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JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE  
AND TRADE

(TRADE SUBCOMMITTEE)

**Reference: Australia's trade and investment relationship with South America**

MONDAY, 8 MAY 2000

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BY AUTHORITY OF THE PARLIAMENT

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## JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE

### Trade Subcommittee

Monday, 8 May 2000Monday, 8 May 2000

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

**Subcommittee members:** Mr Prosser (*Chair*), Mr O'Keefe (*Deputy Chair*), Senators Chapman, Cook, Ferguson and O'Brien and Fran Bailey, Mr Baird, Mr Hollis, Mrs De-Anne Kelly, Mrs Moylan and Mr Andrew Thomson

**Senators and members in attendance:** Senators Ferguson and O'Brien and Mr Baird, Mr Hollis, Mr Jull, Mr O'Keefe and Mr Prosser

#### **Terms of reference for the inquiry:**

To examine and report on Australia's expanding trade and investment relationship with the economies of South America, in particular:

- the nature of Australia's existing trade and investment relationships with the region;
- likely future trends in these relationships, including:
- the possible impact of financial instability, particularly in Brazil, on Australia's trade and investment interests
- likely sources of future business opportunities for Australian companies;
- the extent to which services such as transportation, banking and legal systems impact on further expansion of trade and investment linkages;
- the role of Government, particularly DFAT, Austrade and EFIC, in identifying and assisting Australian companies to capture opportunities in South America as they emerge.



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**Committee met at 1.45 p.m.**

**LYON, Ms Kerry Jennifer, Manager, International Programs, University of Wollongong**

**FIERRAVANTI, Mr Canio, Government Relations Adviser, University of Wollongong**

**CHAIR**—Welcome. 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 this request. Although the subcommittee does not require you to give evidence on oath, I should advise you that these hearings are legal proceedings of the parliament and therefore have the same standing as proceedings of the respective houses.

**THIS IS AN INQUIRY INTO AUSTRALIA'S TRADE AND INVESTMENT RELATIONSHIP WITH SOUTH AMERICA. THE SUBCOMMITTEE HAS RECEIVED A SUBMISSION FROM YOU. IS IT THE WISH OF THE SUBCOMMITTEE THAT THE SUBMISSION OF THE UNIVERSITY OF WOLLONGONG BE RECEIVED AS EVIDENCE AND AUTHORISED FOR PUBLICATION? THERE BEING NO OBJECTION, IT IS SO ORDERED. IT WILL BE SUBMISSION NO. 39. I WILL ACCEPT THE OTHER DOCUMENTS THAT YOU HAVE THERE AS EXHIBITS. I NOW INVITE YOU TO MAKE A SHORT OPENING STATEMENT BEFORE WE ASK YOU QUESTIONS IN REGARD TO YOUR SUBMISSION.**

**Ms Lyon**—The University of Wollongong is very committed to its relationship with Latin America. The evidence for that is that we have been there longer than most universities and that in times of economic stress we are in fact going there again at the end of this week. The university has been in Latin America actively seeking both students and links with prestigious Latin American institutions since 1996. We feel very strongly that Australia should look to this region of the world much more closely than it has in the past and the university, I believe, is at the forefront of educational institutions in Latin America.

**CHAIR**—Thank you. You would obviously be aware that the committee travelled to South America last month. We too had the opportunity to view the opportunities in South America and we were obviously aware of your trailblazing expertise in that area. What is the nature and extent of the university's business with and in South America?

**Ms Lyon**—At the moment we are developing relationships with a number of universities in Colombia, Argentina, Venezuela, the Dominican Republic and, to a lesser extent, Panama. This is to further the cross-fertilisation of areas of study and research between different universities, exchange of staff, all of those kinds of areas. We are also interested in having a number of Latin American students come to the University of Wollongong at both undergraduate and postgraduate levels.

**AT THE MOMENT THE VAST MAJORITY OF THE STUDENTS THAT WE HAVE AT WOLLONGONG ARE POSTGRADUATE, BUT WE ALSO HAVE A SMALLER NUMBER OF UNDERGRADUATE STUDENTS. I THINK THE UNIVERSITY'S COMMITMENT CAN BE TAKEN FROM THE FACT THAT WE HAVE INSTITUTED 12 SPECIAL CARIBBEAN AND LATIN AMERICAN SCHOLARSHIPS, WHICH ARE OFFERED EVERY YEAR.**

**Senator O'BRIEN**—I understand that you suggest that the Australian government should offer scholarships to students from South America, Latin America. How would the financial and other benefits of such scholarships compare to the actual cost to the government of providing the scholarships?

**Ms Lyon**—In sheer goodwill. I would imagine that the scholarships would be offered to people at postgraduate level. If you offer them at a very high level of academic excellence, the people who are going to win these scholarships are going to be great advocates for their Australian experience. For instance, we have found that, if you look at the Colombo Plan in South-East Asia, Australia benefited enormously from the people who had Colombo Plan scholarships. I do not think I need to tell anyone on the committee that. The same thing would apply in Latin America.

**Senator FERGUSON**—I have a question in relation to visas. I am just trying to find something in your document about visas. I understand that this sometimes can make life a bit difficult for some students.

**Ms Lyon**—Yes, it does indeed.

**Senator FERGUSON**—Would you like to expand on the issue of visas because I think it is important. We have heard comments about it from previous witnesses.

**Ms Lyon**—I would be delighted to. The pre-visa assessment makes the visa issuing time enormously lengthy. In fact, the notes that I have given you show that it is not only lengthy but also, as you all know, the most expensive student visa in the world bar none. If you look at the figures in the notes and compare Australia with, say, Canada, in Canada it costs \$US100 and the decision takes one week. In the USA, it costs \$US50 and the decision takes three days. In the UK, it costs \$US90, and a decision is made on the same day. In Australia the visa is \$US200 plus an additional \$300 for the PVA, courier charges, medicals et cetera. We have students who are still waiting for a decision three months after they have put in their visa application. This is not good business.

**Senator FERGUSON**—Have you made inquiries as to why it takes so long, particularly in Australia? The fees that are charged vary from country to country, but the length of determination is what gets me, if you are still waiting for decisions after three months when other countries can do it within one week or on the same day. Is there a reason? Does Australia have a problem with overstays?

**Ms Lyon**—In fact not from Latin America. We have a very small overstay problem from Latin America. In my submission, if you compare the overstay rates of people from Great Britain and New Zealand, the problem is infinitesimal. The overstay rates are not a problem but all the countries in Latin America are considered to be non-gazetted countries. For all non-gazetted countries, you need to do a pre-visa assessment. This extends the time taken for visa issuing.

**ANOTHER GREAT PROBLEM IS THAT THERE WAS A VISA ISSUING OFFICE IN THE EMBASSY IN CARACAS WHICH WAS CLOSED DOWN. ALL VISAS FOR**



**COLOMBIA, VENEZUELA, ECUADOR AND THE DOMINICAN REPUBLIC HAVE TO GO THROUGH SANTIAGO WHICH, LOGISTICALLY, IS VERY DIFFICULT. IT ADDS TO THE TIME TAKEN. ALSO, I AM SURE THAT THE VISA OFFICE THERE WOULD AGREE THAT THEY ARE UNDERSTAFFED, HAVING REGARD TO WHAT THEY ARE NOW BEING ASKED TO DO. SO YOU HAVE GOT A TIME PROBLEM FOR PEOPLE PROCESSING AND YOU HAVE THE PRE-VISA ASSESSMENT WHICH ALSO EXTENDS THE TIME TAKEN.**

**Mr HOLLIS**—Have the University of Wollongong or universities in general made formal submissions about this to the minister or to the government? It is quite interesting that this issue comes up wherever we go. People, not only from universities but also from business and other areas, raise the question. Have either the University of Wollongong or universities in general taken this issue up?

**Mr Fierravanti**—We have taken up the issue with Minister Ruddock, as well as with his parliamentary secretary, Senator Kay Patterson. It was at a more specific level in that we had some issues relating directly to Pakistan, so we raised those with the minister. We also raised some other issues which related to, amongst other things, the opportunity for students who were studying in Australia to fill some areas of high shortage such as IT&T, et cetera. That is for the University of Wollongong, so we have been quite proactive in raising the visa issue with the minister and his parliamentary secretary. At the sector level, I believe there have been ongoing discussions between the government and the Australian Vice-Chancellors Committee, so they are well aware of some of the issues at stake. We have had ongoing discussions with the department, which has recently put out a paper on the whole visa issue. So I think, at the macro level, there have been some proactive activities in place.

**Senator FERGUSON**—Is it all one-way traffic? Are there any students from here going over to Latin American countries?

**Ms Lyon**—There are. I refer also to some of our academics. In one case in particular, one of our people in the Faculty of Science is an adviser to the Brazilian government on reforestation and savanna management. We also have some students who are going over there. The university enters very easily into what we call study abroad agreements with universities worldwide. A study abroad agreement is when a student pays their fees in the host country and their credit points that they earn, say in Australia or in Latin America, count towards their degree in their home country.

**WE ALSO HAVE EXCHANGE AGREEMENTS. MOST UNIVERSITIES—AND WE ARE NO EXCEPTION—ARE VERY SELECTIVE ABOUT THEIR EXCHANGE AGREEMENTS. IN YOUR PACKAGES YOU WILL FIND A LIST OF OUR EXCHANGE AGREEMENT UNIVERSITIES. THESE HAVE TO WORK ON A ONE-TO-ONE BASIS. A STUDENT PAYS ONLY THE FEES IN THEIR OWN COUNTRY AND PAYS NO FEES IN AUSTRALIA. SO IT IS A STRAIGHT SWAP. A STUDENT COMES FROM, SAY, COLOMBIA TO AUSTRALIA, AND ONE GOES IN THE OTHER DIRECTION. THESE ARE ENTERED INTO VERY CAREFULLY BECAUSE, AS I SAID, THEY HAVE TO WORK. YOU MUST HAVE PEOPLE WANTING TO COME BOTH WAYS. THEY HAVE BEEN VERY SUCCESSFUL INDEED IN NORTH AMERICA, EUROPE, THAILAND AND IN A LOT OF OUR OTHER EXCHANGE AGREEMENT AREAS. WITH RESPECT TO LATIN AMERICA, WE ARE AT THE BEGINNING STAGE. AS I SAID IN MY SUBMISSION, IN 1998 WE HAD ONE STUDENT FROM SOUTH AMERICA ON**

**CAMPUS. THAT HAS GROWN TO A FIGURE AT THE MOMENT OF 48, AND WE HAVE HAD OVER 90 THROUGH OUR ENGLISH LANGUAGE PROGRAM. SO WE ARE STILL AT THE BEGINNING, BUT I BELIEVE THAT THERE WILL BE GREAT INTEREST. LATIN AMERICA IS EXOTIC TO AUSTRALIANS, AS AUSTRALIA IS TO LATIN AMERICANS.**

**Senator FERGUSON**—Which major country are you getting your students from? Is it Brazil?

**Ms Lyon**—Funnily enough, no. Brazil is the one with by far the largest population. At the moment it appears that the vast majority of students coming out of Brazil to Australia are in English language programs. At the end of this week I am going to Brazil and visiting a number of the prestigious universities. I am hoping to change that trend so that we will, in fact, have agreements between Wollongong and these prestigious universities, mostly in Sao Paulo, to arrange both student recruitment and agreements with the university for exchange of academics and research areas.

**Senator FERGUSON**—Where are most of them coming from?

**Ms Lyon**—Basically Colombia.

**Senator FERGUSON**—Why?

**CHAIR**—Following on from that, can you give us an overview of the educational export industry, particularly in relation to South America, because that is what the inquiry is all about. What I am trying to find out following on from the senator's question is why Brazil, which has 160-odd million people and the potential generally within South America?

**Ms Lyon**—I really do not know the reason why Australia is not getting a large number of Brazilian university students. As I said, the vast majority are in English language programs.

**CHAIR**—Are they going to the States instead?

**Ms Lyon**—Mostly to the States, and some to Europe. Argentina, for instance, is very Eurocentric. Very many of its students in trade and business do not look towards the States; they look towards Europe. Funnily enough, even after the Falklands, they still look very much to Britain. In the north of South America, countries like Venezuela and Colombia have very much felt that America is an unkind big brother in many ways. I am trying to be diplomatic here.

**CHAIR**—Very well done.

**Ms Lyon**—I think they are looking to other areas as a change, as somewhere else to go. The great preponderance of students and trade between North and South America has been to the US and to a lesser degree Canada. We are hoping to do our small part in changing that. I think the more students who come to Australia and the better experiences they have—they go home and talk about it—the better it is for Australia and for Latin America too.

**Senator FERGUSON**—I am just wondering whether Colombians find it easier to get into Australia than they do into the United States?

**Ms Lyon**—I honestly do not know the answer to that. The students that we have received from Colombia have almost invariably been from fairly wealthy families. There have been no problems in getting the visa once we get them. We have had only one student rejected in the last three years. The students that we are recruiting are bona fide students. A great deal of that I can put down to our representative in Bogota, who has a long experience in education. We were very fortunate in securing her services to work for the University of Wollongong. She vets students extremely carefully. We and the visa office in Santiago also know—which is very important—that students who are coming to Wollongong are not going to be candidates for overstay. These are bona fide students.

**I SAID IN THE SUBMISSION THAT IT WOULD BE WONDERFUL IF THE AUSTRALIAN GOVERNMENT COULD FUND A GENERIC AUSTRALIAN EDUCATION CAMPAIGN IN SOUTH AMERICA, BUT THAT CAMPAIGN MUST EMPHASISE THE EXCELLENCE AND ADVANTAGES OF AUSTRALIAN EDUCATION. WHAT IT MUST NOT DO IS GO INTO THE, 'YOU CAN WORK HERE' BIT. THIS IS A TERRIBLE MISTAKE. CERTAINLY ONCE THE STUDENT IS INTERESTED ENOUGH IN THE IDEA OF AUSTRALIAN EDUCATION TO MAKE INQUIRIES AND GO TO REPRESENTATIVES TO ASK ABOUT THAT, THEN YOU SAY THAT THEY CAN WORK HERE FOR UP TO 20 HOURS A WEEK. I THINK YOU MAY HAVE TO BE VERY CAREFUL IN THE WAY THAT IT IS PROMOTED WITHOUT SAYING, 'COME TO AUSTRALIA AND WORK.' THAT IS NOT A GOOD IDEA. WHAT WE WANT IS BONA FIDE AND GOOD QUALITY STUDENTS. WE NOT LOOKING FOR MIGRANTS—PEOPLE TO COME TO STAY HERE FOREVER. HAVING SAID THAT, IN THE AREAS OF IT, THE AUSTRALIAN GOVERNMENT IS NOW ALLOWING STUDENTS TO WORK HERE FOR A COUPLE OF YEARS AFTER THEY GRADUATE IN AREAS WHERE WE ARE SHORT OF EXPERTISE.**

**Mr JULL**—You have mentioned the high cost of visas and a few other bits and pieces, particularly from the north of South America. Are airfares a problem or are the families wealthy enough not to take that into consideration?

**Ms Lyon**—Basically you can get a return student airfare for about \$2,000 out of Bogota, usually through Los Angeles, sometimes through Buenos Aires with the new link with Qantas. Generally, some of the families, as I said earlier, are wealthy or they are middle-class families. Still we have students whose families have made a great commitment to their education and it is not always easy. They have put a great deal into their children's education and they are not exactly struggling but it is not money that is spent without a second thought. But the airfares, when you compare them to the cost of a year's tuition fees and home stay or university accommodation plus their spending money, are not a huge consideration.

**CHAIR**—Why did the University of Wollongong, up until basically now, focus your efforts on the north of SAM? You are obviously refocussing now, but why was the decision made initially?

**Ms Lyon**—Basically I thought that it was an area that nobody else was looking at. It seemed to me that there was great potential in these countries. We were also very lucky: we have a Latin

American coordinator who works out of Miami on behalf of the university and he has a great knowledge of Colombia, Peru and Venezuela. So these also influenced us. But it just seemed that these were countries that nobody was looking to and for no good reason.

**Mr Fierravanti**—In terms of its internationalisation strategy, the University of Wollongong has always been proactive. Kerry has outlined why we were into South America. We were also the first Australian university into the Indian market. You have obviously seen the growth of that particular education market for Australia, so I think it was a case of spotting opportunities and being first into the marketplace, establishing a presence and then sort of growing that presence. No doubt down the track the number of competitors will increase, but I think we will be well established into that marketplace and that will give us a number of competitive advantages, we believe.

**CHAIR**—Leading on from that, can you give me a rough overview of your international program? Where to from here?

**Mr Fierravanti**—The international program at the University of Wollongong represents, in terms of student fees, a \$20 million business. It is probably close to 20 per cent of our total student population. We envisage that down the track our target is probably closer to 23 to 24 per cent over the next four or five years. As outlined in the submission, obviously every dollar that comes from an international student has a multiplier effect which brings significant benefits to the University of Wollongong. From a regional development point of view, it has been quite a winner for us. The University of Wollongong has now grown to be the second largest employer in the region and it contributes over \$1 million a day to the local economy. So it is quite a big player from a regional development perspective.

**TO GET BACK TO THE INTERNATIONALISATION STRATEGY, WE ENVISAGE 23 TO 24 PER CENT OF OUR STUDENT POPULATION OVER THE NEXT FOUR OR FIVE YEARS WILL BE INTERNATIONAL STUDENTS. COMPLEMENTING THAT IS AN AGGRESSIVE PUSH THROUGH OUR COMMERCIAL ARM, THE ILLAWARRA TECHNOLOGY CORPORATION, WHICH HAS BEEN QUITE SUCCESSFUL IN RECENT YEARS IN ATTRACTING WORLD BANK PROJECTS IN PARTICULAR. WE ARE PROBABLY THE MOST SUCCESSFUL AUSTRALIAN OWNED TERTIARY COMPANY IN THE WORLD BANK MARKET. WE HAVE A TWO-TIERED APPROACH: WE WILL HAVE INDIVIDUAL STUDENTS COMING ON CAMPUS AND WE WILL HAVE COMPETITIVELY BID PROJECTS WHICH WE WILL WIN, PARTICULARLY THROUGH THE WORLD BANK BUT ALSO THROUGH THE ASIAN DEVELOPMENT BANK AND AUSAID. THAT BUSINESS HAS PROBABLY OVER THE LAST THREE TO FOUR YEARS BROUGHT IN CLOSE TO \$30 MILLION WORTH OF REVENUE.**

**CHAIR**—Give me an indication of some of those programs, if you can.

**Mr Fierravanti**—Certainly. We had a multimillion-dollar project in the Maldives, for example. There were about 15 fellowships, so we were bringing about 15 fellows to Australia each year over a period of three years. They undertook a Bachelor of Engineering Education—it was a specially designed course for the client as such—and they spent three years here. The project has just been completed. That was worth in the vicinity of \$5 million to \$6 million to us, and that included not only fees but accommodation and allowances for the fellows. It was

totally funded by the World Bank and we outbid five British institutions for that. We have also won some training and education projects in Pakistan. We have just picked up a large AusAID project in Laos.

**THEY ARE EXAMPLES OF THAT PARTICULAR MARKET. I WOULD ENVISAGE THAT AS PART OF OUR SOUTH AMERICAN STRATEGY THERE WILL BE SOME PROJECTS IDENTIFIED THROUGH THE WORLD BANK IN SOUTH AMERICA WHICH WE WOULD NO DOUBT START TO TRACK. THESE ARE PROBABLY FIVE-TO SIX-YEAR TIME SPANS.**

**Mr JULL**—If I could get back to South American students, how easily do they integrate into the Wollongong system?

**Ms Lyon**—Brilliantly—that is the only word. We have a lot of students in our faculty of commerce from Latin America. I literally have the lecturers stopping me on campus and saying, ‘Bring more Colombians, bring more Venezuelans.’ They are wonderful. They integrate brilliantly. In many tutorials and seminar rooms it is quite difficult sometimes to get students to talk—they sit there and the tutor is doing all the work. All of our tutors and lecturers say that with the Latin Americans the problem is not getting them to talk, it is getting them to shut up. They are wonderful—they are well prepared, they are extraordinarily well educated, they are delightful people. The students that we have had have made a tremendous difference to the University of Wollongong. It is one of the things I am most proud of.

**Mr JULL**—They get involved in extracurricular activities?

**Ms Lyon**—Yes. They have brought salsa to Wollongong, for a start. They involve themselves in the local community. Wollongong, as you know, is a very multicultural society.

**Mr JULL**—I guess that is an advantage really.

**Ms Lyon**—Yes, it is. We have a big Latin American social group and the Latin American students join in with that. They are very good at mixing with Australians and with all of the other 72 nationalities that we have on campus. They have been wonderful, truly; I cannot praise them highly enough. And they do extremely well academically as well.

**Mr JULL**—It would be a bit of a worry if you brought in too many Argentinians. There would be tango classes all over the place.

**Ms Lyon**—We are dealing with salsa—one thing at a time.

**Mr JULL**—In your submission there is something that I would like to follow through a bit. It reads:

The University of Wollongong offers tuition scholarships to Latin American students through our scholarship scheme LACASA (Latin American Caribbean Academic Scholarship Award) and also through various student loan agencies in Latin America.

I would like you to flesh that out a little bit for us, if you could.

**Ms Lyon**—Yes. The university offers 12 scholarships a year, which are actually 12 half scholarships. These are a tuition waiver for the second semester. Students come and they pay their first semester's fee and, provided that they have reached a satisfactory academic requirement in that first semester—which, as set out actually in this brochure here, I think is 65 per cent—then they can be awarded their scholarship for the second semester. With the loan agencies, the system, certainly in Venezuela, Colombia and Peru, is that most students get student loans. These are offered through quasi government organisations. In Colombia it is ICETEX; in Venezuela it is Fundayacucho. These two agencies do loans to students, undergraduate domestically and postgraduate both domestically and internationally, which is where we come in. A lot of our students who have come have not necessarily won scholarships but have received student loans from these different loan agencies, a lot through ICETEX and some through Fundayacucho in Venezuela. We are just getting our first students through in Peru and also in the Dominican Republic as well.

**Senator FERGUSON**—Ms Lyon, do you speak Spanish?

**Ms Lyon**—A few words; enough to be polite.

**CHAIR**—Neil can help you out.

**Senator FERGUSON**—The reason I asked that question is that it would appear as though it is much easier for people who can speak fluent Spanish.

**Ms Lyon**—Of course. It is my regret that I do not.

**Senator FERGUSON**—Has it made it more difficult for you? That is the point that I am really trying to make. Some of the people that we spoke to in South America suggested that one of the drawbacks in doing business, for want of a better term, is the language difficulty. We go into Asia and lots of other countries, but we expect them to speak English if we are going to do business with them there. Do you think there is any resistance or any reluctance with people from Latin American countries to come to Australia, or do they find it more difficult, because of the language?

**Ms Lyon**—No, because if they are looking towards international education—

**Senator FERGUSON**—They are going to the USA.

**Ms Lyon**—They are going to the USA, to the UK or to Canada where the language is English in varying forms.

**Senator FERGUSON**—How about our students going that way?

**Ms Lyon**—That is a greater problem. There are some universities which teach both in Spanish and in English, but generally what they would do is an intensive Spanish course before they undertook postgraduate studies, or part of their course, in Latin America. But that applies also in countries like Thailand. If students are going to France we have exchange agreements

with France so, in that case, they would do an intensive French language course before doing their studies.

**Senator FERGUSON**—So language is not an inhibiting factor at all.

**Ms Lyon**—I do not believe it is, no.

**Senator FERGUSON**—Could I ask you about one other thing you said in your submission. You said:

I believe that the University of Wollongong's success in South America has been due to our own efforts and those of our representatives in-country and not to any Government policy, promotion or assistance.

**A LITTLE LATER YOU TALK ABOUT AUSTRADE. WAS THERE NO GOVERNMENT POLICY, PROMOTION OR ASSISTANCE AVAILABLE? THAT IS THE FIRST QUESTION. IF THERE WAS, WHY DIDN'T YOU MAKE SOME USE OF IT? IF THERE WAS NOT, WHAT DO YOU WANT TO SEE PUT IN PLACE?**

**Ms Lyon**—I am not aware of any, apart from the EMDG—Export Market Development Grant. That was the only real help that we had because you do get certain moneys back.

**Mr JULL**—You have to spend it first.

**Ms Lyon**—You have to spend it first, exactly.

**Senator FERGUSON**—When you first decided to make the move into South America, did you first look to see if there was any government assistance or any program that could help you on your way or help you to develop this market? Did you look at that or did you say you were going to do it anyway without it?

**Ms Lyon**—I went to Austrade in Buenos Aires and in Sao Paulo. They had, I think, one person in Sao Paulo. Certainly, the person in Buenos Aires is very dedicated to Australian education and she was wonderful. In fact, I mentioned her in the submission. Her work in Austrade in the area of education has been scaled back. She is not allowed to do what she would like to do as far as promoting Australian education is concerned. I knew that there are no Austrade agencies in the north of South America.

**Senator FERGUSON**—I think that the north of South America is covered from Lima and Sao Paulo now, isn't it?

**Ms Lyon**—Yes, but that is not Colombia, Ecuador, Venezuela. These are the countries that we were looking towards.

**CHAIR**—Having said that, I see where you make reference in your submission to the excellent support of our embassy in Caracas.

**Ms Lyon**—Yes, they have been superb.

**CHAIR**—Following my colleague's question, I notice that in your submission you say:

That said, the Australian Embassy in Caracas has been an outstanding example of excellent practice and has always been supportive of the University of Wollongong's efforts.

How good were they?

**Ms Lyon**—They were wonderful.

**CHAIR**—Are you saying to us that, if we got the same sort of response and the same sort of interest from other posts, we would get the same type of success? What do you think drove that post to be so good?

**Ms Lyon**—I think a lot of it is down to the ambassador, who is very passionate about Australian education. He was delighted to see that an Australian university had made the effort to come to Caracas. At that stage, I think the visa numbers out of Caracas were probably three or four students a year to Australia. He was delighted to be able to see that grow. He and his staff in the education sector went out of their way to make appointments and to point out the right institutions and the right universities to go and see. They have been supportive not only of the University of Wollongong but also of all other Australian institutions which have gone there. I was just lucky that I was one of the first to be there. The service was extraordinarily good.

**Senator FERGUSON**—Did you pick Colombia and Venezuela, or did you try Argentina, Chile or Brazil?

**Ms Lyon**—I had already been in Argentina and in Brazil. I had been in Brazil twice and, basically, we were not successful. It is as simple as that. There was enormous interest but it did not result in enrolments either in English language programs or in university programs. It was at the end of the second visit that I went north.

**Senator FERGUSON**—It would be interesting for us to see how successful the University of Western Sydney was in Santiago, because they had a team of six, I think, who were working there for a week and appeared to be having considerable success.

