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JOINT STANDING COMMITTEE

ON

**FOREIGN AFFAIRS, DEFENCE AND TRADE
(Foreign Affairs Subcommittee)**

Reference: Relations with ASEAN

MELBOURNE

Wednesday, 11 June 1997

OFFICIAL HANSARD REPORT

CANBERRA

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

Members:

Mr Taylor (Chairman)

Mr Barry Jones (Deputy Chairman)

Senator Bourne	Mr Bob Baldwin
Senator Chapman	Mr Bevis
Senator Ferguson	Mr Dondas
Senator Harradine	Mrs Gallus
Senator MacGibbon	Mr Georgiou
Senator Reynolds	Mr Hollis
Senator Schacht	Mr Lieberman
Senator Troeth	Mr Leo McLeay
	Mr Nugent
	Mr Price
	Mr Slipper
	Dr Southcott

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

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

Australia's relations with ASEAN

MELBOURNE

Wednesday, 11 June 1997

Present

Mr Barry Jones (Acting Chair)

Senator Bourne

Mr Georgiou

Mr Hollis

Mr Nugent

Mr Price

The subcommittee met at 9.30 a.m.

Mr Barry Jones took the chair.

ACTING CHAIR—In the absence of the chairman, I declare open the Melbourne session of public hearings being conducted by the Foreign Affairs Subcommittee of the Joint Standing Committee on Foreign Affairs, Defence and Trade. The subcommittee is inquiring into Australia's relations with ASEAN, the development of ASEAN as a regional association and Australia's relationship with it.

It is timely that the subcommittee should examine Australia's relationship with the developing and expanding regional organisations to our near north. ASEAN is 30 years old this year and its membership is growing. From 1 July the ASEAN group of seven nations will increase to 10, with the addition of Laos, Cambodia and Burma. ASEAN already forms the fourth largest trading region in the world, after the US, Japan and the EU, and clearly exhibits a growing confidence and influence in regional affairs.

We have already taken evidence in Canberra, Sydney and Brisbane. This morning we will be hearing from the Australia Defence Association, Radio Australia for the second time and the Women's International League for Peace and Freedom, and from private citizens. In the afternoon we will take evidence from Professor Camilleri of La Trobe University and from Professor James Cotton, author of a recent book in the Australia in World Affairs series, published by the Australian Institute of International Affairs.

Before we proceed to the taking of evidence we will formally accept the following submissions and exhibits.

Resolved (on motion by Mr Georgiou, seconded by Senator Bourne):

That the following submissions be accepted as evidence and included in the subcommittee's records of the ASEAN inquiry: submission No. 27 from Professor James Cotton and supplementary submission No. 24A from Radio Australia.

Resolved (on motion by Mr Georgiou, seconded by Senator Bourne):

That the following documents be accepted as exhibits for the ASEAN inquiry: No. 14—Chapter 1, extract from *Seeking Asian Engagement: Australia in World Affairs 1991-1995* (Melbourne Oxford University Press 1997) edited by James Cotton and John Ravenhill; and No. 15—*Australia and Security Cooperation in the Asia Pacific*, AUS-CSCAP Newsletter No.4, March 1997, Strategic and Defence Studies Centre, Research School of Pacific and Asian Studies, Australian National University.

[9.32 a.m.]

O'CONNOR, Mr Michael James, Executive Director, Australia Defence Association, PO Box 1131, Doncaster East, Victoria 3109

ACTING CHAIR—On behalf of the subcommittee I welcome Mr Michael O'Connor, the Executive Director of the Australia Defence Association. The subcommittee prefers that all evidence is given in public, because we want the press corps here to record every word, but if at any time you wish to give evidence in private you may ask to do so and the subcommittee will consider your request. Although the committee does not require you to give evidence on oath, I advise that the hearings are legal proceedings of the parliament and warrant the same respect as proceedings of the House itself. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. I stress that these words are not directed at just you; they will be directed at every witness subsequently.

Mr NUGENT—They are directed to all witnesses, Mr Chairman.

ACTING CHAIR—Yes, they will be directed to all witnesses. Have you got a written submission?

Mr O'Connor—There is a submission, Mr Chairman.

Resolved (on motion by Mr Nugent, seconded by Mr Hollis):

That the submission provided by Mr Michael O'Connor, Executive Director of Australia Defence Association, be received as evidence and authorised for publication.

ACTING CHAIR—I now invite you to make a short opening statement before we proceed to questions.

Mr O'Connor—Firstly, can I apologise for a typographical error in the second last paragraph on page 4. The date of the third ARF meeting was July 1996, not July 1997. The only other initial statement I would make is that initially the association felt that it was only vaguely qualified to make a submission to the committee on this particular inquiry. We actually passed up the opportunity, but we were subsequently asked to make a submission. This submission is in fact adapted from a paper that was presented at a conference at the University of Southern Queensland last November, so it is relatively up to date but it is limited in its scope, to the role of the ASEAN Regional Forum. I think anything beyond that is beyond our capacity to really offer any comment on.

ACTING CHAIR—Thank you very much. If I can ask a question to begin with: in the view of your association, how do you interpret the recent changes with the introduction of the three new states in ASEAN—the most contentious, of course, being

Burma? There has been very heavy pressure from the United States and elsewhere. Does that mean that you think ASEAN is likely to act as an entirely internally consistent body which deeply resents outside pressure? It has always been taken for granted that the Philippines, for example, might well have blocked consensus. There would be some other countries who are unhappy about the movement, about the way in which the SLORC operation runs Burma. But in the end it did not mean anything at all; all they wanted was regional continuity and that was that. Do you think the West is now past the stage where it is capable of influencing ASEAN internally?

Mr O'Connor—I think it has always been true to some degree. ASEAN has two fundamental principles. One is the principle of inclusiveness. They want to get as many countries within South-East Asia into their structures as they can. The other principle, of course, is one of unanimity, in that they do not make any decision, such as the inclusion of Burma, without agreement of all their members. That agreement is reached generally in private, but it is an agreement which is reached and which is adopted.

I think that pressure to try to override those principles from outside is probably likely to be counterproductive. I am not sure how I would feel about the inclusion of Burma, but ultimately the decision is going to be made by ASEAN. It will be made by all the members of ASEAN acting together, so it is a fairly strongly based decision.

Mr HOLLIS—In one of the papers that were submitted, and I think it was in your submission but I have read a lot of papers, it was said—I am talking about the changing role of Defence in the ASEAN region—that Defence was very slow to respond to the changing realities and, although it did not say so, it sort of hinted at Defence being in a time warp of maybe the 1950s or 1960s and that it had not faced reality and the sudden changing reality of Asia in, say, the 1990s. Would you care to comment on that? Is that a fair assessment?

Mr O'Connor—I think that is a misinterpretation of Defence. It would not be our view; it is not in our submission that Defence is slow. In fact, in many ways in the development of security relations in Asia, in South-East Asia in particular, Defence has actually led the push—I think particularly in the relationship with Indonesia and possibly more so with Malaysia and Singapore through the Five Power Defence Arrangements. I tend to think that Defence has been the leader in this area, rather than Foreign Affairs.

Mr HOLLIS—Do you think it might have been Foreign Affairs that was in a time warp, rather than Defence?

Mr O'Connor—That would be my view.

Mr HOLLIS—On a different tack from that: your paper mentions maritime matters. One matter that is of concern is piracy in the area. What sort of impact is that having on the strategic issues in Asia?

Mr O'Connor—Piracy has two elements in security relationships. One is that the threat of piracy, in our view, is likely to increase. Traditionally it has been the act of fairly small-time criminals, uncontrolled military units and even local villagers using an opportunity presented to them. It has been fairly small-scale crime. There has been some evidence in recent years of the emergence of organised crime activity relating to piracy. Our assessment is that that threat is likely to increase unless there is a strong constabulary presence established to control it.

That, of course, leads to the second point: that because piracy, being a criminal threat, is directed at all countries essentially, particularly countries in this region which have a very strong interest in secure trading, it provides a unifying factor leading to considerable potential for maritime cooperation. So an opportunity to develop cooperation is created by the existence of piracy.

Mr HOLLIS—On the other side of the coin, though, is it possible that an incident could occur and, as a lot of this piracy takes place in international waters, albeit fairly close to the states, is there a possibility that an act of piracy could lead to an incident between various countries?

Mr O'Connor—Yes, indeed, and that is particularly true in the Indonesian archipelagic waters, where Indonesia claims sovereignty over traffic through the archipelago. Indonesia would regard itself as having essentially the sole authority to control piracy in the archipelagic waters. There have been incidents where the Japanese Maritime Safety Agency has, if not arrested, at least noted the activity of official Chinese vessels in acts of piracy. So, yes, there are problems but the existence of the structures that are there, particularly through the Western Pacific Naval Symposium and similar structures, does create the opportunity to iron out these difficulties before they actually occur.

Mr HOLLIS—We get such a wonderful international news coverage in the Australian press! I wonder why it is, unless you really search through the papers or read some specialised journal, acts of piracy never make the pages of Australian newspapers. Are they not interested? As you have said, it has economic and diplomatic ramifications for Australia. It seems to me it has all the ingredients of a good news story, albeit only once or twice a year, but it never seems to hit the papers at all in Australia.

Mr O'Connor—I think Michael Richardson, writing from Singapore, tends to mention it. But if his stories are not used by the papers then they do not appear. I must confess that, apart from one or two articles that he has written, I can remember only one incident that was covered and that was one involving an Australian flagship, an Australian National Line ship. I think that is probably the reason. The media tends to be very parochial.

We have noted in our public discussion of issues of protecting merchant shipping

over many years that Australians, even official Australians, tend to recognise a problem only when Australian flagships are involved, forgetting that the cargoes that are being carried in foreign flagships are Australian cargoes and it is the cargo that is the target rather than the ship.

Mr HOLLIS—Given the decline in Australian flagshipping, it will get even less coverage, I suppose.

Mr GEORGIU—Could I direct you to page 9 of your submission, because I would like to develop one or two points where you say:

The ASEAN core (with Australia and other medium/small powers) should consciously seek to develop ARF as a South East Asian body that can and will negotiate with the larger powers in the northern quadrant.

Could you spell out what you mean by that, because on the face of it that seems a rather ambitious objective.

Mr O'Connor—In a sense, it is a withdrawal from what seems to be the ambition at the moment, and that is that ASEAN, through the ASEAN Regional Forum, tries to incorporate the larger powers of the United States, Japan, China and so on into its decision making process. The general thrust of our submission is that that is too ambitious, that these larger powers are really not going to take any notice of the ASEAN Regional Forum as a moderating body in any conflict. We instance the confrontation between China and Taiwan in early 1996.

Our approach here is that the ASEAN Regional Forum ought to be a bit more withdrawn than that and develop itself as a powerful body in its own right that can tend to speak more as an equal to those individual powers, rather than try to include them in a decision making process when in fact they are not going to be treated with respect at all.

Mr GEORGIU—Do you think that it can develop as a body which can negotiate on behalf of its inner member countries?

Mr O'Connor—Possibly not. I would certainly recognise the difficulties. It would certainly be an evolutionary process, but I think it would be a more realisable ambition than the one they have at the moment.

Mr GEORGIU—The point is to restrict the extent of the body?

Mr O'Connor—Small steps first.

Mr GEORGIU—The first line of the next paragraph says:

. . . there needs to be a greater focus on practical cooperative measures which unite rather than divide.

Could you further develop that? Could you give us an outline of those practical measures?

Mr O'Connor—What I had in mind very much there was the program that I have outlined in the submission from the Western Pacific Naval Symposium which seemed to me to be intensely practical historically—in recording the history of that particular event. The first meeting of the Western Pacific Naval Symposium was held in Canberra in 1988, and the Royal Australian Navy put before the symposium a rather ambitious agenda and to their enormous surprise it was adopted unanimously without change.

There is, I think, a climate for dealing at these very practical levels. These could be extended further, I think, into other security areas. We discussed piracy a short while ago as one example, and that is on the symposium agenda. There would be others in the ground forces field which might cover mapping and that sort of thing. These are the sorts of practical details which tend to be fairly attractive and build long-term relationships, because they are building them at rather more junior levels among people who are going to become senior officers in the future. It builds these personal relationships that have proved, particularly with Indonesia, to be extremely valuable.

Mr GEORGIU—You feel that falls on the right side of warm and fuzzy?

Mr O'Connor—It is better than warm and fuzzy because it is actually doing things that have a benefit and are seen to have a benefit, at least by the people who are working in the field.

Mr NUGENT—I have two questions, Mr O'Connor. One concerns the ADA's view. What do you actually see as the major strategic issues that Australia needs to face in our region in the next generation, shall we say? Are we talking about political instability in Indonesia, or are we talking about the expansionist aims of China? I probably would not include Taiwan, because that is seen by China as internal, whereas I am talking more about access through the Indian Ocean and other things of that sort. What is your assessment of the strategic threat that we and ASEAN need to look at in terms of the region?

My second question concerns your assessment of our relationship with the United States and its likely impact on our ongoing relationship with ASEAN. Given, for example, that it would be commonly accepted, I think, that the remarks by the Minister for Defence last year about our relationship with American defence arrangements were interpreted by people in Beijing as being part of a containment type strategy involving us and America and they obviously provoked an adverse reaction from China, do you see our relationship and military connections with America as being perhaps a problem in terms of our relationship with ASEAN, given that ASEAN is making significant efforts to align itself

with China in trade matters and a whole range of other issues?

Mr O'Connor—I must say I have been puzzled at the perceptions of conflict that have occurred in these particular areas. The association and I do not see them as matters of conflict; it is almost in the realm of a beat-up. As to the long-term strategic threat, I am not sure that you can really describe that with any confidence. Indeed, the association's view tends to be that, the more you try to define what the strategic threats are as such, the more you commit yourself to a reactive policy but also to an internal debate that has no solution or has no conclusion until the problem actually arises.

I would have to say that in the longer term I do not see China as an expansionist power. We tend to the view that China is more likely to suffer such internal troubles as to focus its whole energy and attention on its own internal problems, both political and economic. Instability in Indonesia I suspect will be a problem but it is not necessarily one that is going to spill over into the neighbourhood. It is something that I think Indonesia is increasingly capable of handling itself, albeit with what would, by other countries' standards, appear to be a high level of internal violence.

I think that, the more we can develop the sorts of structures that are in place and are developing, the more we will be able to contain the sorts of problems that may arise. In this sense our view is very much to look to a proactive rather than a reactive policy to try to mould, as it were, to the extent we can, the structures and relationships that are available to us, rather than wait for something to happen.

On the issue of the United States relationship, I do not see that there is an either/or choice here. I think in many ways Australia's value to ASEAN lies in the relationship we have with the United States, because it allows what used to be called non-aligned countries but essentially neutralist countries to have the benefit of United States support without actually committing themselves to it, simply because that support is linked to Australia through the Australia-America alliance.

As to China's response to the statements that were made in Australia, I rather think that it was not something to be taken seriously, that China was possibly trying to pre-empt the emergence of some sort of containment policy. But why a country like China would see an Australia-America relationship as somehow threatening to them, I honestly cannot understand. An America-Japan relationship, maybe, but why Australia, with its relatively limited power, should be regarded as threatening if it makes nice sounds to the United States, I cannot quite understand. I think that China was essentially playing a public relations game there, without intending any serious policy.

If I could make one comment about the China-Taiwan situation: again it is something that Australia cannot really affect in any particular way. China and Taiwan will work out their own relationship, possibly with some intervention by the United States. Ultimately the relationship between China and Taiwan is going to be defined in Taipei. If

Taiwan decides it wants to declare its independence, it will declare its independence, and I suspect it has the power to sustain that. Beijing can make all the noises it likes, but it is not going to have any effect on it. Taiwan is a country with significant economic and military power in its own right and it is certainly sufficient to deter any Chinese adventurism.

Mr NUGENT—When you say we should be proactive, what do you mean? What should we actually do?

Mr O'Connor—I think we should be working, as we are doing and have been doing for some years now, on building up these regional relationships, contributing to them in effective and practical ways, in the sorts of ways we have discussed here, to strengthen the structures, to make them more powerful, to create a situation where the ASEAN Regional Forum, for example, is able to speak with some effect to the more powerful nations in the Western Pacific, and generally to do what we can to strengthen those structures, rather than sit back, as it were, and let things happen. Australia, in our view, has a high degree of influence and power, if we care to use it, because of our own economic power, because of our technological strengths and because essentially we are a respected country.

Mr NUGENT—We do not have a lot of economic power, do we? We have one per cent of the world's economy.

Mr O'Connor—In tonnes per kilometre terms we are the world's seventh largest trading nation; we have something like the world's 12th largest economy; we are a major exporter of food, fibre and strategic minerals to the world; we provide something like 20 per cent of Japan's strategic imports. I think this gives us a degree of influence.

Mr NUGENT—I am not sure I agree with your figures. In terms of being a trading nation, I think we rank in the 20s.

Mr O'Connor—That is in value. I think it is about 23rd in value terms. In raw tonnage terms it is about 13th, but in tonnes per kilometre terms it is seventh. What is more significant is that we are the source of very important strategic raw materials in food, fibre and minerals.

Mr NUGENT—You think we should put those on the line in terms of trying to influence people?

Mr O'Connor—Not necessarily put them on the line in the sense of threatening to withdraw them. I think that would be wrong. But I think we need to recognise that we are perceived to be important because we are the source of such things.

Senator BOURNE—Where do you see China's relations with the ASEAN

countries going?

Mr O'Connor—That is difficult to say. I think that China will try to divide ASEAN, rather than treat with a united ASEAN. For example, as we have seen in the past, they will try to develop a relationship with Thailand to the exclusion of some of the others. They will try to treat with countries like Singapore in particular or Malaysia, where they do not have a real problem with them over the South China Sea, as distinct from Vietnam and the Philippines. They will find themselves treating with Indonesia, with a degree of tension, I think, because of Indonesia's treatment of its Chinese minority.

I think that there will be different relationships and that China will try to treat with ASEAN countries on an individual basis rather than as a united organisation. That is the old divide and rule principle, in a sense. I think that ASEAN would be well advised to try to treat with China on a united basis, however difficult that may be.

Mr PRICE—How do you think ASEAN will develop over the next 10 years? Will it be merely the inclusion of additional members?

Mr O'Connor—I suspect they have gone as far as they can with the inclusion of new members. Once they get up to 10 members and have incorporated in effect all the countries that can be considered to be in South-East Asia, I think that will satisfy them. Already we see some indication through the ASEAN Regional Forum, for example, that they are a bit unhappy about how far it has developed. I would suspect that, unless there are serious ructions internally in Indonesia, ASEAN will progress fairly quietly. Its development as an economic entity has not worked out as well as was originally intended, in the sense of developing an ASEAN common market where various economies complement each other rather than compete with each other. The political and security relationship is the one which can grow and I would rather think that is where the focus will be in the future.

But in the ASEAN concept, it is not something that is going to be achieved in big dramatic bites, it will be a fairly gentle progress. As I say, unless something dramatic happens in Indonesia—which we do not think will happen; we think it will be a managed process—then I suspect that ASEAN will simply gradually develop its power as the sort of structure that we have suggested in this submission.

Mr PRICE—In terms of the alliances and agreements in the region—please correct me if I am wrong—we have ANZUS and we have got the Five Power Defence Arrangements, and that primarily or historically was aimed at isolating Indonesia. Although it has grown and changed over time, is the five powers agreement still appropriate or does that need to be extended in some way?

Mr O'Connor—The ASEAN view is very much opposed to multilateral security arrangements. Its preference is for bilateral arrangements and they have a multiplicity of

bilateral arrangements among ASEAN members. However, I have always had the impression that ASEAN, and Indonesia in particular, tends to see the rationalised Five Power Defence Arrangements as one that is in effect a bilateral arrangement between Malaysia and Singapore on the one hand, which they perceive as a single entity and Australia and New Zealand on the other hand, which they also would tend to perceive as a single entity, with Britain being an increasingly marginalised and irrelevant factor.

In a sense the five powers agreement is something that they would be happy to see as an acceptable arrangement and one which is best left alone. It has its benefits: the range of exercises that are carried on, the relationships, the training exchanges and all the rest of it are valuable; they are well implanted. It is a system that works well and it does not really call for any change. It does not upset anybody as it stands but it does have value for the participants.

Mr PRICE—If I put a proposition to you that our defence spending will be exceeded in the next 10 to 15 years by some of our regional neighbours and our technical superiority will not be quite what it is today, won't that need to throw a greater emphasis on our diplomatic efforts and understanding of our neighbours in forums like the ARF?

Mr O'Connor—I would not want to play down the diplomatic relationships at all. Indeed, given the discussion in the earlier part of this hearing about whether the defence led the change in the relationship with ASEAN or whether foreign affairs did, I would like to see a much more sophisticated and pro-active diplomatic relationship with the region.

