



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE
AND TRADE

ESTIMATES

(Budget Estimates)

MONDAY, 28 MAY 2007

CANBERRA

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**SENATE STANDING COMMITTEE ON
FOREIGN AFFAIRS, DEFENCE AND TRADE**

Monday, 28 May 2007

Members: Senator Payne (*Chair*), Senator Hutchins (*Deputy Chair*), Senators Mark Bishop, Ferguson, Forshaw, Hogg, Sandy Macdonald and Trood

Participating members: Senators Adams, Allison, Bartlett, Bernardi, Boswell, Brandis, Bob Brown, Carol Brown, George Campbell, Carr, Chapman, Conroy, Crossin, Eggleston, Chris Evans, Faulkner, Fielding, Fierravanti-Wells, Fifield, Heffernan, Hurley, Joyce, Kemp, Kirk, Lightfoot, Ludwig, Lundy, Ian Macdonald, Marshall, McGauran, Mason, Milne, Nash, Nettle, Parry, Polley, Robert Ray, Scullion, Siewert, Sterle, Stott Despoja, Watson, Webber and Wortley

Senators in attendance: Senators Allison, Mark Bishop, Chris Evans, Ferguson, Forshaw, Hogg, Hutchins, Sandy Macdonald, Nettle, Payne and Trood.

Committee met at 9.03 am

FOREIGN AFFAIRS AND TRADE PORTFOLIO

In Attendance

Senator Coonan, Minister for Communications, Information Technology and the Arts

Department of Foreign Affairs and Trade

Portfolio overview

Mr Doug Chester, Deputy Secretary

Mr James Wise, First Assistant Secretary, Corporate Management Division

Ms Ann Thorpe, Chief Finance Officer

Ms Lynette Wood, Assistant Secretary, Executive, Planning and Evaluation Branch

Output 1.1: Protection and advocacy of Australia's international interests through the provision of policy advice to ministers and overseas diplomatic activity.

1.1.1: North Asia

Mr Peter Baxter, First Assistant Secretary, North Asia Division

1.1.2: South-East Asia

Mr Paul Grigson, First Assistant Secretary, South-East Asia Division

1.1.3: Americas

Mr Les Luck, First Assistant Secretary, Americas Division

1.1.4: Europe

Mr Jeremy Newman, First Assistant Secretary, Europe Division

1.1.5: South and West Asia, Middle East and Africa

Ms Deborah Stokes, First Assistant Secretary, South and West Asia, Middle East and Africa Division

Mr Paul Robilliard, Head, Iraq Task Force

1.1.6: Pacific

Mr David A. Ritchie, First Assistant Secretary, Pacific Division

1.1.7: Bilateral, regional and multilateral trade negotiations

Mr Christopher Langman, First Assistant Secretary, Office of Trade Negotiations

Mr Peter Baxter, First Assistant Secretary, North Asia Division

Mr Paul Grigson, First Assistant Secretary, South-East Asia Division

Ms Deborah Stokes, First Assistant Secretary, South and West Asia, Middle East and Africa Division

Mr Les Luck, First Assistant Secretary, Americas Division

Mr Jeremy Newman, First Assistant Secretary, Europe Division

Mr David A. Ritchie, First Assistant Secretary, Pacific Division

Mr Ric Wells, First Assistant Secretary, Trade Development Division/Head, China FTA Task Force

Mr Nic Brown, Assistant Secretary, Trade and Economic Analysis Branch

Mr Tim Yeend, Special Negotiator Agriculture

1.1.8: Trade development/policy coordination and Asia-Pacific Economic Cooperation

Mr Ric Wells, First Assistant Secretary, Trade Development Division/Head, China FTA Task Force

Mr Nic Brown, Assistant Secretary, Trade and Economic Analysis Branch

1.1.9: International organisations, legal and environment

Mr Michael Potts, First Assistant Secretary, International Organisations and Legal Division

Ms Libby Schick, Assistant Secretary, International Organisations Branch

Ms Penny Richards, Senior Legal Adviser

Ms Jan Adams, Ambassador for the Environment

Ms Katrina Cooper, Assistant Secretary, Domestic Legal Branch

1.1.10: Security, nuclear disarmament and non-proliferation

Ms Jennifer Rawson, First Assistant Secretary, International Security Division

Mr John Carlson, Director General, Australian Safeguards and Non-Proliferation Office

Mr Andrew Leask, Assistant Secretary, Australian Safeguards and Non-Proliferation Office

Output 1.2: Secure government communications and security of overseas missions.

Mr Sam Gerovich, First Assistant Secretary, Diplomatic Security, Information Management and Services Division

Output 1.3: Services to other agencies in Australia and overseas, including parliament, state representatives, business and other organisations.**1.3.1: Parliament in Australia**

Mr Rod Smith, First Assistant Secretary, Consular, Public Diplomacy and Parliamentary Affairs Division

1.3.2: Services to attached agencies

Mr James Wise, First Assistant Secretary, Corporate Management Division

1.3.3: Services to business**1.3.4: Services to state governments and other agencies overseas and in Australia.**

Mr Ric Wells, First Assistant Secretary, Trade Development Division

Output 1.4: Services to diplomatic and consular representatives in Australia.**1.4.1: Services to the diplomatic and consular corps****1.4.2: Provision of protection advice through liaison with the Protective Security Coordination Centre.**

Ms Lyndall McLean, Chief of Protocol

Output 2.1: Consular and passport services.**2.1.1: Consular services**

Mr Rod Smith, First Assistant Secretary, Consular, Public Diplomacy and Parliamentary Affairs Division

2.1.2: Passport services

Mr Bob Nash, Executive Director, Australian Passport Office

Output 3.1: Public information services and public diplomacy.**3.1.1: Public information and media services on Australia's foreign and trade policy**

Mr Rod Smith, First Assistant Secretary, Consular, Public Diplomacy and Parliamentary Affairs Division

Mr Ric Wells, First Assistant Secretary, Trade Development Division

Mr Richard Andrews, Executive Director, Economic Analytical Unit

3.1.2: Projecting a positive image of Australia internationally

Mr Rod Smith, First Assistant Secretary, Consular, Public Diplomacy and Parliamentary Affairs Division

Mr Ric Wells, First Assistant Secretary, Trade Development Division

3.1.3: Freedom of information and archival research and clearance

Mr Rod Smith, First Assistant Secretary, Consular, Public Diplomacy and Parliamentary Affairs Division

Ms Penny Richards, Senior Legal Adviser

Output 4.1: Property management**Output 4.2: Contract management**

Mr Peter Davin, Executive Director, Overseas Property Office

Enabling services

Mr James Wise, First Assistant Secretary, Corporate Management Division

Ms Ann Thorpe, Chief Finance Officer

Ms Lynette Wood, Assistant Secretary, Executive, Planning and Evaluation Branch

Australian Agency for International Development**Outcome 1: Australia's national interest advanced by assistance to developing countries to reduce poverty and achieve sustainable development.****1.1: Policy****1.2: Program management****Administered items—Australia's development cooperation program.****Outcome 2: Australia's national interest advanced by implementing a partnership between Australia and Indonesia for reconstruction and development.****2.1: Australia-Indonesia partnership for reconstruction and development management**

Mr Bruce Davis, Director General

Ms Annmaree O'Keeffe, Deputy Director General, Global Programs Division

Mr Scott Dawson, Deputy Director General, Pacific, PNG and International Division

Mr Murray Proctor, Deputy Director General, Asia Division
Ms Ruth Pearce, Senior Associate, Corporate Governance and Review Division
Ms Catherine Walker, Assistant Director General, Papua New Guinea Group
Ms Judith Robinson, Assistant Director General, Pacific Group
Ms Stephanie Copus-Campbell, Assistant Director General, Pacific Group
Ms Ali Gillies, Assistant Director General, Fragile States and International Branch
Ms Julia Newton-Howes, Assistant Director General, Development Partnerships Branch
Mr Peter Callan, Assistant Director General, Asia Regional Branch
Mr Michael Wilson, Assistant Director General, Asia Bilateral Branch
Mr Alistair Sherwin, Assistant Director General, Indonesia Group
Mr Alan March, Assistant Director General, Humanitarian Coordination and Public Affairs Branch
Mr Dereck Rooken-Smith, Assistant Director General, Initiative Support
Mr Robin Davies, Assistant Director General, Multisectoral Support
Mr Titon Mitra, Assistant Director General, Operations Support Branch
Mr Robert Jackson, Assistant Director General, Corporate Services Branch
Ms Therese Mills, Assistant Director General, Human Resources Branch
Mr Paul Lehmann, Assistant Director General, Corporate Reform and Planning
Mr Peter Versegi, Assistant Director General, Office of Development Effectiveness
Mr Dave Vosen, Director, Budget Unit
Ms Ellen Shipley, Director, Community and Business Partnerships Section
Mr Neil McFarlane, Director, East Timor and Burma Section

Australian Trade Commission

Outcome 1: Australians succeeding in international business with widespread community support.

1.1: Awareness raising

1.2: Government advice and coordination

1.3: Services and opportunities

1.4: Austrade administered: EMDGs for small to medium sized businesses and ITES loans and advances.

Outcome 2: Australians informed about and provided access to consular, passport and immigration services in specific locations overseas.

2.1: Consular, passport and immigration services.

Mr Peter Yuile, Deputy Chief Executive Officer

Ms Margaret Ward, General Manager, Export Market Development Grants

Mr Tim Harcourt, Chief Economist

Ms Hazel Bennett, Director, Finance, Information and Planning

CHAIR (Senator Payne)—I declare open this hearing of the Senate Standing Committee on Foreign Affairs, Defence and Trade. I welcome the Minister, Senator Coonan, representing the Minister for Foreign Affairs and the Minister for Trade; Mr Doug Chester, Deputy Secretary; and officers of the Department of Foreign Affairs and Trade. Today the committee will examine the portfolio budget estimate statements for the Department of Foreign Affairs and Trade, beginning with the portfolio overview followed by general non-trade outputs and enabling services. We will then move to AusAID from approximately 5 pm to 11 pm. Foreign

affairs and trade outputs 1.1.7, Bilateral, regional and multilateral trade negotiations, and output 1.1.8, Trade development and policy coordination, will be examined tomorrow evening after Austrade. Output 1.1.10, Security, nuclear disarmament and non-proliferation, will be heard immediately after the morning tea break this morning.

When written questions on notice to the committee are received the chair will state for the record of the name of the senator who submitted the questions, and those questions will be forwarded to the department for answer. The committee has resolved that Thursday, 26 July 2007 is the return date for answers to questions that will be taken on notice at these hearings.

Please note that under standing order 26 the committee must take all evidence in public session. This includes answers to questions on notice. Witnesses are reminded that the evidence given to the committee is protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee and such action may be treated by the Senate as a contempt. The giving of false or misleading evidence to the committee may also constitute a contempt of the Senate.

The Senate by resolution in 1999 endorsed the following test of relevance of questions at estimates hearings. Any questions going to the operations or financial positions of the departments or agencies which are seeking funds in the estimates are relevant questions for the purpose of an estimates hearing. The Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees, unless the parliament has expressly provided otherwise. An officer of a department of the Commonwealth or a state shall not be asked to give opinions on matters of policy and shall be given a reasonable opportunity to refer questions asked of the officers to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies, or factual questions about when and how policies were adopted.

If a witness objects to answering a question, the witness should state the grounds upon which the objection is taken and the committee will determine whether it will insist on an answer, having regard to the ground which is claimed. Any claim that it will be contrary to public interest to answer a question must be made by the minister and should be accompanied by a statement setting out the basis for the claim.

Minister, welcome, and good morning. Do you or your officers wish to make any opening statement?

Senator Coonan—Thank you, Chair; good morning. No, I have no opening statement, and the officers do not either.

[9.06 am]

CHAIR—Then we will start with questions for the portfolio overview.

Senator FAULKNER—The first question I have, Mr Chester, relates to the change to the outputs. It seems to me that there has been a change to the numbering of the outputs. Could you briefly explain that to the committee? In asking for that explanation, I explain to you that this might mean some complications in questions being asked by committee members. In

places there is quite a substantial change. Could you outline to the committee why this has occurred?

Mr Chester—The primary reason for the change in the numbering of the outputs was that the department did a reorganisation of divisions late last year and, as a result of that reorganisation, responsibility for various geographic areas was separated and realigned. For example, what was the Americas and Europe Division was split into two divisions: the Americas Division and the Europe Division; the division that was the South and South-East Asia Division was changed and we created a new division that picked up South Asia, the Middle East and Africa. The Africa part of that division came from what was the Pacific, Middle East and Africa division, and we now have a single division that looks after Pacific issues. That is the main reason for the change in outputs. It is just a realigning of geographic responsibilities.

Senator FAULKNER—Would I be right in suggesting that, since the estimates committee last met, the issues surrounding, for example, Mr Hicks and his transfer to Australia might well appear under 1.1.3, 1.1.9 and 2.1? I am just using this as an example of the sort of complexity that we have.

Mr Chester—Those issues will primarily be ones that are dealt with under 1.1.9, the International organisations, legal and environment output. There may be elements that are picked up by other divisions.

Senator FAULKNER—On the costs in relation to—this is a hardy perennial now at this committee—the Trent Smith case, and I have some questions I want to ask in relation to this character Hyndes: is that 1.1.2 or is it also 1.1.9?

Mr Chester—This has normally been dealt with under portfolio overview in the past, I think, but it is probably 1.1.9.

Senator FAULKNER—Would you prefer to deal with it under portfolio overview or is it 1.1.9?

Mr Chester—It is probably primarily 1.1.9, given that at the moment it is a legal issue—it is before a court so it is our legal area that has the carriage of it.

Senator FAULKNER—Could I respectfully suggest that the department is going to have to be just a little flexible here in terms of some of these outputs, given that they have changed and answers have come in for other areas and the like. I might just flag that with you and the officials. But thank you for that. I am not entirely clear what all these changes mean but, given that when the original structure was put in place I did not understand that either, it is not surprising.

I want to ask about responses to questions on notice from the additional estimates round hearings on 15 February. Can you confirm that answers were due to questions on notice from that round on Thursday, 29 March?

Mr Chester—That is correct.

Senator FAULKNER—You may not be aware of when the secretariat of this committee received most of DFAT's responses to questions on notice.

Mr Chester—It was 8 May.

Senator FAULKNER—You are aware of that?

Mr Chester—I am.

Senator FAULKNER—I was going to say you would at least be aware of when they were sent, I would hope.

Mr Chester—They were submitted to the committee secretariat on 8 May.

Senator FAULKNER—They were submitted on the eighth. Okay.

Mr Chester—Sorry, 79 of the 80 questions were submitted on that date.

Senator FAULKNER—And one on Wednesday, 23 May.

Mr Chester—That is correct.

Senator FAULKNER—When were the answers to those questions on notice forwarded to Minister Downer's office for approval?

Mr Chester—Of the 80 questions, 68 were submitted on 26 March and the remaining 12 were submitted on 29 March.

Senator FAULKNER—Sorry, 68 on 26 March?

Mr Chester—On 26 March, and on 29 March the remaining 12 responses were submitted to Mr Downer.

Senator FAULKNER—So are you able to say, Senator Coonan, what happened in the ensuing period of time, which is the best part of two months, given that for 68 of these questions drafts go to the minister on 26 March and 12 go on 29 March, and most of them are received by this committee on 8 May? What was Mr Downer doing?

Senator Coonan—All I can do is speculate, but it takes some time to clear them, and no doubt they were attended to as the minister saw fit.

Senator FAULKNER—So he just saw fit to ignore the due date for answers to questions on notice?

Senator Coonan—I am sure he did not do that deliberately, Senator. It takes some time to clear questions in the minister's office, and I am sure that is what occurred.

Senator FAULKNER—It obviously takes Mr Downer a hell of a lot of time. Do we know to how many of those 80 questions the draft answers were approved unamended?

Senator Coonan—I am not in a position to know that.

Senator FAULKNER—I did not expect you would be, but Mr Chester might know.

Mr Chester—If I could add to the previous question, there was some overseas travel by Mr Downer at that time—in early April. Soon after we had submitted the draft answers to him he undertook some overseas travel, which no doubt impacted on his ability to consider the answers we had provided. Of the 80 responses, I believe there was only one that he did not tick off on, and that was the one that was submitted on 23 May.

Senator FAULKNER—So 79 of 80 answers were approved in their entirety, but they were approved many weeks after they were submitted for approval to the minister?

Mr Chester—It is probably a bit more complicated than that. The 68 questions submitted to Mr Downer on 26 March were approved by him on 17 April. The 12 answers that were submitted to him on 29 March were approved by him on 8 May, other than the one answer that was amended. All the 79 that had been approved by him were submitted to the committee secretariat in one batch on 8 May.

Senator FAULKNER—Given that a substantial number of the answers to the 80 questions on notice were approved by the minister on 17 April, why the delay until Tuesday, 8 May for them being submitted to the committee?

Mr Chester—I do not know the answer to that. I would like to take it on notice.

Senator FAULKNER—You seem to have a lot of information there. One would suggest that you anticipated some questions being asked about questions on notice, which would not be unusual, given that—

Mr Chester—I always do. I should like to point out that the time we did get them all done on time we unfortunately were not asked about it, which was quite disappointing for me.

Senator FAULKNER—Given that it has been such a rare occurrence, it would be.

Mr Chester—We have been batting at about 33 per cent, I think, in the last 12 months. I think that is okay.

Senator FAULKNER—The issue here is that a significant number of these things were in fact approved by the minister for them to be submitted to the committee on 17 April. I assume that is the batch that in the end was included in the batch on 8 May. It seems to me to be a perfectly reasonable question to ask: why the delay? The whole thing has been delayed.

Mr Chester—Yes, I agree; it is a reasonable question. I just do not know the answer to it, and I will take it on notice. We will try to find out why there was that delay.

Senator FAULKNER—Given that you are asked these questions regularly about questions on notice, would you describe this effort as a pretty poor one in responding to the questions on notice of 15 February? I would.

Mr Chester—It is disappointing.

Senator FAULKNER—‘Disappointing’ is the word you would use.

Mr Chester—Yes.

Senator FAULKNER—So you would be able to guarantee to the committee that the department will be lifting its game?

Mr Chester—We will try to respond within the appropriate time frame next time, as we try each time.

Senator FAULKNER—I do not have any other questions on questions on notice.

CHAIR—Do you have any further questions on the portfolio overview, Senator Faulkner?

Senator FAULKNER—I am happy to deal with the other matters in the—

CHAIR—In the output area?

Senator FAULKNER—other matters on which I have questions. I have explained to Mr Chester—and I stress with you, Chair—that, because of some of these changes in relation to the outputs, there will need to be an understanding on the part of the department that we might ask a question in the wrong output area. I am just worried that if we go past something we might need to come back to it.

[9.19 am]

CHAIR—I know it is a revolutionary ambition on my part but I am keen to work within the output structure as far as possible. We will see what happens to my lofty ambition. We will move to output 1.1, Protection and advocacy of Australia's international interests through the provision of policy advice to ministers and overseas diplomatic activity, and start with 1.1.1, North Asia.

Senator FAULKNER—In relation to the Asia-Pacific security arrangement, a media report claimed that Australia had been approached to expand its three-way security arrangements with Japan and the US to include India as a counter to China's growing influence in the region. Can an official confirm whether that is the case and whether the reports that the Japanese government and US Vice President Cheney are supposed to be in support of such a concept?

Ms Rawson—That report is not strictly accurate. A trilateral strategic dialogue between Japan, Australia and the United States has been underway for several years and has included two ministerial meetings. There has been a proposal for a separate discussion, which has been called, I think, the quadrilateral discussions, involving Japan, the United States, Australia and India. That is not meant to be an addition to expand from the trilateral strategic dialogue; it is to be a separate process. I might add that in recent days there has been the first informal meeting of officials from those four countries to look at issues of common interest. One example of those would be disaster relief.

Senator FAULKNER—Who took the initiative for those officials from the four countries to come together?

Ms Rawson—It was a proposal from the Japanese government.

Senator FAULKNER—Is it true that such a—using your term—quadrilateral initiative is supported by the US administration, too?

Ms Rawson—The four countries attended the meeting, so I would say that is indicative of an interest in having exploratory discussions. I cannot speak any more for the United States government than the fact that it attended the meeting.

Senator FAULKNER—But has the Australian Minister for Foreign Affairs, Mr Downer, ruled out 'some sort of quadripartite security alliance'?

Ms Rawson—I am not familiar with that particular quote but, as I explained, this is not a quadripartite security alliance. This is a meeting of four countries which share some values and growing cooperation in the Asia-Pacific. The discussions are certainly not driven by security considerations.

Senator FAULKNER—That is how Minister Downer is reported in the media on 4 April 2007.

Ms Rawson—I do not refute that. I said that the discussions are not a security dialogue, or alliance.

Senator FAULKNER—You are saying then that it is not a security arrangement. What sort of arrangement is it?

Ms Rawson—I think I would describe it as a natural partnership between countries which share values and growing cooperation.

Senator FAULKNER—Is the attitude of the Australian government to such a venture positive?

Ms Rawson—We attended the meeting—it was an exploratory meeting—certainly interested in seeing the areas in which there may prove to be further cooperation amongst the four countries.

Senator FAULKNER—Has there been any consideration that the department is aware of—short of a formal security arrangement—that enhanced security dialogue at all?

Ms Rawson—No.

Senator FAULKNER—Thank you for that.

Senator TROOD—Is there intended to be a public statement about this meeting?

Ms Rawson—No. No public statement was issued after the meeting. It was an informal meeting of officials in the margins of another meeting.

Senator TROOD—So there was no public statement and it is not proposed to convey the content of the discussions to any other countries?

Ms Rawson—No, the discussions as you would understand, were among the four parties on the basis that there would not be a detailed account of them, which is the normal situation in regard to such international bilateral or multilateral meetings. But, as I said, certainly the four participants in the meeting were agreed that it was one which reflected the natural partnership between countries sharing some fundamental values and interested in growing cooperation.

Senator TROOD—I understand that. Is there a plan to have a further meeting?

Ms Rawson—At this stage nothing has been set for a further meeting but certainly I would not be surprised if another one were to be held in future. But there was no arrangement for a further meeting.

Senator TROOD—Thank you. Mr Baxter, perhaps you are the person to answer this. Could you give us an account of where we are in relation to the six-party talks on North Korea?

Mr Baxter—As you know, the six parties met in February and on 13 February reached agreement on a statement which set out initial actions which would start generating real progress on dismantling the North Korean nuclear weapons program. Under that 13 February agreement, it was agreed that within 60 days North Korea would shut down and seal its

nuclear reactor at a place called Yongbyon, including the reprocessing facility, and that IAEA inspectors would be allowed in to verify that that action had been taken. The six parties agreed—and specifically the United States—that they would take action to remove any barriers that had been placed by any of the six parties or by a particular bank in Macau on transferring funds that the North Korean government had deposited in that bank.

Since 13 February there has been a significant amount of effort made to try and facilitate the transfer of those funds and thus allow North Korea to proceed with the action of sealing its reactor. But, unfortunately, as of now there still has not been a physical transfer of those funds from the bank in Macau into an account which is satisfactory to the North Korean side. There are a range of issues as to why that transfer has not taken place. In particular, as I understand it, there is an unwillingness amongst international banks to deal with North Korean funds because of their concerns that some of those funds may have been generated by illicit activities and there are issues of the reputation of banks that may be considering taking the deposit of those funds.

North Korea initially wanted the funds that were kept in a particular bank in Macau transferred back to North Korea. Then it slightly changed its approach and made it clear that it wanted those funds transferred to an international bank. It appeared that North Korea was motivated by a desire to use the resolution of this issue to give itself access to the international banking system on an ongoing basis because, clearly, the reputation of North Korea as a country that is worth being a banker for is pretty low in the international community, given its record of carrying out illicit activities.

So at the moment, as we understand it, there are efforts being made to identify a bank which would take the deposit of those funds. The North Koreans have reaffirmed both to the six parties and to us through our bilateral discussions with them that they still intend to meet their commitments to shut the reactor, but they will not do so until physically the funds are deposited in a bank that is satisfactory to North Korea.

Senator TROOD—Who has carriage primarily of trying to sort out this situation?

Mr Baxter—It is an issue for all of the six parties. I know from our own discussions that the United States is working very hard on this. The South Korean government is also working hard, as are other members of the six parties. But, of course, governments cannot compel international banks to take the deposit of those funds. And, as I say, there are issues relating to where those funds are actually generated from, what sorts of activities led to those funds being generated, and those issues have to be worked through before the issue can be resolved.

Senator TROOD—While this is being sorted out, do you or do the six parties, as you understand it, continue to remain confident that the North Koreans will implement their side of the arrangement provided the funds are transferred? In other words, at any point when the funds are transferred will they continue to do what they are expected to do, or is there a deadline, do you think, that might preclude them from doing that?

Mr Baxter—There were deadlines that were set out in the 13 February statement. The initial phase of the implementation of the 13 February agreements was supposed to take place within 60 days. That took us up to the middle of April. Clearly, that deadline has gone by. It is not entirely clear as to, if you like, when the clock would start after the funds are transferred,

in terms of the time that the North Koreans will claim that they need to take the actions that they are committed to taking, in the February agreement.

Are people confident? The history of this issue shows that you bank something when it happens, not before. We are pleased that the North Korean government in its public statements is saying that it is still committed to implementing its commitments once these transfers take place. But it remains to be seen whether it will do so.

Senator TROOD—This is probably an impossible question, but do you think we are looking at days here or weeks to sort this out?

Mr Baxter—This issue has gone on, as I mentioned, certainly for over a month past the deadline when we hoped it would happen. There is an enormous amount of effort being made at the moment to try and facilitate the bank transfers which North Korea requires before it will start to dismantle its reactor. We had hoped that the issue would have been resolved by now. It is hard to put a time frame on it, but there is no question that people are very conscious of the need to have this issue of the bank transfer resolved quickly so that North Korea can then meet its commitments.

Senator TROOD—It is a rather important development, isn't it? In a sense, we managed to get the Koreans to a point where they agreed to take steps which the other parties were all anxious they should take, so it is rather important that we get this sorted out as soon as possible, I hope you would agree.

Mr Baxter—I think that is right. But the funds themselves, having been the subject of action by the US Treasury, are seen as somewhat tainted. I am sure from that you would understand that the international banking community is not lining up to become the recipient of those funds, so there are certain legal and other issues, as we understand it, that need to be resolved before the transfers can take place.

Senator TROOD—I see.

CHAIR—Are there further questions on 1.1.1?

Senator NETTLE—Following the Prime Minister's visit to Japan, could somebody give me an update and an indication of what issues were raised around comfort women?

Mr Baxter—Prime Minister Howard raised this issue when he was in Tokyo in March, including with the Prime Minister of Japan, Mr Abe. Mr Howard said it was an appalling episode and he repudiated any suggestion that no coercion was involved.

Senator NETTLE—Was that in response to Shinzo Abe's comment about there being no proof that these women were forced into sex slavery?

Mr Baxter—As you know, there was publicity about comments that were made in Japan at the time. Our position on this issue is very clear and, as I set out, the Prime Minister made clear to the Japanese government Australia's position on this issue. We also welcomed Prime Minister Abe's apology of 26 March to the wartime victims of sexual slavery, or comfort women, and his endorsement of the 1996 Kono statement of official acknowledgement and apology. Mr Abe repeated his expression of sympathy and remorse during his visit to the United States on 26 April.

Senator NETTLE—At the beginning you read out a statement that the Prime Minister had made. Can you read that again for me?

Mr Baxter—During his visit to Tokyo in March, Mr Howard said that the issue of sexual slavery was an appalling episode and he repudiated any suggestion that no coercion was involved.

Senator NETTLE—Has the Prime Minister or any other Australian government official ever raised with the Japanese government the issue of compensation for the comfort women?

Mr Baxter—Australia accepted the 1951 San Francisco Treaty of Peace as addressing the issues of compensation and reparations by Japan for Australian prisoners of war and civilian internees, including comfort women, so there is no effective legal recourse for the Australian government to seek reparations for comfort women. However, the government does not seek to dissuade any individual or group from pursuing actions against the Japanese government relating to their wartime experience.

Senator NETTLE—Has the Prime Minister or any other Australian official ever raised with the Japanese government the issue of the teaching of the history of World War II and the comfort women in that?

Mr Baxter—Yes. Successive Australian governments have encouraged Japan to come to terms with its past and have welcomed efforts to educate the current generation about Japan's actions during World War II, including the sexual exploitation of women by the Japanese military.

Senator NETTLE—On that front, are any active discussions going on?

Mr Baxter—It is an issue that arises from time to time in terms of Japan's relations with its neighbours and it is something that we talk to the Japanese about. In terms of Australia raising any particular concerns, as I mentioned, we encourage Japan to come to terms with its history and to deal with that history, including domestically.

Senator NETTLE—Can you give me an indication of when was the last time that we raised with the Japanese government the issue of the teaching of history in Japan?

Mr Baxter—I do not have any information that I can give you on specific incidences in the last few years. In the context of Japan's relations with neighbouring countries, though, we have over the last few years raised with Japan the issue of needing to deal with the concerns of neighbouring countries about its history. We have been encouraged by the improvement in Sino-Japanese relations. You may be aware that this issue of history has been discussed quite extensively between Japan and its neighbours, including agreement during Prime Minister Abe's visit to Beijing last year for a joint working group to be established between Japan and China to deal with some of these issues. Similar discussions have been held between the Korean and Japanese governments in recent years.

Senator NETTLE—Are we involved in any multilateral discussions with other countries—like through the United Nations—or other regional areas about the issue of comfort women?

Mr Baxter—No, we are not.

Senator FAULKNER—I would like to know whether the North Korean nuclear issue comes in under this one.

Mr Baxter—Yes, it does.

Senator FAULKNER—As I understand it, North Korea has failed to meet a deadline for halting operations at its nuclear facility. There has also been an issue in relation to allowing IAEA inspectors into that site. Can you tell the committee if that is still the current situation?

Mr Baxter—There was an agreement—as I mentioned in an earlier answer—on 13 February that committed North Korea and the other six parties to taking certain action within defined time periods. The two headline actions were, firstly, that funds that North Korea claimed belong to it, which were frozen in a bank account in Macau, would be unfrozen and transferred back to North Korea. At the same time, North Korea would seal and shut down its nuclear facility at a place called Yongbyon and it would readmit the IAEA inspectors.

Neither of those actions has been completed within the 60 days stipulated in the agreement, which took us to the middle of April. On the part of the transfer of the funds, there are still a number of difficult legal issues that are holding up the transfer of funds, not least of all the fact that some of the funds have been characterised as funds derived from illicit activities. The North Koreans have made it clear that, until the funds are physically transferred into a bank that they are happy with, they will not commence the action to shut down and seal their reactor and allow the IAEA inspectors back in, although they continue to reaffirm that once the transfer of funds has taken place they are still committed to meeting the commitments made under the 13 February agreement.

CHAIR—Senator Faulkner, I think you may have been diverted, but Senator Trood did pursue these issues earlier.

Senator FAULKNER—Yes, but I wanted to ask about the March DFAT delegation to Pyongyang. That was early March, wasn't it?

Mr Baxter—It was about the middle of March.

Senator FAULKNER—Have there been any other delegations from DFAT to Pyongyang since that time?

Mr Baxter—No, there have not. I led the delegation in March and held discussions with a number of senior members of the North Korean government. At the time of the visit the North Korean government proposed that it would send a return delegation to Australia, led by their acting foreign minister. We agreed to accept that delegation's visit to Australia on the strict condition that North Korea had taken action to seal the reactor and allow the IAEA back into North Korea. The North Koreans had proposed to visit Australia on 19 April but at that time they had not taken the action to seal the reactor and allow the IAEA to return, so we postponed the visit until such time as they do so.

Senator FAULKNER—What about other representations following your delegation's visit? Have there been ongoing representations and activity on this issue?

Mr Baxter—Yes, there have been. I have met with the North Korean Ambassador on several occasions since my visit to North Korea in March, and on each occasion we have urged the North Korean government not to delay and to take the steps the international

community wants to see in North Korea starting the process of dismantling their nuclear program.

Senator FAULKNER—I assume this comes under this subprogram: what involvement has the department had in the Dalai Lama's pending visit? Am I in the right subprogram for this?

Mr Baxter—Yes, you are. I am not sure, specifically, what you are asking.

Senator FAULKNER—What, if any, involvement has DFAT had in the pending visit of the Dalai Lama? In other words, are officials assisting in organising the Dalai Lama's visit?

Mr Baxter—No. Officials are not assisting in organising the Dalai Lama's visit in terms of organising or facilitating his program. The Dalai Lama is visiting Australia in his position as a significant religious leader and his visit is being organised by Tibetan support groups within Australia.

Senator FAULKNER—Are you aware of any engagements that have been made or scheduled with the Prime Minister, ministers or other government officials?

Mr Baxter—I can only speak for our portfolio. The Minister for Foreign Affairs said, a little over a week ago, that he would not be available to meet the Dalai Lama on this visit. In terms of the Prime Minister, that is outside our portfolio responsibilities.

Senator FAULKNER—Was a meeting requested with the foreign minister by the Dalai Lama?

Mr Baxter—Yes, it was. As we understand it, the Tibetan affairs office in Australia has approached a number of political leaders on both sides of politics.

Senator FAULKNER—Yes, I think that is true. Has the government received representations from the Chinese in respect of the Dalai Lama's visit?

Mr Baxter—Yes, we have.

Senator FAULKNER—Could you indicate the nature of those representations?

Mr Baxter—The Chinese position on the Dalai Lama is well known. The Chinese have raised with us in bilateral meetings their concerns about the visit, and on 17 May in a press conference in Beijing China's Ministry of Foreign Affairs spokesperson restated Beijing's well-known position on the Dalai Lama and the Tibet question, opposing meetings by political leaders with the Dalai Lama. In those comments the ministry of foreign affairs in Beijing did not mention Australia specifically, or Australian leaders.

Senator FAULKNER—But in terms of direct contact with DFAT itself, has that been quite substantial?

Mr Baxter—There have been a number of representations made by Chinese representatives in Australia and during visits to China by Australian ministers and officials.

Senator NETTLE—Can you give any update on action by the Australian government in response to the allegations of organ harvesting in China?

Mr Baxter—This is an issue that we have done quite a lot of work on over a long period of time. There are a number of different aspects to this, as you would know. There is the issue of organ transplants generally in China. There are particular accusations that have been made by

certain groups, particularly the Falun Gong supporters, on how the organ harvesting policy in China, allegedly, may have been applied to supporters of Falun Gong. There is the issue of allegations of harvesting the organs of executed prisoners for transplant. I would be happy to answer any questions on those that you might have.

Senator NETTLE—Can you give an update on each of those areas? I do not know what format you have the information in.

Mr Baxter—China's State Council has introduced new regulations which have banned organ trading and strengthened the oversight of all transplants, including requiring written consent from donors from 1 May 2007. We certainly welcome those new regulations. Those regulations follow up on temporary regulations that were introduced by the Ministry of Health in July 2006. In discussions with our embassy in Beijing, the Chinese Ministry of Health have advised us that the new regulations that have been passed have greater authority than the previous temporary regulations. According to the Ministry of Health, Chinese hospitals and doctors who perform organ transplants must conform to certain minimum medical and ethical standards, trade in organs is prohibited under the new regulations, and transplant surgery can be conducted only after obtaining the donor's informed written consent.

These new regulations reaffirm the requirement for informed written consent from donors and they outline penalties for institutions and individuals involved in illegal or unauthorised transplants. Penalties, including fines, the revocation of individual medical practitioners' practising certificates and the removal of official institutional authorisation to conduct organ transplants, apply under the new regulations. It is too early to assess the deterrence value of the penalties, but we recognise China's new regulations as a positive step. So China has taken action to address the concerns that have been voiced over the past few years about the practice of organ transplants within China.

On the issue of allegations that organs were harvested from Falun Gong practitioners, it is the government's position that we have not seen evidence that proves that these allegations are true. But, that said, we have urged the Chinese government to conduct an open and transparent investigation into those allegations and to publish the findings on those allegations. As yet they have not done so. But we would note that none of the major international human rights groups have made a judgement that the accusations have been proven as yet.

Senator NETTLE—We had some discussion at previous estimates about the David Kilgour report. Has there been any follow-up by the Australian government in response to that report?

Mr Baxter—We studied the report very carefully and met with Mr Kilgour when he was in Australia. As I said, we do not believe that the evidence provided in that report proved the allegations but, given the serious and disturbing nature of the allegations, we have urged China to investigate them.

Senator NETTLE—Can you give me an indication of how that has occurred—the urging of China to investigate them?

Mr Baxter—We have done that in our human rights dialogue with China, most recently in July 2006. We have also raised it, separately from the human rights dialogue, in our discussions with Chinese officials, both through our embassy in Beijing and here in Canberra.

Senator NETTLE—When is the most recent time that that would have been raised with the Chinese?

Mr Baxter—The most recent time would have been at the human rights dialogue in July 2006. But, as I mentioned, we have had an ongoing dialogue with the Ministry of Health in Beijing through our embassy. As China has promulgated its new regulations, we have met with senior officials from the Chinese Ministry of Health to get as much detail as we can on how the new regulations are being implemented and the time frames in which they are being implemented.

Senator NETTLE—In your outline at the beginning you were talking about Falun Gong practitioners, ova or organ harvesting and prisoners. Is there any update that you can give us about Chinese prisoners and any organ harvesting from them?