**Ms Lyon**—Chile is another market which would be well worth exploring.

**Mr BAIRD**—I am associated with the tourism college in Manly. They have had success in the same markets as you have—

**Ms Lyon**—Yes, they have.

**Mr BAIRD**—in both Colombia and Venezuela, and their numbers are quite significant also.

**Ms Lyon**—That is right.

**Mr BAIRD**—They tried down south but were more successful in the north.



**Ms Lyon**—In fact, we were on the same exhibitions together.

**Mr BAIRD**—Were you?

**Ms Lyon**—Yes.

**Mr BAIRD**—Andrew Leary?

**Ms Lyon**—Yes, and Mark Sweet and other people like that. The interest is there. This is what is so frustrating. The numbers are big at the exhibitions. The Australian stands are crowded. There is obviously the interest, but why doesn't it result in enrolments? Manly and I are still wondering. We are going to go back to try again. I think maybe you need the associations, particularly from our point of view as an Australian university. We need the links with universities rather than just people in the street. So ask me in a year and I will tell you how we are going in Brazil.

**Mr O'KEEFE**—Can I just follow up on that. I am sorry I missed your introductory comments. Does that mean that you are going about this strategy a little differently now in trying to formalise some business partnerships with universities over there?

**Ms Lyon**—That is correct.

**Mr O'KEEFE**—And operate it as a two-way business?

**Ms Lyon**—Yes. We have already done this successfully in the north, in Colombia, Venezuela and the Dominican Republic. Now we are going to try to do that in Brazil. We have an agreement which is still in its formulation stage with Universidad Catolica in Buenos Aires. That has been slow.

**Mr JULL**—Do you look at places like Uruguay?

**Ms Lyon**—I have a very sad story about Uruguay. I was going to Uruguay from Buenos Aires and it was the only time in my entire travelling life when my travel agent let me down. She assured me that I did not need a visa. So I turned up at the airport at 6 o'clock in the morning to fly to Montevideo and I could not get on a flight because I did not have a visa.

**Senator FERGUSON**—Make sure you go back.

**Ms Lyon**—I will. I think it is a country with great opportunities.

**Mr O'KEEFE**—I have a totally different question. Those of us who went to Venezuela, Colombia and Ecuador were faced with three completely different political economies.

**Ms Lyon**—Exactly.

**Mr O'KEEFE**—If you take an optimistic view of where they are going, they all have quite outstanding prospects if the plans work. If the plans do not work, then it is business as usual. In Colombia, are you still premising your business basically on staying in the capital city? How are you reading the political climate to start expanding your business there?

**Ms Lyon**—We already have an agreement for exchange of academics. In fact, the first academic is coming from Medellin. The name of the university has gone out of my head. It will come to me. EAFIT. That is happening in July. We already have had a number of students from other areas outside Bogota, from Medellin. I have also been to Cartagena on the coast. There are a couple of other larger cities which we are looking to expand into. So we are not confining ourselves to Bogota, the capital city.

**CHAIR**—If there are no further questions, I would like to thank you for attending today. If you want to provide any additional material, please forward it to the secretary. You will be given a copy of the transcript of today's evidence. You can make corrections to that. Once again, I would like to thank you, firstly, for your submission and, secondly, for attending today.

[2.30 p.m.]

**PENTER, Ms Maxine Joy, Director, Educacion Destinos Australia**

**CHAIR**—Welcome. The subcommittee prefers that all evidence be given in public, but at any stage should 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 subcommittee does not require you to give evidence on oath, I should advise you that these hearings are legal proceedings of the parliament and therefore have the same standing as proceedings of the respective houses. The subcommittee has received your submission. Is it the wish of the subcommittee that your submission to the inquiry into Australia's trade and investment relationship with South America, submission No. 38, be received as evidence and authorised for publication? There being no objection, it is so ordered. I also accept as exhibits the additional material submitted. I now invite you to make a short opening statement to the committee. Thank you.

**Ms Penter**—I would just like to say that I have made my submission and I would very much be open to questions. I think most of what I had to say was in my submission and so I think that is probably a good place to start.

**CHAIR**—Could you elaborate on your business and the process, more importantly, of establishing it?

**Ms Penter**—Last year I was looking at opportunities to export between Chile and Australia. I had recently finished a Bachelor of Business as a mature age student and I was fairly aware of the move in trade out of the Asian areas into perhaps other areas. I think they said that the term was 'trade diversification'. I knew that there were a lot of opportunities in South America—I had been there before; I did quite a lot of research—but I just felt more comfortable with the education opportunity. Having recently been a student, having home stay students in my home, having a passion for education and for travel, I chose education.

**I THEN NEEDED TO INCORPORATE IN AUSTRALIA AND THEN TRAVEL TO CHILE TO SET UP AN OFFICE IN CHILE. IT IS STILL IN THE VERY EARLY STAGES BUT I RETURN IN JULY AND THERE WILL BE A COMPANY AND A PRODUCT LAUNCH IN JULY WHICH WILL FALL IN VERY NICELY WITH THE OLYMPIC GAMES. I AM REPRESENTING MANY UNIVERSITIES MOSTLY DOWN THE EASTERN SIDE OF AUSTRALIA FOR PROMOTION OF EDUCATIONAL SERVICES PROGRAMS TO STUDENTS IN CHILE.**

**ANOTHER AREA IS TRAINING AND DEVELOPMENT FOR PROFESSIONAL PEOPLE. THAT IS NOT AN AREA THAT A LOT OF PEOPLE HAVE LOOKED AT, BUT THERE IS QUITE A LARGE MARKET FOR TRAINING AND DEVELOPMENT, THOSE KINDS OF EXTRA CURRICULAR EDUCATION ACTIVITIES FOR EMPLOYMENT. I THINK THERE IS A BIG OPPORTUNITY THERE. CHILE HAS INDICATED A BIG INTEREST. SO IT IS NOT JUST STUDENTS WHO ARE THE MARKET, THE TARGET MARKET WOULD BE PROFESSIONALS AS WELL.**

**CHAIR**—In your submission you talk about the difficulties you have had in setting up the business including, of course, language. I note that you go on to say that the other barriers include an unwieldy visa procedure. Bearing in mind that our visas are issued out of Santiago, can you expand on that and suggest what you would like changed in regard to overcoming those impediments?

**Ms Penter**—We have not processed a visa in Santiago, so I do not have experience of being able to say it was lengthy or was not done efficiently. I hear from people that going to the Australian embassy to get a visa is not a pleasant experience, but I cannot comment on how long it takes. I know that it is a non-gazetted country. I wonder whether that is applicable to Chile, given that they have a five per cent overstay rate, or even less.

**I ALSO BELIEVE THAT IN CHILE THERE IS NO-ONE THERE ASSISTING PEOPLE WITH THE VISA PROCESS. PEOPLE GO ALONG TO THE EMBASSY, BUT THERE IS NO-ONE THERE TO ENSURE THEY ARE BONA FIDE STUDENTS, OR TO TELL THEM WHAT THEY NEED TO TAKE TO THE EMBASSY TO SUPPORT THEIR VISA APPLICATION. I THINK A LOT OF PEOPLE GO THERE THINKING THAT THAT BY ITSELF IS ENOUGH, THAT IT WILL DO, BUT IT IS NOT ENOUGH. THE ACTUAL APPLICATION IS NOW AVAILABLE IN SPANISH, BUT I THINK THAT HAS ONLY BEEN THE CASE FOR THE LAST SIX TO 12 MONTHS. THAT HAS PROBABLY MADE A BIG DIFFERENCE. BUT FROM THE PERSPECTIVE OF HOW LONG IT TAKES TO PROCESS, I AM SURE IF I CAME BACK IN ONE YEAR I COULD TELL YOU.**

**I ALSO KNOW THAT A FRIEND APPROACHED THE EMBASSY TO GET A VISA TO COME AS A TOURIST AND SHE HAD A LOT OF DIFFICULTY. SHE HAD TO GO BACK TO THE EMBASSY ABOUT SEVEN TIMES. SHE WAS A VERY EDUCATED PERSON, A BONA FIDE VISITOR. SHE HAD PURCHASED A RETURN AIR TICKET BUT SHE FOUND IT VERY DIFFICULT.**

**Senator FERGUSON**—In your submission on page 7 you say:

I joined a queue at 8 am, and was seen at 8.50 am.

Can you expand on that?

**Ms Penter**—That was my experience in getting an extension for my visa while I was in Chile. What I am saying is that if you apply for a visa in another country you can have a similar experience to some people who experience the same thing that my girlfriend did in Santiago. I am saying that in any two countries it can be a similar process if you do not know the procedures.

**Senator FERGUSON**—You talk about extending your own visa. You say you joined a queue at 8 o'clock and you were seen at 8.50. I have waited a lot longer than that in some other places when I have been overseas. The rest of it was to do with cash and getting money out and things like that.

**Ms Penter**—There is a queue system at Foreign Affairs; it is quite lengthy. A significant amount of that time was spent in the queue system.

**Senator FERGUSON**—Yes, but you talk about being there at 8 o'clock and being seen at 8.50. You say it was because you could not get money, you could not do cash withdrawals there so you had to go and see another bank. It was not actually the embassy that was holding up your visa process, it was the fact that you wanted money.

**Ms Penter**—No, the process itself is not explained and that was what held it up.

**Mr O'KEEFE**—This was a Chilean embassy.

**Senator FERGUSON**—It was in Santiago.

**Ms Penter**—This is Foreign Affairs in Chile, yes.

**Mr O'KEEFE**—This is not the Australian people you were dealing with. You were dealing here with Chileans and you were trying to get your visa extended. Is that correct?

**Ms Penter**—Yes.

**CHAIR**—So it is not our embassy?

**Mr O'KEEFE**—What Maxine was saying was that we might have problems, but it is not all one way. That is what you were saying, wasn't it?

**Ms Penter**—Yes.

**Senator FERGUSON**—Sorry, I misunderstood your submission.

**Mr O'KEEFE**—We will draw that to the attention of the Chilean ambassador.

**Senator FERGUSON**—Who has just left!

**Mr BAIRD**—I read your review. It was fairly damning in many ways of the assistance. In terms of the treatment by Qantas, Austrade and the embassy, you had a pretty hard go of it. One of these questions was about fee for service when you go the other way. I used to be a trade commissioner in pre fee-for-service days, and the problem was that your day was entirely consumed by people who were going to return only very small amounts of money in export earnings. It is a difficult balance. I think it was the previous government to this one that changed the whole system. We understand the problem. But if you were making the recommendations, if you were the one writing the report which the government, we hope, will listen to, what would you be highlighting in terms of the things that the government must do to make trade with South America expand?

**Ms Penter**—From a government perspective in terms of assistance?

**Mr BAIRD**—Yes.

**Ms Penter**—I think the grant system probably needs to be looked at a little bit. There are some very obvious anomalies. If you have a product that is packaged in a certain way, it may satisfy the eligibility criteria for the grant. But if it is packaged another way—for example, if you receive a commission—it could be seen as being double dipping. If you get your revenue by a net and then you add a profit margin, you would qualify, yet it would be the same product. I think that is an area that needs to be looked at. For the people who do not, you cannot define whether they actually do export or not. They are involved in trade, but are they principal to the product or service. I think that is a bit of a grey area. There are probably a lot of people who do a lot to promote trade; that is, they do not actually sell the product or the service but they are essential to the process of getting an export over there. It is really important that these people pave the way and open some of the doors, but they may not be eligible to receive assistance.

**WITH AUSTRADE, I FOUND OUT THIS MORNING THAT THE COMPANY MAY HAVE BEEN ELIGIBLE IN OTHER AREAS. UNTIL THIS MORNING, THAT HAD NEVER BEEN EXPLAINED TO ME. PERHAPS WHEN PEOPLE APPROACH AUSTRADE IN THE FIRST PLACE IT WOULD BE USEFUL FOR THEM TO GO THROUGH THE PROGRAM OF WHAT IS AVAILABLE.**

**Mr BAIRD**—So it is predominantly in this area of assistance to exporters, the financial incentives, that you believe should be expanded, that there should be more clarification of eligibility for assistance.

**Ms Penter**—Yes, I think there should be. At the beginning, absolutely. You have to spend the dollar first before you can get the financial assistance with the grant. If you know that you can at least get the financial assistance down the track, it can influence how you may go about acquiring your market. I think there should be assistance in other ways by perhaps providing more staff. I know that in Santiago the trade adviser I spoke with and had dealings with was wonderful, but his time was limited. He would help me as much as he could within a time frame. There were times when he did not get back to me for one month. When I am overseas trying to establish a market and the trade adviser cannot get back to me in a month, it is difficult; it is an issue.

**I THINK PERHAPS DFAT AND AUSTRADE SHOULD WORK HAND IN HAND. I HIGHLIGHTED THAT IN MY REPORT. FOR EXAMPLE, THERE WAS A JOINT SUBCOMMITTEE VISIT. THE PERSON IN AUSTRADE IN BUENOS AIRES DID NOT KNOW ABOUT IT. I FOUND THAT QUITE AMAZING, BECAUSE I WOULD HAVE THOUGHT THAT WOULD BE A TIME WHEN AUSTRADE SHOULD BE INVOLVED TO INDICATE TO THE COMMITTEE THE POTENTIAL THAT WAS IN ARGENTINA FOR EDUCATION OR FOR WHATEVER. BUT THEY DID NOT KNOW ABOUT THE VISIT.**

**Mr BAIRD**—Was this the trade officer?

**Ms Penter**—It was the education person in Austrade in Argentina. I was putting together an education supplement. I contacted her and she knew nothing about the visit. It was a couple of weeks before the visit. She asked me what it was about. I emailed her the details.

**Senator FERGUSON**—How long ago was this?

**Ms Pentter**—In February.

**Senator FERGUSON**—This year?

**Ms Pentter**—Yes.

**Mr O'KEEFE**—Two weeks before our visit.

**CHAIR**—Would you like to expand on that, particularly on your experiences with Austrade in your particular area.

**Ms Pentter**—Austrade in Melbourne?

**CHAIR**—Austrade generally, in addition to your points, but Austrade specifically with respect to your enterprise in Chile.

**Ms Pentter**—I do not think it has enough staff. I said in my submission that a comment made to me was that 60 per cent of the allocation of two people for Santiago was devoted to mining, which left one person for four days a week to deal with all the other trade inquiries. If you have fee for service, I think that would get priority. Then maybe there are a couple of days left to devote to other areas. I found the trade adviser to be very helpful, but I believe he just did not have the time to give me the information I would have liked. For example, I had a more up-to-date profile on education than he had. At one stage he approached me and asked who the Australian players were in the market. I found it extraordinary that he was asking me that. Previous to that he had indicated that there would be a fee for service if I needed information.

**CHAIR**—I would like to follow up another matter. I note you make some comments about Qantas. In the papers in recent times Qantas has realised that they want to recruit more engineering staff. Specifically, can you expand on the points you have made here in regard to, as you say, the disinterest on the part of their staff in Santiago.

**Ms Pentter**—They were not interested in providing any service to me. I was in the office changing some tickets and approached them for a meeting. I gave them my business card. They did not get back to me. I followed that up with a couple of phone calls. They still did not get back to me. Then there were faxes, email, letters and another visit to the office. Eventually I contacted the embassy person from DFAT, who called to speak with the manager. She never returned that call either. Eventually I did get to see—

**CHAIR**—Who did not return the call?

**Ms Pentter**—The Qantas manager.

**CHAIR**—Not the embassy?

**Ms Pentter**—No. Eventually I did get to see the second assistant, but she did not provide the information that I was asking for. I had to follow up the request for that information four times over the next couple of weeks. It was very difficult to get costings on group fares. Obviously,

you can do so, because in a lot of the travel magazines the packages are inclusive of fares and they break it down. Obviously, you can get a costing on a fare for a group.

**Senator FERGUSON**—You made the point that they said they would not give you a price for a group fare unless you provided them with some dates as to when the travel would occur.

**Ms Penter**—Yes.

**Senator FERGUSON**—I think that is a reasonable request—

**Mr BAIRD**—I agree.

**Senator FERGUSON**—because there is a different fare structure.

**Ms Penter**—But if you have to package a product, you need to have some idea; I am not saying that it needs to be exact. Will they give you 10 per cent off if you get together a group of 15? There is a high and a low season. Will they give you maybe one fare if you put 20 through? But there was nothing at all.

**Senator FERGUSON**—I would have thought that they would have been able to give you a price and then you would negotiate any discounts after that stage, not at the start. If you want to go, the first thing they say is, ‘When are you leaving?’ because they cannot give you a price until they know what date you are leaving.

**Ms Penter**—I could give them an indication of when—

**Mr JULL**—But you would have a fair idea, wouldn’t you, if they are coming out here to start a university term?

**Ms Penter**—The times that were quoted were January-February and June-July.

**Senator FERGUSON**—Your submission really is quite critical in a lot of areas of the processes that take place. You talk about Australia’s profile in Chile, about it being a barrier. There are some 24,000 or 25,000 Chileans in Australia. I can say, having only returned six weeks ago—and if Senator O’Brien was here I am sure he would agree with me, but I will not verbal him—that we were stunned by the amount of knowledge that the people we spoke to had of Australia and how little we knew of Chile. I think I am right in saying that there are more Chileans in Australia than in any other country outside of Chile.

**Ms Penter**—Yes, it has the second highest number of Chileans. Outside of Chile it is the highest. It is 25,000.

**Senator FERGUSON**—We actually found amongst the people that we spoke to that there was a reasonable amount of knowledge, more so than in any of the other South American countries we visited.



**Ms Penter**—Perhaps mine is an education perspective. When I am saying profile, I am talking in terms of—

**Senator FERGUSON**—Education profile?

**Ms Penter**—Yes—the educational profile of Australia, rather than the country Australia.

**Senator FERGUSON**—That does not come through in your submission. You just say Australia has little profile in Chile, which is a pretty broad and sweeping statement.

**Ms Penter**—If you read a little further through you will see that my business partner sent his daughter to England for an English language course. He did not know about the opportunities in Australia.

**Senator FERGUSON**—I understand that because there is a lack of knowledge about the opportunities that exist in Australia, but I would not say that it meant that Australia as a country had no profile in Chile; it is just that the individual opportunities in various sectors may not be known because of the lack of information. That is something that probably is starting to be remedied.

**Ms Penter**—When you were in Chile you were probably with people who would know about Australia because of the nature of your visit. I am saying, from the point of view of an Australian living in Chile for six months, that people do not know a lot about Australia generally. Perhaps at your level, yes, they would; but, as an Australian who was living in Chile for six months, I would say no they do not.

**Senator FERGUSON**—You did not come across many people with relations or friends living in Australia?

**Ms Penter**—They had relatives, some people had visited, but their knowledge of Australia and what Australia had to offer was not all that high.

**CHAIR**—In your opinion?

**Ms Penter**—In my opinion, yes; in my experience.

**CHAIR**—What is the best way to remedy that?

**Ms Penter**—Promote Australia as a tourist destination, with education.

**CHAIR**—How?

**Ms Penter**—Use the Olympic Games.

**CHAIR**—TV, promotion, that sort of thing?

**Ms Penter**—Yes, and goodwill visits, fostering exchanges with universities. A lot of the universities that I will be representing in Chile would like to have arrangements with universities in Chile and vice versa, not just one-way traffic.

**Senator FERGUSON**—How many universities already have a relationship in Chile? I know that the University of Western Sydney does and I understand Flinders University does.

**Ms Penter**—I think there are TAFE sectors too. I know that a TAFE in Sydney is doing the aviation for the air force in Chile—they are doing some training in aviation. La Trobe University in Melbourne is working with Universidad Catolica in Santiago, which is probably the most prestigious and the largest university in Santiago. I know there are other people. I think the University of Newcastle is involved. I know the University of Wollongong is involved.

**Senator FERGUSON**—You are also critical of the embassy when you say that you requested a meeting with Susan Tanner when she was ambassador, although she was nearing the end of her post. It is not always possible to see the ambassador, but there are a number of other staff there—the second in command, the third and the fourth. Did you mean that you could not get an appointment to see anybody in the embassy or just that you could not get to see the ambassador herself?

**Ms Penter**—I could not get to see the ambassador. I saw a DFAT officer. He took us into a waiting room and did not appear to be particularly interested in much of what we had to say. It was a very hard slog in the first few months.

**Senator FERGUSON**—Was that with Austrade? That is what you say about Austrade—that you were surprised that you were not automatically escorted into a meeting room. Eventually you were. Was it the same at the embassy as well?

**Ms Penter**—They were having renovations so it was difficult. However, when we met with certain personnel we went into their office and it was not an issue. But with this particular person, it was a very strained meeting and very difficult. I found it very difficult to negotiate with him. I was trying to set up an appointment between a very well-respected leader in Chile and the Australian ambassador, and it was embarrassing. This man writes academic books used in universities; he is the general manager of a huge company in Chile. He writes for *El Diario* and he is quite a well-known, respected man. It took six weeks to organise an appointment. It was embarrassing because the idea was that La Araucana would be a distribution channel. I do not know whether any of you went to Chile, but in Chile the social welfare system is administered by not-for-profit organisations and they provide services like education, travel, recreation and medical benefits. This particular organisation represents 12,500 businesses in Chile. It has 1.2 million beneficiaries and 420,000 members.

**Senator FERGUSON**—What was the organisation called?

**Ms Penter**—La Araucana. I was trying to organise a meeting with the ambassador because the embassy staff did not seem to be aware of the profile of La Araucana. It took six weeks for that to eventuate. In the first month there was no response. The general manager approached me several times about this. We had been to see an Austrade representative and the public relations

manager of La Araucana was with Educacion Destinos on this day. At that meeting fee for service was mentioned, and that was the message that person took back to that organisation—that they charge a fee for service. I was working very hard to build a relationship and it was not happening.

**Mr O'KEEFE**—Thank you for the submission. Forgive a couple of these questions because I am going to try to determine in my own mind whether you have given us an astoundingly revealing submission and the problem is with the system or whether the problem is with you; because there is a problem there. If I trace through what I can read in what you have done, you have gone over there and you have seen the opportunity. You have not necessarily come as an educationist. You have identified education services as a business opportunity between the two countries. Is that correct?

**Ms Penter**—Yes.

**Mr O'KEEFE**—You then set about studying to prepare yourself to be able to carry out that business.

**Ms Penter**—Yes.

**Mr O'KEEFE**—You have identified a business partner over there, which did not go too well?

**Ms Penter**—Yes.

**Mr O'KEEFE**—That is a perfectly normal part of the business cycle. You have confirmed something that we have been told by so many people: you have to have the right contacts. You have reinforced that. Everything you have said to that point is spot on with everything else we have been hearing. Now you have found yourself the right contact, you believe you are in the right business area, you have had some trouble with the administrative processes, both on their side and on our side. Is it happening for you now? Are you actually going to start doing some business? Has anybody locked you in or are you still in that process of battling to get some business?

**Ms Penter**—No, we have started to do business. Since I have returned to Australia, the Managing Director of Holmes Colleges has visited my colleague in Santiago. While in Santiago the Sales and Marketing Manager of TAFE International Queensland visited Santiago. We also were party to a visit to Santiago by the Sydney Language Centre—and these are just recent; they took place in February. The one for TAFE International Queensland was November. In Chile, the process of establishing is quite slow. Initially I thought three months would be adequate but it was not enough time. Really you need six months because you need to build a relationship and a rapport with the Chilean people before they are comfortable to take you on board. This has been my experience. I think now things will start to move.

**LA ARAUCANA HAVE A SYMPOSIUM; THEY HAVE ASKED ME TO PUT FORWARD NAMES FROM AUSTRALIA TO ATTEND. THAT IS IN AUGUST, AND IT IS ON HUMAN RESOURCE MANAGEMENT AND STRATEGIC MARKETING AND**

**PLANNING. ALL THE LATIN AMERICAN COUNTRIES, ABOUT 400 EXECUTIVES AT DECISION MAKING LEVEL, WILL BE AT THAT SYMPOSIUM FROM ALL OVER SOUTH AMERICA. LA ARAUCANA'S STRATEGY IS TO EMBRACE GLOBALISATION, TO BECOME A MORE GLOBAL KIND OF ORGANISATION. SO, YES, THINGS ARE STARTING TO MOVE, BUT IT HAS BEEN SLOW.**

**Mr O'KEEFE**—As a person attempting to establish a small business from scratch in the export industry between the two and without any corporate backing, in general terms how much has it cost you or how much have you had to invest in cash to support yourself to this point? Have you kept tabs of that?

**Ms Penter**—Yes.

**Mr O'KEEFE**—What has it cost you?

**Ms Penter**—I have expended in excess of \$50,000.

**Mr O'KEEFE**—Over three years

**Ms Penter**—No, over one year.

**Mr O'KEEFE**—So you did the study and you did not work on building the business while you were studying—obviously you could not.

**Ms Penter**—No.

**Mr O'KEEFE**—Once you felt you were prepared, you went to it and you spent about \$50,000?

**Ms Penter**—Yes, and one year unsalaried. There are other opportunities in Chile. I have meetings at the end of this week with the export manager and general manager of a global company to export Australian made product into Chile. We will be discussing avenue to market and volume. So it is just a slow process.

**Mr O'KEEFE**—You have got a lot of competition in education services and, if our report goes where I think it might and we start lifting the profile of effort in Australia, you may be out the front there and picked up by that groundswell even more—in which case, terrific—or you could face quite intense competition as other institutions start identifying the same opportunity. Are you rethinking the business strategy as you just mentioned to see whether there are other arrows to your bow?

**Ms Penter**—No, education will remain there. I now have a fairly solid grounding in Chile. I have someone on the ground who is Chilean, who is very well connected, who has a passion for education. He is actually implementing the crop insurance program for the Chilean government so his passion is education. He is very well connected. Things are starting to move; we have identified distribution channels. Chile, I guess, is a little bit different from some of the other South American countries. It is more of a relationship, being able to bring the family into the decision making process so you can have them all around the table and you can discuss, 'Okay,

I would like my child to go to Australia and do six weeks of ELICOS or whatever.' The family can be involved in it, and that is how it happens in Chile. They do like to have their own people involved in that process; therefore, Gustavo will be there all the time.

**Mr O'KEEFE**—Does the business revenue you generate—and I understand the issue of EMDG classifications, and it is a point well made—come in the form of consultancies from organisations which ask you to do things for them, or is it fee for service for students placed? What sorts of avenues are there for people developing in this business to act as a middle person in the way you seem to be? You have set yourself up as a middle person, a facilitator, haven't you?

**Ms Penter**—Yes, a facilitator. There would be agent commissions. If you place a student in undergraduate or postgraduate you would get a commission base payment from the university. If you offer a service where you provide students with counselling or visa assistance you can also have a revenue stream of maybe a service fee. There are study tours. If study tours are provided at net, you would add your margin, so that is a little different. That would be another revenue stream.

**WE ARE IN DISCUSSIONS WITH AN AUSTRALIAN COMPANY WHICH HAS PRODUCED AN ENGLISH CD ON LEARNING ENGLISH. IT IS INTERACTIVE AND A GREAT PROGRAM. I AM HOPING TO TAKE THAT TO SOUTH AMERICA AS WELL. IT IS INTERACTIVE AND ALLOWS A STUDENT THE OPPORTUNITY TO SPEAK WITH AN ENGLISH ACCENT, AN AMERICAN ACCENT AND AN AUSTRALIAN ACCENT, AND IT IS AN AUSTRALIAN PRODUCT. THAT WOULD BE INCORPORATED TOO. I THINK THAT IN CHILE AN AREA THAT PEOPLE DO NOT SEEM TO HAVE IDENTIFIED IS THE PROFESSIONAL DEVELOPMENT AND TRAINING SIDE OF EDUCATION. IT IS NOT JUST A MARKET FOR STUDENTS, IT IS A MARKET FOR PROFESSIONALS.**

**Mr O'KEEFE**—I understand that.

**Senator FERGUSON**—The Australia Day celebrations that you talked about where you had an invitation but when you asked about your business partner it was never answered, was that this year?