However, we have a fairly sceptical view about the effect of increased defence spending in the region, the first point being that, as living standards increase in the countries of the region, their defence costs are going to rise because their personnel wages will rise and, as we all know, that is probably the largest element of any defence budget. I think that is what we are seeing as much as anything. What you can see from the figures is in fact a quite significant reduction in personnel numbers in the armed forces in the region and that is a factor there.

Certainly they are modernising, but colleagues in the region as well as in Australia have suggested to us that, while they might be getting F16s, F18s, MIG29s and all the rest of it, with the exception of Singapore they really do not have the capacity to operate them as effectively as we do. Their sustainability—their ability to maintain, support and operate them tactically and strategically—is not as great as ours. Our superiority is still quite significant and it will continue to be, I think.

ACTING CHAIR—I would like to ask four related questions. The first one is: to what extent is the Five Power Defence Arrangements still on foot or is it essentially tokenistic? Secondly, are there now formal bilateral relationships with the ASEAN partners with other countries? What kind of relationship is there? Is there a formalised relationship, say, between Burma and China? Thirdly, do you see the reason for bringing Burma into

ASEAN without requirements being an attempt to detach it from China? Fourthly, you referred to unanimity in making decisions and the consensus tradition, but do you see any particular nation as dominating the arrangement, of essentially calling the shots?

Mr O'Connor—I will try to take those on board, Mr Chairman. You will have to remind me if I miss some. I think the five powers agreement is quite strong, particularly as between Australia and Singapore and Australia and Malaysia. It is a fact that you do not reach senior rank in the Malaysian armed forces unless you have trained in Australia. The integrated air defence system is still commanded by an Australian and there is no pressure from Malaysia or Singapore for that to change. The level of exercising is quite significant on a continuing annual basis; that is so for all three services. There is quite considerable substance in the agreement and it is continuing.

ACTING CHAIR—Has Britain's screen turned black?

Mr O'Connor—The British seem to make a gesture every now and then. This year they were fairly prominent in the recent exercises and that was taken as an indication that the British were trying to tell the region that after Hong Kong reverted to Chinese rule, the British would still be around. I do not think anybody takes that seriously. The British just will not be around unless something fairly dramatic happens; they just do not have the capability any more. The second question, as I recall, is on Burma.

ACTING CHAIR—What are the bilateral arrangements?

Mr O'Connor—Malaysia and Singapore have bilateral arrangements, Malaysia and Indonesia have bilateral arrangements, Malaysia and Thailand have bilateral arrangements and externally there is a Thai-US relationship and a Philippines-US relationship. Thailand has some residual connections with China but they are not so significant following the settlement in Cambodia. There is still a Vietnam-Russia relationship, although it is pretty moribund these days. Those are the only ones I can recall.

With Burma, it had not occurred to me that the inclusion of Burma into ASEAN might have been an attempt to detach them from China but it sounds plausible. I suspect it was more a case that they wanted to make a nice compact ASEAN and, having brought in Vietnam, Cambodia and Laos, whose control by Hanoi was initially the spark for the formation of ASEAN, it may have been seen to be a bit of a balancing act and also a feeling that by excluding Burma it would question ASEAN's independence.

In terms of a dominating force in ASEAN, I think you would have to say Indonesia is, through sheer size partly, but also because Indonesia has been very active in trying to build up ASEAN and the regional relationships—the regional security structures—as effective bodies and they did that to a very large extent in conjunction with Australia. But certainly Indonesia has been the leading force.

Mr GEORGIU—In your view, in terms of driving the process of developing ASEAN, Indonesia is the critical actor?

Mr O'Connor—Yes. I do not believe Indonesia dominates ASEAN but certainly they are the leading power. Indonesia is the country that acts most pro-actively rather than reactively.

Mr GEORGIU—Given that, what would happen if Indonesia were to become internally preoccupied?

Mr O'Connor—Then you would see a diminution of the growth of ASEAN but not a collapse of ASEAN. I think ASEAN has developed an existence of its own now and nothing is going to change that. It is interesting, looking back, that ever since ASEAN was formed, people have been predicting its demise. It has not happened. I do not think Indonesia is that dominant in ASEAN that if Indonesia became internally preoccupied, Malaysia or Singapore, for example, would say that ASEAN has had its day. I just do not see that happening at all.

Mr PRICE—If we were to speculate about the post-Suharto era and suggest that we may have political parties being able to be formed and freer elections and a lesser presence of the army in civilian life, do you think that trend towards greater democracy and human rights in Indonesia would spill over to other ASEAN countries?

Mr O'Connor—I would have thought it would be preferable if what is in existence in the other ASEAN countries were to spill over into Indonesia. I would have thought that they are generally more democratic now than Indonesia is. But you are straying into an area where I do not have much expertise.

Mr PRICE—It is interesting in light of the changes in the southern African continent with the power of Nelson Mandela to encourage or insist on the fact that there are proper democratic elections in countries which hitherto have not experienced them.

Mr O'Connor—Of course, I understand what you are saying and that would be particularly so in Burma, I think, and possibly Singapore. But I would have thought Malaysia and the Philippines, and to a lesser extent Thailand, were pretty much democratic countries these days, with limits. It is a controlled democracy but it is freer than Indonesia. I see the progress in Indonesia as being on something of a continuum. I hope that speculation about a more democratic society would be not only mere speculation but would be backed up by the sort of progress that we see in developing countries around the world, particularly economically prosperous countries, as Indonesia increasingly is. You develop a prosperous middle class with an inherent interest in internal stability and a say in running the country to the exclusion of traditional groups like the military.

ACTING CHAIR—Thank you very much for your presentation and for answering

our questions. If there is any additional information that we want to follow up on some of the issues raised or if you could help us with any other things, the secretary will write to you. You will be sent a copy of the transcript of your evidence to which you can make corrections of grammar and fact—spelling too, if it comes to that. Thank you very much.

Mr O'Connor—Thank you, Mr Chairman.

[10.20 a.m.]

BROWN, Mr Terence Noel, Acting Network Manager, Radio Australia, Southbank Boulevard, Southbank, Victoria 3205

HOLMES, Mr Nigel, Transmission Manager, Radio Australia, Southbank Boulevard, Southbank, Victoria 3205

ACTING CHAIR—Welcome. The subcommittee prefers that all evidence be given in public, but if at any stage you want to give evidence in private, you may ask to do so and the subcommittee will consider the request.

Although this committee does not require you to give evidence on oath, I should advise that the hearings are legal proceedings of the parliament and warrant the same respect as proceedings of the Houses themselves. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of the parliament. That is something we say to everyone. You have provided us with a submission.

Resolved:

That the committee authorises for publication the submission from Radio Australia.

ACTING CHAIR—I now invite you to make a short opening statement and then we will proceed to questions.

Mr Brown—First of all, I would like to apologise for the absence of Derek White, who has been called to another proceeding in Canberra. I have one correction to the submission. On page 4, in the second paragraph, the reference to the date should be July 1996 not 1995.

You have read the submission of Mr White and Mr Holmes but, before talking briefly to that, I would like to remind the committee of evidence given to it in Sydney on 13 May, just before the federal budget came down, and remarks by chairman Bill Taylor recorded on the last page of the transcript. Referring to Mr Mann and Mr White, he said:

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.

The committee will now be aware that the cuts to the budget of Radio Australia were quite severe. We have \$6.3 million for program costs in the coming year, down from \$13.5 million this year. Staff is currently being cut from 144 to 68. We have \$2.5 million from the Department of Foreign Affairs and Trade for transmission operations and maintenance, down from \$7 million.

As the committee was advised on that previous occasion, the \$2.5 million is

sufficient only to fund the Shepparton and Brandon transmitter stations. At this stage it appears that Darwin is to be closed to save only \$1.6 million in 1997-98 from the total operating costs at Darwin of \$4 million.

We understand that the National Transmission Agency has ongoing operational and maintenance contracts in Darwin, the future of which have still to be settled. In the meantime, savings can only be achieved by turning off the power. That is the \$1.6 million in power savings. The staff situation is unknown to us.

We assume that we know that the decision taken by ministers Alston and Downer on funding, which effectively means the closure of Darwin, was taken before the ABC board's decision to provide \$1.6 million for Asian languages—Chinese, Indonesian, Vietnamese and Khmer—services to two member nations of ASEAN, and Cambodia, a prospective new member, as I understand. As the committee would be aware, Aung San Suu Kyi has suggested that Radio Australia should be providing a language service to Burma. DFAT made a similar suggestion at our joint consultative meeting last year. Of course, now we are not able to consider that.

The key issue now for Radio Australia is whether it will retain the means to effectively deliver its Asian language services and English to Asia. Despite reassurances from Senator Alston in his 29 May meeting with Derek White, there remains considerable doubt about the Cox Peninsula transmitters staying in operation beyond the end of this month. On Friday last we received a letter dated 4 June from the NTA confirming that all transmission from the Cox Peninsula station will cease at 8.30 p.m. Darwin time on 30 June 1997.

Also on that Friday there was a meeting between the NTA, the Department of Communications and the Arts and DFAT about the prospect of keeping Darwin open by leasing time to other international broadcasters. We are aware that the NTA has received an initial request from at least one international broadcaster, and others are known to be interested. In fact, I have just learned that the organisation that runs the transmitters for the BBC has communicated overnight with the NTA, expressing some interest in leasing time out of Darwin.

At Derek White's meeting with Senator Alston, the minister indicated strong support for the idea of keeping Darwin open, particularly as a self-funded operation and that he saw this as advantageous in the government's plan to privatise the entire NTA system. He also saw the prospect of external leasing as being the means to keep the station open and thus to provide free time for RA's transmissions to Asia being, in his words, a win-win situation. Senator Alston said he did not see 30 June as an arbitrary date which was not subject to review or delay. Derek White has since briefed the minister's office, stressing our desire to at least secure a delay. We have an additional problem, in that we are unable to test Shepparton's signals to Asia because of work in progress on aerials there.

The closure of the Darwin transmitters, RA's main vocal chords into Asia, on 30 June, as foreshadowed by the NTA, would very seriously indeed impair our efforts to retain substantial audiences for our Indonesian, Vietnamese, Khmer and Chinese language services, and would come on the very same day that we launch our new services, culled with considerable enterprise from RA's downsizing.

ACTING CHAIR—Mr Holmes, do you want to say something?

Mr Holmes—Not at this stage.

ACTING CHAIR—I was very struck by the reference in the Senate inquiry report to the words of Peter Barnett, the former director of Radio Australia, who said:

The problem with Radio Australia, I used to say, was that we whisper to the world—

Not a bad title for a report—

because we just have not had the transmitters that were effective. In my day, we tried very hard, as I mentioned, to have the current system extended into Asia.

He spoke about the difficulties he had with the National Transmission Agency. What was the comparable strength of the transmission used by other nations that were transmitting into the area? First of all, what nations were transmitting into the area and what strength of signal did they have?

Mr Holmes—Looking at the historical period that led to the establishment of the Darwin station, at that time a number of broadcasters were improving their transmission resources that could be directed to Asia. For example, the BBC established two 250-kilowatt transmitters in Hong Kong for broadcasting to China; Deutsche Welle, the German international broadcasting service, established a 300-kilowatt transmitter relay station at Trincomalee in Sri Lanka; and the Voice of America had powerful facilities, ranging from 100 to 250 kilowatts, at a number of sites in the Philippines, and also a very powerful—about 600 kilowatt or possibly 1,000 kilowatt—medium wave station at Bangkok.

Obviously, these are very powerful transmitters, more powerful than the 100-kilowatt transmitters that Radio Australia was employing for its broadcasts to Asia and the Pacific from Shepparton. These other broadcasters also had the advantage that their transmitters were more favourably located—they were closer to the target area, so there was less attenuation of their signals. Monitoring by engineers in Australia Post at the time confirmed the anecdotal evidence that was pouring into the Australian Broadcasting Corporation to Radio Australia that our signal was deteriorating compared to the broadcasts from other broadcasters.

This led to the development of a transmitting station at Darwin on the Cox Peninsula. That station was set up to have three 250-kilowatt transmitters that are of comparable power to the new transmitters that were being installed by other broadcasters. Of course, Darwin being 3,000 kilometres closer to Asia, was able to deliver a stronger signal than Shepparton.

Shepparton at that time, I must stress, had a very wide selection of aerials dating back to the 1940s. The aerials were able to target most regions in the world. The Shepparton site was established not so much because of its desirability as a broadcasting site for getting into Asia but because it was thought to be safe from attack from the Japanese; and we are still using some of these aerials that date from the 1940s. However, once it was decided to concentrate Radio Australia's Asian transmissions from Darwin, we sought a concentration of Shepparton's resources towards the Pacific. We were focusing Shepparton's broadcasts more towards the Pacific and Papua New Guinea.

This has been reflected most recently in the capital works that have been undertaken in Shepparton. Since 1991, some \$10.5 million has been spent at Shepparton and, amongst the works that were undertaken, as well as putting in new aerials to improve Shepparton's performance in the Pacific, we also demolished virtually all of Shepparton's other aerials—aerials which could target, for example, Africa, the Middle East, the Indian subcontinent and South-East Asia.

The only aerials that we retained at Shepparton were those which we call the J group—J standing for Japan, which was an important target, I gather, in the 1940s for Radio Australia's broadcasts. We kept the J-group aerials, not because we expected to broadcast transmissions to Japan but we used those facilities to carry Radio Australia's English and Tok Pisin transmissions into Papua New Guinea. We retained the J group in the expectation that at some stage further down the track they too would be replaced by more suitable aerials.

We are looking at a situation now where Shepparton has only a few aerials, compared to those that it had in the 1960s that can direct any transmission to Asia. That has added to the disadvantage posed by its geographic position and the relatively low powered transmissions.

ACTING CHAIR—You mentioned the other countries that were beaming into the area. In your list you have references to Moscow, Beijing and Radio Netherlands. There is no reference to Japan. Does Japan have any foreign language services in the area?

Mr Holmes—Yes, Japan has a very extensive international short-wave service. It broadcasts, I think, in 22 languages; a vast proportion of those are Asian languages. Japan, of course, is very favourably located for transmissions into north Asia. It is less favourably situated for broadcasts into, for example, the Indian subcontinent.

NHK, the Japanese equivalent of the ABC, if you like, did approach Radio Australia with a view to establishing a reciprocal transmission agreement, whereby we would give NHK, or Radio Japan, access to transmission time at Shepparton for broadcasts into the Pacific. The Japanese were particularly interested in broadcasting Japanese language programs across the Pacific aimed at Japanese business people doing business in the Pacific—New Zealand and the Pacific islands—and they are also interested in gaining access to Darwin for broadcasts into south Asia.

The quid pro quo would be that Radio Australia would gain transmission time at Yamata, NHK's principal short-wave transmission site on the Japanese mainland, and from there Radio Australia would be able to launch its broadcasts in standard Chinese and English to the People's Republic of China, and those signals would be received at better strength and better reliability than we could achieve, even from Darwin.

Unfortunately, the negotiations on reciprocal transmissions came to nought. The upshot is that NHK has established independently a 300-kilowatt relay transmitter site, also in Sri Lanka, for improving the strength of its broadcasts into the Indian subcontinent. It has not been able to do anything yet, I understand, about improving its transmissions into the Pacific. I believe they may have approached Radio New Zealand International. Radio New Zealand International broadcasts exclusively to the Pacific from a transmitter on top of the north island. Radio New Zealand International is already leasing time to the BBC World Service, which also wishes to improve the quality of its short-wave radio transmissions into the Pacific region.

ACTING CHAIR—Moscow, Beijing and Radio Netherlands.

Mr Holmes—I will make one quick technical reference here. A short-wave transmission tends to perform more reliably if you have a significant north-south component in the transmission path. Russia, of course, because of the longitudinal spread of the country, can direct transmissions with a significant north-south component to just about any target area that takes its fancy.

Radio Moscow does not have a need to seek relay transmission sites from other countries. However, with the disappearance of the Cold War, the Russians found themselves with a lot of transmission capacity which had formerly been used either to counter or to jam broadcasts from the BBC, from the Voice of America, from Radio Free Europe, Radio Liberty. It was also short of hard cash, so the Russians have been very active in leasing out their short-wave transmission capacity to other broadcasters.

For example, Radio Netherlands has for several years been employing broadcasts from stations located at Okhotsk and Yakutsk in Russia. They are very powerful transmitters but the quality of the transmission, the quality of the modulation, leaves a lot to be desired. In the case of Radio Netherlands, the broadcasts were in Dutch and Indonesian and were aimed at South-East Asia, particularly Indonesia. The strength of the

transmissions was very great but the quality of the transmission left a bit to be desired. So Radio Netherlands has also approached Radio Australia with a view to seeking reciprocal broadcast arrangements so that they can improve the overall quality of Radio Netherlands' broadcasts in Dutch and Indonesian to Indonesia, and these broadcasts would have come from Darwin.

Beijing also does not, as far as I am aware, employ offshore relay transmission sites. Again, the People's Republic of China is open to direct transmissions to most of its primary target areas from transmission sites located within China.

Mr Brown—Can I just add something to that. The reason why exchange arrangements to share transmission time with other international broadcasters was not possible for Radio Australia was simply because we did not have the money to get our signal to their transmitters. The BBC had suggested, for example, that it could exchange some time on its transmitter at Kranji in Singapore, which would have been very useful for us to reach China, with an enhanced signal, but it meant we would have had to get our signal to Kranji via London, and the cost of that would have been too expensive for us because of our budget problems.

Can I also say, as a general comment, I think it is fair to say that in the last five to 10 years short-wave services into Asia have become increasingly competitive. Short wave is certainly not a dead art—some people call it the black art. I think that Asia has in many ways become a target for the major operators, like Voice of America, BBC and Deutsche Welle, now that their target has moved away from Eastern Europe.

Mr GEORGIU—I think earlier you said there was some testing going on in Shepparton which was causing some difficulties. Could you tell us what testing is going on, what the purpose of it is and what the problems are?

Mr Holmes—As I touched upon in my previous statements, Shepparton over the last six years has been focused towards covering the Pacific. We have six aerials, called the J group, which were retained so that we could direct broadcast in English with Tok Pisin to Papua New Guinea. We are still using those aerials for that purpose.

The aerials are highly directional, like a searchlight, and they can be switched to service two distinct regions. We can electrically steer the radio beam, which we call a slew. One slew position goes up essentially due north, 355 degrees to 005 degrees, which is the slew we use to cover Papua New Guinea. There is a left-hand slew which goes out at 329 degrees. If you draw a line from Shepparton through Ambon, Manila and Hong Kong, within a degree or so that is a bearing of 329 degrees from Shepparton. That bearing is essentially the only one we have at Shepparton to cover Asia at this stage.

We use that bearing, when we are not directing broadcasts to Papua New Guinea, to provide English and Indonesian transmissions to east Indonesia. Because Indonesia

covers several thousand kilometres in an east-west dispersion, it is a fairly difficult target to cover. We require really the Shepparton and Darwin sites to properly service the Indonesian archipelago. East Indonesia, paradoxically, is too close to Darwin. The Darwin station can service targets from a range of about 1,500 to 6,000 kilometres. Targets within about 1,200 kilometres range of Darwin cannot be properly serviced by its transmissions.

So we are using the 329 degree bearing from Shepparton to get into east Indonesia. We have some J group aerials at Shepparton which had been mothballed. They were not required at that stage for use in covering Papua New Guinea, and when we were negotiating with Telstra Broadcasting and the National Transmission Agency, Radio Australia asked that these J-group aerials be retained, on the off-chance that they would be required in a few years time to direct better quality broadcasts to east Indonesia.

At the moment, as we speak, work is going on at Shepparton to get the mothballed J-group aerials back into service. We are anxious to test those aerials to see what coverage we can get into Asia. As I said before, the J-group aerials on the left-hand slew cover only essentially east Indonesia, the Philippines and south-east China. We are not very hopeful that we will be able to extend the coverage of Shepparton's broadcasts further west into South-East Asia, but before we can make that as a categorical statement we would like to undertake some tests. At this stage it appears we will not be able to do the tests before the date nominated for closure RA's access to the station at Cox Peninsula.

Mr GEORGIU—Has the minister's office been kept informed of the need for these tests to take place?

Mr Holmes—Yes. The NTA is an agency within the Department of Communications and the Arts and the NTA is supervising the work at Shepparton, so we are certainly making sure the minister is aware of what is going on. I would imagine the NTA would be reporting to the minister.

Mr GEORGIU—You spoke about the potential arrangements with the Japanese broadcasters which sounded quite interesting, and then all of a sudden you stopped the story by saying, 'But that did not eventuate.' What was the reason?

Mr Brown—I mentioned that the reasons were financial.

Mr GEORGIU—You were talking about the Japanese wanting access to our transmitters. You spoke about the arrangements falling through because of our lack of finances—this was with respect to the BBC.