Mr Baxter—China has acknowledged that organs from executed prisoners are used for transplants in China. We oppose this practice and would urge Australians to think twice before travelling to China for transplants. In discussions with our embassy in Beijing China's Ministry of Health has made it clear to us that the new regulations, which I mentioned and which came into effect on 1 May, also require prisoners to provide written consent before their organs can be donated.

Senator NETTLE—Can you indicate how the Australian government is urging Australians to be careful or not travel to China for organ transplants?

Mr Baxter—What I said was that we would urge Australians to think twice before travelling to China for transplants. As you know, Australian citizens are not required to inform the government of the purpose of their private travel. There is no legislation in place that prevents Australians from travelling to any particular country to undergo any particular medical procedure, so the ability of the government to intervene in this area is limited.

Senator NETTLE—Is there any information, for example on the DFAT website, for people travelling to China that raises this issue with them?

Mr Baxter—I would have to defer to my consular colleagues who are responsible for our travel advice on that question. I think generally there is advice on the DFAT website about some of the problems that can attend to medical treatment in countries where the standards are not as high as in Australia.

CHAIR—Mr Smith, do you wish to add to that?

Mr Smith—The travel advice for China does advise Australians that the standard of medical care and the range of familiar medicines available in China and other destinations are often limited, particularly outside the major cities. Beyond that, the issue of receipt of organ transplants has not to our knowledge been a problem with Australians travelling to China. The travel advice is very much informed by the nature of the risks that Australians face so we have limited the language to the general formulation that I have mentioned.

Senator NETTLE—There has been a bit of media commentary about pollution fears for the Beijing Olympic Games. Is this an issue that the Australian government has raised with the Chinese government?

Mr Baxter—Not in this portfolio.

Senator NETTLE—Has the Australian government raised any issues in relation to concerns about any human rights implications associated with the holding of the games? For example, we see the removal of people from slums and the restrictions on people's freedom of expression during the period of the Olympics. Have any of those sorts of issues been raised by the Australian government with China around the Olympics?

Mr Baxter—We raise human rights issues with China as they arise and also in the context of our formal dialogues. We have concerns about aspects of China's human rights performance. Some of those we raise on an ongoing basis. We are aware of reports from reputable human rights groups that the Olympics may have become a catalyst for a crackdown in certain areas of human rights in China. Our position is that over the last few years we have observed a slow but positive improvement in human rights in China. Many of those have been economically driven, but there are issues of concern, such as steps to reinforce existing media controls, the ongoing harassment and detention of legal professionals, journalists and political activists, and continued restrictions on freedom of assembly, association and speech. The Australian government would be deeply concerned if China were to use the Olympic Games as the rationale for a harder line on human rights and individual freedoms. We believe that China's approach to human rights issues will frame international perceptions of China, its developments and its Olympics.

Senator NETTLE—Can you indicate for me whether there have been any specific discussions with China about the Olympics and human rights?

Mr Baxter—Our discussions with China on human rights are not framed in the context of the Olympics. We have an ongoing dialogue with China. If the Olympics were, as I mentioned, to become a catalyst for a harder line, we would raise that. But the issues that have been identified by particular groups of being concern in the lead-up to the Olympics are ones that we have an established dialogue with the Chinese government on.

Senator NETTLE—When was the last human rights dialogue with China?

Mr Baxter—It was in July 2006. The next one will be in July this year.

Senator NETTLE—You said that the Australian government believed there was evidence of an improvement in the human rights situation in China. Can you outline that evidence?

Mr Baxter—Absolutely. Probably the most dramatic improvement in China's human rights has been China's economic development, which has seen about 400 million people lifted out of poverty over the last two decades. So there is no question in our mind that Chinese people enjoy a level of prosperity and individual freedom at this point in time that they have not had in the past. There have been improvements in access to information, although there is room for further improvement there, and Chinese people generally are able to exercise more freedom at this point in time than they have at any point since the late 1940s.

Senator NETTLE—In your statement beforehand you indicated areas in which there had been a downturn in human rights. Do you outline media as one of those areas?

Mr Baxter—Yes; the tightening of existing media controls, including the use of the internet. I mentioned the ongoing harassment and detention of journalists, which is part of that process. There is also the ongoing harassment and detention of lawyers and human rights activists and restrictions on the right to freedom of assembly, association and speech. We are saying that while there has been an improvement there are still a number of areas where we want to see further improvement.

Senator HOGG—Are we contributing to a program within China on human rights?

Mr Baxter—Yes. AusAID manages a human rights technical cooperation program.

Senator HOGG—That is not directly out of the DFAT budget but out of the AusAID budget.

Mr Baxter—That is right.

Senator HOGG—What is the contribution? I know AusAID are coming up later today.

Mr Baxter—Off the top of my head I think it is about \$30 million per year, but AusAID officers, I am sure, will give you more accurate information.

Senator HOGG—So all of the activity on that front is very much confined to AusAID and not to department officers as such?

Mr Baxter—DFAT manage the annual human rights dialogue process with China. We will talk to AusAID about issues that arise out of the dialogue that lend themselves to being supported through the human rights technical cooperation program. AusAID participate in those discussions as well. As an example, if, through our dialogue, we identify an area related to human rights of capacity building in the judiciary or security forces, we will confer with our AusAID colleagues and suggest that this might be a useful area for focus under the technical cooperation program.

Senator HOGG—Right. If you identify a need, would they have to meet that out of existing or new funding?

Mr Baxter—They would incorporate it into the program and prioritise it.

Senator NETTLE—When I asked you the question about pollution in China and its impact on the Olympic Games, you said that nothing had been raised within the department. Can you suggest where else I can ask that question to find out if it has been raised? I would have presumed it was here.

Mr Baxter—We are broadly aware of concerns about China's ability to produce a suitable environment for the Olympic Games. I would imagine that the agency responsible for sports policy is the most likely portfolio that would be able to answer your questions—the minister for sport and his officials.

Senator NETTLE—If there was any dialogue with China, that would presumably come through the Department of Foreign Affairs and Trade, wouldn't it?

Mr Baxter—Not necessarily. There is also dialogue, as you would imagine, between the International Olympic Committee and the Chinese on the standards that China is required to meet. Now that we are getting closer to the Olympic Games, we are aware that the Australian Olympic Committee is also talking with the Beijing Organising Committee. Our involvement on Olympic issues relates to the facilitation of access to the games by Australian representatives and any of the consular issues that might affect the large number of Australians attending the Olympic Games.

Senator NETTLE—Is the human rights dialogue classified as overseas development aid to China?

Mr Baxter—No, it is not. My understanding is that the human rights technical cooperation program is, but the dialogue is a formal government to government dialogue and there is no aid component of it. It is really just discussing issues.

[10.18 am]

CHAIR—Thank you. That concludes questions on 1.1.1. Thank you, Mr Baxter. We will move on to 1.1.2, South-East Asia. I will start with a question in relation to the junta's decision not to change the status of Aung San Suu Kyi's detention and house arrest. Have the government made any comment on that and have they made any advances to the regime in Burma to advance the date of review?

Mr Grigson—This morning Mr Downer released comments about the renewal of Aung San Suu Kyi's detention. He said he was saddened and disappointed by the decision and that the situation in Burma remains bleak. On several occasions in the past month we raised the position of Aung San Suu Kyi and other political prisoners with the Burmese regime. The last representation was on Friday.

CHAIR—Do you have a copy of the minister's statement with you? Could that be tabled, because it is not on the website as yet?

Mr Grigson—I will get you a clean copy.

CHAIR—In relation to the ongoing issues surrounding this matter I understand the United States have reviewed their position on some sanctions. Has the Australian government considered reviewing our position?

Mr Grigson—We look at ways of dealing with the Burmese regime and its intransigence on these issues on a continuing basis. As you know, we have had a longstanding ban on the sales of arms and we restrict visits to Australia by members of the regime and those associated with it. We have a humanitarian assistance program and a very small trading relationship. I think the balance we have in our policy is the right one. We have given no recent consideration to additional sanctions.

CHAIR—In recent times have we raised any concerns about the construction of a nuclear facility in the country with the support of the Russian government?

Mr Grigson—We have been following the suggestions that there is a nuclear facility being built in Burma. It has been discussed but I need to check on the details of that for you. I will get back to you about that.

Senator FAULKNER—My first question has been drawn to my attention by a constituent. If the department wishes to see a further report on this it is available on the website: <http://mcmmanly.livejournal.com>.

CHAIR—That is very helpful, Senator, although the officers are not currently armed with computer facilities that would enable them to look at it.

Senator FAULKNER—No, I am not expecting that, but I am just providing the reference. However, I have been contacted by a constituent with a complaint about what was described as the behaviour of an Australian overseas. Effectively, this related to a car being driven by an Australian overseas, which was forced off the road by a Cambodian policeman because of a cavalcade of Australians on the road, at least two cars of which were displaying Australian flags. I believe this happened some time in February this year. I wondered if this issue, which a constituent raised with me, has been drawn to the attention of your desk, Mr Grigson.

Mr Grigson—Not in my division but I could check to see whether it has come up with the post.

Senator FAULKNER—If you would, I would appreciate it. As I said, the actual incident is outlined at the website. This constituent claimed that the cavalcade of cars was for Senator Calvert, the President of the Senate. I would appreciate knowing if any formal complaints have been lodged about this. It has certainly been drawn to my and other senators' attention. For this sort of travel, is any guidance given about how official cars are to ensure that they do not antagonise other travellers and those who are using the roads in whatever county it might be? Is that sort of guidance generally provided, Mr Chester? I know you are an expert in this. These convoys happen from time to time, don't they?

Mr Chester—The normal practice would be that arrangements are left to the host government to put in place and to organise. They are obviously best placed to determine what would be appropriate—and all elements of appropriateness such as impact on citizens et cetera. There may be the odd occasion when the embassy gives some advice or guidance or input to that but I think that is probably in more isolated instances.

Senator FAULKNER—Does the department do it by the posts or does it receive complaints from time to time about these sorts of things?

Mr Chester—No, I am not aware of any. That is not to say they have not happened, but I do not recall any in my time in the department.

Senator FAULKNER—It is very hard for me to make any judgement about this issue that has been raised with me but obviously the constituent concerned is very concerned about what occurred.

Mr Chester—I am aware that on occasion a VIP Australian that may be being escorted around may express views on how the motorcade proceeds.

Senator FAULKNER—I would appreciate knowing whether this has been drawn to your attention and, regardless, whether the department has any comment to make, having had a look at the details of what I would describe at this stage as the alleged incident.

Senator FERGUSON—Aren't arrangements for any visits from members of parliament from other countries dealt with internally by the country that they are visiting? For example, I

distinctly remember 12 or 14 years ago during the first delegation I ever went on—in Germany—that there were about eight outriders on motorbikes holding up all the traffic in Berlin because we were 10 minutes late. We certainly were the subject of a bit of finger pointing and a few other things. But that was by the locals. It is left entirely to the host government or the host foreign affairs department to make all the arrangements, isn't it?

Mr Chester—That is right. That was the point I was making. These are normally issues that the host government deals with and puts in place. As I said, there may be the odd occasion where the post may provide some input. A good example of that is that I am aware that some Australian parliamentarians do not like travelling at excessive speeds. The practice of the host government may well be to travel at close to 200 kilometres per hour down autobahns. If we are aware that a member of parliament is not comfortable with that, we will pass that on to the host government so that they take it into account.

Senator FERGUSON—I have not read this site that Senator Faulkner referred to but, if this is an Australian person complaining about something that happened in Cambodia or somewhere, I would have thought our concern would be if Cambodians complained about it—not if an Australian visitor to Cambodia was concerned about it. I would have thought it would have been of much more concern to us if it had come from the Cambodians.

Senator FAULKNER—In this case the person concerned was very embarrassed by it. I do not know if you were suggesting I was finger pointing. I do not know if there is any basis to this or not. That is why I have asked the question. I do not put it any higher than in the terms that I have suggested. I was not in Cambodia at the time and I certainly was not forced off the road by anybody, so I do not know the situation. I have just asked if there have been any complaints made; they have certainly been made to me. The department might care to at least establish whether there has been a more formal complaint apart from the one to me. It has been raised with me, I suggest, to do precisely what I have done. But I am not going any further and I cannot make any judgement about it beyond asking the officials a question, which I have done. I had not intended to progress it beyond that at this stage.

I want to ask about the case of Mr Peter Ellis, who I think headed up AusAID in Dili. There is an issue here for AusAID; I appreciate that and I know that they are going to be at the table later on. But I want to explore some elements of this matter that might be appropriately explored with the core department. However, Mr Chester will jump over that side of the table very quickly if that is not the case. I appreciate that, as I understand it, Mr Ellis was an AusAID official. But there has been some publicity about Mr Ellis's case. I would describe him as a whistleblower, or perhaps using the whistleblower provisions of the Public Service Act. The first thing I would like to ask is if, Mr Chester, you are broadly aware of this case.

Mr Chester—Yes, I am broadly aware of it.

Senator FAULKNER—Has there been an involvement or role here for the core department, as opposed to AusAID, in the handling of this issue?

Mr Chester—Yes, there was.

Senator FAULKNER—To save a considerable amount of time, Mr Chester, can you outline what the role of the department has been?

Mr Chester—Yes. First off, I should say that two of the complaints that Mr Ellis made that had been looked at are currently being reviewed by the Public Service Commission, so I just need to be careful in what I say, given that those reviews are still underway. Briefly, Mr Ellis made an initial complaint. He made that complaint to the Public Service Commission. The Public Service Commission referred that complaint to the department to examine. The department did that and reported back to the commission. The investigation that the department undertook determined that there was no case to answer, and that decision was notified to the complainant. Subsequently, around a year after that the outcome of that complaint was transmitted to Mr Ellis, I understand he asked for a review of that decision. That review is being undertaken by the Public Service Commission. There was a second complaint that Mr Ellis made—I believe it was some time late last year—against AusAID management in relation to the term of his posting. Again, that complaint was looked at by departmental officials. A conclusion was reached that, essentially, there was no foundation to the complaint. That was transmitted to Mr Ellis and, again, I believe he asked for a review of that decision.

Senator FAULKNER—Effectively, you have told us that there are two separate complaints. Is that correct?

Mr Chester—I believe there are two issues that are being reviewed by the Public Service Commission. Somebody will come forward and tell me if I am wrong, I am sure.

Senator FAULKNER—The complaints effectively have been handled by the department, not by AusAID.

Mr Chester—That is right. In relation to the first one, Mr Ellis put forward his complaint to the Public Service Commission. As I understand is their normal practice, they then asked the department to investigate. That was done.

Senator FAULKNER—Why don't they ask AusAID to investigate?

Mr Chester—You probably need to ask them that, although I suspect it is because, as far as the Public Service Act is concerned, the department itself is the core agency in relation to AusAID.

Senator FAULKNER—I just assumed that.

Mr Chester—The Public Service Act delegations for AusAID are transmitted through the secretary of the department.

Senator FAULKNER—I appreciate that. I just want to get clear the role of the department as opposed to AusAID, so that we are asking questions of the right people at the table. On this occasion it sounds like you are the right person to ask the questions of. Would you be able to outline to the committee your understanding of the time lines of these two separate complaints, please?

Mr Chester—I can try.

Senator FAULKNER—I think you can do better than try, Mr Chester.

Mr Chester—I understand Mr Ellis wrote to the Public Service Commissioner on 30 May 2005 detailing a code of conduct complaint. On 24 June 2005 the Public Service

Commissioner wrote to the secretary of the department asking that the department consider the complaint. On 11 July 2005 a senior officer in the department was appointed to investigate the complaint. That senior officer undertook quite detailed work to ascertain the various claims in relation to that complaint. The Public Service Commissioner was advised on 19 September of the outcome of that investigation.

As I said, I now understand that Mr Ellis has asked for a review of that outcome. He made that request for the Public Service Commission to review it on 31 October 2006. On 24 November 2006 the Public Service Commissioner asked the department to provide them with all the relevant documents from the investigation that was undertaken a bit over a year prior to that. Those documents were provided to the Public Service Commissioner on 21 December 2006. I believe that is the end of our involvement in this issue.

Senator FAULKNER—To be clear, can you outline to the committee your understanding of the two complaints? Just very briefly, how would you describe the first one?

Mr Chester—The first one was a complaint about a possible breach of the code of conduct by another person at the post. The second complaint was essentially complaining that Mr Ellis had not been accorded the full protection of a whistleblower. His allegation was that his posting had been impacted because he had made the first complaint.

Proceedings suspended from 10.30 am to 10.45 am

CHAIR—We will resume. I understand we are continuing with questions in relation to the Ellis matter.

Senator HOGG—Mr Chester, in respect of the first breach of code of conduct at the post, who were the players involved in that—not necessarily by name? Was it a DFAT officer and Mr Ellis or was it an AusAID officer?

Mr Chester—It was a DFAT officer.

Senator HOGG—As a result of whatever happened on that occasion, was that reported back up the line in DFAT?

Mr Chester—In what way? What do you mean?

Senator HOGG—Was it reported by the DFAT officer that Mr Ellis had refused to undertake certain instructions and that there had been an obvious disagreement or difference of opinion between Mr Ellis and the DFAT officer?

Mr Chester—I suspect this may well be going to—

Senator HOGG—To the Public Service matter?

Mr Chester—Yes, to the substance of what the commissioner is looking into, so I would be loath to go down that path.

Senator HOGG—It is just so that we can get some kind of idea, without going to the substance of the matter, of where the chain of events was leading. I am not trying to go to the merit; I am just trying to find out whether there was reporting back from the DFAT officer.

Mr Chester—I am not intimately familiar with the detail of the actual allegation and the issues that surround the actual allegation, but I would imagine that the involvement of perhaps

others and communications with others may well go to the heart of the issue that the commissioner is reviewing.

CHAIR—Senator Hogg, I think we should be guided by Mr Chester's caution on this matter, considering where it is with the commissioner.

Senator HOGG—I am treading very carefully. I am just trying to get some sort of picture as to what might have transpired, because later in the day, as you are aware, officers of AusAID will be before this committee and it may well be that questions might be more appropriately placed to them than with you, Mr Chester. That is why I was pretty careful not to go to the substance so much as to trying to work out the chain of events. You have given us a time line here which spans from 30 May right through to December 2006. I was just trying to establish prior to that what might have been the various interactions without going to the substance of those interactions and whether or not the department had been advised.

Mr Chester—I would not want to answer that question, but I think I can say personally that I am not aware of any communications from Ellis or others at the post prior to his lodging his complaint in May. That is not to say that they did not exist, but I am just not aware of any.

Senator HOGG—You are not aware of any?

Mr Chester—No.

Senator HOGG—So, prior to 30 May 2006, when Mr Ellis raised this matter with the Public Service Commission, you are not aware of any statements from the post in Dili on this matter?

Mr Chester—No, I do not think I said that. I said I was not aware of communications from the post back to Canberra. I think we now are transgressing into areas that I think are important for the Public Service commissioner to look into on this issue.

CHAIR—Senator Hogg, I am not sure that Mr Chester can go any further with his comments.

Senator HOGG—I appreciate the circumstance that Mr Chester is in, but, as I say, I am trying to get a broader picture of what has happened, which would be helpful. During this period, has the matter been wholly contained within officers of DFAT as opposed to being the subject of resolution by any of the officers of AusAID?

Mr Chester—I think, as I said earlier, the Public Service Commission asked the department to undertake that preliminary investigation. That was done within the department by a senior departmental officer.

Senator HOGG—By a DFAT officer?

Mr Chester—A senior DFAT officer, yes. Similarly, the second complaint was undertaken by a senior DFAT officer.

Senator HOGG—What has been the level of engagement, if any, by AusAID officers—do you know or are you aware?

Mr Chester—AusAID officers would have been—I do not know what the right word is—interviewed, consulted—

Senator HOGG—Questioned.

Mr Chester—questioned, asked to provide information in relation to both the investigations that were undertaken by the department.

Senator HOGG—But they were not given carriage of the matter?

Mr Chester—No.

Senator HOGG—To whom would Mr Ellis have been responsible at the post, an AusAID officer or a DFAT officer?

Mr Chester—He was an AusAID employee working in a post in a mission that is managed by the Department of Foreign Affairs and Trade, so officers such as Mr Ellis are in this difficult position of in a sense having two masters. The head of mission has the overall responsibility for the management of the post and ensuring that the output from the post is correct and appropriate. Similarly, Mr Ellis and other officers from other agencies that are at various posts have a responsibility back to their head office in Canberra.

Senator HOGG—If you could just clarify for me: once Mr Ellis had raised the issue, did Mr Ellis continue on in his position?

Mr Chester—This is in May 2005?

Senator HOGG—In May 2005.

Mr Chester—Yes, he did. I understand his posting finished in mid-2006—I think it might have been 28 July 2006 that was the end of the standard term of his two-year posting.

Senator HOGG—In May 2006 his posting finished?

Mr Chester—No, sorry, 28 July 2006.

Senator HOGG—What happened then?

Mr Chester—In what sense?

Senator HOGG—Where was he posted to after finishing that post?

Mr Chester—He returned to Australia. You will have to ask AusAID for the details of whether he went on leave or returned straight to AusAID.

Senator HOGG—So then your knowledge of Mr Ellis's movements cease, in a sense; he finished his posting on 28 July—

Mr Chester—In an official sense, that is right. He left the embassy on that date, and I guess that was the main element of importance.

Senator FAULKNER—Who does these postings, DFAT or AusAID?

Mr Chester—AusAID does them—for AusAID officers.

Senator FAULKNER—So DFAT itself would not know why the posting was not extended?

Mr Chester—I think this is probably also an issue that is being—

Senator FAULKNER—You just said it was a matter for AusAID.

CHAIR—Yes, but that does not mean that it is not a matter before the commissioner—I think is what Mr Chester is saying, Senator Faulkner.

Mr Chester—I think the point I was trying to make was that his posting finished in July 2006 and from that point on where he goes or what he does is really more a matter of AusAID than DFAT.

Senator FAULKNER—Yes, but what I am asking is whether these are issues for AusAID or DFAT. It is not a matter of saying, ‘Well, this is a matter that is being investigated.’ This is a process issue. Either it is a matter for DFAT or it is a matter for AusAID. If your answer is ‘That is an issue for AusAID,’ that is fair enough.

Mr Chester—I am sorry, but it depends on what you mean by ‘the matter’. I understood the matter we were talking about was what Mr Ellis did after finishing in East Timor, in Dili.

Senator FAULKNER—Yes, but everybody knows that the issue here is whether his posting was extended or not—that is an element of it, anyway. I was just asking whether the decision in relation to an extension or deciding not to extend such a posting is a matter for an AusAID officer like Ellis or a matter for DFAT.

Mr Chester—It is an AusAID decision.

Senator FAULKNER—I am trying to understand the timeframe that you have given for me in relation to the second matter. I do not really understand it. When did DFAT receive a complaint? I want to go through the process time line here, Mr Chester, in relation to the claim of victimisation or however you care to describe that matter. When did DFAT first receive that complaint from Mr Ellis?

Mr Chester—I believe it was 24 July 2006.

Senator FAULKNER—So the complaint was received on 24 July 2006—thank you for that. What is the next step? What happens then? I am limiting this to DFAT’s process here. I assume that complaint goes to DFAT—is that right? The 24 July communication from Ellis goes to DFAT?

Mr Chester—That is right.

Senator FAULKNER—That kicks off this part of the process?

Mr Chester—That is correct.

Senator FAULKNER—Does that go to a senior DFAT official?

Mr Chester—Yes, it does, and Mr Ellis wrote to a senior departmental officer.

Senator FAULKNER—What happens then?

Mr Chester—In a very general sense—

Senator FAULKNER—What does DFAT do once it gets the complaint?

Mr Chester—It investigates it.

Senator FAULKNER—At what level is the investigation carried out? Do you acknowledge that you get the letter, for example? What is the departmental procedure?

Mr Chester—I do not have the detail of what happened in this instance, but one would assume that there would be some acknowledgement or some communication between the department and Mr Ellis.

Senator FAULKNER—We do not know, but we assume that there would be an acknowledgement—right? Is that a fair way of summing up what you have said?

Mr Chester—I do not have the detail.

Senator FAULKNER—It sounds like you are assuming and assumptions are dangerous things. But it seems logical enough to me. I would hope that the department would acknowledge something like that. So you start an investigation?

Mr Chester—That is right.

Senator FAULKNER—Within DFAT. When did that investigation commence?

Mr Chester—I am not sure I have a precise date—probably some time around October, looking at the material I have.

Senator FAULKNER—Why the delay until October?

Mr Chester—I do not know.

Senator HOGG—But you gave us 31 October 2006 as the date of when Ellis asked for the decision of DFAT to be reviewed.

Mr Chester—No, that was for the first complaint. I think Senator Faulkner is talking about the second issue. If he is not then we are both totally confused.

Senator FAULKNER—Yes, he is, although the second issue is not well defined. This is effectively a complaint about victimisation—that is how I am describing it. We are talking about apples and apples here.

Mr Chester—Exactly. I am not sure I would describe it that way, but when you do I understand what the issue is.

Senator FAULKNER—I am happy to use a better descriptor if you have one. ‘Victimisation’ does not fit. Is ‘discrimination’ better? Is there less spin in that terminology—no spin intended?

Mr Chester—The wording I have is that there were allegations that DFAT and AusAID employees had engaged in reprisals against him to punish him.

Senator FAULKNER—Let us use that terminology—it was a reprisals complaint. That is fine. I am not sure there is a huge difference between ‘victimisation’ and ‘reprisals’, but I will take your word for it. You do not commence an investigation into this until around October. Now I am asking: why is there such a delay?

Mr Chester—As I said, I do not know why there was a delay.

Senator FAULKNER—The first complaint that you told us about was concluded from go to whoa in about 3½ months, wasn’t it? It kicked off on 30 May 2005 and Ellis was advised of the outcomes on 19 September 2005.

Mr Chester—I think it was actually closer to two months from the point at which the investigation commenced.

Senator FAULKNER—Fair enough. I added that up as three months.

Mr Chester—That was from when he made the complaint to the Public Service Commission. Then it was referred to DFAT, and DFAT appointed a senior officer to look into the complaint. The period from when we started it to when we finished it was closer to two months, I think.

Senator FAULKNER—All right—two months. This one kicks off on 24 July and an investigation starts around October. What level—I am not going to ask for a name here; I could, but I will not—of official is the investigating officer in DFAT?

Mr Chester—This is for the second—

Senator FAULKNER—Yes, we are talking about the reprisals complaint.

Mr Chester—Division head level.

Senator FAULKNER—Who appoints the investigating officer? It is not another Mr Chester special, is it?

Mr Chester—I do not understand. What do you mean?

Senator FAULKNER—I just wondered whether you did it.

Mr Chester—No.

Senator FAULKNER—Can you tell us who does? I thought it may actually be one of your responsibilities. You have a track record in these things.

Mr Chester—I do not understand. What do you mean?

Senator FAULKNER—You have had an involvement in other investigations in the department. I thought you might have been the person who decided who was responsible for determining who would conduct the inquiry. If it is not you, is that fine. I thought it was actually one of your responsibilities. Whose is it? Who decided?

Mr Chester—My understanding is that this was a preliminary assessment that was undertaken by the senior departmental officer. It was the officer that Mr Ellis had written to. My understanding is that, when we do these preliminary assessments, there is not a formal process of appointing someone to do the investigation.

Senator FAULKNER—So this effectively was self-initiated by the official themselves?

Mr Chester—That may be the case. I am not sure whether that is the right terminology, but Mr Ellis wrote to the right person in the department and that right person in the department undertook a preliminary assessment of his claims.

Senator FAULKNER—So in fact the addressee of Mr Ellis's complaint was the person who undertook the preliminary assessment and that person is a division head?

Mr Chester—That is correct.

Senator FAULKNER—And that preliminary assessment starts around October?

Mr Chester—That is right. In October the senior departmental officer wrote to Mr Ellis to advise that a preliminary assessment of his claims against a DFAT officer would be conducted by DFAT.

Senator FAULKNER—What happens then?

Mr Chester—My understanding is that Mr Ellis had made complaints about AusAID officers as well as a DFAT officer. In October, when the senior DFAT officer wrote to Mr Ellis, that officer indicated that we would be undertaking this preliminary assessment of his claims in relation to the DFAT officer but that he should take up his complaints about AusAID employees with AusAID. That is my understanding.

Senator FAULKNER—What was the date of that communication?

Mr Chester—That was the communication on 13 October 2006.

Senator FAULKNER—So it took 2½ months for somebody to tell him he ought to write to somebody else in relation to AusAID?

Mr Chester—I am not sure what the actual letter said. I do not have it and I am not sure what communication there may have been between the department and Mr Ellis between July and October; I just do not know.

Senator FAULKNER—I am just trying to be assured here that there is not some sort of deliberate go slow in relation to this. It seems to me that, if Ellis writes to the appropriate DFAT official on 24 July 2006 and it takes that official until 13 October 2006 to say, ‘We can deal with part of this, but part of your complaints in relation to allegations of reprisals ought to go to AusAID,’ that is a very long time for that communication to take to go back to Ellis.

Mr Chester—Yes. I do not know the circumstances for that delay.

Senator FAULKNER—Ellis was written to on 13 October by this official, saying they can make a preliminary assessment on part of his complaint—that is, the part that relates to DFAT officials—but cannot do so in relation to AusAID officials. Have I got that right?

Mr Chester—Yes.

Senator FAULKNER—So at this stage the DFAT assessment jettisons allegations of reprisals against AusAID officials and is now proceeding with whatever allegation exists in relation to reprisals against a DFAT official. Is that correct?

Mr Chester—I am not sure about the word ‘jettisoned’. I think we indicated to Mr Ellis that, in our view, he should take those issues up with AusAID.

Senator FAULKNER—What word would you like? You pick a word and I will use it.

Mr Chester—I have just told you how I would frame it.

Senator FAULKNER—I am using the word ‘jettisoned’ because that sounds pretty reasonable—

Mr Chester—As is your right.

Senator FAULKNER—particularly when it has taken the best part of three months to come to that decision. Anyway, you can use the word ‘dropped’ if you like.

CHAIR—Senator Faulkner, do you have a question for Mr Chester?

Senator FAULKNER—Yes. I asked Mr Chester if, from 13 October 2006, this particular inquiry is an ongoing preliminary assessment in relation to one DFAT official.

Mr Chester—That is correct.

Senator FAULKNER—So where does the time line go from that?

Mr Chester—My understanding is that, after receiving that advice from the department that he should pursue his complaints against AusAID officials with AusAID, Mr Ellis wrote to the Public Service Commission indicating that he felt unable to raise those complaints directly with AusAID.

Senator FAULKNER—Do we know why?

Mr Chester—No, I do not.

Senator FAULKNER—Did that affect the ongoing DFAT preliminary inquiries about a DFAT official?

Mr Chester—Do you mean in effect did it slow down?

Senator FAULKNER—Yes, or whether it impacted in any way.

Mr Chester—I am not sure. I do not know.

Senator FAULKNER—What do we know about what happens after 13 October?

Mr Chester—As I said, he wrote to the Public Service Commission at that time saying that he felt unable to raise these allegations directly with AusAID. The Public Service Commission wrote to the department in November asking that DFAT look into the allegations in respect of the AusAID employees; so, as well as the allegations in respect of the DFAT officer, to also look into the allegations in respect of the AusAID employees. That was on 24 November 2006. On 30 November 2006 the senior departmental officer who was looking into these issues wrote again to Mr Ellis to advise him that the department would be undertaking the preliminary assessment in relation to the DFAT and the AusAID employees.

Senator FAULKNER—So six weeks after the department had told Mr Ellis that it should not look into the AusAID officials or Ellis had expressed those concerns, by 30 November the assessment of both AusAID and DFAT officials is back into the hands of DFAT?

Mr Chester—I think, as I said, it was 13 October 2006 that we indicated we would not look at the AusAID officers and it was 24 November that the Public Service Commissioner asked us to look into the AusAID officers; that is right.

Senator FAULKNER—On 24 November?

Mr Chester—That is right.

Senator FAULKNER—I am sorry, I thought you said 30 November.

Mr Chester—No, the 24th. Then it was on the 30th that the senior departmental officer wrote to Mr Ellis to confirm to him that we would be looking at—

Senator FAULKNER—He was informed on 30 November that—is it still called a preliminary assessment?

Mr Chester—Yes, it is, according to my notes.

Senator FAULKNER—Okay—the preliminary assessment of DFAT now relates to both DFAT and AusAID officers. Is that right?

Mr Chester—That is right.

Senator FAULKNER—So his complaint is dated 24 July. Is it fair to say that the preliminary assessment has not even started on 30 November—or had it started? It does not sound like it had started.

Mr Chester—I am sorry, on which date?

Senator FAULKNER—He is informed that the preliminary assessment is now going to include both AusAID and DFAT officials, but had the preliminary assessment even started?

Mr Chester—Yes, it had, in relation to the DFAT officers, that is right.

Senator FAULKNER—What happens then with the preliminary assessment?

Mr Chester—As I said, they had started the preliminary assessment in relation to the DFAT officer prior to 30 November. On 30 November the senior departmental officer sought advice and material from AusAID officers. So the senior departmental officer proceeded with the preliminary assessment.

Senator FAULKNER—When were those documents sought from AusAID?

Mr Chester—The same day that we advised Mr Ellis that we would be looking at—

Senator FAULKNER—So that is 30 November?

Mr Chester—That is right.

Senator FAULKNER—So on 30 November that occurs and then the preliminary assessment in full swing.

Mr Chester—That is right.

Senator FAULKNER—What happens with the preliminary assessment then?

Mr Chester—As you say, it is in full swing. The senior officer—

Senator FAULKNER—That was slightly sarcastic. Let the record show sarcasm in brackets.

Mr Chester—It may well have been meant as sarcastic, but it was very accurate.

Senator FAULKNER—That is terrific! His complaint only went in on 24 July and I am sure we are all relieved to know that the preliminary assessment was in full swing on 30 November. That is great!

Mr Chester—As I said, the decision for the department to look into the AusAID officials was made on 24 November. On 30 November, the department wrote to the relevant AusAID officers asking for their input. That input was received from the AusAID officers in the first half of December.

Senator HOGG—When was that?

Mr Chester—Early part of December 2006.

Senator HOGG—Early December?

Mr Chester—Between the 7 and 12 December. Mr Ellis provided his material to the senior departmental officer in that same time period between 7 and 12 December.

Senator FAULKNER—Okay.

Mr Chester—Then in late January the senior departmental officer wrote to the DFAT and AusAID officers asking for their responses to some additional material that had been raised by Mr Ellis. That came out of the material that he provided to the senior departmental officer in early December.

Senator FAULKNER—So the preliminary investigation is still in full swing in late January?

Mr Chester—It is. Then unfortunately—well, not unfortunately, as a matter of fact—we had a change of senior departmental officer.

Senator FAULKNER—The word ‘unfortunately’ really worries me.

Mr Chester—I did not mean that. As you know—

Senator FAULKNER—As you know, you said ‘unfortunately’. Unfortunately, you said ‘unfortunately’.

Mr Chester—I would like to have that removed from the record.

Senator FAULKNER—It is just like my sarcasm; it will not appear in the right place.

Mr Chester—So we had a change of personnel. As you know, in our organisation there are very regular changes in personnel because we have so much movement in and out of central office to posts, so there was a change of senior officer looking into this issue. Mr Ellis was advised of that in late January. In the period from late January to early February, the DFAT officer against whom the complaints had been made and the two AusAID officers provided material to the senior departmental officer that was looking into this issue.

Senator FAULKNER—Let us stop there for a moment. This is still the preliminary assessment, isn't it?

Mr Chester—It is a preliminary assessment.

Senator FAULKNER—Even though it is more than six months since the letter went in, it is still the—

Mr Chester—It is a preliminary assessment, yes.

Senator FAULKNER—It is still a preliminary assessment six months later. I am not going to seek a name at this stage, but is the new assessing officer or investigating officer a division head also?

Mr Chester—They are an acting division head.

Senator FAULKNER—An acting division head. What happens then?

Mr Chester—I think we have got to the point of some time mid-February when, I think, by that stage the—

Senator FAULKNER—I was in late January—but, all right, mid-February.

Mr Chester—I think I said that, in the first two weeks of February, the officers in AusAID, against whom the allegations had been made, provided their input to the senior departmental officer. That material was received by the beginning of the third week of February. On 15 March, the senior departmental officer who was looking into this issue advised the secretary and Mr Ellis and the three officers—the one DFAT officer and the two AusAID officers—against whom the complaints had been made that the finding of his preliminary assessment was that it was unnecessary to establish a further investigation into the allegations made by Mr Ellis in July. As we know, Mr Ellis has asked the Public Service Commission to review that preliminary assessment made by the department.

Senator FAULKNER—So a letter went on 24 July 2006 and the preliminary assessment concluded on 15 March 2007—is that the normal time frame for these sorts of preliminary assessments?

Mr Chester—I do not know; I am not sure. We do not have a lot of them. It would depend very much on the complexity of them and the issues involved. This one was probably a bit more unusual in that it involved not just departmental employees but employees of AusAID as well. So I do not know. It would vary depending on the issues. I was not involved in this so I do not know the complexity of the issues that were being looked at.

Senator FAULKNER—So what is its current status? As far as DFAT is aware, is it now subject to review?

Mr Chester—Yes, it is now out of our hands. Mr Ellis asked the Public Service Commission to review it. The Public Service Commission advised us on 7 May—some three weeks ago—that it was reviewing that issue.

Senator HOGG—So that is the second issue. That is quite separate from that first issue that you outlined that has also been subject to review?

Mr Chester—That is right.

Senator HOGG—As I understand it, that first issue was back in October last year. I am getting a bit confused with your time lines.