**Ms Penter**—Yes.

**Senator FERGUSON**—With the new ambassador?

**Ms Penter**—Yes. My approach was not made to the ambassador; it was made to one of his staff.

**Senator FERGUSON**—I know that it is held at the embassy where they can only have a certain number of people. I know they had over 200 there.

**Ms Penter**—It was big.

**Senator FERGUSON**—It was a big day and there might have been some limitations as to how many more people they could ask.

**Ms Penter**—I understand that but my business partner is very well connected. It could have been a good opportunity for him to meet some Australian companies based in Santiago.

**Senator FERGUSON**—I do understand that, but as I understood it the function was arranged with the idea of trying to cope for as many Australians as possible that were there. It was not necessarily a business function; it was an Australia Day celebration. I understand that there was standing room only. It may have been difficult for them to continue to invite people.

**Ms Penter**—It may have been, but there were predominantly more non-Australians than Australians there. I know my report may sound very scathing but from my perspective it was very hard in Chile. It was very hard. I worked 18 to 20 hours a day, sometimes seven days a week, or most of the time. What I am saying is, if other people went there, there is opportunity but it is possible that they may go there and be frightened by some of the experiences or be put off by some of the experiences that I had.

**CHAIR**—All right, Maxine. Thank you for that. Thank you for your attendance here today. If the secretariat asks you for any additional information I would ask you to forward that. You will be sent a transcript of *Hansard* in due course. I would ask you to check that for fact and grammar.

**Ms Penter**—Thank you.

[3.12 p.m.]

**LLOYD, Mr Lancelot Peter, Managing Director, Agritours Australia**

**CHAIR**—On behalf of the Trade Subcommittee, I welcome you here. The subcommittee prefers that all evidence be given in public, but should you at any stage wish to give any evidence in private you may ask to do so and the subcommittee will give consideration to your request. Although the subcommittee does not require you to give evidence on oath, I should advise you that these hearings are legal proceedings of the parliament and therefore have the same standing as proceedings of the respective houses. I would ask you to give a brief address to the committee.

**Mr Lloyd**—Thank you for the invitation to make a submission today. There are two reasons why we have not had the opportunity to put in a written submission. Firstly, we have just returned from South America with a very large trade mission from the Australian Hereford organisations. Secondly, we have had a number of discussions over recent weeks on issues relating to trade and to the development work that we have been engaged in which has precluded us from being able to sit down. I believe that your recent mission to those countries may also have some relevance to some points I will make later on.

**THE OTHER PERSPECTIVE WE WOULD LIKE TO DISCUSS IS THAT OF A SMALL COMPANY. I KNOW THE LAST SUBMISSION WAS FROM A LADY ALSO FROM A SMALL COMPANY. I WOULD LIKE TO LOOK AT A WHOLE RANGE OF ISSUES FROM OUR POSITION OF HAVING BEEN IN THE SOUTH AMERICAN MARKET FOR OVER SEVEN YEARS. FROM THAT PERSPECTIVE AND ALSO FROM THE BUSINESS OPPORTUNITIES THAT WE HAVE IDENTIFIED AND ARE IDENTIFYING FOR THE FUTURE, I WOULD LIKE TO MAKE SOME COMMENTS ON THE AUSTRALIAN TOURIST COMMISSION'S ROLE AND AUSTRADE'S ROLE IN THAT MARKET AND THE ASSISTANCE THAT THEY CAN GIVE TO SMALL BUSINESS. IN PARTICULAR, I WOULD LIKE TO COMMENT ON THE RELEVANCE OF EMDG AND THE VITAL ROLE THAT EMDG PLAYS FOR US TO MARKET OURSELVES IN THAT MARKET AND ALSO HOPEFULLY THE CONTINUING ROLE THAT EMDG WILL TAKE.**

**I WILL PROVIDE SOME BACKGROUND INFORMATION. AGRITOURS AUSTRALIA IS BASED IN ARMIDALE. WE ARE OWNED BY A RANGE OF PEOPLE ALL INVOLVED IN AGRIBUSINESS. MY FELLOW DIRECTORS HAVE ALL BEEN TO SOUTH AMERICA. AS WELL, THEY ALL HAVE A GOOD UNDERSTANDING OF THE MARKET, FROM AN AGRICULTURAL GENERAL POINT OF VIEW AND ALSO FROM A CATTLE INDUSTRY POINT OF VIEW, WHICH IS PERHAPS OUR STRONG SUIT. WE HAVE BEEN INVOLVED IN STUDY MISSIONS BOTH TO SOUTH AMERICA AND FROM SOUTH AMERICA. IN PARTICULAR, WE HAVE WORKED WITH AUSTRADE OVER A NUMBER OF YEARS IN DEVELOPING A PACKAGE FOR AUSTRALIAN EXPORTERS GOING TO EXPOCHACRA IN PARTICULAR, WHICH I BELIEVE THE WHOLE OR PART OF THE COMMITTEE WENT TO. WE CAN DISCUSS THAT A LITTLE LATER. WE HAVE WORKED WITH AUSTRADE IN PUTTING OUT A PACKAGE ESPECIALLY FOR NEW EXPORTERS WHO HAVE NO EXPERIENCE IN THE SOUTH AMERICAN MARKET AND CERTAINLY DO NOT HAVE SPANISH AS A LANGUAGE, WHERE THEY HAVE BEEN ABLE TO MOVE**

**STRAIGHT IN TO AN EVENT LIKE EXPOCHACRA. THEIR AIRFARES, ACCOMMODATION AND TRANSFERS ARE PAID FOR. THE BOOTH AT EXPOCHACRA IS THERE—RIGHT DOWN TO HAVING LANGUAGE TRANSLATION FOR BROCHURES AND DISTRIBUTION OVER TO SOUTH AMERICA. IN FACT, IT IS MAKING IT VERY EASY FOR THEM TO GO OVER AND DO WHAT THEY ARE BEST AT—THAT IS, SELLING THEIR OWN PRODUCT.**

**THE RECENT MISSION WE HAVE BEEN INVOLVED WITH IS THE WORLD HEREFORD CONFERENCE, WHERE WE TOOK SOME 60 AUSTRALIANS OVER TO VISIT CHILE, ARGENTINA AND URUGUAY. THAT IS PART OF A FOUR-YEAR PROJECT. WE ARE WORKING WITH BREED SOCIETIES, THE POLLED AND THE HORNED BREEDS, AND WITH AUSTRADE. THIS IS LEADING UP TO THE WORLD CONFERENCE HERE IN AUSTRALIA IN 2004. IT IS NOT A ONE-OFF. IT IS SOMETHING THAT HAS QUITE A LONG LEAD TIME AND QUITE A LONG TIME IN THE GESTATION PERIOD TO SEE AUSTRALIAN PRODUCERS BENEFITING FROM THEIR EXPOSURE IN THE SOUTH AMERICAN MARKET.**

**ON THE OPPOSITE SIDE, WE HAVE THE INBOUND MARKET—I TAKE IT WITH TOURISM INVOLVEMENT THAT YOU UNDERSTAND WHAT I MEAN BY THE INBOUND MARKET. AGRITOURS HAS BEEN INVOLVED WITH A NUMBER OF SPECIALISED MISSIONS. THAT IS OUR FORTE. WE ARE NOT INVOLVED IN GENERAL TOURISM. WE ARE INVOLVED IN VERY SPECIALIST MISSIONS. WE WERE INVOLVED WITH THE CORDOBA GOVERNMENT MISSION THAT WAS HERE IN 1995. ALSO FROM 1994, INSTITUTIONS FROM BRAZIL, ARGENTINA, URUGUAY AND CHILE THAT WERE INVOLVED IN GENERAL AGRICULTURE, RESEARCH, LIVESTOCK AND CROP PRODUCTION. WE WERE TO HAVE THE OLIVE AND WINE INDUSTRY BUT, DUE TO THE BRAZILIAN DEVALUATION, THOSE HAVE NOT HAPPENED. AGRITOURS IS INVOLVED IN A WHOLE RANGE OF INDUSTRY ACTIVITIES FROM THOSE COUNTRIES COMING INTO AUSTRALIA.**

**WE ARE ALSO INVOLVED IN CONFERENCES AND CONFERENCE MANAGEMENT. THE WORLD GENETIC CONFERENCE WAS HELD IN AUSTRALIA IN 1998. THAT BROUGHT A RANGE OF DELEGATES FROM SOUTH AMERICA. THEY HAD A CONSIDERABLE NUMBER OF SPECIAL NEEDS, WHICH WE WERE INVOLVED WITH. OUR COMPANY WAS BROUGHT IN MORE ON A PROJECT MANAGEMENT BASIS THAN JUST MERELY ON CONFERENCE MANAGEMENT. THAT IS PROBABLY ONE OF THE ISSUES THAT I WOULD LIKE TO RAISE THIS AFTERNOON. WE JUST DO NOT PROVIDE TRAVEL FACILITATION. THEY ARE MUCH MORE IN-DEPTH DISCUSSIONS WITH POTENTIAL IMPORTERS ON THE SOUTH AMERICAN SIDE TOGETHER WITH POTENTIAL EXPORTERS FROM AUSTRALIA. WE TRY TO FACILITATE AND BRING THEM TOGETHER AND, HOPEFULLY, THEY WILL THEN CARRY ON AND CREATE A BUSINESS ARRANGEMENT. WE ARE ALSO INVOLVED IN CONSULTANCY THROUGHOUT THE COUNTRY, LOOKING AT AGRIBUSINESS AND AGRI-TOURISM. WE ARE RUNNING A SERIES OF WORKSHOPS HERE IN AUSTRALIA AND GETTING MORE AND MORE INVOLVED IN BEING ASKED BY SOME SOUTH AMERICAN COMPANIES AND COUNTRIES ON HOW THEY CAN DEVELOP THEIR AGRI-TOURISM MARKET. I AM SURE YOU ARE AWARE THAT CERTAINLY ACCOMMODATION IN REGIONAL ARGENTINA HAS GOT A LOT TO BE DESIRED. THOSE ARE THE SORTS OF ISSUES THAT WE ARE TRYING TO ATTACK. SO THAT IS A BACKGROUND OF THE COMPANY.**

**I WANTED TO LOOK AT TWO SPECIFIC ISSUES AS THEY RELATE TO A SMALL COMPANY. OUR TURNOVER IS BETWEEN \$2 MILLION AND \$3 MILLION PER YEAR, SO WE ARE REGARDED AS QUITE A SMALL ORGANISATION. I BELIEVE**



**FIRMLY THAT THERE IS A STRONG OPPORTUNITY IN TWO PARTICULAR AREAS. I KNOW THAT YOU HAVE COVERED THOSE FROM OTHER SUBMISSIONS, FROM THE AMBASSADORIAL LEVEL AND ALSO FROM THE PERSPECTIVE OF AUSTRADE, THE AUSTRALIAN TOURIST COMMISSION AND QANTAS. ONE IS EDUCATION BUT IT RELATES VERY SPECIFICALLY TO COURSE STRUCTURE, WHICH IS ALIGNED TO UNIVERSITY PROGRAMS BOTH IN AUSTRALIA AND IN A RANGE OF SOUTH AMERICAN COUNTRIES.**

**I WILL GIVE A PRECISE EXAMPLE. FOR A NUMBER OF YEARS, WE HAVE A RUN A UNIVERSITY COURSE FOR MID-WEST UNIVERSITIES FROM THE UNITED STATES. STUDENTS IN AGRIBUSINESS—THAT IS, AGRIBUSINESS MANAGEMENT, LIVESTOCK MANAGEMENT AND INTERNATIONAL MARKETING—HAVE, AS AN OPTIONAL COURSE, COME TO AUSTRALIA FOR THREE WEEKS WHERE THEY HAVE A VERY STRUCTURED PROGRAM UNDER UNIVERSITY GUIDANCE AND THEN THEY ARE GIVEN A CREDIT RATING OR PASS RATING FROM THE UNIVERSITIES, WHICH GOES TOWARDS THEIR DEGREE. IT HAS TO BE OPTIONAL BECAUSE OBVIOUSLY THEY ARE PAYING. WE HAVE USED THAT STRATEGY TO GO INTO SOUTH AMERICA. A NUMBER OF INDIVIDUAL LECTURERS AND PROFESSORS FROM UNIVERSITIES HAVE BEEN TO AUSTRALIA. WE ARE YET TO ACTUALLY HAVE A MAIN GROUP COME INTO AUSTRALIA, BUT THE CATHOLIC UNIVERSITY IN BUENOS AIRES AND TWO OF THE UNIVERSITIES IN URUGUAY ARE VERY INTERESTED. THAT IS, AN EXTENSION IN EDUCATION—AND I KNOW YOUR PREVIOUS SUBMISSION CERTAINLY COVERED EDUCATION—WHICH IS VERY SPECIFICALLY TARGETED EITHER AT INDUSTRY GROUPS OR AT SPECIFIC INSTITUTIONS RATHER THAN A MORE SHOTGUN APPROACH.**

**THE SECOND ISSUE IS THE DEVELOPMENT OF AGRITECHNOLOGY WHERE WORLD COMMODITY PRICES ARE CHANGING QUITE DRAMATICALLY. WE HAVE SEEN—NOT ONLY IN A COMPANY CAPACITY BUT IN THIS LAST MISSION FROM THE AUSTRALIAN HEREFORD SOCIETY—THE OPPORTUNITY TO ANALYSE, TO SOME DEGREE, THE LIVESTOCK INDUSTRIES IN CHILE, ARGENTINA AND URUGUAY. THERE WERE CERTAINLY A NUMBER OF AREAS THAT WE HAD IDENTIFIED PREVIOUSLY WHICH WERE CONFIRMED BY THOSE VISITS—THAT IS, LOOKING AT GENETIC EVALUATION, MANAGEMENT AND MANAGEMENT STRUCTURES AND LOOKING AT AGRIBUSINESS DEVELOPMENT. I AM SURE YOU ARE AWARE OF THE QUOTA ENVIRONMENT AT THE MOMENT IN LAMB AND BEEF. ONE OF THE SUGGESTIONS WAS TO LOOK AT JOINT VENTURE OPERATIONS IN ARGENTINA—ARGENTINA IS NOT SATISFYING ITS EUROPEAN QUOTAS IN LAMB MEAT—WHERE, WITH AUSTRALIAN LAMB COMPANIES, A JOINT DEVELOPMENT COULD CREATE AN ANIMAL THAT FITS EUROPEAN SPECIFICATIONS AND COULD BE EXPORTED FROM ARGENTINA INTO EUROPE UTILISING AUSTRALIAN TECHNOLOGY.**

**THESE ARE JUST TWO MAIN ISSUES WHERE WE WOULD LIKE TO SEE FURTHER DEVELOPMENT, OR CERTAINLY FURTHER ENHANCEMENT OF THE WORK THAT IS BEING DONE AT THE MOMENT. IN PARTICULAR, AS I SAID BEFORE, EMDG SHOULD BE SEEN AS A VITAL LINK FOR THOSE COMPANIES, SUCH AS OURS, THAT DO NOT HAVE THE RESOURCES TO DO MAJOR MARKETING EXERCISES WITHOUT HAVING BOTH THE EMDG PROCESS IN PLACE AND THE ASSISTANCE FROM AUSTRADE IN THE POSTS IN SOUTH AMERICA.**

**I UNDERSTAND THAT THERE IS A REVIEW OF EMDG UNDER WAY AT THE MOMENT. ONE OF THE ISSUES—I DO NOT KNOW WHETHER IT HAS BEEN RESOLVED—IS THE QUESTION OF THE PRELIMINARY WORK DONE FOR**

**TENDERS NOT BEING ACCEPTABLE AS EXPENDITURE UNDER EMDG. THAT IS ONE OF THE MAJOR ISSUES FOR, NOT ONLY OUR COMPANY, BUT A LOT OF OTHERS WHO WILL EXPEND THOUSANDS OF DOLLARS IN BIDDING FOR WORK WHICH MAY OR MAY NOT COME TO FRUITION. MY UNDERSTANDING IS THAT CURRENTLY UNDER EMDG THAT IS NOT ALLOWABLE EXPENDITURE. SO I WOULD ASK WHETHER THAT CAN BE TAKEN AS PART OF THE SUBMISSION AS WELL.**

**ONE OTHER ISSUE RELATING TO PROMOTION IN SOUTH AMERICA IS THAT, IN A SUBMISSION MADE BY THE AUSTRALIAN TOURIST COMMISSION, I KNOW MR CALDERWOOD LATE LAST YEAR MADE A COMMENT THAT THERE WAS NOT MUCH FOR AUSTRADE TO INVEST IN WITH THE ATC—IF THAT IS THE CORRECT TERM. I DISAGREE IN AS MUCH AS THE MARKETS I HAVE MENTIONED, THAT IS, THE EDUCATIONAL MARKET AND ALSO THE AGRITECHNOLOGY MARKET, ARE VERY SPECIFIC AND BOTH ORGANISATIONS CAN WORK IN THAT AREA INCLUDING THE VISITING JOURNALISTS PROGRAM. YOU WERE GIVEN AN EXAMPLE OF 14 JOURNALISTS, I BELIEVE, IN 1998-99 WHO TRAVELLED FROM SOUTH AMERICA TO AUSTRALIA. AGAIN, IF MORE WORK COULD BE DONE BETWEEN AUSTRADE AND ATC IN A COORDINATION ROLE—WE JUST DO NOT HAVE THE RESOURCES TO GO ALONE, I BELIEVE—WHERE JOURNALISTS FROM SPECIFIC MAGAZINES IN SPECIFIC INDUSTRIES CAN BE ENCOURAGED TO VISIT, THEY WILL NOT ONLY TALK ABOUT AUSTRALIA AS A COUNTRY BUT ALSO THEY WILL TALK ABOUT THE INDUSTRY IN WHICH THEIR MAGAZINE IS SPECIFICALLY INTERESTED. MR CHAIRMAN, BASICALLY THAT IS THE OVERVIEW AND THE TWO ISSUES THAT I WANTED TO RAISE THIS AFTERNOON.**

**CHAIR**—Thank you for that, Peter. Can you make comment on what assistance you have had from DFAT and/or Austrade and, as a double barrel part to that question, what in-country assistance you have had.

**Mr Lloyd**—Certainly DFAT, from the South Americas desk here in Canberra, has been very supportive. We have put a lot of effort into personal contact over the years in assisting Austrade to provide that export development package. It has been a great marriage where Austrade both here and in-country has seen the benefits of giving the first time exporter the ability to be provided with a package. In developing that package we have had a great opportunity not only to meet and work with the desk staff here, but also to meet and work with the staff in-country. The question came up in an earlier submission about whether there was fee for service or free facilities being offered by Austrade. That is now on a cost recovery basis. Where two to three years ago we got considerable assistance at no cost from Austrade, that now is on a cost basis. I think for a smaller company that has to be looked at in terms of knowing how much you are going to expend in order to achieve your outcomes. I am not talking about a large company.

**IN AN OVERSENSE WE HAVE HAD A LOT OF SUPPORT FROM BOTH SIDES. AGRITOURS HAD A LOT OF CONTACT WITH THE MINISTERS' OFFICES WHERE THERE HAVE BEEN SPECIFIC MISSIONS GOING OVERSEAS. ON THE WHOLE, I WOULD NOT BE CRITICAL OF THAT PROCESS AT ALL; IT HAS BEEN VERY GOOD. BUT, AGAIN, I WOULD EMPHASISE THAT IT HAS BEEN A CASE OF GETTING TO KNOW THE STAFF AND CERTAINLY BEING ABLE TO ADVISE THAT WE ARE PROVIDING A PROFESSIONAL SERVICE AND PROFESSIONAL INFORMATION FOR THEM.**

**CHAIR**—In particular, what recent tours to South America have you been involved with?

**Mr Lloyd**—The most recent was the Hereford program last month. We were actually somewhere at Exepochacra the day before you arrived. Sixty Australians went on that mission. There was no assistance from Austrade in-country. That was mainly organised through the Argentine, Uruguayan and Chilean Hereford Associations so we did not need any help. We had enough on-ground help. We have a very strong relationship with companies in Argentina, Chile and in Uruguay. Again, our own resources were brought to bear.

**ONE THING THAT WE ATTEMPTED TO DO, WITHOUT SUCCESS, WAS TO ARRANGE FOR AN AUSTRALIAN AGRICULTURAL BUSINESS GROUP TO GO WITH THE MINISTER FOR TRADE WHEN HE WENT TO BUENOS AIRES FOR THE CAIRNS GROUP MEETING LAST SEPTEMBER. I THINK THE LOGISTICS JUST GOT TOO DIFFICULT. I KNOW THAT THE SCHEDULE AND LOCATION OF THAT MEETING HAD CHANGED A COUPLE OF TIMES, BUT WE WOULD CERTAINLY HAVE LIKED TO HAVE SEEN SOME BUSINESSMEN GO WITH THE MINISTER. THAT WAS THE HIGHEST LEVEL DELEGATION THAT HAD ACTUALLY BEEN IN ARGENTINA FOR SOME TIME. IF YOU LIKE, THAT MAY HAVE BEEN AN OPPORTUNITY THAT WAS LOST.**

**ANOTHER WAS THAT, GIVEN THE ENHANCED REPRESENTATION IN SOUTH AMERICA, ESPECIALLY WITH ROB CHARD BEING APPOINTED TO BUENOS AIRES AND CERTAINLY DOUGLAS MENON, THERE MAY HAVE BEEN SOME MORE ACTIVITY WITH EXPOCHACRA. I TAKE IT YOU VISITED THE MARQUEE WHERE AUSTRADE'S TENT WAS? IF YOU REMEMBER, THE REMAINDER OF THAT MARQUEE WAS ABSOLUTELY EMPTY. WE HAD ASKED BACK IN SEPTEMBER 1999 THAT THERE BE AGAIN, THIS PACKAGE DEVELOPMENT, IF THAT WAS THE MOST APPROPRIATE THING TO DO. IT WAS CONSIDERED AT THAT TIME THAT, IF AN AUSTRALIAN COMPANY WANTED TO GO TO EXPOCHACRA, THEY WOULD GO AND AUSTRADE WOULD PROVIDE IN-COUNTRY HELP. WE BELIEVE THAT WAS MISSING THE POINT. THERE ARE SO MANY COMPANIES THAT HAVE NO IDEA OF WHERE TO START. IF AT LEAST YOU COULD FACILITATE THAT VISIT, IT WOULD MAKE LIFE A LOT EASIER. THEY DID IT IN THE PAST BUT FOR SOME REASON LAST YEAR FELL DOWN. A LOT OF PEOPLE MAY HAVE GIVEN YOU SUBMISSIONS THAT THE SOUTH AMERICAN MARKET IS NOT AN OVERNIGHT MARKET. YOU HAVE TO BE THERE FOR YEARS; YOU HAVE TO DEVELOP THOSE RELATIONSHIPS. ONE WOULD HOPE THAT IN 2001 THERE IS A SERIOUS LOOK BY AUSTRADE AT GOING BACK INTO EXPOCHACRA IN A MAJOR WAY. IT IS THE BIGGEST AGRIBUSINESS EVENT IN SOUTH AMERICA.**

**CHAIR**—You were saying that you took a group of 60 people to that.

**Mr Lloyd**—No, not to Exepochacra.

**Senator FERGUSON**—How many went to Exepochacra?

**Mr Lloyd**—Only I went. I went early to Exepochacra purely because I had not been before. We had the opportunity to meet with Senor Cazenave, who is the Vice-Minister for Agriculture, to discuss a range of issues. He happened to be at Exepochacra that day.

**CHAIR**—We were advised that the only people in the agricultural area who went were some cattle station owners from the Pilbara. They were there the day before we were there.

**Senator FERGUSON**—Why didn't your group go to Expochacra?

**Mr Lloyd**—Timing was the major issue. We were going through to Chile. We did not stop in Argentina. The group left on 18 March from Australia and went straight through to Chile. They actually did not stop in Argentina until some five days later. In retrospect, I would take a group to Expochacra again.

**Senator FERGUSON**—How many tours have you taken to South America in total?

**Mr Lloyd**—Between 12 and 15.

**Senator FERGUSON**—All agricultural based?

**Mr Lloyd**—All agricultural based, yes.

**Mr JULL**—On your day at Expochacra, was the Austrade desk manned?

**Mr Lloyd**—Yes, it was. Santiago Rubio was there and one other chap.

**Mr O'KEEFE**—We did not fall over ourselves with a stunning impression of that presentation at Chacra. It just looked to us like a little cubicle with a desk and some brochures on it, but I am sure it must have been more meaningful when we were not there.

**Mr JULL**—I sincerely hope so because the Danes around the back were working their backsides off. They were really getting into it. We had a couple of posters up saying, 'This is the Olympics.'

**Senator FERGUSON**—When you say you have been to South America 12 or 13 times and you classed your Hereford Society people as a trade visit, what sorts of trading opportunities were you looking for for the Hereford Society?

**Mr Lloyd**—In particular, as I said, it was part of a four-year program leading up to encouraging more South Americans to come to Australia in 2004 and it was to give them the opportunity of looking at the herds in the three countries I mentioned and seeing whether there is an opportunity for improving the animals there with Australian genetics; in other words, selling semen or embryos or looking at management where Australia may come in offering agronomic advice. Those were the areas specifically. Also, looking the other way, there may be genetics in South America which might be useful to Australia and that semen can be purchased to come out to Australia.

**Senator FERGUSON**—I see the point you are getting at. What I am really saying is, if you have a group of 60 people on an agritour looking at trade opportunities—I happen to come from a primary production background myself and I have never seen 30-odd primary producers together who can come forward with a concerted effort that is concentrated in one area—I just cannot see how you can possibly conduct trade negotiations or look at opportunities with any degree of focus. If you had five people doing it, I could understand it, but 60 people on a tour looking at trade opportunities?

**Mr Lloyd**—It actually worked. I was quite surprised as well. There was a period of four days in Buenos Aires at the World Hereford Conference where Australia had a booth. Each of those producers was encouraged to take their own brochures for their own stud—if they were stud breeders—or commercial. They had an opportunity at that stage to look at what the opportunities were. I agree with you that it was a superficial look where many of them would otherwise not go in a small group or even by themselves. They were able to have a look at a broader overview with the object that they could then go back and say, ‘Yes, we have identified something that we can actually spend more time on.’

**Senator FERGUSON**—You said two things which I think need a bit more explanation. You talked about marketing and understanding the market and then you talked about being able to contact potential importers and exporters. In the visits that you have had as an agritours business, what successes have you had from all those contacts that you have made over that period with either potential importers or exporters or people who you know are in the market, if you talk about understanding of the market?

**Mr Lloyd**—I will answer that in two ways. One is that we are acting merely as a facilitator where we are not actually providing those business opportunities but we are trying to bring the two parties together by creating an environment where that can happen. In previous Expochacras, for example, there have been genetics organisations, electronic scale manufacturers, banking and irrigation supply organisations. As far as I am aware, three out of the five that I mentioned now either have agency arrangements in South America or are selling their products and services. So while they would not reveal that to us, because that is a private situation, we have at least been able to say we have facilitated arrangements where they can proceed to do that. It is a question of facilitation.