Mr Holmes—The big impediment that Radio Australia has faced in its negotiations thus far with other broadcasters is delivering our program in the first instance to the other party's transmitter site. For example, to get Radio Australia's programs in English and Chinese to Yamata in Japan would require a satellite link or an ISDN link

which would probably cost Radio Australia some \$40,000 or \$50,000 per year. That cost was a hurdle that we could not get around.

Mr GEORGIU—They were essentially contra deals whereby they would gain access—

Mr Holmes—Yes. Most international broadcasters prefer to have a cost-neutral arrangement. For example, the BBC said, ‘We would like to broadcast to South-East Asia from your site in Darwin to support our site in Kranji in Singapore and we are prepared to give you time from Kranji to get into China.’ Also, as I said before, the BBC had a site in Hong Kong with two 250-kilowatt transmitters. It is obviously going to lose access to that site. The BBC has recently commissioned a replacement facility outside Bangkok and that replacement facility consists of four 250-kilowatt short-wave transmitters, so it will be using those for broadcasting, not only into China, replacing the lost facilities in Hong Kong, but also to improve the BBC broadcasts to Burma and to South-East Asia generally.

Senator BOURNE—It is good to see you here at this inquiry, although I must say the circumstances are not as good as they could be. You might be interested to know, and you may not know, that I asked for documents to be tabled in the Senate which were all the letters and e-mails that had been received by either the Prime Minister or the Minister for Communications and the Arts in regard to Radio Australia over the last few months, for and against Radio Australia, and there was not one that said anything against Radio Australia out of the hundreds and hundreds that were tabled. They were all very complimentary and wanted the service to be increased.

Mr Brown—Terrific.

Senator BOURNE—What would be the saving if Darwin were closed down? What would be the cost to reinstall it if you were just denied access and also if it were closed down or sold off?

Mr Brown—Darwin’s operational and maintenance costs are about \$4 million a year, so that would be the saving. As I understand it, the saving to be achieved this year is \$1.6 million, which I think approximates to the cost of power. I should say that Darwin is a more expensive site to provide power to than Shepparton is, but then again we get a lot more for the power that is consumed.

There is an enormous investment in the Darwin transmitters. Nigel would probably be able to give you some figures, but I understand that in recent years some tens of millions of dollars have been expended on gear at the Darwin transmitters. There are two relatively new, modern transmitters there and I think in some respects it can be described as state of the art.

Mr Holmes—In the wake of the Tiananmen Square incident, a cabinet submission

provided funds to improve the reliability and capacity of Radio Australia's transmissions from Cox Peninsula. The site already had three 250 kilowatt transmitters which dated from the late 1960s. These transmitters were given rude treatment by Cyclone Tracy, they were washed in salt water, which is not good for high voltage equipment, and it took another 10 years before the transmitters could be brought back on line.

The transmitters have been quite reliable in the last five or six years, but we felt that we needed extra transmission capacity, particularly if we were going to enter into reciprocal transmission agreements. A cabinet submission, I think in about 1990, provided money which led to the installation of a further two 250-kilowatt transmitters, state-of-the-art units, which were also very power efficient. They were far more efficient in the conversion of raw electricity into a radio signal. So by using those two transmitters predominantly and bringing on the three older transmitters only during peak periods, we were able to bring about quite an improvement in the cost of running the Darwin station. Those transmitters cost about \$3.5 million each.

Other works were undertaken. The submarine powerline which goes across the bay from Darwin city to the Cox Peninsula was originally duplicated. During the cyclone a boat dragged its anchor and destroyed both of those cables and only one was repaired at the time. In the last couple of years a couple of million dollars was spent putting in that second powerline, which gives us redundancy in the event of a loss of power on the other circuit. Some other minor works were also undertaken.

Mr Brown—Most recently the largest transmitter that Radio Australia has had, 300 kilowatts, which was at Carnarvon before that was closed, has been refurbished and transported to Darwin to boost our signals there. I think it cost \$1 million to refurbish that and it has just been bolted in place.

Mr HOLLIS—You are saying that other broadcasters, like the BBC, are extending their broadcasting into Asia, putting more money into it, while we are at the same time cutting it?

Mr Brown—I am afraid that is the situation. All the majors are increasing their power. They have spent a considerable amount of money. Even now, millions of dollars are being spent on enhancing their transmission power. I think it is fair to say that the competition in this part of the world is even more intense than it was 10 years ago.

Mr Holmes—If I could add to Terry's answer: with the quietening on the Russian front, the United States Information Service, which is the parent body of the Voice of America and also the parent body of Radio Free Europe, has established a broadcasting operation which is separate from Voice of America, called Radio Free Asia. The principal targets of Radio Free Asia's transmissions are the People's Republic of China, North Korea, Vietnam and Burma. Radio Free Asia, RFA, has been touting for transmission capacity throughout the Asian region. Understandably, some potential host countries have

been a little bit nervous at the prospect of originating RFA transmissions.

The Voice of America has also recently commissioned a new short wave site at Udon Thani in northern Thailand. That site has seven 500-kilowatt short-wave transmitters. The Voice of America, I understand, has been told that it will have to give at least some of that capacity to Radio Free Asia transmissions, so that means the Voice of America itself may be looking around to find alternative host broadcast sites. I think it would be fair to say that the Voice of America transmissions would find alternative host sites more readily than the proposed RFA transmissions. RFA, I understand, is also establishing a site in the Northern Marianas islands, north of Guam, which will consist of three 500-kilowatt stations. I imagine the transmissions from those three 500-kilowatt transmitters would be directed to the People's Republic of China.

If the experience in Europe is anything to go by, the RFA transmissions will be met by a determined countermeasure operation by particularly the Koreans and the Chinese. I imagine that the RFA broadcasts would be routinely jammed. I am not sure what the situation will be in Vietnam and Burma. Those countries at this stage are only developing their short-wave capacity at this stage and they may not have the capacity to jam RFA broadcasts. They may seek assistance from the Chinese in that regard.

Mr Brown—I think it is interesting that the number of players in the region is increasing. Even little Singapore has recently started its own international short-wave service.

Mr HOLLIS—What language are they broadcasting in, the local language?

Mr Brown—In Singapore?

Mr HOLLIS—Do they broadcast to China in Chinese?

Mr Holmes—Radio Australia broadcasts in Cantonese and Mandarin, standard Chinese. RFA's transmissions, I understand, cover a whole range of dialects. Their broadcasts might cover up to a dozen Chinese dialects. Obviously, it has far more resources to produce programs and resources to seek transmission capacity for those programs.

ACTING CHAIR—Does that include Tibetan?

Mr Holmes—I would say that would be a fair bet. For the RFA broadcasts intended for Burma, I would imagine that they would be in Burmese, Karen and other appropriate languages. Typically, broadcasters with access to less resources, such as Radio Netherlands or ourselves, we only put out our broadcasts in the principal languages.

Mr HOLLIS—If this proposal regarding Cox Peninsula goes ahead, what would

happen to the facilities at Cox Peninsula?

Mr Holmes—The nature of certain components in high-powered radio transmitters is such that if they are left unused for an appreciable length of time, for example six to 12 months, they deteriorate. I am thinking of the high-powered valves which are used in the power amplifiers of the transmitters. The two newest transmitters which have been installed at Darwin each have only one valve in the output stage. It is not a cheap device, a new one costs \$80,000 to \$90,000. If that valve is left in an unused state, gas is liberated from its internal components and it becomes unusable, so you are looking at a start-up cost somewhere down the track in the order of \$100,000 per transmitter. That is just looking at one component.

Darwin is a fairly hostile environment regarding humidity and temperature. During the dry season, fires are lit around the station which deposit soot and dust on surfaces such as insulators. They are routinely cleaned as part of the station maintenance. If that dust gets into the air-conditioning plant, again it can cause damage. There would be quite significant costs associated with restarting the station, if indeed it could be done.

Mr HOLLIS—As Senator Bourne said in the Senate inquiry, there was not one anti-Radio Australia letter and I do not know anyone who is anti-Radio Australia or is not concerned about this decision. Could you tell me precisely what are you trying to do in Radio Australia? Is there a mission statement? It is all very well to say it promotes Australia but what is its role and why is it in competition with all the other players coming into the field? What is the role of Radio Australia?

Mr Brown—In simple language, our charter role is to inform overseas audiences about Australia. We have become, if you like, more focused in that we regard ourselves as a regional broadcaster, broadcasting to Asia and the Pacific region, from the region. I think that gives us a much friendlier, more involved voice.

We are an Australian outfit. We broadcast Australian information, tell people what Australians are doing, what they are thinking, what their opinions are, and the linkages that bind us to our Asian and Pacific neighbours. We report on a whole range of events—business, cultural. We broadcast music, Australian music. We have a policy where 90 per cent of all our music played is of Australian origin. We have a big reaction to programs like ‘Innovations’, which tells people what new things are happening in terms of technology and various breakthroughs that are being achieved by Australians.

A lot of companies have written to us—you will find letters in the transcripts of the other committee that investigated us—saying they were able to report deals worth X millions of dollars or whatever through the exposure given by Radio Australia. We cover the whole broad spectrum of Australia and its neighbours.

Mr HOLLIS—Who is the audience? Someone said once that Radio Australia was

just playing to an elite in many of these countries, not that there is anything wrong with playing to an elite, especially if it leads to lots of business deals, but have we got a specific target audience or is it a broad brush approach?

Mr Brown—We are charged in the first instance with reaching opinion makers, the leaders in our region, but we reach many more people. We reach 2.5 million people through our Indonesia language services and another 800,000 in the English language. We know that covers the full spectrum because we get letters from Vietnam. During the threat to Radio Australia, two families in particular told us they had spent a day's wages paying for stamps to send an appeal to the Australian government. That gives you an idea of the breadth.

Our foreign language audience profile is described as young, male, well-educated, students, people who are motivated to listen to other broadcasters when they do not have a range of good media services that they can trust in their own country.

Senator BOURNE—Can I make a comment that might help Mr Hollis. During the Senate inquiry the comments were made that during the recent mercenaries crisis in Papua New Guinea, the people on Bougainville knew what was going on because they were listening to Radio Australia, and they could, so that shows the remoteness.

Mr HOLLIS—I wonder if we could solve the problem quickly!

Mr NUGENT—Where is Brandon focused?

Mr Holmes—Brandon is a very small Radio Australia transmission facility which is next to Ayr on the Queensland coast. It was established as an experimental facility to see if it would be a better site from which to broadcast Radio Australia's broadcasts to the Pacific region and Papua New Guinea. It commenced transmitting in 1989. It has three relatively low powered transmitters, three 10-kilowatt transmitters, and it has aerials which enable Radio Australia to broadcast only a limited range of frequencies or channels.

We have found that Brandon is a very good site for getting into the Pacific. The ultimate plan was to establish a principal Radio Australia transmitting site for covering the Pacific from a site in Queensland which would be better than Shepparton. That has not come to pass, so Brandon's status is still little more than an experimental facility. It provides a valuable support role for our broadcasts into Papua New Guinea.

In that capacity we are actually carrying, on behalf of the BBC World Service, two 1-hour broadcasts each day in English which are directed to the Coral Sea region—Vanuatu, New Caledonia and Papua New Guinea. In exchange for giving the BBC time on those transmitters, Radio Australia is able to use some BBC facilities in London to switch Radio Australia's programs which are carried on a range of satellites.

I will mention for the benefit of the committee that Radio Australia does use appropriate technology—appropriate, that is, for our particular audiences. We use a range of satellites to cover audiences in western Europe and North America, very low cost transmissions. We are just doing it to get a feel for the technology, to see what kind of response we get. Radio Australia also has a strong presence on the Internet and we use transcription agreements and rebroadcast mechanisms as well. So we are not solely a short-wave broadcaster, although particularly in Asia, the bulk of our audience does listen to us on short wave.

For example, if you are looking at our Indonesian transmissions, we are averaging about 2,500 letters per month. In the last three years, Radio Australia's Indonesian transmissions have been available on short-wave transmissions and also on an Indonesia satellite called Palapa C2. That satellite has a footprint aimed primarily at the Indonesia archipelago but it does cover a large part of South East Asia. In the last three years we have received 2,500 letters a month from Indonesian listeners. We have had possibly 10 or maybe a dozen letters in that time from listeners who listen to Radio Australia's Indonesian service directly off the Palapa satellite; the rest of the listeners rely on our short-wave transmissions, which for east Indonesia emanate from Shepparton, but for the central and west Indonesian areas—which is all of Java, 100 million-odd people—those people rely on our transmissions from Darwin.

Mr Brown—We should not forget our expatriate audience. They are very passionate about Radio Australia. Whether they are people on ships or in outposts in various places around the world, very often the only service they get from Australia at all in remote areas is from Radio Australia.

I remember getting a letter a couple of years ago from a Queen's Counsel in Cambodia, who told me that he was writing the letter as he was hearing gunfire down the road from a Khmer Rouge skirmish. He said he was there teaching Cambodians how to be judges and magistrates, and he said, 'It would be a much worse situation for me if we did not have Radio Australia; this is our lifeline.'

Mr NUGENT—Thank you for that information on Brandon. As I understand it, you are saying that you lost Carnarvon, which was probably your best site for Asia, some time ago; relocated some of that to Darwin. Darwin is really the prime site from a technical point of view, where it is all pointing to Asia; Brandon is really still experimental and really pointed at the Pacific; and Shepparton really is not capable, certainly in its present configuration, of dealing with anything other than the Pacific that you can rely on in the short term, or in the longer term, without presumably significant redevelopment and so on.

Given that, and given the time frame that the minister has articulated, we are actually saying therefore—and I want to be very clear on this—that Radio Australia will cease broadcasting into Asia on 1 July. Is that correct?

Mr Brown—No, we will not cease broadcasting to Asia. We will not have the facilities which best broadcast into Asia. There will be a limited ability to broadcast to part of Asia from Shepparton on relatively low power and transmitters which are not orientated to cover Asia.

Mr Holmes—Shepparton has six operational transmitters and at the moment three of those would cover the Pacific, two would cover Papua New Guinea and the south-west Pacific, and one provides a service into that part of South East Asia that I have mentioned before, east Indonesia particularly, broadcasting in Indonesian and English.

I have drawn up schedules to reflect the anticipated transmission capacity that will be available to Radio Australia after 1 July and we are seeing that it looks like we will have two transmitters for the central and south Pacific, two for Papua New Guinea and the south-west Pacific and two for Asia, using some of the J group aerials that I described earlier. The two transmissions from Shepparton aimed to Asia would be carrying English, Indonesian, Khmer, Vietnamese and standard Chinese transmissions.

Mr NUGENT—So the minister is right when he says that if we close Darwin we can still continue to broadcast the full span basically to Asia. The quality may not be there but you can still carry the broadcasts.

Mr Holmes—The quality and the geographical coverage, I can guarantee you, will be greatly reduced. But technically we are still transmitting in those languages to part of that region. The bearing that will be available to us is a line drawn from Shepparton through Ambon, Manila and Hong Kong, so you can draw your own conclusion on our coverage for parts of Asia.

Mr NUGENT—If you draw a line from Shepparton to Hong Kong, are you saying anything west of that line will not be covered?

Mr Holmes—The 329 degree beam is approximately 10 degrees wide. We have already established that our broadcasts to Indonesia would be adversely affected if we were relying entirely on Shepparton's transmissions. We have not been able to do sufficient tests to draw conclusions about the effect of our coverage of other parts of Asia.

Mr NUGENT—What about places like Cambodia, Laos or those sorts of areas?

Mr Holmes—I would anticipate a marked reduction in the quality, reliability and range of Radio Australia's transmissions. Whether or not that reduction renders our broadcasts essentially unusable, I am not in a position to say with certainty but I hold grave fears for the quality of our broadcasts.

Mr NUGENT—What about Thailand and Malaysia?

Mr Holmes—That is getting closer to west Indonesia, and the information that I have received in the last few weeks suggests that relying on Shepparton is going to be a very risky business for our transmissions in future to those regions.

Mr Brown—I think the essential point here is that people are not going to be patient with signals that they have great difficulty hearing. There are so many alternatives for them from our competitors, who are using greater power and more sophisticated gear than we are, from a whole range of sites that cover the area they want to cover very efficiently. If on 30 June we do not have Darwin up, I think the great danger for us is that we are going to lose large numbers of our substantial audience in Asia.

Mr NUGENT—You mentioned Darwin closing. If that is not available to you, \$1.6 million would be saved and that would be essentially the cost of the power. But you also said, I think, that you were spending \$4 million on operating Darwin. Can you explain the difference between the two figures?

Mr Brown—We do not operate the transmitters; that is done for us by the NTA. The \$4 million, I understand, covers the operational and maintenance costs of Darwin, in total. The \$1.6 million is included in the \$4 million. That is the power cost, so it is a total figure of about \$4 million.

Mr NUGENT—Is anybody else using that facility apart from yourselves?

Mr Brown—Not at the moment.

Mr NUGENT—So if you do not use it, it can close and you will save \$4 million?

Mr Brown—Yes, although I understand the NTA has been told that its saving target for this year is \$1.6 million, so it is not the full amount that it has to save. What concerns us is that if there are efforts made to keep the station open through commercial arrangements with other broadcasters, if those do not eventuate in time, Darwin will close. It may be reopened later, but by then we will have lost large chunks of our audience. So after 58 years, trying to crank up those people to listen to us again would be a very difficult job in a competitive environment.

Mr NUGENT—When you talked to the minister and he made this statement that Darwin could go from your point of view and you would still operate, Darwin was not essential, were the reasons for that statement to you predicated by him on grounds of economy or grounds of need?

Mr Brown—I think the minister was simply saying that from his point of view 30 June was not a date of finality for him. Obviously, other players and other government agencies are interested in saving money and they may feel that the station needs to be closed unless deals are done in that very strict, if you like, accounting sense, but it would

cause us immeasurable damage.

Mr NUGENT—Are you suggesting that was Treasury, or who?

Mr Brown—I am not sure. It could be Finance or Treasury, I do not really know that.

ACTING CHAIR—The Department of Finance really.

Mr Brown—The chairman obviously knows better than I do.

Mr NUGENT—What I am trying to get at is that if Minister Alston said to you that the date does not have to be final necessarily, which is my understanding of what you are telling us, what actually has to happen in the next two weeks—because that is what we are talking about—to have that date delayed?

Mr Brown—I imagine that someone who has overall authority on the operation of those transmitters and the funding of those transmitters would have to make a decision that the \$1.6 million saving this year should not be applied from the start of the financial year, in order to give the various parties a chance to look at the financial commercial arrangements that may be possible. If it is only \$1.6 million out of \$4 million, presumably there is some money there that could keep the service going for a while.

Mr NUGENT—Are you fairly clear that the minister's argument is totally predicated on economics; he is not questioning the need for the service?

Mr GEORGIU—He is not questioning the need for the transmitter.

Mr NUGENT—I think it is more fundamental than that. I am asking if there has been any indication from the minister that there is a question mark in his mind or the government's mind about the value of continuing broadcasts overseas in English and/or in other languages by Radio Australia. Has he suggested that it does not serve a useful purpose? You and I and others may feel that it does serve a useful purpose, but has that question been raised?

Mr Brown—Obviously there is a financial aspect to it all. But I think it should also be noted that the ABC board made a decision, after the ministers made their decision about the budget for transmission, to preserve the Asian languages, albeit in reduced form, and with one or two of them no longer there, such as Cantonese, but standard Chinese would remain.

It may be that the ABC board's decision came at a time when the ministers had not been able to consider, if you like, the attitude of the ABC's board to maintaining those important Asian language services to Asia. It seems to me that Senator Alston in his

comments to Derek White has made it clear that 30 June is not a date which he would die for; that he feels there could be some flexibility there. That is what he said: he believed a commercial operation to keep Darwin open could be a win-win.

ACTING CHAIR—Following up on that, there is an odd discrepancy, which came out of the evidence to the Senate inquiry, about how much the whole operation is costing. Bob Mansfield was reported as citing a figure of \$7 million; the ABC annual report for 1995-96 cited a figure of \$9.8 million; and in answer to a question on notice DOCA, through the minister, estimated a figure of \$11.9 million. On top of that, presumably in the coordination comments, which you must have seen, the Department of Finance, depending on which way it went, said it would have a running cost of about \$1.35 or \$20 million, depending on which line they were pushing. Can you understand the discrepancy in the figures?

Mr Brown—No.

Mr Holmes—You looking at the cost of transmission. I am at a loss to explain the diversity of these figures. As I understand it, the principal costs for each site can be cut into two fairly well defined groups. There is an operation and maintenance component, which is the cost of labour plus the cost of spare parts, to keep the station on air. That is a contract that exists between the NTA and, in the case of the Darwin station, a company called Broadcast Communications Ltd, BCL, which is entirely owned by the New Zealand government, and, in the case of Shepparton, between the NTA and Telstra.