Mr Chester—October last year was when Mr Ellis asked for the review.

Senator FAULKNER—Of the first matter.

Mr Chester—Of the first matter.

Senator FAULKNER—As I understand it, both matters—the first matter, which, if you like, is a possible breach of code of conduct, was the 2005 matter.

Mr Chester—That is right.

Senator FAULKNER—Has that concluded or is it still under review?

Mr Chester—It is still under review by the Public Service Commission. I think that was—

Senator FAULKNER—And that is the same matter as the matter that was previously described as Mr Ellis claiming he had not been afforded full protection as a whistleblower.

Mr Chester—That is the second complaint. That is the July 2006 complaint.

Senator FAULKNER—So that is the reprisals complaint?

Mr Chester—That is right.

Senator FAULKNER—I did not understand that terminology anyway. The point here is that both these matters—the possible breach of the code of conduct, and either the reprisals or not being afforded protection as a whistleblower—are currently under review?

Mr Chester—That is right.

Senator FAULKNER—That review is being conducted by the Public Service Commission in both cases.

Mr Chester—That is correct.

Senator FAULKNER—Is the department aware—it may not be and I would not necessarily expect it to be aware at all—of progress in either of those matters? You would not necessarily be informed; I understand that.

Mr Chester—No, we are not. The only official advice we have from the commission is the advice of 7 May where they told us that they were undertaking reviews of both the matters. Sorry, those reviews were ongoing, was the advice we got on that date.

Senator FAULKNER—Do we know whether they have been conducted internally in the Public Service Commission or whether anyone has been externally engaged to conduct them?

Mr Chester—No, I do not know. There was some evidence before another committee last week.

Senator FAULKNER—I did not hear of that. Again, I would not necessarily expect you to be aware of it. Are there concerns in the department about the sorts of delays that you have outlined? It seems an extraordinarily long time frame in relation to the second matter and the departmental processes. What is a useful comparator here is to the first matter. First of all, you do acknowledge that the second matter seems to have taken a great deal longer to deal with?

Mr Chester—The second matter did take longer than the first matter. As I said, issues have varying complexity and there are varying issues at play. What is a reasonable time or what is an unreasonable time I think is very difficult to determine. It would be unwise to put a set time limit in which issues should be addressed because you could end up with wrong conclusions just being driven by a time line.

Senator FAULKNER—I accept that point; I think that is a fair point to make. It is also incumbent on the department to ensure that these things are progressed within a reasonable period of time—would you acknowledge that?

Mr Chester—That is what we seek to do. I am not aware of any evidence or suggestion that there was deliberate slowness in this process. I am not aware of that. From what I can see from the material I have, these issues did move at a steady pace. People may not like the total time that it did take, but it is not obvious to me that there was any attempt to slow it down.

Senator FAULKNER—Separate to this, and it may be difficult for you to speak on behalf of the department but I am sure you can in this regard, I would hope that the department had a very strong commitment to whistleblower protections of the act and that of course exist in the Australian Public Service. That is something that you can assure me is shared by your department.

Mr Chester—Absolutely. If I just add, you do occasionally find yourself in a strange position. There is no doubt that Mr Ellis was protected by the whistleblower procedures. Somebody tried to suggest to me last week that he was still covered by those procedures even though he had gone to the media with his story. I find that kind of argument just a little bit strange, that on the one hand you can seek to be a whistleblower and protected and then on the other hand go and give an interview to a newspaper.

Senator FAULKNER—I do not know whether he has given an interview to a newspaper or not, but you know that is the case?

Mr Chester—It would appear that that is the case.

Senator FAULKNER—Sorry, it would appear that that is the case. So you are not slashing outside the off stump a bit there, are you? I do not know; I have not seen any such interview. That is why I ask.

Mr Chester—I have seen the material in the paper.

Senator FAULKNER—DFAT is a sieve. We all know that. Do you want me to go back to the famous Andrew Bolt leak, and so it goes on.

CHAIR—I am keener for you to ask questions on this issue in these estimates, Senator Faulkner—if we can proceed with those, please.

Senator FAULKNER—The reason I ask about the whistleblower protections issue is because this is important, and I raise it in the context of what you have told me about the time lines here. But in relation to whistleblower protections and timing in these matters, you would have to acknowledge there is an interface between these protections and these matters being dealt with within a reasonable period of time. In asking this question I am not deliberately making a harsh judgement about this necessarily being unreasonable, but whistleblower protections do depend on these issues being progressed in a reasonable time frame. I think that is fair to say, don't you?

Mr Chester—That is my understanding. Our practice is to try and deal with issues as quickly as we can. My understanding is that it was the first issue that was the one in which he sought whistleblower protection, and that matter was dealt with very, very quickly. The second issue was, in a sense, one where he was alleging that he was not accorded the proper protection of a whistleblower—again paraphrasing the issue, that he had been subject to reprisals for raising an issue.

Senator FAULKNER—Are you aware whether Mr Ellis is currently an official of AusAID?

Mr Chester—I understand he is not.

Senator FAULKNER—Is it commonplace to have whistleblowing complaints in DFAT? How often do these things arise?

Mr Chester—I do not know.

Senator FAULKNER—I would have thought this would be something the department would keep statistics on.

Mr Chester—We may well, but I am not—

Senator FAULKNER—Do you report on these in your annual report?

Mr Chester—I need to check. I do not know.

Senator FAULKNER—You do not know?

Mr Chester—I do not know whether we report on whistleblowing complaints.

Senator FAULKNER—I am disappointed that someone cannot tell me whether the DFAT annual report reports on whistleblowing.

Mr Chester—I am happy to take that on notice and provide you with an answer.

Senator FAULKNER—Have there been any internal reviews on whistleblower protection in DFAT in recent times?

Mr Chester—Are you talking about in general?

Senator FAULKNER—Yes. Not about this; I do not mean reviews of specific cases. I mean whether the way you handle these issues has been reviewed at all?

Mr Chester—It depends what you mean by recent time. I am certainly aware that we have looked at the various procedures in handling whistleblower complaints in the last few years, but I cannot recall the exact details of those. We may well have updated our administrative circular on whistleblowers. I am not sure. I would need to check that for you.

Senator FAULKNER—I would appreciate if you could check that for us. I just wondered, if you have a situation in DFAT with a DFAT official making some sort of complaint that might impact on or concern more senior departmental officials, what protections or additional protections have been put in place to ensure that more senior officials do not abuse this whistleblower process. Is that a concern to the department? I would imagine it is something that it would be wanting to keep a weather eye on.

Mr Chester—I agree. I think it is important that you do have in place proper structures and procedures to ensure that, in instances where complaints like that arise, the complainant is well protected.

Senator FAULKNER—You made a comment in relation to Mr Ellis going to the media. As I say, I do not know whether he has gone to the media or not, but you seem pretty confident about that and, if I might say, you editorialised on that. Given the comment you make about an official in those circumstances—let's not make it specific to Ellis—does your view change if a person is not an ongoing official of AusAID or DFAT?

Mr Chester—Are you talking about my personal view or the department's view?

Senator FAULKNER—I do not think at the table you give personal views. You nevertheless editorialised in relation to the levels of protection that Mr Ellis might have being affected by going to the media. You said he gave a media interview. I have not had the benefit of seeing that media interview. Then you said you assumed he made a media interview. He either did or he did not, and, if it is an assumption, I am not going to take as much heed of it. But that does not affect my question. What circumstance do we have if a person involved—a whistleblower—has left the department or AusAID?

Mr Chester—I do not know the legal standing of an officer in that situation.

Senator FAULKNER—That is a little less courageous than you were before.

Mr Chester—In what sense?

Senator FAULKNER—With the comments you made about Ellis's standing in relation to a possible media interview.

Mr Chester—A commonsense approach would be that you would—whether you were legally bound to or not—seek to continue to protect a whistleblower after they had left the Public Service. That would just seem logical to me, but I am not sure whether or not that is the actual legal position.

Senator FAULKNER—For the record—not that it matters hugely—he has not contacted me.

CHAIR—Does that conclude questions on that specific matter, Senator Faulkner?

Senator FAULKNER—I do not know. It concluded all the questions I wanted to ask at this stage.

CHAIR—That is what I meant, but thank you for clarifying.

Senator FAULKNER—Whether there is a correlation between the two is hard to judge.

CHAIR—Indeed; that is quite true. If you drew a very, very, very long bow then you could discern that they were questions broadly relating to matters concerning East Timor. Perhaps it would be an opportune moment to go to any further questions on East Timor if there are any.

Senator FAULKNER—To be fair, there was an understanding here that this effectively goes over two of the outputs, 1.1.2 and 1.1.9. I acknowledge that.

CHAIR—But we are in 1.1.2.

Senator FAULKNER—I think we did flag with Mr Chester earlier on that there are a couple of these areas that do. I intend to ask some questions about David Hicks, as I have previously done at Senate estimates committees, and I think that goes across three of these outputs.

CHAIR—I think we agreed at the beginning to pursue those in 1.1.9.

Senator FAULKNER—Yes.

CHAIR—In relation to East Timor, following the two rounds of the presidential elections and the upcoming parliamentary elections, what assessment do we make of the electoral process and its success in terms of the usual international perspectives?

Mr Grigson—We are very confident that the elections reflected the will of the people in both the first and the second rounds of the presidential elections. The UN certification teams made some recommendations for the parliamentary elections. Our observer delegation did notice an improvement in procedures between the first and the second rounds and we expect the parliamentary election, which in some ways will have more challenges, will see some further improvements.

Senator HOGG—Can you outline for us the government's long-term plans for peace building in East Timor?

Mr Grigson—There is a very substantial development assistance program, both multilateral and bilateral. We have worked very closely with the UN over the past year on the importance of issues such as political reconciliation, law and order and programs that would lead to employment generation. You might be able to speak to AusAID in more detail about their future planning on the program. There has been an increase in assistance available and they are looking at how that might be spent.

Senator HOGG—I was just about to ask: how much of this is AusAID and how much of it is DFAT?

Mr Grigson—The details of the program would be with AusAID. We work closely with them on the goals.

Senator HOGG—So that is law and order, employment and—

Mr Grigson—It is a significant program. It has many facets. We work with multilateral donors as well as through bilateral programs. Our goal is to prevent duplication where possible. Our programs have assisted with, for instance, the spending of the budget. We have done a lot of work with the finance ministries. We are now moving into the spending ministries to help them with their execution. The goals are as I have outlined to you, but I think you would be better off getting the details from AusAID.

Senator HOGG—What is the current time frame for assistance to East Timor?

Mr Grigson—The program is a multi-year program. It is reviewed each year both in terms of what is available and implementation, but, depending on the project, they tend to be multi-year projects.

Senator HOGG—What about our level of peacekeeping? I understand we have quite substantial resources there. Do we have a time frame for how long that support will be available?

Mr Grigson—I think Mr Downer has said that we will review our contribution after the parliamentary elections. Certainly there is a UN process that will involve a review 60 days after the finalisation of the parliamentary elections on 30 June.

Senator HOGG—We are not far off that review process then?

Mr Grigson—That is right, yes.

Senator HOGG—Over what period of time will that take place?

Mr Grigson—I do not think it has a set time frame. Certainly the UN review would be up to them. I could not see it going on for months and months. Certainly ours would be a matter of weeks, I would say. There has been no formal time frame put in place around that. It will depend a little on the circumstances in East Timor after the election.

Senator HOGG—What is status of the Timor Sea Treaty?

Mr Grigson—That is in another output.

Mr Chester—I may be able to help you. The status of the Timor Sea Treaty is that it is in force.

Senator HOGG—Fully signed off?

Mr Chester—The Timor Sea Treaty came into force quite a number of years ago.

Senator HOGG—Yes, but there were some disagreements as I understand it about—

Mr Chester—I think you might be talking about a different treaty.

Senator HOGG—Is that a different treaty?

Mr Chester—Yes. I think you might be talking about the so-called CMATS treaty which entered into force earlier this year.

Senator HOGG—What is that one called?

Mr Chester—CMATS—Certain Maritime Arrangements in the Timor Sea.

Senator HOGG—That has been resolved?

Mr Chester—That is right.

Senator FORSHAW—We used to have the Timor Gap Treaty. That was entered into initially before independence. Which one of those treaties has now replaced that?

Mr Chester—The Timor Sea Treaty. I am not sure whether it replaces it, but it covers the issue of the exploitation and resources in the gap in the border with Indonesia.

CHAIR—Further questions in 1.1.2.

Senator NETTLE—I will start by going back to Burma. I wonder whether someone could outline for us the status of our diplomatic relations with Burma at the moment.

Mr Grigson—We have an embassy with an ambassador in Rangoon. The embassy has nine A based and a number of LES. We have activities in the embassy based around humanitarian assistance, law enforcement assistance. We have limited dealings with the regime when it is in our interests. There is no doubt in the mind of the regime our view on the need for political reform.

Senator NETTLE—But it is full diplomatic relations between Australia and Burma? There are various different levels: are they on the normal full diplomatic relations type level?

Mr Grigson—We have limited dealings with them in terms of our links. They would not, for instance, be of the same complexity or depth as with Singapore.

Senator NETTLE—You mentioned, in response to Senator Payne, restrictions on movement of people associated with the regime. Can you give me any indication of how expansive that is?

Mr Grigson—We make decisions about visits to Australia by Burmese linked to the regime on a case-by-case basis. When it is in our interests we may allow a visit by an official working on, for instance, narcotics. To be honest with you, we receive very few visa applications, so the question rarely arises.

Senator NETTLE—One of the areas where there is discussion in relation to Burma and other countries is about children of the regime leaders coming to study at Australian universities. I wonder whether that is an issue that has arisen in relation to Burma and how that would intersect with the restrictions you were talking about of movement of people associated with the regime.

Mr Grigson—There certainly has been no large number of such applications. It would depend on the person applying for the visa. It is very hard for me to crystal-ball gaze on that issue. As I said, visa applications of all types from those linked to the regime to visit Australia are very rare. We have certainly had no significant number of children wishing to come to Australia to study, but I could not categorically rule out that there may have been one or two.

Senator NETTLE—Do you know the last instance when we restricted movement or request by members of the Burmese government to come to Australia?

Mr Grigson—I cannot recall the last time they applied for a visa.

Senator NETTLE—Would you be able to take that on notice?

Mr Grigson—Certainly.

Senator NETTLE—I want to ask about Indonesia; presumably that is in this output as well. I want to ask about the Bali nine and if there is any update on any representations that we have made to the Indonesian government about the death penalty.

Mr Chester—That is probably under a different output; it includes consular. We are happy to answer it now.

CHAIR—I would rather do it then, because there may be other questions relating to that from other senators. Do you mind that, Senator Nettle?

Senator NETTLE—Okay, I can do that. The next one I want to go to is more in relation to Indonesia. We will start with West Papua. Is there any update in terms of the Australian government raising with the Indonesian government the issue of human rights in West Papua?

Mr Grigson—As I think I have told the committee before, that is a regular part of our discussion with the Indonesian government. We are very supportive of the President's approach to try to bring about a resolution to issues in Papua. We are aware, like members of the committee are, of allegations of abuses in Papua, and when those allegations arise we raise them with the Indonesian government.

Senator NETTLE—When was the last instance that that was done?

Mr Grigson—It was 31 January.

Senator NETTLE—Can you give us some detail about what prompted that occasion?

Mr Grigson—There were some concerns in the region of Putrajaya about people being displaced from their homes and some food shortages. The ambassador raised that in Jakarta.

Senator NETTLE—I have seen reports about a police occupation of a church in Jayapura, the capital of West Papua, in the middle of May. I wondered if the Department of Foreign Affairs was aware of those reports.

Mr Grigson—I am aware of that report. I do not have any further detail with me, but I can get that for you.

Senator NETTLE—If you can provide us with any action the Australian government may have taken in response to that, that would be appreciated.

Mr Grigson—Certainly.

Senator NETTLE—I might ask you again on Indonesia about communications with the Indonesian government regarding the boatload of 83 Sri Lankans. I went through a series of questions with the department of immigration on this issue and they referred a number of them to you.

CHAIR—Is that in this area, Mr Chester?

Mr Chester—I think it is in a different output, output 1.1.9.

Senator NETTLE—Our communications with the Indonesian government?

Mr Chester—That is right; people-smuggling and issues surrounding that are in 1.1.9.

Senator NETTLE—Would that also be where I could do our communications with the Sri Lankan government over this issue, or would I do that in outcome 1.1.9?

Mr Chester—Yes, 1.1.9.

CHAIR—The same area.

Senator TROOD—In relation to Burma and the movement of the capital, is there any plan to move the Australian representation to the new capital at this juncture?

Mr Chester—No, not at this stage.

Senator TROOD—Is that consistent with the intentions of other countries that are represented in Rangoon?

Mr Chester—That is correct.

Senator TROOD—Why is that? Are we not impressed by the proposal to move the capital? Are any countries moving their embassies?

Mr Chester—Not that we are aware of at this stage. Some countries may look at putting in place an office at the new capital but still retaining their presence in Rangoon. That is also an option that we are looking at, but there is no indication of a significant movement from Rangoon to the new capital by embassies in Rangoon.

Senator TROOD—Mr Grigson, I wonder if you could you give us an appraisal of the progress that the Thais are making towards the recovery of democracy in Thailand and tell us if there is a timetable in relation to that.

Mr Grigson—As you are probably aware, the Prime Minister announced on 29 March that Thailand would look to hold elections on either 16 or 23 December. In the run-up to that there are two or three steps to be taken. The first is consideration of a new constitution and the second step as part of that is a referendum on the new constitution. The government of Thailand released a draft constitution on 19 April. There will be a number of drafts issued over that time and we are talking preparations for a referendum some time around September.

Senator TROOD—Could you let me know about the progress in dealing with the insurrection, the difficulties in the southern part of Thailand?

Mr Grigson—Unfortunately, I think we have seen in southern Thailand a continuing, if not increasing, level of violence. It is very difficult to see a way forward over the next year or two that would lead to a resolution of that. It is sufficient to say that the current interim government understands that it has a very significant problem and I think everybody in

Thailand expects that post election—should one be held in December, which we have been pushing for, as you know—southern Thailand will be a major issue for that new government.

Senator TROOD—So the increase in violence is an increase in incidents. Is it also an increase in the number of people perpetrating the violence?

Mr Grigson—It is certainly an increase in the number of incidents. It is very hard to make a judgement about who is responsible and the number of people involved. There was another incident over the weekend on Sunday in Hatya with seven or eight explosions and a number of people injured. Nobody has claimed responsibility as far as we know at this point. It is difficult to make judgements about them, but it is sufficient to say that there have been an increasing number of incidents and the nature of some of them has become quite ugly.

Senator TROOD—Is this a matter that comes within the purview of Australia's bilateral arrangements with the Thais with regard to terrorism and things of that kind?

Mr Grigson—We have ongoing discussions with the Thais over counterterrorism issues. I think it is fair to say that the international consensus is that there are no external linkages of any significance into southern Thailand. The Thais very much consider it a Thai issue. We have made it clear to them that we are happy to help where we can but understand that it is an issue for them. I think I have mentioned in the past the small Muslim exchange program we run in the department out of Thailand. We are looking at that sort of assistance in southern Thailand.

Senator TROOD—So they are managing the issue largely on their own without any kind of assistance from other countries?

Mr Grigson—They are open to discussing it, but they are very keen to keep control of the security circumstances themselves.

Senator TROOD—They do not seem to be keeping control of it, however. Could you outline where we are on Australia's participation in counterterrorism activity in the southern part of the Philippines, please?

Mr Grigson—There has been some good progress in the Philippines in recent months. There have been some sustained operations in the south which resulted in the elimination of two of Abu Sayaff's key leaders. There was freezing of al-Qaeda linked bank accounts in December. There was a large quantity of ammonium nitrate seized in the south. I think that in the Philippines generally the government and the armed forces have made a good effort recently. We have a significant CT program, cooperation program, with the Philippines involving law enforcement. It assists them with legislation. They benefit both from the bilateral program, which from memory is about \$10 million, and then of course from money that is available regionally for counterterrorism issues.

Senator HOGG—Doesn't most of that funding come out of AusAID for those programs?

Mr Grigson—For the CT programs in the Philippines?

Senator HOGG—Yes.

Mr Grigson—It comes from a number of agencies, such as the AFP. There is some AusAID funding as well. It depends on the project.

Senator HOGG—It really is something that we should pursue with AusAID when we see them this evening.

Mr Grigson—AusAID would have some details.

Senator HOGG—They should have all the detail of that, shouldn't they?

Mr Grigson—Except for that funding that would come from the law enforcement cooperation programs run by AFP.

Senator HOGG—Could I get some sort of update as to what we are doing with the Indonesian government on the issue of expanding educational links and also research links? It seems to me that the relationship between us and Indonesia is very important indeed. Are there any special programs that we might be putting in place, and what sort of allocations are there in the budget for those?

Mr Grigson—Education is a key sector in our engagement with Indonesia. A large amount of money is available for it and we run a significant school program. AusAID would have all the details for you.

Senator HOGG—AusAID?

Mr Grigson—It is run by that agency.

Senator NETTLE—I want to ask about the issue of receiving a visa application from children of the Burmese regime. Would the department know whether they had received an application from a child of the Burmese regime to come to Australia?

Mr Grigson—Of course, the application would go to DIAC. I am not aware in the past of a visa application having slipped through the system, so I would be quite confident that if an application were to come in we would know about it. There is never 100 per cent guarantee, including because of the use of Burmese names, but we are not aware of an application having slipped through in the past.

Senator NETTLE—When you were talking about associated with the regime, would that include children of leaders of the regime? I was trying to get a sense of that before.

Mr Grigson—I am not trying avoid the question; it is just that we do it case by case and it depends on who the person is, why they want to come to Australia, whether they have been before, what their linkages are. I really could not give you an answer without having a particular case in front of me. But I will look into whether we have had an application like that in the past and let you know what the response was.

CHAIR—Did you have a particular matter you wanted to pursue, Senator Nettle?

Senator NETTLE—No. That is fine, thank you. You had a timetable for times when we had raised instances about human rights with West Papua. Would you be able to table that document?

Mr Grigson—I cannot, unfortunately; it has a classification on it. But I would be happy to answer any particular questions you have.

Senator NETTLE—Is it possible to get the document tabled with any sensitive information that is in there removed?

Mr Grigson—We will have a look at see what we can do for you.

Senator NETTLE—Thank you.

CHAIR—Where would questions regarding the regional interfaith dialogue be asked?

Mr Grigson—That is me.

CHAIR—Lucky you, Mr Grigson. The dialogue I understand is underway this week; is that correct?

Mr Grigson—Today and tomorrow.

CHAIR—How are the Australian delegates to the dialogue selected?

Mr Grigson—They are chosen by the minister.

CHAIR—Are the organisations chosen or the individuals?

Mr Grigson—Individuals. I would need to check the list for you, but I think the delegation this time is largely the same as it was last time.

CHAIR—The aims of the dialogue and this particular meeting are not entirely clear to me. Can you outline for us the specific aims of this meeting and how it will build on the previous one?

Mr Grigson—One of the aims of the interfaith dialogue generally is to try to create a dialogue in the region between the various faiths. When we looked at this issue some time ago we noticed that some countries had better developed dialogues, often informal, than others, but we found no consistency. What we did see was that there was a lack of cross-border, I suppose, discussion about ways of improving interfaith dialogue. One of the goals of this meeting will be to determine a number of issues to be discussed at forthcoming dialogues. It looks as though it is settling into a pattern, which was not clear in the first one or two dialogues. Countries are keen to attend. Countries are keen to host it. I think one of the things we will be hoping for from this dialogue is that we get a more structured work program.

CHAIR—Over what sort of time frame does an operation like this set its targets? It seems to me as though it could be a never-ending story.

Mr Grigson—It is, but it is one of those—

CHAIR—It is a never-ending story or it has a time frame?

Mr Grigson—It looks like it is going to happen each year for the foreseeable future, certainly the planning—a number of countries have expressed interest in the next few years. It is one of those groups where I think discussion has its own value. We have found particularly from the first group that a number of delegates went away—I do not know quite how to put this without being rude—having their eyes opened, I think, to the possibilities of both interfaith dialogue and cohabitation of religions in diverse societies. That was the goal of it. We are not in a hurry to come up with, I must say, any large bureaucracy around it, any enormous plan of action that needs to be implemented. One of the goals is to continue to bring people together.

CHAIR—You said at the beginning of your remarks that there were other countries which we had observed had better dialogues, notwithstanding the fact that they may have been informal. Which countries did you have in mind?

Mr Grigson—I think I said that some countries had better developed dialogs than others.

CHAIR—I am sorry.

Mr Grigson—I am not sure that it would be helpful for me to go through in public which country I think is better than another in terms of who does this well and who does not.

CHAIR—No, but it is interesting to know. This one is being held in New Zealand. Where was the previous one?

Mr Grigson—The Philippines.

CHAIR—In terms of representatives from the other countries, I understand that we co-sponsor with the Philippines, with Indonesia and with New Zealand.

Mr Grigson—That is right.

CHAIR—Do they send the same broadly representative group of delegates?

Mr Grigson—Yes. It is essentially up to each country to choose their delegation. We do look for a mix of faiths and good gender representation. In some countries that is easier than in others, but generally we find that the delegations are quite representative.

CHAIR—At the conclusion of this dialogue, would it be possible for the committee to receive a copy of the delegate lists from other participating countries?

Mr Grigson—Yes.

CHAIR—Thank you very much.

Senator HUTCHINS—What faiths are involved in this dialogue?

Mr Grigson—In general, it is the faiths represented throughout South-East Asia. There are Muslim representatives, Christian representatives, Hindu representatives, Buddhist representatives—

Senator HUTCHINS—No atheists?

Mr Grigson—No atheists.

CHAIR—Perhaps not by inclusion, Senator Hutchins.

Senator HUTCHINS—Or animus.

Mr Grigson—I could get you a list of all the faiths represented, but certainly it is wide ranging.

CHAIR—Perhaps you could put that together with the list of the delegates.

Mr Grigson—Yes, we can do that. No problem.

[12.06 pm]

CHAIR—We will move on to 1.1.3, the Americas.

Senator HOGG—This might not be on 1.1.3. I want to ask about the Asia Pacific Centre for Military Law. Is that under 1.1.2 or one of those programs, or is it one of the later programs?

CHAIR—Can you give us some guidance, Mr Chester? Is it funded by this department, Senator?

Senator HOGG—I do not know. I just want to find out if DFAT is involved.

CHAIR—If it is not funded by this department, it will be hard for them to answer the questions.

Mr Chester—I am not aware of that organisation.

Senator HOGG—That is why I was trying to work out where I ask these questions.

Mr Chester—I suspect it is not this department.

Senator NETTLE—I wanted to ask when discussions with America first began around the refugee swap of the Cuban and Haitian refugees and the Australian refugees.

Mr Chester—Again I think that is in 1.1.9, with our legal area.

Senator NETTLE—Have there been any discussions between the Australian government and the United States government about the protesters at Pine Gap military base?

Mr Luck—Do you have a time frame in mind? I am not aware of any discussions recently, and it may be something that is more in the Defence portfolio. Did you have a time frame in mind?

Senator NETTLE—Four protesters were arrested at Pine Gap in December 2005. I am interested in knowing if there have been discussions between the Australian government and the American government about those protesters.

CHAIR—Are these questions for this output, Mr Chester?

Mr Chester—Sorry, Senator, I was just checking whether anyone else may know the answer to that question. I am not aware of communications between the Australian government and the US government in relation to the protesters who were arrested. I suspect the department was not involved directly in any discussions, that if they had occurred it was probably something that the Department of Defence may well have been involved with or law enforcement authorities.

Senator NETTLE—Are we doing everything on David Hicks in—

CHAIR—1.1.9.

Senator NETTLE—Mr Chester, I will ask the Department of Defence about the protesters, but can you check and get back to us at any point if your department has been involved in any of those discussions?

Mr Chester—Yes.

CHAIR—That concludes 1.1.3. Thank you, Mr Luck. We will move on to 1.1.4, Europe.

[12.12 pm]

Senator FAULKNER—I want to ask about the situation in relation to the ambassador to Italy. Who currently is the ambassador to Italy?

Mr Chester—It is Peter Woolcott.

Senator FAULKNER—When does Mr Woolcott's term conclude as ambassador to Italy?

Mr Chester—It is early July.

Senator FAULKNER—Can we be a little more specific than that at all?

Mr Chester—No, we cannot. The first week of July probably.

Senator FAULKNER—The first week of July?

Mr Chester—Probably.

Senator FAULKNER—Is that a change to his posting there? Is he being brought home early?

Mr Chester—He commenced his posting in August 2004. It is not unusual for postings to not conclude precisely on the anniversary of when they commence.

Senator FAULKNER—From 1 August 2004 to what date?

Mr Chester—From August 2004, is when he was appointed. It does not have a fixed term appointment. It is until he comes home, but usually three or four years are head of mission assignments—usually. So this is marginally short of a three-year posting.

Senator FAULKNER—When did the department determine the end point for Mr Woolcott's appointment?

Mr Chester—As I said, we have not precisely determined the end point, although it looks like it will be the first week of July. That was determined in the last two or three weeks.

Senator FAULKNER—You have not precisely, but you can get it down to within a few days. You know which week it is.

Mr Chester—Yes, at this stage it looks like being the first week of July.

Senator FAULKNER—When was it determined that Ambassador Woolcott's posting would conclude in the first week of July?

Mr Chester—When was that determined?

Senator FAULKNER—Yes.

Mr Chester—As I said, in the last two or three weeks, in discussions that the department has had with his successor and with him and in looking at the various pre-posting requirements that are needed for his successor.

Senator FAULKNER—The successor is former Senator Vanstone; is that correct.

Mr Chester—That is right.

Senator FAULKNER—Former Senator Vanstone's appointment: when was that announced?

Mr Chester—26 April.

Senator FAULKNER—Had Mr Woolcott been informed of that pending announcement before it was made?

Mr Chester—Yes.

Senator FAULKNER—When was he informed?

Mr Chester—He was informed—it is difficult to answer this. He was informed—

Senator FAULKNER—It is a pretty straightforward question. I am sure you will have no trouble with it, Mr Chester.

Mr Chester—He was informed earlier that day.

Senator FAULKNER—Is that why it is difficult to answer?

Mr Chester—No, I think he had some knowledge or some expectation from all the various media reporting that something may be afoot.

Senator FAULKNER—Really? I thought most of the media was the embarrassment of former Senator Vanstone in fact denying appointment.

CHAIR—I do not think that is a matter that Mr Chester can comment on, Senator Faulkner, but if you have a question in relation to it, please proceed.

Senator FAULKNER—Why do you think Mr Woolcott knew it was coming if he was informed that very morning that former Senator Vanstone's appointment was announced?

Senator Coonan—He does not have to express an opinion.

Mr Chester—I did not say he knew it was coming. I said there was speculation and from that speculation then I guess he thought this was a possibility.

Senator FAULKNER—How do you know that?

Mr Chester—From discussions with him.

Senator HUTCHINS—You told Mr Woolcott, did you?

Mr Chester—I spoke to Mr Woolcott on 26 April; that is correct.

Senator FAULKNER—You told him the appointment had been made or it was pending?

Mr Chester—On 26 April I told him that the government would be announcing former Senator Vanstone's appointment later that day.

Senator FAULKNER—So how many hours in front of the appointment were you able to tell Ambassador Woolcott that he had lost his posting?

Senator Coonan—He had not lost it.

Senator FAULKNER—That he been rolled out of Rome for former Senator Vanstone.

Senator Coonan—That his appointment would be coming to an end, Senator Faulkner, might be a more accurate way to put it.

Senator FAULKNER—How many hours in front of the announcement were you able to inform Mr Woolcott that he was history?

Mr Chester—I did not inform him that, Senator.

Senator Coonan—That is really not an appropriate way to frame the question.

Senator FAULKNER—That is the question.

Senator Coonan—It is not a question to say that somebody is history. What do you expect the witness to say?

Senator FAULKNER—I am sorry—

Senator HOGG—The appointment is finito; it is over.

Senator FAULKNER—See: there is the use of perfect Italian by my colleague. When did you tell him, how far there front of the announcement?

Mr Chester—As I said, I spoke to Mr Woolcott on 26 April to let him know the government would be making an announcement that day.

Senator FAULKNER—Yes, I know.

Mr Chester—That conversation was probably a few hours before the announcement was made.

Senator FAULKNER—A few hours—he got a few hours notice?

Mr Chester—He got a few hours notice that the government was about to make an announcement, yes.

Senator FORSHAW—Do you know what time of day it was when you spoke to him, or night?

Mr Chester—Here or there? Ten past seven in the morning, Rome time.

Senator FORSHAW—7.10 am, obviously.

Senator FAULKNER—What time was that, eastern standard time, here?

Mr Chester—I think it was 3.10 pm Canberra time.

Senator FAULKNER—What time was the announcement made?

Mr Chester—I do not know. It was some time around 5 o'clock, I believe. It may have been between 5 and 6; I am not absolutely aware.

Senator FAULKNER—So it is now down to maybe two hours notice.

Mr Chester—Two to three hours.

Senator FAULKNER—Is that the normal approach that is made to informing an ambassador that he is to be replaced?

Mr Chester—Every ambassador gets a call at some stage or a piece of paper at some stage to say: 'Unfortunately, you are not staying in that post for the rest of your life. Somebody is coming in to replace you.'

Senator FAULKNER—We know that. But is it normally the case that public announcements are made about this with only two or three hours notice to the incumbent ambassador?

Mr Chester—The forewarning was merely forewarning that the announcement was going to be made. That is what it was. As I said, this was not a surprise to—

Senator FORSHAW—With respect, that was not the question. The question was: is it normal?

CHAIR—Thanks for that, Senator Forshaw.

Senator FORSHAW—I am just assisting—

CHAIR—We do not need your assistance in that regard.

Senator FORSHAW—I do not care whether you want to thank me or not, Chair—

CHAIR—No, possibly not.

Senator FORSHAW—but the question was: is it normal?

CHAIR—Mr Chester will answer the question as he sees fit. We cannot direct him as to how the answer the question. I do not intend to.

Senator FORSHAW—He has not answered the question.

CHAIR—That is a matter for your perception, Senator Forshaw.

Mr Chester—Now I not sure what I am answering. But I think there is a disconnect between the question that has been asked and the answer I am giving, Senator; that is the point I am trying to make. I think the senator is trying to put words in my mouth which—

Senator FORSHAW—I am not.

Mr Chester—Not you, Senator Forshaw.

Senator FORSHAW—We can check the *Hansard* but I understood the question clearly—

Senator FAULKNER—It is the usual guilty party apparently—it is me.

Senator FORSHAW—I understood the question was: is it normal for that short time frame—approximately two hours—to occur; when ambassadors are advised that their appointments are about to be terminated and then a public announcement is made two hours later? The question is: is that a normal practice?

Mr Chester—As I said, the phone conversation with Mr Woolcott was to advise him that a press release was coming out to announce his successor. He got two to three hours notice. I would think that that is absolutely the normal practice in relation to every announcement of a head of mission. I think that is correct.

CHAIR—Thank you, Mr Chester. Further questions, Senator Faulkner.

Senator FAULKNER—Thank you very much. When was the Italian government informed of the change of ambassador?

Mr Chester—On 26 April.

Senator FAULKNER—What time—before the public announcement?

Mr Chester—That is correct.

Senator FAULKNER—How long before the public announcement?

Mr Chester—They were informed mid- to late morning on 26 April.

Senator FAULKNER—Is that the normal procedure too?

Mr Chester—If the government decides to make an early announcement of a diplomatic appointment—in other words, an announcement before agreement has been received—then it is a normal courtesy to let the receiving government know that that is the intention of the government, to seek agreement and the intention to make an announce. So, yes, in those limited cases where the government decides to go down that path, that is the normal process.

Senator FAULKNER—Is the Vienna convention still in place in relation to this? There are elements of the Vienna convention that apply, don't they, to the naming of ambassadors?

Mr Chester—That is right.

Senator FAULKNER—Is that a convention that the Australian government respects?

Mr Chester—Yes.

Senator FAULKNER—Is it a convention that the Australian government adheres to?

Mr Chester—That is correct.

Senator FAULKNER—What does article 4 of the Vienna convention demand of governments?

Mr Chester—My understanding—and someone will come and correct me on this, I am sure, if I am wrong—

Senator FAULKNER—I might be able to because, believe it or not, I have the Vienna Convention on Diplomatic Relations in front of me.

Senator FORSHAW—Suffering from insomnia?

Senator FAULKNER—No.

Senator HOGG—Widely read.

Senator FAULKNER—I do not know if it is widely read, but clearly it is one that—

CHAIR—I think that was you he was referring to, not the convention.

Senator FAULKNER—probably was not read in this case.

Mr Chester—My understanding of article 4.1 of the Vienna convention is that before a head of mission can present credentials or start as a head of mission they have to have the agreement of the receiving country. I think that is what 4.1 says. Maybe the Chief of Protocol can tell me if I am wrong.

CHAIR—Ms McLean has come to help us, Senator Faulkner. Ms McLean, did you wish to add to Mr Chester's observation?

Ms McLean—I have the exact wording of article 4.1 here, if you wish it.

CHAIR—That makes two of you, I think.

Ms McLean—And that is:

The sending State must make certain that the *agrément* of the receiving State has been given for the person it proposes to accredit as head of mission to that State.

Practice varies from country to country as to how they interpret that, with some countries making their announcements in advance and others doing it afterwards.

Senator FAULKNER—Is it the normal case for Australia to wait for a host country's approval before naming an Australian ambassador?