**Senator FERGUSON**—In Argentina?

**Mr Lloyd**—In Argentina and, to a lesser degree, in Uruguay.

**Mr JULL**—I want to go back to a couple of things that you have raised. On the journalist program, what you are basically saying is that we have something of a scatter gun approach towards that, rather than a specifically targeted one?

**Mr Lloyd**—Yes, I believe so. If you look at the journalist program and the Australian Tourism Exchange. For example, we have been going to the Australian Tourism Exchange—I am sorry Mr Baird has left the room because he would understand what I mean—and there have been very large South American delegations at each of those. We see the same people year after year and I cannot help thinking that it is probably a glorified holiday for them in Australia because we have never seen any business. They all profess to act in our area, that special area of agribusinesses. We have gone to inordinate lengths over six years to provide very specialised visits—and this probably answers Senator Ferguson’s question a little more as well—and, again, facilitated meetings and then left it up to those people to conclude a business arrangement. Nothing has come of that. So from the point of view of the Australian Tourism Exchange—and some journalists come out to that event—there needs to be a more targeted approach.

**TO GO BACK TO THE VISITING JOURNALISTS PROGRAM SPREAD OVER THE YEAR, YES, I BELIEVE THAT THERE COULD BE A MORE FOCUSED APPROACH, AND WORKING WITH AUSTRALIA AND—IF THEY DO NOT ALREADY DO THIS— SAYING, ‘WHAT ARE THE SPECIFIC INDUSTRIES THAT WE ARE LOOKING AT TO GET SOME COVERAGE IN?’ YOU ARE ALL AWARE OF EXPOCHACRA. CHACRA MAGAZINE, WHICH RUNS EXPOCHACRA, IS THE BIGGEST RURAL MAGAZINE IN THE COUNTRY. TO ME, IT WOULD SEEM A LOGICAL CHOICE TO BRING OUT ONE OF THOSE JOURNALISTS TO LOOK AT THE AUSTRALIAN SITUATION, AND OBVIOUSLY THEY WOULD BE TRYING TO GET AUSTRALIAN EXPORTERS TO EXHIBIT AT EXPOCHACRA, SO IT WOULD ACHIEVE A NUMBER OF GOALS. THAT IS WHAT I MEAN, WHEN I SAY THE VISITING JOURNALISTS PROGRAM COULD BE MORE SPECIFIC.**

**Mr JULL**—One of the things that impressed us a little bit when we visited there was the development of electronic information services. There were a number of displays from companies that establish programs for agribusiness. Do you know if there has been much of an effort within Australia to establish something similar, or whether or not there is any interchange online between South America and any Australian organisations that might be involved in that?

**Mr Lloyd**—No, I am sorry, I do not know.

**Mr JULL**—I was just wondering because they seem to be going into it in a big way. It occurred to me that that might be an area where we could go in. Are the journalists who do come principally print journalists rather than electronic?

**Mr Lloyd**—I believe so.

**Mr JULL**—Is there much of an opportunity there? I am thinking particularly of television, because if there is a criticism I have of the program it is that it relies very much on print. In fact, you can have some of your greatest impact by bringing a television cameraman and a producer over here and doing a landline over there or something. In terms of that program, do you know if they worry about the electronics or not?

**Mr Lloyd**—No, I do not know. I know that on three missions that we have had—one from Argentina and two from Uruguay—they have brought journalists with them as part of the group. That has been a paid situation, so they have been very focused on the fact of having journalists. Mind you, we had a journalist with us when we went to South America as well. We have also had initial discussions with one of the dedicated agricultural television channels there and asked for footage from *Cross-Country* or *Landline*—I forget which of the two—to send over to see whether they could utilise Australian footage over there. That was 18 months ago now and nothing further came of that. But I think, with electronics, there is certainly the opportunity. Because there is special television coverage in both countries, yes, there is a huge opportunity, certainly in management, to pass over.

**Mr JULL**—And did I hear you correctly that you really are not consulted about any of these tours that might be coming? You just get a call out of the blue saying they have got some journo here and can you show him around.

**Mr Lloyd**—We rarely get involved in individual programs; it is almost entirely groups. But in most cases they are very informed, quite organised and up to 12 months in preparation. So the group tours know exactly what they want to look at, they know the industries they want to see, and they know the issues that they want to discuss.

**Mr JULL**—And I guess it would be fair to say that we got our fair share of criticism in terms of delays with visas and difficulties with air fares. Now, you are a professional and it might be a little different for you, but do you have those difficulties too? Have you had too many worries in terms of—

**Mr Lloyd**—Certainly not from visas, but again I have excluded students. We have not been involved in the student market. But, no, there have not been any inordinate delays. We will offer the facility of ‘If you have a problem with visas come and tell us and we can probably offer some assistance.’ But that has not been the case.

**CERTAINLY, WITH THE AIRLINES, AEROLINEAS ARGENTINAS HAS HAD A LOT OF PROBLEMS WITH RESCHEDULING IN THE LAST TWO MONTHS WHICH HAS CAUSED A LOT OF PROBLEMS.**

**Mr JULL**—But the fare levels are not a real problem; you can screw them down on that.

**Mr Lloyd**—No. In fact, they are complaining that they gave it to us too cheaply.

**Mr JULL**—As a matter of interest, how long has the company been in business? Longer than seven years?

**Mr Lloyd**—Ten years.

**Mr JULL**—And which other countries do you principally deal with?

**Mr Lloyd**—The United States and Canada, UK and, to a lesser extent, France, Germany, Italy, Spain, New Zealand and South Africa, with sporadic forays both ways into Asia. It has not been as consistent as it has been into those other countries.

**Senator FERGUSON**—Not Zimbabwe?

**Mr Lloyd**—We are just changing a program at the moment to Zimbabwe.

**CHAIR**—Do I read you correctly that you are probably a bit more excited about South America and maybe some of those other markets in which you deal?

**Mr Lloyd**—No, not necessarily. I believe that with the right approach and certainly the right amount of resources the market is there in South America, but we would not weight it unnecessarily towards South America as opposed to the other countries. It is just that, with the resources we have put in, we have gone so far along the track that we think we have got to get some goals very soon because of the relationships we have been building up.

**Mr JULL**—In your introductory remarks you made some comment about a small company going in there, not necessarily with Spanish. You were going to refer to that a little bit later on. I may have missed it, but I was just wondering what you meant by that. Was lack of Spanish a major problem for you?

**Mr Lloyd**—What I meant was taking small Australian companies into the market where they do not have Spanish as a language. It is perceived in some cases as being a major blockage, especially at an event like Expochacra where, unless you have quite a sophisticated client, the majority do not speak English. From our experience again—at Expochacra in particular—there is a great need to have translation. And, yes, it is a drawback not to have Spanish.

**Mr JULL**—You also made reference, I think, to olive growers and to the wine industry. Are you continuing to follow up your interest with that? If so, what expectations are you reading into it in terms of what we might be able to achieve between the Australian industries and the South American industries?

**Mr Lloyd**—I am not sure because both are emerging industries in terms of South America. I think that the Australian olive industry is probably far more open than the wine industry to meeting with the Argentine market, but my understanding is that they are planting thousands and thousands of hectares to olives. As a potential competitor to Australia, it could be seen as detrimental to open up the Australian industry, but the attitude we have found is exactly the opposite—‘Let’s share information’—and there may very well be benefits to both sides. The wine industry, I think, is a little more closed, because the Australian industry has been going as long as the Mendozan industry, and that is a bit harder in terms of sharing information. But I think that personnel are changing quite often in a lot of wineries, more so than technology.

**Mr JULL**—I understand that we sell a lot of winemaking equipment now, particularly to Chile. Most of the white winemaking gear, I think, is Australian. I would have thought that there were some wonderful opportunities in terms of the Uruguayan red wine industry.

**Mr Lloyd**—Yes.

**Mr JULL**—A wonderful area for cooperation.

**Mr O’KEEFE**—Peter, thank you for sharing those thoughts with us. I have a couple of questions just to clarify things. You mentioned early in the piece that taking one of these programs with you made it a lot simpler for people because their fares are paid and everything is structured for them. There is no subsidy coming from the South American countries into that. It is just that they have paid the fee to you and you have organised everything for them. Is that is what you meant by that?

**Mr Lloyd**—Yes.

**Mr O’KEEFE**—So you are not having to run around and hassle for yourself?

**Mr Lloyd**—No, that is right.



**Mr O'KEEFE**—That is good. I just wanted to clear that up. You mentioned the journalists and the particular industry focuses. We were staggered by the quality and the style of cooking beef over there.

**Mr Lloyd**—Fantastic.

**Mr O'KEEFE**—We all commented on this—and politicians are supposed to be pretty good on the 'fang'. We then started to have a look at why this is so, and it struck me that there has to be some opportunity—particularly for those of you interested in the customer down the line—to look at the way beef is presented and sold throughout Argentina and Brazil particularly and the global interest in the cooking and presentation of food. There have to be some opportunities both ways in the way they do beef. Has this struck you at all?

**Mr Lloyd**—Certainly. It has been very obvious, and it is interesting going away with 60 beef producers to see the reaction. I do not know whether you were lucky enough to strike the situation where beef from the hide down to the meat underneath was in one piece.

**Mr O'KEEFE**—I could not tell you. We just had asados—one asado after another.

**Mr Lloyd**—This is a particular dish that is quite popular in Uruguay and, again, the Australian beef producers found that very hard. Even though the meat was tender, it was the fact that it had the hide on the outside. But the major thing is the length of time the meat is cooked and the fact that charcoal is used. It is taken out and put under the meat and the meat is cooked for a number of hours, rather than the Australian idea of probably cooking the hell out of it for about three or four minutes. So there is quite a difference because of that long, slow cooking process which certainly assists the tenderness. But, yes, we have noticed that, certainly, and what has come through is the length of cooking time and the preparation that they have in their meat dishes.

**Mr O'KEEFE**—What I was getting at is that you are saying that it strikes your beef producers when they go there and see it—and beef is such a huge product at all stages through the chain—as being a very different consumption of meat and has to jump out in some way as a marketing opportunity in countries that are not used to it. I am not sure that the Argentineans or the Brazilians see that yet, but it ought to strike us and there ought to be some way to hook into it. I guess that is where I am trying to go with this, so I just flag that.

**YOU MENTIONED ON THE EMDG ISSUE THAT THE COST OF PREPARING TENDERS OUGHT TO BE ONE OF THE QUALIFYING COSTS. WHEN YOU ARE PREPARING A TENDER FOR OVERSEAS, SAY IT COSTS YOU \$15,000 TO PREPARE A TENDER AND LODGE IT FOR A PARTICULAR PROJECT, ABOUT HOW MUCH OF THAT WOULD GENERALLY BE SPENT IN ANOTHER COUNTRY?**

**Mr Lloyd**—It varies quite considerably depending on the work that you do. It may very well be a quarter to a third.

**Mr O'KEEFE**—My immediate reaction to that was: money is spent in Australia on consultants to prepare the tender; should it or should it not be export derivative income for these purposes? With respect to money spent overseas on a consultant to finally finesse it, lodge it the

right way and do all those things, should that qualify? That was a differentiation which I made in my mind. As a general rule of thumb, you would say that about a third would be spent overseas and none of that at the moment qualifies?

**Mr Lloyd**—Certainly, the travel and the research part would fall, I believe, into EMDG acceptable expenditure. It is the expenses back in Australia in the preparation and the staff time in order to get those documents ready that are not claimable. I stand to be corrected on that, but that is my current understanding.

**Mr O'KEEFE**—There is one idea that I want to float with you which some of us have been bouncing around, so this is very much in that sense. Everybody is saying to us that the opportunities are there but small businesses have all run across the problem that Austrade is under resourced. In general, the reports of the particular Austrade officers are very good and the experiences are very good, but they are grossly under resourced for this task. That is a general observation.

**ONE OF THE POSSIBILITIES THAT COMES TO MIND IS THAT A BUSINESS WHICH IS PLANNING TO ESTABLISH IN A LOCATION MIGHT BE BETTER OFF PLACING A PERSON AT THEIR EXPENSE WITH AUSTRADE FOR A PERIOD OF TIME IN THAT LOCATION TO LEARN THE LANGUAGE, GET INTO THEIR NETWORK, DO SOME WORK FOR AUSTRADE AND PICK UP THE BUSINESS FEEL. AUSTRADE MAY WELL BE VERY GRATEFUL TO HAVE THE RESOURCE. WHAT BRINGS THIS TO MIND IS THAT WE FOUND A GUY WHO IS WORKING VERY SUCCESSFULLY IN BRAZIL, HAVING BEEN THERE AS AN AUSTRADE OFFICER. HE IDENTIFIED THIS OPPORTUNITY FOR AN AUSTRALIAN COMPANY AND THEN THOUGHT, 'I WANT TO DO THIS MYSELF.' HE APPLIED FOR THE JOB TO BE THEIR MANAGER THERE AND HE GOT IT. IT HAS BEEN VERY SUCCESSFUL FROM ALL ENDS. WOULD YOU SEE ANY MERIT IN OUR TURNING TO THE CORPORATE SECTOR AND SAYING, 'THERE'S A LIMITED AMOUNT OF GOVERNMENT RESOURCES TO EXPAND THIS AUSTRADE OPERATION; HOW CAN YOU PLAY A ROLE IN HELPING US BUILD UP THESE RESOURCES'?**

**Mr Lloyd**—I am not speaking for Austrade, but I think that logistically they might find that one fairly hard with insurance, superannuation and a whole raft of legal issues. It may be better—and we have actually contemplated this over a number of years in different markets, not necessarily in South America—to use Austrade resources to develop a partnership with a company. In other words, you would check them out to ensure that they are the people that you want to deal with and develop a relationship with. Once that relationship had been developed, staff members could then be placed with your partnering company. That has two benefits: one is that they get to know how you work and the other is that you certainly get to know how they work as well. So that is far more focused. If Austrade could help to facilitate that arrangement without becoming involved in staffing and all the ancillary logistical questions, I believe that might work better.

**Mr O'KEEFE**—That is one of the clear ideas we have been working on. We have been working on the idea of not just student exchange but business executive exchange and partnership exchange at the corporate level, which is what you have just described.

**CHAIR**—Peter, thank you for that. If you have any further submissions, please forward them to the secretary. Hansard will forward you a copy of today's proceedings in due course.

[3.58 p.m.]

**FREW, Mr Todd Huntley, Assistant Secretary, Temporary Entry Branch, Migration and Temporary Entry Division, Department of Immigration and Multicultural Affairs**

**HAUGHTON, Ms Janette, Director, Overseas Resources and Liaison Section, Department of Immigration and Multicultural Affairs**

**RIZVI, Mr Abul Khair, First Assistant Secretary, Migration and Temporary Entry Division, Department of Immigration and Multicultural Affairs**

**CHAIR**—On behalf of the subcommittee, I welcome delegates from the Department of Immigration and Multicultural Affairs. As you would be aware, the subcommittee prefers that all evidence be given in public, but should you at any stage wish to give any evidence in private, you may ask to do so and the subcommittee will give consideration to that request. Although the subcommittee does not require you to give evidence under oath, I should advise you that these hearings are legal proceedings of the parliament and therefore have the same standing as proceedings of the respective houses. I now ask you to make a short submission addressed to the committee.

**Mr Rizvi**—Following our earlier appearance before the committee, there have been a number of developments in our visa operations in the South American posts. I thought I might take this opportunity, with your indulgence, to give you a brief outline of those developments. The issue of client servicing and resourcing of our South American posts to perform visa work has been under review over the last nine months and a number of initiatives have been taken to improve client service in the region.

**IN TERMS OF INFORMATION TECHNOLOGY AND OFFICE INFRASTRUCTURE I CAN ADVISE THAT WE HAVE PUT IN PLACE AN IMPROVED TELEPHONE SYSTEM INTO THE EMBASSY IN SANTIAGO. THAT NEW PABX PROVIDES BETTER CLIENT INQUIRY MANAGEMENT AND TELEPHONE ACCESS FOR CLIENTS. THE DFAT STAFF HAVE UNDERTAKEN TO INVESTIGATE REPLACEMENT OF CURRENT PHONE SYSTEMS WITH MORE POWERFUL SYSTEMS IN BOTH BRASILIA AND BUENOS AIRES. WE HAVE POSTED A SENIOR MIGRATION OFFICER WITH EXTENDED IT AND SYSTEMS EXPERIENCE AT OUR POST IN SANTIAGO. AMONGST OTHER THINGS, HIS ROLE IS TO COORDINATE IT TRAINING FOR STAFF IN SOUTH AMERICA AND TO PROVIDE IT SERVICES FOR POSTS IN THE REGION. THE EMBASSY IN BUENOS AIRES HAS DEVELOPED A WEB SITE WITH EXTENSIVE VISA INFORMATION IN SPANISH ON IT.**

**WE HAVE ALSO BEEN CONTINUING TO EMPHASISE IN THE REGION THE PROVISION OF BETTER VISA INFORMATION. RECENT DEVELOPMENTS INCLUDE THE INTRODUCTION OF PRO-FORMAS IN SPANISH AND PORTUGUESE, DETAILING TYPICAL VISA QUESTIONS AND ANSWERS. THESE ARE FAXED OR EMAILED TO INQUIRERS AS NEEDED. BOTH THE VISITOR VISA FORM AND THE STUDENT FORM HAVE NOW BEEN MADE AVAILABLE IN BOTH PORTUGUESE AND SPANISH. AN INFORMATION STRATEGY ENCOMPASSING SERVICE PROVISION TO ALL COUNTRIES IN SOUTH AMERICA IS BEING DEVELOPED BY OUR STAFF IN SANTIAGO AND WAS THE SUBJECT OF EXTENSIVE DISCUSSION IN A REGIONAL CONFERENCE HELD RECENTLY.**

**IN TERMS OF VISA DECISION MAKING I CAN ADVISE THAT A REVIEW OF EVIDENCING REQUIREMENTS NEEDED TO SUPPORT APPLICATIONS FOR VISITOR VISAS HAS BEEN CONDUCTED AND HAS RESULTED IN REDUCED DOCUMENTARY REQUIREMENTS FOR MANY VISA APPLICANTS. EXTENSIVE CLIENT SERVICE TRAINING HAS BEEN PROVIDED TO LOCALLY ENGAGED STAFF IN BUENOS AIRES AND BRASILIA AND A FURTHER ROUND OF TRAINING IN VISITOR VISAS IS PLANNED FOR JULY 2000. A REGULAR PROGRAM OF VISITS BY OUR A BASED STAFF IN SANTIAGO TO SMALLER POSTS IN THE REGION HAS BEEN EXPANDED.**

**THESE INITIATIVES HAVE BEEN POSSIBLE BECAUSE OF POSITIVE CONSULTATION AND LIAISON WITH DFAT TO ENSURE THAT THE EMBASSIES IN THE REGION ARE ABLE TO PROVIDE A HIGH LEVEL OF SERVICE TO VISA APPLICANTS. OUR REGIONAL DIRECTOR IN SOUTH AMERICA VISITED MOST POSTS ON THAT CONTINENT RECENTLY. AS A RESULT, WE NOW CONTINUE TO WORK CLOSELY WITH EMBASSY STAFF TO IMPROVE VISA SERVICE PROVISION TO ALL SOUTH AMERICAN CLIENTS.**

**THE ABOVE INITIATIVES AND A REVIEW OF RESOURCING ARRANGEMENTS HAS LED DIMA TO THE VIEW THAT THE LEVEL OF RESOURCING AND DISTRIBUTION OF STAFF IN SOUTH AMERICA IS AT PRESENT APPROPRIATE TO THE CURRENT WORKLOAD. HOWEVER, WE DO CONTINUE TO REVIEW THAT. IF WORKLOADS IN SOUTH AMERICA—THAT IS, IN TERMS OF VISA APPLICATION RATES—WERE TO RISE WE WOULD THEN CONSIDER ANY FURTHER RESPONSES THAT WE SHOULD MAKE. THANK YOU, MR CHAIRMAN.**

**CHAIR**—Thank you. In the committee's trip to South America you did not come off well at all. There was criticism from a number of people that we met with concerning the difficulties in trying to get visas and visas processed. In particular there were a number of problems in regard to the distance and time delay and the cost in bagging up and sending them down in separate lots to Santiago for whatever reason. We had those problems raised with us in Bogota particularly. Their advice was that it made it very difficult for them to compete. Firstly, can you comment, in spite of what you have said, on why people in Venezuela, Colombia and those sorts of places, even Brazil, have to send their applications all the way down to Santiago, and on the costs? Secondly, I then ask you to explain to the committee the breakup of the five student visa areas now.

**Mr Rizvi**—I am sorry, I did not catch the last question there.

**CHAIR**—The changes you have got coming up in student visas.

**Mr Rizvi**—Yes. On the first issue, the establishment of the network of posts and operations that we have in place is essentially driven by two major factors. One is the application rate from different sources and, secondly, combined with that is the question of risk levels. Where risk levels combined with very high application rates exist, that is where we have tended to locate the predominance of our staffing. In South America, relative to most other parts of the world, we still have a situation where application rates, in terms of the quantum of workload that they represent, are still relatively small but I would agree with you that it is growing and that it is something that we need to keep an eye on. Out of the countries that you mentioned—for example, Colombia and Venezuela—whilst we have a reasonable application rate out of

Colombia in terms of students, it is still, in terms of the whole program, relatively small. We have a similar situation in terms of visitor visa application rates.

**CHAIR**—From Colombia you could send quicker to Washington. Why don't you do that? It is probably cheaper.

**Mr Rizvi**—I was not aware that that could be done. We will certainly examine it. I was not aware that it was cheaper to send in to Washington.

**Mr JULL**—The one that was marked to us, and correct me if I am wrong, was that by the time that you went through the process of DHLing all the various applications to Santiago, the cost of that in fact was more than the cost of the air ticket.

**Mr Rizvi**—We could not comment on that. We can certainly take that on notice and come back to the committee with our assessment of that claim.

**CHAIR**—The other thing that was raised was that instead of bagging up the medical and a whole range of things, it had to go down separately.

**Mr JULL**—There were something like seven separate stages.

**Mr Rizvi**—Is this in respect of student visas?

**Mr JULL**—Student visa applications, yes.

**Mr Rizvi**—We can come back to the committee on the precise arrangements out of Colombia for student visas and give you a detailed description of how it operates.

**CHAIR**—Just on that point, when you come back can you present it to us on the basis of a time line of what an applicant should expect?

**Mr Rizvi**—Yes, we can do that.

**Mr O'KEEFE**—Is there any plan to speed that up, particularly with these student visas and, let us say, high quality business applications where you are talking about people who are probably computer literate and ought to be able to lodge an application by your computer systems and be given a fairly solid answer, subject to documents verifying whatever is claimed in the original application? Let us put it that way. You were saying at the start that you have made some investment in upgrading the technology and in upgrading the communications system. Is there anything happening in the department whereby we could leapfrog the growth stages you go through until you get to a sophisticated visa application system where we actually do make it easier, when we trust them, to leaping into that with something like this if it is going to emerge in the way we think it is? Could we do a quantum leap for South America?

**Mr Rizvi**—Perhaps I might describe how we set up our electronic visa processing arrangements at this stage and we could work forward from there.

**Mr O'KEEFE**—Yes.

**Mr Rizvi**—At the moment, between 80 and 90 per cent of all visitor and business visitor visas from around the world are processed under what is known as our electronic travel authority system. That is a system that applies to 31 nationalities from around the world. Those nationalities have essentially been assessed as being of low risk—that is, the risk of overstay or non-return is relatively low. The way that system operates is that a potential traveller-visitor to Australia would go to a travel agent, and we are now linked up with some 55,000 travel agents around the world. They would, in the process of purchasing their ticket, automatically also lodge an application—

**CHAIR**—But not in South America.

**Mr Rizvi**—No, not in South America.

**Mr O'KEEFE**—That is the market we are looking at.

**CHAIR**—Give us the process.

**Mr Rizvi**—I understand that.

**Mr O'KEEFE**—The core of my question is that I understand this but it is nice for you to outline it, and I would like you to keep doing that. My final question is: why can't we move this to South America? But please go through the process; it is interesting.

**Mr Rizvi**—At the point of registering that person's purchase of a ticket to Australia, the travel agent is immediately linked to our electronic travel authority system where that system will check that person's biodata against our movement alert list. If there is no match with the movement alert list, the person will be issued an electronic travel authority. That will enable the person to travel to Australia without approaching any of our missions or obtaining any physical evidencing of that visa, and they will enter Australia on the basis of that electronic travel authority. You are correct to point out that no countries in South America at this stage have access to the electronic travel authority.

**CHAIR**—Are you intending to and, if so, in what time frame?

**Mr Rizvi**—The electronic travel authority is a relatively new arrangement. It has been introduced over the last two and a half to three years. It has expanded very rapidly from a situation where it did not exist to one where between 80 and 90 per cent of travellers, depending on the month in which you are taking the statistics, enter on the basis of the electronic travel authority. It has been a very rapid rate of growth. We are very happy with the system and the way it has performed. However, the government's view right now is that we now need to go into a period of consolidation. Certainly, ahead of the Olympics, that period of consolidation needs to continue and, following the Olympics, there will be a need to reconsider where and when the electronic travel authority can be extended.

**CHAIR**—Of course, the charge difference is vastly different as well.

**Mr Rizvi**—I am sorry.

**CHAIR**—The cost for a manual application compared to a visa for electronic lodgment is substantially different as well?

**Mr Rizvi**—The government levies no charge in terms of the electronic travel authority.

**CHAIR**—That is what I mean.

**Mr Rizvi**—On applications for visitor visas or business visitor visas, the government levies a charge of \$60—

**CHAIR**—So all the people in South America don't get a choice?

**Mr Rizvi**—That is true.

**CHAIR**—They cop the charge because we cannot offer them access to electronic visas.

**Mr Rizvi**—That is true, Mr Chairman. I guess the point to be made in that context is the equivalent of the electronic travel authority that other developed nations use is essentially what is known as a visa waiver arrangement—that is, the persons are allowed to enter without a visa where they are assessed at the border on arrival. We have the electronic travel authority which we believe is a more advanced arrangement and indeed better from the traveller's perspective. The vast majority of developed nations with a visa waiver program, however, do not have a waiver arrangement with most countries in South America. This means, for example, that a visitor from most countries in South America seeking to travel to, say, Canada, the United States or New Zealand would need to go through a very similar visa application process and they would be required to pay a very similar charge.

**Mr O'KEEFE**—Let us assume that I understand and concur with everything you are saying. I am not necessarily saying that I understand it all or concur with it all, but let us assume I do. Then we go to the point that you review things after the Olympic Games. You have a report from this committee recommending that Australia has to do something about boosting its links with South America and you are under pressure to do something. One of the things we might suggest is that you might not yet be ready to define a number of countries as low risk, but there are certain activities within those countries that certainly ought to be—for instance, someone introduced by IDP who probably has a pretty good track record or somebody introduced by some travel agents or business relation structures that we have a very good track record with. Is it going to be possible in your system—and you have said you have 55,000 travel agents on it—to rate some particular sources of applications within a particular country as fast-trackers? Is that somewhere we could go in our thinking?

**Mr Rizvi**—In the context of Argentina, the minister has asked us to look at what are known as agency arrangements whereby we deal more directly with reputable travel agents to assist the visa application process. The process is still essentially manual, but through those agents we can speed it up and make it somewhat more convenient for the traveller, and those are certainly arrangements we are currently examining.



