of date. The Burma-China axis already exists, with 50 per cent of Burma's GDP going to China in exchange for high-tech weaponry and military training. This constructive engagement of ASEAN with Burma, this economic rationalism, this madness, is an historically capitalist system that is creating such disorder in less developed countries that it is doomed to crumble around us within the next 50 years.

The world of 2050 will be a world based upon the solutions we seek today. We have to restructure our world system, and the only solution—not only for Burma under the SLORC but for Australia, ASEAN and for all states—is the linkage of trade and aid to the exercise of human rights, dignity, compassion and cooperation with all states.

If ASEAN's expanded membership does include Burma under the SLORC, it will send a sign to the world that ASEAN is legitimising the regime's atrocity and its genocide of its own children. Basically, I am saying that we should take up the challenge and inform ASEAN countries and the SLORC of our intention not to support at this time any

expansion of ASEAN that includes Burma under the SLORC.

CHAIRMAN—Thank you very much. First of all, I apologise, but I have an appointment at 12 o'clock. We must finish at 12.30 p.m. because of the requirements of the Senate, but Ian will take over now. It is not because I do not want to listen to what you are saying—and, in fact, I have a lot of sympathy with what you are saying—but—

Mr Gaffey—I thought I had lost that one.

CHAIRMAN—I have another appointment and I regret that.

ACTING CHAIRMAN (Mr Sinclair)—Thank you for coming and giving your evidence. Obviously, the degree to which ASEAN makes its own decisions means that, no matter what we say, don't you think they are likely to proceed with the incorporation anyway? It is not just Burma—Laos and Cambodia are also applying. We can register protest—and I understand what you are saying—but isn't it a little bit more than our capability?

Mr Gaffey—No, I do not believe so. I have written to Mr Downer and I am convinced that, despite the fact that our level of investment in Burma is small, the symbolic nature of sanctions is important. Our investment is highly visible. The largest billboard in Rangoon is for Fosters beer, and every time Australia sneezes, ASEAN thinks we have the flu. They look at us and they look to us.

On the 10th, the day I flew to Rangoon, the *Bangkok Post* had an article with the headline 'Australia says no to economic sanctions'. The subheading was 'Downer slams SLORC'. A number of people came up to me and said, 'Can you explain that?' All I could say was, 'No.' We are sending mixed signals. On television last Sunday week, they asked Tim Fischer about sanctions. He said, 'Oh no, we wouldn't do that because it would mean we are kowtowing to the Americans.'

I have received a fax from President Clinton's office and Secretary Albright. I do not believe it is a question of kowtowing to the Americans. I believe it is a matter of, in all honesty, supporting the stand that they have taken eventually. I have also received a letter from Mr Beazley, in which he has spelled out a new Labor policy towards the matter of Burma, which includes sanctions and the closure of the Austrade office. The symbolism would be enormous.

As Mr Woolcott said, ASEAN states are not about to turn around and attack us. They recognise that we have indigenous problems, just as they have their own problems. From an NGO point of view, I have problems with Laos and Cambodia joining ASEAN, but I believe they can be overcome. I am thoroughly convinced that, until dialogue is set up with the SLORC and it is prepared to realise that the volume of world opinion is against what it is doing, there will be no solution. There was an informal meeting in

December in Jakarta and all ASEAN states, except for Malaysia and Indonesia, accepted the fact that Burma should be a part of ASEAN, but this is not the time.

Mr HOLLIS—I was part of the human rights committee, as was Ian Sinclair, that did the inquiry into Burma. I have no basic disagreement with what you are saying. I must say though, in all honesty, it is a pity that the Labor Party was not quite so fulsome in government as they appear to be in opposition.

Mr Gaffey—Absolutely. I agree with that.

Mr HOLLIS—Often what the now government say in government is different from what they were saying in opposition.

Mr SINCLAIR—Yes, I know. I totally agree.

Mr HOLLIS—I think one of the difficulties or worst experiences we had as a committee was when a former prime minister came before us and told us that the SLORC generals were running the best organised country and he was very impressed. The fact that it was not the legitimate government did not seem to worry him.

Mr SINCLAIR—Not at all.

Mr HOLLIS—I basically have no disagreement with what you are saying. I am not quite as convinced as you are that Australia closing the post there would have the impact that you seem to believe it would. You may well be right. But we went through these debates in South Africa and the argument with South Africa always was that at least we had a post there—a listening post. I think we have been proven right in the case of South Africa because of contacts that were made with so many people. I am not drawing a parallel between that and Burma or Myanmar, but there has been a call for a long time to close the post. The Labor Party when in power rejected that and the current government rejects that. One of the arguments that they use—if not always openly—is that it is at least a contact point, and often a contact point for dissidents.

Mr Gaffey—I disagree with that—

Mr HOLLIS—Fair enough.

Mr Gaffey—Based on the fact that during that week that I was in Rangoon I visited the embassy every day and I had extensive discussions not only with Simian Gilding but with the Burmese man who for 12 years has been running this Austrade office. I have his name here somewhere. It was very clear that he was not following what I understand to be official Australian policy which is: invest if you will and do not if you do not want to. He was actively promoting and pushing investment, investment, investment, without any ties to human rights.

I raised the matter of the enormous number of children under the age of 18 who have died or been killed since SLORC came into power and he said, 'Oh well, children die in any country.' I spoke extensively with UNICEF and it is a conservative estimate that 2.5 million children under the age of 18 have died or been killed by the SLORC since 1988. That is more than the official figures that are given for Pol Pot's genocide in Cambodia.