Mr Chester—That is the general practice. It is not universal. There have been many instances over the years where the government of the day has chosen to make an announcement before agreement has been received. But the norm is to wait.

Senator FAULKNER—I do not expect you dredge back through the history books into many decades ago but can you give me some recent examples where this has occurred, where Australia has made an announcement about an ambassador prior to the host country's approval being received? It is the case with Senator Vanstone in Italy, isn't it?

Mr Chester—Bill Farmer to Jakarta. I think Dennis Richardson to Washington. If you could give me some time I am sure I could come up with more, but they are two reasonably recent ones that I can recall.

Senator FAULKNER—It is the case with Senator Vanstone and Italy?

Mr Chester—Is it the case?

Senator FAULKNER—Yes.

Mr Chester—Yes, it is.

Senator FAULKNER—They were informed a couple of hours before the public announcement was made.

Mr Chester—They were informed that we would be seeking agreement and that the government intended to make a public announcement of the appointment.

Senator FAULKNER—Thanks for those examples. Has there ever been an occasion where the Australian government has proposed an ambassadorial candidate that the host country has refused?

Mr Chester—I am not aware of any. The others at the table are not either.

Senator FAULKNER—So we do not know of any case where that has happened.

Mr Chester—There may be one, which I would not want to go into the details of, for obvious reasons.

Senator FAULKNER—It is not something that has been in the public arena? It is not publicly known—is that what you are suggesting?

Mr Chester—I am not sure whether it was a no answer from the receiving government.

Senator FAULKNER—What is the status currently with former Senator Vanstone's appointment and the attitude of the Italian government?

Mr Chester—I am not sure I can answer on behalf of the Italian government and their attitude, but agreement has been sought and we are waiting to receive agreement.

Senator FAULKNER—When was it sought?

Mr Chester—On 26 April. It normally takes around eight weeks to receive agreement from the Italian government, for them to go through their various bureaucratic processes. In Australia it normally takes six weeks, for example, for agreement to be given to an proposed incoming head of mission.

Senator FAULKNER—So currently it is four weeks, is it?

Mr Chester—It is about four weeks, that is right. We would expect to hear in around four or five weeks time.

Senator FAULKNER—Why was the decision made to make this particular announcement without more notice to the Italian government?

Mr Chester—I do not know precisely; I would be guessing if I told you. I do not think you would need to be Einstein to work out why the government chose to make an early announcement of it.

Senator FAULKNER—Perhaps, but what does that actually mean—you do not have to be Einstein?

Mr Chester—There had been a lot of speculation and one would assume—I know it is dangerous to assume but one would assume—that in order to avoid a lot more speculation for a period of eight to 10 weeks while agreement is being sought, and after the then senator had resigned from the Senate, the government decided to make an early announcement to stop that speculation.

Proceedings suspended from 12.31 pm to 1.30 pm

CHAIR—We will resume if we have appropriate officers present. We will resume with Senator Faulkner. I believe you were pursuing questions in 1.1.4.

Senator FAULKNER—Mr Chester, I would like you or one of your officials explain to me the situation of an ‘ambassador elect’. What is the terminology when the announcement has been made but an ambassador has not actually taken up office? Is it ambassador designate?

Mr Chester—Yes, ambassador designate.

Senator FAULKNER—An ambassador designate in this case. The example I am thinking of is former Senator Vanstone, and no doubt there are others in this situation. Senator Vanstone’s case has obviously had very considerable experience in public affairs and the like, but what sort of orientation and training does the department enter into for someone in this situation? I am thinking of the case of former Senator Vanstone but you might want to answer that more broadly in relation to someone who comes from outside the department or outside the diplomatic service.

Mr Chester—Let me start and then I will get Mr Wise to maybe go into a little bit more detail. Essentially, someone in that position will do the normal suite of training courses—so-called pre-posting courses and for a head of mission, the standard suite of consultations within government—within the department, outside the department with other government agencies with elements of the private sector or the community related to the country they will be going to. So there are general quite specified sets of training and consultations that any head of

mission is required to do. For those individuals in a situation similar to that of Ms Vanstone, there will be I guess a little bit more training or familiarisation in how the department works and how the bureaucracy works so that they have a better understanding of the department, and hopefully that will help them in doing their job. I think it is important to realise that people in this situation are going from being a member of parliament to being a public servant. That is what they are. They are employed under the Public Service Act and so they need to have some familiarisation and some understanding of what that entails.

Senator FAULKNER—When does Ms Vanstone go on the payroll?

Mr Chester—She went on the payroll, I believe it was on 8 May this year. She was appointed as a public servant.

Senator FAULKNER—On 8 May.

Mr Chester—That's right.

Senator FAULKNER—What position has she been appointed to in advance of her ambassadorial—

Mr Chester—She is ambassador designate. So she is doing the suite of training and familiarisation to prepare her for that assignment.

Senator FAULKNER—This means there are no constraints on an ambassador designate in terms of public comment and the like?

Mr Chester—In what sense? There has been a public announcement by the government. The normal constraints that apply to others where the announcement is not made until after agreement is received, do not apply to Ms Vanstone so she can go out and do all these consultations in the broader community.

Senator FAULKNER—Now I am not clear. I had been clear on what you said until then. What sort of constraints do not apply to Ms Vanstone? You said she is now a Commonwealth public servant, is that right?

Mr Chester—That's right.

Senator FAULKNER—She is subject to the provisions of the public service code of conduct I would have thought, but you are saying those constraints do not apply.

Mr Chester—No, she is a public servant so the normal public service rules apply. That's right.

Senator FAULKNER—We must be talking at cross-purposes here. What constraints do not apply? You just said that constraints did not apply because of this unique circumstance.

Mr Chester—The general constraints on ambassador designates are ones of letting the broader world know that you are the ambassador designate prior to the government making the announcement. That is the general constraint that is imposed.

Senator FAULKNER—But the normal constraints that apply to public servants now apply to Ms Vanstone.

Mr Chester—Generally, yes, they do.

Senator FAULKNER—What does this mean in terms of, for example, media commentary?

Mr Chester—The normal rules that apply to public servants will apply to her.

Senator FAULKNER—What are they? I do not know whether this occurred or not but I noticed when I was flicking through the channels on my car radio this morning—it may have been misinformation, but someone—I thought it was on Radio National—was suggesting that Ms Vanstone was going to be on a panel of two or three people, making comments about recent announcements about the Leader of the Opposition's wife. I do not know whether it happened or not. I do not know whether it was accurate or not.

Senator NETTLE—It did happen. I heard it.

Senator FAULKNER—There is no better source than Senator Nettle, who said she actually heard it. How does that happen?

Mr Chester—I was not aware of that until about two minutes ago.

Senator FAULKNER—Until I mentioned it. How does Ms Vanstone, if she is a public servant, do that sort of thing?

Mr Chester—As I have said, I have only just become aware of this—

Senator FAULKNER—It doesn't make any difference whether you have just become aware of it.

Mr Chester—If I could finish my answer.

Senator FAULKNER—By all means.

Mr Chester—I am not aware of whether there has been any discussion between Ms Vanstone and the department on that media—

Senator FAULKNER—You would know that, wouldn't you?

Mr Chester—I have just said I don't know whether there has been.

Senator FAULKNER—Someone as senior as you! Is there someone behind you who would know? Who would handle this sort of thing? I am not actually being critical of former Senator Vanstone, as you can hear. I was surprised to hear that she had gone on the payroll on 8 May because I assumed, because I have heard media commentary and the like, that that was not the case. Who sets the guidelines and what is involved? It may be here that Ms Vanstone herself has not been advised of this, or perhaps she has been advised of it and chosen to go her own way. I do not know, but hopefully someone there knows.

Mr Chester—There are guidelines that we have. I do not know whether Ms Vanstone has been made aware of those guidelines. As I said, I was not aware until a couple of minutes ago that she had spoken to the media. I think all I can say is that I will look into this and take the various questions you have asked on notice.

Senator FAULKNER—Okay, I would appreciate you doing that. I had hoped that perhaps before the conclusion of the hearings, in fact over the next hour or two, you might actually be able to come back to me. I would appreciate that. This is a pretty simple thing. It is not only in the public interest to understand this. I would have thought it would be in both the

department's and Ms Vanstone's interest to have this absolutely clear because I would not imagine that Ms Vanstone would want to be out there making media commentary if it was thought to be inappropriate. Obviously, that goes without saying, doesn't it? The department would not want that. You do not go out. You are not doing interviews every morning on radio, Mr Chester, are you?

Mr Chester—No. As I said, the department does have a set of guidelines on interaction with the media. I do not know whether Ms Vanstone was aware of those. I do not know whether she had discussions with relevant people in the department prior to appearing on the media this morning.

Senator FAULKNER—It is a while since I have seen the Public Service code of conduct. I certainly have looked at it quite extensively in the past. There is some mention there about media commentary, isn't there?

Mr Chester—I do not believe so. I did not bring it with me this time for some strange reason, but I do not believe it specifically refers to media. There may be some references in some of the commentary on the APS values and the code of conduct. I now have a copy—a very slim version of it.

Senator FAULKNER—In the small, ready reckoner version.

Mr Chester—Yes. It is quite handy because it means staff can use this as a bookmark.

Senator FAULKNER—It would be for a DFAT official. I think you should have every DFAT official always having it on their person.

Mr Chester—I think it should be compulsory for all public servants.

Senator FORSHAW—Stick a magnet on the back.

Senator FAULKNER—The trouble is that DFAT has demonstrated more need for it than some other departments.

CHAIR—Thank you, Senator Faulkner. Mr Chester, being armed with that document, is there anything you wish to add?

Mr Chester—I cannot see any specific mention of the media in here.

CHAIR—Senator Faulkner, a question?

Senator FAULKNER—I asked that question because of what I heard on the radio, as I say, just flicking through some channels this morning. I did not actually hear an interview, and I am not going to be unfair to Ms Vanstone, because I do not know whether it proceeded. One of my colleagues here said they heard it, and I certainly do not know the content of it. However, I do not know that that is particularly relevant. The issue is what is allowable and what is not. Does 'an ambassador designate' from 8 May mean that Senator Vanstone has been on the payroll?

Mr Chester—That is correct.

Senator FAULKNER—What is the pay of the ambassador to Italy?

Mr Chester—Her remuneration is—without getting into the detail of what is in her AWA—precisely the same as that of the DFAT employee she will replace in Rome.

Senator FAULKNER—Yes, I assumed it would be. I cannot say I am relieved to hear that. I would be very shocked if that were not the case.

Mr Chester—We do not normally go into details of what is in individual AWAs.

Senator FAULKNER—Don't you?

Mr Chester—Not since I have been appearing.

Senator FAULKNER—Have you been asked before?

Mr Chester—Yes.

Senator FAULKNER—So your own salary package is a secret, is it? That is what you are saying.

Mr Chester—I understand it is, yes.

Senator FAULKNER—Mine is not. Anyone is welcome to go and look at mine. Why should yours be?

Mr Chester—I understand that is the normal practice.

Senator FAULKNER—I do not understand that to be the case at all. Since when?

Mr Chester—I think for some time.

Senator FAULKNER—Since when has the salary package earned by a public servant been something that is not open to scrutiny at a Senate committee?

Mr Chester—That is certainly my understanding, but I am happy to make inquiries and come back to the committee if I am wrong.

CHAIR—Thank you, Mr Chester.

Senator FAULKNER—I would have thought this was just stock standard information to be provided in the interests of both transparency and accountability. In the case of such an ambassador, it is a salary package, is it? It is a package?

Mr Chester—That is how you would describe it, yes. It is a package.

Senator FAULKNER—What is involved in the package? What are the elements of it, without going into the dollar figure?

Mr Chester—Maybe I will get Mr Wise to go through the detail.

Senator FAULKNER—Not that I accept, by the way, that we should not go to the dollar figure, necessarily. But let us not go to the dollar figure, to save time.

Mr Wise—In addition to the salary for officers who are posted, there is an overseas allowance, a transfer allowance and a head of mission outfit allowance, and there are representation funds as assistance with what we call household assistance, which varies, of course. All of these vary from post to post, or most of them do. There is an allowance or a provision for an SES vehicle, or senior executive service vehicle, and, if there are dependants, school fees, reunion fares and so on. And of course there are airfares to and from the post, the shipment of effects, provision for the head of mission to return to Australia mid-term during their posting for consultations, and provision for the storage of effects which are left behind in Australia.

Senator FAULKNER—How much of this is included in an ambassador's AWA?

Mr Wise—All of it.

Senator FAULKNER—In the body of the AWA itself?

Mr Wise—Yes.

Senator FAULKNER—So you have a standard shell AWA, have you?

Mr Wise—That is right.

Senator FAULKNER—I do not know if that has previously been provided to the committee or tabled. I do not recall so, Mr Chester. Both of us have very long memories of this committee, but, if it has not been, I wonder if you would not mind providing a copy of that. This is the template AWA.

Mr Chester—I will check to see whether it has and whether we can table one.

Senator FAULKNER—There would not be a reason not to be able to table that, surely.

Mr Chester—No, I suspect not, but I will check.

Senator FAULKNER—I suspect not too. Are there upper monetary limits on those elements you went through, Mr Wise?

Mr Wise—There are provisions. On most of them it will vary from post to post—some of those issues there will vary from post to post. For each post there would be a known quantity of money that is available for each of those allowances.

Senator FAULKNER—Has that just been developed over experience over a long period of time?

Mr Wise—Partly experience over a long time, but also through the normal arrangements—and this is not just for heads of mission. It applies to all staff posted overseas, where we engage a company which does market surveys of various costs of living in various locations and we use that as the basis for the allowances we provide to our staff.

Senator FAULKNER—What detail are you able to provide the committee in relation to Ambassador Designate Vanstone's AWA and those particular elements of it?

Mr Wise—I would have to have a look. My feeling is—and I would need to check this—that under the legislation I think the actual elements of an AWA have a confidentiality sort of provision attached to them and that we are not able actually—for reasons of confidentiality, for any AWA—to release those details. Again, I will take that on notice and check for you.

Senator FAULKNER—It is not uncommon obviously for former members of parliament from time to time to be appointed to such posts. Are there any particular circumstances that have to be taken into account if the ambassador or the ambassador designate is a former member of parliament or senator?

Mr Chester—No, I do not think there are. Certainly since 1996, the terms and conditions have been quite consistent for all the appointments. The only possible issue that arises on occasions is class of travel where there may be an entitlement that comes from being a former member of parliament.

Senator FAULKNER—Do former members of parliament who are appointed to these positions tend to use their parliamentary travel arrangements or not? What is the experience?

Mr Chester—I would have to take that on notice. I do not know.

Senator FAULKNER—I suppose you would like them to because it would be a saving to the department of foreign affairs.

Mr Chester—Of course.

Senator FERGUSON—I think there is no overseas provision of transport for a retired member of parliament anyway. It is only a domestic arrangement. There is no provision for overseas travel and retirement benefits for a member of parliament, as far as I know.

Mr Chester—I think you may be right. I think I may have confused the issue.

Senator FERGUSON—There is domestic, but not—

Senator FAULKNER—There are two elements that impact on this—you are quite right. There is domestic travel once the person has returned to Australia.

Senator FERGUSON—Yes.

Senator FAULKNER—For example, I might live in a city or a regional centre that is not serviced by international flights. As you would appreciate, that is one area.

Senator FERGUSON—Yes, there is that element.

Senator FAULKNER—There is also of course the element of frequent flyer points, which is something where I simply do not understand how it applies in this circumstance. I appreciate your point: there is certainly no capacity for international travel for former members of parliament. But there is sometimes a domestic element to, for example, the sorts of consultations that you are talking about and the like, depending on what your Australian home base effectively may or may not be. This is neither here nor there, but obviously, to the extent that any of those other entitlements are accessed, that is a saving to the department of foreign affairs, so I imagine you would not be discouraging it.

Mr Chester—If there were, then, yes, we would encourage it, obviously.

Senator FERGUSON—There is another proviso, Senator Faulkner, that it cannot be used for business purposes. I do not know whether or not being employed by the department of foreign affairs would enable you to use your entitlements as a retired or former member of parliament, because it strictly prohibits it for the use of business purposes.

Senator FAULKNER—You are probably right. It probably would fall under that definition. When an ambassador designate is appointed and goes on the payroll, they are then entitled to the full range of benefits available under the AWA?

Mr Chester—No, some of these benefits only start to accrue once the ambassador is in-country. For example, cost of living allowance is there solely to compensate an officer for the additional costs of goods and services and to deal with exchange rate differences so that the salary they earn has the same purchasing power.

Senator FAULKNER—So it would be the core salary elements that would apply?

Mr Chester—The core salary, the core other entitlements for TA and travel and so on that apply when an ambassador designate is doing consultations interstate would apply.

Senator FAULKNER—Ambassador designate Vanstone, I imagine, would be starting to undertake the training and orientation courses that you mentioned.

Mr Chester—That is right, and I believe some of the preposting consultations out in the broader community in various state capitals.

Senator FAULKNER—Does that include language training?

Mr Chester—It will, but I am not sure language training has commenced yet. But there will be some language training provided. The position in Rome is a language desirable post. That means that if there is time for an ambassador designate to do some language training then we would seek to get them some language training, whether that is Rome or any other language desirable post.

Senator FAULKNER—Do you know whether Senator Vanstone has any Italian language skills at all?

Mr Chester—I believe she does, but I do not know the extent of those skills. Somebody else may.

Senator FAULKNER—You grade these language skills in the department, don't you?

Mr Chester—Yes, we do.

Senator FAULKNER—Are you able to say what the grading is?

Mr Chester—No, but it is a language desirable position. Leaving aside Ms Vanstone, in general circumstances if someone has no language skills in a particular language and we are starting from scratch and we only have a few weeks to give them some language training then we give them very basic get by language skills. A lot of officers and their partners find that quite useful when they go in country. But if somebody has more developed existing language skills then it may well be that that language training will bring them up to a point where they will sit an exam and be graded in the normal fashion. I am not sure where former Senator Vanstone fits into that category.

Senator FAULKNER—The department of course pays for this language training, doesn't it?

Mr Chester—That is right.

Senator FAULKNER—Just like the Department of Immigration paid for Mandarin lessons. Will they come in handy over there in Rome?

Senator Coonan—Is that a gratuitous question, Senator?

Senator FAULKNER—No. It is strange that you should so interpret it; I just wondered whether they would come in handy.

Mr Chester—Do you actually want me to answer?

Senator FAULKNER—Yes.

Mr Chester—They may. It depends on the English language skills of the Chinese ambassador in Rome. So there may be occasions where she could use her Mandarin skills.

Senator FAULKNER—I wonder if you would take on notice for me the costs of ambassador designate Vanstone's Italian language training.

Mr Chester—I think we have those figures here.

Senator FAULKNER—I thought you said it had not commenced yet.

Mr Wise—It has not commenced; it will commence in Adelaide on 30 May and go until 8 June with a tutor from the Flinders university. The cost of those nine days language training will be \$2,420. Ms Vanstone will undertake a further 10 days of language training in country and that is expected to cost \$1,612 in tuition fees and an additional \$1,040 in accommodation.

Senator FAULKNER—Thank you for providing that—about \$5,072.

Mr Wise—Yes.

Senator FERGUSON—Would Peter Woolcott have had the same language training courses when he was appointed as ambassador to Italy?

Mr Wise—I do not have Peter Woolcott's details in front of me but with a language desirable position such as Rome we would, subject to availability, allow up to 40 weeks language training for someone before they went to that posting. Just how much language training Mr Woolcott got, I do not know, but the provision is there for up to 40 weeks for language desirable posts.

Senator FERGUSON—I know of other cases. For instance, one of your former employees, Martine Letts, went from Vienna to Buenos Aires and did a seven-week concentrated Spanish course up in Mendoza or somewhere and came out speaking very good Spanish, apparently. Would not that be normal practice for any ambassador that was transferring to a country where they had not known the language or did not know the language at all?

Mr Chester—Yes, if there is time to do it, particularly for language desirable positions. We obviously try to make time for our heads of mission to do it, but on occasions—and Mr Woolcott may well have been in this situation—there may not be time to do that language training. I do not know his particular circumstances.

Senator FAULKNER—You have those costs in relation to language training. Do you have the breakdown of any other training costs for ambassador designate Vanstone?

Mr Wise—There would be no additional costs as far as I can think of for training. Like all officials heading overseas, ambassador designate Vanstone would either do a course or be briefed on consular work, financial management, security, and conduct and ethics. They are the four compulsory programs for everybody going overseas. In addition to that, as Mr Chester has said, she is undertaking a range of preposting consultations and there are costs associated with her travel, travel allowance and accommodation for those programs in various state capitals. I do not have those figures with me. That program is partly undertaken; there is a little more to do.

Senator FAULKNER—Can you confirm for me in relation to Senator Vanstone's posting whether it is true that the current ambassador to Italy, Ambassador Woolcott, was granted a six-month extension of his posting to February 2008? I think it was about minimising disruption to schooling and the like; is that true?

Mr Chester—Yes, I think that is true. He did get an indication that his posting would be extended for that period.

Senator FAULKNER—Until when?

Mr Chester—It would have been until around February 2008.

Senator FAULKNER—Who was responsible for granting that extension?

Mr Chester—The decision was made by the minister.

Senator FAULKNER—Mr Downer made that decision?

Mr Chester—That's right.

Senator FAULKNER—When was that decision made?

Mr Chester—It would have been sometime late last year; I would need to check the exact timing.

Senator FAULKNER—I would appreciate it if you would.

Mr Chester—The decision may well have been made then; the advice may not have been transmitted at that time. But certainly that advice had been transmitted.

Senator FAULKNER—But that was a ministerial decision to extend Ambassador Woolcott's posting to February 2008?

Mr Chester—All decisions to extend are made by the minister on advice from the department.

Senator FAULKNER—And Mr Woolcott was informed of that extension?

Mr Chester—Yes, he was.

Senator FAULKNER—How was he informed that the extension was revoked?

Mr Chester—I understand the minister may well have spoken to him to advise him that that may be in prospect but I suppose he was formally advised when the announcement came out that Ms Vanstone would be going to Rome.

Senator FAULKNER—Really! So when you get an extension such as this to February 2008, is that done formally? Is there a formal communication or notice that provides that information?

Mr Chester—Normally that is the case, yes.

Senator FAULKNER—Normally it was the case. Was it the case in this instance?

Mr Chester—I have no reason to believe it was not. I would assume that he received a letter from the department indicating the minister's decision.

Senator FAULKNER—And made plans accordingly?

Mr Chester—You would have to ask him that.

Senator FAULKNER—I cannot ask him because he is not here; he is in Rome.

CHAIR—I think Mr Chester's point is he cannot answer on behalf of Mr Woolcott in that regard.

Senator FAULKNER—I think you appreciate Mr Chester, I cannot ask him.

Mr Chester—I will have to take that on notice and ask him what plans he made as a result of getting that advice.

Senator FAULKNER—You are not aware of that?

Mr Chester—No.

CHAIR—That is what Mr Chester just said.

Senator FAULKNER—You said you spoke to him to give him the two hours notice that he had lost the gig over there and that former Senator Vanstone had been appointed. I thought he may have mentioned it.

Mr Chester—No, he did not mention any plans that would be disrupted by this change.

Senator FAULKNER—He has received a letter from the foreign minister, Mr Downer, extending his posting to February 2008?

Mr Chester—No, I said that he has received the letter from the department, not from Mr Downer.

Senator FAULKNER—Who signs the letter?

Mr Chester—The head of staffing branch, I think.

Senator FAULKNER—He received the letter from the department, after Mr Downer's approval to extend the posting to 2008; is that correct?

Mr Chester—That is correct.

Senator FAULKNER—And the letter is not worth the paper it is printed on?

CHAIR—Mr Chester is not in a position to respond to that. It is a statement of your view, not a question for the officer.

Senator FAULKNER—What is the decision of the minister, communicated by the department, worth? It is worthless, isn't it, when the political fix goes in?

Senator Coonan—No, it is not worthless; it is a change of circumstance.

Senator FAULKNER—Why was Ambassador Woolcott informed, on Mr Downer's decision, that his posting had been extended to February 2008?

Mr Chester—That was the decision of the minister at that time.

Senator FORSHAW—Was he on an AWA?

Mr Chester—Mr Woolcott? Yes, he is.

Senator FORSHAW—Was that renewed at that time or does it just carry on? What were the provisions or can you not tell us that, either? What were the provisions about notice of termination?

Mr Chester—There was no termination. He is an ongoing employee of the department. He had been transferred to Rome—

Senator FORSHAW—I mean terminated in his position. The AWA relates, presumably, to his terms and conditions as the Ambassador to Rome. You just told us earlier on that it contains all of these provisions, but you cannot give the precise detail. That is related to the position he has. I just wonder what rights or entitlements he had to notice et cetera under that AWA.

Mr Chester—There may be some confusion here. Maybe we need to go back a few steps. Overseas assignments, whether they are for a head of mission or any other member of staff, are treated as strictly transfers at level within the organisation from one position to another position. It is true, when you are overseas, whilst your base salary and base conditions do not change, as set out in your AWA, the overseas service does attract a number of elements, as have been set out, that seek to compensate you for the extra costs of living overseas.

Senator FORSHAW—I do not want to interrupt Senator Faulkner's flow but the point was made that he was given some official notice about an extension of his appointment. That was done in writing?

Mr Chester—That is right, but I am not—

Senator FORSHAW—Following on from that, did he have an entitlement to be informed in a particular way or given certain advice, other than a phone call at 10 past seven in the morning: 'You're going to be replaced and there will be an announcement later today.' That is what I am trying to ascertain.

Mr Chester—No entitlement because, as I said, these are transfers within the organisation.

Senator FORSHAW—Yes, it is a transfer. But the point is he was given notice of his extension to a certain date in 2008 but then that is cut short and the only notice he gets, apparently, is a phone call at 10 past seven and your earlier answer—

Mr Chester—That was the official advice.

Senator FORSHAW—Your earlier evidence was that you rang him to say, 'There will be an announcement later today that you will be replaced by former Senator Vanstone.'

Mr Chester—That is right.

Senator FORSHAW—You have answered my question.

Senator HOGG—Just following on from Senator Forshaw's question, when Mr Woolcott received notification of an extension, does that mean that the AWA is extended for the period of service there? Maybe the AWA is in two or three parts?

Mr Wise—The AWA covers his employment as a public servant at his level.

Senator HOGG—So it does not—

CHAIR—Senator Hogg, perhaps you could just let Mr Wise finish.

Senator HOGG—I thought that was the end of it.

CHAIR—Sorry, I thought you were going to say something else.

Mr Wise—It covers his employment as a public servant and within that AWA—I do not have one in front of me—but it would have words to the effect, ‘If appointed to an overseas position, you would be entitled to transfer allowance, living allowance or whatever.’ It is not tied to a specific post. It is not even tied to a specific position here in Australia. It is just an AWA which covers you for your employment at a certain—in this case, all SES officers have AWAs.

Senator HOGG—So it is an ongoing open contract; is that a reasonable way to describe it?

Mr Wise—That is a reasonable way to describe it.

Senator HOGG—Is there a fixed term for these AWAs?

Mr Chester—Yes, there is a notional expiry date.

Senator HOGG—For how long are these AWAs made? What is the normal term?

Mr Chester—Normally, three years.

Senator HOGG—It is a three-year contract, non-post specific in the sense that it pertains to their employment within the department of foreign affairs? Is that a correct assessment?

Mr Wise—That is right.

Senator HOGG—I was not trying to refer to Mr Woolcott; I was just trying to be general.

Mr Chester—If I can just interrupt briefly on Mr Woolcott—and it is really answering in a general way—that his AWA, along with many others, was renewed in July 2006 for a nominal period of three years. That obviously would have gone well beyond his common term in Rome. As Mr Wise says, they are quite generic in their nature. They do not apply to specific positions; they apply to individuals as public servants in general.

Senator HOGG—So you are now telling me that there is a common renewal date of all of these?

Mr Chester—Again, only speaking generally because there will be individual circumstances and so on.

Senator HOGG—In general, there is a common renewal date. How many of these would there be? How many are we talking about?

Mr Chester—There is a common notional expiry date for a large number of them.

Senator HOGG—How many are we talking about?

Mr Chester—Within the department, 200.

Senator HOGG—So there are 200 contracts?

Mr Chester—If we are talking about our SES—

Senator HOGG—Similar to that—

Mr Chester—employees in similar situations, 200.

Senator HOGG—Which ambassador designate Vanstone has received, which would be similar across DFAT.

Mr Chester—Pretty much so.

Senator HOGG—And would have similar terms and conditions, I would presume.

Mr Chester—Yes.

Senator HOGG—And would have some sort of capacity within that agreement for country specific conditions. Is that a reasonable way to describe the way in which it is probably constructed?

Mr Chester—They are not country specific; they are general provisions that would apply if you did overseas service.

Senator HOGG—I am sorry, what I was trying to say was this: you would have a template, which is the master, and then sitting off the template you would have subclauses that apply in respect of country specific service.

Mr Chester—That is right.

Senator HOGG—Is that a fair way to characterise it?

Mr Chester—There are provisions. I do not know if they are sitting off to the side, but within an AWA.

Senator HOGG—That is the best way—I have not got the document—I can describe it.

Mr Chester—There are some clauses that will apply if you are on overseas service.

Senator HOGG—And in the case of ambassador designate Vanstone, would her contact have the same notional ending period as those that were entered into 2006, or would it be different?

Mr Chester—I would have to take that on notice; I do not know.

Senator HOGG—You put to me that there is a common notional finishing date for these. I was curious as to whether, as people are brought on board, you seek to bring people to a common finishing date and then renew their contract at the notional time that these contracts come up for renewal.

Mr Chester—With ambassador designate Vanstone, her AWA may have a different expiry date because of the fact that she is a non-ongoing APS employee, departmental employee, rather than Ambassador Woolcott, who is an ongoing employee.

Senator HOGG—Now you have opened this up, do you treat non-ongoing employees differently from ongoing employees and, if so, in what way—just in terms of their contract or the individual arrangements within their contract?

Mr Chester—There may be some differences in the individual arrangements, but again, I would like to take that on notice the extent to which we go into the detail of particular clauses.

Senator HOGG—If there are differences for non-ongoing, it would be interesting to find out what makes them different in character, nature and pay in respect of those who might be ongoing.

Mr Chester—Again, without going into detail—and I will check this for you—I think the main difference will be in relation to termination provisions.

Senator HOGG—What does that mean in the broad, without being specific?

Mr Chester—For ongoing public servants, the termination provisions set out in the guidelines that apply generally across the Public Service will apply and those in particular that are in our collective agreement. For non-ongoing, because it is a non-ongoing employment contract it is not uncommon to put provisions in there that relate to early termination of employment as a non-ongoing public servant.

Senator HOGG—If you would take that on notice and get back to us, that would be helpful indeed.

Senator FAULKNER—The current ambassador's term was to end in February 2008. Is that correct, Mr Chester? That is Mr Woolcott's term.

Mr Chester—August 2007 was the term he was originally appointed for, and, yes, he got an indication of a further six-month extension through to February 2008, which would be basically a 3½-year assignment.

Senator FAULKNER—When Mr Downer put out his media release on 26 April about Ms Vanstone's appointment, he said, in part:

... I have commended her appointment to the Governor General ... and have sought the approval of the Italian Government so that Ms Vanstone may take up the position in Rome when the current ambassador's term ends in late June.

Mr Chester—Yes.

Senator FAULKNER—That is not right, is it? Mr Downer himself approved the extension of Mr Woolcott's term to February 2008.

Mr Chester—No, I guess it is a form of standard wording we use throughout such releases. On many occasions heads of mission do not precisely finish on an anniversary or at the exact timing of their appointment. So, with all press releases announcing a successor, the formulation is always one of having the outgoing head of mission finishing and their term finishing when the new one is coming into the post. For example, a normal head of mission assignment is for three years. Most people would expect that it is three years, but, if it finishes after two years, 11 months, or two years and 10 months or two years only, then it will still be the same formulation that is used: the new one will come in to replace the outgoing one at the conclusion of their term. Mr Woolcott's term is concluding in June or July of this year. There is no debate about that.

Senator FAULKNER—It was extended until February 2008—you have provided that information in evidence yourself—by decision of the minister himself. That is never mentioned in Mr Downer's press release, is it?

Mr Chester—It would be a very silly press release if you did include all those things in there as a standard—

Senator FAULKNER—It would be very silly to tell the truth. You are right. It would be very silly to tell the truth. I agree with you about that.

Mr Chester—No, that is not what I am saying.

Senator FAULKNER—Because it is so embarrassing in this situation. It is quite simple: Mr Downer himself extended the term of Mr Woolcott to February 2008. Mr Woolcott was informed by the department that that was the case, and Mr Downer and the government then decided, because there was a need for a soft landing politically for Ms Vanstone, that she would get the job in Rome, and the last to know was Mr Woolcott, who we now know was informed some two to three hours only before the public announcement was made. Quite an extraordinary set of circumstances, and I suppose we have to get used to that as the way that Mr Downer and the Department of Foreign Affairs and Trade do business.

CHAIR—Thank you for the statement, Senator Faulkner. Do you have any questions?

Senator FAULKNER—Not on that any longer.

CHAIR—Senator Forshaw?

Senator FORSHAW—I have one follow-up question, and I appreciate that you will probably take this on notice. Could you give us details of other changes in ambassadorial or high commission representatives over the last couple of years. I particularly want to know when those individuals were advised that their term would be finishing and when the announcement was made about the replacement in each case.

Mr Chester—Sorry, when their term—

Senator FORSHAW—This morning you said that the sort of situation that occurred with Mr Woolcott was normal. What I would like to know is: what other changes in appointments of ambassadors or high commissioners have been made in the last couple of years? Let us say in the last three years; just pick a time frame. In those cases, I want to know: when were those individuals advised formally that their term was concluding, and when was the public announcement made about who was replacing them—the dates? You can take it on notice, Mr Chester; I do not seek an answer now.

Mr Chester—But there is an implication in the question you asked. I do not want to prolong this—

Senator FORSHAW—No, the question is a question. You do not have to worry about an implication or not.

CHAIR—Let me listen to what Mr Chester wants to say, please, Senator Forshaw.

Mr Chester—I think I have been verballed, Senator—if you can allow me to explain. What I said earlier was that it was quite normal for outgoing heads of mission to be advised only a few hours before the public announcement by the minister of a replacement coming in.

Senator FORSHAW—Yes.

Mr Chester—I think—if you go back through the records—that is what I said.

Senator FORSHAW—Exactly, and that is precisely what I heard you say.

Mr Chester—I said that is the norm, and that is the case. I am happy to get you answers on how that has happened in the past.

CHAIR—Thank you, Mr Chester.

Mr Chester—But that is quite different from saying that that is when outgoing heads of mission are informed of the prospect of an incoming head of mission. As I explained—

Senator FORSHAW—Okay. You see, that is why I asked the question, Mr Chester, because the original questions that were asked went to your subsequent point. Your answer—and I took particular note of your answer—went to the fact that you rang Mr Woolcott in the morning, in Rome, and said, ‘There will be an announcement later in the day about a replacement.’ I took particular notice of this, which is why I have now asked you the questions you have taken on notice. Can you answer this question now: when was Mr Woolcott advised that in fact his term was being cut short, having been extended, and that he was going to be replaced? When was he formally advised of that?

Mr Chester—There is a difference between advised or formally advised, but—

Senator FORSHAW—When was he first advised?

Mr Chester—As I said earlier, I think it seemed to be clear in his mind that there was a distinct possibility that—

Senator FORSHAW—I am not asking you what was in his mind.

CHAIR—Senator Forshaw, please let Mr Chester finish.

Senator FORSHAW—I am asking you when he was advised.

CHAIR—Senator Forshaw, please let Mr Chester finish.

Mr Chester—You are trying to paint a picture that Pete Woolcott got up and—

Senator FORSHAW—I am trying to ask questions.

CHAIR—Senator Ferguson.

Senator FERGUSON—Chair, I have a point of order. Although Senator Forshaw has not been on this committee all that long, I would have thought he would at least show the courtesy to the officials to let them finish their answers before he then proceeds to butt in the middle of the answer.

CHAIR—Precisely my point, Senator Ferguson.

Mr Chester—Perhaps if I could just make the point that, at 7.10 in the morning in Rome, Mr Woolcott was not taken aback by the content of the telephone call.

Senator FORSHAW—But Mr Chester, look—

CHAIR—Senator Forshaw, please.

Mr Chester—That may well have been the official—

Senator FORSHAW—Chair, please, I would ask for you to ask Mr Chester to answer my question or, if he cannot answer it, take it on notice. The question was—

CHAIR—As I understood it, Senator Forshaw—

Senator FORSHAW—Excuse me; I haven’t finished.

CHAIR—he already has taken it on notice.

Senator FORSHAW—No, he took other questions on notice.

CHAIR—I see.

Senator FORSHAW—I have asked this question: when was Mr Woolcott advised—if I have to say this to make it absolutely clear—by you or by the department or by the minister or by the government that his term was going to finish and that he would be replaced? I want to know: when was he advised of that? Was it before the phone call at 10 past seven on 26 April? The fact that he may have been apprised of it because he had read it in the paper or it was common knowledge is not what I am asking you. I am not asking you to say to me: if you can make a point to me. I want an answer to the question. You gave him—or the minister gave him—notice that his term was to be extended until February next year. I want to know: when was he given notice or advice that his term was going to finish and that he was going to be replaced? When was the first time that happened?

CHAIR—Thank you Senator Forshaw. Mr Chester, I understood you to say that you would obtain those details on notice.