The other component for each site is the cost of electricity. At Shepparton the cost of electricity is peanuts; at Darwin it is a quite significant cost. The Darwin station is the second most significant sink of power after the base hospital. I will add that it is a very consistent load and, from an engineering point of view, the constant base load provided by the Darwin station does subsidise the cost of power for Darwin to other consumers and improves the whole reliability of Darwin's power generation system.

Mr GEORGIU—How does it subsidise the power to other users?

Mr Holmes—Domestic power consumption is quite peaky; you have well defined peaks in the morning and the afternoon, and you have to have a capacity there to meet those peaks.

Mr GEORGIU—I understand the general concept, but I am asking, why do you subsidise the power?

Mr Holmes—It is the old situation that the more you buy, the cheaper it is per unit; the more apples you buy, the cheaper each apple becomes. So, by having the Darwin station running 24 hours a day, the power and water authority in Darwin is able to use its generation plant most efficiently, and the cost savings achieved through the efficient use

of the generating plant are reflected by a lower tariff to other subscribers.

Mr Brown—The multitude of figures given for the transmission costs are a mystery to us; they must have something to do with someone's accounting in Canberra.

ACTING CHAIR—Did the Department of Finance put down a figure in its coordination comments in the budget?

Mr Brown—I do not recall, I cannot answer that, I am sorry.

ACTING CHAIR—Would it be possible to find out and let us know?

Mr Brown—Yes, we can do that. All I know is that our transmission budget, whether it was this year originally \$7 million, \$10 million or \$11 million, is now \$2.5 million for the coming year.

Mr PRICE—You have explained that the NTA provides the maintenance services. When the NTA was originally set up, all maintenance was done by Telstra. Is that the case?

Mr Holmes—Yes. The NTA, an agency within the Department of Communications, originally contracted the operation and maintenance of the ABC and SBS transmission services to Telstra Broadcasting. Radio Australia falls under the ABC component. A couple of years ago, I understand the NTA was directed to increase the private enterprise component in the operation and maintenance of the national broadcasting network. That was reflected in the letting of contracts about a year ago, which saw approximately 40 per cent of the ABC and SBS transmission network go to a company called Broadcast Communications Ltd, which is wholly owned by the New Zealand government, and Telstra Broadcasting retained 60 per cent of the operation and maintenance.

Mr PRICE—Would you be able to provide the committee with the figures when it was wholly done by Telstra, what the NTA was able to achieve, and what the costs are today?

Mr Holmes—All we could provide you with are the figures we get from the NTA annual reports. That request really should be directed to the NTA.

Mr PRICE—Okay. Does the NTA have a responsibility—is it purely a maintenance organisation?

Mr Holmes—No, it is responsible for expanding the network and for managing major capital expansion of the network. For example, the NTA oversaw the upgrade of the Darwin site, it oversaw the letting of contracts for new transmitters for Darwin. The

installation and the actual construction of the contracts was left to Telstra Broadcasting, because they are the experts in the field, but the NTA does have responsibility to manage the entire network, including capital works and future growth of the network.

Mr PRICE—Where does the capital funding come from, if you are upgrading or replacing?

Mr Brown—That is a government amount of money that is included within the NTA's budget.

Mr PRICE—So the NTA is funded out of the Department of Communications, for capital?

Mr Brown—Yes, out of Senator Alston's area.

Mr Holmes—The cost of NTA in the last financial year's I think was in the order of \$160 million, and from that would come capital works. For example, if the ABC says that it needs to improve the coverage of Triple J in a particular region, representatives from the ABC would negotiate with the NTA and, if the NTA agreed that the expansion was required, it would provide the funding for that capital work.

Mr PRICE—Is this split something that is normal in international broadcasting: you have a broadcaster per se who broadcasts and a separate agency that looks after everything else?

Mr Holmes—No, not at all. Every conceivable combination of ownership and management exists in international broadcasting. For example, some broadcasters such as Deutsche Welle have a similar arrangement to that which exists here, where Deutsche Welle produces the programs, but Deutsche Telecom, the German equivalent to Telstra, manages the transmission component.

The BBC, for example, until recently owned and managed its own international transmission resources, whether in England or the offshore relay sites. Just recently BBC World Service has privatised its transmission resources. A company called Merlin Communications International Ltd, which is actually a management buy-out of the BBC World Service facilities, was created. This private company has a 10-year contract with the BBC to provide transmission resources. In other countries, broadcasters own and completely manage their own transmission facilities completely independently of any government agency.

Mr PRICE—We have a three-layer structure, in a sense: we have Radio Australia, then NTA and then either Telstra or a private organisation.

Mr Holmes—Yes.

Mr PRICE—We have an extra layer of inefficiency here.

Mr Holmes—The Australian situation is unique in that regard, in that there is an extra administrative layer. But, if you ignore the NTA, the situation of having a government funded international broadcaster on the one hand and a government funded but separately managed transmission structure on the other hand is not unusual; having that intermediate managerial layer is unusual.

ACTING CHAIR (Mr Nugent)—Mr Jones has had to temporarily withdraw and I will be taking over as the acting chairman. I shall use my new-found power to ask the last question. Were a commercial arrangement to be worked out in respect of the Darwin site by parties as yet unnamed, would that therefore mean from your point of view that you would be able to continue using that site at your present costs and, in relation to your operation within the new restricted budget, the service would be fine and the finances would stay the same, or are there some other ramifications of that sort of arrangement?

Mr Brown—We are not clear on what shape or form it would take. At the moment we are just hopeful that we could coat-tail onto whatever arrangements were made to lease out transmitters that up until now we have had the total use of, without expending funds of Radio Australia. We do not have any transmission funds of our own. That was one of the problems we had when we were trying to go into exchange arrangements with other broadcasters: we did not have money to move our signal around to their transmitters.

That is still very much in the air. With our budget at the moment, all we have is enough money to operate an outfit with 68 people who are involved in preparing programs. That is basically the money that we have; it is salaries and expenses to produce programs. The \$2.5 million for transmission, as you know, covers only Shepparton and the smaller station at Brandon.

Our expectation, our fervent hope, is that, if there is enough money or some arrangement to keep those Darwin transmitters alive, which are so vital to our services into Asia, we would have some share, without cost to us, of whatever transmission capacity is available to us. Of course, we would also have to be aware that the people who are paying large amounts of money would probably want the best time on those transmitters. But at the moment we do not have anywhere else to go.

ACTING CHAIR (Mr Nugent)—So, in terms of keeping Darwin open, it is not only a question of whether it stays open; you also need some funding to be able to utilise the facility if it were to stay open, or some sort of grace arrangements.

Mr Brown—With the help of the ABC we can use a satellite to get our programs to Darwin. We can do that. Provided the Darwin transmitters stay open, we can use them. As I say, we really have to use them in order to be an effective, efficient and useful

service into Asia.

ACTING CHAIR (Mr Nugent)—We have run over time, but I would like to thank you very much for your attendance today. Certainly the committee will have a better understanding of particularly the technical issues and so on. If there are any other matters on which we might need additional information, the secretary will write to you. We will also send you a copy of the transcript of your evidence, to which you can make corrections of grammar. Thank you very much, and good luck.

Mr Brown—Thank you. I would like to thank the committee for hearing us today and allowing us to put what I think is a very important position on Radio Australia.

[11.40 a.m.]

McNAIR, Mr Peter David

ACTING CHAIR—I welcome Mr Peter McNair to the subcommittee. In what capacity are you appearing before the subcommittee?

Mr McNair—As a private individual.

ACTING CHAIR—The subcommittee prefers that all evidence be given in public, but should you at any stage wish to give evidence in private, you may ask to do so and the subcommittee will give consideration to that request. Although the subcommittee does not require you to give evidence on oath, I should advise that these hearings are legal proceedings of the parliament and warrant the same respect as proceedings of either of the houses themselves. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of the parliament. You have put in a written submission.

Resolved (on a motion by Mr Hollis, seconded by Mr Nugent):

That the submission provided by Mr Peter McNair be received as evidence and authorised for publication.

I now invite you to make a short opening statement before we proceed to questions.

Mr McNair—Mr Chairman, this is a new experience for me, so please bear with me. My purpose for putting forward my submission is that I have an affinity with a lot of Asian countries. I have spent a fair bit of time there in the military and since I have left the military. I believe that Australia needs to have close economic, social, cultural and security ties with the region.

I think there is an opportunity for Australia at this time, with the growth of that region, to get involved and do some pro-active work that would be beneficial to the whole of this country. That was the purpose of putting my submission in. It was something that I felt strongly about and that is why I have put the submission to you.

ACTING CHAIR—Could you tell us something about your background, for example, your age? I think you were in the RAN.

Mr McNair—Yes, I was. I am 49 years of age. I joined the RAN in 1966. I spent 20 years in the navy. I finished my time in the navy as a Chief Petty Officer. On completion of my RAN service, I worked for a US CadCam company. From there, I went on and worked for Transfield, although at the time it was called AMEC Vic., then AMECON and then Transfield Shipbuilding. From there I went to Telstra and now I am a private individual contractor doing some work for a Victorian government infrastructure

project.

ACTING CHAIR—Have you actually lived in any of the ASEAN countries?

Mr McNair—In respect of living as a domicile there, no, I have not.

ACTING CHAIR—Have you spent an extensive period in any particular country in terms of visits?

Mr McNair—Through my military life, it would be a majority. When I first joined the force we were involved with SEATO, so we spent a lot of time working out of Singapore, Hong Kong and those areas. Since that time, Vietnam put us in the Philippines for quite some time and we operated in and out of the Philippines. I spend a lot of time these days in Indonesia. I have a lot of good friends there and I like the country and the people. I think they have a lot of things in relation to their family values that this country is losing a little bit. So I do go there a lot and spend a fair bit of time in Indonesia.

Mr HOLLIS—In the third paragraph down on page 8 of your submission, you say:

Australia should take advantage of proximity of Indonesia for example and develop cooperation at a sub-regional level, particularly Northern Territory and Western Australia.

Are you aware that the Northern Territory government actually has a minister for Indonesian affairs? Of all the states and territories in Australia, the one that had done the most in what you are suggesting here would undoubtedly be the Northern Territory because they do have those close Thai links. They have things like the Arafura Games. As I understand it, and I could be wrong, I think they have a minister for Indonesian affairs.

Mr McNair—I think they do.

Mr HOLLIS—It seems to me that the Northern Territory is the one area that has adopted all this.

Mr McNair—I think both the Northern Territory and, to some extent, Western Australia are showing a pretty good example on how to deal with some of our Asian neighbours. The Northern Territory previously was trying to get a lot of other involvement from Australia to set up there—I am not too sure whether that is still the case now—to take advantage of their trade development zone and to deal with those areas. I am not too sure how successful that has been.

The Northern Territory is, in the main, I believe, dealing more with eastern Indonesia. A lot of Australian businesses that I have dealt with are more interested in Jakarta and what comes out of Jakarta. A lot of Australian businesses think that east

Indonesia is too hard. Whether the Northern Territory government is going to be successful is still to be seen.

Mr NUGENT—Mr McNair, I think it would be fair to say that, in reading your submission, you appear to be critical of Australian business management in terms of their approach to doing business in Asia. Is that a fair statement?

Mr McNair—That is fair, yes.

Mr NUGENT—Therefore, given that that is your view, what do you think business management needs to do to lift its game? What do you think the government ought to be doing to encourage business to lift their game, if anything?

Mr McNair—That is a very hard question to answer, Mr Nugent.

Mr NUGENT—That is why it was asked.

Mr McNair—In the first instance, I think that we are stuck with a lot of the industry leaders that we have today. It is going to take some time before the proper training comes through. Students at university now are getting exposed more to the business realities of Indonesia. They are also being exposed more to strategic planning and risk taking, something a lot of management in Australia today does not want to do.

That is not all. There are a number of areas in which the senior management are doing very well and I think Australia is benefiting from the work that they do. As I said earlier, I spent a lot of time with Transfield. I really believe that John White is one of those leaders who is setting a good example for a lot more CEOs in this country.

Mr NUGENT—Transfield is now a foreign company, isn't it?

Mr McNair—No. It depends on what part of Transfield you are talking about. I believe Transfield Shipbuilding is looking at a joint venture with Lockheed-Martin whereas Transfield Construction, the main part of the company, is still 100 per cent Australian owned.

For a government, it is very difficult to say, and I think I alluded to that in my paper. The government has put a lot of things in place to assist industry to bring these people up to what I believe to be a standard to have the leadership to be able to work in the Asian areas. Austrade have put things out to allow them to go and do certain courses. At one stage there, I believe they subsidised people from industry to go and live in areas for a while. I am not too sure whether that is still the case. I do not know whether the government can do much more, but I definitely believe that industry can do a lot more.

Mr NUGENT—Should government, for example, be providing soft loan facilities?

It abolished the DIFF scheme and there are various views about whether that decision was right or wrong. DIFF related largely to not just soft loans but also using Australian companies. The whole lame argument of whether you should tie aid to Australian companies that are being engaged is perhaps a separate issue. Is there a need for a soft loans scheme? Is there a need for an expansion of Austrade to put more resources on the ground both here and overseas? Should there be more Austrade posts? Should government be taking more specific pro-active actions in terms of getting young graduates trained in overseas languages? Are there particular measures that need to be undertaken by the government or do we have to wait for the culture to gradually change in the business community? If we wait too long, of course, we might be dead economically.

Mr McNair—I believe that, if we do wait, we will miss the boat. As I said earlier, I believe the government has put those things there and made them available. Transfield was probably one of the bigger successful users of the DIFF scheme around the world. They are still building some of the bridges in Indonesia out of that DIFF scheme. Whether all the Australian companies benefit or whether it was just those few, I personally believe that it seemed to always relate to a small group of companies that benefited from that.

There are other areas that industry can go to other than the DIFF scheme. We at Transfield put a bid in for an air traffic control project in Indonesia. At the end of the day, through EFIC and Citibank, we ended up with probably the best finance package that we could put together. The reason that we were unsuccessful was that it was very difficult for us to match the free use of the satellite that Hughes Aircraft from the US put forward, so the Indonesian government went that way. I do not know how you counteract that. It is obvious when you are working in that part of the world that the French, the Brits—particularly those two—and the US to some extent use these sorts of things as leverage to win large infrastructure projects.

Mr PRICE—What about the Japanese?

Mr McNair—That is interesting. I read in the paper the other day that the Japanese are interested in using Australian technology to push their dollars into the Asian market. That is an opportunity for Australian industry.

Mr NUGENT—It seems to me that a lot of the big Australian companies are fairly well educated in terms of doing business in Asia. They are there and they have the resources. If you go to Hong Kong and look at the new exhibition building that is being put up for 1 July or go out and look at the new airport, a lot of Australian companies are involved, and the same applies in many other Asian countries.

ACTING CHAIR—The bridge building.

Mr NUGENT—Yes, the bridge building. A lot of insurance companies and banks are after licences in China and so on. A lot of the big companies are well established in

the field. They have the resources, the expertise and the knowledge. Surely one of the problems in this country is that we do not have too many big companies. The broad base of our business is actually small companies and a lot of the small companies have problems of management expertise, management time availability, the cost of getting established overseas, bearing the long lead time and so on. What do you think those smaller companies ought to be doing? What do we need to do as a country to get them successfully overseas?

Mr McNair—One of the points I made towards the end of my paper is that I believe we should have a team Australia effort. How you bring that together is always difficult. On Sunday I will be flying to Bali to not only get away from the cold weather but also—

Mr NUGENT—Not in wonderful Melbourne.

Mr McNair—The Indonesia-Australia Business Council is having a conference there. I was a little bit disappointed with an article in the *Australian Financial Review* that—and I know for a fact that the Indonesians were sending a lot of their senior people to it—the Australian government as of two weeks ago were having difficulty finding a minister to go to represent us. If we are going to put forward a face from team Australia—the majority of the members in the Australian-Indonesia Business Council are small businesses, like myself—and if we do not get that sort of support from government, then societies like Indonesia and Singapore will say, ‘If the government is not interested, why should we be interested?’ It is a difficult situation. If we do not all team together, I do not think we are going to get anywhere.

Mr NUGENT—Do you get any support from the Australian Chamber of Commerce and Industry?

Mr McNair—I do not know. I cannot answer that.

Mr NUGENT—It actually runs an Australia-Indonesia group, an Australia-Malaysia Business Council and so on.

Mr McNair—I cannot answer that.

Mr NUGENT—Do you see support from the government as being not just monetary or special schemes but the commitment of ministerial bodies?

Mr McNair—Very much so, yes. It would be face to face. For anyone who has done any business in that part of the world before, the contract is not the important part; it is the relationship. If you do not have that relationship, you are not going to get anywhere.

ACTING CHAIR—There is something I wanted to follow up on. On page 5 of

your submission you gave an example. It states:

In the mean time Australia is pursuing the 'Australian car' to be manufactured in Indonesia. A Melbourne car designer has teamed with an Indonesian Government enterprise . . . Large amounts of money have been put forward by Government (and industry) to assist a Melbourne car designer with this venture . . . I would suggest that a prudent man may consider trying to get his/her auto parts into the Timor car—

perhaps, in the circumstances, not the most tactful of names; it is a bit like the Polish putting out a new car called the Auschwitz—

and looking at all the alternatives including Korea and Japan.

What is that all about? Can you tell us about that?

Mr McNair—When I was doing some research for the university and for this paper, I was trying to look for an example where small Australian industry tried to get on to the back of something to push forward their goods and services. In this particular instance, I found that an Australia company was involved in designing the car and that that car was going to be picked up and taken over to Indonesia and built and was going to become the national car. At the same time, the president's son was also involved in a car coming from another area, which, I think, has got a lot of press in Australia.

To me it seemed that we did not quite get it right in the way that they do business in that part of the world. Why would both government and industry spend millions and millions of dollars when it was going to be extremely difficult to put a car on the ground in competition with, maybe, the president's son? I think it is fair to say that he has got some tax incentives for his car that the Australian manufacturer will probably never get the chance to get.

I think in Australia, it has been rather an interesting point in the papers recently about auto manufacturers and spare parts. A number of the Indonesian companies sent people here to have a look at our spare parts. I really believe that they should have looked at both sides, but to lock themselves into the Australian one I thought was not a very smart thing to do.

ACTING CHAIR—You have not been directly involved with this Melbourne venture?

Mr McNair—No.

Mr NUGENT—I would like to ask some questions about some of the statements you have made on page 6 of your submission in relation to the World Bank and the Asia Development Bank. You imply that more Australian companies are not getting their fair share. What evidence do you have to support that statement? If that is the case, do you

know why they are not getting their fair share? Is it because they are being excluded? Is it because government is not supporting them? Is it because Australian companies are not bidding for the business? It is a fairly competitive thing and fairly open, as I understand it, on the market. If nobody actually puts their hand up to do the job, they are not going to get the business. Perhaps you would like to comment on that.

The second point is that you make a fairly emotive statement about Austrade. Could you expand on that? It seemed to me that Austrade—and we have heard from them recently—has certainly gone through some restructuring. They have suffered some budget cuts, like the rest of the economy. We have all shared the blame, even in part. Nevertheless, one hears quite a few supportive statements about Austrade's effectiveness these days. I would be interested in your views on those two issues.

Mr McNair—In relation to the World Bank and the Asia Development Bank issue, I asked: is Australia getting its share of these projects? I think I asked that question because I do not have a lot of evidence on it. I have had a lot of discussions with various people that were involved in the World Bank but not so much with the Asia Development Bank. I think it would be fair to say that, by the time they come out in written form from these two organisations, if you are just finding out about them then, you are not going to have much chance of winning those projects.

Mr NUGENT—That applies to all tendering processes, does it not?

Mr McNair—Pretty close to it. The question I asked was: what can we do to benefit Australia and Australian companies in that process? I have seen, and I still get it through the mail, information from Asia Development Bank telling me that this and that is available. By the time you put a team together to look at your bidding and whatever, it is too late. It has gone.

What I was trying to put forward there is that, whether it be a government—personally I believe it should be private individuals either funded by the MTIA or something like that or the Australian Business Council—we need to put people in there to find out what is coming down the pipeline and provide that information back to Australia.

One has to always consider that favouritism and cronyism might come into it again. I do not know how you get that out of the equation. A good example of a larger project is probably the Hong Kong airport. A lot of credit should go to the ISO. A lot of hard work was done by a number of people in the ISO to put together a team Australia. If we can encourage that into other areas, I think that would benefit us very much. On Austrade, I had a meeting with a gentleman from Austrade in the Melbourne office yesterday. I must say that I was pleasantly surprised at how helpful he was. But, in the past, particularly in Indonesia—

Mr NUGENT—As he was helpful, can you tell us which one you talked to?