**Mr JULL**—We did not get the split on the five student categories.

**CHAIR**—Can you comment on that split between the five student categories?

**Mr Rizvi**—The current arrangement for student visas is that essentially there is one type of student visa available, with assessment criteria which are identical across all education sectors. That means that, as an example—and I do not mean to be at all negative about one or other sector, but just as an example—an applicant for a private short business course would be assessed against essentially the same criteria as an applicant to do a PhD at Sydney University. The statistics we have on the risk rates presented by people from different education sectors suggest that those risk rates are quite different. We need to be able to take that into account when we assess student visa applications. The objective of dividing up the student visas into a number of education sector specific visas is to be able to establish assessment criteria that recognise the different risk levels presented by different education sectors and to tailor our criteria to that level of risk presented.

**Senator O'BRIEN**—DIMA mentioned agency arrangements when they were last before the committee. Can you give the committee some sort of time frame on the possible establishment of this protocol and process for Argentina that you have mentioned? It would be interesting to know when you believe that agency arrangements will be the available mechanism for Argentina. Secondly, is this being considered for other lower risk countries? Thirdly, if so, over what time frame?

**Mr Rizvi**—Our regional director in South America has been examining this issue. We have had meetings with a number of travel agents in Argentina. At the moment, discussions are proceeding on how we might proceed, assuming that there is a satisfactory model that we can put in place in South America. Beyond that, I am not able to give you a precise timetable on when that might happen. Certainly if it was at all possible an agreement could be reached with the travel agents, we would move as quick as we could. I think that essentially goes to the last of your questions as well.

**THERE WAS A SECOND QUESTION IN THE MIDDLE WHICH RELATED TO OTHER LOW RISK COUNTRIES WHERE ETA IS NOT AVAILABLE BUT WE ARE EXAMINING AGENCY ARRANGEMENTS. YES, THAT IS TRUE. WE HAVE AGENCY ARRANGEMENTS IN PLACE IN A NUMBER OF THE GULF STATES AND WE ARE LOOKING TO EXPAND THOSE. WE ARE ALSO EXAMINING THE POSSIBILITY OF AGENCY ARRANGEMENTS IN PORTUGAL. UNFORTUNATELY, IN THE CONTEXT OF PORTUGAL, WE HAVE BEEN CONFRONTED WITH A SITUATION WHERE THE TRAVEL AGENT MARKET OUT OF PORTUGAL TO AUSTRALIA IS QUITE DISPERSED—THERE ARE NO DOMINANT TRAVEL AGENTS THERE. WE HAVE FOUND THAT AGENCY ARRANGEMENTS WORK BEST WHERE THERE IS A DOMINANT TRAVEL AGENT OR AGENCIES IN OPERATION.**

**Senator O'BRIEN**—The less competitive the market, the better the chances of this succeeding—is that what you are saying?

**Mr Rizvi**—No, there is a question of volume there. Where a travel agent is only doing a very small number there is often no value for the travel agent in becoming involved in such an

arrangement because they do it so infrequently that they are not able to keep their staff trained in the arrangements.

**Mr JULL**—Are you allowed to give us an indication of the percentages of overstays that would constitute a low risk market?

**Mr Rizvi**—I can give you an outline of the range of overstay and non-return rates that currently exist and we can give you some benchmarks that we use to assess high and low risk. I cannot be absolutely definitive about it because these two benchmarks are not the only two factors taken into account, but they are the two most important factors. I have mentioned two types of indicators. One is an overstayer. That is a person who comes to Australia on a visitor visa and, at the expiry of the visitor visa, is still in Australia, the visa having expired and the person not having applied for or obtained another visa—that is, the person has become illegal.

**THE SECOND FACTOR THAT WE TAKE INTO ACCOUNT IS WHAT IS KNOWN AS THE NON-RETURN RATE. THAT ESSENTIALLY REPRESENTS PERSONS WHO INDICATED TO OUR POST THAT THEY INTENDED TO COME TO AUSTRALIA FOR A VERY SHORT PERIOD AND, AT THE COMPLETION OF THAT SHORT PERIOD—USUALLY LESS THAN THREE MONTHS— WOULD BE GOING HOME, BUT UPON ARRIVAL THEY SOUGHT TO EXTEND STAY FOR WHATEVER REASON AND BY WHATEVER MEANS AND REMAINED HERE BEYOND THAT PERIOD. THAT DOES NOT NECESSARILY MEAN THAT THE PERSON BECAME ILLEGAL BUT THAT HE OR SHE WAS STILL HERE DESPITE THE INTENTIONS THAT THEY HAD INDICATED TO US IN THE ORIGINAL VISA APPLICATIONS. THEY ARE THE TWO MEASURES.**

**Mr O'KEEFE**—That person is here with permission, though, aren't they? If they have not got permission, they are an illegal.

**Mr Rizvi**—They have made an application to remain. That application may or may not have been decided. But they have certainly sought to extend their stay. Essentially, Australia's system allows persons, where there have been genuine changes of circumstance after arrival, to apply to remain. The concern arises where visitors from some countries are experiencing changes of circumstances at a significantly higher rate than citizens of other countries where that feedback throws light on, or perhaps suggests something about, what they originally told us when they applied for the visa. Those are the two indicators that we use.

**GOING TO THE NON-RETURN RATE; ESSENTIALLY, THE GLOBAL NON-RETURN RATE IS AROUND TWO PER CENT. THERE ARE COUNTRIES SUCH AS JAPAN WHERE THE NON-RETURN RATE IS DOWN TO VERY LOW NUMBERS. I CANNOT REMEMBER PRECISELY BUT IT IS MUCH LESS THAN ONE PER CENT. ON THE OTHER HAND, THERE ARE OTHER COUNTRIES, HIGH-RISK COUNTRIES, WHERE THE NON-RETURN RATE CAN BE AS HIGH AS 10 OR 15 PER CENT, SOMETIMES UP TO 20 PER CENT. ESSENTIALLY, A NON-RETURN RATE FOR ANY COUNTRY WHICH IS MORE THAN THREE TIMES THE GLOBAL AVERAGE OF TWO PER CENT—THAT IS, MORE THAN SIX PER CENT—IS CONSIDERED VERY HIGH RISK. A NON-RETURN RATE OF LESS THAN TWO PER CENT WOULD GENERALLY BE CONSIDERED LOW RISK.**

**Mr JULL**—Earlier today the claim was made—and I think they were referring to visitor visas—that the overstay rate from Chile was about five per cent.

**Mr Rizvi**—I think that would be the non-return rate.

**Mr JULL**—In that respect Chile is getting towards the stage of being reasonably high risk.

**Mr Rizvi**—Yes, it is getting a little high.

**Mr O'KEEFE**—What is the figure for the earlier category of overstays—people who are suddenly here illegally because their visas run out and they have not done anything to try to extend them? What are your percentage rates for them?

**Mr Rizvi**—Overstay rates generally tend to be quite a bit lower. They range from a high of around three to four per cent for the highest overstay rate countries down to Japan, which would be close to unknown.

**Mr O'KEEFE**—What would be the principal reasons for a non-return—finding a partner or spouse in Australia or because their course has been extended? How many non-returns do you finish up knocking back? For example, with that five per cent for Chile which David is talking about, what we are trying to get to is people who come out here for a specific purpose and then apply to stay a bit longer. Would 50 per cent of those applications be approved or would it be 95 per cent of them? Are you classifying as non-returns people who we actually give permission to stay; what would be the ratios for that?

**Mr Rizvi**—That would be a very complex set of calculations. They would be from different countries entering under different sorts of visas, then subsequently applying for other sorts of visas in Australia. It ends up with very complicated, myriad circumstances. Many of the people would be approved to stay. That is not to say, however, that with the original visitor visa application that they applied for they may not have had that intention in their mind in the first place. Where they do that sort of thing, whilst it is legally permissible, it does undermine the nature of our arrangements, particularly in terms of, for example, factors such as health. You might be coming from a high health risk country and have been visaed for a period of stay which is relatively short. You arrive and then seek to extend that stay and it takes a year or two, depending on the complexity of the case, for a decision to be made. You have effectively stayed here for a lot longer than the original health assessment for which you were allowed to enter. That undermines health issues.

**CHAIR**—The committee understands that DIMA was going to commission a management audit of the Santiago office. What are the outcomes of that study?

**Mr Rizvi**—I do understand that our regional director—and the regional director for the Americas operates out of Washington—did visit South America and examine the operations in Santiago. There were also extensive discussions between the various heads of missions in the South America region concerning visitor issues and, as a result of that, there have been a number of improvements made and some of those were listed in my earlier introductory

remarks. But it was not an external independent management audit, which appeared to be what you may have been referring to. It was an internal examination.

**CHAIR**—Are you going to make us aware of all of the recommendations of that internal report?

**Ms Haughton**—In terms of the actual management procedure there is not a report as such that has been produced. There are a number of items that are being followed up. Mr Rizvi has reported on action to date on those, and there are a number of others that are being discussed in the region. There is not a report that has been produced as a result of that management audit. It is more a series of initiatives that have been undertaken to address the issues that were raised.

**CHAIR**—Would you be of a mind to give us a summary of those findings—

**Ms Haughton**—Yes, certainly.

**CHAIR**—and a suggestion of how you intend to address those?

**Ms Haughton**—Yes, that is possible.

**CHAIR**—With regard to that earlier question I asked on the time lines of visa processing, in the information that you come back to the committee with could you include the costings, including each stage of the process and the time you expect those processes to take?

**Mr Rizvi**—Those would be costings from the applicants' perspective?

**CHAIR**—The full cost of what they are up for, whether it is the DHL cost as well, and, if it is a visa application, the break-up of the three or four documents they have got to send and the cost of your DHL bag down to Santiago as well as the cost, of course, of the visa.

**Mr Rizvi**—We can do that.

**Mr O'KEEFE**—Forgive me if you have already provided this to the committee because I did not see it or I have missed it, but also in that information schedule could we have the list of the 32 countries that you have already got on the electronic visa system, as well?

**Mr Rizvi**—We can provide that. It is actually 31 nationalities. It includes Hong Kong Special Administrative Region which is not quite a country.

**Mr O'KEEFE**—That is all right. We understand the difference. 'One country, two systems'—isn't that what it is called?

**Mr Rizvi**—That is right.

**CHAIR**—I thank you for your attendance. If you have any further information please forward it to the secretary.

[4.30 p.m.]

**LANGHORNE, Mr Peter, Deputy Managing Director, Austrade**

**MENON, Mr Douglas, Trade Commissioner, Buenos Aires, Argentina, Austrade**

**OLAH, Mr Alex, Manager, Americas Office, Austrade**

**CHAIR**—On behalf of the Trade Subcommittee, I welcome representatives from Austrade. The subcommittee would prefer that all evidence be given in public, but should you at any stage wish to give any evidence in private you may ask to do so and the subcommittee will give consideration to your request. Do you wish to make some opening remarks to precede your presentation?

**Mr Langhorne**—Thank you, Mr Chairman. As the committee would be aware, Austrade previously gave evidence on 22 October 1999, when we had Mr Rob Chard, our senior Trade Commissioner from South America here. This meeting in our view is timely in that this time we have Douglas Menon, our Trade Commissioner from Buenos Aires, in Australia. We therefore have the opportunity to have him appear before the committee as well. I think he is probably known to most members of the committee, if not all. He has been in Buenos Aires for 18 months and therefore has some extensive knowledge at this point in time of what is happening on the ground.

**WE REALISE THAT TIME IS LIMITED. WITH THE COMMITTEE'S AGREEMENT, WE WOULD LIKE TO TAKE THE OPPORTUNITY TO OUTLINE THE MAJOR TRADE PROMOTIONAL ACTIVITIES THAT HAVE TAKEN PLACE SINCE WE MADE OUR SUBMISSION LAST YEAR AND ALSO TO INDICATE TO THE COMMITTEE WHAT OUR IMMEDIATE FORWARD PROGRAM IS. IF THE COMMITTEE WISHES—AND I GUESS YOU WOULD—WE WOULD INTEND KEEPING THIS AS SHORT AS POSSIBLE TO GIVE THE COMMITTEE THE OPPORTUNITY TO MAXIMISE ANY POINTS YOU MAY WISH TO RAISE WITH DOUGLAS MENON AND ALSO ANY ISSUES YOU WOULD WISH TO RAISE WITH US DIRECTLY.**

**JUST BY WAY OF INTRODUCTORY COMMENTS, SINCE OCTOBER WE HAVE CONTINUED TO BE ACTIVE IN THE REGION AND IN AUSTRALIA, PROMOTING OPPORTUNITIES IN SOUTH AMERICA AND LOOKING AT AUSTRALIAN CAPABILITIES IN THAT AREA. THAT IS WHAT WE WOULD LIKE TO HIGHLIGHT IN THIS OPENING PRESENTATION, WITH YOUR APPROVAL. I WOULD JUST LIKE TO REITERATE TO THE COMMITTEE THAT WE REMAIN STILL OF THE VERY STRONG VIEW THAT THE SHORT-, MEDIUM- AND LONG-TERM OPPORTUNITIES IN SOUTH AMERICA ARE SUBSTANTIAL AND THAT WE MAINTAIN A SIGNIFICANT COMMITMENT TO OUR OPERATIONS AND TO ASSISTING AUSTRALIAN BUSINESS IN THAT MARKETPLACE.**

**WE HAVE OBVIOUSLY KEPT TRACK OF THE TRANSCRIPTS OF THE HEARINGS THAT THIS COMMITTEE HAS CONDUCTED AROUND THE COUNTRY. WHERE RELEVANT, WE HAVE BEEN TAKING ON BOARD THOSE COMMENTS, FROM THE POINT OF VIEW NOT ONLY OF OUR CLIENT SERVICE STRATEGIES AND WAYS OF IMPROVING SERVICE FOR OUR CLIENTS—A NUMBER OF THE COMMENTS MADE TO THE COMMITTEE DURING THE HEARINGS RELATED TO THE NATURE**

**OF THE SERVICES THAT WE PROVIDE TO AUSTRALIAN BUSINESS AND THE WAY IN WHICH WE PROVIDE THEM—BUT ALSO OF OUR FORWARD STRATEGIC THINKING AND WHERE WE WOULD END UP GOING IN SOUTH AMERICA IN REGARD TO RESOURCE ALLOCATION. ON THAT LATTER POINT, OBVIOUSLY, WE WILL AWAIT WITH INTEREST THE RECOMMENDATIONS OF THE COMMITTEE. WE WILL BE, NATURALLY, TAKING THOSE INTO ACCOUNT WHEN WE FORWARD PLAN FOR OUR RESOURCE ALLOCATION AND MARKET STRATEGIES FOR SOUTH AMERICA GENERALLY. CHAIRMAN, WITH THE COMMITTEE'S AGREEMENT, I WOULD LIKE TO HAND OVER TO ALEX OLAH, THE MANAGER OF OUR AMERICAS REGIONAL OFFICE, TO GIVE YOU A SNAPSHOT OF WHAT WE HAVE DONE SINCE THE LAST TIME WE APPEARED BEFORE THE INQUIRY AND WHAT OUR FORWARD THINKING IS AT THIS STAGE.**

*SLIDES WERE THEN SHOWN—*

**Mr Olah**—I think you all have copies of the presentation I am making. As Mr Langhorne mentioned, I will skip through this fairly quickly with the object of allowing more time for the discussion period and questions. The first slide is a summary of the activities that we have run since October last year when we last presented to the trade subcommittee. The main message we want to convey is that we are doing a number of things. As you can see on that list, we have targeted a number of industry sectors and we have held a series of promotions in Australia since last October, covering mining, IT&T, the oil sector and, most recently, railways. The last item on the list is the ‘expand your horizons’ seminars which we finished just before Easter. I thought I would concentrate a little bit on that because that was really the most major activity we have done relevant to South America for a long time.

**THE NEXT SLIDE SHOWS THE STRAPLINE WHICH WE DESIGNED FOR THE SEMINARS. IN DISCUSSIONS WITH DFAT, WE ARE HOPING TO MAKE THIS A MORE GENERIC STRAPLINE WHICH WE WILL USE TO PROMOTE SOUTH AMERICA. IN FACT, WE ARE GOING FOR LATIN AMERICA. YOU WILL BE AWARE THAT MICHAEL JOHNSON, THE CURRENT EXECUTIVE MANAGER FOR THE AMERICAS, IS RETIRING AT THE END OF JUNE AND HIS SUCCESSOR WILL BE GERARD LANZARONE. MR LANZARONE IS VERY KEEN THAT WE START TO TAKE A LATIN AMERICAN APPROACH. HE FELT THAT MOST AUSTRALIAN BUSINESSES REGARD THAT PART OF THE WORLD, IN GENERIC TERMS, AS LATIN AMERICA. THEY DO NOT REALLY DISTINGUISH BETWEEN SOUTH OF THE PANAMA CANAL AND MEXICO, CENTRAL AMERICA AND THE CARIBBEAN. SO WE HAVE TAKEN THE DECISION, WITH THE SEMINARS THAT WERE RUN RECENTLY, TO THINK, ‘LET’S START OFF ON THE RIGHT FOOT AND WE WILL CALL THEM LATIN AMERICA.’ WE INCLUDED OUR MEXICAN OFFICE THERE. SO THE THREE-YEAR PROGRAM THAT WE ENVISAGE FOR THOSE SEMINARS WILL COVER LATIN AMERICA, NOT JUST SOUTH AMERICA, WHICH WE DEFINE AS SOUTH OF THE PANAMA CANAL. REALISING THAT THE TRADE SUBCOMMITTEE IS LOOKING AT SOUTH AMERICA, I WANTED TO CLARIFY THE POINT THAT THESE SEMINARS AND OUR FORWARD ACTION PROGRAM WILL LOOK AT LATIN AMERICA. SO THAT IS THE STRAPLINE WHICH WE DEVELOPED FOR IT.**

**THE SEMINARS WERE HELD IN ALL CAPITAL CITIES OVER A TWO-WEEK PERIOD. WE HAD THE FIVE TRADE COMMISSIONERS OUT FROM OUR FIVE OFFICES IN LATIN AMERICA, AND ROB CHARD, THE SENIOR TRADE COMMISSIONER. WE HAD A PORTFOLIO APPROACH. DFAT HAD A SPEAKING SLOT AND TRAVELLED AROUND WITH THE GROUP, AS DID EFIC. SO BOTH DFAT AND EFIC WERE PART OF IT, AND WE SEE THAT AS A VERY IMPORTANT FACTOR TO CONVEY TO THE AUSTRALIAN BUSINESS COMMUNITY THAT IT IS A WHOLE OF GOVERNMENT APPROACH AND CERTAINLY A PORTFOLIO APPROACH.**

**WE ALSO INCLUDED KEY ALLIES SUCH AS THE AUSTRALIA-LATIN AMERICAN BUSINESS COUNCIL. IN FACT, THE CHAIRMAN OF THE BUSINESS COUNCIL ACTED AS THE MC FOR THE SEMINARS AND TRAVELLED AROUND AUSTRALIA WITH A GROUP. WE WERE VERY APPRECIATIVE OF THE TIME THAT HE GAVE UP TO DO THAT OVER THE TWO WEEKS. HE CERTAINLY ADDED AN EXTRA DIMENSION TO WHAT WE WERE TRYING TO DO.**

**THE KEY MESSAGES ARE SIMILAR TO THE ONES MR CHARD TOLD YOU ABOUT LAST OCTOBER, WHEN YOU MET WITH HIM IN SOUTH AMERICA. A NUMBER OF OTHER EVENTS WERE HELD DURING THE TWO-WEEK PERIOD. FOR INSTANCE, WE HAD A SEMINAR IN CANBERRA, WHICH WAS ORGANISED BY THE ACT**

**EXPORTERS NETWORK. THERE WAS ALSO A NORTHLINK SEMINAR, AND WE GOT ABOUT 100 PEOPLE TO THAT COVERING THE NORTHERN MELBOURNE METROPOLITAN AREA. THE SOUTH AUSTRALIAN EXPORTERS CLUB HAD A FUNCTION, AND IN PERTH THE WESTERN AUSTRALIAN LATIN AMERICAN BUSINESS ASSOCIATION HAD A FUNCTION. SO THERE WERE A NUMBER OF OTHER EVENTS AS WELL. THE IDEA WAS TO TRY TO GET TO AS MANY AUSTRALIAN COMPANIES AND BUSINESS PEOPLE AS POSSIBLE TO START THAT PROCESS OF RAISING THE PROFILE OF LATIN AMERICA AND DISPELLING THOSE MISCONCEPTIONS AND MYTHS THAT WE SEE AS A MAJOR PROBLEM IN THE RELATIONSHIP. WE WERE VERY PLEASED WITH THE ATTENDANCE AT THOSE SEMINARS. WE ACTUALLY HAD ABOUT 350 PEOPLE WHO PAID \$150 EACH TO COME ALONG AND, OF COURSE, THE SPONSORS AND SO ON HAD EXTRAS, SO WE HAD OVER 400. THEN, OF COURSE, WE HAD THE OTHER ACTIVITIES WHICH TOTALLED OVER 300 AS WELL. SO WE WERE VERY PLEASED WITH THE NUMBER OF PEOPLE WE GOT TO DIRECTLY.**

**WE WERE INTERESTED THAT THE TYPICAL PROFILE OF PEOPLE WHO ATTENDED WERE FROM MEDIUM TO LARGE ENTERPRISES, WHICH WAS GRATIFYING BECAUSE WE SEE THOSE COMPANIES AS HAVING THE FINANCIAL WHEREWITHAL TO REALLY GET INTO THE MARKET OVER THERE AND HOPEFULLY PULL SMES IN BEHIND THEM. THEY TENDED TO BE EXPERIENCED EXPORTERS. THE SORTS OF PEOPLE WHO CAME ALONG WERE LARGER AND MORE EXPERIENCED COMPANIES, SO THAT WAS INTERESTING.**

**THE FEEDBACK WE GOT WAS VERY GOOD, AS YOU CAN SEE THERE. THE RATINGS WERE VERY GOOD AND EXCELLENT—PARTICULARLY HIGH. IN FACT, WE GOT VERY LOW NEGATIVE RATINGS. APART FROM THE PRESENTATIONS AND THE SEMINARS, TRADE COMMISSIONERS MET WITH INDIVIDUAL COMPANIES DURING THE BREAKS OVER LUNCH AND THEN DURING THE AFTERNOONS AFTER THE ACTUAL SEMINARS. WE HAD INDIVIDUAL CONSULTATIONS WITH OVER 400 COMPANIES. DOUGLAS MENON, OF COURSE, WAS ONE OF THOSE, AND IF YOU ARE INTERESTED IN HOW THOSE WENT, I AM SURE HE WOULD BE HAPPY TO DESCRIBE THAT IN MORE DETAIL. THOSE WERE THE AREAS OF MOST INTEREST. WE GOT A LOT OF MEDIA COVERAGE, PARTICULARLY RADIO, AND IN FACT GOT FIVE TELEVISION SLOTS. SO, IN THAT SENSE, WE THINK WE HIT A LOT MORE THAN THE 700 OR SO PEOPLE WE SPOKE TO DIRECTLY THROUGH THE SEMINARS.**

**Senator FERGUSON**—Could you expand a bit on your appointing in-market representation?

**Mr Olah**—Yes, in the feedback forms we got from companies those two areas were identified as being of particular interest. We interpret that as meaning that they are particularly interested in finding agents and representatives in the markets and how to go about that process. As you can see, we are following this up by tracking the attendees and trying to measure the impact we made in order to learn from that for the next round we are planning.

**HERE ARE SOME PHOTOS OF THE GROUP AT ONE OF THE SEMINARS. ON THE LEFT ARE THE SPEAKERS INCLUDING JOSE BLANCO, THEN ROB CHARD ON THE RIGHT. ON THE BOTTOM LEFT IS GERARD SEEBER BEING INTERVIEWED FOR TV AND THEN RICHARD PILLOW FROM LIMA IS ON THE BOTTOM RIGHT-HAND CORNER IN ONE OF THE ONE-ON-ONE CONSULTATIONS. YOU CAN SEE THE**



**WAY WE DID THAT—VERY SIMPLE, JUST A SERIES OF TABLES WITH THE TRADE COMMISSIONER SITTING THERE AND HAVING CONSULTATIONS.**

**LET US QUICKLY LOOK AT WHERE WE ARE HEADED. WE HAVE PULLED TOGETHER WHAT WE ARE CALLING AN ACTION AGENDA WITH DFAT. IN FACT, OUR DFAT COLLEAGUES ARE PRESENTING AFTER US AND WE WILL GO INTO THAT IN SOME DETAIL. THAT IS JUST A SUMMARY OF WHAT IS INCLUDED IN THAT ACTION AGENDA. THAT WILL DRIVE WHAT WE ARE DOING AS A PORTFOLIO OVER THE NEXT YEAR OR SO.**

**WHAT IS HAPPENING IN A TRADE PROMOTIONAL SENSE IMMEDIATELY, OF COURSE, IS THE EXPOMIN EXHIBITION—MINING PRODUCTS AND SERVICES. THAT STARTS IN SANTIAGO TOMORROW. WE HAVE 36 AUSTRALIAN COMPANIES EXHIBITING. WE HAVE A VERY BIG PAVILION THERE WITH OVER 100 AUSTRALIANS ACTUALLY VISITING IN SANTIAGO THIS WEEK FOR THAT EXHIBITION. IN THE WEEK AFTER, WE HAVE SIX COMPANIES ACCOMPANYING SENATOR ALSTON WHO IS DOING A SWING THROUGH SOUTH AMERICA, PARTICULARLY IN ARGENTINA AND BRAZIL. THERE WILL BE SIX TELECOM RELATED COMPANIES TRAVELLING WITH HIM. THEN WE ARE WORKING ON A NUMBER OF SECTOR STRATEGIES, SPECIFICALLY MARINE EDUCATION AND RAILWAYS. IN FACT, DOUGLAS MENON HAS BEEN WORKING ON THOSE IN THE LAST LITTLE WHILE. SINCE THE SEMINARS HE HAS BEEN FOLLOWING THOSE UP, SO HE HAS MORE DETAILS. WE ARE ALSO WORKING WITH THE AUSTRALIAN AIRPORT INDUSTRIES ASSOCIATION TO DEVELOP A STRATEGY FOR SOUTH AMERICA THERE.**

**THE ARGENTINEAN MINISTER FOR EDUCATION IS COMING TO AUSTRALIA NEXT MONTH, AND THAT WILL BE AN OCCASION TO FOCUS ON THE EDUCATION STRATEGY. I AM SURE DOUGLAS WILL HAVE SOME MORE COMMENTS THERE. THERE IS A LIVESTOCK MISSION FROM MEXICO PLANNED FOR JULY—A BIG GROUP COMING FROM THE STATE OF PUEBLO TO LOOK AT LIVE SHEEP AND CATTLE. OVER THE OLYMPICS WE HAVE TWO SENIOR VISITORS FROM THE PERU PROGRAM. ONE IS FROM THE SUGAR INDUSTRY AND THE OTHER IS A SENIOR BUSINESSMAN FROM BRAZIL, WHO IS COMING OVER TO THE OLYMPICS FROM CVRD, THE LARGEST IRON ORE MINING COMPANY. OUR OFFICE IN CHILE IS PLANNING A STRATEGY TO FOCUS ON THE GOURMET FOOD SECTOR, AND THE OFFICE IS PLANNING A SERIES OF WORKSHOPS AROUND AUSTRALIA LATER IN THE YEAR, PROBABLY IN NOVEMBER. OF COURSE, NEXT YEAR WE HAVE ALREADY SET THE DATES FOR THE FOLLOW-UP SEMINARS OF THE NEXT MARK 2 VERSION OF ‘LATIN AMERICA—EXPAND YOUR HORIZONS’ SEMINARS NEXT MARCH. SO THAT JUST GIVES YOU A SNAPSHOT OF WHAT AUSTRALIA HAS ON THE AGENDA OVER THE NEXT FEW MONTHS. WE ARE NOW HAPPY TO TAKE QUESTIONS.**

**CHAIR**—If there is a small saving in your portfolio, I hope you direct some of it to rewriting that disk so that it becomes a bit clearer to read.