Mr Chester—Yes, I will take that on notice.

Senator FORSHAW—No, excuse me, Chair—

CHAIR—I understood Mr Chester to say that earlier when you invited him to do that, Senator Forshaw.

Senator FORSHAW—Excuse me, Chair. Point of order, Chair: I did not ask—

CHAIR—Yes, Senator Forshaw.

Senator FORSHAW—Point of order, Chair, and I will stand on the record of the *Hansard*: what I had asked Mr Chester to provide me was details as to other changes of other ambassadors or other high commissioners, because I was obviously wanting that information—

CHAIR—To make a comparison, I assume.

Senator FORSHAW—No, to examine the record—

CHAIR—Same thing.

Senator FORSHAW—following Mr Chester's comments this morning. I am now asking—and he has not agreed to take it on notice—when was Mr Woolcott officially advised by the department, the minister, yourself or whoever that his term was going to finish and he would be replaced?

CHAIR—If Mr Chester wishes to check the record and come back to the committee on notice, Senator Forshaw, he is able to do that. If he wishes to answer it now, he is also able to do that.

Senator FORSHAW—I have asked him to answer it.

Mr Chester—Given the precision of the question, I will need to take that on notice and find out precisely when Mr Woolcott—

CHAIR—Thank you, Mr Chester.

Senator FORSHAW—Do you know whether it was prior to 26 April? Without being specific now, can you tell me whether it was prior to 26 April that he was first advised?

Mr Chester—I will take that on notice.

Senator NETTLE—I want to ask about the facilities for the ambassador in Rome.

CHAIR—On the same matter, Senator Nettle?

Senator NETTLE—Yes. Can you tell us about the accommodation for the ambassador in Rome?

Mr Chester—It is a house.

Senator NETTLE—Can you give us more detail?

Mr Chester—The house was built in 1937. It was purchased by the Australian government in the early fifties. I believe it is on four levels. I did see some photos some time ago, but that is the extent of my knowledge.

Senator NETTLE—That is where former Senator Vanstone will be?

Mr Chester—It is the same house that all the heads of mission, ambassadors in Rome, have been in since at least the early fifties.

Senator NETTLE—How many staff are associated with it?

Mr Chester—At the embassy or in the house?

Senator NETTLE—The house.

Mr Chester—There are so-called head of mission domestic staff. There is an entitlement that all heads of mission have. The exact make-up of that entitlement depends on the particular circumstances of the head of mission and head of mission's family. For ambassador Woolcott there are five staff. For ambassador designate Vanstone there will be either four or five staff, but I think that is still to be discussed with the ambassador designate.

Senator NETTLE—What positions are they? What kind of staff are they?

Mr Chester—They are household staff. There is a butler, a chef, a maid, a gardener and the last one is probably Woolcott specific, and that is a nanny. The reason for that make-up of staff is quite obvious—the amount of official representation and official entertainment that is undertaken in the residence, the fact that it is an Australian owned residence and therefore an asset of the Commonwealth and its upkeep needs to be done. That is why you have a gardener and those other staff. As I said, depending on the particular circumstances of a head of mission and the amount of representation work that needs to be done, there may or may not be a nanny or something like that.

Senator NETTLE—Is there a cost associated with those staff?

Mr Chester—I can give you the answer in respect of Ambassador Woolcott because, again, this discussion has not taken place with ambassador designate Vanstone that I am aware of. I do not have a total cost. The butler, for example, costs 22,000 euros a year, the chef around the same, the maid about 17,000 euros and the gardener around the same.

Senator NETTLE—Is there a car associated with the employment?

Mr Chester—Yes, there is. There is a head of mission vehicle, which I guess should be treated as equivalent to the normal remuneration package that an SES officer has in the Australian Public Service of a car.

Senator NETTLE—Is there a driver associated with that or is it just a car?

Mr Chester—There will be a driver for official purposes, yes.

Senator NETTLE—Do you know what sort of car it is?

Mr Chester—There is a car there. I do not know the type of car.

Senator NETTLE—You have described the house. Is there a value for the house?

Mr Chester—I will have to take that on notice. Peter Davin, the head of our Overseas Property Office, may have the answer.

Mr Davin—There is a valuation done on all of the overseas estates from time to time. The last valuation of that property was on 30 June 2006 and it was valued at about \$A11.2 million.

Senator NETTLE—Does it have a swimming pool?

Mr Davin—That is a very good question. I would have to take that on notice. I am sorry, I cannot answer that.

Senator NETTLE—It is a furnished house, presumably.

Mr Davin—It is furnished, yes. It is owned by the Commonwealth.

Senator NETTLE—I want to ask some questions about Russia and the government's position on President Putin's proposal to have a moratorium on the treaty on conventional forces in Europe.

Mr Newman—You have a specific question about the government's reaction?

Senator NETTLE—Yes.

Mr Newman—The government has not made any official announcement on the announcement by President Putin.

Senator NETTLE—Is his position in relation to a moratorium considered to be related to the US development of anti-ballistic missile systems?

Mr Newman—The position on his withdrawal from—that has been related by President Putin to those developments, among others.

Senator NETTLE—How does that intersect with Australia's proposals about getting involved with anti-ballistic missile systems? Is there any link or nexus there between President Putin's moratorium and Australian support for the anti-ballistic missile shield? Are they connected at all?

Mr Newman—Not that I am aware, but we may have some other expert who could give you some detail.

Senator NETTLE—You indicated that he said that his position in relation to a moratorium is linked to the anti-ballistic missile shield. You have not said that the Australian government has a position on his statement about a moratorium, but given there are proposals about Australian support for the anti-ballistic missile shield I thought the two might be connected.

Ms Rawson—There is no linkage that I am aware of between the Russian government's decision in regard to the CFE and the question of missiles and the Australian government's position on missile defence. I should say that perhaps your characterisation of the government's position was not strictly accurate. There has been no decision by the Australian government about participation in the US missile defence system. We do have a memorandum of understanding with the United States dating back to 2003 to cooperate with the United States in that area, but there has been no decision taken in regard to actual participation in the US missile defence system.

Senator NETTLE—Some of the media are describing the Russian decision in relation to the conventional forces in Europe and describing Russian-US relations as fast approaching a new Cold War. Is that an accurate representation of the situation, do you think?

Mr Newman—Secretary of State Rice was recently in Russia and had extensive discussions with the Russian government, with President Putin and with her counterpart. I think that as a result of that there was an agreement that they would tone down the rhetoric. Secretary Rice has certainly said that this is not equivalent to the Cold War—I cannot give you the exact quote.

Senator NETTLE—Would that be the position of the Australian government in relation to that?

Mr Newman—The Australian government has not taken a position on the situation.

Senator NETTLE—I have another question on Russia. There are media reports today about the Australian born gay rights activist Peter Tatchell having been beaten yesterday along with other people who attended a gay pride march in Russia. I am just wondering whether the Australian government was aware of that and whether any representations had been made to the Australian government for assistance in that matter, or whether the Australian government had raised that matter.

Mr Newman—I am not aware.

Mr Smith—We are aware of reports of that case. We do not have any further information at this stage. It is something that the embassy is following up.

Senator NETTLE—Is it following it up with Russian officials?

Mr Smith—Following it up to get some confirmation of the circumstances.

Senator NETTLE—So there is no action at this point.

Mr Smith—At this point the action is to follow up and find out exactly the circumstances. Once we have that information we will make a decision about what more we can do.

Senator NETTLE—Could you take on notice, if you are able to, providing us with an indication of how the government does decide to respond about this particular issue.

Mr Smith—Certainly.

Senator FAULKNER—On ambassadorial appointments: I note some press commentary about the possibility of, in this case, not former senator but current senator Rod Kemp being appointed to Paris. Would you be able to assure us, Mr Chester, that there are no plans afoot to do that?

Mr Chester—I am not aware of any plans that may be afoot in that respect.

Senator FAULKNER—You are aware of the speculation though?

Mr Chester—I am aware of the speculation. I am not aware of any plans.

Senator FAULKNER—When does the term of the current ambassador to France expire—not that that apparently has much relevance; we know in relation to Italy that that is the case—just for interest's sake?

Mr Chester—Nominally it is early next year—I think it is February or maybe March next year, nominally. It could be slightly longer or it could be slightly less, as all of these are.

Senator FAULKNER—When are we expecting an announcement to be made about who the new ambassador to France is likely to be?

Mr Chester—I do not know. It is up to the government to make that announcement.

Senator FAULKNER—So you cannot help us with that one?

CHAIR—I think Mr Chester has indicated he is not able to provide any information on those questions.

Senator FAULKNER—I worry when I hear denials. Think of all the denials of Senator Hill and Senator Vanstone. It is always a worry.

CHAIR—While we are discussing France, Mr Newman, has the government made any statements in relation to the election of the new President?

Mr Newman—No, it has not.

CHAIR—Are you able to advise the committee of the nature of our relationship with Mr Sarkozy and where we expect that to proceed?

Mr Newman—We have had a positive relationship with Mr Sarkozy. Mr Downer has met Mr Sarkozy. We look forward to working with him in the future.

CHAIR—In terms of his new cabinet, as it has been announced, are there any particular individuals in that cabinet with whom we have mutually beneficial relationships? For example, have any of them been part of international visitor programs to Australia?

Mr Newman—Yes. The new education minister was on our special visitor program about three years ago. Christine Lagarde, who is the new agriculture minister, visited Australia as Minister for Trade just recently.

Senator FAULKNER—What guidance is given to DFAT officers and to the Australian Embassy in Zagreb about the Croatian nationalist organisation, Ustasha, and about attendance at any events to do with the Independent State of Croatia set up by the Axis powers from April 1941 to May 1945?

Mr Newman—Are you asking for advice to our embassy in—

Senator FAULKNER—Given to DFAT officers and the Australian Embassy, and perhaps more broadly to Australians. We might move to that at a later stage, depending on your answer.

Mr Newman—I am not aware of any specific advice, but I can take that on notice.

Senator FAULKNER—There is none at all?

Mr Newman—I am not aware, I said.

Senator FAULKNER—I am surprised to hear that. Are you aware of the concern when a senior government minister attended a function which allegedly celebrated the 1941 creation of an independent Croatia under a regime that was sponsored by the Nazis?

Mr Newman—I am aware of a minister attending a function and subsequently issuing a statement to SBS Radio about that attendance.

Senator FAULKNER—I do not know about the statement to SBS Radio. Could you inform me about that?

Mr Newman—Yes. That was on 9 April 2007.

Senator FAULKNER—Who issued the statement?

Mr Newman—Senator Coonan.

Senator FAULKNER—Senator Coonan is with us. What did the statement say?

Mr Newman—I do not have the full text of the statement.

Senator FAULKNER—Why was there a need to issue a statement?

Mr Newman—To make it clear that the senator was not aware of the link, at the commemoration, to the Croatian Ustasha regime.

Senator FAULKNER—Given that Senator Coonan is at the table, can you confirm that that is the case, Senator Coonan?

Senator Coonan—I can confirm that I put out a statement, and I will table it.

CHAIR—Thank you, Minister.

Senator FAULKNER—Thank you for that. I will ask some questions when that is tabled. We might have to come back to this one. Were you aware of the nature of the function, Senator Coonan?

Senator Coonan—What was the nature of the function? I made a statement and I will table it.

Senator FAULKNER—But you did appear at a Croatian independence function, didn't you?

Senator Coonan—I did.

Senator FAULKNER—Do you know what date that was?

Senator Coonan—I cannot remember.

Senator FAULKNER—And does the statement basically apologise for your attendance—which is fair enough?

Senator Coonan—It explained my attendance, yes.

Senator FAULKNER—Do you regret attending now?

Senator Coonan—The statement speaks for itself. I will table it.

Senator FAULKNER—If it is an error and you acknowledge the error, we will not go there. But, if I have to read the statement and ask further questions, we can. Perhaps you could short-circuit that by indicating what the situation was.

Senator Coonan—I will table the statement because I do not have it with me.

Senator FAULKNER—All right. We will come back to that when the statement has been tabled. We will deal with it then.

Senator FORSHAW—With regard to Cyprus, what was the title of the position that former senator Jim Short was appointed to? I believe it was special—

Mr Newman—I believe it was the Special Envoy for Cyprus.

Senator FORSHAW—I understand he still holds that position. Is that correct?

Mr Newman—That is correct.

Senator FORSHAW—Could you tell me the current status of the position? For how long is it?

Mr Newman—It is normally reviewed and renewed on a year-by-year basis by the minister.

Senator FORSHAW—When is this 12-month period due to finish?

Mr Newman—At the end of this calendar year.

Senator FORSHAW—At the end of December. What is happening there? I am not in any way making any comments about Mr Short or what he has done so far. I actually saw him last week at the lunch for the Greek Prime Minister, which prompted me to follow this up. When was that appointment first made?

Mr Newman—I would have to take that on notice.

Senator FORSHAW—The referendum for unification of Cyprus took place in 2004 or 2005—I cannot recall. It was unsuccessful and there does not appear to have been much progress, if any, on the question. Can you tell me what sorts of duties the Special Envoy has now? I appreciate that there was probably more activity a couple of years ago when Cyprus was first granted membership of the EU and the referendum was being held. This had a lot more prominence internationally than it does at the moment.

Mr Newman—The normal pattern has been for Mr Short to travel to Turkey, Greece and Cyprus, and also to Washington, to have consultations on the state of play. He also has extensive links with the Greek Cypriot and Turkish Cypriot communities in Australia. He is trying to encourage efforts towards a settlement that is acceptable to both sides.

Senator FORSHAW—I understand that that is the purpose. Has there been any decision reached yet as to whether or not his appointment will be extended?

Mr Newman—That will be up to the minister at the end of this calendar year.

Senator FORSHAW—Thank you.

Senator FERGUSON—It is only a part-time position.

Senator FORSHAW—I was in no way reflecting upon his role. I was just wondering where it is going, given that this issue has been around for some 40-odd years.

CHAIR—We will now move to output 1.1.5, South and West Asia, Middle East and Africa.

Senator FERGUSON—I have a few questions that I want to ask about Zimbabwe, probably to Ms Stokes. Only yesterday or the day before, there was a report in the media about the arrest of 200 people in the opposition's offices where a youth congress was going on at the time. Do you have any up-to-date information about that?

Ms Stokes—I do not have any updated information with me right now. I have been sitting here all morning.

Senator FERGUSON—I think it was a couple of days ago; I am just not quite sure of the exact time. Can you find out what you can about that?

Ms Stokes—Yes.

Senator FERGUSON—In general terms, in Zimbabwe, does the department have a view of how extensively human rights abuses have increased in the past six months?

Ms Stokes—It is hard to say whether they have worsened. The situation has been quite bad for some time. The visibility of the human rights abuses has increased with the attack on prominent people. That has been broadcast internationally in the media, so I think that has drawn attention to the situation. But I think the underlying situation has been pretty bad for a while. You may have heard or spoken to Archbishop Ncube, the Archbishop of Bulawayo, who visited in the last couple of weeks. The information that he provided to us very much highlighted the dire situation there, and it has clearly been like that for some time.

Senator FERGUSON—We met, as a committee, with Archbishop Ncube. I think more information came from the human rights person. I have forgotten the lady's name, to be honest with you.

Ms Stokes—The lady who accompanied the Archbishop here.

Senator FERGUSON—Has starvation increased, in general terms, as far as our government's observations of the current situation indicate? Is it on the increase right now? I understand they are having a terrible drought.

Ms Stokes—That is right. They have food shortages and there is a drought. But, again, the drought comes on top of a very difficult economic situation so it accentuates an already difficult situation.

Senator FERGUSON—With inflation at 3,700 per cent or something—I think that is the latest monthly inflation figure—

Ms Stokes—That is the latest.

Senator FERGUSON—That is the latest, yes. Is the Australian government considering increasing its food aid to the country, or will that be left to other NGOs who are involved in providing sustenance to the people?

Ms Stokes—AusAID is responsible for aid to Zimbabwe. My understanding is that we have made a contribution to the WFP, but I cannot see that in front of me, in my briefing notes, right at the moment.

Senator FERGUSON—Do you have any information about the correctness or otherwise of the report that some 42,000 women in Zimbabwe died in childbirth last year?

Ms Stokes—Are you asking me to confirm that?

Senator FERGUSON—It was reported that 42,000 women died in childbirth, compared with less than 1,000 a year a decade ago. I am just wondering whether you have any information that would either confirm those reports or suggest that they are somewhere near accurate.

Ms Stokes—I would need to take that on notice, but our understanding is that international organisations in the development area have recorded a significant deterioration in all indicators of quality of life and income. So it would not be surprising to see a deterioration of the kind that you have just mentioned.

Senator FERGUSON—Is there still an alarming increase in the number of people who are HIV positive?

Ms Stokes—That is our understanding but, as you can imagine, the Zimbabwe government's statistics are not reliable, and so these are best estimates. You may have discussed this with the visitors that we had from Zimbabwe.

Senator FERGUSON—The last estimate that I saw was that 50 per cent of pregnant women were HIV positive. Have you heard of similar figures?

Ms Stokes—I do not have information to hand on that.

Senator FERGUSON—Okay. Perhaps on notice you could check some of those figures that I have raised to see whether they are factual or whether we have any information that might suggest that they are, if not totally accurate, at least as near as possible an estimate.

Ms Stokes—We have seen a collapse in life expectancy from 61 years in 1990 to 33 years today, and obviously that sort of statistic has behind it a whole range of deteriorating situation in Zimbabwe.

Senator FERGUSON—Our high commission in Harare now has its offices in the old residence, I think, doesn't it?

Ms Stokes—I believe so.

Senator FERGUSON—Are there any security problems at all with having offices out there? It is out of the town centre. Actually, Peter has gone, hasn't he?

Mr Chester—I think we made the move deliberately to build a chancery on the grounds of the residence to enhance the security position for our locally engaged and A based staff.

Senator FERGUSON—Do you have anything, Mr Gerovich?

Mr Gerovich—We have introduced a wide range of physical security upgrades at the new mission, including a strengthened perimeter and screening points. I cannot go into the specifics of the security measures we have taken because, by doing that, we might

compromise operational security, but I can confirm that a significant security upgrade has been undertaken at the mission in Harare.

Senator FERGUSON—The high commissioner no longer lives there, does he?

Mr Gerovich—That is correct.

Senator FERGUSON—He lives in town, does he?

Mr Gerovich—Yes, as far as I am aware he lives in leased accommodation.

Senator FERGUSON—Is Jon Sheppard still the high commissioner?

Ms Stokes—Yes.

Mr Chester—Yes.

Senator FERGUSON—Is his term just about complete?

Mr Chester—Yes, in the next 12 months.

Senator FORSHAW—Does he know that?

Senator FERGUSON—I do not think it is one where you would seek an extension!

Senator FORSHAW—Tell him to stand by the phone!

Senator FERGUSON—How many staff do we currently have at the high commission?

Ms Stokes—I do not have a figure to hand.

Senator FERGUSON—I think it is two or three, but I am not sure.

Mr Chester—It is three A based, but I do not know the number of LE.

Senator FERGUSON—Do you know whether or not we have an increase in the number of people who are trying to get visas into Australia from Zimbabwe?

Mr Chester—No, I do not know that. The post would have that information, but it is really an Immigration issue.

Senator HOGG—In respect of our high commission in Zimbabwe, given that the government made a pronouncement that our cricket team should not travel there—

Senator FERGUSON—It is an embassy now, not a high commission.

Mr Chester—It was.

Senator HOGG—it was—why do we maintain diplomatic relations? Has that been the subject of discussion or debate?

Ms Stokes—We maintain diplomatic relations for a number of reasons. In the immediate past, we have seen that our embassy has played an important consular role in Zimbabwe. Also, it is an opportunity for us to have insights into the situation from within the country. Also, we are able to maintain dialogue with civil society groups.

Senator HOGG—All right, but my question goes to: has there been any reconsideration of the position of the embassy there, as opposed to our ongoing presence? Has there been any discussion within DFAT as to maybe the safety, the wellbeing or the efficacy of having—

Ms Stokes—I think the issue of the safety and security of the embassy is an ongoing concern for all of our posts everywhere.

Senator HOGG—Yes, I accept that, but in terms, therefore, of the usefulness of the relationship, has there been any discussion within DFAT as to whether it is worth while maintaining that relationship?

Ms Stokes—There has not been any consideration of that question in recent times. As I mentioned, we see a lot of advantages in continuing to have our embassy there.

Senator HOGG—Three A-based; how many locally engaged?

Mr Chester—I do not know the answer.

Senator HOGG—That is all right.

Senator CHRIS EVANS—While we are on that issue, I just want to ask whether there has been a general ban put on sporting contacts with Zimbabwe.

Ms Stokes—I am not aware of that.

Senator CHRIS EVANS—So the decision is purely about the Australian cricket team, is it?

Ms Stokes—It is about the cricket team going to Zimbabwe.

Senator CHRIS EVANS—Yes. I guess I am asking the broader question. That was based on grounds about safety and the appropriateness of their visit. I am asking: has the federal government made any broader decision about the Australian netball side or anybody else travelling to Zimbabwe?

Ms Stokes—The answer is no.

Senator FERGUSON—In fairness, I think cricket is probably the only sporting contact we have with Zimbabwe.

Ms Stokes—I could not answer that definitively.

Senator CHRIS EVANS—So the policy decision was purely one specifically—

Senator FORSHAW—Lawn bowls?

Senator HOGG—Lawn bowls?

CHAIR—There are a lot of experts up here, but, if Ms Stokes could be allowed to answer the question, I for one would be grateful.

Ms Stokes—The government's decision related to the cricket team going to Zimbabwe to play in Zimbabwe.

Senator CHRIS EVANS—What is the current status then of other sporting teams visiting Zimbabwe or Zimbabwean sporting teams visiting Australia? There is no change in policy? There is no ban? There is no broader decision taken?

Ms Stokes—No, there is no broader decision taken.

Senator CHRIS EVANS—Thank you.

Senator NETTLE—Can I ask some questions on Zimbabwe while we are there?

CHAIR—Yes, why not.

Senator NETTLE—Thanks. Earlier we were talking about Burma and restrictions on the movement of people coming into Australia. I am wondering if you can outline what restrictions if any exist for Zimbabwe in relation to the movement of people.

Ms Stokes—We have a number of targeted sanctions in place against the government of Zimbabwe and its close supporters, and they have been in place since 2002. Those sanctions include travel bans and financial restrictions on government ministers, senior officials and key regime figures.

Senator NETTLE—Do they relate to family members of regime officials?

Ms Stokes—At this stage, they do not.

Senator NETTLE—So there are no restrictions on Zimbabwean students studying in Australia who are the children of Mugabe regime leaders?

Ms Stokes—There are currently no restrictions on that, but that is an issue that is under review.

Senator NETTLE—Can you give us any idea about a time frame for that review?

Ms Stokes—No, I am not able to do that.

Senator NETTLE—You were starting to outline the other sanctions in terms of movement?

Ms Stokes—Travel restrictions are implemented by the Department of Immigration and Citizenship.

Senator NETTLE—You spoke also at that point about financial restrictions. Can you describe those, please?

Ms Stokes—They are implemented in conjunction with the Governor of the Reserve Bank of Australia. The sanctions prohibit any transactions involving the designated individuals. The number of individuals on our list is 158.

Senator NETTLE—Is it possible for you to table the designated list?

Ms Stokes—I believe the list is already available, but we would need to check on that.

CHAIR—Thanks, Ms Stokes.

Senator NETTLE—I asked you about the students, the children of people from the Mugabe regime. If there is a restriction on receiving funding from any of those members of the regime, presumably that would prevent them being able to fund any children that they had studying here?

Ms Stokes—That is right.

Senator NETTLE—Are you able to indicate whether that is the case?

Ms Stokes—We have sanctions in place that are aimed at those 158 individuals and they prohibit any transactions involving those 158 individuals.

CHAIR—Do you have a specific case in mind, Senator Nettle, or are you just asking in general?

Senator NETTLE—I could ask about a specific case, if you like. I cannot remember the name. He is studying at Macquarie University, doing an MBA and he is a member of the Mugabe regime. So there is a specific example if you want one. That is why, when I described to you the process about stopping the funding of people studying here, and you seemed to say that was the case, I wanted to check whether that had been done in any instance. Are you aware of any instance where there are children of the Mugabe regime studying in Australian universities where the financial sanctions that you described have been used to stop any funding coming to them?

Ms Stokes—We are aware of at least one instance where a financial transaction has been blocked, but I am not aware whether there was any connection with a student.

Senator NETTLE—Can you give us any information on that blocking of a financial transaction, which person—

Ms Stokes—No, we are unable to give that kind of detail. As you can imagine, the action is taken by another agency in implementing the sanctions.

Senator NETTLE—Can you explain to me why you are not able to give that detail. I do not understand.

Ms Stokes—As I understand it, we have been advised we are not able to provide any further detail.

Senator NETTLE—You said the list of the 158 names you thought was publicly available. So I presume you are not saying you cannot provide it because it is a name on that list, because you said it was publicly available. I am just trying to work out why it is. Are you saying that if I ask that question to another agency, they would be able to?

Ms Stokes—The advice I have is that we are not able to provide the details. I believe it relates to operational reasons.

Senator NETTLE—So what is the other agency that would be implementing those targeted sanctions?

Ms Richards—It might be of assistance if I just describe the general process for these financial restrictions. The Reserve Bank will gazette a notice under the Banking (Foreign Exchange) Regulations 1959. Those notices are issued to financial institutions. If they notice what they consider to be a suspect transaction, the financial institution will inform the Reserve Bank and the Reserve Bank will refer that matter through DFAT to the AFP. The AFP will then do an identity check, and that information is conveyed back to the financial institution if it is considered to be a match with the identity. The transaction is blocked. If there is no match, the transaction proceeds.

Senator NETTLE—I want to ask about Australian interests in Zimbabwe. Do you know how many Australians are currently working in Zimbabwe?

Ms Stokes—No, I do not have the answer to that question.

Mr Smith—We estimate there are 1,100 Australians in Zimbabwe. About 700 of those are registered with the embassy. Most of them are dual nationals, but I don't have any information about what more they are doing.

Senator NETTLE—Is there any information that people have about sectors or businesses in which there are Australian interests in Zimbabwe?

Mr Chester—We do not have that information.

Senator NETTLE—Is there anyone else apart from you guys who would have that information?

Mr Chester—We could take that on notice. Given that we have, as Mr Smith says, 700 Australians registered with the embassy, we could probably quite easily get some sense of what sectors they are associated with.

Senator NETTLE—I am interested in what sectors. So what is the value of the current interaction between Australian businesses and Zimbabwe?

Mr Chester—We will see what we can do. You are talking about levels of maybe investment and things like that.

Senator NETTLE—Yes.

Mr Chester—We will see what we can find out.

CHAIR—It is probably on the website.

Mr Chester—Probably.

Senator NETTLE—That is all I have on Zimbabwe.

CHAIR—Are there further questions in 1.1.5?

Senator HOGG—Would it be possible to get an update on the situation in Iraq? What are the pressures and representations that have been made to the Iraqi administration by the Australian government in recent times?

Mr Robilliard—Your first question was about an update on the current situation in Iraq. Let me answer it this way. You would be aware that on 10 January President Bush announced a new strategy to take forward with regard to Iraq. That was in support of comments made at the same time by Prime Minister Maliki. That new strategy involves a military surge—a so-called surge—which sees an increase in US forces operating in and around Baghdad of approximately 21,000. Those forces are expected to come up to full level next month. It also involves an increase of three brigades of Iraqi army forces going into Baghdad at the same time. Alongside that, there has been a civilian surge, which sees a significant increase in US funding to reconstruction activities in Iraq together with a significant effort to improve Iraqi government capability in governance areas, particularly in budget execution areas.

As I said, that surge has now been underway for a couple of months. You would be aware that at the end of last week the US congress passed the Iraq supplementation bill, which allocated extra funding of up to \$96 billion, as I recall, until 30 September this year, for US military operations in Iraq. You will also be aware that General Petraeus, the commander of the multi-national forces in Iraq, and Ambassador Crocker, the ambassador of the United States in Baghdad, are scheduled to present an assessment of the situation in Iraq to congress in September.

The second part of your question related to pressures and representations made by Australia to the government of Iraq. Is that correct?

Senator HOGG—Yes.

Mr Robilliard—Most recently, you may be aware that the Iraqi foreign minister, Mr Zebari, was here in Australia as the guest of the Australian government. He had a series of calls here in Canberra last Monday, meeting the Prime Minister, the Minister for Foreign Affairs, the Minister for Defence, the Minister for Trade and also the Australian-Iraqi Parliamentary Friendship Group. One of the key messages that Australian ministers made to Foreign Minister Zebari was that whilst the military effort to combat the insurgency and the terrorists is necessary, it also requires an effort on the part of the government of Iraq to take forward the processes of national reconciliation, which it is committed to. That includes key pieces of legislation, such as the de-Ba'athification law, the hydrocarbons law and other relevant reconciliation efforts. That would be the most recent representations that we have made.

Senator HOGG—In terms of those reconciliation efforts, are we making a contribution? If so, what form does that take?

Mr Robilliard—In terms of the reconciliation effort, we have made contributions over the past five years, I think, or four years in areas such as the promotion of human rights, the promotion of good governance, improvement in Iraqi legal judicial systems—those sorts of areas. AusAID would be able to provide you with a very detailed account of those amounts and where they have been put.

Senator HOGG—So it is those who have been affected through the AusAID program.

Mr Robilliard—Yes.

Senator HOGG—Is there any change in the priorities there?

Mr Robilliard—I think it best to direct those questions to AusAID. In general terms, the priorities are looked at on a regular basis. AusAID had a team which visited Baghdad earlier this month to look at that very set of questions, but, as I say, I think it would be best if you asked them for the detail.

Senator HOGG—Do we have any assessment of the casualties? This has been asked before.

Mr Robilliard—Are you talking about civilian casualties?

Senator HOGG—Civilian casualties.

Mr Robilliard—You will be aware from previous hearings of this committee, involving both this department and other agencies, that there are no authoritative estimates on the total number of Iraqi civilian casualties. There is a range of estimates, and the figures that result from those estimates and the various methodologies employed vary enormously.

Senator HOGG—What estimates do we work on? Do we work on any at all? Do we accept any estimates of what is happening in the civilian population?

Mr Robilliard—As I said, there is a range of estimates. There are a number of organisations and agencies which calculate these figures. Their methodologies vary

enormously. One source that is considered to have some credibility is the Iraq Body Count. That has an estimate of somewhere between 63,000 and 69,000 civilians killed since March 2003. That was an estimate as of 11 May. We would probably consider that figure to be at the more credible end of the spectrum of these figures.

Senator HOGG—Do we have any input into the compilation of the figures?

Mr Robilliard—No.

Senator HOGG—Do we believe that that would be a reasonable assessment?

Mr Robilliard—We have no independent assessment. As I say, it would probably be considered to be at the more credible end. If you compare it with other figures which have been circulated—of up to 600,000-plus—we would regard the Iraq Body Count figure as being more credible.

Senator HOGG—In terms of civilian casualties that may have involved Australian forces, does DFAT get involved with the acts of grace payments that are made?

Mr Robilliard—Processing of act of grace payments are the responsibility of the defence department and the ADF. You would really need to ask them questions about the methodology which is employed. We have had some involvement through our embassy, though, in assisting the defence department in the processing of those.

Senator FAULKNER—What is your involvement?

Mr Robilliard—For example, assisting the Department of Defence in arranging to interview people who may have been affected in such incidents.

Senator FAULKNER—Say that again.

Mr Robilliard—In assisting the Department of Defence in arranging for people who may have been affected by such incidents to be interviewed.

Senator FAULKNER—All right. What else?

Mr Robilliard—Sending back paperwork for particular claims.

Senator FAULKNER—Is that all claims or some of the claims?

Mr Robilliard—I could not say it was all claims but certainly some of the claims, yes.

Senator FAULKNER—Sending back the paperwork to whom?

Mr Robilliard—To the Department of Defence.

Senator FAULKNER—Is DFAT present at interviews?

Mr Robilliard—I do not recall that we are. It is normally an interview with ADF personnel.

Senator FAULKNER—Why the need for DFAT involvement?

Mr Robilliard—Because the embassy is a suitable location for such interviews to take place.

Senator FAULKNER—So the interviews are taking place at the embassy and DFAT is involved in the information going back to the defence department here. Is there any other involvement by DFAT?

Mr Robilliard—I think, with regard to one set of claims, the department was involved in the actual payment. In other words, we facilitated it. The money was provided by the Department of Defence and it was facilitated through our embassy.

Senator FAULKNER—Why was that, specifically?

Mr Robilliard—It was the most convenient, effective and efficient way of ensuring that payment took place.

Senator FAULKNER—Does the department keep a log of these compensation payments?

Mr Robilliard—Could you explain what you mean by a ‘log’?

Senator FAULKNER—Do you keep a record of the act of grace payments with which you have this involvement?

Mr Robilliard—Where we would be involved in the transfer of funds from the Department of Defence through our embassy, then yes, obviously there would be a paper trail of that.

Senator FAULKNER—But that has only happened once?

Mr Robilliard—To the best of my recollection, only once.

Senator FAULKNER—Are you able to say what that particular incident was?

Mr Robilliard—That related to the 21 June incident last year.

Senator FAULKNER—Which was?

Mr Robilliard—It was a shooting incident in Baghdad involving the ADF security attached to the embassy.

Senator FAULKNER—How much money was paid on this occasion?

Mr Robilliard—I cannot go into that.

Senator FAULKNER—Why is that?

Mr Robilliard—The Department of Defence has rules regarding privacy matters.

Senator FAULKNER—The Department of Defence and the department of finance, at times, have answered these questions. I accept that those other departments have primary responsibility for this, and I am happy to ask the Department of Defence, but I am just trying to understand what is the role of the Department of Foreign Affairs and Trade in it.

Mr Robilliard—It is as I have set out. I think any other questions you have really need to be asked of the Department of Defence—

Senator FAULKNER—There is no other involvement by DFAT broadly in this process?

Mr Robilliard—Not beyond what I have indicated, no.

Senator HOGG—What is the cost of the embassy’s operation currently?

Mr Chester—Sorry, the cost of what?

CHAIR—The operation of the embassy in Baghdad.

Mr Chester—In what sense?

Senator HOGG—What it costs us to operate it—the day-to-day operations.

CHAIR—I assume Senator Hogg meant the operating costs.

Mr Robilliard—I will have to go to other colleagues for that answer.

CHAIR—They are coming from every direction, Mr Robilliard.

Senator HOGG—There will be other questions in relation to staffing and things such as that.

CHAIR—Mr Gerovich, Ms Thorpe—can anyone assist? Or Mr Wise?

Ms Thorpe—We received some funding for setting up the Baghdad embassy—

Mr Chester—I have found the answer.

CHAIR—Mr Chester, you were here all the time.

Mr Chester—In amongst all these papers—

Senator HOGG—Mr Chester, we are surprised!

Mr Chester—The operating costs for 2006-07 are \$3.7 million.

Senator HOGG—And what is the 2007-08 budget?

Mr Chester—I do not have those figures with me. If you want, I will take them on notice.

Senator HOGG—They are not to be found in the PBS.

Ms Thorpe—The post's total budget for 2006-07—this is not including staff costs, just the operating costs—is \$3.7 million.

CHAIR—And in 2007-08?

Ms Thorpe—2007-08? No, I am sorry. We are just finalising the budget now. We have not completed the budget allocations yet.

Senator HOGG—That is interesting because we have the PBS for 2007-08 and I cannot find any allocation for this operation for 2007-08.

Ms Thorpe—The PBS would only identify line items for new funding proposals. We received funding for Baghdad several years ago and it is now part of our baseline, so you would not actually see a line item in there.

Senator HOGG—So it is not a line item.

Ms Thorpe—While I cannot give you a specific figure, it would be around the figures they have had in prior years but we still have to do the parameter adjustments and those sorts of adjustments, which we are currently finalising.

CHAIR—Thank you, Ms Thorpe.

Proceedings suspended from 3.30 pm to 3.46 pm

CHAIR—Mr Chester, did you have something to say?

Mr Chester—We would like to go back to a couple of areas and answer some questions that we had taken on notice.

CHAIR—Are the relevant senators here?

Mr Chester—At least one of them is. I think Senator Nettle asked about our involvement with the US in relation to the protesters and Pine Gap. I can confirm that this department is not involved in any of the communications with the United States. The Department of Defence has been in contact with US authorities about the clearance of documents which may be used as evidence in the court case in relation to those protesters.

On our embassy in Harare and the number of LE staff: I am not sure who asked that, but the answer is 11—we have 11 locally engaged staff in our embassy in Harare. I think Ms Stokes may have a couple of answers to clarify.

Ms Stokes—The Reserve Bank website lists the names of those on whom are placed financial sanctions.

Senator NETTLE—Thank you.

Ms Stokes—With respect to investment in Zimbabwe, the figures are not available. We are aware that there are some Australian mining companies with limited investments, but we do not have the full detail about the extent of those investments, although we are aware that economic conditions have caused companies to scale down their activities in Zimbabwe in recent years. With respect to Australian exports, in the 2006 calendar year Australia exported \$2.6 million worth of commodities, and we imported from Zimbabwe \$6.5 million worth, which were primarily tobacco and construction materials.

CHAIR—Thank you, Ms Stokes.

Senator HOGG—I was interested in some of the figures surrounding the costs associated with the operation of the embassy in Baghdad. We have got operating costs for 2006-07 of \$3.7 million. There is no specific figure for 2007-08, as I understand, because that is yet to be allocated.