Mr McNair—It slips my mind at the moment. In the past, particularly as I have had a lot of dealings with Indonesia, I have not found the Austrade office there all that helpful. When I was working with Transfield, we had a lot to do with Defence. In my opinion, the Austrade people themselves sure made it a bit of a mess for the Defence people in the Austrade office. I think that is still an ongoing thing with Defence attaches and Defence type people around the world at the moment.

If we are going to try to sell Defence products such as Anzac ships and derivatives of that, a lot of expertise went into building that ship, the same with the submarines. I know there is a lot of work being done on the P3, but it is being primed by an overseas company. There is a lot of work done with AII. We never seem to be able to capture that and be able to take it offshore and sell it.

Mr PRICE—What do you mean by ‘a bit of a mess’? I did not understand that.

Mr McNair—There is a lot of argument at the moment on the benefits of Defence and Austrade people—and I am trying to think they are not Austrade—

Mr PRICE—There were three Defence trade people set up, but I think Austrade filled the positions, didn’t they? I think there were two or three new positions.

Mr McNair—I am not sure if they were part of Austrade or they sat in. Malaysia, Thailand and Indonesia were the three. Transfield had a lot to do with the Malaysian people. I think they still do and hopefully they will be successful with that bid. But, in relation to the dealings I had with them, I found them extremely helpful in that they had a good understanding of what we were trying to achieve whereas the normal Austrade people—

Mr PRICE—I see what you mean.

Mr McNair—They never quite understood where we were coming from. It was difficult for them to react to our problems and our requests.

ACTING CHAIR—If there are no further questions, thank you very much, Mr McNair. If there are any matters on which we might need additional information, the secretary will write to you. You will be sent a copy of the transcript of the evidence and you can make corrections of fact. Thank you very much for your attendance.

Mr McNair—Thank you, Mr Chairman.

[12.10 p.m.]

LEE, Ms Yumi, Joint National Coordinator, Women's International League for Peace and Freedom (Australian section), GPO Box 2094, Adelaide, South Australia 5001

ACTING CHAIR—On behalf of the subcommittee, I welcome Ms Yumi Lee. The subcommittee prefers that all evidence be given in public but, if at any stage you wish to give any evidence in private, you may ask to do so and the subcommittee will give consideration to that request. Although the committee does not require you to give evidence on oath, we advise everyone who appears that the hearings are a legal proceeding of the parliament, so they warrant the same respect as proceedings of either of the Houses. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament.

You have provided us with a submission. Would you like to make a short opening statement about your submission and your point of view before we go on to questions?

Ms Lee—Thank you. First of all, I would like to tell you a little bit about my organisation. It is 82 years old this year and we have offices in Geneva and New York, due to our consultative status with the United Nations. We have branches in over 43 countries in the world. One of the most recent was set up in Sierra Leone, which at the moment is in a bit of a crisis.

Mr PRICE—Not because of your setting up there.

Ms Lee—That is right. WILPF works to achieve through peaceful means full rights for women, racial and economic justice, a sustainable environment and an end to all forms of violence, and to establish those political, sociological and psychological conditions which can ensure justice for all. We aim to bring the women's perspective to the process of achieving a peaceful, safe and just world.

Examples of the activities we carry out include the setting up of a women's house in Peru, which deals with health care and domestic violence issues; regional seminars in conflict and development, such as the one held in Sri Lanka last year, and an annual disarmament seminar to coincide with the conference on disarmament held every year in Geneva. Two of our international presidents have received a Nobel Peace Prize, but there are many, many women dedicated to the cause whose commitment remains unrecognised.

It is indeed a privilege to appear before your committee to present our views on Australia's relations with ASEAN. We recently appeared before another Senate committee, which did not instil any sense of confidence in ourselves that all members of parliament take these exercises seriously. We believe that this process is one of consultation where members of the broader community are called upon to give our perspective on issues of national importance and, regardless of the acrimony which may pervade the parliament,

we thought we would be spared political point scoring in these committees. We were obviously wrong, and we trust that that particular inquiry was an aberration and not the norm. It was the Telstra inquiry.

Mr GEORGIU—Were they trying to score points off you or off one another?

Ms Lee—Off everybody.

Mr GEORGIU—So long as it is even-handed.

Ms Lee—We appreciate this process of consultation, which signals a respect for the democratic principles of this nation. We hope our views will be given due consideration and that all members of this committee will be bold enough to leave aside their political agendas and seize the opportunity to be visionary and creative in dealing with the issues at hand.

As indicated in our written submission, the opportunity for Australia to engage meaningfully, profitably and successfully with ASEAN must be realised to its fullest potential as a necessary strategy to further our national interest. We would like to take this limited time available to us to highlight a few points from our written submission.

Firstly, we would like to propose that the committee give some thought to envisioning what type of nation Australia is to become. This is a fundamental question because there is little point in plotting the future direction of external relations if one does not know where, how, who and what one is and can become. As the political representatives and political leaders in our country, you are integral in helping to shape the social, economic and cultural identity of Australia.

The economic climate today has changed from the days when Australia could ride upon the sheep's back to prosperity. The manufacturing sector is withering away and certain sectors of our agriculture in this country are in crisis. Unemployment, and in particular long-term unemployment, remains trenchant and it is a fundamental flaw of this country that we do not have a government with a clear-cut coherent policy for the economic development of this nation.

In this respect, the Australian government has a lot to learn from the government of Singapore. For all the criticisms one may level against it for its treatment of political opposition, it has the vision to steer the country towards meeting the contingencies of the future.

Here in Australia we remain trapped in the seeming numbers game of interest rates and current account deficits, so much so that it is represented as the be-all and end-all of economic wellbeing. We have not been able to articulate the real threats to our nation and we lack a visionary economic blueprint which can give us a competitive advantage in this

world. There is nothing to stop the likes of BHP from locating its manufacturing base in cheaper countries and it is a great disappointment that the government is not directing and encouraging research and development in technologies which can take Australia into a secure future.

The social cost of poor economic planning, combined with a lack of culture in Australia of embracing difference in the community, can be seen in the rise of the One Nation Party, which has successfully engaged in the process of scapegoating. It will be a mistake for this committee not to scrutinise the very identity of this nation and to question what direction we need to proceed as a first step. When we speak of establishing relationships with the region and beyond, we need first to ascertain all our strengths, weaknesses and potential as a nation in order to map out clearly the areas we can profitably build upon.

It is unfortunate that the White Australia policy has left us with a legacy which we continue to battle with. The image of Australia in Asia is not pristine, and our continuing failure to encourage a diversity of cultural background in our media and in our parliament does not encourage those in Asia generally, and ASEAN in particular, to relinquish the view that this nation is still tinged with racism.

It is hypocritical for the government of Australia to preach the principles of human rights and democracy when we ourselves fail to actively engage with them. Our limitation in not drawing upon the full participation of our diverse population severely restricts our nation's realisation of playing a key role in building a real security in our region. The advantages of achieving a democracy which is truly participatory are manifold, not least of which is the immense credibility which this will invest in Australia's promotion of preventative diplomacy, conflict resolution and peace making and keeping. It will be a concrete manifestation of the principles of power sharing and confidence building which are essential in cultivating a healthy relationship within and with ASEAN.

Another point which we wish the committee to consider is the constructive role Australia can play by initiating the establishment of a gender training and conflict resolution centre. Australia is currently engaged with ASEAN in the ASEAN regional forum, which also includes China. It is positive to note that there is a distinct possibility that the ARF may be used as a means for the military of all the nations involved to discuss issues of mutual interest, to consolidate the gains made so far and to further enhance the security of the region. It would be strategic to involve ASEAN and Australia in the formation of a gender training and conflict resolution centre. Although ASEAN ostensibly exists as a cooperative forum, there is no formal mechanism through which member states can avail themselves of conflict resolution, training and practice.

The proposed centre will be a cooperative effort which will draw upon the expertise and knowledge of all of the nations concerned in developing strategies to deal with conflicts. It should incorporate a research section, which will act as a focus for peace research in the region, as well as offer everyday practical assistance to governments and

the commercial sector in mediation and conflict resolution.

The proposed centre can work to provide training to all officials in ASEAN—as well as Australia—in humanitarian and human rights law. In addition, it could provide the focal point for the governments to pool their resources to coordinate and plan penal, civil, labour and administrative sanctions in domestic legislation to punish and redress the wrongs done to women and girls who are subjected to any form of violence, whether in the home, the workplace, the community or society. Violence against women is a serious problem. In the Beijing women's conference, all the governments, including those of Australia and ASEAN, agreed in the Platform for Action that violence against women:

. . . is exacerbated by social pressures, notably the shame of denouncing certain acts that have been perpetrated against women; . . .

Excuse me, chairman, can I ask what the protocol is in an inquiry like this? I find it quite disturbing to give evidence and find that people are not paying attention to what I am saying. I have come all the way from Windsor this morning.

ACTING CHAIR—People are indeed paying attention. As we have your lengthy written statement, they are doing what I have been doing. When I am thinking of the kind of questions I want to ask, I look to see your text and say, 'Ah, yes, this would be a fruitful area for questioning.'

Ms Lee—Thank you. The platform continues:

. . . failure to reform existing laws; inadequate efforts on the part of public authorities to promote awareness of and to enforce existing laws; and the absence of educational and other means to address the causes and consequences of violence.

The centre can also provide direction in the field of education to modify the social and cultural patterns of conduct of men and women and to eliminate prejudices, customary practices and all other practices based on the idea of inferiority or superiority of either of the sexes and on stereotype roles for men and women. It is envisaged that this centre will be a cooperative effort, where Australia, although the initiator of the concept, is placed as a partner in the process, learning as well as contributing to the work of the centre.

We would also like to take this opportunity to request that the committee looks specifically at the implications for Australia of an industrialising ASEAN and the steps which Australia must take to secure our future. ASEAN countries are rushing to join the ranks of developed countries and obeying the clarion call of development has led to an almost unquestioning reliance on economic functioning in order to bring about financial gains so as to increase the GDP. The aim is ultimately to achieve the standard of living associated with developed countries.

Despite the warning signals sounded by development specialists, as well as the

rhetoric of the Rio summit, no concerted policy directives have been drawn up within ASEAN—nor for that matter in Australia—to deal with the simple fact that if all countries were to follow the example of the United States, we would need four or five planets for mines as well as for rubbish dumps. The economic and environmental implications of insisting on one model of development have not been taken seriously, either in ASEAN or Australia.

In our written submission, we pointed out what may appear to be a trivial example—the case of egg consumption in China. Although China is not an ASEAN nation, one can extrapolate from this example the devastating impact of unquestioning adherence to one version of development. While our Asian neighbours may not all want to consume 200 eggs annually, it would be a strain on our resources and their resources if they were all to have one fridge and one car each and insist on exactly the same standard of development which we in the north have aspired to.

It is therefore imperative that Australia works with ASEAN as a partner in seeking alternative methods of achieving the standard of living that we want. In line with this, we recommend that, as a first step, concerted efforts should be directed towards the development of alternative energy resources. Australia's potential to maximise its position as a world-class exporter of clean, sustainable and green technology has not yet been realised.

In conclusion, we would like to propose that the committee members give emphasis not only to the relationship between the government of Australia and the governments of ASEAN, but also to the importance of the relationship which must be nurtured between the peoples of Australia and those in ASEAN. This includes ensuring the image of Australians abroad is not tarnished by unethical practices of our commercial sector investing in ASEAN and in other countries.

To this end we recommend that the Australian government work with industries to ensure that their offshore practices are responsible and adhere to international standards for labour laws and environmental protection. A code of conduct for industry should be drawn up which includes these factors. Finally, the significance of people to people contact at the grassroots level must not be overlooked. Educational and cultural exchanges must be encouraged and funded by the government and public sector.

To underscore the importance of these exchanges, it is proposed that an ASEAN-Australia friendship year be launched, with a calendar of activities which attempt to draw in as diverse a cross-section of the Australian community as possible into a process of understanding and enjoying the richness of our entire cultural heritage. Fostering a peaceful and productive relationship with our ASEAN neighbours is dependent in large part on our ability to cultivate trust and respect.

Australia's motivation in furthering future ties with ASEAN must be predicated not

on the fact that they present a promising market for Australian goods and services, but on the fact that we must all learn to live in ways which secure the future for our children such that they can live without the fear of violence, with the security of employment and in an environment which is sustainable.

ACTING CHAIR—Ms Lee, that is an interesting submission. I was trying to reconcile what you were saying with the text here. It seems to me that there are a few internal contradictions that perhaps you could help us with. One is that you were very critical of Australia and the fact that we do not have an industry policy. On the other hand, you said what you liked about Singapore was that they had vision.

Yet, if you look at your own text, particularly on page 3, you say that all these ASEAN countries have a record of dubious human rights; that there is amplification of ethnic tensions; all ASEAN nations are united on one issue, that is non-interference in the state of human rights of their citizens; and, without exception, all ASEAN nations are equally culpable in violating the human rights of their citizens. Obviously, from your point of view, that is not inconsistent with having vision. You can have a vision on the one hand and on the other hand be very tough on human rights.

I want to ask you something that I have always worried about. Can you identify a country that you would regard as being both tolerant and competitive? It seems that countries are either tolerant—like Australia and New Zealand—but not particularly competitive, or they are countries like the Republic of Korea and Singapore, which are very competitive but not very tolerant. Can you identify a country that is both tolerant and competitive?

Ms Lee—No, I cannot. I do not think we have channelled our thinking in that direction. I think we are trapped in thinking the same old paradigms and we have not been bold enough to step outside of them.

ACTING CHAIR—When you say ‘we’, do you mean the Women’s International League for Peace and Freedom?

Ms Lee—No, I mean ‘we the world’—governments of the world, even the United States of America. The whole debate on human rights and how they deal with Asian countries, and ASEAN in particular, is not strategic. Let’s put it that way.

Mr GEORGIU—Ms Lee, you made some comments about Singapore and vision. Could you spell out what components of that vision and its outcomes particularly appeal to you?

Ms Lee—I would say that what appeals to me about the case of Singapore is the fact that it started off, after it was separated from Malaysia, with absolutely nothing. The government basically decided that it was going to do something with the future direction

of the economy of the country and it set up the economic development board and directed a lot of the economy. In fact, the government legislated a lot of things which basically pushed industry in a particular direction, rather than have a laissez-faire free market policy. It is very much a directed economy.

Mr GEORGIU—It does not fall into your classification of nations who are besotted by economic development? You were making a reasonably protracted attack on nations that were committed to economic development as a primary objective. Does Singapore not fall into that classification?

Ms Lee—Yes, it does.

Mr GEORGIU—Is that what you admire about it? Its capacity to drive its economy on?

Ms Lee—What I am trying to get at is that you can have a vision to drive the economic development in your country and do it in a way which is sustainable. Australia has the potential to develop a lot of green technology and we are not pushing that barrel hard enough. That is what I am saying. We can earn a lot of export dollars and a lot of good work is being done. You know the truism that a lot of our things have to be sold overseas because there is no buyer in Australia.

Mr HOLLIS—Is there a branch of the Women's International League for Peace and Freedom in Singapore?

Ms Lee—No, there is not; neither is there a branch of Amnesty International nor Greenpeace.

Mr HOLLIS—Do you think that if you were living in Singapore you could come before a joint committee of the Singapore parliament? Is there one opposition member now?

Mr NUGENT—Two.

Mr HOLLIS—Two opposition members. And could you have an all-party group and appear before that all-party group?

Ms Lee—No, I do not believe this opportunity would be offered to the citizens of that nation. If you are trying to imply that Australia should go down Singapore's path, if that is the impression I am giving in my submission, I would like to say that I apologise because that is not what I am trying to get at. What I am trying to get at is that it is possible for a government to draw an economic blueprint with a vision of where Australia needs to go in the future and to push and encourage and give lots of initiatives to technology and development in areas which are sustainable. I am talking about the concept.

Mr HOLLIS—While we may be focused on Singapore, which is a country whose leaders have not been slow in being critical of Australia, your submission also has quite a lot of comment about human rights. Not only are many of us on this committee members of Amnesty International but most of us are members of the human rights subcommittee. Mr Nugent chairs it. We recently conducted an inquiry into the transfer of sovereignty in Hong Kong.

It was interesting what you said about going down the Singapore road. When we were in Hong Kong, many people appearing before us in that inquiry were promoting Singapore as the model that China should follow. I am interested in this human rights issue and a concept that many of us have grappled with for many years. In your submission you said that the one thing that the states of Asia hold dear is non-interference in their internal affairs. Most countries, whether it is Malaysia or Burma with SLORC, hold that human rights—the treatment of their citizens internally—is their own affair. First of all, how do we engage them in this debate, and then what happens when inevitably they tell Australia to go and get lost?

Ms Lee—I have thought a lot about this; we have discussed a lot about this as well. Where we have come to in our thinking is that we have engaged with the issue of human rights in a very superficial manner. If we take human rights as a holistic concept and basically look at things like food security, employment and that whole range of things, we can go to ASEAN as partners in the process and not just isolate human rights. We can say we will work cooperatively in the area of, for instance, health. You can deal with human rights in that way, not isolate human rights as a stick to beat with. We can approach human rights as a holistic concept with different aspects such as food security, agriculture, housing, the work environment and say, ‘Let’s work together. We have problems in Australia too. How can we best pool our thinking to improve things?’ We can approach human rights in that respect.

Mr HOLLIS—But that again is the Singapore or various other models, because the government there is saying they are arresting people and denying them basic freedoms but they are giving them economic benefits. The whole argument always with all these countries is exactly what you are saying. A government of whatever country, especially in Asia, will say, ‘Okay, let’s get the economy right’ and people are more interested in economic rights than they are in political rights. It seems to me, with great respect, that is what you are arguing. If I have understood you correctly, you are talking about when we get the health okay and we get all these other things. That is the argument that is so often put to us: so long as people have a job and are earning more than they have earned before and are eating, do not worry too much about these political freedoms or these other human rights. Am I right or am I giving you views that you do not hold?

Ms Lee—I think that if you speak with human rights organisations based in these countries, they want the right to go out onto the streets and demonstrate as well. But it will be a mistake for us to say to these countries that you have to give them these rights.

If we are really sincere about getting to a goal where people can be free to express themselves without fear of being imprisoned, it is very much a step-by-step process. You cannot basically hoist all these views onto the government and expect them to say yes. It is a step-by-step thing.

For instance, say you are worried about the domestic maid situation in Singapore and the fact that they have maids come in from Sri Lanka, Philippines and Indonesia, who get locked up in the homes, which is absolutely appalling and would absolutely fail all terms set out by the International Labour Organisation, the way to go about it would be basically to engage the people in a dialogue and set the first few little benchmarks and start to crawl before you can fly. It is not easy.

Senator BOURNE—Let me say, first of all, that I am a member of WILPF, so I have some fellow feeling. I am sure you will be pleased to hear that I was a member of the three Australian human rights delegations that went to Asia—two to China and one to Vietnam. On all of those delegations, all members of the delegation did not just talk about political freedoms, we also talked about the ICESCR—the economic, social and cultural freedoms.

We put forward development as one of the basic freedoms that ought to be achieved. Australia is doing that and that is one of the things we do at the UN too. Australia is one of the few countries still that sees development as a basic human right and one that has to be achieved, as well as food and freedom from torture, arbitrary arrest and murder. All of those are equal. Of course, you have to worry about torture and murder while you are doing it.

At the end of your written submission, you talk about practices of preventative diplomacy and conflict resolution which you think would be very useful for us to pursue. Do you any ideas on how they could be pursued?

Ms Lee—We recommended that a centre be set up. It would be good to get all the governments involved with the establishment and staffing of this centre, so it will be a truly regional centre.

Senator BOURNE—Would this be a centre for data collection or the same sort of thing that ACFOA and the human rights forum in Australia have supported over the last couple of budgets, where you would have a library of conflict resolution and confidence building, where people could go to find out what is going on around the region?

Ms Lee—It can be much more than a data collecting place. It is true that this region is full of cultural diversity and you have people from different cultures with different ways of approaching problem solving, so it would be good to have a centre where people can talk about this and thrash things out and find commonalities. It would be an active centre which not only governments but also the commercial sector can avail

themselves of, too, because obviously when you have business across cultures you are bound to come across conflict and different interpretations of contracts.

Senator BOURNE—Your code of conduct was one of the recommendations that our human rights subcommittee made in its last comprehensive report, so we are looking at that at the moment, too.

Mr NUGENT—I would like to pick up a couple of issues, Ms Lee. Recommendation 8 in your submission says:

That the Australian government takes a more responsible stance against the SLORC regime in Burma by adopting economic sanctions and works actively with ASEAN to delay its membership into the Association until such time as democracy is restored in the nation.

I do not know whether you are aware, but the Australian government has been working quite hard with ASEAN and in particular we have been trying with a number of ASEAN countries to put pressure on them—any one of those ASEAN countries can blackball a membership application. We cannot stop it, but any one of the ASEAN countries can. We have been trying that but obviously that is going to be unsuccessful because it has already been announced that three additional countries, including Burma, will be admitted.