**Mr O’KEEFE**—Can Douglas give us a quick run down on how some of those interviews went?

**CHAIR**—Yes.

**Mr Menon**—Firstly, can I say that I was very surprised and delighted at the interest that our series of presentations achieved around Australia. It was a first call for us on the new region,

and we had some fairly stiff competition from some of the other regions that have done excellent work in the past years to raise their regional profile. For a first cut, I was very pleased with that.

**ONE OF OUR CONCERNS IN GIVING THESE SEMINAR PRESENTATIONS WAS HOW WE WOULD BEST ADDRESS HANDLING ONE-ON-ONE DISCUSSIONS WITH THE COMPANIES THAT WERE INTERESTED IN PARTICULAR MARKETS AND IN FINDING OUT SOME DETAIL. WE HAD SOME CONCERNS THAT PERHAPS SOME OF THE COMPANIES WOULD NOT WAIT AROUND FOR THEIR TURN TO SIT DOWN WITH THE RESPECTIVE TRADE COMMISSIONERS. THE FACT IS THAT OVER 400 COMPANIES DID GO THROUGH THAT PROCESS VERY ADEQUATELY AND DID NOT SPEND A LONG TIME DOING IT, AND IT WAS A VERY EFFICIENT MANNER IN WHICH WE WERE ABLE TO HANDLE IT.**

**ESSENTIALLY, MOST TRADE COMMISSIONERS WERE ABLE TO GET THE ESSENCE OF WHAT WAS REQUIRED, GIVE A LOT OF ON THE SPOT ANSWERS TO SPECIFIC REQUIREMENTS AND THEN ARRANGE FOR FOLLOW-UP FROM THEIR POSTS WITHIN 48 HOURS OF THAT MEETING TAKING PLACE. IT WAS A FAIRLY SEAMLESS ACTIVITY. THE COMPANIES THAT CAME ALONG AND PARTICIPATED AND HAD THE INDIVIDUAL CONSULTATIONS WERE SURPRISED AND DELIGHTED AT THE WAY IT WENT. IT WAS VERY EFFECTIVE AND WORKED WELL FOR ALL PARTIES.**

**CHAIR**—While we are on that, does any other member want to ask any questions in regard to that seminar series? It seems to have gone very well.

**Senator FERGUSON**—From your slide, does it mean you are having another one in March next year?

**Mr Olah**—Correct.

**Senator FERGUSON**—Here?

**Mr Olah**—Yes.

**Senator FERGUSON**—Would you do anything differently?

**Mr Olah**—The exact format has not been decided yet. We have to get all the feedback in for the last series, which has just been completed. Our feeling at this stage is that we will probably have a sharper industry focus and select maybe three or four sectors that we would go into in more depth, realising that it is still very important to provide the overview, the introduction to the region, because the region is so little known in Australia, but try to drill down a bit more into industry sectors and more opportunities to pass those on to Australian companies. That is probably the way we are looking.

**Senator FERGUSON**—How did you advertise? How did you get those 400 companies there? Was it done through invitation or by advertising in business magazines? How did you actually attract those 400 people?

**Mr Olah**—We had an extensive fax-out campaign to 6,000 companies which we identified through various databases as possibly being interested in and capable of handling Latin America. We also advertised in the national press and on the Austrade web site and we asked the various chambers and business councils to contact their members and put items into their newsletters. It seems to have worked.

**Mr JULL**—Were some of these countries cold calling? Had they had some experience with South America before? Was the interest principally directed towards Argentina, Brazil and Chile or were some more adventurous looking beyond those three and perhaps Mexico?

**Mr Olah**—Through the Austrade database, we were able to identify companies that have said they are interested in South America and Latin America. We used that as part of our feed. We also went wider to other databases that have not been explored because the Austrade ones tend to be used for a variety of events. We wanted to cast the net wider than that. In that sense, we certainly did target those companies that we were aware of as being interested in Latin America. We did go wider as well. Austrade also has a very short, sharp, monthly newsletter called *Export Update* which goes out to over 30,000 companies a month. That is a primary way for us to communicate with our electorate out there. As far as interest goes, my impression in watching the one-on-one consultations was that all the markets certainly attracted interest. Douglas, did you get a sense that some were of more interest than others?

**Mr Menon**—I would have to say that Chile attracted a lot of interest from the groups. Their hit rate was probably higher and, given that it is a relatively small market population wise, that surprised us. We felt that Brazil would probably attach a great deal of importance because of the quantum size of the market. It was fairly evenly spread with the exception that on some days Chile was a stand-out priority.

**MAY I ALSO SAY THAT ONE OF THE THINGS THAT WAS OF CONCERN TO US IN MARKETING THE EVENT WAS WHETHER WE WOULD GET EXISTING EXPORTERS ALONG BECAUSE THAT WAS NOT OUR AIM AT ALL. OUR AIM WAS TO BRING NEW PEOPLE. TO OUR VERY PLEASANT SURPRISE, THE VAST MAJORITY OF PEOPLE WHO ATTENDED WERE NEW TO THE REGION, SO WE WERE REALLY TALKING TO PEOPLE THAT WANTED TO BE CONVERTED. FROM OUR POINT OF VIEW, THAT WAS A VERY EFFECTIVE SERIES BECAUSE WE DID HAVE SOME CONCERN THAT WE MIGHT FINISH UP WITH 25 PER CENT OF OLD HANDS IN THE AUDIENCE, AND OF COURSE THAT WAS NOT THE BUSINESS THAT WE WANTED TO BE IN, FRANKLY. SO WE WERE QUITE PLEASED.**

**Senator FERGUSON**—We have only got four offices in South America and I think, Mr Menon, you represent Argentina and Uruguay.

**Mr Menon**—That is correct.

**Senator FERGUSON**—So how do you promote Uruguay in a seminar like this? Was it done by way of a general presentation on South America and then someone said, ‘If you want to know anything about Argentina or Uruguay, see Douglas Menon?’ Is that how it was done?

**Mr Menon**—I did a particular presentation on Argentina and mentioned, in my opening remarks, that I was also responsible for Uruguay and the fact that it was a significantly smaller market, but I was happy to address issues in both markets. I did get inquiries for both countries, but the vast majority were for Argentina.

**Senator FERGUSON**—So how would Richard Pillow get on? He has got about three or four countries, hasn't he?

**Mr Menon**—In his preface, he essentially addressed the issue that he would, on the day, be addressing Peru, but would take queries regarding other markets on notice. It is very new to him—

**Senator FERGUSON**—It is. But the countries where the offices are situated actually have a slight advantage over the rest, haven't they?

**Mr Menon**—Of course, yes.

**Senator FERGUSON**—Maybe more than a slight advantage.

**Mr Menon**—And I suspect that they are also the markets where they have most prospects for entry.

**Senator FERGUSON**—It is just that we had a witness earlier today saying we should open an Austrade office in Venezuela and we should have more staff because there was not enough staff to handle the inquiries. It is a delicate balancing act to know where you are going to get the best results and where you can get money for the number of people that you actually put in there.

**Mr Menon**—That is a judgment for others to make, but we certainly try and resource those offices where we see the most benefit occurring.

**Mr Langhorne**—Senator, if I could just respond for one minute to that issue. It is an issue, obviously, that entertains our minds to some extent. You are quite right that if you have someone who is working in a particular marketplace there is an obvious tendency to become very familiar with that marketplace. Hopefully, we have got the strategic allocation of those offices about right and that is where Australian business does want to focus its attention. Particularly, that is where the opportunities are. We have been looking at some alternative models—not in South America, but in South Africa—where we have focused our effort for Southern Africa in Johannesburg and used additional staff operating out of Johannesburg to cover other parts of Africa. Even though they are based in Johannesburg, they have a brief that is specific to other parts of the continent and that is one thing that we are obviously looking at. We have been piloting that arrangement, if you like, for about 12 months and, in fact, it came under Mr Lanzerone's previous area of responsibility. It will be very interesting to see whether he in fact looks to introduce that sort of roving trade commissioner concept or marketing officer concept into South America. It is one way of overcoming the very high establishment costs of a post in the marketplace, and for most of these markets you cannot just go there and set up a trade office. You may be able to set up a small office with a locally engaged employee, but if

you want to actually have a visible presence on the ground, it means setting up a consulate as well and, of course, there are costs involved in that process.

**Senator FERGUSON**—What are they going to do in South Africa? Where are they going to send out roving commissioners? Are they actually going to have a shopfront or will they just be operating as individuals and reporting back to Johannesburg?

**Mr Langhorne**—They are actually operating as individuals out of Johannesburg. But if, for example, the Department of Foreign Affairs and Trade has a mission in the area, then that can act as our shopfront as well and provide support to that individual.

**Senator FERGUSON**—Say a consulate or something?

**Mr Langhorne**—Yes. But we do not actually have an Austrade shingle, if you like, hanging out in any location. It is simply that this person has a direct responsibility and is there to specifically develop market knowledge about those markets, to see what opportunities are coming up and, importantly, to develop an intelligence network that gives us advantage, if you like, in knowing what is coming along in terms of opportunities to get Australian business in there early.

**Senator FERGUSON**—We have got an embassy in Venezuela. Do we have any consulates in any of the other countries? I do not think we do. Is there a consulate in Rio or not?

**Mr Olah**—No.

**Senator FERGUSON**—So there are no other countries that have consulates.

**Mr Langhorne**—Sao Paulo is the only one.

**Mr JULL**—Douglas Menon has me fascinated about the hit rate for Chile. Have you got any theories on why it was so high? Is it just the capacity for Chile to self-promote fairly well in Australia?

**Mr Menon**—I think credit must go to the presenter, Tony Fernando, who is an experienced trade commissioner. He has been there for three years. It has also been a very successful market entry point for a number of smaller Australian companies, particularly those servicing the mining services sector. Small companies like to hear about other small companies succeeding. They do not relate to a big company entering any market. There are over 40 small Australian companies with offices in Santiago with runs on the board. That gives some comfort to other companies that would like to do a similar type of thing. It is a very credible story.

**Mr JULL**—From your talk with the 400-odd that turned up, do many of them have a sophisticated knowledge of the market, or is it all still pretty raw from our point of view?

**Mr Menon**—They came along to be educated on what was different about the region, what were the opportunities and what were the obstacles. All of them were existing exporters so we

were not talking to people who had not exported before. They were experienced hands at doing business offshore.

**CHAIR**—Alex, following on from the point that Douglas made, you made the point that the region is little known in Australia. In addition to your seminars, are you planning, or do you see any merit in, putting forward any other advertising programs or awareness campaigns to better promote the region?

**Mr Olah**—Yes, Mr Chairman, we certainly intend to do that. Part of that is covered in the action agenda I mentioned which DFAT will be presenting in the next session. I think they will go into that in some detail. Something like the publication of the booklet *Doing business in Latin America* is very valuable and gives people useful information. That is the sort of thing that we will be working on with DFAT and EFIC.

**CHAIR**—Further on in your presentation, under the category of follow up, you say monthly tracking, measurement of Austrade services and export impact, and that type of thing. Of that tracking that you have done since the seminar, what results has that shown?

**Mr Olah**—They were finished just before Easter and then Easter came along. We were really looking to do the first monthly tracking this month, at the end of May. What we are trying to do is to—

**CHAIR**—Did you have Easter off?

**Mr O'KEEFE**—Even I think that is a reasonable response. Give them a month to do the work; that's all right!

**Mr Olah**—What we are trying to do is to ensure, to the extent we can, that we follow up with the people who came along to the seminars to ascertain if they have got any other outstanding issues that they would like raised, or want to talk about. That is certainly what we in Canberra and at each of our posts will be trying to do over the next few months. We are hoping to collect monthly statistics about that. We have not done a lot of this in the past and we are really trying to ensure that we track the effect that these seminars have had so we can build on them in the future.

**Mr Langhorne**—The other area is to try to encourage ambassadors from the South American countries who are here in Canberra to travel more and to promote their own countries' interests, because whereas, naturally, they are interested in promoting imports into Australia—their own exports—what we found was that, where we do have ambassadors that are active, there is a raised awareness of the particular countries amongst Australian businesses. Also, of course, there are the organisations like the Australian-South American business councils—and I use that term generically. There is another opportunity there to get more interest in the community as well.

**CHAIR**—On another matter, I noticed in the Austrade 1998-99 annual report the key performance indicators. Looking at the activity highlights listed there, the committee would like a breakdown of the SAM component of the respective figures. In particular, of the 1,001

companies assisted into exporting for the first time, how many of those companies would export to SAM as distinct from the Americas. You can take that question on notice and come back to us with the answer in due course.

**Mr Langhorne**—Thank you, Chairman. We can also provide you with an update of our latest figures for companies that are active in South America. We can break those down for you. I am not too sure whether we can do it by country but I imagine we could by market, but we will have a look at that.

**CHAIR**—The EMDG scheme was raised earlier today. We are aware that it is under review. When will that review become public?

**Mr Langhorne**—Under the legislation, the review is required to be presented to the minister by 30 June. At the moment it is on schedule for presentation to the minister in the last week of June. He is then required to table that within 15 sitting days. I think that means—and I will check this for you—that he is required to table it by 5 October. If it is handed to him on or just before 30 June, the report would become public on the date that it is tabled, which would be effectively 5 October.

**Mr O'KEEFE**—First of all, I would like to give you some feedback, Alex. With respect to the Northlink ancillary event which you have mentioned in here, I happened to hear about it from someone. They told me that it was a fabulous turnout and a fabulous presentation. So there is a tick, for what it is worth.

**Mr Olah**—Thank you.

**Mr O'KEEFE**—I agree with the point that Peter made about the role of the ambassadors from these countries in Australia—that they need to perhaps play a greater role in creating awareness. We went to great lengths when we visited the countries to make the point that our delegation was not just about selling Australian products into their countries; that we were genuinely about developing a two-way relationship and that the relationship itself generates imports and exports. So I am picking up on your comment, Peter; maybe we could make a recommendation to the foreign minister, for instance, that he raise this matter with the respective countries to look at some serious joint activity between the ambassadors to develop this joint awareness program in a formal way. That does not cut across any of your thinking?

**Mr Langhorne**—No, not at all. In fact, one thing that the minister, Mark Vaile, has been trying to encourage when he is actually going overseas is to get the ambassadors of the countries or the markets that he is visiting involved, particularly in the domestic end of the program here, so in some cases that means that there may very well be joint pre-embarkation type seminars. So I do not think it cuts across the thinking at all. Although some companies, of course, have been operating there for many, many years, and very successfully, for the general export community, where there are seen to be new and emerging markets, I think the more hands we can get to the pump to get Australian business to recognise the opportunities and take advantage of those, the better.

**Mr O'KEEFE**—To develop that idea just a little further with your next round of 'expand your horizons' seminars—I think it is March next year you are planning to do that—if you have Jose doing the rounds with you, it may be that the ambassadors from those countries should be doing the rounds with you and encouraging their own database of people to be involved in this a bit if they can, too. I do not know; I just think there is much more we can do in that field.

**ALL THIS AWARENESS ACTIVITY IS GOING TO ACTUALLY CREATE RESULTS: WE KNOW THAT, AND YOU SAW IT WITH THE NEED TO HAVE THE 400 ONE-ON-ONES. WE ARE OBVIOUSLY GOING TO COME UP WITH SOME KIND OF RECOMMENDATION THAT THIS NEEDS TO BE PUSHED FURTHER, RESOURCES NEED TO BE EXPANDED, AND ALL THE EVIDENCE TELLS US THAT IF YOU ARE GOING TO GO AND DO BUSINESS IN LATIN AMERICA YOU HAVE GOT TO HAVE PERSONAL CONTACTS, AND PEOPLE ARE GOING TO TURN TO AUSTRADE AND SAY, 'WELL, WHO ARE MY PERSONAL CONTACTS?' YOU DO NOT HAVE THE RESOURCES YET TO FILL A LARGE INFLOW OF DEMAND LIKE THAT, SO DO YOU HAVE ANY IDEAS TO PUT TO US IN THE RECOMMENDATIONS WE WILL BE MAKING ABOUT HOW—APART FROM GIVING YOU LOTS MORE PEOPLE, WHICH IS IN ITSELF A RESOURCE ISSUE; I UNDERSTAND THAT—YOU COULD DEAL EFFECTIVELY WITH THIS? IS IT HAVING SOME CORPORATE PLACEMENTS WITH YOU? IS IT EXPANDING YOUR INTERNET BASE LINKS? HOW DO YOU PROPOSE TO DEAL WITH THE DEMAND WE ARE TRYING TO CREATE AND YOU ARE TRYING TO CREATE?**

**Mr Langhorne**—Perhaps I could defer for more detail to Doug because he may very well have some views of his own in this regard, but there a number of ways. Obviously, the Austrade board and the minister are continually reviewing the resource allocation, and we do that in the budget context every year. We do it in the context of our forward planning or our corporate planning activities. We see shifts occurring in markets. For example, one of the guiding beacons, if you like, would be this report that is going to be produced by this committee; in other words, what are the issues here, and, obviously, the government's response to that report, and that may very well lead to a reallocation of resources internally.

**IT MAY VERY WELL BE THAT AT THE END OF THE DAY THERE IS AN ASSESSMENT MADE THAT, 'YES, WE DO NEED TO PUT MORE INTO THE SOUTH AMERICAN MARKET FOR THESE REASONS, AND WE NEED TO DO THAT NOW, OR MAYBE WE NEED TO DO IT NEXT YEAR,' IN WHICH CASE WE LOOK AT REALLOCATING RESOURCES. WE SAW IN THE PAST COUPLE OF YEARS THE GOVERNMENT ITSELF SAYING, 'LOOK, WE NEED TO DO MORE IN THIS MARKET; WE NEED TO ESTABLISH AT LEAST ANOTHER PRESENCE,' AND AGREEING TO FORWARD FUNDING FOR THE TRADE CONSULATE IN LIMA IN PERU. SO THERE IS EXTERNAL FUNDING PROVISION THERE.**

**THERE ARE ALSO OTHER WAYS OF DOING THINGS. FOR EXAMPLE, THE ISSUE CAN BE ON-THE-GROUND PROBLEMS AND IT CAN BE JUST STRAIGHT INFORMATION FAILURE; IN OTHER WORDS, THE FAILURE TO GET INFORMATION OUT IN A RAPID WAY ABOUT CERTAIN MARKETS. I MENTIONED ONE OF THE POSSIBILITIES IS TO HAVE SOMEONE WHO IS FAMILIAR WITH PARTICULAR COUNTRIES OUTSIDE THEIR ACTUAL BASE COUNTRY WHO ACTUALLY MOVES AROUND, SO THAT YOU DO NOT HAVE ALL THOSE BASE COSTS.**



THERE ARE ALSO ELECTRONIC MEANS. THE DATABASES THAT ARE BECOMING AVAILABLE AND OUR ABILITY TO GET INFORMATION THROUGH FROM A MARKETPLACE INTO THE ACTUAL HANDS OF THE EXPORTER AND FOR THE EXPORTER TO GET HIS OR HER INFORMATION THROUGH TO THE MARKETPLACE MORE QUICKLY THESE DAYS IS IMPROVING EVERY DAY BECAUSE OF THE INFORMATION BASE AND BECAUSE PEOPLE ARE USING THE INTERNET AND VIRTUAL TRADE DISPLAYS, IF YOU LIKE, TO SELL THEIR ACTUAL PRODUCT. ANOTHER AREA, OF COURSE, IS TO HAVE THE INTELLIGENCE NETWORKS IN PLACE TO BE ABLE TO PROVIDE AUSTRALIAN BUSINESSES THAT ARE INTERESTED WITH THE NAMES OF APPROPRIATE AGENTS THAT THEY CAN WORK WITH IN A PARTICULAR MARKETPLACE; THEY PROVIDE THE INTRODUCTION, BUT THE ACTUAL WORK ON THE GROUND IS DONE BY THE AGENT.

ANOTHER AREA IS TO ENCOURAGE AUSTRALIAN CONSULTING COMPANIES—AND I AM USING THAT TERM FAIRLY LOOSELY—TO TAKE A GREATER INTEREST IN SOUTH AMERICA, AS LONG AS YOU DO NOT GET MARKET FAILURE THROUGH PRICE. IN OTHER WORDS, IT IS NO USE SAYING TO A CONSULTING COMPANY, ‘PLEASE ESTABLISH A PRESENCE IN SOUTH AMERICA’ AND THEY GO OVER THERE AND CHARGE \$2,000 AN HOUR. OBVIOUSLY, YOU HAVE GOT MARKET FAILURE OCCURRING IN THE PRICING STRUCTURE. BUT, IF IT IS A REASONABLY COMPETITIVE COMMERCIAL PROPOSITION, IT IS WORTH GETTING MORE AUSTRALIAN CONSULTANTS INTERESTED. FOR EXAMPLE, IN CHINA, THERE ARE MORE AND MORE AUSTRALIAN CONSULTANTS GETTING INTERESTED IN STAGING PROMOTION EVENTS. HELPING AUSTRALIAN COMPANIES AND SPREADING THAT INFRASTRUCTURE INTO SOUTH AMERICA IS ANOTHER WAY.

OBVIOUSLY, THERE IS ALSO DIRECT ASSISTANCE. THE CHAIR MENTIONED THE QUESTION OF EMDG. THE LATEST FIGURES I HAVE ON EMDG, FOR EXAMPLE, ARE THAT, FOR THE 1998-99 FINANCIAL YEAR—THAT IS THE LAST GRANT YEAR FOR WHICH WE HAVE BEEN GETTING CLAIMS IN—WE HAVE NOW FOR SOUTH AMERICA 202 COMPANIES THAT WILL BE GRANT RECIPIENTS AND WHICH ARE EXPORTING SOMETHING LIKE \$48.7 MILLION. THAT FORM OF ASSISTANCE AND MAKING THOSE COMPANIES AWARE THAT THAT ASSISTANCE IS THERE TO HELP THEM ACTUALLY GET INTO THE MARKETPLACE, TO HELP THEM GET AGENTS AND SO ON, IS ANOTHER WAY. SO THERE ARE WAYS AND MEANS.

AT THE END OF THE DAY, THOUGH, IF THERE IS A NEED FOR A PRESENCE ON THE GROUND, THERE ARE REALLY ONLY TWO OPTIONS. ONE IS THAT YOU EITHER REDEPLOY SUBSTANTIAL RESOURCES FROM OTHER PARTS OF THE ORGANISATION—AND THERE ARE ALWAYS DIPS AND TROUGHS OCCURRING ACROSS THE WORLD—OR THE OTHER IS THAT YOU SEEK THROUGH THE NEW POLICY PROPOSALS PROCESS WITH GOVERNMENT ADDITIONAL FUNDING FOR A SPECIFIC PURPOSE LIKE THE GOVERNMENT PROVIDED THROUGH THE LIMA POSTING ARRANGEMENT IN PERU. BUT HAVING A PRESENCE ON THE GROUND—I DO NOT THINK I HAVE TO TELL ANY MEMBER OF THE COMMITTEE THIS—IS A VERY EXPENSIVE PROPOSITION. IT IS JUST NOT POSSIBLE TO KEEP AN AUSTRALIAN BASED TRADE COMMISSIONER IN ANY OF THESE MARKETS FOR UNDER ABOUT \$350,000 A YEAR FOR THAT INDIVIDUAL. EVEN WHEN YOU ARE ESTABLISHING A FAIRLY SMALL PRESENCE LIKE WE DO HAVE IN LIMA, YOU ARE LOOKING AT A BUDGET OF AROUND \$750,000 TO DO THAT PER ANNUM, WHICH IS A FAIRLY SUBSTANTIAL AMOUNT.

**Mr O'KEEFE**—Just one other quick point on that: it is always a continuing source of frustration to us as politicians to have so many complaints come to us about how good New Zealand is at something and how bad Australia is at it. We all understand focus versus spreading the brush and all that, but it happened to us everywhere we went in South America. We were following the New Zealanders around and one of the meetings was with a president who said halfway through the discussion, 'It is lovely to have you here. We had the New Zealanders in yesterday.' We are going to have to give some attention to whether we are putting enough resources in when that sort of intense focus is out there.

**Mr Langhorne**—Just on that general issue, we think New Zealand have a number of very good programs that they are operating. We have completed through the APEC process recently a review of trade promotion agencies and we have recently looked at a number of other agencies overseas. On a one-on-one basis we think that Australia is doing pretty well overseas in terms of the competitive trade promotion organisations.

**OBVIOUSLY, THOUGH, AT THE END OF THE DAY IT DEPENDS ON THE FOCUS A PARTICULAR COUNTRY IS PUTTING ON A PARTICULAR MARKET AT A PARTICULAR TIME. DOUGLAS WOULD WELL KNOW THAT IF YOU LOOKED AT WHAT THE CANADIANS WERE DOING IN SOUTH AMERICA A COUPLE OF YEARS AGO, THEY HAD A FLEET OF 747S WITH 600 BUSINESS PEOPLE, AND EVERYONE FROM THE PRIME MINISTER DOWN, DOWN THERE PROMOTING PRODUCT. THE QUESTION IS: WHAT ARE THEY DOING THERE NOW? DO THEY HAVE A SUSTAINABLE PROGRAM GOING AT THE PRESENT TIME? OUR STRATEGY IN SOUTH AMERICA HAS BASICALLY BEEN TO GET ESTABLISHED IN THE MARKETPLACE IN THE KEY AREAS AND GRADUALLY BUILD ON THAT PROCESS. BUT, AS YOU SAID, THERE ARE LIMITED RESOURCES AND THERE IS A LIMITED AMOUNT, AT THE END OF THE DAY, THAT YOU CAN DO IN THESE MARKETS WITHOUT SUPPLEMENTING THEM IN SOME WAY. DOUGLAS MAY HAVE SOME VIEWS AS WELL.**

**Mr Menon**—No, that is fine.

**Senator FERGUSON**—Mr Langhorne, I want you take a question on notice. We had a witness today, Ms Maxine Penter, from—Mr O'Keefe will correct my pronunciation—Educacion Destinos Australia. She was quite critical of Austrade in Australia. You would not have had a chance to even read that submission because we only got it today.

**Mr Langhorne**—Could you repeat her name?

**Senator FERGUSON**—Maxine Penter. I would like you to read page 13, paragraph 7.3, where she talks about the role of Austrade in Australia. She makes some pretty rough allegations. She says:

This was our first contact with a federal government department. It left us gobsmacked.