Mr Chester—It will be essentially that same amount, subject to the various parameter adjustments—inflation, exchange rates and those kinds of things—and the efficiency dividend.

Senator HOGG—Putting aside all of those things, is there an allocation in the budget—even a global figure—where the budget for Baghdad is to be found?

Mr Chester—Not until the senior executive of the department sets the budget for the various posts' work units in the department, and that will be—

Senator HOGG—So you are telling me that that would apply to all the other posts as well?

Mr Chester—That is right: all work units within the department, so divisions as well as posts. But we can expect that it will be pretty close to what it is for this financial year.

Senator HOGG—As I understand it, that is the operating costs. That excludes staff costs; is that correct?

Ms Thorpe—The figure that Mr Chester gave you was the total budget, which is the operational costs for the mission, including the property, administration and local and A-based salary, so it did include salaries.

Senator HOGG—How many A-based staff are there?

Mr Wise—There are seven A-based staff: six DFAT and one Defence.

Senator HOGG—Six DFAT; one Defence.

Ms Thorpe—The costs that I gave you would obviously not have included the Defence A-based staff; it is only our DFAT A-based staff.

Senator HOGG—It is only the DFAT component?

Ms Thorpe—Yes, that is right.

Senator HOGG—I accept that. How many locally engaged staff are there?

Mr Wise—There are 10 locally engaged staff.

Senator HOGG—On what basis are they engaged—in a full-time capacity?

Mr Wise—Yes, they are. Five of them are cleaning and maintenance staff who are engaged under a contract arrangement. The other staff are a driver-messenger, a facilities manager, an administrative assistant, an office manager and an assistant for the defence attache.

Senator HOGG—All right. Who bears the cost of the defence of the embassy?

Mr Wise—The security?

Senator HOGG—Yes, the security of it, the defence.

Ms Thorpe—I understand that Defence people are located there and assist the post in the security required for the post. For example, I understand that, if the post need to leave the embassy to go somewhere, they are usually accompanied by Defence personnel.

Senator HOGG—Right. But that cost is borne by Defence?

Mr Wise—That is right.

Ms Thorpe—That is right. It is borne by Defence.

Senator HOGG—Are there any operations outside of Baghdad by either A-based or locally engaged staff?

Ms Thorpe—No.

Mr Robilliard—What do you mean by operations?

Senator HOGG—Anyone based outside.

Mr Robilliard—No.

Senator HOGG—No. I did not think there were. I thought I would check for the sake of the record. Does the total cost of our operation in Iraq come under Foreign Affairs at all, or is it an amalgam of what happens under Foreign Affairs and what happens under Defence?

Ms Thorpe—They have been separated. We only have funding for our component. Defence have their own funding.

Senator HOGG—Are there any AusAID staff in the embassy?

Mr Robilliard—No.

Senator HOGG—So, if there are AusAID programs in Iraq, are they administered directly through A-based staff in the embassy?

Mr Robilliard—They are managed from AusAID in Canberra, yes, through DFAT staff at the embassy.

Senator HOGG—All right. I will ask them this evening about programs that they might have operating in Iraq.

Senator FAULKNER—Could you, Mr Chester, or one of your officials indicate to the committee the current status, if you are aware of it, in relation to the AFP investigation into the seven alleged breaches of UN sanctions on imports from Iraq that were referred by DFAT in February 2006? Do you have any knowledge of where that is up to?

Ms Richards—Yes. As you know, we referred seven matters to the AFP for investigation in February 2006. The AFP are the best placed to provide details on those investigations, to the extent that it is compatible with their operational requirements.

Senator FAULKNER—I was asking whether you are aware it is still an ongoing matter or whether, as far as the department is aware, it is still an ongoing matter.

Ms Richards—We have received updates, and some of those matters are ongoing.

Senator FAULKNER—Ms Bird advised the committee at the last round of estimates that DFAT became aware in December 2001 when the company wrote seeking retrospective approval that BP had imported a shipment of Iraqi oil in October 2000 without the requisite permit that was issued under the authority of the foreign minister. That leaves another six alleged breaches. Are you able to say at this point when DFAT became aware of those other six alleged breaches?

Ms Richards—In the light of the Volcker inquiry, which revealed that there had been a significant subversion of the oil for food program, we did a thorough review of our files and as a result of that review we referred matters to the AFP.

Senator FAULKNER—I am not interested in the operational issues here. I am only going to the process issues. Are you able to say when DFAT became aware of the other alleged breaches? I am asking about the timing here.

Ms Richards—Those matters were rounded up as a set of seven matters, and they were referred to the AFP in February 2006.

Senator FAULKNER—Yes, and we know that, in relation to one of them, DFAT became aware of it in December 2001. I appreciate that they were referred to the AFP in February 2006. We know that. I am just asking now whether in relation to the six other alleged breaches you can say when DFAT became aware of those breaches.

Ms Richards—The six were all matters of different natures.

Senator FAULKNER—Yes. Are you able to say what goods were involved?

Ms Richards—I would be reluctant to stray into the matters when some of them are still under investigation.

Senator FAULKNER—For the ones that are not under investigation, are you able to say what goods were involved?

Ms Richards—I think those inquiries are best referred to the AFP, which is the investigating authority.

Senator FAULKNER—I do not think so in this instance. I am talking about the ones that are not under investigation. I am drawing a distinction between ongoing AFP matters and non-ongoing matters. I think you have indicated to the committee—fair enough—that some are ongoing and some are not. So I am just focusing on the ones that are not ongoing matters at the moment. Are you able to say, first of all, how many of the seven are not ongoing?

Ms Richards—Four of the matters have been finalised.

Senator FAULKNER—Right. Four have been finalised; thank you for that. Are you able to say in relation to those matters what goods were involved?

Ms Richards—As no charges will be laid in relation to those, I think it would be inappropriate for me to go into details.

Senator FAULKNER—Why is that? Given that no charges are going to be laid, I would have thought it would be appropriate to go into details. You are arguing that if it is an ongoing matter you should not go into details. These are non-ongoing matters—not that I am going to ask many questions about the details—but, with respect, I suggest it is a bit hard to have it both ways. They are non-ongoing matters.

Ms Richards—I think AFP, as the investigating agency, is best placed to comment on that.

Senator FAULKNER—Yes, but haven't their investigations concluded?

Ms Richards—The investigations have been finalised and no charges will be laid.

Senator FAULKNER—So, in relation to those four matters, it is over. Now I am asking what goods were involved in relation to those four matters? There were two things I wanted to ask: what goods were involved and what was the timing when DFAT became aware? I just cannot for the life of me see what the problem with that is in relation to a non-ongoing matter. There are senators at the table, and I happen to be one of them, who actually respect the fact that we do not want to trample into operational issues in the AFP. But given that it is quite clear that they are not operational matters, I am not trampling in anywhere. Can you tell me when, for those four that have been concluded, DFAT became aware. It may be one that we have previously been notified of—I do not know whether that matters. Let me ask about the matter which Ms Bird indicated that DFAT became aware of in December 2001 when the company wrote seeking the retrospective approval in relation to the BP-Iraqi oil matter. Is that one of the concluded matters or not?

Ms Richards—Yes, it is.

Senator FAULKNER—That is concluded. I do not need to ask about that matter because I already know what goods were involved and I know when. So let us limit it to the other three

concluded matters. Can you say when DFAT became aware of those breaches and what goods were involved?

Ms Richards—We have referred these possible breaches to the AFP. In relation to the four matters that have been concluded, no charges will be laid. The matters were various and the dates were various.

Senator FAULKNER—Fine. In relation to the three other concluded matters, can you say what the dates were and what the goods were—the date when DFAT became aware of it and what the goods were?

Ms Richards—In relation to the goods, I think it would be preferable for the AFP to speak about that. In relation to the dates, again, it was a range of dates over a period of time.

Senator FAULKNER—What were the dates?

Ms Richards—Some of the issues pertain to a period in 1997. Some were in 1998.

Senator FAULKNER—Can you be more specific in relation to the three concluded matters?

Ms Richards—No, it is difficult to be more specific.

Senator FAULKNER—Is that because basically it is not entirely clear to you—apart from the year—or because you do not want to provide the information?

Ms Richards—It is not entirely clear to me from this briefing that I have.

Senator FAULKNER—Okay. But the years involved are 1997 and 1998. You might take on notice a question as to whether you can provide more specific dates than that.

Ms Richards—Yes, I will take that on notice.

Senator FAULKNER—Let us go now to the goods involved in the three other completed matters. If I were to ask the AFP a question about it, they would obviously not respond on a concluded matter. It is not core business for them; it is core business for you—for the Department of Foreign Affairs and Trade. The matters have been concluded. In relation to the three concluded matters, can I ask you again if you could indicate what goods were involved.

Ms Richards—I will try to give you a general response on that. One of the matters dealt with samples, another with the supply of chemicals, and another was in relation to a construction project.

Senator FAULKNER—What do we mean by ‘samples’?

Ms Richards—Small volumes of goods, not whole supplies of goods.

Senator FAULKNER—Are you able to say small volumes of what goods?

Ms Richards—These notes do not give me enough information.

Senator FAULKNER—Are you able to say what chemicals?

Ms Richards—No, I am not.

Senator FAULKNER—Are you able to say what construction material?

Ms Richards—The construction project related to a milk plant.

Senator FAULKNER—Are you able to put the years to each of those three areas?

Ms Richards—As I said, it was a range of dates between 1997 and 1998.

Senator FAULKNER—Yes. But I wondered, in relation to the three, whether you were able to put 1997 or 1998 beside them.

Ms Richards—The samples matter was between 1997 and 1998. I described another matter as chemicals. I am not quite sure if that is accurate. I would like to double-check that. But in any case, that was months in 1998, and the milk plant project was months in 1997.

Senator FAULKNER—All right. You might want to check the nomenclature in relation to the chemicals. Has the December 2001 retrospective approval matter been concluded?

Ms Richards—Yes.

Senator FAULKNER—So as far as DFAT understands, there are three ongoing matters that are still subject to inquiries, or still operational as far as the AFP is concerned; is that true?

Ms Richards—Yes. We understand that three matters are still under investigation.

Senator FAULKNER—At the last estimates round you mentioned that DFAT was unaware of any alleged breaches with regard to the 12 UN sanctions regimes that are currently in place. You might recall that evidence that you gave.

Ms Richards—Yes.

Senator FAULKNER—Is that still the case, Ms Richards?

Ms Richards—As far as I am aware, that is still the case.

Senator FAULKNER—I always worry about those qualifying words. Surely if DFAT were aware of any alleged breach, you would know of that, wouldn't you?

Ms Richards—That is reasonable to say that, yes.

Senator FAULKNER—Of those dates that you gave me—the samples in 1997-98, the chemicals in 1998 and the construction project in 1997—are you able to say which months in 1997 for the construction of the milk plant?

Ms Richards—I only have rough notes here, so I can give an indication, but if it is incorrect I would like to come back to you on that. In relation to the samples, my notes say May 1997 to August 1998. In relation to the next matter, it is June to November 1998.

Senator FAULKNER—When you say 'next', this is what we are currently describing as chemicals.

Ms Richards—That is the one that I described as chemicals, but I would like to double-check that. In relation to the milk plant project, that is from August to September 1997.

Senator FAULKNER—So that we are clear what we are speaking about, what do those dates that you have given represent? My question went to when DFAT became aware of alleged breaches. Are they the dates you have given, or are they the dates, effectively, of the shipments themselves?

Ms Richards—If I could speak in general terms, some of these may have related to financial arrangements and some may have related to other matters. Generally speaking, in relation to these matters at the time, DFAT was in touch with companies reminding them of their obligations. So it was considered, at the time, that appropriate action had been taken. However, with the revelations of the Volcker inquiry, it was thought prudent to relook at those matters and, for the sake of being completely thorough, to refer them to the AFP for investigation.

Senator FAULKNER—So are these dates of shipment, effectively? Is that what you are saying?

Ms Richards—I do not think that we are entirely clear that there were actual shipments. We had information about activities of various companies and, if it seemed to us that there were any compliance concerns, we were in touch with those companies to remind them of what the sanctions regime provided and of the importance of following it.

Senator FAULKNER—But given the nature of the dates, it seems unlikely that they relate to what I asked about, which was when DFAT became aware of possible breaches. It does not seem possible that those dates represent that. Is that right?

Ms Richards—I am sorry, I do not quite understand the question.

Senator FAULKNER—I had asked you previously about the goods and, effectively, when DFAT became aware of alleged breaches. Those dates that you have provided are helpful but do not really relate, as I understand it, to DFAT's awareness of the alleged breaches. They relate to something else, don't they? You have given dates. What have you given dates of? That is the best way for me to ask the question.

Ms Richards—Maybe the best way to describe it is that it is the general period when we received information about activities which could possibly have raised compliance concerns.

Senator FAULKNER—So it was when you received information about those activities?

Ms Richards—Can I just correct that, Senator? I think it might be more accurate to say that it is the period over which those activities may have taken place.

Senator FAULKNER—Right. That is what I thought it probably related to as opposed to when you received information about them, but I was not sure. So it does not relate to when you received information about them?

Ms Richards—Unfortunately, I just do not have that—

Senator FAULKNER—It is the last thing I want to do; I just want to try and clear up what the dates represent and, if they do not represent when DFAT received information about them, whether you can indicate what those dates were, because it is a separate set of dates. That is all I am trying to understand. Feel free, Ms Richards, to explain it in any terms that you feel comfortable using, so the committee understands what the situation is.

Ms Richards—There was a range of activities going on around these times. We received some information about it and, as I said, drew the attention of companies to their obligations under the sanctions regime. Then there was a second stage in this process where, once the

Volcker inquiry took place, we thought it prudent to go back and relook at all the information with which we had dealt before to make sure nothing had been missed.

Senator FAULKNER—So the issue is when did you actually find out about possible breaches of the regime; at that time, or later? At the times you have given us—those dates you have given us—or later?

Ms Richards—Around that time, as information came to us, we thought there was sufficient cause to write to companies and remind them of their obligations. So it was around that time that we first became aware of possible compliance issues, and that was the action which we took.

Senator FAULKNER—Right. In relation to the other matters—and you have indicated to the committee there are three other matters—

Ms Richards—Yes.

Senator FAULKNER—You have indicated that they are ongoing as police inquiries or they are currently operational matters. Is that correct?

Ms Richards—That is right.

Senator FAULKNER—Given that you indicated there was some contact between DFAT and the Australian Federal Police—which I would expect—you have indicated that has been ongoing, as I understand—

Ms Richards—Yes.

Senator FAULKNER—Have you been given any indication of when the other three investigations are likely to conclude?

Ms Richards—I think the AFP may conclude them shortly.

Senator FAULKNER—That is all I have on that particular matter.

Senator ALLISON—I wonder if you could indicate what arrangements are in place with the United States over sharing intelligence on Iraq.

Mr Robilliard—I do not think it would be appropriate for me to comment on that. It goes to an intelligence matter.

Senator ALLISON—So you cannot indicate whether or not Australia receives intelligence from the United States over Iraq? I am not asking about specifics at this stage.

Mr Robilliard—There is a general issue about the nature of intelligence arrangements. I would not want to go into that.

Senator ALLISON—Why not?

Mr Robilliard—It goes to intelligence matters. If any of my colleagues can go further in terms of their responsibilities for intelligence-sharing matters I would be happy to take their advice, but I certainly would not be comfortable commenting on it.

CHAIR—Senator, you would be aware from other committees and from this committee that it is not the practice of committees to discuss intelligence matters on the public record.

Senator ALLISON—Yes, it is a pity, really. The United States Committee on Intelligence does. In fact, the other day it released two reports: *Principal challenges in post-Saddam Iraq* and *Regional consequences of regime change in Iraq*. Are you aware of that?

Mr Robilliard—I do not recall those two particular reports, no.

Senator ALLISON—Are you able to tell the committee whether Australia had access to them at the time they were produced, in 2003?

Mr Robilliard—What was the date?

Senator ALLISON—2003.

Mr Robilliard—I am sorry, Senator, I thought you indicated it was a more recent date. No, I cannot.

Senator ALLISON—So you cannot—

Mr Robilliard—I cannot give you any answer to your question, no.

Senator ALLISON—So you are not able to say whether or not Australia had access to those intelligence reports?

Mr Robilliard—No.

Senator ALLISON—You are not able to, or you are refusing to?

Mr Robilliard—I am not able to. I just do not know.

Senator CHRIS EVANS—Is there anyone who can help us?

Mr Chester—We may need to take that on notice. I do not think there is anyone here who worked on these issues in 2003.

Senator ALLISON—I wonder if I can prompt you on this. One of the reports says analysts warned that the war in Iraq could also provoke Iran to assert its regional influence and ‘probably would result in a surge of political Islam and increased funding for terrorist groups’ in the Muslim world. Does that assist?

Mr Robilliard—I am sorry; assist in what way?

Senator ALLISON—Your memory.

Mr Robilliard—I think we are talking about reports in 2003.

Senator ALLISON—Correct.

Mr Robilliard—I did not have responsibility for the Iraq Task Force in 2003.

Senator ALLISON—Okay; does somebody else?

Mr Chester—As I said, no. We will need to take that on notice.

Senator ALLISON—Another part of one of those reports says establishing democracy in Iraq would be ‘a long, difficult and probably turbulent challenge’, noting that Iraqi political culture was ‘largely bereft of the social underpinnings’ to support democratic development. Would that sort of information have been useful in determining whether Australia should join the United States in attacking Iraq?

Mr Robilliard—I think, as we have indicated, we would have to take this on notice in terms of our knowledge of this particular report.

Senator FERGUSON—Excuse me, Madam Chair, I do not think you can ask officers at the table for an opinion. They are not here to give opinions; they are here to answer questions of fact.

CHAIR—Indeed.

Senator ALLISON—The problem is the officer is not able to answer the basic question, which is whether Australia knew about these intelligence reports or not. I think it is fairly crucial to the whole question of whether or not we should have joined the coalition of the willing at the time.

Senator FERGUSON—But you are asking him for an opinion.

Senator Coonan—Senator Allison, if he does not have any recollection of it and does not know, he cannot have any view about it. We have taken it on notice.

Senator ALLISON—Were any intelligence reports received by the department before the decision to go to Iraq?

Mr Robilliard—Intelligence reports received from whom?

Senator ALLISON—The United States.

Mr Robilliard—Again, that goes to questions of our intelligence relationship with the United States and I am afraid I am really not in a position to respond.

Senator ALLISON—Does your department regularly monitor the articles that are written in papers like the *Washington Post* on subjects such as this?

Mr Robilliard—We are aware of articles from time to time.

Senator ALLISON—So you do not see it as your role to keep abreast of what is being written and said about Iraq?

Mr Robilliard—A lot is written and said about Iraq. We do our best to keep up with it, but there is a huge amount of material out there.

Senator ALLISON—I understand that those two reports are called *Principle challenges in post-Saddam Iraq* and *Regional consequence of regime change in Iraq*, and both were produced by the National Intelligence Council. So would it be possible to have that taken on notice, in terms of whether Australia received copies of those reports and on what date?

Mr Robilliard—We will take the question on notice.

Senator ALLISON—And what our response to them was might be useful. Can I ask about the International Reconstruction Fund Facility? What is Australia's involvement in that fund?

Mr Robilliard—Carriage of our involvement in that fund is with AusAID; can I suggest you ask them.

Senator ALLISON—So Australia does contribute?

Mr Robilliard—Australia is certainly involved in the fund, but you would have to go to AusAID for the detail.

Senator ALLISON—I will do that. You mentioned a little earlier that Australia had made representations about the hydrocarbons law. Can you indicate what those representations were?

Mr Robilliard—Essentially to encourage the government of Iraq to progress passage of legislation through the Council of Representatives as quickly as possible.

Senator ALLISON—Why?

Mr Robilliard—Because resolving the hydrocarbons issue is a very fundamental one to the process of national reconciliation in Iraq. Given the role of oil in the Iraqi economy, it is highly desirable that there be an agreed process for the exploitation of Iraq's hydrocarbon resources.

Senator ALLISON—What assessment was taken by the department about public attitudes to this bill?

Mr Robilliard—Public attitudes where?

Senator ALLISON—In Iraq.

Mr Robilliard—We have not conducted any opinion polling, but I think you would find the majority of the Iraqi population would regard passage of the hydrocarbons legislation as being an important political milestone.

Senator ALLISON—What leads you to that conclusion?

Mr Robilliard—Discussions which our embassy has with Iraqi political figures.

Senator ALLISON—Essentially, can you describe why you believe national reconciliation is the objective of this legislation?

Mr Robilliard—I think my answer was that passage of the hydrocarbons legislation and other legislation such as the de-Baathification law and so forth are an important part of the process of promoting national reconciliation. These are all issues that are important to the Iraqi political system and structure.

Senator ALLISON—Some would say it is important to the major oil companies around the world to have this legislation passed.

Mr Robilliard—There are always cynics.

Senator ALLISON—Why do you disagree with that?

CHAIR—It is not Mr Robilliard's position to answer that question, Senator Allison.

Senator ALLISON—Chair, the officer has indicated that he has made representation to the Iraqi government—

Mr Robilliard—Not me personally—

CHAIR—The government has, I believe.

Senator ALLISON—But the department—

Mr Robilliard—I was referring to the visit by Foreign Minister Zebari last week.

Senator ALLISON—So it seems not unreasonable to ask what was the nature of the representation and the reasons why it was made, which is what I am doing.

CHAIR—If the officer can answer, he will; if he cannot, he will indicate.

Senator Coonan—He has answered it, I thought.

Mr Robilliard—I thought I had answered your question.

CHAIR—Indeed.

Senator ALLISON—I am sorry; your answer again, if you would not mind? I must have missed it.

Mr Robilliard—You asked me why it was considered important to pursue the hydrocarbons legislation. Getting an agreed regime for the exploitation of Iraq's hydrocarbon, which is a very significant part of the Iraqi economy, is clearly an important step forward in the Iraqi political and economic process.

Senator ALLISON—Am I right in suggesting that 12 per cent of the revenue from the exploitation of Iraqi oil will flow to the country and that the remainder will be in the control of foreign oil companies?

Mr Robilliard—Until the legislation is passed by the council of representatives, it would be entirely speculative to suggest how revenue would be distributed.

Senator ALLISON—You have not seen the bill?

Mr Robilliard—The bill is in draft form. It has yet to be passed.

Senator ALLISON—Answer that in terms of the draft bill.

Mr Robilliard—I am not aware how that figure could be concluded from the draft legislation.

Senator ALLISON—Is there a briefing from the department? Is there something you can take on notice?

Mr Robilliard—Take on notice the question of 12 per cent?

Senator ALLISON—Yes.

Mr Robilliard—We will take that on notice, yes.

CHAIR—Thanks.

Senator ALLISON—Given you have made representation on the subject, you presumably have some briefing on what this means for oil companies vis-a-vis the people of Iraq?

Mr Robilliard—We will take it on notice.

CHAIR—Mr Robilliard has taken it on notice, Senator Allison.

Senator ALLISON—Thank you. Are you aware of the protests in the streets about this legislation in Iraq?

Mr Robilliard—No, I am not aware of any protests in the streets.

Senator ALLISON—Are you aware of the position of various groups? I think the trade union organisations oppose the legislation.

Mr Robilliard—I assume, as with all pieces of legislation, there are those who support and those who may disagree with it.

Senator ALLISON—That is not much of a start for what is supposed to be about reconciliation, though, is it?

CHAIR—That is an observation you make, Senator Allison. Mr Robilliard cannot respond to that.

Senator ALLISON—You mentioned a little earlier that it was difficult to assess the number of deaths in Iraq overall and more recently. Do you have any idea why it is that Iraq refuses to release the most recent figures on civilian and police deaths? I understand that they are not releasing anything beyond March.

Mr Robilliard—That is really a matter for the government of Iraq.

Senator ALLISON—It may be, but you offered a view about what was and what was not a reasonable account of the deaths. I am asking you: are you familiar with this? Do you understand why it is that this would be the case?

Mr Robilliard—It is really a matter for the government of Iraq to choose what they do in terms of releasing figures. The discussion earlier was about figures that are compiled by various other agencies.

Senator ALLISON—You suggested some of the reports were not reliable. Do you regard the United Nations report of deaths and casualties from 1 January to 31 March this year as reliable?

Mr Robilliard—As I said, there is a range of reporting on civilian casualties. I was speaking particularly, as I recall, about the Iraq Body Count. As I said then, I thought that was a more credible end of the spectrum in terms of the figures. I think that was the language I used. I think it is difficult to characterise such figures as reliable or otherwise. There is a range of methodologies; there is a range of estimates.

Senator ALLISON—As I understood it, you suggested around 60,000 was what you thought was the most likely figure. Is that right?

Mr Robilliard—I said the figures used by the Iraq Body Count were probably at the more credible end of the spectrum in terms of these estimates.

Senator ALLISON—Right. Coming back to the UN report, are you familiar with this report?

Mr Robilliard—To be honest, I do not recall that I have read it.

Senator ALLISON—It says that 34,452 people died just last year. How does that sit with you—

Mr Robilliard—That is an estimate. As I said, there is a range of estimates out there. A range of agencies try to estimate these figures.

Senator ALLISON—So how did you come up with the 60,000?

Mr Robilliard—I did not come up with it.

Senator ALLISON—Where does it come from then?

Mr Robilliard—It is the Iraq Body Count figure.

Senator FAULKNER—But what you say is that it is more credible. Why do you say it is more credible? On what basis can you make that claim?

Mr Robilliard—On the basis that both the Iraq Body Count and the Brookings Institution counts are similar in their figures. But, as I said, I can only use the word ‘credible’ in this context.

Senator FAULKNER—Yes, but there is a value judgement in that. It is fair enough that it is more credible. They are also the lowest, aren’t they?

Mr Robilliard—I do not know if they are the lowest.

Senator FAULKNER—Do you know of any lower?

Mr Robilliard—Not off the top of my head, no.

Senator FAULKNER—I have spent a fair bit of time looking at these figures, too, and I do not know of any lower. That does not make them less valid in any sense, but you are the one who says they are more credible. Given the lack of involvement by the government and agencies of the government, I do not understand how you can use the terminology ‘credible’. On what do you base that?

CHAIR—I would like to go back to Senator Allison, who was in the middle of a particular line of questioning.

Senator FAULKNER—She did not mind me asking that.

Senator ALLISON—Not at all.

Mr Robilliard—I am sorry, Senator; was that a question?

CHAIR—No. I do not think there was, actually. Perhaps a rising inflection might indicate a question. Go on.

Senator FAULKNER—Yes. I am interested in your use of the terminology ‘credible’ in relation to the Iraq Body Count.

Mr Robilliard—I said it was at the credible end of the spectrum, Senator. I think you used the word ‘relative’. Yes, these are relative judgements.

Senator FAULKNER—You actually said it was more credible. In other words, others are less credible.

Mr Robilliard—I said it was at the credible end of the spectrum.

Senator FAULKNER—Yes. So, it is more credible than others. It is also, as I said, at the lowest end of the spectrum. That may or may not make those figures valid or invalid. I have absolutely no doubt that it is an entirely accurate count in the terms that they make the count, but of course, because of the constraints on the count, I suspect you will find that the actual casualties figure is far higher. You make the point that we do not know how high it is. That is true. But I am interested that an official can use the term ‘credible’ compared to other figures when the Australian government deliberately does not engage in any activity to try to establish what a credible figure is.

Senator ALLISON—On that subject again, do you think the figure of 2,864 deaths of police and civilians in April last month is a credible figure? Again, it is on the basis of a range of statistics collected from hospitals and morgues and so forth.

Mr Robilliard—Again, I will just say that there can be no authoritative statement about the number of civilian casualties. Clearly, the number of civilian deaths is high and of concern, but there is no authoritative figure.

Senator ALLISON—This is unusual, isn't it? Even in the First and Second World Wars we had a pretty accurate account of deaths in various countries. Why is it so difficult in Iraq?

Mr Robilliard—I am not sure that I am qualified to comment about estimates regarding the First and Second World Wars.

Senator ALLISON—So you do not think it is unusual that we cannot count the number of dead and that the range of estimates is as broad as it is. You do not think that is unusual?

Mr Robilliard—You are asking me for an opinion on a subject on which I do not think I can speak, beyond Iraq.

Senator FAULKNER—You just gave an opinion before about the credible count.

Mr Robilliard—I said 'beyond Iraq'. I have been asked for a comparison beyond Iraq. I do not think I am qualified to do that.

Senator ALLISON—I would, perhaps, understand if we were a dispassionate observer, but we are not in this instance. We are in Iraq, are we not?

Mr Robilliard—Yes, Senator.

Senator ALLISON—The Minister for Foreign Affairs has just met with the Prime Minister. Is that correct?

Mr Robilliard—The Foreign Minister?

Senator ALLISON—The Foreign Minister, yes.

Mr Robilliard—Yes, Senator.

Senator ALLISON—So you did not discuss deaths in Iraq or why it is that there is no reliable count?

Mr Robilliard—As far as I am aware there was no discussion about the specific numbers or the reliability of counts. There was obviously a discussion about the situation in Iraq.

Senator ALLISON—Did you discuss the fact that 200 academics have so far been killed in Iraq?

Mr Robilliard—I am not aware that that came up in discussion, no.

Senator ALLISON—Did you discuss the fact that since the invasion in northern Iraq 40 women have been killed—they were so-called honour killings—and that they were mostly death by burning?

Mr Robilliard—Again, no, I do not believe that came up in the discussions.

Senator ALLISON—I did put some questions on the subject of events in Iraq which were answered by your department, I must say not very adequately, so I will go to some of those.

One of them was to do with the four Iraqi officers who had been accused of raping a young woman. I think you indicated that there are now two military court laws and that these laws are positive developments in establishing enforceable legal systems that will protect the rights of all Iraqis. Were those laws put in place before this case or afterwards?

Mr Robilliard—The laws you refer to were passed in January and February 2007.

Senator ALLISON—So can you answer my question about whether or not they predated these rapes?

Mr Robilliard—I am not aware of the exact date of the accused rape which your question refers to.

Senator ALLISON—Perhaps you could take that on notice as well.

Mr Robilliard—I will do.

Senator ALLISON—Question 2 is about three female students who were kidnapped by militias, where payment was made for their ransom and bodies found in a morgue on 22 December bearing signs of rape and torture, and official sources denied the incident although students from the university confirmed it. In answer to that question you said that Australia was assisting Iraq with practical supports to create this safe and secure environment. Can you indicate what practical supports in particular are likely to do that?

Mr Robilliard—As I said in answer to a previous question, part of the AusAID program of assistance to Iraq is focused on improvement of governance and human rights areas.

Senator ALLISON—Did you raise with the foreign minister the numerous reports coming out about torture, ill-treatment and lack of judicial process at the hands of Iraqi authorities in recent times?

Mr Robilliard—I am not aware whether that was taken up with the minister; I was not present at the meetings.

Senator ALLISON—Is there somebody here who was?

Mr Robilliard—No, I do not think so.

Senator ALLISON—Could you take that on notice?

Mr Robilliard—Certainly.

Senator ALLISON—In the multinational force detention facilities there are people who continue to be held without charge or trial. Is it possible to find out how many are in that situation?

Mr Robilliard—I will take that on notice, yes.

Senator ALLISON—And likewise the safeguards against torture and ill-treatment are not in place: can you confirm that that is the case as well?

Mr Robilliard—Certainly.

Senator ALLISON—How does the department regard the current efforts on reconstruction in Iraq?

Mr Robilliard—Clearly the challenge of reconstruction in Iraq is impacted enormously by the security situation. The fact that the terrorists and insurgents target important infrastructure—particularly in the oil sector, the electricity sector and so forth—makes the task an even greater challenge.

Senator ALLISON—We all realise it is a challenge but how would you regard the effort so far?

Mr Robilliard—I think the Iraqi government is committed to the effort of reconstruction and development of the economy, but it does face, as I said, quite significant challenges. You may be aware that at a meeting in Sharm el-Sheikh in Egypt on 3 May there was the launch of the International Compact with Iraq, which brings together international community support for the Iraqi government's reconstruction efforts.

Senator ALLISON—An international compact—is that what you said?

Mr Robilliard—Yes. It was launched in Sharm el-Sheikh, Egypt, on 3 May.

Senator HOGG—Was Australia at that conference?

Mr Robilliard—Yes.

Senator HOGG—Who represented us?

Mr Robilliard—A senior official from AusAID and our ambassadors to Iraq and Egypt.

Senator ALLISON—And what is the effect of the compact? What does it achieve?

Mr Robilliard—The compact is designed to firstly coordinate international reconstruction and aid efforts to Iraq, and that is designed quite specifically to be in return for the government of Iraq making progress on a range of economic and other issues.

Senator ALLISON—Including the hydrocarbons bill?

Mr Robilliard—I do not recall if the hydrocarbons bill is specifically mentioned in the compact.

Senator ALLISON—Passage of that bill is, as I understand it, one of the conditions for Australia's support. Is that correct?

Mr Robilliard—As I said earlier, we consider passage of a range of legislation to which the Iraqi government is committed—such as the hydrocarbons legislation, such as the de-Baathification legislation—to be important steps in the overall process of national reconciliation and reform in Iraq. It is not a condition of our support, but it is something I think we would see as being a positive development.

Senator ALLISON—Is it a condition of the US support?

Mr Robilliard—The United States's position is very clear: the administration's commitment to Iraq is a conditions based one.

Senator HOGG—So how is that legislation progressing?

Mr Robilliard—As I recall, there is a draft that has been introduced into the Council of Representatives.

Senator HOGG—And? What is the likely progress?

Mr Robilliard—There is no specific time frame for its passage and, as I say, it is a draft and it is still being negotiated.

Senator ALLISON—Is it the case that Australia and the United States are putting pressure on Iraq to meet over the summer recess and to deal with the bill?

Mr Robilliard—I would not characterise it as putting pressure on Iraq. I think it has been suggested that taking two months recess over summer at this particular point in time might not be the most efficient use of time for the Council of Representatives.

Senator ALLISON—A suggestion?

Mr Robilliard—Yes.

Senator ALLISON—And you do not regard that as pressure?

Mr Robilliard—I don't think we can pressure them, no.

Senator ALLISON—Are there any Australian oil companies likely to benefit from this deal?

Mr Robilliard—That would be a matter that you would have to ask the Australian oil industry.

Senator ALLISON—You have had no involvement on behalf of Australian oil companies?

Mr Robilliard—I know Australian oil companies have had an interest in Iraq, but in a very general sense.

Senator ALLISON—What do you mean, a very general sense?

Mr Robilliard—Iraq has a lot of oil, so if you are in the oil industry you are interested in Iraq and its oil.

Senator ALLISON—So oil companies have never been part of talks with the Australian government over this legislation?

Mr Robilliard—Not over the legislation, no.

Senator ALLISON—Over what, then?

Mr Robilliard—You might recall last year the Iraqi Minister of Oil, Dr Shahrstani, visited Australia, and during the course of that visit he met with Australian companies involved in the oil industry in Australia.

Senator ALLISON—That was not what I asked you, though. It was whether the Australian government has made representations on behalf of the oil industry.

Mr Robilliard—No.

Senator ALLISON—I will go back to reconstruction for a moment. It is my understanding that seven projects under the International Reconstruction Fund Facility that had to date been claimed as successes were no longer operating. Is that your understanding too?

Mr Robilliard—Are these projects funded by Australia?

Senator ALLISON—No, they are part of the International Reconstruction Fund Facility for Iraq.

Mr Robilliard—I am aware that in January the US Special Inspector General for Iraq Reconstruction released a report which criticised US contract management of reconstruction programs. Is this what you were referring to?

Senator ALLISON—No; I understand seven projects that were declared successes by the United States are no longer in operation.

Mr Robilliard—I am not aware of that. I would have to take it on notice.

Senator ALLISON—Why is the infrastructure for these reconstruction projects placed in private ownership as opposed to public ownership?

Mr Robilliard—I am not aware of the circumstances to which you refer. I can take it on notice and try to get you some further information.

Senator ALLISON—So you do not understand that to be the case. Is that what you are saying?

Mr Robilliard—I am just not aware of the circumstances. I will endeavour to get you some further information.

Senator ALLISON—If you have any information on whether or not that is one of the problems with the failure of operation of those projects, it would be useful too.

Mr Robilliard—Certainly.

Senator FAULKNER—In relation to intelligence estimates, I refer you to question 33 asked in the February estimates round. The topic of the question was: *Iraq—US National Intelligence Estimate*. It was asked by my colleague Senator Evans. The question was:

Has the Department received the classified version of the Jan 2007 US National Intelligence Estimate on Iraq? If so when was it received?

There are then some other questions about it. I was surprised that the department's response to that question on notice was that they do not provide public comments on intelligence matters. Has the department reconsidered its answer to that question from Senator Evans in light of the fact that the Office of National Assessments was asked a similar question—question PM62 for the Department of the Prime Minister and Cabinet—which read as follows:

When was Australia provided with a copy of the United States National Intelligence Estimate (NIE) of January 2007? Has ONA reviewed its assessments in the light of January 2007 NIE and informed government?

They responded in part as follows:

ONA received a copy of the US National Intelligence Estimate (NIE) on Iraq on 10 February 2007. The conclusions of the NIE have been taken into account ...

Why could the Department of Foreign Affairs and Trade have not at least given as much transparency as ONA on this matter of whether they had received the US NIE, and when? How does that possibly offend anyone, given that an agency like ONA is able to answer it?

Mr Chester—I will ask those who answered the question on notice to see if they can shed light on the matter.