Whether we have huge significance or not, I do not think it is the quantity, it is the quality of response. I believe that it is time that we sent a clear signal and that we looked at our world policy in terms of trade and aid and started to address the issues, as you were discussing with Mr Woolcott, for instance, of ecological matters. It makes absolutely no sense, for instance, to send aid to Sabah when they are just stripping and denuding the forests. Neither does it make any sense to conduct trade, as BHP is actively engaged in dialogue with SLORC regarding oil and gas rights, until they stop killing their kids.

During that week in Rangoon I was amazed that there were virtually no children on the streets of Rangoon. There was a lovely old fellow who used to drive me round each day and I said to him, 'Where are the children?' He said, 'They are being hidden at home.' I said, 'Have you any children?' He said, 'Yes, two.' I said, 'Where are your children?' He said, 'They are at home and if there is any sign of military activity around the house we have a hole dug into the wall.' It is like Nazi Germany in the 1930s; it is like the *Diary of Anne Frank* all over again. I am emotional about it. I am extraordinarily upset about it. The wishy-washy mixed signals that are coming out of Australia do not help the situation at all.

Mrs GALLUS—In ASEAN the idea has been put forward that taking in Burma is going to put some fresh air into the country; that the influence of being part of ASEAN will moderate that government as it mixes with the other countries and that part of the problem at the moment is that it has been able to close itself off so much. What is your response to that?

Mr Gaffey—I do not believe that constructive engagement has worked, will work or will ever work. They say, 'This is the Asian way of doing things.' They have had no effect on the question of human rights in Burma at all. They do not raise the matters. They speak in terms of cooperation militarily and of economic cooperation. If you go to Burma it is very clear within Rangoon and in parts in the middle of Burma where they are relocating the Shan that they are doing this to make way for military exercises with China. It is a very clear sign that if ASEAN accepts Burma under the SLORC as a full member, it will give complete entry to expansionist China to put a foot in the door. I believe it will be divisive and I do not believe it will have any effect at all in terms of human rights.

Mrs GALLUS—As Burma starts to look at the economic necessities of trade, won't this open it up to new ideas and to a different way of approaching things?

Mr Gaffey—It hasn't so far and I cannot see it happening. I was in China during the Tiananmen Square massacre. I was in Indonesia during the Timor massacre. I was lecturing in Bangkok. I have lived in ASEAN countries for 15 years full time. In May 1992, eight of my students were killed in the heart of Bangkok. I have been witness to many of these things but I have never seen anything like I saw from 10 to 16 December—the brutality, the fear.

Two of the students who were in the demonstration were living in a hotel—it was just an excuse for a new slum—in the lane over the road where there was a series of shacks. There was a girl and a boy, two students. They had gone through the Buddhist wedding ceremony. They had jumped in the car with me when we got out of there.

The big demonstration happened on Thursday, the 12th. Friday the 13th was the day I was assaulted. On the Saturday night one of the waiters at the hotel—and the average age of people manning this hotel was 14—came and said, 'Come up to the roof.' I had heard all this noise outside and I was sitting there in terror. We went up onto the roof and saw these armoured cars pull up. The occupants ran down the lane and hauled these two kids out and executed them under the tree at the end of the lane.

Mrs GALLUS—Why was that, Paul? What was the reason for that?

Mr Gaffey—Because it is the SLORC's way of dealing with students that they believe are ringleaders and are closely associated with the NLD. These kids were at the forefront of this group. There were only about 50 students at that demonstration. All they had done was padlock these old Victorian iron gates and were sitting behind them.

Mrs GALLUS—When you say the war on the children, are you talking about students?

Mr Gaffey—I am talking about any person, boy or girl, under the age of 18, as specified in the 1989 UN Declaration on the Rights of the Child.

Mrs GALLUS—You have specifically mentioned students. How young do we get the attacks on children? What ages do we go down to if we are attacking children?

Mr Gaffey—In Burma?

Mrs GALLUS—Yes.

Mr Gaffey—This document speaks about the induction of boys as young as 10 into the military. The boys are used—to quote the old expression—as cannon fodder. It is widely known, and it was told to me, if a boy weighs at least 50 kilograms and stands at five foot two—I do not know what it is in centimetres—they are kidnapped, they are put into the army and they are told that they are 18. You have the average age therefore of

new inductions into the military at 14. This is a massive abuse of children.

Mrs GALLUS—And this is children from all families, across the board?

Mr Gaffey—It certainly is not from the ethnic minorities—particularly the Shan, the Karen and the Rohyingas. It is mainly from central Burma. The cultural situation occurs in Burma where the top of society is either the elder or somebody in the military. So for a boy of 12 who is inducted into the military it is a very big status symbol. They use that to induce them, and they prey upon the poverty of the families. Since returning, I have spent a lot of time with the ABSDS—the All Burma Students Democratic Front—to instil a policy of non-violent action, and they have adopted my recommendations on that, thank God. We are aiming to disrupt whatever we can in the country by non-violent means—not to refute the SLORC, but to bring them to a conference table, as we are doing today.

Mrs GALLUS—I am afraid I have to leave. I have a terrible feeling that I might have actually mistaken what time I was supposed to catch a plane. Sorry, Paul.

ACTING CHAIR—Paul, thanks very much for coming along and for the evidence you have tendered. Of course, it is such that we may need to call you again. We will certainly look at it and respond in due course. Thank you very much indeed for the effort you have put into it, and we wish you well in your association.

Mr Gaffey—If there is anything further at all, by all means contact me because I am now very committed to the children of Burma.

ACTING CHAIR—Thanks very much, Paul. I thank *Hansard* for their assistance this morning, all our witnesses and, of course, our staff, without whom we would be nowhere.

Resolved (on motion by Mr Hollis):

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

Subcommittee adjourned at 12.08 p.m.