**I THINK YOU OUGHT TO HAVE A CHANCE TO RESPOND TO THAT BECAUSE THERE MAY BE ISSUES THERE WHERE YOU MIGHT HAVE A VERY SIMPLE EXPLANATION. I WOULD LIKE YOU TO GET BACK TO US ON THAT.**

**THE SECOND THING, WHICH YOU MIGHT BE ABLE TO TALK ABOUT NOW, IS WHERE SHE IS QUITE COMPLIMENTARY ABOUT THE ROLE OF AUSTRADE IN CHILE, EXCEPT THAT SHE SAYS THAT THERE ARE TWO ADVISERS THERE AND THEY SPEND 60 PER CENT OF THEIR TIME ON MINING WHICH LEAVES VERY LITTLE TIME FOR ANY OTHER TRADE OPPORTUNITIES. I WAS JUST WONDERING WHETHER YOU HAVE A BRIEF COMMENT TO MAKE ON THAT PARTICULAR ASPECT—THE FACT THAT THERE ARE TWO AND THAT 60 PER CENT OF THEIR TIME IS SPENT ON MINING.**

**Mr Langhorne**—Just generally on the submission, I did not see Ms Penter's submission but I have a great deal of admiration for her. She came and saw me this morning and we talked through a number of the issues. She gave me some prior warning of the things that she would be saying to the committee. I have agreed with her that we will arrange to meet her again in Melbourne, both from the point of view of the general trade promotion issues that she has raised in regard to getting some assistance for her new venture in Chile and her company generally and in regard to better explaining the arrangements for the Export Market Development Grant Scheme. From what she said to me I would have to say that it appears that she falls clearly within that eight per cent of people who I do not believe have been treated appropriately by the organisation, and we will follow that up.

**Senator FERGUSON**—That is why I want to give you a chance to respond.

**Mr Langhorne**—We will certainly respond to that. In regard to the amount of effort, I would have to check it. She raised this with me this morning. I think she is probably right. At the end of the day, the focus in that marketplace has probably been very much on mining and particularly on bringing in small mining companies behind Australian investments. On the question there, though, I would have to check and see whether that is the case because, as Mr Olah said, there are a number of priority programs we are running in that particular market and, if we are putting the majority of our resources into mining, we have got to be able to find some way of satisfying that expectation that has been raised about those other areas like education, telecommunications and so on.

**Senator FERGUSON**—Especially given Mr Menon's view that, in the roadshow that you had, Chile actually attracted more attention than some of the other countries. You need to take notice of those sorts of things and maybe do some adjustments somewhere.

**Mr Langhorne**—Sure.

**Mr Menon**—My understanding is that what the Trade Commissioner there, Tony Fernando, has done in recent months has been to skew that high proportion back somewhat. In fact, the people that had been specifically doing the mining exclusively are now being given other industry responsibilities. So I would think that the current state of play is quite a diminution of that 60 per cent.

**Senator FERGUSON**—Thank you.

**CHAIR**—The document entitled *Latin America—expand your horizons*, the reproduction of the slide presentation, will be accepted into the trade subcommittee records as an exhibit to the inquiry into Australia's trade and investment relationship with South America. With that, I

thank you gentlemen for your presentation. Concerning the additional material that we spoke of, if you send it through in due course to the secretary, that would be appreciated. As you know, you will get a copy of the *Hansard* record of today. Check it for any factual or grammatical changes you wish to make. Once again, thank you very much for your time and for the presentation. Doug, it's great to catch up with you again.

**Mr O'KEEFE**—We should also ask you to convey to your officers in South America, including Douglas who is here, our sincere thanks because their assistance given to us on our trip was just terrific. We were very impressed.

**CHAIR**—You worked us a bit too hard!

**Mr Langhorne**—Thank you for the opportunity to attend.

[5.28 p.m.]

**ANDREWS, Mr Graham Alexander, Executive Officer, Canada, Latin American and Caribbean Section, Department of Foreign Affairs and Trade**

**MERCER, Mr Todd, Executive Officer, Americas Branch, Department of Foreign Affairs and Trade**

**RENNERT, Mr Peter, Executive Officer, Americas Branch, Department of Foreign Affairs and Trade**

**SHANNON, Mr Peter, Assistant Secretary, Americas Branch, Department of Foreign Affairs and Trade**

**CHAIR**—On behalf of the subcommittee I welcome representatives from the Department of Foreign Affairs and Trade. The subcommittee would prefer 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.

**Mr Shannon**—It had been intended that Gary Quinlan, our new First Assistant Secretary, would present this opening presentation, but Gary came back from India on the weekend and collected the proverbial stomach complaint and is not on deck today. Could I also note, Mr Chairman, that our new director of the Canada, Caribbean, Latin American section, Dr Lee Kerr, is with us today replacing Sharyn Minahan, whom you may know well.

**CHAIR**—Thank you. Although the committee does not require you to give evidence under oath, I should advise you that these hearings are legal proceedings of the parliament and therefore have the same standing as proceedings of the respective Houses. I now invite you to make a short address.

**Mr Shannon**—Thank you. I am pleased to present our final submission. We will present it in several parts. I will review the key points of the main oral and written submissions that have been presented to you already, Mr Andrews will update you on the economic and trade developments since last August when we presented our written and oral submissions, Mr Rennert will talk about the future agenda, Mr Mercer will speak about the development of the Australian National Centre for Latin American Studies and its forthcoming seminar and I will conclude with some key messages.

**LET ME SUMMARISE THE KEY POINTS OF OUR PREVIOUS SUBMISSIONS. SOUTH AMERICA IS PRESENTLY A MODEST MARKET FOR AUSTRALIA BUT ITS POTENTIAL IS VERY SIGNIFICANT AND IT IS IMPORTANT IN OUR STRATEGY OF DIVERSIFYING TRADE. IN TERMS OF SIZE, IT IS THE EQUIVALENT OF OUR TRADE WITH COUNTRIES SUCH AS THAILAND, CANADA OR THE PHILIPPINES. THE TREND OF TRADE GROWTH WAS IMPRESSIVE DURING THE NINETIES, ALTHOUGH THERE WAS A SIGNIFICANT DECLINE IN 1998-99 AS A RESULT OF THE RECESSION IN KEY MARKETS IN SOUTH AMERICA BROUGHT ABOUT BY THE GLOBAL ECONOMIC CRISIS. THERE ARE SIGNS THAT THE TRADE IS PICKING UP AND, ALL THINGS BEING EQUAL, WE ARE CONFIDENT THAT WE**

WILL RETURN TO EARLIER GROWTH RATES. THE NATURE OF OUR TRADE IS DIVERSIFYING SO THAT AROUND 35 PER CENT OF THE TRADE IS IN MANUFACTURES AND WE ARE STAKING OUT NEW AREAS IN SERVICES. WHILE NOT PUTTING TOO MUCH EMPHASIS ON IT, SOUTH AMERICA IS ONE OF THE REGIONS WHERE AUSTRALIA RUNS A HEALTHY TRADE SURPLUS. ALSO, OUR INVESTMENT IS BROADENING AND IT WAS ESTIMATED IN MID-1998 AT AROUND \$A3.6 BILLION DOLLARS. YOU HAVE A LOT OF INFORMATION BEFORE YOU ON THE POTENTIAL OF THE MARKETS AND FACTORS FACILITATING THE DOING OF BUSINESS. MUCH OF THIS IS SET OUT IN THE BOOKLET WE PUBLISHED IN SEPTEMBER, *DOING BUSINESS IN LATIN AMERICA*, AND OF COURSE YOU COLLECTED A WEALTH OF INFORMATION YOURSELVES DURING YOUR TRIP IN MARCH-APRIL.

WE HAVE DESCRIBED SOME OF THE IMPEDIMENTS TO TRADE SUCH AS MUTUAL IGNORANCE AND A TERM, MR CHAIRMAN, THAT YOU USED: THE SYNDROME OF LOOKING TOO MUCH NORTHWARDS. MARKET BARRIERS AND FREIGHT AND TRANSPORT COSTS ARE OTHER IMPEDIMENTS. YOUR VISIT WILL HAVE GIVEN YOU A FIRST-HAND APPRECIATION OF THE ROLE OUR MISSIONS PLAY, BOTH IN TRADE PROMOTION AND IN DEALING WITH THE IMPEDIMENTS. YOU WOULD HAVE SEEN HOW WE WORK CLOSELY WITH AUSTRALIA IN THE FIELD. YOU HAVE INFORMATION ON THE ARCHITECTURE OF OUR TRADE RELATIONS, THE VARIOUS JOINT COMMISSIONS AND THE LIKE AND AGREEMENTS COVERING INVESTMENT PROTECTION AND ANIMAL AND PLANT REGULATION, AIR SERVICES, ET CETERA.

IN AUSTRALIA, DFAT HAS BEEN PARTICULARLY ACTIVE SINCE AUGUST ON TRADE AND INVESTMENT PROMOTION, PARTICULARLY DISSEMINATING INFORMATION. WE HAVE PRODUCED OUR PUBLICATION, WHICH I REFERRED TO, AND HAVE HAD TWO SERIES OF SEMINARS AROUND THE COUNTRY. THE FIRST INVOLVED OUR HEADS OF MISSION FROM THE REGION, IN NOVEMBER, AND THE SECOND WAS THE JOINT PROGRAM WITH AUSTRALIA DETAILED TODAY BY MR ALEX OLAH. WE HAVE UPDATED OUR WEB SITE AND STRENGTHENED OUR TIES WITH THE AUSTRALIAN LATIN AMERICAN BUSINESS COUNCIL AND THE BILATERAL CHAMBERS. WE WORKED HARD WITH THE VISIT OF MR VAILE TO THE REGION IN AUGUST AND WITH YOUR OWN VISIT THIS YEAR. WE ARE ALSO LIASING CLOSELY WITH OTHER AGENCIES ON THE VISIT OF MINISTER ALSTON LATER THIS MONTH.

AT OUR MEETING IN CANBERRA IN NOVEMBER OF OUR LATIN AMERICAN HEADS OF MISSION, WE REVIEWED OUR PRIORITIES AND RESOURCES. I CONVEYED THE GIST OF THE CONCLUSIONS OF THIS MEETING IN A LETTER TO YOU, MR CHAIRMAN, DATED 11 APRIL WHICH, WITH YOUR AGREEMENT, I WOULD LIKE TO TABLE. THE KEY CONCLUSION WAS THAT AUSTRALIA'S PRIMARY INTEREST IN LATIN AMERICA WAS THE STRENGTHENING OF TRADE AND INVESTMENT LINKS. HEADS OF MISSION WOULD DEVOTE AT LEAST TWO-THIRDS OF THEIR TIME TOWARDS THIS OBJECTIVE AND, AS MEMBERS OF THE COMMITTEE WHO VISITED THE REGION WILL BE AWARE, MANY DO SPEND CONSIDERABLY MORE TIME. HEADS OF MISSION NOTED THAT THEIR RELATIONS WITH AUSTRALIA WERE POSITIVE AND MUTUALLY SUPPORTIVE.

SINCE THIS MEETING WE HAVE DEVELOPED A SPECIFIC JOINT ACTION PLAN WITH AUSTRALIA WHICH WILL BE DETAILED BY MY COLLEAGUE MR RENNERT. HEADS OF MISSION ALSO RECOGNISED THE IMPORTANCE TO PUBLIC PERCEPTIONS OF AUSTRALIA, PARTICULARLY AMONG THE BUSINESS COMMUNITY, OF EFFICIENT MANAGEMENT OF VISA SERVICES FROM OUR

**PARTNERS WITH DIMA. WE HAVE HAD USEFUL CONSULTATIONS WITH DIMA SINCE THE MEETING IN NOVEMBER, AND I BELIEVE WE HAVE MADE GOOD PROGRESS IN IMPROVING THE LEVEL OF SERVICES. HEADS OF MISSION CALLED FOR THE DEVELOPMENT OF A PUBLIC AFFAIRS STRATEGY, WHICH IS NOW BEING PREPARED AND IS WITH OUR POSTS FOR COMMENT. MR RENNERT WILL ALSO COMMENT ON THAT.**

**BEFORE I LEAVE THIS SUBJECT OF THE ACTIVITIES AND VIEWS OF OUR HEADS OF MISSION, I WOULD LIKE TO COMMENT ON A RECENT ARTICLE IN THE MAGAZINE *OVERSEAS TRADING* WHICH MADE SOME BROAD BRUSH CRITICISMS OF OUR AMBASSADORS, AND WE HAVE COPIES OF THAT ARTICLE TO TABLE, MR CHAIRMAN. THE GIST OF THAT CRITICISM WAS THAT THEY WERE NOT WORKING ON MATTERS RELEVANT TO THE BUSINESS SECTOR. THAT IS SIMPLY NOT THE CASE. THERE ARE NUMEROUS EXAMPLES WHERE OUR HEADS OF MISSION HAVE BROUGHT ABOUT IMPORTANT TRADE OUTCOMES. FOR EXAMPLE, IN CARACAS THE AMBASSADOR WAS HEAVILY INVOLVED IN THE SALE OF AN AUSTRAL FAST FERRY. IN ARGENTINA, THE AMBASSADOR PLAYED A KEY ROLE IN SECURING CONCESSIONS FOR P&O IN PORT TERMINAL MANAGEMENT. AND IN BRAZIL, THE AMBASSADOR HAS BEEN VERY ACTIVE IN PROTECTING THE INTERESTS OF AN AUSTRALIA COMPANY INVOLVED IN THE PRODUCTION OF POLYMER BANKNOTES. THERE ARE OTHER INSTANCES I COULD CITE, AND MEMBERS OF THE COMMITTEE WILL KNOW SOME FROM THEIR OWN VISIT.**

**AMONGST OTHER IMPORTANT ACTIVITIES SPECIFICALLY INVOLVING DFAT WHICH HAVE OCCURRED SINCE AUGUST HAVE BEEN THE IDENTIFICATION OF TRADE OPPORTUNITIES IN PERU AND MEXICO IN THE CONTEXT OF THE GOVERNMENT'S MOST RECENT TRADE OUTCOMES AND OBJECTIVE STATEMENT, THE SO-CALLED TOOS PROCESS; THE IDENTIFICATION OF ANIMAL AND PLANT HEALTH AGREEMENTS AND COAL PROMOTION IN MEXICO AND CHILE AS MAJOR OBJECTIVES IN THE MARKET DEVELOPMENT TASKFORCE PROCESS; THE FINALISATION OF THE DOUBLE TAXATION AGREEMENT WITH ARGENTINA; AND THE BRINGING INTO FORCE OF THE INVESTMENT PROTECTION AND PROMOTION AGREEMENT WITH CHILE. THESE ARE IN ADDITION TO THE ACTIVITIES ON WHICH WE HAVE COLLABORATED WITH AUSTRALIA AND WHICH WERE OUTLINED BY MR OLAH.**

**OVERALL, WE ARE VERY PLEASED WITH THE PROGRESS WE HAVE MADE SINCE OUR INITIAL SUBMISSION IN AUGUST. WE BELIEVE OUR APPROACH HAS BEEN TARGETED ON OUR PRIMARY OBJECTIVE OF TRADE AND INVESTMENT, AND IT HAS BEEN COMPREHENSIVE. I WOULD LIKE TO ADD, MR CHAIRMAN, THAT THE WORK OF YOUR SUBCOMMITTEE IN THIS INQUIRY HAS PLAYED A VERY IMPORTANT STIMULATORY ROLE, NOT ONLY IN AUSTRALIA BUT IN THE REGION AS A RESULT OF YOUR VISIT. LET ME NOW INTRODUCE MR GRAHAM ANDREWS WHO WILL UPDATE YOU ON ECONOMIC AND TRADE TRENDS.**

**Mr Andrews**—Thank you very much, Peter. Mr Chairman and members of the committee, I will just refer your attention to a PowerPoint presentation which accompanies my address.

***SLIDES WERE THEN SHOWN—***





**Mr Andrews**—Firstly, for *Hansard* purposes, slide 1 is the introduction to this presentation, the introductory slide. Slide 2 sets out the purpose of this presentation. What I would like to do this afternoon is provide the committee with a brief update of trade and economic developments in South America since the department last appeared before the committee in August last year. I think this is important because at that time the region was suffering from the effects of the economic crisis in Asia, a financial crisis in Brazil, and the effects of El Nino. It seems reasonable now, however, another nine months further on, that we might be looking for some signs of improvement within the region if this is not to be a drawn out recession.

**THE QUESTION THEN IS: HOW HAS THE REGION RESPONDED SINCE AUGUST OF LAST YEAR? IF I COULD, I WOULD LIKE TO VERY BRIEFLY JUST GO BACK AND RECAP ON WHAT WE SAID IN AUGUST LAST YEAR. THIS IS SLIDE 3. AT THAT TIME WE ACKNOWLEDGED THAT THE REGION WAS IN A QUITE STEEP RECESSION BUT WE SAID THERE WERE EXPECTATIONS FOR SIGNS OF RECOVERY TO BEGIN SHOWING THROUGH IN THE THIRD AND FOURTH QUARTERS OF THAT YEAR, ALTHOUGH REALISTICALLY MORE IN THE FOURTH QUARTER, AND THAT THERE WERE EXPECTATIONS THAT THE REGION WOULD RETURN TO GROWTH IN 2000.**

**I WILL THEN HAVE A LOOK AT WHAT HAS HAPPENED SINCE THEN. SLIDE 4 IS ABOUT RECENT TRADE AND ECONOMIC TRENDS. OUR MOST RECENT ESTIMATES SHOW THAT MOST REGIONAL ECONOMIES IN SOUTH AMERICA EXPERIENCED RECESSION IN 1999. I THINK IT IS SIGNIFICANT, HOWEVER, THAT THE LARGEST REGIONAL ECONOMY AND THE LARGEST MARKET IN THE REGION, BRAZIL, WAS ABLE TO RECORD POSITIVE ALTHOUGH MODEST ECONOMIC GROWTH. IT WAS ESTIMATED ABOUT 0.8 OF ONE PER CENT. I THINK IT IS ALSO SIGNIFICANT THAT CHILE DID NOT ENTER A STEEP RECESSION. IT RECORDED SLIGHTLY NEGATIVE GROWTH, BUT I THINK THAT IS IMPORTANT BECAUSE CHILE IS SEEN AS A VERY PROMISING MARKET FOR AUSTRALIA.**

**SLIDE 5 SHOWS INFORMATION ON THE OUTLOOK FOR GROWTH. THE OUTLOOK IS FOR A SOLID RETURN TO ECONOMIC GROWTH IN 2000 WITH ALL OF THE ECONOMIES IN THE REGION TO RECORD POSITIVE GROWTH. SOME OF THE REASONS FOR THIS ARE THAT BRAZIL IS EXPECTED TO MAKE QUITE A STRONG RECOVERY. GDP GROWTH IS ESTIMATED TO BE ABOUT 3.3 IN 2000 AND ABOUT 3.8 THE YEAR AFTER. THERE HAS BEEN SOME IMPROVEMENT IN GLOBAL COMMODITY PRICES, MOST NOTABLY OIL, OF COURSE. THIS IS VERY IMPORTANT FOR MEXICO AND VENEZUELA, WHICH ARE TWO OF THE LARGEST OIL PRODUCERS IN THE WORLD. THERE HAS ALSO BEEN ONGOING STRENGTH IN THE US ECONOMY AND THE CONCLUSION OF PRESIDENTIAL ELECTIONS IN ARGENTINA, CHILE AND URUGUAY. THE OUTLOOK FOR THE GROWTH IS THAT IT IS EXPECTED TO STRENGTHEN FURTHER IN 2001.**

**WE CAN THEN JUST HAVE A LOOK AT THAT GRAPHICALLY IN SLIDE 6. FIRSTLY, WE CAN LOOK AT LAST YEAR AND THEN 2000-01. I THINK IT IS QUITE EVIDENT FROM THAT CHART THAT THERE IS AN EXPECTATION OF NOT ONLY IMPROVEMENT IN THIS YEAR BUT ALSO FURTHER IMPROVEMENT NEXT YEAR. IF I COULD JUST TURN NOW BRIEFLY TO THE IMPACT OF THAT SORT OF GROWTH SCENARIO AND A SCENARIO THAT IS PARTICULARLY IMPORTANT TO THE WORK OF THIS COMMITTEE; THAT IS, WHAT DOES ALL OF THIS MEAN FOR AUSTRALIA'S EXPORTS TO SOUTH AMERICA? FIRSTLY, THE REGIONAL CONTRACTION OF 1999 SAW OUR EXPORTS FALL HEAVILY BY OVER A**

QUARTER, BY ABOUT 26 PER CENT. BY COUNTRY, THE LARGEST DECLINES WERE TO CHILE, BRAZIL, ARGENTINA AND PERU AND BY COMMODITY, THE COMMODITIES MOST AFFECTED WERE IRON AND STEEL, PETROLEUM, ROAD VEHICLES, COAL, ELECTRICAL MACHINERY AND TELECOMMUNICATIONS EQUIPMENT—ALL OF WHICH ARE THE TYPES OF ECONOMIES THAT ARE AFFECTED BY LOWER DOMESTIC DEMAND AND PRODUCTION IN THEIR TARGET MARKETS.

SLIDE 8 SHOWS EXPORTS TO SOUTH AMERICA. IT PROVIDES A GRAPHIC DISPLAY OF THE IMPACT OF THE REGIONAL DOWNTURN ON AUSTRALIA'S EXPORTS TO FEBRUARY OF THIS YEAR, WHICH IS THE LATEST DATA AVAILABLE. I WOULD JUST URGE A LITTLE BIT OF CAUTION, THOUGH WE WILL SHOW YOU A TREND LINE COMING UP HERE WHICH IS INTERESTING IN ITSELF. IDEALLY, IT WOULD BE BASED ON SEASONALLY ADJUSTED DATA BUT THAT IS SIMPLY NOT AVAILABLE, SO WE STILL THINK IT IS QUITE GOOD EVIDENCE THAT PERHAPS THE DECLINE IN OUR EXPORTS TO THE REGION AT LEAST HAS COME TO AN END AND THAT OUR EXPORT PATTERN AT THE MOMENT IS PERHAPS FLAT OR STARTING TO PICK UP SOMEWHAT.

I WILL JUST TURN TO A COUPLE OF THE MAJOR ECONOMIES IN THE REGION. SLIDE 9 SHOWS INFORMATION ABOUT EXPORTS TO BRAZIL. I THINK SLIDE 9 SHOWS A QUITE ENCOURAGING INCREASE IN THE TREND VALUE OF OUR EXPORTS TO BRAZIL, WHILE SLIDE 10 ALSO SHOWS EVIDENCE OF SOME RECOVERY IN OUR EXPORTS TO MEXICO. SLIDE 11 SHOWS OUR MEDIUM TERM EXPORT PROSPECTS.

TURNING NOW TO THE PERIOD 2000-01, WE CONSIDER THAT THERE ARE GOOD PROSPECTS FOR RETURN TO GROWTH IN AUSTRALIA'S TRADE WITH SOUTH AMERICA IN THE MEDIUM TERM. THE REASON FOR THIS, AS WE HAVE SEEN, IS THAT THE OUTLOOK FOR REGIONAL ECONOMIES IS IMPROVING. NOMINAL GDP, FOR EXAMPLE, IS EXPECTED TO GROW BY SIX PER CENT OR MORE IN EACH OF THE NEXT TWO YEARS. IMPORT GROWTH IS EXPECTED TO BE EVEN STRONGER AT AROUND 10 PER CENT OR PERHAPS A LITTLE BIT MORE. REGIONAL CURRENCIES SHOULD STABILISE AFTER SOME QUITE HEAVY FALLS IN 1999 SO THAT THAT INCREASE IN IMPORT PRICES SHOULD START TO STABILISE ALSO.

AUSTRALIA'S EXPORT PERFORMANCE IN 1999 IS NOT CONSISTENT WITH OUR MEDIUM TERM PERFORMANCE IN THAT MARKET. FOR EXAMPLE, 1999 WAS THE FIRST CALENDAR DECLINE IN OUR EXPORTS SINCE 1994 AND TREND GROWTH IN THE LAST FIVE YEARS HAS AVERAGED FIVE PER CENT FOR THE LAST FIVE YEARS. IT HAS BEEN 10 PER CENT FOR THE LAST DECADE AND THAT IS EVEN TAKING INTO ACCOUNT THAT VERY POOR OUTCOME IN 1999. ALSO, THE PERFORMANCE OF AUSTRALIA'S EXPORT SECTOR IS EXPECTED TO IMPROVE OVER THE NEXT YEAR OR TWO. I WILL JUST POINT TO A COUPLE OF POTENTIALLY OFFSETTING FACTORS TO THIS IMPROVED OUTLOOK—THE ONGOING RECOVERY IN AUSTRALIA'S LARGEST EXPORT MARKETS IN EAST ASIA AND ALSO THE REGIONAL TREND WITHIN SOUTH AMERICA TO NEGOTIATE FREE TRADE AGREEMENTS, WHICH I BELIEVE SOME OF MY COLLEAGUES WILL TOUCH ON A LITTLE LATER.

I WILL GO TO THE SUMMARY ON SLIDE 9 TO SUMMARISE AND SAY THAT THE STRONG ECONOMIC DOWNTURN IN SOUTH AMERICA IN 1999 HAD A SIGNIFICANT IMPACT ON OUR EXPORTS TO THE REGION. HOWEVER, WE BELIEVE THAT THERE ARE SOLID PROSPECTS FOR RECOVERY IN THE MEDIUM

**TERM GIVEN THE STRENGTH OF THE EXPECTED RECOVERY IN 2000-01 AND ALSO AUSTRALIA'S LONGER TERM PERFORMANCE IN THE SOUTH AMERICAN MARKET. THAT CONCLUDES MY PRESENTATION. I WILL HAND OVER NOW TO MR PETER RENNERT WHO WILL TALK ABOUT THE FUTURE AGENDA.**

**Mr Rennert**—Thank you. The committee has seen first hand the substantial commercial opportunities that exist in South America for Australia. So how is Australia placed to take advantage of these opportunities? The Department of Foreign Affairs and Trade believes that Australia faces many challenges and the mutual lack of awareness is perhaps the most fundamental barrier to expanding our trade and investment relationship and the work needed to develop the trade and investment framework.