Mr Robilliard—The NIE was actually received by ONA; it is the receiving agency within the Australian government for such material.

Senator FAULKNER—Yes, but the question asked of you by Senator Evans was:

Has the Department received the classified version of the Jan 2007 US National Intelligence Estimate on Iraq?

That is just a process question. Have you received it? You could answer either yes or no. If so, when was it received? If you had received it you could provide a date. Your answer does not deal with the substantive issue that ONA seemed perfectly comfortable providing this information, as well as advice on when they received it and a small commentary on the NIE itself. I do not expect that, necessarily, but I do expect a process question to be answered.

Mr Robilliard—We will take the question on notice and see whether we can add further to our answer.

Senator FAULKNER—Thank you for that, but I hope, Mr Chester, you understand the point I am making. Apart from not providing the information, which I think is preposterous, there is a real inconsistency here with how other agencies are dealing with answers to a similar question.

Mr Chester—Yes, Senator, I understand precisely the point you are making. We will have a look at this and get back to you.

CHAIR—Thank you, Mr Chester. Are there further questions in this area?

Senator FAULKNER—I believe questions in relation to the Cole inquiry come here, under this subprogram. Would that be right, Mr Chester?

Mr Chester—I think it is under 1.1.9.

CHAIR—We are going to be very busy when we finally get to 1.1.9.

Mr Chester—We are. We need three or four days, I suspect.

CHAIR—That is not doable, so let us think of a better plan.

Mr Chester—It is 1.1.9, handled by our legal area.

Senator FAULKNER—I want to go briefly to one other matter in 1.1.5 and ask a follow-up question. In fact, my colleague Senator Robert Ray asked this particular question—page 70 of the proof from the last estimates round. In relation to the funding of the mosque, which is probably the best way of describing it briefly, Senator Ray asked:

You cannot say individually whether on this occasion the Saudi government made an approach—even though everything in the paper almost certainly tells us—on a particular mosque in Adelaide, to which the foreign minister, being on his home turf, and you never lose any points in this country for attacking Islamic extremists, had a dip and then made a mistake. Is that right? That is about the only thing that I can draw out of it.

Senator Coonnan responded:

The first part of your proposition is true, so we have got the practice clear. I will refer the second part of the line of your inquiry to the minister, because I do not have personal knowledge of that.

That is fair enough. I do not know whether or not it was missed but it certainly was not responded to. Can we chase that up, please?

Mr Chester—I will inquire to see whether it has been missed.

Senator FAULKNER—Senator Coonan gave that commitment. I assume she would want to see it met. I would appreciate that.

Mr Chester—I thought we had answered all the questions, but we may well not have.

Senator FAULKNER—This was not a formal question on notice. This effectively arises out of the—

CHAIR—But still, those questions are usually taken up, Senator Faulkner.

Senator FAULKNER—Yes, I know that. I am just saying it was not a written question on notice. It was a textual—

CHAIR—No, I understand—an undertaking perhaps. Thanks, Mr Chester. We are still in 1.1.5.

Senator NETTLE—You were making some comments about the troop surge in Iraq. Is that considered to have been successful?

Mr Robilliard—I think it is at the very early stage of this process and it would not be useful to make judgements about success or otherwise.

Senator NETTLE—In what time frame do you think you might be able to make that kind of assessment?

Mr Robilliard—As I indicated in my earlier comments, General Petraeus, the commander of the multinational force in Iraq, and the Ambassador Crocker, the US Ambassador to Iraq, are scheduled to present an assessment to congress in September. We will wait to see what assessment they make at that time.

Senator NETTLE—Surely, since the number of coalition casualties is the highest on record this month, it would not be able to be considered a success—would you agree?

Mr Robilliard—As I said earlier, I think we are at an early stage in this process and it is not proper to make judgements one way or the other.

Senator NETTLE—Can I ask you about the proposal or motion by the majority of Iraqi parliamentarians for a timetable for the withdrawal of foreign troops and a freeze on the number of foreign troops already in the country—whether you can provide us with any update about where that is up to.

Mr Robilliard—As I recall, that is a petition that has been signed by a number of members of the Council of Representatives in Iraq. That is what it is: it is a petition. Any decisions in relation to the presence of foreign forces will obviously be taken by the government of Iraq.

Senator NETTLE—Is it your understanding that that is due to be voted on in the Iraqi parliament?

Mr Robilliard—I am not aware of any timetable for that.

Senator NETTLE—But are you aware that this is the first time that such a petition has the support of the majority of parliamentarians?

Mr Robilliard—It is possibly the case.

Senator NETTLE—This sounds to me as though this is not something the Australian government is following all that closely. I would have thought—

Mr Robilliard—As I say, we would look to the representatives of the government of Iraq for the government of Iraq's policy on these matters. As I said, foreign minister Zebari was here just a week ago and made it very clear that the government of Iraq continued to look to the support of the coalition forces.

Senator NETTLE—But, if the parliament of Iraq is discussing that very issue of the withdrawal of troops, I would have thought it would be something the Australian government would be watching. I would expect that the Australian government would seek to respond to such a motion.

Mr Robilliard—I am not sure how we would be expected to respond.

Senator NETTLE—If the parliament of Iraq are currently discussing a motion which requires a timetable for the withdrawal of foreign troops and a freeze on the number of foreign troops, I would think the Australian government would be observing that, because if the Iraqi parliament passed a motion saying that that is what they wanted to do and they had the majority of lawmakers—perhaps I do not understand it—I would have thought that would be the position of the Iraqi government and I would expect the Australian government to have a view on how they responded to that.

Mr Robilliard—Like other systems of government, there is a distinction between the executive and the legislature.

Senator NETTLE—So it is not something such that, if the parliament of Iraq said that they wanted foreign troops out, you would anticipate that the Australian government would respond to that?

Mr Robilliard—As I say, we would take our cue from the government of Iraq.

Senator NETTLE—Not the parliament?

CHAIR—That is what Mr Robilliard said twice now, I think, Senator.

Senator NETTLE—I am just checking; he is nodding and the *Hansard* cannot pick that up.

CHAIR—That is because he has answered it twice.

Senator NETTLE—So you would not take your cue from the Iraqi parliament, just the Iraqi—

Mr Robilliard—As I said, it is a matter for the Iraqi government.

CHAIR—Make that three times.

Mr Robilliard—Thank you, Chair.

Senator NETTLE—I would like to ask a question now about Iran and whether the Australian government has been involved in any discussions with the United States about a possible military attack on Iran.

CHAIR—Senator Nettle, I am not sure that is a question that the officers can answer.

Ms Stokes—The answer is no.

Mr Robilliard—My attention has just been drawn to an issue—something relating to Senator Nettle's question which I should have recalled. The petition which you refer to reiterates the view that coalition forces should stay until Iraq is able to assume responsibility for its own security.

Senator FAULKNER—Could I turn to another matter that was held in abeyance: the issue in relation to Senator Coonan's statement.

Senator Coonan—Yes, I have it.

Senator FAULKNER—Do we have that available now?

CHAIR—Could you table that, please, Minister.

Senator Coonan—Of course you can.

Senator FAULKNER—Do we want to deal with that now?

Senator Coonan—I am happy if you wish to.

CHAIR—Yes, Mr Chester?

Mr Chester—Could I clarify one issue? Senator Faulkner asked about Saudi Arabia and the mosque, and the fact that we had not answered a question in relation to comments Mr Downer had made—I think question No. 17 in the pack of responses—

Senator FAULKNER—I will check that. I did not think that related to Senator Ray's question. Does it?

Mr Chester—Our interpretation is that it does relate to Senator Ray's question.

Senator FAULKNER—I see. Well, if it is your interpretation I will certainly check it, Mr Chester.

CHAIR—Each to their own, I think, Senator and Mr Chester. On matters administrative, before we leave the department and move to AusAID: it is my suggestion that we should begin tomorrow morning with 1.1.6, and I seek the agreement of the committee to have any further questions in 1.1.5 placed on notice to facilitate the progress of the estimates.

Senator FAULKNER—I am happy with that. The only thing I want to have a look at is that statement of Senator Coonan's, but that can be held in abeyance until tomorrow, I suppose, when we resume.

CHAIR—Well, it has only just been provided, so it is something we will have to deal with tomorrow.

Senator FAULKNER—We may not need to deal with it. But let us have a read of it.

CHAIR—Indeed.

Senator FAULKNER—If we have to deal with it, we will have to deal with it tomorrow.

CHAIR—If I do have agreement from the committee and those attending to proceed on that basis—and I do not hear anyone demur—that is, to begin with 1.1.6 at nine o'clock tomorrow morning, then, Mr Chester, that will be the arrangement. Officers from the areas with which we have already dealt will not be required to attend unless Senator Faulkner has a specific issue which he wishes to follow up on that statement.

Mr Chester—Yes.

Senator FAULKNER—My guess is that 1.1.6 will not take an inordinate amount of time, and then we will move to 1.1.9, which will probably take a little longer.

CHAIR—The more we put in it today, the more confident I am that that will be the case.

Senator ALLISON—Does that mean we will not proceed any further with 1.1.5?

CHAIR—That is what I just asked, yes. I was seeking the agreement of the committee and those attending to place any further questions in relation to 1.1.5 on notice.

Senator NETTLE—I have about 20 minutes more of questions in that area, in 1.1.5.

CHAIR—I know; I understand that—

Senator FAULKNER—So do we.

CHAIR—and other senators have questions, as do I. But I am seeking, to progress matters tomorrow, to have those questions in 1.1.5 placed on notice so that we can start with 1.1.6.

Senator FAULKNER—The difficulty is that some compromises will have to be made. We have a huge amount on Iraq. But, as I understand it, 1.1.9 is probably more important, or more critical, and we have limited time.

CHAIR—Can we agree? I think we can agree. Mr Chester, we will leave that as the arrangement and we will start with 1.1.6 in the morning.

Mr Chester—Thank you.

CHAIR—Thank you, and thank you to all your officers for your attendance and assistance today. The committee will now turn to examining the estimates for AusAID.

[5.04 pm]

Australian Agency for International Development

CHAIR—I declare open this component of the meeting of the Senate Standing Committee on Foreign Affairs, Defence and Trade. I welcome the Director General of AusAID, Mr Bruce Davis, and officers from AusAID. The committee will now examine the budget estimate for AusAID. When written questions on notice are received, the chair will state for the record the name of the senator who submitted the questions, and those questions will be forwarded to the department for response. I remind senators to provide their written questions on notice to the secretariat as promptly as possible. The committee has resolved that Thursday, 26 July 2007 is the return date of answers to questions to be taken on notice at these hearings. Please note that under standing order 26 the committee must take all evidence in public session, and that does include answers to questions on notice.

Witnesses are reminded that the evidence given to the committee is protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee and such action may be treated by the Senate as a contempt. The giving of false or misleading evidence to the committee may also constitute a contempt of the Senate.

The Senate by resolution in 1999 endorsed the following test of relevance of questions at estimates hearings. Any questions going to the operations or financial positions of the departments and agencies which are seeking funds in the estimates are relevant to questions for the purpose of estimates. The Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees, unless the parliament has expressly provided otherwise. An officer of a department of the Commonwealth or of a state shall not be asked to give opinions on matters of policy. He or she shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions which ask for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted.

If a witness objects to answering a question, the witness should state the ground upon which objection is taken and the committee will determine whether it will insist on an answer, having regard to the ground which is claimed. Any claim that it will be contrary to the public interest to answer a question must be made by the minister and should be accompanied by a statement which sets out the basis for the claim.

Senator HOGG—The first thing I would like the officers to do is take us through the budget outlays for this year and the next three forward years and tell me where I will find that outlined in the PBS or other documentation.

Mr Dawson—The budget outlays are set out in the portfolio budget statement. The key tables are 2.1, appropriations, and 2.2, other measures.

Senator HOGG—I asked the question in respect of the out years as well. We will come down to specific figures in a few minutes.

Mr Dawson—Table 2.2 provides details of all of the additional measures through the out years.

Senator HOGG—That is correct. It provides the additional measures, but it does not provide the totality of the picture of the AusAID budget. I will get there in a few minutes, I suppose. So what is the value of measures for 2007-08?

Mr Dawson—The total of all measures for 2007-08 is \$541.651 million, as shown on page 130.

Senator HOGG—That is the additional amount?

Mr Dawson—That is correct. That is the additional measures identified in this budget.

Senator HOGG—What about existing measures?

Mr Dawson—Previous measures are identified in previous PBSs.

Senator HOGG—Where does the total ODA figure of \$3,155.3 million fit into it? I am trying to line up the figures and work out where they fit.

Mr Davis—The blue book has the total ODA figures, and the table on page 5 gives the composition of the total budget. You will see within that a figure of \$2,731 million as the AusAID ODA budget. That is the ongoing program plus the new measures.

Senator HOGG—Am I to presume that the \$2,731.6 million is a compilation of the \$541,651 at page 130 of the PBS and another amount, which I have not worked out yet?

Mr Dawson—Which is the ongoing—

Senator HOGG—Which is ongoing, yes.

Mr Dawson—For AusAID appropriations.

Senator HOGG—So we have \$2,731.6 million, which is comprised of the new measures, which is \$541,651 plus the ongoing commitments.

Mr Dawson—That is correct.

Mr Davis—That is correct.

Senator HOGG—That is part of the overall \$3,155.3 million?

Mr Davis—That is right.

Mr Dawson—That is correct.

Senator HOGG—If I can therefore turn to the blue book, because I found it difficult trying to work these things out through the PBS, you might be able to translate them for me.

Mr Dawson—There is also an explanatory table at the very back of the portfolio budget statement that reconciles expenses to the total ODA figure. That is on page 162.

Senator HOGG—I saw that as well; that was very clear. So the total commitment to ODA this year, which includes a whole range of catch-alls, is in the order of \$3.15 billion.

Mr Davis—That is right.

Senator HOGG—That is the simple way to read it, isn't it?

Mr Davis—That is right.

Senator HOGG—The simple way to read it is that the 2006-07 outcome is expected to be in the order of about \$2.99 billion.

Mr Davis—That is right.

Senator HOGG—That is correct, as well. And the 2005-06 outcome was in the order of about \$2.7 billion.

Mr Davis—That is correct.

Senator HOGG—I am just trying to get a line through this. So what is the projected ODA for 2008-09, 2009-10 and 2010-11?

Mr Davis—For 2008-09, the projected ODA is \$3.5 billion; for 2009-10, it is \$3.8 billion; and for 2010-11, it is \$4.3 billion.

Senator HOGG—Where did you get those figures from and where do I see them?

Mr Davis—From the minister's foreword to the blue book, on page iii.

Senator HOGG—That is, roman numeral iii. All right.

Mr Dawson—Those figures are also identified in budget paper No. 2 on page 202.

Senator HOGG—Yes, I have had a look at that. If I can turn you back to the \$3.15 billion figure in the blue book—and please set me straight if I am not in the right place—that \$3.15 billion is a compilation as set out in table 1, page 5, of \$1,803.4 million for AusAID country programs, \$817.8 million for global programs and \$109.2 million for departmental et cetera. Is that a correct reading?

Mr Davis—Yes.

Senator HOGG—Then there is a line in which AusAID ODA is \$2,731.6 million.

Mr Davis—That is right.

Senator HOGG—Having seen those figures for 2007-08, is there a projection out to 2008-09, 2009-10 and 2010-11 for those various categories in table 1?

Mr Dawson—No, there is not, because those projections will depend upon budget outcomes in future years.

Senator HOGG—I accept that, but how is the minister able to make the statement, therefore, that in 2008-09 it will be \$3.5 billion, in 2009-10 it will be \$3.8 billion and in 2010-11 it will be \$4.3 billion?

Mr Davis—The composition of total ODA is really in two parts. One is the building blocks as shown through table 1, but there is also an acknowledgement that a global figure is set for total ODA, and that is what those figures that I read out for future years represent. They are the figures that the government has indicated will be the bottom line figures for total ODA. The composition within that for future years still has some workings through in future years' budgets.

Senator HOGG—It still has more than some workings through. It is not determined at this stage, from what you have just put to me.

Mr Davis—The total amounts still have to be worked through, that is right.

Senator HOGG—Whilst the amount might be there, there is no way that you can tell me or this committee what might be the projected expenditure in any of the subsets of table 1. That is correct, isn't it?

Mr Davis—That is right.

Senator HOGG—For example, in terms of the country programs, you are not able to tell me that in 2008-09, where currently there is an allocation of \$1,803.4 million in 2007-08, that will increase next year. While the global allocation for the budget will increase from \$3.15 billion to \$3.5 billion, it may well be that there is no increase in country programs at all. It may well be in global programs, departmental, ASIO or other government departments.

Mr Dawson—While it is correct to say that it is not possible to extrapolate from the 2007-08 figures the total for each of those items in 2008-09 or future years, nevertheless the

measures which are announced in the budget and which are detailed in the portfolio budget statements year by year give an indication of a growing element of the program, which will be through AusAID appropriations and therefore largely through country program and global program allocations. On page 130 of the PBS, where we were looking before, you will see measures totalling \$559 million et cetera. Those measures figures increase year by year and there may well be other measures contained in future years' budgets.

Mr Davis—Just to take that further, in areas like health and education in table 2.2 the majority of the funding for those will be through country programs.

Senator HOGG—I do not doubt what you are saying, but it is not obvious from reading the PBS or this document. As you know, I have been critical before in this committee of the difficulty of reasonably interpreting what is being said in the documentation and what the ordinary person in the street would want to understand is happening with our aid budget. The conclusion I have come to—and it may well be a completely wrong conclusion—is that if I have difficulties understanding it, what chance has the ordinary punter in the street got of understanding it? Nil. That is why I was asking the question, trying to get some sort of certainty as to what the building blocks of the outlays and out-years were. It would seem to me that if you are building a budget into the out-years, rather than the amount of money being just plonked there and then you work out how it is going to be allocated, you should be able to give me some sort of indication as to where the likely increases are now. You have done that, and I concede that, in table 2.2 in the PBS. That is accepted. But then it is hard to work out where the rest of the money is. That is the problem. Is it just going to be that the government will in 2009-10 say, 'There is \$3.8 billion'? There are some commitments outlined in the existing table 2.2 in the PBS that will fit into being funded by the \$3.8 billion, but for the rest you now need to go away and put to country programs, global programs, other government departments, ACIAR or whatever it might be.

Mr Davis—What this table 2.2 is showing is that for the next four years there have already been, beyond the ongoing forward estimate, significant extra new measures growing through to new measures totalling \$837 million by 2010-11. That still leaves—

Senator HOGG—Wait a minute; what is that figure?

Mr Davis—If you look at the total for the measures on page 130, by 2011, beyond the ongoing program, there are going to be new measures already identified and committed of \$837 million. But in the budgets of each of the three out-years, 2008-09, 2009-10 and 2010-11, there will also be additional measures looked at by government. That is what will take you through to the bottom-line figure that has already been identified.

Senator FORSHAW—As somebody who has not had anywhere near the experience in these estimates as Senator Hogg has in this area—and he tells me he is confused, so just imagine how I am—can I ask what the relationship is between those figures that you have identified for the total amounts in the out-years and the 0.2 per cent ratio of ODA to GNI, or is that totally irrelevant? What is running through my mind is whether or not you have set a figure based on what a minimum target ratio is and then you fill in the detail later. Or am I on the wrong track there?

Mr Dawson—The 0.3 per cent figure of ONA-GDI ratio represents current international donor average and what we expect the outcome to be for the 2007-08 financial year.

Senator FORSHAW—Are the figures you are giving us for later years—about which I understand Senator Hogg is saying we have got these totals but there are no data about how they are going to be made up—still relevant to that 0.3 per cent ratio? Is it expected to be different or the same?

Mr Davis—The global figures that I quoted before for the three out years relate to the commitment that the government made to reach \$4 billion by 2010. That is the sort of guiding principle.

Senator FORSHAW—So it is related to the \$4 billion. It is not a constant 0.3 per cent. You are nodding.

Mr Davis—That is right.

Senator FORSHAW—It is right that it is not a constant 0.3 per cent.

Mr Davis—No.

Senator FORSHAW—Fine. Thank you.

Mr Davis—The current expectation is that, by the time we got to \$4 billion, it would be around 0.36 per cent.

Senator FORSHAW—It was my recollection that that was the percentage. I will stop intervening now because I am satisfied, although I am still confused—

Senator HOGG—You might be able to set my mind at ease if we look at the 2006-07 figure, which is nearly \$3 billion. Then we go to the 2010-11 year, which is \$4.3 billion. Over that period, it is roughly an extra \$1.3 billion. I do not think my maths is too bad there. As I understand it, of that \$1.3 billion over the out years—the additional money—some \$837.568 is accounted for by the total of \$2.2 billion in the PBS.

Mr Dawson—That is correct.

CHAIR—Let us for the sake of simplification in relation to the \$0.8 billion say that there is still another \$0.5 billion that is not accounted for. Is that correct?

Mr Dawson—It is yet to be identified in the measures.

Senator HOGG—Where, what, how or why will that \$0.5 billion come about? Are you able to give us some sort of indication as to where that will lie in the future estimates, or is that unallocated at this stage?

Mr Davis—It is unallocated at this stage but the expectation is that the measures for the future years for the gap that has not been identified at this stage would be guided by the priorities identified in the aid white paper, as have all the measures in this current year.

Senator HOGG—I will come to those measures and go through them in some detail, because I think they are important. I am trying to get a concept of what is happening. There is more to be allocated to programs that probably do not exist at this stage. Is that correct? They will come out of that \$0.5 billion?

Mr Davis—In some cases they are still being formulated, yes.

Mr Dawson—They may equally be expansions of programs that do exist at the moment.

Senator HOGG—I concede that, Mr Dawson. They could be new programs. They could be an expansion of existing programs. There could also be existing programs that were dropped or that have run their time and are no longer funded. So there could be more money in there as well to devote to new programs or to the expansion of existing programs. I am trying to look at the amount of flex that is in the budget for the out years. If I come to the conclusion that it is in the order of \$0.5 billion—and do not hold me exactly to that because I know that it is a little less than that; it is probably about \$0.48 billion or \$0.47 billion—that is a significant amount of money in the out years. These are accrual figures. There are no cash figures in this. Is that correct?

Mr Dawson—The blue book is presented on a cash basis. For example, if you go to the global programs table at the back of the blue book, page 58, the 817.8, which you see is the bottom line figure for 2007-08, has been accruals adjusted to cash. You can see a couple of lines above that which basically are taking out multiyear expenses and putting in multiyear cash liabilities. So that changes that table from an accruals basis to a cash basis and feeds into the table on page 5. The rest is on an accruals basis.

Senator HOGG—To go back to table 1 for a moment, that is the thing I find a little confusing. Let us look at AusAID country programs. There is a further table at page 57 which indicates a break-up of the figure 1,803.4. You are saying that it is not possible to give out-year figures for that section of your programs. You have no idea, for example, what your expenditure will be over the next three years for Indonesia.

Mr Davis—We have indicative planning figures but we do not have firm budget estimates.

Senator HOGG—That is a start. Are those indicative figures available?

Mr Dawson—They are not published figures.

Senator HOGG—Is there a reason they are not published?

Mr Dawson—Because there are no forward estimates for individual programs.

Senator HOGG—So within some of the individual country programs there could be some shifting around over the next three years or so?

Mr Dawson—That is quite possible. On a year-to-year basis that does happen. Indonesia is an example where we are likely to see some change over time in that program—for example, some of the bulk of the funding under the \$1 billion Australia-Indonesia partnership program is expensed.

Senator HOGG—While I am on that page I will ask the next question in respect of the change of allocation from 2006-07 to 2007-08 for the heading ‘Total East Asia’. That seems to have increased in the order of 37 per cent from 614.1 to 842.2.

Mr Davis—That is right.

Senator HOGG—Yet the total PNG and Pacific has increased from 599 to 694.3, which is a total of 15.9 per cent. Is there a reason why the total East Asia outcome seems to have increased far more dramatically than PNG and Pacific?

Mr Dawson—It reflects the likely spread of expenditure underneath the new budget measures which we have been talking about and have identified in the portfolio budget statement. It also reflects changes such as the change in profile of total aid flows to Indonesia, as a number of those previous years commitments come through in specific programs.

Senator HOGG—I understand that and that is why it would be handy if we could get some idea of what was happening in the out years. If I look back to a comparison between the 2005-06 figures and the 2007-08 projected figures, I see that the East Asia figure moves by 71.7 per cent—I understand why it has moved and I accept that—whereas the PNG and Pacific figure moves by only 24 per cent. It would help if there could be some indication—you are never held to these and I know it is not part of your forward program—as to where the expenditure will be in the out years because it gives some idea of where the priorities of the agency lie in terms of the distribution of aid.

Just reading those figure crudely, one could come to the conclusion—and I am not saying it is the correct conclusion—that we seem to be focused more on the East Asia region than we are on PNG and Pacific. But that belies what is under the figure. Therefore—and I will be raising this when we get to specific programs as well—some indication, indeed, would be well worthwhile. The issue that I have raised before relates to the table on page 6, which is the total ODA. As I have asked previously, you have got that broken up into the various component parts for the other government departments.

Mr Davis—I have got the same table that you asked for last year.

Senator HOGG—You are well trained! Thank you. I think you can see the point of that table because it really belies where the funding is coming from from the other government departments. I will come back to that in a moment.

Just returning to the out years, is it fair to say, based on my simple analysis that of the \$1.3 billion extra that will be spent from 2007-08 through to 2010-11 roughly \$0.8 billion of that is earmarked and allocated? It is allocated funds. It is certainly not something where there is a degree of flexibility. The unallocated at this stage is the \$0.5 billion that is left over.

Mr Dawson—You may be looking at the figures in a slightly misleading way. The \$837 million figure is not a total figure. That is the figure for the forward estimates year 2010-11. So each year there is an increasing amount through those measures of progressively \$541 million, \$559 million, \$713 million and \$837 million.

Senator HOGG—That \$837 million is just for one year?

Mr Dawson—That is right.

Senator HOGG—I am sorry; I have missed that. So what does that tally up to, roughly? It does not matter; I can tell you. It is \$2.652 billion. It is all right; I have done the sums. I misread my own figures. So those four figures come out of what figure—out of the 4.3?

Mr Dawson—No, they come out of the figure for each year identified in the—

Senator HOGG—I see what I have done wrong. So what is the amount of free unallocated funds at the end of the forward estimate period? There are these initiatives which are going to chew up, according to my calculations, \$2.652 billion.

Mr Dawson—If you could bear with us a moment.

Senator HOGG—Yes, of course. You see where I am coming from—I am just trying to get some idea of how much is not allocated as a result of your program.

Mr Dawson—I think we need to take that question on notice. It depends upon a range of information which I am not sure we have to hand at the moment.

Senator HOGG—Well, just bear with us—

Mr Dawson—But you were correct in the way in which you approached the 2010-11 figure, for example, of taking the overall amount identified in the minister's forward of 4.3 and deducting from that the new measures and more or less the maintenance of the existing program.

Senator HOGG—We could do that for each year.

Mr Dawson—But there are pluses and minuses in each year. There are a number of existing measures, for example, which might be terminating measures. We would need to take that into account.

Senator HOGG—Is there any way that I can get an answer on that this evening? We are going to be here for a few hours.

Mr Dawson—We will try to do that.

Senator HOGG—I just want to get an idea of how much flexibility there is in the budget over the out years. I accept that there are going to be pluses and minuses but could you just give me some idea? On the table that you are providing me with, on the other government department expenditure in the total ODA—

CHAIR—Mr Davis is just handing that up now, Senator.

Senator HOGG—that specifically relates to the big-ticket items, doesn't it?

Mr Davis—That is right.

Senator HOGG—And that is what we agreed to.

Mr Davis—And then we just had a line for 'Other' for the smaller bits, country by country.

Senator HOGG—Yes, for the smaller bits. Are you supplied with that information by all of the relevant departments?

Mr Davis—All of the other relevant government departments.

Senator HOGG—And the totality of that appears on page 6, if I am correct—table 2 of the blue book.

Mr Dawson—That is right.

Senator HOGG—You are doing this task for me now, for which I am grateful, of providing me with the break-up, which then becomes part of the public record. But—given that this is not an insignificant amount from other government departments—is there any reason that that could not be incorporated in your documentation in the future?

Mr Dawson—The main reason is just the logistical difficulty of pulling together those figures at the last stage of the budget process, given that they are budget figures or they

represent expenditure figures from a range of other government departments. They are estimates, based on discussion with other government agencies and the information that they provide, but if they were published it would be necessary to go through a process of vetting, for each of those figures, with other government agencies, and I am not sure that would be possible in the time available from when the budget papers are put together.

Mr Davis—Perhaps if we cannot get it at budget time we could get it to you before the actual hearings.

Senator HOGG—I think that would be helpful, because we have spent the first 20 minutes to half-an-hour of this just trying to find out where these figures fit in, and it is really helpful if one has a picture of what is happening.

Senator FORSHAW—I will take you to table 2 on page 6. Two of the countries that stand out in terms of a substantial change are Iraq and Afghanistan. In the case of Iraq the expected outcome for 2006-07 is \$358.3 million, whereas 2007-08 is \$22.5 million. Afghanistan is an expected \$127.4 million for 2006-07, but it was budgeted at \$33.9 million, and the budget estimate for next year is \$99.6 million. Can you give me an explanation of the reasons behind such dramatic changes? I am conscious of the substantial commitments that the government has across the board in Defence and Foreign Affairs terms et cetera, particularly with regard to ODA.

Mr Davis—In the case of Iraq, the very big variation is because all other government department expenditure counts as ODA. That figure for 2006-07, as for 2005-06, included a very significant amount of debt relief recorded as ODA, whereas there is none of that recorded in the budget estimate for 2007-08.

Senator FORSHAW—How much was the debt relief that is included?

Mr Dawson—It was just over \$334 million, which was recognised in 2006-07. For Afghanistan, the main reason for the change in the total ODA flow relates, again, to expenditure by other government agencies, principally the Department of Defence. The Department of Defence's estimates for the ODA eligible expenditure relating to its Afghanistan reconstruction task force in 2007-08 is estimated to be less than in 2006-07. I think the main reason for that is that there was a degree of capital expenditure on equipment and other logistics costs in establishing that mission, which obviously do not apply in 2007-08.

Senator FORSHAW—We will come back to that issue.

Senator HOGG—On table 12, page 57, the odd item out there is the Nauru additional, which is just listed as nfp. I understand what nfp is, but these are budget estimates, and I cannot understand why we cannot get a figure to be included in that table for 2007-08.

Mr Dawson—That 'not for publication' annotation reflects the fact that expenditure under this period of the memorandum of understanding with Nauru is still to be agreed and ministers previously decided that those estimates were not to be for publication.

Senator HOGG—I sit on this committee and on others where we deal with the likes of ONA, ASIS, DSD and all sorts of secret squirrel stuff, but this one figure is missing. It is there, on page 57, for 2005-06 and it is there for 2006-07. Why is it not there for 2007-08?

Mr Dawson—I can only repeat what I said, that it was a decision of ministers that the term ‘not for publication’ be used in public documents.

Senator HOGG—How is the public to know what that figure is?

Mr Dawson—The full amount of official development assistance funding is reflected for past years—so actual figures are reflected—but for the forward year, where there is a discussion to take place with the government of Nauru, those figures are not for publication.

Senator HOGG—Does this mean that there is a changed policy between the 2005-06 years and 2006-07 years?

Mr Dawson—No, the same approach with respect to the budget year has been followed in past years.

Senator HOGG—When will that figure become available to the committee?

Mr Dawson—It will certainly be available in next year’s budget documentation, when an estimated actual figure for 2007-08 is established.

Senator HOGG—When will a figure for 2007-08 be established?

Mr Dawson—There are discussions on the MOU to occur shortly.

Senator HOGG—Where will the allocation for 2007-08 be made from, if it is not in this budget?

Mr Dawson—It is made from the existing forward estimates for the aid budget.

Senator HOGG—So it is taken out of that slack that we talked about before. Is that the way I should interpret that?

Mr Dawson—It would be an element in the total figures for future years that are identified by the minister in the foreword to his budget paper.

Senator HOGG—Are there any other such transactions in any of the documentation relating to the AusAID budget?

Mr Dawson—There are no other measures that I am aware of that have an instruction from ministers that they are to be presented with a ‘not for publication’ annotation.

Senator HOGG—So there is nowhere else where this committee—if it pored over the documentation line by line—would be denied access to the appropriate figures. Is that a correct assessment?

Mr Dawson—That is correct.

Senator HOGG—In putting together the budget, what guidelines are used to determine whether something is aid or not aid?

Mr Dawson—They are the guidelines set down and discussed and amended from time to time by the Development Assistance Committee of the OECD.

Senator HOGG—Are they publicly available?

Mr Dawson—They are.

Senator HOGG—So it is those guidelines and those guidelines alone that dictate the allocation of aid under our budget, whether it appears in table 2, or table 12 or whatever else.

Mr Dawson—That is right.

Senator HOGG—Has there been any attempt recently to change those guidelines?

Ms Newton-Howes—The guidelines are discussed regularly. This year there were discussions around ODA eligibility for security related expenditure. Those were discussed at the DAC but in fact a decision was made not to make any changes. Some countries are also lobbying for buy down of commercial debt to be considered ODA eligible, but that also has not been agreed. So, yes, I think the guidelines are amended through discussions at the DAC. That is not an uncommon thing to happen. It happens through discussion and through the development of a consensus around different issues from time to time.

Senator HOGG—You said there was a meeting earlier this year. Do we know when?

Ms Newton-Howes—The DAC meets almost monthly in Paris. The major decisions are taken at the high-level meeting which happens in the European spring of each year, and it was at that meeting in early May this year that an agreement was made not to change the expenditure eligibility of security-related expenditure. Yes, decisions are taken from time to time relating to ODA eligibility.

Senator HOGG—If there were to be a substantial change, or a change at all, to the DAC guidelines, on which we base our aid, it would be at the high-level meeting; it would not be at that monthly meeting, is that correct?

Ms Newton-Howes—No, initial technical discussions would happen at the monthly meetings but the primary decision on significant change would have to happen at the high-level meeting.

Senator HOGG—And you said that the move was to change the guidelines in respect of what?

Ms Newton-Howes—Security-related expenditure.

Senator HOGG—Firstly, was Australia represented at the high-level meeting?

Ms Newton-Howes—Yes, Senator.

Senator HOGG—Who represented us?

Ms Newton-Howes—I did.

Senator HOGG—Lucky person!

CHAIR—Lucky us: we have a very useful interlocutor, Senator Hogg.

Senator HOGG—Lucky in many ways. You were the person representing us at this high-level meeting. Where was it held?

Ms Newton-Howes—At the OECD in Paris.

Senator HOGG—And security?

Ms Newton-Howes—Yes, reform and non-military training of military forces were discussed and whether that should be considered ODA, and peacekeeping.

Senator HOGG—Did we have a position at that particular meeting?

Ms Newton-Howes—We knew from the previous technical meetings that there was not broad agreement for this change and we supported maintenance of the status quo.

Senator HOGG—Had we been present at the technical meetings where this was discussed or did we simply send you as a representative to the high-level meeting? That is not a criticism.

Ms Newton-Howes—We are represented at most of the technical meetings. I know we were represented at at least some of the technical meetings where this had been discussed previously.

Senator FORSHAW—When you say that we took a position to support the status quo, did it come forward as a specific proposal to expand the guidelines? Fill me in, if you can, on how it was dealt with. Or was it a position where, in the end, the proposition was not put because it was clear that it would not be supported?

Ms Newton-Howes—There was a proposition that these changes not be accepted and that further work be done. A case study is being done on countries' work in this area to look at both ODA expenditure and non-ODA expenditure—further consideration of what countries are doing in these areas to try to get great clarity around it. The proposition was that current definitions remain and that some further work be done by the working party on statistics at the DAC and another working party on peace, conflict and development would look at some case studies of both ODA expenditure and non-ODA expenditure in these areas to help develop our understanding of this as an issue. It is likely that there may be further discussions based on that work in the future.

Senator FORSHAW—What is required for the guideline definitions to be changed? Is there a formal process by which a proposal is voted on? What sort of a requirement is there for it to be carried? Is it a simple majority?

Ms Newton-Howes—The DAC tends to work by consensus. So if through the working parties it is clear that there is no consensus emerging, it tends to carry on and continue with other efforts and further work to see whether the guidelines can be clarified. I have to admit that I am not clear about whether there is a process for a formal vote and what would constitute an outcome. But we tend to work by consensus.

Senator FORSHAW—I appreciate that is not an uncommon method of procedure in various international organisations whether they be the UN or whatever. So our position was that we were not supportive of opening it up certainly at this stage?

Ms Newton-Howes—We were not supportive of change at this stage. We were supportive of some further work going forward.

Senator HOGG—Who were the proposers and who were the opposers of the move? Are you able to tell us that?

Ms Newton-Howes—I am sorry; I do not have a list here of that.

CHAIR—Is necessarily a matter of public record?

Ms Newton-Howes—I am sorry; I am not sure about that.

CHAIR—It is just that in terms of providing your response through the estimates process you can only provide that in a public context, so if it is a public matter that is fine but if it is not you might want to bear that in mind.

Mr Davis—We can check if it is a public record matter.

CHAIR—Thank you, Mr Davis.

Senator HOGG—It would be interesting to know who were the proposers and who were the opposers. Obviously, it is not going to be possible to have an exhaustive list.

Senator FORSHAW—You can use the comparison of the whaling commission meetings where it is that sort of information, I suppose. If it has got to be kept confidential, we understand. But, equally, we understand where the pressure would come from. It would be helpful to know which countries are looking at changes.