In terms of economic sanctions, do you really believe that Australia alone, with its limited economic activity, taking economic sanctions against a country that is now going to be part of ASEAN is going to make any difference?

Ms Lee—I do not think so. I was told that our investment is only 0.67 per cent of total investments in Burma. If we are going to have economic sanctions, it will have to be a concerted effort with all the other countries. Given the scenario where Malaysia and Singapore in particular are earning a lot of money from investments in Burma, it is highly unlikely that they will engage in economic sanctions.

Mr NUGENT—So how can you say that we should be responsible by adopting economic sanctions?

Ms Lee—This submission was prepared before the decision was made to include Burma into ASEAN.

Mr NUGENT—Could I take you to page 15 in your conclusion section, where at the top of the page you make the statement:

It is evident that the Australian parliaments are not representative of our peoples and it will be hypocritical to espouse democratic principles with our partners in ASEAN if we ourselves are not practising them.

I do not think anybody in the parliament would suggest that our democracy is

perfect but I would have thought we have a pretty good democratic system generally. Certainly, we need more women in the parliament and we got a few more the last time around, and we would like to see more migrants from different ethnic backgrounds in the parliament. But this country has an uncontestable statement that we have a very free and democratic system and I have not heard that challenged in any shape or form. How can you make a statement that we do not have a representative democratic system, and therefore we should not be advocating democracy in other countries?

Ms Lee—I am not saying that at all. I think you are extrapolating quite a lot.

Mr NUGENT—You are saying:

It will be hypocritical to espouse democratic principles with our partners in ASEAN if we ourselves are not practising them.

I would have thought that is a fairly clear-cut statement.

Ms Lee—Yes, it is. What I am trying to say is that if we do not encourage all sectors of our community into power sharing in this nation, we cannot call ourselves a democratic country in the true sense of the word.

Mr GEORGIU—You have gone beyond that. You say that the Australian parliaments are not representative of our people.

Ms Lee—That is very true.

Mr GEORGIU—That has nothing to do with parliamentary democracy, power sharing or anything else; you are making a very simple statement that we do not have a representative democracy in the classic sense.

Ms Lee—Yes.

Mr GEORGIU—If we are not a representative democracy, then on what basis do we seek to make changes in other nations? The argument is self-defeating, isn't it.

Ms Lee—The point I am making in my submission is that it would be hypocritical for us to espouse democratic principles when we are not active in pursuing a truly representative parliament.

ACTING CHAIR—Obviously, we have got our own barrows to push because we are part of that democratic process. But are you able to identify any country in the world which meets the exacting criteria that you recommend?

Ms Lee—No, but that does not mean that we cannot aspire to them.

ACTING CHAIR—No, but if you think of it as being a sequence of countries who are at various stages of the democratic process, I do not see it as being altogether grounds for self-congratulation, but I think you would have to see us in world terms as being No. 1 in the queue.

Ms Lee—I think the purpose of the exercise is basically to stretch our possibilities, to say, ‘Where can we do better?’ It is not an exercise where we sit down and pat ourselves on the back and say, ‘We are No. 1 in the queue so we are all right.’ I think an exercise like this gives us an opportunity to say, ‘Come on, Australia, we can do better. Let’s be more representative, let’s get more people involved in the running of this nation.’ That is what I am putting forward to the committee.

ACTING CHAIR—Yes, but the question about whether people join political parties, for example, whether they become directly involved in creating new political parties, new political structures, is really up to them. Because you make the statement at the top of page 15, it seems to me that it weakens the whole nature of the argument because there are several propositions that you put that I think are very difficult to sustain.

Ms Lee—I think that, while you are saying that it is up to people to join political parties, we have to do everything possible to make it an attractive option to them to join political parties. I am a new migrant to Australia, I came in 1991. Before I came to Australia, I had the impression that Australia was a white country. I did not know that it was the second most multicultural country in the world, after Israel, I believe. When I turned on the commercial television channels, all I saw were white faces—then I discovered SBS.

That overwhelming concept that you are ‘other’, from outside of the mainstream, does not encourage you to fully participate. This is a personal viewpoint. You are all white—most of you are white—and you may not perhaps understand it. But this is the perspective that I have got from my years in this country.

ACTING CHAIR—As there are no further questions, thank you very much for giving evidence. If there is any further information that we want, the secretary will write to you. You will be sent a copy of the transcript of your evidence and we invite you to make corrections of grammar and fact. Thank you.

Luncheon adjournment

[1.55 p.m.]

CAMILLERI, Professor Joseph Anthony, Professor of Politics, School of Sociology, Politics and Anthropology, La Trobe University, Bundoora, Victoria 3083

ACTING CHAIR—Welcome. The subcommittee prefers that all evidence is heard in public, but should you at any stage wish to give any evidence in private you may ask to do so and the subcommittee will give consideration to your request. In what capacity are you appearing before the subcommittee?

Prof. Camilleri—I am appearing in a private capacity.

ACTING CHAIR—Although the committee does not require you to give evidence on oath, I should advise you that these hearings are legal proceedings of the parliament and warrant the same respect as proceedings of the parliament. The giving of false and misleading evidence is a serious matter which may be regarded as a contempt of the parliament.

You have provided a submission for us, entitled ‘Asia and the emerging architecture for regional security’.

Resolved (on motion by Mr Nugent, seconded by Mr Hollis):

That the above submission be received as evidence and authorised for publication.

ACTING CHAIR—Would you like to make a short opening statement before we proceed to questions?

Prof. Camilleri—Thank you, Mr Chairman. In making a brief statement I thought I would begin by concentrating on the expansion of ASEAN to include three prospective new members—Burma, Laos and Cambodia—and I do note that that is the subject of another submission that is before you. There are a number of lessons that arise from the expanding membership of ASEAN which has considerable relevance to some of the issues that I touch on in my submission, so I would like to make a few brief comments about that.

The first thing is that the proposed admission of these three new members, but of Burma in particular, has raised considerable controversy, both between the ASEAN governments—ASEAN as a whole—on the one hand, and, on the other, the United States and Europe, but also between ASEAN governments. It has been a matter of some considerable and hotly contested debate between a number of ASEAN governments as to whether the time is right, particularly for Burma’s inclusion. Most interestingly, it has been the subject of considerable debate and discussion with at least some of the ASEAN countries, including the one that has perhaps been most enthusiastic about bringing Burma

in right now—namely, Malaysia.

It is clear that the opposition within these countries, by some ASEAN governments and by some members of the international community has not been enough to prevent or delay substantially Burmese entry. The question arises: why might this be so? I suggest there are any number of reasons, but three in particular: the wish of ASEAN not to discriminate between Burma on the one hand and Laos and Cambodia on the other; more importantly, the wish on ASEAN's part to become much more inclusive than it already is; and, most importantly I think, the China consideration—and I think that ought to be stressed. It is not that ASEAN sees itself as containing China; but, rather, that in dealing with China it would wish not to depend too much either upon anybody else's containment policy or, for that matter, even on the United States. So it sees an ASEAN that encompasses more or less the whole of South-East Asia as being able to do this best—and I think this is an important consideration.

The second lesson that arises from the events surrounding the decision to expand ASEAN has to do with the importance of human rights. I would draw the opposite conclusion to the one that some people have drawn. It demonstrates how important human rights are and are going to remain for some very considerable time to come. We can expect, of course, NGOs outside and inside ASEAN to continue to be preoccupied with human rights questions. We would expect European, Canadian, US and no doubt our own government to be concerned about these issues. But I am suggesting that we should expect the ASEAN societies in particular to become increasingly concerned about these issues. The question of Burma's inclusion has merely brought these issues to the fore.

If we are looking briefly at the question of Burma and how we are to deal with the problem, clearly we cannot ignore it, but we cannot ask for sanctions—at least not on the part of ASEAN; it is hardly likely to impose sanctions on the very country that it is about to admit. But I think we can ask about a number of other things, including the possibility of third-party mediation between the Burmese authorities and the pro-democracy movement in Burma. Though ASEAN itself may not be the third party, it may be the catalyst that brings about a third party for some possible mediation some time down the track.

We can see this as an opportunity to develop a much more effective regional human rights dialogue in the region, in the hope that these issues will be taken away from what can be otherwise difficult and tense bilateral relationships. I understand that there will be another inquiry on the whole question of human rights and I propose to look at that in that context at another time.

I think an expanded membership for ASEAN will bring much more to the fore issues of unity and conflict. A wider ASEAN is bound to have even more points of contention within its membership. The question arises: what might the implications of this be for Australia in particular? My view is that Australia would be best served if it were to

strongly support the continuing unity of ASEAN and to avoid any actions, in normal circumstances, which would help to divide it. Australia must not play divide and rule tactics in relation to ASEAN, even when such tactics might serve a short-term interest.

Australia's long-term interests and the stability of the region will depend much more on a united ASEAN, or at least one that can act as a cohesive entity in the politics of the region. Towards that end—and this is connected with the whole burden of my submission—it seems to me that Australia's main contribution is to work with ASEAN steadfastly for the development of processes and mechanisms which contribute to ASEAN's cohesion and regional role, which enable ASEAN to play a wider role in the Asia-Pacific in terms of the development of multilateral processes and mechanisms, and which draws on ASEAN's rich experience and unique contribution to the building of what I have described 'a Pacific house'.

Important in this I think will be what are already significant moves towards establishing a declaration or a pan-Pacific concord, which would lay the foundations for a complex structure of regional relationships. I understand that several drafts have already been prepared for such a pan-Pacific concord by a number of think-tanks, including some that have the ear of a number of ASEAN governments, including the Malaysian government. In this respect, I think Australia will have a very strong interest, and every benefit to gain, from strongly pursuing and encouraging track 2 diplomacy, which has been so substantially pioneered by ASEAN in these last 10 to 15 years. I refer in particular to the ASEAN ISIS institutes and the institutes which it incorporates, and to the Council for Security and Cooperation in the Asia-Pacific, both of which are strongly supported by ASEAN. It seems to me Australia would do well to very strongly encourage those and related processes.

Finally—and this, too, I mention in my submission—it seems that the time appears to be right when a significant new development ought to occur; when Australia, together with ASEAN and other interested governments, strongly supports what I call not just track 1 and track 2, but track 3 diplomacy—that is, the multilateral processes, networks, contacts and activities which involve not just the security community, those who are expert in a conventional sense on security studies, but a great number of other groups in the community. I am referring in particular to major professions—the legal profession, judges, and including a range of other educationalists—all of whom have a very important role to play in developing notions of comprehensive security which are going to be very important for the development not just of the ASEAN but of Australia's relations with the region—and not just South-East Asia but the wider Asia-Pacific region. I think that is enough from me.

ACTING CHAIR—Thank you very much. In your submission you quote with approval the words of Professor Michael Leifer where he referred to ASEAN as an 'institutionalised vehicle for intramural conflict avoidance and management, on the one hand, and extramural management or order, on the other.' Isn't that going to mean that on

the issues of human rights generally, with the possible exception of the Philippines which is subject to some other influences and is geographically separate, they are going to take an increasingly united front on issues of human rights based on the principle of non-interference and so on? Isn't it likely that the civil rights regime, certainly in nine of the 10 states—as I say, I put a question mark over the Philippines—might be likely to be tougher five or 10 years down the track, rather than that the other players are putting pressure on Burma, say, to open up?

Prof. Camilleri—I must say that is generally not my view. The reason is that all of them, in varying degrees—and that would include even Vietnam, but it might be slowest off the mark in this respect—are going to be subjected to increasing domestic pressure. Of course it is the combination of domestic and external pressure which can become very potent. My understanding is, first of all, that even in countries like Malaysia which have been very strong in pushing the line of non-interference are going to become increasingly open to ideas of improvements in human rights. Indeed, just to give you an example, I mentioned before that there is consideration being given currently to the idea of a pan-Pacific concord. I think primarily it is a Malaysian idea which comes from a number of Malaysian think tanks, many of which are very close to the Malaysian government. If you look at those early drafts of the pan-Pacific concord, there are strong references to comprehensive freedoms and rights. I think that is a response to the kinds of dramatic changes that are going on inside many of these countries.

The final point I want to make is that many of these countries are about to enter, and some have already entered, a substantial process of generational political change. Mahathir will soon, I think—one, two or three years down the track—be replaced. There will sooner or later be a change of leadership in Indonesia. I am not saying that it will all dramatically change towards enthusiastic acceptance of human rights. But I am saying that a new generation of political leaders in Indonesia, in Malaysia and in time, once the Lee Kuan Yew dominance begins to recede, in Singapore—as we have seen in the Philippines—will have to become increasingly open to the demands of their own middle classes, which are for an opening up in their respective societies. It is as much in response to those pressures as to external pressures that I think we will find, at least at the level of rhetoric, a willingness on the part of these governments to entertain discussions and dialogue about human rights.

ACTING CHAIR—So it is a combination of generational change, that one group passes out and others come in, plus the varying levels of economic development and stimulation of the rising middle class?

Prof. Camilleri—Plus continuing external pressure, because even if some European government is particularly interested in the economic prospects of doing business with ASEAN, there is the question of their own constituencies. Indeed, we have seen changes in two governments very recently—the British and French governments—both of which have already said they are going to place human rights very high on their

list of priorities, which remains the position of course of the European Parliament itself. All of that is not going to go away, regardless of what the present position of the Prime Minister of this or that ASEAN country might be on this question.

Mr HOLLIS—But surely there is a counterargument. I was interested that you said in your introduction that there was human rights pressure. I want to ask you for examples of that, because some people could argue that the very inclusion of Burma in the ASEAN group is sending a signal that human rights does not matter so much. There is the argument that it legitimises Burma and that Burma can say, ‘People are jumping up and down and complaining about human rights here, yet we are accepted into the broader framework of the ASEAN group.’ In some of the submissions that have come to us it has been argued that the very inclusion of Burma is sending out all those negative messages against human rights. You seem to be arguing that there will be increasing pressure with this generational change and that the human rights situation will improve.

Prof. Camilleri—I am not making an argument as to what will happen inside Burma because I honestly do not know, any more than I know what will happen inside Indonesia—I do not think anyone knows—this year, next year. But what I am saying is, firstly, that the issue will simply not go away; and, secondly, that the decision to include Burma at this time and to do it as quickly as possible was not motivated, on the part of Malaysia or any of the other ASEAN governments, by: ‘Let’s assert once and forever the principle of non-interference in our internal affairs.’ I think there were larger geopolitical questions and, in particular, the China factor. Mahathir’s position is very clear. He does not wish China to divide ASEAN and he is very concerned about a China-Burma axis. That is the fundamental factor, in my view, that led him to pursue it at breakneck speed.

It is true that there are human rights dimensions to this question, but I do not think they were paramount in the thinking of those who were pushing so hard to get Burma in. It may well be that, having got Burma in, assuming that things do not improve dramatically in the very near future, ASEAN will have no option but to engage in discussions about these questions. In other words, if there is an even greater crackdown on the pro-democracy movement in Burma, there is no way ASEAN will be able to ditch it entirely. They will have to find ways of getting round the problem.

ASEAN has very considerable experience at doing these things in subtle ways. The one they have already developed—and I think we have been wrong in Australia in not paying much more attention to it—is track 2 diplomacy. It may well be that ASEAN will not be able to handle the Burma issue at a formal meeting of ASEAN; but ASEAN institutes’ think-thanks, some of which are very close to government, may be able to have any number of meetings in which they discuss the question of Burma head on. Track 2 diplomacy is a slower process, but one that we ought to pay very considerable attention to, particularly when it involves those who are able to speak in ways that do not formally commit governments but which governments are prepared to listen to.

Mr NUGENT—Professor Camilleri, you have talked about ASEAN as an entity. This inquiry is about not only how ASEAN is going to develop in various ways, but Australia's relationship. Could you expand on how you see that relationship developing between Australia and ASEAN, particularly given the obvious large Chinese influence both on what we do and what countries of ASEAN do, not just in the Burma context but in the broader sense? Could you also perhaps comment on the ASEM difficulty that we have and why, if we are such good friends with so many of these countries, they are not standing up to be counted much more in terms of getting us to the table at things like ASEM?

Prof. Camilleri—Perhaps I can address those two questions specifically, at least to begin with. On the question of China, I think that is one of the most important issues confronting both ASEAN and Australia, and of course just about everybody else in the region, the United States included. I should preface my comments by saying that China could become a point of contention inside ASEAN, because not everyone is of the same view as to how the China issue should be handled. Within ASEAN, there are differences of emphases between those who perhaps feel it should be an absolutely cooperative approach on all fronts and those who think that at least on some issues—for example, the Spratlys—a firm line should be taken.

Nevertheless, in so far as there is an ASEAN view emerging, I think it is a very important one, and one which speaks of moderation. First of all, there is a view, fairly widely spread within ASEAN, that at least in the foreseeable future China does not pose a major military threat, although it is equally true that China will want to play an increasingly important role in the region. I think there are very strong voices within ASEAN who are saying that the best way of handling the China question is to provide a framework within Asia-Pacific, not just South-East Asia, which enables China to play a much more important role than it has over the last 10, 20 or more years and which therefore provides China with all the incentives it needs to be able to play a constructive role in the region. That, in my view, is the only way forward.

There would be nothing worse than a major conflict which once again pitted China against the United States. The only player in the region, unfortunately—or fortunately—which I think can pursue such an approach with any degree of confidence and credibility is a united ASEAN. That is why I emphasised that we should do everything possible to avoid a divided ASEAN. I would see Australia playing a very important role, side by side with ASEAN, in developing such a framework which would include the continuing development of existing multilateral processes, including the ASEAN Regional Forum, and, as time goes on, possibly even new ones. Presumably APEC, in another context, will also play a very important role in that. If it should so happen that at some point in time ASEAN and China become of the view that there is reason to proceed with some kind of an Asian economic forum over and above APEC, I would not be unduly fussed by it if it provides yet another avenue in which ASEAN and China can be seen to be working cooperatively.

On the question of Australian membership of ASEM, I think Australia should pursue such membership. I understand that a great many ASEAN countries are strongly in support of that, and will continue to be, and I would be surprised if Australia were to be denied membership for very much longer. I cannot predict exactly at what point the invitation will come, but I suspect that it will come in the not too distant future. There will always be, between this country and that country—whether it is Malaysia today or Indonesia tomorrow or Singapore some other day—some tensions in the bilateral relationship which make this particular government less enthusiastic about this or that aspect of Australian policy. But I do not see it as providing a long-term, or even medium-term, stumbling block to the relationship between Australia and ASEAN. I would be very surprised if five years from now—and probably quite a bit earlier—Australia were not invited to become part of ASEM.

Mr NUGENT—Given that it is generally accepted that the reason we have not been invited to the table in ASEM is that Malaysia is the country saying no and that everybody else is saying yes or at least acquiescing, and some are saying yes quite firmly, what would be your view about the theory that says that our relationships with the rest of ASEAN are not as good as we might think, because if we had really good relationships and they were all committed, they would be saying, ‘If Australia does not come too, it is not meaningful and we do not want to be involved,’ and applying some real pressure to Malaysia?

Prof. Camilleri—I would say two things about that. One is the well-known point that ASEAN tends, not on all issues but on many issues, to try and proceed by consensus. Sure enough, on the question of Burma you could say there was no consensus and those who pushed very hard have got their way. Let’s face it, I do not think Australia’s inclusion in ASEM would be regarded by most ASEAN countries as an absolute A1 priority; so while they are prepared to push, they would not be prepared to push to the extent that that might substantially affect internal cohesion within ASEAN. That is the first point. Probably no government so far has been willing to push on Australia’s behalf beyond a certain point, but partly because most of them would regard it as a matter of time, and if it takes a few extra years they are not going to be unduly fussed about it, although Australia may not like it.

The other point I would make, though, is to partly perhaps concede what is behind your question: probably a number of other ASEAN governments are not exactly so wildly enthusiastic about it that they would be prepared to go all out; and, on the part of at least some, even though they think it is the logical thing to happen, the fact that Australia might be left stewing for a little while is not necessarily regarded as a very bad thing. It is an acknowledgment that increasingly, in diplomatic terms in the region, it is ASEAN that calls the tune and Australia cannot expect to have its requests or preferences immediately attended to.

So there are a number of complex factors. There is, I think, a kind of friendly

competitiveness at work between some ASEAN countries and Australia, because they are all middle powers, each trying to establish for themselves a position of leadership in the emerging new regional order. There is a sense perhaps that Australia has been pushing quite hard in recent years and this is a way of establishing the fact that Australia cannot always have it its own way; that it has to be through close participation and sometimes through leadership of ASEAN. So there are a lot of imponderables in all of this, but I still think that, come a relatively short period of time, Australia will be part of ASEM.