**THE RESPONSE OF THE DEPARTMENT OF FOREIGN AFFAIRS TO THIS CHALLENGE IS TWOFOLD. FIRSTLY, WE ARE TACKLING THE PROBLEMS HEAD ON BY EXPANDING AND REFINING A BROAD RANGING PUBLIC DIPLOMACY PROGRAM. SECONDLY, WE ARE FOCUSING ON INCREASING DIRECT CONTACT BETWEEN AUSTRALIA AND LATIN AMERICAN COUNTRIES AND PUTTING RESOURCES INTO DEVELOPING AN EFFECTIVE BILATERAL FRAMEWORK, IN PARTICULAR THROUGH AGREEMENTS WHICH WILL GIVE A BETTER TRADE AND INVESTMENT ENVIRONMENT AND OVERCOME MARKET ACCESS ISSUES.**

**I WOULD LIKE TO FOCUS HERE TODAY ON THE DEPARTMENT'S FORWARD PUBLIC DIPLOMACY STRATEGY AND THE FOREIGN AFFAIRS AND TRADE PORTFOLIO LATIN AMERICAN ACTION AGENDA. ONE PART OF THAT AGENDA FOCUSES ON AWARENESS RAISING ACTIVITIES IN AUSTRALIA. AUSTRADE HAS ALREADY DESCRIBED THE SUCCESS OF THE FIRST 'LATIN AMERICA—EXPAND YOUR HORIZONS' SEMINAR. THE DEPARTMENT OF FOREIGN AFFAIRS AND TRADE WILL AGAIN BE INVOLVED IN THE SECOND SERIES OF SEMINARS IN MARCH 2001. DFAT AND AUSTRADE WILL ALSO COOPERATE IN THE DEVELOPMENT OF A SERIES OF BUSINESS FOCUSED PAPERS ON BRAZIL. THEY WILL TARGET INFORMATION ABOUT SECTORAL DEVELOPMENTS, DESCRIBE SPECIFIC CASE STUDIES AND IDENTIFY AVAILABLE RESOURCES FOR THE BUSINESS COMMUNITY. SOME OF THE SECTORS WHICH ARE BEING CONSIDERED ARE INFORMATION TECHNOLOGY, TELECOMMUNICATIONS, AUTO PARTS, MINING EQUIPMENT, AGRIBUSINESS, EDUCATION AND CONSUMER GOODS. SEVERAL OTHER PAPERS ARE ALSO BEING CONSIDERED, INCLUDING A SURVEY OF FREIGHT ISSUES, A REVIEW OF AUSTRALIA'S GROWING INVESTMENT INTERESTS, AN ASSESSMENT OF THE IMPLICATIONS OF REGIONAL TRADING ARRANGEMENTS AND A STOCK TAKE OF CULTURAL AND POLITICAL LINKAGES. FURTHER, THE DEPARTMENT OF FOREIGN AFFAIRS AND TRADE'S EAST ASIA ANALYTICAL UNIT WILL PUBLISH A REPORT IN THE FIRST HALF OF NEXT YEAR FOCUSING ON THE FOUR MOST IMPORTANT LATIN AMERICAN COUNTRIES FOR AUSTRALIA—THAT IS, ARGENTINA, BRAZIL, CHILE AND MEXICO. THE REPORT WILL SEEK TO ADDRESS FOUR KEY AREAS. THOSE ARE THE REFORM PROCESS, THE RESILIENCE OF THE CRISIS PERIOD, THE TRADE AND INVESTMENT OPPORTUNITIES AND BUSINESS ENVIRONMENT AND FUTURE ECONOMIC PROSPECTS. OUR LATIN AMERICA HOME PAGE IS ALSO BEING THOROUGHLY OVERHAULED TO PROVIDE A FOCAL POINT FOR INTEREST FROM THE BUSINESS COMMUNITY, OTHER GOVERNMENT AGENCIES AND THE GENERAL PUBLIC.**

**THE SECOND DIMENSION OF THESE EFFORTS IS IMPROVING AUSTRALIA'S PROFILE IN LATIN AMERICA. MINISTERIAL VISITS ARE THE HIGHEST PROFILE OF THESE ACTIVITIES. MR SHANNON, MY COLLEAGUE, HAS ALREADY**

**REFERRED TO THE SUCCESS OF MR VAILE'S VISIT IN AUGUST-SEPTEMBER 1999. WE HAVE ALSO WORKED CLOSELY IN RECENT WEEKS WITH THE DEPARTMENT OF COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS ON A VISIT BY SENATOR ALSTON TO CHILE, ARGENTINA, URUGUAY, BRAZIL AND MEXICO LATER THIS MONTH AROUND THE SCHEDULED APEC TELMIN MEETING IN CANCUN, MEXICO. OUR AUSTRADE COLLEAGUES HAVE REFERRED, OF COURSE, TO THE BUSINESS MISSION THAT WILL ACCOMPANY THE MINISTER. WE ARE ALSO EXPECTING SOME RECIPROCAL VISITS FROM THE ARGENTINE EDUCATION MINISTER WHICH MY COLLEAGUE MR MERCER WILL REFER TO SHORTLY, AND THE FOREIGN MINISTERS OF PERU, COLOMBIA AND VENEZUELA. THE DEPARTMENT OF FOREIGN AFFAIRS AND TRADE IS COMMITTED TO WORKING WITH THE RESPECTIVE EMBASSIES IN CANBERRA TO ENSURE THESE VISITS ARE SUCCESSFUL AND THAT SOME PROFILE IS GIVEN TO THESE MINISTERS.**

**ANOTHER DIMENSION OF THESE EFFORTS IS THE MEDIA VISITS PROGRAM. IN THE PAST MONTH, TWO SENIOR SOUTH AMERICAN JOURNALISTS HAVE VISITED UNDER THE DEPARTMENT'S ONGOING MEDIA VISITS PROGRAM—MR CLOVIS ROSSI FROM BRAZIL AND MS MARIA ELENA DEL CARPIO FROM PERU. THE VISIT FROM MR ROSSI HAS ALREADY YIELDED SOME POSITIVE EXPOSURE FOR AUSTRALIA WITH A TWO-PAGE SPREAD OF SIX ARTICLES IN ONE OF BRAZIL'S LEADING NEWSPAPERS. IN FACT, THE DEPUTY CHAIR, MR NEIL O'KEEFE IS QUOTED IN ONE OF THE ARTICLES. I WOULD LIKE TO TABLE THE ARTICLES AND THE TRANSLATION.**

**Mr O'KEEFE**—Perhaps it is better if you do not.

**CHAIR**—Please carry on.

**Mr Rennert**—We are also looking to disseminate Spanish and English language resources through the Internet, taking advantage of rapidly expanding Internet take-up rates in Latin American middle classes. We seek to cover a diverse range of issues such as visas and tourism, key events and activities, student related pages, home pages for each embassy and links to other Australian sites. We are also pleased to advise that a tour of the innovative Australian Showcase will begin on 15 May in Santiago before going to Buenos Aires and Mexico City. The showcase tour is an initiative of the Department of Industry, Science and Resources, in close cooperation with Questacon and the Department of Foreign Affairs and Trade. It promotes a technologically advanced image of Australia to science and technology decision makers and to the general public. These efforts are just part of a broad ranging cultural program run by our missions in Latin America such as film festivals, food festivals, clean up the world events and other profile raising activities.

**I SHOULD NOTE THAT A NUMBER OF THESE ACTIVITIES ARE INCLUDED ON THE RECENTLY COMPLETED LATIN AMERICAN ACTION AGENDA. I WOULD LIKE TO TABLE THE FOREIGN AFFAIRS AND TRADE PORTFOLIO LATIN AMERICAN ACTION AGENDA. THE ACTION AGENDA REFLECTS A GENUINE COMMITMENT FROM THE DEPARTMENT OF FOREIGN AFFAIRS AND TRADE AND AUSTRADE TO BUILD ON THE IMPORTANT MILESTONE ACTIVITIES IN 1999-2000, MOST NOTABLY THE PUBLICATION *DOING BUSINESS IN LATIN AMERICA* AND THE EXPAND YOUR HORIZONS SEMINARS AND, EQUALLY IMPORTANTLY, TO ESTABLISH A FRAMEWORK FOR ENHANCED COOPERATION BETWEEN THESE TWO LEAD AGENCIES.**

**APART FROM OTHER ACTIVITIES PREVIOUSLY MENTIONED, ALONG WITH IDP EDUCATION AUSTRALIA, WE ARE LOOKING AT BETTER WAYS TO COORDINATE EFFORTS TO PROMOTE AUSTRALIA AS A DESTINATION FOR LATIN AMERICAN STUDENTS AND TO PROMOTE AUSTRALIA'S INNOVATIVE EDUCATION SOLUTIONS, PARTICULARLY IN COUNTRIES SUCH AS ARGENTINA AND CHILE. WE ARE LOOKING AT WAYS TO BETTER PROJECT A UNITED AND COORDINATED IMAGE TO OUR SHARED BUSINESS NETWORK. ONE DIMENSION OF THIS EFFORT IS OUR AGREEMENT TO USE A SINGLE BRANDING STRATEGY FOR PUBLICATIONS, PRESENTATIONS AND CORRESPONDENCE RELATING TO LATIN AMERICA. MR CHAIRMAN, YOU MAY HAVE NOTICED THAT THE AUSTRADE AND DFAT POWER POINT PRESENTATIONS TODAY SHARED THE LATIN AMERICA EXPAND YOUR HORIZONS BRANDING. WE HOPE TO COMPLETE A PROFESSIONALLY DESIGNED STRIPE IN THE NEAR FUTURE.**

**I PREVIOUSLY MENTIONED THAT THE ACTION AGENDA ALSO SETS UP THE FRAMEWORK FOR CLOSER COOPERATION BETWEEN DFAT AND AUSTRADE. WE ARE NOW MAKING PLANS TO HOLD THE NEXT REGIONAL HEADS OF MISSION AND TRADE COMMISSIONERS' MEETINGS BACK TO BACK IN A SOUTH AMERICAN LOCATION IN LATE 2000. A PLENARY SESSION WILL ALLOW US TO EXCHANGE PERSPECTIVES ON REGIONAL DEVELOPMENTS AND TO SET FUTURE JOINT PRIORITIES. YOU MAY NOTE FROM OUR PUBLIC DIPLOMACY AGENDA THAT THE DEPARTMENT OF FOREIGN AFFAIRS AND TRADE SEEKS TO COORDINATE ITS ACTIVITIES WITH STRATEGIC PARTNERS SUCH AS AUSTRADE, THE AUSTRALIA-LATIN AMERICA BUSINESS COUNCIL AND THE VARIOUS BILATERAL CHAMBERS.**

**FINALLY, I WOULD LIKE TO TOUCH ON THE BILATERAL AND REGIONAL FRAMEWORK FOR CREATING THE RIGHT ENVIRONMENT FOR EXPANDING OUR POLITICAL AND ECONOMIC LINKAGES IN LATIN AMERICA—IN PARTICULAR, THE EAST ASIA LATIN AMERICA FORUM, EALAF. AS A PERSONAL INITIATIVE OF THE SINGAPOREAN PRIME MINISTER, THE FIRST SENIOR OFFICIALS MEETING WAS HELD IN SINGAPORE IN SEPTEMBER 1999. THE AIM WAS TO PROMOTE POLITICAL, ECONOMIC AND ACADEMIC LINKAGES BETWEEN THE TWO REGIONS. IN THE LEAD-UP TO THE SECOND SENIOR OFFICIALS MEETING ON 16 AND 18 AUGUST THIS YEAR IN SANTIAGO, WE ARE CURRENTLY INVOLVED IN A MEDIA VISITS COOPERATION—I REFERRED TO SOME SPECIFIC ACTIVITIES EARLIER—AND A STUDY TO IDENTIFY BARRIERS TO FURTHER IMPROVING TRADE AND INVESTMENT LINKAGES BETWEEN THE TWO REGIONS. I WOULD LIKE NOW TO HAND OVER TO MY COLLEAGUE MR TODD MERCER WHO WILL UPDATE YOU ON EFFORTS TO ENGAGE THE ACADEMIC COMMUNITY.**

**Mr Mercer**—I would like to talk briefly about an important recent initiative which will complement the action agenda and form part of that action agenda. In July of last year, the Australian National University and all of the Latin American governments that are represented in Canberra signed a declaration of intent to work towards the promotion of Latin America in Australia. A key element of that document was a commitment from both sides to establish the Australian National Centre for Latin American Studies, which Mr Shannon referred to earlier. The acronym, ANCLAS, has a particular meaning in Spanish. It means anchors. I am not too sure if they developed the acronym and then came up with the name.

**THE AIM OF THE CENTRE IS NOT TO OFFER UNDERGRADUATE COURSES AT THIS POINT IN TIME. THE MAIN AIM OF THE CENTRE IS TO PROMOTE RESEARCH INTO THE REGION HERE IN AUSTRALIA, BE THAT THROUGH**

ATTRACTING VISITING FELLOWS FROM SCHOOLS AROUND AUSTRALIA OR FROM LATIN AMERICA OR OTHER REGIONS. THROUGH THE ACTIVITIES OF THE CENTRE WE AIM TO PROMOTE GREATER UNDERSTANDING. THAT HAS BEEN A THEME THAT HAS COME UP IN MANY OF THE SUBMISSIONS THAT THE SUBCOMMITTEE HAS RECEIVED. IT IS ALSO BEEN MENTIONED AGAIN TODAY. THE CENTRE WILL AIM TO COOPERATE WITH THOSE SCHOOLS AND DEPARTMENTS OF LATIN AMERICAN STUDIES WHICH ALREADY EXIST IN AUSTRALIA.

DFAT IS A STRONG SUPPORTER OF THE INITIATIVE. WE HAVE BEEN INVOLVED IN ALL OF THE WORKING MEETINGS SINCE THE CENTRE WAS FIRST DISCUSSED. AND, AS A CONCRETE EXPRESSION OF THAT SUPPORT, THE DEPARTMENT SECONDED ME TO THE ANU FOR A PERIOD OF SIX WEEKS TO ASSIST THEM IN GETTING THE CENTRE OFF THE GROUND. THE CENTRE IS NOW ESTABLISHED. IT HAS ONE STAFF MEMBER AT THIS STAGE, THOUGH IT IS EARLY DAYS.

ONE OF THE KEY ACTIVITIES THAT I CONDUCTED WHILE I WAS THERE WAS CONTRIBUTING TO THE ORGANISATION OF A CONFERENCE WHICH WILL BE HELD ON 20 AND 21 JUNE. GIVEN THAT IT IS THE FIRST MAJOR EVENT FOR THE CENTRE, WE WANTED TO MAKE IT AS INCLUSIVE AN EXERCISE AS POSSIBLE. WE ARE LOOKING TO ATTRACT REPRESENTATIVES FROM NOT ONLY ACADEMIA AND GOVERNMENT BUT ALSO BUSINESS, THE COMMUNITY SECTOR, THE DIPLOMATIC CORPS, OF COURSE, WHO HAVE BEEN THE PROPONENTS OF THIS CENTRE, AND OF COURSE PARLIAMENT. THAT IS THE MAIN POINT I WANTED TO MAKE THIS AFTERNOON. BUT I WILL GET TO THAT IN A MINUTE.

PETER RENNERT MENTIONED THAT ARGENTINA'S EDUCATION MINISTER WILL BE HERE. WE HAVE ACTUALLY BROUGHT THE DATES OF THE CONFERENCE FORWARD TO COINCIDE WITH HIS VISIT. THE WORKING GROUP THAT HAS BEEN INVOLVED IN GETTING THIS CONFERENCE TOGETHER WAS VERY CONSCIOUS THAT WE NEEDED TO HAVE A KEYNOTE SPEAKER FROM THE REGION, RATHER THAN ONLY HAVE SPEAKERS BASED IN AUSTRALIA, AND WE WERE ABLE TO MOVE THE DATES FORWARD TO COINCIDE WITH THE MINISTER'S VISIT. ON THE AUSTRALIAN SIDE WE HAVE EXTENDED AN INVITATION TO MR DOWNER TO OFFER THE INAUGURAL ANCLAS LECTURE, AND WE ARE WAITING FOR ADVICE THERE. BUT WE ARE VERY ENTHUSIASTIC ABOUT HAVING THE MINISTERS INVOLVED AT THIS EARLY STAGE IN THE CENTRE'S EXISTENCE, TO GIVE IT THAT EXTRA BOOST.

I UNDERSTAND THAT JOHN GAGE, THE CONVENER OF THE ANCLAS PROJECT FROM THE ANU, HAS BEEN IN TOUCH WITH THE SECRETARY OF THE SUBCOMMITTEE WITH A VIEW TO HAVING MEMBERS OF THE SUBCOMMITTEE INVOLVED IN THE CONFERENCE. I WOULD JUST LIKE TO TAKE THIS OPPORTUNITY ON BEHALF DFAT AND ALSO WEARING MY OTHER HAT AS A MEMBER OF THE WORKING GROUP INVOLVED IN THE CONFERENCE TO REITERATE THAT INVITATION TO ALL MEMBERS OF THE SUBCOMMITTEE TO BE INVOLVED. WE WOULD HOPE THAT IF POSSIBLE AT LEAST ONE MEMBER OF THE COMMITTEE WOULD BE ABLE TO SHARE WITH THOSE ATTENDING THE CONFERENCE THEIR IMPRESSIONS OF SOUTH AMERICA, HAVING BEEN THERE QUITE RECENTLY, AND FORESHADOW SOME OF THE RECOMMENDATIONS THAT MIGHT BE INCLUDED IN THE REPORT. THAT IS BASICALLY ALL I HAD TO SAY. I WILL HAND YOU BACK NOW TO MR SHANNON FOR A CONCLUDING STATEMENT.

**Mr Shannon**—In closing I would like to touch briefly on several important background issues and then summarise our key messages. First is the subject of economic and political reform. It is important to remind ourselves that the scale of reform which has been pursued across the region in the last 10 to 15 years in some ways has been genuinely revolutionary. Between 1978 and 1990 some 15 Latin American countries cast aside dictatorial regimes and began to elect their own leaders. Only a few of those countries had any significant democratic traditions. The recent odd events in Ecuador apart, no elected executive in Latin America has been removed from power by armed force since 1976, nearly a generation ago. And I source that information from a recent article in the *Foreign Policy* magazine by the President of the Inter-American Dialogue, Peter Hakim. The embrace of democracy, although shaky at times, is impressively widespread and persistent. The first round of presidential elections in Peru on 9 April showed the fragile nature of some of the democratic processes and also showed the forces at play shoring up free and fair elections.

**THE PURSUIT OF ECONOMIC REFORM ACROSS SOUTH AMERICA HAS BEEN IMPRESSIVE AND AS REVOLUTIONARY AS THE EMBRACE OF DEMOCRACY. DURING THE LATE 1980S AND 1990S, NEARLY ALL OF LATIN AMERICA'S GOVERNMENTS BEGAN TO RUN THEIR ECONOMIES IN ACCORDANCE WITH ORTHODOX FREE-MARKET PRINCIPLES. MANIFESTATIONS OF THIS HAVE BEEN THE MASSIVE PRIVATISATION OF STATE-OWNED ENTERPRISES AND MAJOR REDUCTIONS IN TARIFFS. WITH THE INTRODUCTION OF DISCIPLINED ECONOMIC MANAGEMENT, LATIN AMERICA'S AVERAGE INFLATION PLUMMETED FROM AN AVERAGE OF MORE THAN 450 PER CENT BETWEEN 1986 AND 1990 TO A LITTLE MORE THAN 10 PER CENT TODAY. OF COURSE, THERE HAVE BEEN MAJOR ADJUSTMENT COSTS AND WINNERS AND LOSERS, WITH REPERCUSSIONS ON THE POLITICAL PROCESSES. IMPORTANT BARRIERS TO TRADE STILL REMAIN, UNFORTUNATELY MANY OF THEM IN PRODUCTS AND SERVICES IN WHICH WE TRADE. ALSO, THE REGION REMAINS VULNERABLE TO EXTERNAL SHOCKS, AS WE SAW IN 1998 AND 1999 IN THE BRAZILIAN FINANCIAL CRISIS, ALTHOUGH WHAT HAS BEEN NOTICEABLE SINCE THE CRISIS IS THE RAPID RECOVERY OF MOST OF THE REGION'S ECONOMIES, WHICH UNDERLINES THE STRENGTH AND Pervasiveness OF THE ECONOMIC REFORMS. WE NEED TO REMEMBER THAT IT IS THESE TWO BROAD TRENDS—DEMOCRACY AND LIBERALISATION—WHICH HAVE UNDERPINNED THE REGION'S GROWTH AND WHICH FORM THE BASIS OF OUR CONFIDENCE IN THE REGION'S FUTURE.**

**I WILL NOW SAY A BRIEF WORD ABOUT OUR FREE TRADE AGREEMENTS. OUR WRITTEN SUBMISSION DESCRIBED THE MAIN REGIONAL AND BILATERAL CONNECTIONS. SINCE AUGUST, FTA ACTIVITY AT BOTH REGIONAL AND BILATERAL LEVELS HAS CONTINUED. NOTABLE DEVELOPMENTS HAVE INCLUDED THE SIGNATURE OF THE MEXICO-EU FREE TRADE AGREEMENT, THE SECOND ROUND OF MERCOSUR-EU NEGOTIATIONS AND THE INITIATION OF EU NEGOTIATIONS WITH CHILE. CHILE ALSO CONTINUED TO TALK WITH JAPAN AND THE REPUBLIC OF KOREA. AS TO AUSTRALIA'S APPROACH TO FTAS, WE PURSUE AN INTEGRATED, REGIONAL AND BILATERAL APPROACH. WE BELIEVE FTAS SHOULD HAVE SUBSTANTIAL LIBERALISATION ACROSS ALL SECTORS, INCLUDING AGRICULTURE, WHICH CANNOT BE ACHIEVED IN A SIMILAR TIMEFRAME ELSEWHERE. WE ARE WILLING TO CONSIDER ANY FTA WHICH MEETS THESE CRITERIA. WE BELIEVE REGIONAL TRADE LIBERALISATION SHOULD BE MULTILATERALISED THROUGH WTO NEGOTIATIONS.**

**I WOULD LIKE TO CONCLUDE THE DFAT PRESENTATION WITH THE FOLLOWING KEY MESSAGES. WE BELIEVE SOUTH AMERICA OFFERS MAJOR POTENTIAL FOR GROWTH FOR AUSTRALIAN TRADE AND INVESTMENT. THE DIFFICULTIES ARE NOT TO BE DISMISSED LIGHTLY, BUT THEY ARE PROBABLY NO WORSE THAN IN ASIA. OVERCOMING MUTUAL IGNORANCE IS A KEY CHALLENGE. THERE IS AN IMPRESSIVE TREND LINE OF GROWTH IN OUR EXPORTS AND INVESTMENTS WHICH WE ARE CONFIDENT WILL BE RESUMED FOLLOWING THE DIPS OF 1998 AND 1999. THE GROWTH OF OUR TRADE AND INVESTMENT IS THE PRIMARY OBJECTIVE OF OUR POSTS IN SOUTH AMERICA AND MEXICO AND THE RELEVANT PART OF THE DEPARTMENT IN CANBERRA. WE HAVE AN INTEGRATED PLAN OF ACTION WITH AUSTRADE, SUPPORTED BY A PUBLIC DIPLOMACY PLAN. WE ARE REACHING OUT TO OTHER AGENCIES IN A WHOLE OF GOVERNMENT WAY—FOR EXAMPLE, WITH SENATOR ALSTON'S VISIT—AND HAVE PRODUCTIVE LINKS WITH THE BUSINESS COMMUNITY. I SUBMIT THAT DFAT IS ENGAGED CONSTRUCTIVELY IN THE NATIONAL INTEREST IN SOUTH AMERICA WITH A PLAN AND WITH HIGHLY MOTIVATED STAFF. FINALLY, I WOULD LIKE TO THANK MEMBERS OF THE TRADE SUBCOMMITTEE AND YOUR SECRETARIAT FOR THE INTEREST YOU HAVE SHOWN IN OUR WORK AND THE COURTESY YOU HAVE SHOWN US IN THE PURSUIT OF YOUR INQUIRY.**

**CHAIR**—The five documents referred to in DFAT's presentation will be included in the Trade Subcommittee's records as exhibits to the inquiry into Australia's trade and investment relationship with South America. Peter, would you like to comment on your department's dialogue with DIMA on ways to improve visa services, particularly for South America?

**Mr Shannon**—Yes. I mentioned that as one of the items for discussion at our heads of mission meeting in November. We were addressed by Mr Andrew Metcalfe, Deputy Secretary of DIMA, because our heads of mission were concerned about this issue, as we were. He gave, I thought, a very good presentation. Immediately, we entered into consultations with DIMA. We had been in touch with them before that, of course, but that brought a high-level focus. We believe those discussions have been productive and have resulted in an improvement in client services. There are still problems and you will have heard from the DIMA presentation the areas in which we are working with DIMA to deal with those problems—switchboards, queuing of calls, flooding of calls, those sorts of issues. Working within the policy parameters and with the resources we have, we think we have made progress.

**Mr O'KEEFE**—In the action agenda that Peter outlined, you mentioned the innovation expo that you are putting together. It is not listed on your sheet of the dot points of things you are doing. Can you give us a bit more information about that?

**Mr Rennert**—Sure.

**Mr O'KEEFE**—Not now. Can you send us information to have a look through?

**Mr Rennert**—Can I make clear that there are actually two programs going on at once. One is the joint program with Austrade, but we also have some separate activities which we are pursuing outside those parameters and that fits into one of those. We will certainly provide some written information for you, or the details of that program.



**Mr O'KEEFE**—My reason for focusing on that in particular is that we have all seen the need for a focus on the key commodity and key trade areas which we have always done—mining and now the big industries like telecommunications and so on. But it is very clear that both ways there is a lot of innovation, services and value-adds that more work can be done on. That is why I picked up on that one in particular. Peter Shannon, an observation coming from your final summary—where you have reiterated the national policy of reaching our trade agreements via the WTO structure and the multilateral process—is that it was very clear to us over there that a number of those countries are beavering away at the moment in the face of the failure of Seattle, trying to get into APEC. The ones up north that border the Pacific Ocean are beavering away at bilaterals to find their way around this.

**I WOULD LIKE TO PUT ON RECORD THE SUGGESTION THAT, WHILE WE CONTINUE TO MAINTAIN OUR PRIORITY FOR WTO BROAD BASED TRADE, WE OUGHT TO BE PUTTING EFFORT INTO TYING UP SOME OF THESE REGIONAL OPPORTUNITIES, INCLUDING THE LINKS WITH MERCOSUR, BECAUSE OTHER COUNTRIES ARE. IF WE ARE SERIOUS ABOUT THIS IN THIS TRADE RELATIONSHIP, THE WAY I DESCRIBED IT WAS WHILE WE ARE ALL HOPING TO PUT THE JIGSAW IN PLACE, IT NOW LOOKS LIKE EVERYBODY IS FORGETTING ABOUT THE BIG PICTURE AND CONCENTRATING ON PINNING IN THE PARTS OF THE JIGSAW AND THROUGH THEM WILL COME THE WHOLE DEAL. THAT WAS AN IMPRESSION THAT WE PICKED UP BROADLY, THAT THERE IS A LOT OF ACTIVITY GOING ON AMONG THE CAIRNS GROUP COUNTRIES IN THEIR BILATERAL AND SPECIFIC FOCUSES.**

**Mr Shannon**—It is very much a live subject in the department at the moment.

**Mr O'KEEFE**—I understand that.

**CHAIR**—That just about wraps it up from our point of view. Before I conclude, the committee would be pleased if you could pass on to your staff in South America our thanks for the way that they assisted us and conducted themselves, particularly during our quite exhaustive tour of South America.

**Mr JULL**—And exhausting.

**CHAIR**—And exhausting. Further, we pass on our best regards to Sharyn Minahan for her new posting. Thank you for your attendance here today. Please pass the extra material through to the secretary in due course. You will be issued with a transcript of your evidence and the proceedings here today. Would you check that for any fact or grammar and make any corrections. Also, would you liaise with Hansard in case they want to check anything that you have given in evidence.

**RESOLVED (ON MOTION BY MR PROSSER):**

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

**Committee adjourned at 6.10 p.m.**