Mr NUGENT—I would like to take you back to the rationale you gave for Burma being admitted. Whilst I do not want to put words in your mouth, my interpretation, in a sentence, of what you said is that, really, it was Malaysia wanting to see Burma in there because of the concerns about China. I think there is also a view, and I would be interested in your comments on it, that the extension to 10 countries is probably nothing more complex or difficult than the mere fact that there are two fairly dominant elderly gentlemen involved in ASEAN—and I am talking particularly about Malaysia and Indonesia—who have got very large egos and are very keen to see 10 countries on the 30th anniversary, and that other considerations has not really weighed very heavily in the argument. Would you care to comment on that?

Prof. Camilleri—I suppose, with just a slight qualification, that I think I know more about Malaysian thinking than possibly I do about Indonesian thinking. So far as Malaysia is concerned, my own reading is that Malaysia does in fact have a very sophisticated foreign policy; that, sure enough, what Mahathir says is often very decisive, but he does take advice. He has a number of think-tanks very closely aligned to him; in fact, most of the Malaysian political factions have think-tanks associated with them. But I do know a number of the people who are very close to him and how their thinking is proceeding, I know they have very extensive discussions with him about these issues, and I am in no doubt at all that China was a very important part of his thinking, which is not to say that the notion of an all-inclusive South-East Asia as part of ASEAN was not also part of it.

I gave as one of my two most important ideas the notion that this leadership has finally consummated the task of bringing the whole of South-East Asia into one, hopefully coherent, umbrella. I think that has been in itself a long-term objective, which explains the speed with which Vietnam also was brought in, very shortly after relations had been rather poor between those countries. So I think there has been a very strong push for at least the best part of 10 years to make ASEAN cover the entire region, in order to give it the muscle which it would otherwise not have.

Mr GEORGIU—Could I ask a couple of questions about Australia's relationship with ASEAN? One quote is about not resiling from encouraging at all levels with ASEAN, and about a rigorous debate about the process and mechanisms and not trying to divide ASEAN. Could you specify in fairly straightforward terms what you regard as being the appropriate and effective relationship between Australia and ASEAN, from our

perspective? What should we be doing? But equally, do not answer in general terms like 'do not divide them', unless you really have to.

Prof. Camilleri—There are a number of what I see as key issues; some are economic and some are security related. On the question of security, ASEAN on the whole has been very interested in developing multilateral processes, and not just its own multilateral processes but wider multilateral processes for the region; and so has Australia. That has been one of the important points of convergence. Hence the ASEAN Regional Forum, one could argue, is of course the result of ASEAN's involvement; but governments like Australia for a number of years have been pushing in the same direction. Therefore, specifically Australia and ASEAN have a very important role in the continued development and expansion of the ARF's agenda. I could see no more important multilateral objective than that one. It has to be nurtured very carefully; it has now a much larger number of countries, which brings in many different interests, but nevertheless it is one of the most important forums.

It is in Australia's interests to do everything possible together with ASEAN to see what ASEAN can do at three levels. Firstly, there is confidence building, which we are involved with, including in the area of defence: questions of transparency; the production of a uniform approach towards, for example, defence white papers; the notification of exercises between each other; and then taking that not just to Australia and ASEAN but beyond. I see Australia having a very important part to play in assisting and encouraging ASEAN to take a leading role in the resolution of the Spratlys dispute. I think we should do everything in our power—

Mr GEORGIU—How do we do that?

Prof. Camilleri—We have a privileged relationship with the United States, and that is very important. If we take the Spratlys, which has been a serious point of contention between the Philippines and China, there is a view in the Philippines—I say 'a' view: I was there very recently and had a briefing from their Defence Department on the Spratlys dispute, and I am not saying it is a dominant view but it is not a negligible view—that, so far, ASEAN has perhaps not delivered very much in terms of the Philippines conflict with China over the Spratlys. So a number of them are saying, 'Maybe we should be calling more on the United States to see what they can deliver in terms of assisting us in any future problems between ourselves and China.'

I think we should be giving advice to the United States to continue on the path it has been on so far, namely, to remain an interested observer of what happens in the Spratlys and not, even if pushed at some point by the Philippines, to take a direct role. I think our advice presumably would be a significant factor in any future American consideration of what its policy should be. I am saying that we have an important role to play in using both ASEAN and the ASEAN Regional Forum as mechanisms for some future framework which helps to defuse that issue and in not relying on outside

intervention on the part of a major power.

Mr GEORGIU—But that is precisely what you said, that we have to exercise our influence with the US to have some influence. That is involvement with an outside power. You have not given any specific prescriptions or recommendations—and I am being serious—about what Australia should actually do vis-a-vis ASEAN. Every time the question comes up, we are pushed out to influencing a great power outside the region; and, when it comes down to specific recommendations and normative positions with respect to ASEAN which can be actioned, it goes off into a hugely vague blur of statements like ‘Australia must resile from encouraging . . . ’ et cetera. What I am asking, in fairly straightforward terms, is this: what should we be doing, not in practical terms but in precise terms?

Prof. Camilleri—One of the things we should be doing is to say to ASEAN and to its member states to play a much more up-front role than they have been willing to play so far. In other words, it is diplomacy. That is what we should be doing, concretely. I understand that we have been doing this a little bit, but I am saying that we should be doing it more, and that the time is now ripe for ASEAN—and, through ASEAN, the ASEAN Regional Forum—to take a much more up-front role in the resolution of regional conflicts. They have tended to be worried that, were they to do this, it would divide it. I think the time has come when some regional conflicts, if allowed to fester, would become more and more troublesome.

ASEAN must—and, through ASEAN, the ASEAN Regional Forum, because there is a close relationship between the two—tackle head on the Spratlys dispute, for example. They have to say to China, ‘We are going to discuss it, whether you like it or not.’ It has to become a subject for discussion, and let us see whether we can establish a code of conduct which would be agreed to, and which would include China and commit China to that particular code of conduct. We should be pushing quite hard for that to happen.

Mr GEORGIU—How would we actually tangibly do that with respect to ASEAN and the Spratlys? How would we be more up front in the conflict resolution in the region?

Prof. Camilleri—We would do it in various ways. There are two or three ways that I can think of most immediately. We would do it in our bilateral relations with ASEAN members. We would do it in our dialogue discussions between Australia and ASEAN: in our dialogue relationship, we are fully entitled to raise that question as a matter of concern to us and to say that we want to see ASEAN playing a major, up-front role in this way. We would also do it at the meetings, and not just at the formal ministerial meetings but also at senior official level meetings in the ASEAN Regional Forum. So, we would do it bilaterally in our individual bilateral relationships, and through the various multilateral processes available to us.

Mr GEORGIU—How would they respond?

Prof. Camilleri—By and large they would probably, with some minor variations, respond very well.

Mr GEORGIU—Malaysia?

Prof. Camilleri—Yes, I think Malaysia is prepared to do it; Philippines, yes; Indonesia, yes; I would think so.

Mr PRICE—We have pushed hard in relation to trying to get membership of ASEAN, and I guess there is a fair degree of disappointment that it has not progressed so far. Would you say there are any other member countries of ASEAN that have a wonky relationship with ASEAN? In other words, we are doing an inquiry on Australia's relationship with ASEAN, and I am wondering whether we are being a bit paranoid or oversensitive about a part of that relationship. I would be interested in your view.

Prof. Camilleri—Let me get your question right. Are you asking whether there are any other countries in ASEAN with whom we have rocky relationships?

Mr PRICE—No. I am asking about any other country which has a rocky relationship with other ASEAN members within ASEAN.

Prof. Camilleri—There are some. The classic one is Malaysia and Singapore. There is a good deal of animosity between the two on a range of issues; some are security related, some are more cultural, and some are about the appropriate position to be taken on a number of diplomatic questions. That is definitely one example.

Although it has been very well covered or obscured, there has been and there continues to be quite a bit of jockeying for leadership position between Indonesia and Malaysia. Sometimes it has been to the point of prickliness, but it has not degenerated into a serious problem, but it could in the future if it does not continue to be handled very well.

There was of course animosity very recently between the Philippines and Singapore—and it could be between the Philippines and any number of countries, given that there are so many Philippines guest workers in a number of ASEAN countries and that this is a very touchy issue for the Philippines, who believe a number of their people are being exploited by a number of host countries and Singapore in particular but not exclusively. There are a number of questions.

It is possible—to project this into the future—that China could prove to be a divisive question between those who would want to take a welcoming, encouraging approach to the new China and those who remain highly suspicious of it. Given that now

there are differences of approach between Thailand, for instance, and Malaysia, and that in the past there have been very substantial differences as to how the Cambodian problem should be dealt with and what the proper attitude to Vietnam is, that has now divided Malaysia and Thailand, for example. There are unresolved territorial disputes among them, as well. So there is any number of diplomatic, economic, cultural and strategic issues which could divide them. But the great virtue—and, if you like, the miracle and achievement of ASEAN—is that somehow it has developed a kind of diplomatic style of process which has not resolved many of these conflicts but which has prevented them from degenerating to the point of serious tension, let alone violence.

Mr PRICE—You would be aware that there has been a significant change in Australia's attitude towards peacekeeping, whereby we have gone from peacekeeping not being a force determinant to it now being a force determinant; and, in fact, the government is suggesting that there needs to be a capability in our region for at least operating in a coalition—without specifying the coalition, which I presume is principally America. But, if there is a need for a significant peacekeeping force in our region and not in the South Pacific, do you see ASEAN developing a mechanism whereby it will play a role in developing a peacekeeping force to sort out the problem? How do you see peacekeeping involved in our region?

Prof. Camilleri—That is a very important issue. At a recent ASEAN Regional Forum ministerial meeting, there was a decision made to hold a discussion about training of peacekeepers in the region. Some ASEAN governments wanted to go beyond this—Malaysia, in particular. I may be wrong but I think our own position has been not to be terribly enthusiastic about that, and I think that is wrong.

There are two or three countries, of which Australia is one, which have had a very substantial role and involvement in peacekeeping operations. Another one is Malaysia, and New Zealand is another, and others may become increasingly interested. This does provide the means for the military of some of these countries to perform a highly visible and useful role. That is one point.

The second point is that I think we are seeing in this part of the world the development of a number of regional institutions. One of the large and unanswered questions which were put on the agenda for a while but which nothing much has been done about is the question of what the relationship is going to be with a number of these regional institutions and global institutions, of which the UN system is obviously the most important. When you come to peacekeeping, there is a classic instance. There should be much more serious work being done of a very practical kind in developing mechanisms for linking regional institutions and the UN system; and peacekeeping is clearly one of those mechanisms whereby there could be at least some elements of cooperation and possibly even delegation.

Yes, I would be very interested in the development of at least a peacekeeping

training centre in this region, which includes Australia and of course ASEAN, and I would also be interested in the possibility of the coordination of involvement from the region of peacekeeping operations when required, even outside the Pacific region. There is an awful lot that can be done there. I am very strongly of the view that on balance, despite the ups and downs that these things inevitably go through, peacekeeping of various kinds will be an increasingly important aspect, in spite of some of the harsh lessons we have learnt with the likes of Rwanda and Somalia.

ACTING CHAIR—I would like to ask you a question which I suppose was stimulated by Stephen FitzGerald's book *Is Australia an Asian Nation?* There is a short question and then a somewhat longer one. I would like you to provide an answer to Stephen FitzGerald's question; it will not necessarily be the same as his.

Also, you said you thought it was not unrealistic that Australia might at some time be part of ASEAN but that we would not rush it. I will put the devil's advocate view and ask if there really is, in your view, enough community of interest. No doubt they see us as being a useful supplier of raw materials, but they think of us in some ways as being opinionated, insensitive and still representing a very set of values radically different from the values they have. After all, they have the mutuality of interest, in that there is a whole series of contiguous states—with, of course, Indonesia and the Philippines being physically separate. In a sense, although they are not absolutely unified, there is perhaps more in common at one level between Singapore and Burma than there is between Singapore and Australia, certainly as far as the political process is concerned.

Prof. Camilleri—On the first question, I do not think we are Asian, but of course we are engaged with Asia. That is the conventional answer to that question. We wish to be part of the Asia-Pacific region. I think that is the right frame for answering the question. I see the entity as being Asia-Pacific, not Asia. I think there has been a terrible amount of misunderstanding, and a fixation about Asia. After all, what does 'Asia' mean? The meaning of Asia technically is 'the other', or that which was not European. Asia means 'the other'. It was to distinguish all that was not European; and, in this 'other', there is a terrible hotch-potch. There are great differences between different parts of Asia which are greater than, or at least as great as, the differences between Portugal and Turkey. Asia itself is a very large diverse place. But, if you think of Asia-Pacific, of which Asia is an integral part and of which parts of the Pacific are an integral part, we are part of that and we bring a great deal to that Asia-Pacific framework.

What is our particular contribution? To begin with—and I think this is probably what a number of Asians think the jury is still out on—we like to think of ourselves as a multicultural society. I know that, when you visit certain parts of Asia, they accept that with a little smile. How multicultural are we really, or do we see ourselves as being? But assuming that we are serious about that and that that becomes increasingly clear, that in itself improves the prospects for our acceptance as integral to this region, which is understood as the larger Asia-Pacific region. That is the first point.

Secondly, we have very close connections with many of these countries, spanning a very long period. With some of them we share common Commonwealth links, which go back a considerable period of time. We have had very substantial links, interestingly enough, with a country the government of which we have had some difficulty in operating with in the past 10 years or so, namely Malaysia. We have had a very close connection ever since, and even preceding, the days of the Malayan Emergency. There is a reservoir of cooperation and goodwill which links us with those countries, many of which have English as a very important second language, if not as a first language, and this includes the Philippines. Australia has very substantial economic, strategic and cultural connections with a number of these countries.

Finally, it is true to say that there are important—and, I think, the most influential—voices of the next generation in Asia which see Asia as drawing strength from the fact that it is itself such a large multicultural microcosm. If we hear what Anwar Ibrahim is saying, as opposed to Mahathir, his main interest in addressing that kind of question is that Asia is the melting pot of some of the world's major religious and cultural traditions—Hinduism, Buddhism, Confucianism, and Christianity included. You may be interested to know that I am helping to organise, and will be part of, a conference to be held in Malaysia in a few weeks time, which he will open and which is devoted precisely to the notion of intercivlisation or intercultural dialogue. I see Australia as having a very important part to play in the development of that dialogue in Asia. The notion of a melting pot is gradually unfolding and is in its very early stages.

ACTING CHAIR—Thank you very much. That has been very stimulating. In closing, I point out that if there are any further matters or any additional details we want, the secretary will write to you, and you will be sent a copy of the transcript of your evidence, to which you can make corrections of grammar and fact, and I think spelling ought to be included, as well. Thank you very much.

[2.45 p.m.]

COTTON, Professor James Stephen, 40 York Street, Sandy Bay, Tasmania 7005

ACTING CHAIR—Welcome. The subcommittee prefers that all evidence be given in public but, should you at any time wish to give any evidence in private, you may ask to do so and the subcommittee will consider your request. Although the committee does not require witnesses to give evidence on oath, the hearings are legal proceedings of the parliament and are covered by the same status and proceedings of the houses themselves. The giving of false and misleading evidence is a serious matter and may be regarded as a contempt of parliament. We have received your submission. I invite you to make a short opening statement before we proceed to questions.

Prof. Cotton—Thank you for your invitation. I am here in my personal capacity. I do not represent the institution, necessarily; although, I am sure it would not dissociate itself from what I have to say. I am here as a person with a wide interest in Asian studies. Most recently I have been doing a lot of work on the Koreas, but of particular interest to this committee is the fact that I taught for two years in the 1980s at the National University of Singapore and earlier this year I spent six weeks in Malaysia as a visiting professor so I have a lot of South-East Asian interests. I am also a member of the CSCAP Australia committee.

Let me say a couple of words about the submission I have given you; I think it is reasonably self-explanatory. My problem is how to characterise ASEAN, and I have come up with this formula: it is a way of conducting especially inter-elite transactions. If you looked for it, and you asked the question what gives it its solidity it would be very hard to find anything. It has a secretariat but the secretariat is hardly a very important organisation.

There are a number of agreements that constitute the core of ASEAN but none of them are really in my opinion particularly substantial. We have the Treaty of Amity and Cooperation but that is a lot of platitudes. We have the idea of the Zone of Peace, Freedom and Neutrality but that is consistent with all kinds of entanglements with the great powers, as well as with strict neutrality. We have the proposal for AFTA but that is still something that may happen one day, and there is a lot of water to go under the bridge before it does.

Lastly, we have this South-East Asia nuclear free zone proposal which now has treaty status but I must say that I cannot see the major powers, particularly the Chinese, ever signing on to it because there are conditions in it which they simply do not find acceptable. If you are looking for what it is that gives ASEAN its solidity, you would be hard pressed to discover what it is. The point I make in the paper is that there are many obstacles in the way of thinking of it as a concrete organisation with a single point of view. There are internal tensions. Economic integration is proceeding only slowly and, of

course, there are serious territorial disputes.

I was in Malaysia when the most recent spat developed between Malaysia and Singapore, and there were even cartoons in the *New Straits Times* making fun of Lee Kuan Yew. The cartoons would never have appeared in the *New Straits Times* if they had not been given clearance at the highest level. So there are obviously some serious tensions there and there are other tensions within ASEAN; I am sure you have heard a number of people already talking about those.

On the ASEAN expansion, I summarise very quickly what I consider to be the six essential reasons why this occurred. First, there are the fears of the China-Myanmar entanglement, which I discuss in the paper. There are very significant commercial interests that the ASEAN countries have in Myanmar. The Singaporeans for two years running have been the largest investors in Myanmar. That is an extraordinary figure but in fact it is the case. Of course, they have no compunction about dealing with the SLORC regime. They do not mind investing in Myanmar.

There is the view in ASEAN that an enlarged ASEAN will give it a greater weight in international affairs. Of course, Myanmar is a large country and potentially quite a rich country and this will round out the South-East Asian bloc. There is the view that stabilising the regime in Yangon will be of help to all the regional countries and also it will permit what the ASEAN spokespersons call constructive engagement with the regime.

An argument that you do not hear articulated but which is a very important argument is the fact that the addition, particularly of Myanmar but also the other Indo-China countries, will diversify the religious and racial mix in ASEAN. There has always been this feeling, certainly in Singapore, I think in Thailand and perhaps the Philippines, that ASEAN was in danger of becoming a Malay-Muslim show. This will diversify the ethnic and religious mix of the group.

There is the very important, final factor that, in a way, this was giving a signal to the world community that ASEAN heard all those criticisms from the United States and others regarding the admission of Myanmar and then decided to proceed. There are some people in the ASEAN countries who even see the SLORC as bedfellows. There is absolutely no mistake about the fact that the people in Yangon have studied what happened in Indonesia after 1965, and in some ways they are trying to replicate this strategy and the Indonesians realise this.

On the implications of the ASEAN enlargement, I suggest that we now have a learning period that, if anything, the interest of the group in issues such as human rights will diminish and some of the core values of the ASEAN group may be under some tension. It is really quite extraordinary that immediately after the ASEAN countries decided to enlarge and accept membership from Myanmar there was an editorial in the *Straits Times* on 3 June which started off by saying that this was a logical move, and then

said that the SLORC's record on human rights and protection of its population is appalling, that the Myanmar government is on trial, that the ASEAN countries must all scrutinise the activity very closely within the borders of Myanmar and speak up if they think this is appropriate. Again, editorials of this kind in the *Straits Times* do not appear unless they are written by people at the top. It is a bit like reading the *People's Daily* in the old days. So it is quite evident that there are differences of opinion within the core countries of ASEAN.

On Australia-ASEAN relations, I make a few suggestions in the paper. I would make the very general point that we would want to be careful in not giving ASEAN as a group too much concreteness. Australia also has important bilateral relations with the ASEAN countries individually and very often issues arise where the bilateral relations are probably much more important and much more important vehicles for pursuing common interests than is ASEAN.

I think it is really quite extraordinary that in 1995 the Indonesians did not find it necessary to consult their ASEAN partners when they were contemplating the agreement with Australia on common security. This shows that there is a lot more to the external outlook of the countries of ASEAN than the organisation itself. So we would not want to give it too much concreteness and neglect these bilateral relations.

Nevertheless, there are areas where ASEAN is an important vehicle, and Professor Camilleri touched on those just now. I would say that they lay, first, in the security field—ASEAN is the animator of the ASEAN Regional Forum—and, second, in the economic field, in particular the development of AFTA and the possibility of some special relationship between the AFTA countries and Australia. I would be delighted to answer any questions.

ACTING CHAIR—Thank you. Your book suggests that in terms of the actual physical resources available to the Department of Foreign Affairs and Trade that Australia will not have as high a profile in the area, in terms of the actual work done. This morning we had discussions with the people from Radio Australia who said that we were now essentially talking with a 'whisper' in the area. Do you think that those signals are being picked up to say that Australia is looking for engagement but at one level is not providing the resources to make that engagement real?

Prof. Cotton—The resources that the Department of Foreign Affairs and Trade has at its disposal are certainly stretched. I would make the observation, from living in ASEAN countries, that a lot of attention is paid to developments within Australia. It is very important for us to use whatever vehicle we can to make our point of view evident. To give you a very recent example, the main provider of Internet services in Malaysia is a group called Jaring. If you want to access the Internet in Malaysia you go through the Jaring backbone.

If you had accessed any of the media material on Jaring in the last couple months, you could have clicked on a button on their page and accessed Pauline Hanson's maiden speech. It also gives you a little e-mail address where you can write in with your comments. So Australia's reputation in the region is a matter of some interest to the countries concerned.

When I was living in Singapore, I did a little study of the reportage on Australia in the *Straits Times* and almost every single story in the *Straits Times* on Australia was negative. They were either issues concerned with racial tensions of one kind or another or problems with the education system or difficulties that immigrants had had adapting to Australia's ways. I have no doubt that this particular emphasis, this particular approach, was something that was decided at high editorial level.

I think we have to bear in mind that, unless we get our message through, unless we present Australia in all its diversity and its strengths as well as its weaknesses, we may be in some trouble in South-East Asia. I would say, if there is a diminution of resources, that would be short-sighted. Remember that the press in most of these countries is a controlled press. The only country where you could say it has a relatively free press is Thailand, and even then there are some restrictions. The Philippines in some respects accept that in reporting certain domestic news very often reporters are bought or threatened. So in some areas there are aspects of a controlled press; although, it takes a different format.

ACTING CHAIR—Given that the resources of DFAT are stretched, what is your understanding about what the governments in the ASEAN countries regard as the professionalism of our representation? Do they regard our representatives in foreign affairs as being of high quality, effective, able, assiduous and so on?

Prof. Cotton—Yes. Australia has a very good reputation, right across Asia. I have spent a long time studying in China on and off. I was a student there many years ago. And, next to the Americans, the Australians were regarded as the most professional and the most capable diplomatic group in Beijing, and I think this is still the case. I think the professionalism of the service is highly regarded. I think the Austrade submission that you have in front of you reflects this. It is extremely good, very much to the point and they deal with all the issues that are crucial.

Mr GEORGIU—I would like to pursue a question that Colin Hollis raised this morning about the balance between defence and foreign affairs. Your argument is that, essentially, Foreign Affairs leads the way in terms of relations with ASEAN and that Defence was uncomfortable. Yet at the same time you run this quite substantial list of activities that Defence is mounting on the ground in terms of bilateral and multilateral arrangements. Can you, for the sake of my intellectual peace of mind, explain that?

Prof. Cotton—I can see your political science training was not wasted.

Mr GEORGIU—Even more, my bureaucratic training was very good.

Prof. Cotton—Absolutely. There have been a series of arguments about the nature of the post Cold War era. One view takes the line that we are talking about security in profoundly different terms—it is all about confidence building, it is about various cooperative endeavours of one kind or another, transparency, confidence building and so forth. So many of the old issues, the focus of which was the protection of the territorial integrity and sovereignty of the nation state, are old hat, old-fashioned.

That has been a strong argument in the study of post Cold War international relations. I think that a lot of people in the Department of Foreign Affairs and Trade, given a lead by the person who was the minister at the time, a very energetic minister, developed that argument, and one can see why they did. At the same time, though, if you are a Defence person, you will take a slightly jaundiced view of this argument. You may consider it an intellectual fashion. You may think that you do not want to surrender all of your forces without some contest occurring. So I think there were always some reservations about that kind of approach to international relations. I think you can see the tension there.

However, it is not the case that these two groups are entirely out of step. After all, as you say, the defence forces engage in one kind of form of cooperation or another with some South-East Asian country once a week, every week for the entire year. So there is a great deal of defence cooperation and transparency particularly focused upon South-East Asia. But always at the back of their mind is the idea that one day they may have to defend the country's territorial integrity and sovereignty so there are limits to the activity you can undertake under the heading of confidence building and transparency. I think that is the nature of the tension.

In both respects, those two organisations have been extremely professional in what they have done and they have been enormously influential. Three position papers were produced by the ASEAN Regional Forum on what we are going to do: the easy issues, the harder issues and the really hard issues. If you look at the Australian input into those three position papers, about half of the those words were written by Australians, and a lot of these people work either in Defence or in Foreign Affairs and Trade. So the Australian input into these issues has been very important.

Mr GEORGIU—The other thing I am concerned with is that these discussions should be brought to a focus on what should Australia be doing in tangible terms. What should we be doing vis-a-vis ASEAN in tangible, programmatic, activity based terms?

Prof. Cotton—Again, we want to distinguish between what Australia does in terms of the group as a whole and what it does bilaterally. We should not place too much weight on what we do with the group as a whole. I would be very practical, like you, and I would say, 'What is on the table?' On the table right now are two major things: the first issue

concerns the future of the ASEAN Regional Forum, and I will come to that in a moment, and the second issue concerns the ASEAN commitment to AFTA, and what Australia's relationships with AFTA might be.

On the second, I know there are many differences among economists. Some think APEC should be the main vehicle, some think that APEC is too large and too diverse, so an AFTA-CER link-up would make more sense. Quite frankly, I do not know. I think it is in our interests to encourage the ASEAN countries to pursue the objectives of AFTA. Only this week we have had news of Australia's policy up to the year 2000 on motor car tariffs. Have a look at what the situation is in the ASEAN countries, and any encouragement we might give them to deregulate in the way that we have would be a positive move.

Let me come to the ASEAN Regional Forum, which is something closer to my main interest. I think the role to play there is to get the organisation slowly but surely to focus on what I say in the paper are the hard issues. The hard issues are South China Sea, East Timor, ethnic problems in Myanmar and so forth. Those are the issues which, if the organisation is ever to become a substantive organisation, will have to be dealt with.

At the same time, it is necessary to proceed sometimes around the periphery, rather than directly. At the stage we are at the moment, it is track 2 where progress is being made here. Whatever energy we put into track 2 activities in this regard is money and time very well spent.

Mr GEORGIU—Do you see how vague the prescription is—encourage, invest? At the end of the day, in terms of policy action, it does not come to very much.

Prof. Cotton—Let me be very specific. One of the working groups of CSCAP is the North Pacific workshop. There are four working groups of CSCAP at the moment. There was a meeting in January in Canada of the North Pacific workshop. For the first time the North Koreans came, the Chinese came and the Taiwanese came. They all sat in the same room and talked about some fundamental issues of North-East Asian security that they had never discussed before in such a forum. It was my privilege to be there as well and as part of the working group I produced a report. It is that kind of forum, that kind of occasion, that makes possible exchanges that did not occur before. Any time or money we put into developing that kind of exchange is a good investment.

Amongst the things discussed were the South China Sea. There was also some tangential discussion of the Taiwan issue, even though the Chinese line is 'we cannot talk about it because it is our sovereign territory' but, by making a suggestion that an arms build-up in Taiwan itself has effects on other parts of the region and to some extent it is the business of other countries in the region. This is a formula by which the Chinese were even prepared to say a few things about Taiwan.

I think at the stage we are at the moment, those concrete issues can be discussed using that kind of track 2 activity. Two or three years down the track we might get to the stage in the ASEAN Regional Forum of dealing officially with these issues. That is the sequence that I see at the moment. But I think you are quite right to say that it has to be specific. My own feeling about meetings and organisations is that there are probably too many of them at the moment, and it would be better to have, as a famous socialist author once said, 'Better fewer but better,' more focused and particularly getting through the hard agenda issues of the kind I mentioned just now.

Mr GEORGIU—At the end of the day, it is not really an architectural approach to ASEAN. You are saying that we are track 2, but let us have fewer but better meetings.

Prof. Cotton—If it was not for ASEAN, there would be no ASEAN Regional Forum.

Mr GEORGIU—But when you boil it all down, there ain't much left.

Mr NUGENT—Professor Cotton, in your statement you sent to us on 5 June you say the key ASEAN state is Indonesia and that the future of the organisation is bound up with the future of Indonesia. Would you like to amplify on those two sentences?

Prof. Cotton—Earlier this year I was a visiting professor at the University of Malaysia Sarawak and at that time there was serious ethnic trouble about 200 kilometres south of where I was. Nobody knows how many people were killed; some reports said 300, some reports said 600, some reports said more. These were conflicts that had both an ethnic and an economic origin.

More recently there have been elections in Indonesia. There has been a significant amount of violence during this election period and also the whole nature of the electoral process in Indonesia has been demonstrated to be farcical. Even Indonesian spokesmen have found it very difficult to defend their election procedure.

So we are dealing with a country and a system the future of which is by no means assured. One of the tests in my opinion of a stable and continuous political system is one where there is a regular means of political succession, and there is no regular means of political succession in Indonesia, nobody knows exactly what form succession will take.

All of the commentators observe that of course the really big problem is how the Suharto family will become disengaged from the economy because they must be once Suharto leaves the scene. Will they use political power as a way of guaranteeing their continuity and will this be acceptable to other elites? There are so many questions to do with the future of Indonesia that we would be advised to be a bit cautious in putting too much weight on an organisation at the core of which is such a state. That was my suggestion.

Mr NUGENT—We all acknowledge the difficulties in Indonesia that you talked about but are you suggesting that that could cause the demise of ASEAN?

Prof. Cotton—ASEAN is still a program. It is something that has some objectives out before it. At the moment, the elites in ASEAN find it a useful way to transact their business and there is certainly a lot of commonality of approach regarding some external issues. But there are still enormous tensions within ASEAN. I think the Malaysia-Singapore example that I adverted to earlier is one such. There would be many examples of this.

People talk about ASEAN as though there were security cooperation between the ASEAN countries. There are for certain purposes at certain times. I can remember when I was in Singapore, a couple of national servicemen in Singapore, bored with their national service, as they well might be—everybody has to do it—took a rubber inflatable boat and paddled across the strait and up the Johor River for a picnic. They were spied by some Malaysians and there were headlines in the newspapers the next day in Malaysia, 'Foreign invasion'.

We are talking about two countries who share the same colonial history, their elites went to the same schools, and so forth yet there are so many tensions there, just under the surface, that, as I said at the beginning, we would not want to give ASEAN too much concreteness. At the moment, it is a convenient organisation. It is allowing the region to exercise a certain role in regional and world politics but it is a program yet to be realised. I am simply suggesting we do not want to put too much weight on it. To come back to the remarks that I made earlier on, I think there are many areas where we should not neglect our bilateral relations because very often the bilateral relations deliver the goods and look at the defence agreement with Indonesia.

Mr NUGENT—A lot of those tensions and problems and issues you have talked about have been there throughout the development of the ASEAN arrangement. Whilst it still has some way to go, and has its imperfections, nevertheless, it has probably achieved a number of good things over the years. Going back to this question of the key being Indonesia, I would have thought that, when you talk about elites, whether it is in Indonesia or elsewhere, surely it is the networking of those elites between different countries, and often family links and so on that have proved to be one of the strengths. I do not think Indonesia is the only one that is going to have a problem with succession. Certainly, in terms of openness about where they are going, I would have thought Burma, which is now going to be a member, has as many problems. Is not that personality networking of the elites, and perhaps the development of just a few strong leaders, much more the key than just the wellbeing in a political sense of one particular country?

Prof. Cotton—I think that networking is a very important feature. One has only to consider the role of the ASEAN-ISIS group in formulating many of the proposals for bloc

confidence building and transparency that have since become ASEAN policy, so one should not neglect the importance of networking. But, at the same time, we have to remember that during the recent election campaign in Indonesia there were cases of inter-ethnic violence. The Chinese community, particularly, was singled out. There were people killed and property was destroyed because the targets of this unrest were the Chinese ethnics.

When that ceases to be a problem, we can say that the regional consensus has filtered down from the elites to the masses. That is going to take a while. I suggest in my presentation that it is amazing that ASEAN exists at all. If one goes back to the history of the region in the 1960s, it is an extraordinary thing that this group has come so far. But we are still in early days. So the point I make about not neglecting bilateral relations is, I think, a very important matter.

Mr NUGENT—I am not disputing that the bilateral relationship is important. What about the Philippines? Surely the Philippines has just as many internal tensions—and they are largely racial, intercommunity, intercommunal and religious tensions, particularly in the south—as Indonesia has?

Prof. Cotton—Yes, every one of the countries involved has their internal difficulties, and in some ways the formation of the group can be explained in terms of this idea of national resilience, which was an idea first developed by the Indonesians, but it is something that applies to them all. They all need to develop this resilience. Absolutely. There is no question. These governments speak for their elites but they do not always speak for the inhabitants of the country. This is again something which perhaps we do not pay sufficient attention to. Every time Mr Lee Kuan Yew criticises Australia for this or that, we should not assume necessarily ordinary Singaporeans think like Mr Lee Kuan Yew at all. In many ways Mr Lee Kuan Yew's agenda is domestically driven and he is also trying to develop a voice for Singapore within the ASEAN group when he says things about Australia or other countries. One should always bear that in mind and not think that he necessarily speaks for his citizenry, because he does not.

Senator BOURNE—Thank you for your submission that talks about the expansion particularly. I thought that was very interesting. Your first point about China and Burma, the entanglement there, where do you see China's relationship with ASEAN countries?

Prof. Cotton—That is the regional question, the question that will dominate international relations in the region for the next 20 years at least. I would say it is very awkward. There are a number of key issues there, the most important of which is the Spratly Islands issue. The Chinese position has been relatively uncompromising. They have been engaged in this informal dialogue on the South China Sea but that does not stop them taking unilateral action from time to time regarding particular pieces of territory, most recently a rocky outcrop in the South China Sea only last week. That is a major issue and that will not go away and that is an issue as much to do with China's

international prestige as much as anything else. I really cannot see them compromising in the short term on that.

The other area where there are differences is this China/Burma/Myanmar entanglement. There is no doubt that the Chinese have been major arms suppliers to the regime in Myanmar, selling perhaps as much as \$1 billion worth of arms to that country in the last couple of years. There are also some signs of intelligence cooperation, including the building of some radio intelligence installations on Burmese islands in the Bay of Bengal. This is an issue of great sensitivity for the ASEAN countries. They are concerned about China's role and they have become more concerned with the movement of Vietnam into the group in 1995. They are the two major issues. I would say the next 20 years will be a working out of this.

Longer term, I think the real uncertainty is the future shape of China. This is something way beyond our present business, but I think longer term, there are now so many internal tensions within China that for the state to remain together is going to be quite difficult. The political form that will exist in China in 20 years will be very different; the internal differences between the various provinces will also be significant. How a central government will keep this altogether and how it will manage also to take an interest in traditional foreign policy issues will be a very difficult one. At the moment, particularly on the South China Sea, it is a question of Chinese sovereignty and the Chinese take this very seriously, and I really cannot see them being about to compromise.

Mr HOLLIS—I have half a comment and half a question which follows from the discussion you were having with Mr Nugent. You said that one of the problems is that in Indonesia and other countries there was no perceived succession at the moment. Yet it always amazes me that we hear about the strong leader, whether it is Indonesia or Malaysia, and it is going to be a completely new ball game when that leader moves on. In many cases it is, but overall it seems to me that the countries keep going. I cannot remember recently—and we have been through some tremendous changes in the past five or 10 years—but China kept going with the death, there was not that dramatic a change. Maybe it is this generational change that is coming and it is something that I feel particularly strong about, particularly because I am subject to it myself. But I think that that is what is going to happen there. There will obviously be changes, but I do not see dramatic changes.

Even in Indonesia, when the president eventually goes from the scene there, I think there will be some fairly dramatic changes for the immediate family but, apart from that, I do not see what dramatic changes there will be. I think that Indonesia will continue.

Prof. Cotton—I am not an Indonesia specialist but it strikes me that there will be some consequences for the family. The problem is the family own so much. They are so important. Any political movement that does not have firm roots within the family is bound to seek to displace them one way or another and the unravelling of that will have

serious consequences for the whole story.

I agree that, in all the other states in the old ASEAN, the systems by which political power are transferred are much more institutionalised than they used to be. Brunei, I guess, is a slightly unusual case, because there have been signs recently of some differences in the royal family, and of course anything could happen then. Yes, they are more institutionalised than they were in the past, but Indonesia I think is the real question. It is such a very large and diverse place already. That is why we should pay attention to the uncertainties.

Even once you institutionalise political succession, this does not necessarily solve the problem. If one considers the upheaval that South Korea is going through at the moment, they have now had two, more or less, democratic elections and the country faces a national crisis because of the problems in North Korea, yet the present regime is so weakened that the president may actually not see out his term, which ends at the end of the year. There are lots of uncertainties even in a system like that.

Even in Singapore, which looks stable—because I have got a lot of friends there and often go there, I hear many, many stories about tensions under the surface and there is serious factional rivalry in the People's Action Party concerning what will happen—you cannot really say post-Lee Kuan Yew because his father is still alive at the age of 93, but when he really does relinquish his control on the dominant faction of the People's Action Party, there is serious rivalry and there may be all kinds of developments there which we cannot foresee.

Mr HOLLIS—You would have been interested in what Yumi Lee, an earlier witness, said when Singapore was given as a model for us. Indeed, when a committee that most of us on this table serve on—the human rights committee that was looking at the transfer of sovereignty or the return of sovereignty from Hong Kong to China—was in Hong Kong earlier this year, a lot of people kept putting the Singapore model to us. I must say, they were mainly business people, but they were putting to us very much a Singapore model as a model for Hong Kong. It is interesting that you are saying that, in what appears on the surface to be a very stable regime, there are these tensions nevertheless, which I guess is inevitable.

Prof. Cotton—If I could follow up an observation about that. If the system were as solid and stable as its proponents say it is, then the government would not have found it necessary to fine Mr Tang Liang Hong \$8 million.

ACTING CHAIR—We are at the witching hour of half past three. Are there any other questions?

Mr NUGENT—I would like to come back to this thing about changing leadership. We talked about Indonesia. If there are dramatic upheavals in Indonesia of the type you

have potentially described, Indonesia would still be, in terms of its economic development, probably still as well off as Vietnam is and certainly ahead of where Burma is at the moment. I am still not sure that I understand why that should necessarily, if you like, have a huge detrimental effect on ASEAN. In the same way as Singapore, certainly there are tensions there, but surely the differences there—I have heard theories about Tony Tan being brought back to prop up the present prime minister because of the problems of perceived succession with the senior minister's son and so on and so forth.

Even so, I would have thought one would find it very hard to envisage that Singapore's core economic direction is going to change, whichever group, if there are two groups, finishes up in control. There may be some change of emphasis or there may be some change in democratic attitudes or human rights attitudes, but by and large I would not have thought it would change the direction. I suppose what I am trying to clarify is, even if there are some changes within these countries, surely the basic fundamental direction is set. In the same way as in China, for example, where I think the economic opening up has been going on for 18 years now, it is very hard to believe that it is going to change dramatically, whoever emerges as the new leader.

Prof. Cotton—I hesitate to say it to such an audience, but in politics nothing is permanent.

Mr NUGENT—That is a surprise!

Prof. Cotton—The political arrangements we are talking about in these countries are a very recent invention. Some of these countries themselves are a very recent invention, so we need to be a little bit cautious in saying the course is set.

Mr NUGENT—I said the economic course, not the political course.

Prof. Cotton—These things impinge upon one another. Just supposing there was serious conflict again between Muslims and Christians in the Philippines and supposing there was serious internal conflict in Indonesia between particularly the hardline Muslims and the Chinese population, all kinds of agreements that are now the stuff of ASEAN might unravel as a consequence. My feeling is that we need to be a little bit cautious about the arrangements we are talking about.

Spending some time in Sarawak was really revealing because so many people in Sarawak, elites and masses alike, take the view that Sarawak is a cash cow for Malaysia. They do not consider themselves as part of a nation, so much as a subject people.

There was a ministerial meeting while I was there of the east ASEAN growth area, which you might have considered before—one of those growth areas involved in cooperation with regions of ASEAN, of which Singapore/Riau/Johor is the best example. There were officials there from various countries, including Malaysia, but nobody from

Sarawak was there. I asked the question: you, after all, are the bit of Malaysia, along with Sabah, that is that territory of Malaysia for which the east ASEAN growth area is the appropriate growth area, what role do you have in the organisation of this growth area as opposed to Kuala Lumpur? They said, 'Virtually none. This is something that is pretty well run from Kuala Lumpur.'

So, even within a state that is relatively well organised and whose prospects are much better than Indonesia's, I would have thought, for continuity, there are still these very sharp internal tensions.

ACTING CHAIR—Thank you very much for that. If there are any matters on which we need some additional information, the secretary will write to you. We have some promotional material about your book; we will do our best. You will be sent a copy of the transcript of your evidence to which you can make corrections of grammar and fact.

Resolved (on motion by Mr Nugent, seconded by Mr Hollis):

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

Committee adjourned at 3.35 p.m