Ms Newton-Howes—Thank you, and we will see if we can provide that.

Senator HOGG—How often are these high-level meetings held?

Ms Newton-Howes—Once per year. There is a high-level meeting once per year.

Senator HOGG—Do you attend those each year?

Mr Davis—I normally attend them. It is just that this year, given other events that AusAID was facing, I could not go.

Senator HOGG—So you are the normal attendee. I was going to ask at what level is the attendance at these high-level meetings.

Mr Davis—It is a mix of head of agency and some ministers of those countries that have designated development ministers. The majority are public servants but there are a few ministers that turn up as well.

Senator HOGG—All right; you should be able to answer this question without any worry. What countries are represented at the high-level meetings?

Mr Davis—It is the full list of the key OECD donors. I can probably get most of them and Julia could fill in. Obviously, there are the US, Japan and all the Northern Europeans and in fact—

Mr Dawson—We could run through every member if you would like, Senator.

Senator HOGG—Mr Dawson, if you would table a list of them—if you can—that would save reading a whole list of names into the record.

Mr Dawson—Yes.

Senator HOGG—If changes were to be made, who would be responsible for making the decision on behalf of us?

Mr Davis—If there were a significant change to the proposed guidelines, we would consult ministers.

Senator HOGG—So it would be a ministerial decision?

Mr Davis—If it were a significant change to the guidelines, yes.

Senator HOGG—And there would be enough advance warning of that?

Mr Davis—Yes, because, as was explained, the whole working party process means that it is not just brought up at the 11th hour; it has been through quite a lot of technical discussion groups.

Senator HOGG—Who would attend the monthly meetings for Australia? Do we have someone in attendance or watching the monthly passings of this committee?

Ms Newton-Howes—We have a delegate at the DAC. The DAC donors each have a representative in Paris, and our DAC delegate would normally cover them.

Senator HOGG—So we rely on feedback on a monthly basis from the representative who attends these meetings as to what might or might not happen. So at this stage that has gone off the agenda, if I can put it that way; correct me if I am wrong. It has gone off the agenda for the time being to be looked at by a working party, and if there were to be any significant change to those guidelines it would be at the next meeting, which will be held in the next northern spring. Is that right?

Mr Davis—That is right.

Senator FORSHAW—Is counterterrorism included?

Mr Davis—Aspects of it might be.

Ms Newton-Howes—Aspects of counterterrorism.

Mr Dawson—Usually you will find that activities that have a capacity-building element with other than the defence forces in a developing country are considered official development assistance in the very broad.

CHAIR—That is because they fall within the DAC guidelines?

Mr Dawson—That is right.

Senator FORSHAW—That was included in the guidelines a couple of years ago, wasn't it?

Mr Davis—No.

Mr Dawson—No. The way in which the guidelines are written has not changed significantly in respect of assistance in that area, to my knowledge. But the significant issue is that most of the assistance which is ODA eligible which relates to work on terrorism issues is capacity building for developing country partners.

CHAIR—So we would report similarly to other DAC donors along these lines?

Mr Davis—That is correct.

Mr Dawson—That is correct.

Senator FORSHAW—I was under the impression—and I will stand corrected if it is not the case—that there had been some change in relation to aspects of counterterrorism activity capacity building being included in the DAC guidelines in recent years. Could you check that for me?

Mr Davis—We are not aware of it.

CHAIR—Could you take that on notice, Mr Davis.

Mr Davis—We will check.

CHAIR—Thank you.

Senator FORSHAW—And, if that was the case, what position does Australia have?

Senator HOGG—Since we are talking about the budget, I will raise the article that appeared in the *Sydney Morning Herald* this morning, which you are undoubtedly aware of.

Mr Davis—We read it.

Senator FORSHAW—Sydney papers are always on the ball, Senator Hogg!

CHAIR—That is a matter of interpretation, I think, Senator Forshaw.

Senator FORSHAW—I thought I would draw a response.

Senator HOGG—I know nothing about the article other than what I have read myself. I am just concerned that this article happened to appear on the same day that these estimates are on and I happened to raise questions about that slack. As I see the article, it raises this:

MORE than \$600 million of Australia's foreign aid over the past two years never went overseas but was swallowed up in the coffers of a small Federal Government agency in Pitt Street, Sydney.

Firstly, do you have an office in Sydney at all?

Mr Davis—No.

Senator HOGG—So you know nothing about a small federal government agency in Pitt Street in Sydney?

Mr Davis—It is referring to EFIC.

CHAIR—EFIC.

Senator HOGG—So it is not referring to your agency?

Mr Davis—No.

Senator HOGG—So the \$600 million that is alleged to have never gone overseas but to have been swallowed up in the coffers of a small federal government agency is, in effect, EFIC. That is the conclusion that one could draw from the article?

Mr Davis—That is the agency they would be referring to, yes.

Senator FORSHAW—That is the one in Export House.

Senator HOGG—So what is the response of your agency to the article? You are entitled to put a response.

Ms O'Keeffe—It appears that the article is referring to the Iraq debt relief, which, as you recall, was written off by Australia in 2006-07 as well as in 2005-06.

Senator HOGG—Has that been written off completely?

Ms O'Keeffe—It is part of the writing-off. There is still an element of the debt that remains to be written off and that will be considered as part of the IMF review of the conditions surrounding the Paris Club agreement. I remind the Senate that it was as a result of Iraq's massive and, frankly, unsustainable debt that the Paris Club members in 2004 agreed to

provide debt relief to assist the Iraqi government and over that period of time—for example, last year in 2006—a total of \$US3.3 million has been written off by donors, which include Australia, Sweden, Denmark, France, Japan and the US.

Senator FORSHAW—To clarify, earlier when I asked the question relating to the table on page 6 and that substantial increase and you referred to the waiving of debt, are we talking about the same thing here?

Mr Davis—That is right.

Senator FORSHAW—That is what I understood. So how much has been waived each year in the last two years? You did give us some figures—

Ms O’Keeffe—One tranche in 2005-06 was \$A334 million and the second tranche was also \$A334 million in 2006-07. A third tranche is to be reported at a later date but, as I said before, this is subject to an IMF review which is probably in or around December next year.

Senator FORSHAW—Will the third tranche be the end of the process?

Ms O’Keeffe—It is my understanding, Senator, that it should be. However, I should point out that it is not AusAID that manages this debt repayment; it is actually DFAT.

Senator FORSHAW—I appreciate that. So we will see that figure in next year’s budget documentation relating to 2007-08?

Ms O’Keeffe—Subject to the IMF review.

Senator HOGG—Is it an unknown amount of money at this stage?

CHAIR—For the third tranche?

Senator HOGG—Yes.

Ms O’Keeffe—The exact figure, yes. It will depend on foreign exchange fluctuations and interest payments as well.

Senator HOGG—Is there a ballpark figure?

Ms O’Keeffe—There is a ballpark figure. We have agreed to forgive 80 per cent of the over \$1 billion in debt that Iraq owed Australia.

Senator HOGG—One could assume, therefore, that it would be in the order of a couple of hundred million dollars.

Ms O’Keeffe—Yes, one would have to assume that. But could I suggest that the details of these matters are much better referred to and dealt with by the Department of Foreign Affairs and Trade as they are the ones responsible for managing this particular item?

Senator HOGG—I accept that. This is not a criticism of you, Ms O’Keeffe, but one of the problems we end up with all the time here is that it is a DFAT responsibility yet the focus ends up being on your department because it is deemed to be part of ODA. I am not being critical of the officers at the table—I do not know the way around this—but if you think it is confusing sometimes trying to read your budget, you understand why, because there are so many attributions that come from other government departments and other sources. I am not doubting the legitimacy of that but it makes it difficult.

Senator FORSHAW—To go back to the earlier answers you gave in relation to table 2—

CHAIR—On page 6.

Senator FORSHAW—The 22.5—

CHAIR—This is in relation to Iraq.

Senator FORSHAW—I am not putting this forward as a proposition but would it have not been better for clarity that an estimate be put in there to encompass the third tranche with a note to say that it was subject to IMF finalisation?

Mr Dawson—That third tranche is not expected in the 2007-08 financial year.

Senator FORSHAW—I thought you said it was.

Senator HOGG—When is it likely to be—2008-09?

Ms O’Keeffe—In 2008-09.

Senator FORSHAW—When I asked you if it would be in next year’s budget figures, I was assuming that it would be in there as an amount for this year. But I take your point.

CHAIR—Could I just ask a question about where the process of debt relief fits in with the DAC guidelines, the subject we were talking about before? How do the DAC guidelines treat debt relief?

Ms Newton-Howes—Where the purpose of the debt relief is primarily to improve the welfare of the people of the country concerned, it can be considered to be ODA eligible. So the multilateral debt relief initiatives through the banks are ODA eligible. A number of Paris Club debt relief decisions are ODA eligible. Iraq, for example, is a lower-middle income country with unsustainable debts. Debt relief was perceived as necessary for its development.

CHAIR—So it is eligible and that is why it is included.

Ms Newton-Howes—Yes.

Senator HOGG—Following on from this issue of debt relief, it is only Iraq for which there is a consideration of debt relief. Is that correct?

Mr Davis—No. There are a range of countries that fit particular criteria worked through by the Paris Club.

CHAIR—Including the HIPC, I assume.

Senator FORSHAW—I think we are talking about Australia—

Senator HOGG—From Australia’s perspective for debt relief.

Ms Newton-Howes—Australia has previously provided bilateral debt relief to Nicaragua and Ethiopia as an outcome. This is in previous years. That was as they passed through the HIPC process. That was included as ODA. There is some debt relief for Egypt, which is currently included as ODA.

Senator HOGG—I presume, though, that there are other nations that are indebted to us that we have not considered debt relief for.

Ms Newton-Howes—One of the criteria is the extent to which the debt is considered unsustainable. One of the primary measures of that is the debt to export ratio of the country. The World Bank and the IMF have jointly agreed that a debt to export ratio of over 150 per cent is considered unsustainable. In 2004 when Iraq went to the Paris Club, its debt to export ratio was 545 per cent, so it was way beyond what was considered to be sustainable debt. Another country which is receiving a lot of debt relief from that donor community is Nigeria but I believe that Australia has not been providing debt relief to Nigeria, presumably because we have very little or no government debt with Nigeria.

Senator HOGG—Therefore, in respect of table 2 at page 6, apart from Iraq, I can assume that there is no other debt relief in any of the figures there. Is that a reasonable assumption?

Mr Dawson—No, I am not sure that that is a reasonable assumption.

Senator HOGG—I have only thought about that in the wake of Senator Forshaw's question because it is not obvious where debt relief is forming part of the ODA there, from a quick read. Can you give us any other countries for which there may well be debt relief?

Ms Newton-Howes—It was both bilateral debt relief and multilateral debt relief. We can confine it to the bilateral debt relief.

Mr Dawson—If we are talking about bilateral debt relief first, my understanding is that countries that are likely to have some element of debt relief recognised in 2007-08 are Egypt and the Solomon Islands, but the amounts are relatively small in both cases.

Senator HOGG—Egypt is not even on the radar screen. It would be under 'other Middle East', I presume?

Ms Newton-Howes—It is included—

Senator HOGG—I am looking at table 2, and I am trying to work through these things. The Solomon Islands appears there so I can assume that, when you say that there is debt relief, it will be part of the ODA budget of \$223.9 billion.

Mr Dawson—Again, I would not necessarily assume that. This is why I think this is a better question to pursue with the Department of Foreign Affairs and Trade. I am aware that there are discussions currently taking place about aspects of debt relief in relation to the Solomon Islands. Those discussions became known quite late in the budget process and I am not necessarily sure that that figure is reflected in those figures, but we can check that and get back to you.

Senator HOGG—On that very basis— and this is the confusing part for me—who pays for the debt relief? It is paid by DFAT itself. Is that correct?

Mr Dawson—That is correct.

Senator HOGG—It is not paid in an administered fashion through AusAID; it is paid by DFAT.

Mr Davis—Yes.

Senator HOGG—So it would not matter whether it was or was not part of that \$223.9 million in respect of the Solomon Islands because, at the end of the day, Mr Dawson, AusAID will not be paying that money anyway; it will be paid by DFAT. All that will happen is that in

some subsequent period of time that amount will appear in your figures as ODA but you will never have touched it and you will never have been part of the negotiations to the figure that is arrived at. Again, that is not a criticism; it just seems to me to be part of the process. Is that correct?

Mr Dawson—In the sense that the debt relief funding does not go through the AusAID budget; it does not have a specific AusAID approval. What you say reflects reality, yes.

Senator HOGG—Could I put this question then—

Mr Dawson—But perhaps it understates the degree of whole-of-government discussion that is usually around significant debt relief issues. In the case of the Solomon Islands, where there is significant input from a number of government agencies about economic and financial management, those issues are canvassed more broadly and we are part of those discussions.

Senator HOGG—I accept that, but I am just trying to work out if the \$223.9 million contains any element of debt relief for the Solomon Islands. Are you able to tell me that?

Mr Dawson—I am not able to tell you that at the moment.

Senator HOGG—You are not able to tell me that. I understand that that question is best directed to the officers of DFAT. Is that correct?

Mr Dawson—That is correct. But with a little bit more checking we may be able to identify it.

Senator HOGG—It becomes very hard to discuss aid with the designated deliverer of aid when you have all of these hooks hanging off it. Again, it is not a criticism of you, because you are presented with the system that operates. You cannot change the system, but it makes it very difficult for people on this side of the table who are asking you questions in respect of that.

Mr Dawson—What we are able to do is answer questions in relation to our own appropriations. We try as best as we can to capture the full extent of official development assistance attributed to Australia through other government agencies, but we often do not have that full information in connection with that. So we are doing the best that we can in relation to other government departments—ODAs—but our responsibility is principally in relation to the appropriations to AusAID.

Senator HOGG—How much is the AusAID application for the next financial year? That is the \$2,731.6 million on page 5, table 1—is that correct?

Mr Davis—That is right.

Senator HOGG—In respect of the article in the *Sydney Morning Herald* today, how much of that aid leaves our shores and how much of it stays here?

Mr Dawson—I do not think it is possible to answer that question, because it implies some kind of physical movement of dollars. We pay for services; we pay a number of organisations for delivery of agreed activities.

Senator HOGG—In terms of that \$2,731.6 million, how much is administered expenditure and how much is departmental?

Mr Davis—Departmental is \$109 million.

Senator HOGG—I think it is \$109.6 million.

Mr Davis—It is \$109.2 and the rest is administered.

Senator HOGG—And the administered?

Mr Dawson—It is the remainder; the government department expenditure.

Senator HOGG—Administered programs?

Mr Davis—It would be \$2.6 million.

Mr Dawson—The resourcing picture is set out on page 125 of the portfolio budget statements.

Senator HOGG—I see that, but again with the greatest respect, it really does not tell much about where the money is being spent. Undoubtedly we will come to this when we get back from dinner. What do the administered expenses cover, in broad terms—programs? What aspect of programs—wages, contracts?

Mr Davis—We did give a response to that in the questions on notice.

Senator HOGG—All right. Can you give me an analysis of the \$2.6 million—how much will be spent where?

Mr Davis—It will be spent across the full range of programs, details of which are provided in the blue book, which provides the broad detail of each country, and the regional and global programs.

Mr Dawson—To go back to the previous question that you asked in relation to this, it depends on the circumstances of every individual country program as to how that aid allocation is utilised. In a particular country you may have a combination of payments to Australian suppliers, contributions into a multilateral funding pool, payments to international organisations, payments to Australian non-government organisations, payments to local non-government organisations or other payments to in-country suppliers. There could be a very wide range of different purposes to which funding is put, within any single allocation. We simply do not have the database which brings that together in the form in which you are asking.

CHAIR—It being half past six, we will suspend the committee.

Proceedings suspended from 6.30 pm to 7.30 pm

CHAIR—I understand, Mr Dawson, that you have some responses from AusAID on a number of matters.

Mr Dawson—I will try to clarify some of the information that was given and asked before in relation to debt relief payments. I once again emphasise that we have certain information which is reported to us through the biannual returns for ODA through other government departments. That has come to us from DFAT. For more detailed questions in relation to the figures, it is probably more appropriate to refer those to DFAT when they next return.

I think I indicated that there may be some debt relief in relation to the Solomon Islands in 2007-08. That, I think, was not entirely accurate. In fact, there is an amount of \$4.3 million

which is recognised in the other government department's ODA figure for the 2006-07 financial year. That amount is shown in the table which we circulated at Senator Hogg's request earlier. Under the Solomon Islands, DFAT expected outcome 2006-07, there is an amount of \$4.3 million, and that represents estimated debt relief for the Solomons. I should stress that the arrangements and the costs in relation to that are still being settled. So, if that is one for which you would like any more details, it is much more for the Department of Foreign Affairs and Trade at the moment.

I indicated as well that there was debt relief in 2007-08 in relation to Egypt. That is a long-running set of bilateral debt relief payments. The amount in 2007-08 is expected to be \$14.6 million. That is recognised again in the table that was circulated at Senator Hogg's request. It is in the 2007-08 column under Africa. There is an amount there shown against DFAT which corresponds to that amount.

As well, I should mention that there are two smaller debt relief amounts which are expected to be recognised in 2007-08. They are for Sri Lanka and Indonesia. In both cases they are slightly under \$250,000. They relate to a debt moratorium which was offered after the December 2004 tsunami. I think debt repayments have been deferred or rescheduled for a couple of years in those cases, and the interest on those payments has been forgiven—at least, the Indonesian amount has had three years worth of funding and been recognised in other government departments' expenditure. For the Sri Lankan amount, I think this is the second year that a small amount has been recognised; it is associated with that moratorium following the Asian tsunami.

Senator HOGG—Is the debt relief in Indonesia tied in with the \$1 billion relief that has been given?

Mr Dawson—No, it is nothing to do with that.

Senator HOGG—It is completely separate?

Mr Dawson—Yes. The other issue we want to give some clarification on is the DAC processes for setting their statistical guidelines.

Ms Newton-Howes—You asked whether we could identify the opponents and proponents of the changes in the ODA eligibility of security sector reform. Because the DAC works by consensus, the convention is that none of the meeting records identify a particular country's position on this because either all DAC members agree or the change does not go forward. So it would be against the conventions of DAC to publicly identify the positions that individual countries took at the meeting.

Senator HOGG—So I will have to get in touch with a lot of colleagues at a lot of estimates around the world to ask their individual countries, and we will find out the results anyway! I am not blaming you. I was asking about the AusAID spend of \$2.7316 billion. We had established that \$2.6 billion or thereabouts was for administrative expenditure and \$109.2 million was for departmental expenditure. I know I have asked this question on previous occasions and in different ways, but is it possible to establish what part of the administrative expenses find their way to the actual countries listed in the partner country programs? I think this gets to the heart of what some of this article in the *Sydney Morning Herald* is about, and I know that just how much aid reaches the countries has been a theme over a long period of

time. It might be a presumption on my part that all or some of that \$2.6 billion reaches the countries, but if you could give us some guidance or tell us whether there is some way to test it, that would be a help.

Ms O’Keeffe—As Mr Dawson was saying before the break, each country program will have different aspects of how the whole country program is actually shaped. Some of it will be what we could call project or program aid and some of it will be through NGOs et cetera. But we also have the global programs. I refer you to tables 12 and 13 on pages 57 and 58, where you can see the global programs. The vast majority of funding under global programs is a direct transfer to those organisations, institutes and programs that you see listed here. The vast majority of those are overseas. Of course, there are the NGO programs, and we know that those funds are supporting, in particular, Australian NGOs and their work overseas. One of the key issues that keeps coming back all the time is: how this actually relates to Australian contractors. On this point I would like to ask Mr Mitra to explain how the contractor system is working.

Senator HOGG—In respect of what?

Ms O’Keeffe—In respect of the administered program and the so-called transfer—or the way in which developing country partners are benefiting from the administered program.

Senator HOGG—Is that in respect of table 13, or tables 12 and 13?

Ms O’Keeffe—Table 12.

Senator HOGG—I did not want to be under the misapprehension that this is addressing table 13.

Ms O’Keeffe—No, it will not be addressing table 13. It addresses table 12, in terms of the country programs.

Mr Mitra—In terms of the Australian contracting industry and the commentary as to what proportion of the aid program they can access, I should say that, as we have said to the Senate previously, up to 45 per cent of the aid program ‘may’ be available for tender to private companies. But this is really a very high end of the figure and it only represents the approximate amount allocated to bilateral programs. If you look at table 1 on page 5 of the blue book, what we have essentially said there is that if you just assume that you deduct the global programs—‘AusAID departmental’, ‘ACIAR’ and ‘Other government departments’—what remains is ‘AusAID country programs’, and that is essentially what the contractors can access. But, as Mr Dawson has said, in any one country program there is a multitude of ways of providing assistance; it could be provided through multilaterals or Australian or national NGOs. So that figure already starts to reduce.

In the financial year 2006-07, we entered into contracts with a total value of approximately \$500 million. If you say that the estimated ODA is around \$3 billion, the amount of new contracted aid would therefore be less than 20 per cent of total ODA. So the pool that is available to the contracting community is very limited as a proportion of total ODA.

Senator HOGG—How does that play out over a longer period of time? Does 20 per cent pretty much hold up as a rule of thumb?

Mr Mitra—No. the Australian contracting industry looks at the annual procurement pipeline year on year. What they are finding is that the opportunities for them are diminishing—at least, the scale of aid that is advertised for open tender is reducing as we look at other modes of delivery. They will still remain an important part of the delivery mechanism, but they certainly are not the predominant part as some of the figures in the public commentary sent to suggest.

Senator HOGG—Let me summarise that correctly. You are saying that in the order of 20 per cent of the new money in 2006-07—

Mr Mitra—If you look at the new contracts that are available as a proportion of the aid budget for a particular year, it could be around 20 per cent.

Senator HOGG—Around 20 per cent is new contracts?

Mr Mitra—That is right.

Senator HOGG—And they are predominantly within Australia?

Mr Mitra—We have untied the aid program—

Senator HOGG—I understand that.

Mr Mitra—so increasingly we are getting interest from international companies. But it is also important to point out that, when you look at any particular contract, it has different components within it—and two components of note are the component which might be subcontracted or, for example, the establishment of a trust fund. In both cases, the opportunities for national firms to access those trust funds or subcontracted opportunities are considerable. So even a figure like 20 per cent, when you break it down, reduces even further if the criterion is how much remains in Australia.

Senator HOGG—That is only for the AusAID portion of ODA?

Mr Mitra—That is right.

Senator HOGG—We would not have an idea of how that panned out in the other government departments?

Mr Mitra—No. I could not comment on the specifics of other government departments.

Senator HOGG—No, but, since they seem to send the data to you, I wondered whether you would have some idea. Otherwise it becomes a Herculean task, but not impossible, to go around to all the other government departments. I was wondering whether, as a result of their reporting processes, you might have available to you an idea of the percentage.

Mr Mitra—I could only say anecdotally that the amount of contracts that other government departments put out to tender would be quite limited, and certainly the amount of tendering they do overseas would be limited as well.

Senator HOGG—So where does this leave the claim in this story:

Almost \$1 billion which the Government has identified as official aid is being spent on programs in which no new money flows to the countries said to be getting it, Aidwatch says in a report to be released today.

Mr Mitra—I think it is a very good question for Aidwatch.

Senator HOGG—I have not seen the Aidwatch report, by the way, so I do not know. It was obviously only going to be released today. I presume they are saying that this is where the aid is going back into the pockets of Australian contractors.

Mr Mitra—With all due respect—underlining ‘due respect’—Aidwatch really needs to do some homework in terms of what it puts out into the public. There are a lot of statements there that are not backed up with fact. If we had the time we could go through the report, because there are a lot of factual inaccuracies there.

Mr Dawson—I think there is also a fundamental issue of development effectiveness involved here. The comment that you have just quoted from the Aidwatch paper seems to imply that effective aid directly equates to cash transfers to developing countries. That is fundamentally not true. What we are interested in always is good development outcomes. Those good development outcomes can be achieved in a number of different ways and they require different sorts of delivery mechanisms to achieve them. Australian contractors are only one of those delivery mechanisms. Increasingly we are seeing much more Australian development assistance delivered in line with the international principles on effective aid. We are seeing it delivered through country partner-government systems and we are seeing it delivered through multi-donor or multilateral approaches.

There are constraints, though, in how quickly it is possible or sensible to move in this direction. Country systems mean money into developing country budgets, and many developing countries, including—perhaps especially—in the region in which we have most of our programs, still have what you would call quite fragile government systems. To translate that into direct English, a lot of those systems are quite prone to corruption. You have to be quite careful about the pace at which you start to use direct cash transfers into fragile budgetary systems. In those sorts of circumstances, technical assistance still has a very significant role to play. Technical assistance is all about assistance with establishing better financial systems; it is all about establishing better systems of law and justice; it requires and comprises bringing in and using technical skills that the countries concerned do not have and have asked for assistance with. By definition, because those countries do not have those skills, those skills are going to be found from outside. Generally, Australian technical assistance consists of Australian technical experts, and that is largely where the contracts for delivery managed by Australian managing contractors lie.

I think it is also important to look at what has happened on the ground in a few particular cases. We have had debates over quite a few years with Papua New Guinea, for example, and more recently with the Solomon Islands about just this issue—how much money is actually coming to us directly; how many PNG citizens are involved in the delivery of our program; how many contracts or what proportion of goods are purchased in the Solomon Islands. Every time we have done the rough calculations on these, they show a quite significant amount of assistance which is delivered in countries directly. In Papua New Guinea, for example, 70 per cent or more of the people directly employed on Australian projects are Papua New Guinean. Thousands more are employed through subcontracts. About 44 per cent of the total program materials used on Australian aid are bought in Papua New Guinea. In the Solomon Islands, again, over 60 per cent of people employed directly on Australian aid projects are Solomon

Islanders. There is a similar picture with relation to program materials: about 35 per cent of program materials are bought in the Solomon Islands.

I am sure that if we had the time to do those sorts of calculations in almost every country, it would reveal a similar picture. The reason I am just citing those is that we have had those sorts of discussions with those two governments in the past and we have done a little bit of work around that. But the key point is that we are clearly moving in the direction of much more use of partner government systems and much more use of resources which are found in partner countries. But you will never get to 100 per cent, and the reason that we are working in many countries is that their own systems are fragile and they have significant need for technical assistance and advice. In a large part, the Australian aid program is a technical assistance program and has been for many years. That is why a proportion of that is delivered through Australian managing contractors.

Senator HOGG—Mr Dawson, I do not doubt your sincerity in telling this committee that, at all. The difficulty lies in that there is a gap between what you say and what people believe. That is not a criticism of you personally or of AusAID. That seems to me, over a long period of time, to be the reality. I do not know how you, in the broader sense of AusAID, keep track of, and give some sort of notion to, the direct assistance. But that seems to me to be the question that is repeatedly asked about what happens to our aid program. And criticisms are made of the way in which AusAID does its business.

Otherwise, with respect, you would not have articles such as this one finding their way into the media. If this were the first occasion that this sort of article had ever appeared, you might say: ‘Oh, shock! Oh, horror!’ but it seems to be a regular occurrence. Whether there is some journalist out there who has got it in for AusAID, I do not know. That may well be the case, but it seems to be a recurrent theme which needs to be addressed. I do not know the solution to it. The figures that you quoted in respect of the Solomon Islands and PNG give quite an insight as to what is undoubtedly happening there. But it cannot be said of all of the various programs, whether they be country programs or global programs, that they would satisfy some people in respect of the value for dollar that AusAID spends. I put it as no more than that.

Mr Dawson—I agree with you in the broad sense that there seems to be, on occasion, commentary that does not reflect the true picture of the direction of Australian aid and is, I think, fundamentally misinformed by equating good development outcomes directly with cash transfers. Unfortunately, the approach taken in the article is just to take a cheap shot by criticising Australian companies. The only other thing that I would add is that the directions of official development assistance which I have been talking about—greater harmonisation, greater use of country partner systems and greater use of pooled funding arrangements with other donors—are internationally recognised. As part of our own approach to monitoring performance and the effectiveness of our program, we will be looking at what the trends are within our own program. So we will be trying to gather more information about the application and the implementation of the Paris Declaration on Aid Effectiveness and how that affects particular programs. But that is something which may give a little bit more comfort in the direction that you have identified.

CHAIR—Thank you, Mr Dawson. The committee is appreciative of the efforts that officers have gone to this evening to address these questions and I know you will come back to us on those matters which you have taken on notice.

Senator FORSHAW—I have one final question on the article in the paper—and I understand Senator Nettle has some questions, too, on a particular area. I do not think you dealt with this with Senator Hogg. It is the paragraph in the article regarding a payment made to the Australian law firm. Do you have the article?

Mr Davis—Yes.

Senator FORSHAW—I just want to give you a chance to clarify the position. It states:

A \$27,758 payment AusAID made to the Australian law firm Sparke Helmore for legal assistance during the Cole inquiry into legal breaches of the UN oil-for-food program has been counted as foreign aid.

“It was a cost incurred in the administration of aid program assistance to Iraq,” said a spokesman for the Department of Foreign Affairs and Trade.

Can you clarify that and say whether that is true? Is it normal practice to count legal fees for a royal commission?

Mr March—Yes, the amount that was reported was for payments to the legal firm Sparke Helmore for legal services in connection with AusAID appearing before the Cole inquiry. Those costs are considered ODA eligible because they are part of the administration of an aid program which has an impact and a benefit overseas.

Senator FORSHAW—Let me be the devil’s advocate for a moment and suggest that those particular fees—and I am just going on the newspaper report—were for legal assistance with regard to a royal commission inquiry into the administration of the oil-for-food program and AWB’s role. It was not what you would call legal assistance in relation to the administration of the program itself but an inquiry into the administration. Do you appreciate the distinction I am making? I would appreciate your response.

Mr March—AusAID was asked to tender some documents before the Cole inquiry. It included a range of development activities we undertook in Iraq: agriculture development, governance, law and order, human rights. Those activities included in the agricultural sector some activities with the AWB. All that information was put before the Cole inquiry consistent with the request for documentation from Commissioner Cole. At the time, we consulted with the Department of Foreign Affairs and Trade about what was the most appropriate legal representation, and it was concluded across the portfolio that that legal representation should be the same as the Department of Foreign Affairs and Trade for continuity. What that legal representation provided us with was a general briefing on the processes of the Cole inquiry. It prepared an extract of documents that we provided to Commissioner Cole that, in the lawyer’s view, may or may not require further commentary—those sorts of services. They were professional services provided to the Australian aid program related to the delivery of the aid program in Iraq, as much as we would get surveyors’ technical contributions for surveying a project.

Senator FORSHAW—With respect, Mr March, I understand that is the position that is put, but the quote there says—and I do not know whether it is a correct quote but it is from a spokesman from the Department of Foreign Affairs and Trade:

It was a cost incurred in the administration of aid program assistance to Iraq ...

On the face of it that is just not correct. This is a cost that was incurred into an inquiry established by this government into the maladministration of that program. It was after the event; that is the point I am trying to get at. In the grand scheme of things, an amount of \$20,000 is pretty small, but there seems to be a bit of legal semantics.

Senator HOGG—That is where you lose the public.

Senator FORSHAW—Yes—that you actually put it into that category.

Senator HOGG—You do not have to lose them on a big amount; you can lose them on a small amount and then they are sceptical.

Senator FORSHAW—Why wouldn't you regard that as just normal administrative costs in running AusAID, as distinct from the programs?

CHAIR—I think Mr March has answered to the best of his ability in that regard.

Senator HOGG—I have just one other point on technical assistance. Is technical assistance to some of these countries on the increase or decrease?

Mr Dawson—Again, I am not sure that we have the data with us to be able to answer that question. I think there is a definition of 'technical assistance' against which we report annually to the Development Assistance Committee. That would probably tell us some sort of trend line. But my anecdotal impression is that, as we start to use country partner systems more frequently and as we start to use multilateral pooled funding arrangements, there is probably less funding going directly to technical assistance.

Part of the discussion in the white paper was around making sure that technical assistance is effective. Part of the agenda for that involves more focus on the way in which capacity-building activities are conducted. I think we would have to take on notice exactly what the trends are, but it is probably there in our annual reports to the DAC. But anecdotally I think that it is probably likely to be a decreasing proportion as we start to use country systems more frequently.

CHAIR—So you will take that on notice, Mr Dawson?

Mr Dawson—Yes.

Senator NETTLE—I have a couple of questions. I want to start out by asking what the current employment relationship between Charles Tapp and AusAID is at the moment.

Mr Davis—There is no employment relationship.

Senator NETTLE—So he is not employed as a contractor or consultant at this stage?

Mr Davis—No.

Senator NETTLE—When was the last time that he was employed by AusAID as a contractor or public servant?

Ms O'Keefe—Mr Tapp ceased working for AusAID on 16 April this year.

Senator NETTLE—I was going through previous estimates, and we seem to have some of the history of his employment. The one that I could find had a contract at the beginning of April 2006. Can you tell me what was after that?

Mr Davis—We can get the details for you, but I think it has already been provided.

CHAIR—I think so—on notice.

Mr Davis—Yes, it was provided on notice previously. But we can give you those details again.

Senator NETTLE—You mentioned the last contract being 16 April, I think of this year.

Mr Davis—Yes.

Senator NETTLE—Can you tell me what that contract was?

Mr Davis—We can get those details for you. I do not have them right here.

Senator NETTLE—Is he currently employed by Australia's biggest aid contractor, Cardno Acil? Is that who he is currently employed by, do you know?

Mr Davis—My understanding is that he works for Cardno Acil, yes.

Senator NETTLE—I would appreciate it if you could take that on notice. There are bits and pieces in all of the answers, but it would be great to have the one, if you could provide it, about his employment history. Thank you. I want to ask about whether AusAID recognises that the charitable development NGOs play an important role in bringing aid issues to public attention and advocating around those issues in relation to AusAID policy.

Mr Davis—We engage very closely with development NGOs—sure.

Senator NETTLE—What does AusAID see as the role of NGOs in assisting and formulating aid policy?

Mr Davis—I think there are a variety of roles. What is most important is to be able to engage with those who are professionally competent to play a role, for example, in areas like community development and demand for better governance, get into serious discussions with those organisations and share views—and we do that.

Senator NETTLE—What mechanisms does AusAID utilise to ensure NGO input into the formulation of aid policy?

Mr Davis—There is a range of mechanisms. I will get Ms Shipley to comment on that.

Ms Shipley—We consult with Australian NGOs in a variety of ways. As each country program strategy is devised, there are opportunities for consultation with a range of Australian NGOs. Those are conducted in open meetings with the NGOs. Their views are invited. They are considered. Often they will have several opportunities to speak to the country program area during the development. In addition we have regular meetings through consultation with the Committee for Development Cooperation, which is a joint AusAID-NGO advisory body which looks at policy issues surrounding the engagement of Australian NGOs in the aid program. There are also topical issues on a variety of thematic areas, which are conducted based on the needs around each of those thematic areas.

Senator NETTLE—Is AusAID aware that the Australian Taxation Office has removed the charitable status from AID/WATCH for what it defines as unacceptable political activities, and thus is threatening the survival of AID/WATCH, the independent aid watchdog?

Ms Shipley—We may have heard of that, but it has nothing to do with AusAID. We have no involvement with their charitable status.

Senator NETTLE—I am just going through the process. Is AusAID aware that the tax office has cited three activities of the organisation that it believes are not consistent with charitable status—that is, urging the public to write to the government to put pressure on the Burmese regime, delivering a 60th anniversary birthday cake to the World Bank and raising concerns about the developmental impacts of the US-Australia Free Trade Agreement?

Ms Shipley—No. We were not aware of that.

Senator NETTLE—What is AusAID's position in relation to aid to the Burmese government or in relation to the Burmese government?

Mr Proctor—As you were hearing this morning from our Foreign Affairs colleagues, we do not provide government-to-government assistance to the Burmese government. There are some activities, particularly humanitarian, that are conducted in Burma, and there are some occasions where, because Burma is part of the ASEAN group, there is some involvement in some regional activities. But there is no government-to-government program.

Senator NETTLE—Presumably AusAID supports, as we were hearing this morning, the position in relation to the release of Aung San Suu Kyi?

Mr Proctor—That was government policy as a whole.

Senator NETTLE—You mentioned before that you had heard of the ATO ruling in relation to AID/WATCH. How did you hear about that?

Ms Shipley—Informally. No formal communication was made to us.

Senator NETTLE—Is AusAID concerned about the impact of this ATO ruling on the ability of charitable development NGOs to participate in public debate and thus contribute to policy debates about the development of Australia's aid program?

CHAIR—I am not sure that is a matter on which the officers can comment, as you would be aware, Senator Nettle.

Senator NETTLE—Is AusAID aware of any similar rulings in relation to other charitable development NGOs?

Ms Shipley—No.

Senator NETTLE—I want to ask about the announcement the Prime Minister made in relation to \$200 million for the deforestation initiative. Is anyone from AusAID able to give us an update of developments of the consultations that took place in developing that initiative?

Mr Davies—That initiative, as you would be aware, is in its very early stages. Consultations are just now beginning with a range of other donor countries and with some of the major recipient countries who will be targeted by the initiative. There have been initial

scoping missions to Indonesia and Papua New Guinea and a range of contacts between Australia's embassies overseas and quite a large number of other donors and potential partner countries under the initiative. At the same time, the two principal agencies in Australia responsible for implementation of the initiative—AusAID and the Department of the Environment and Water Resources—have been working together to work out the implementation arrangements and the management arrangements for the initiative once it commences from 1 July.

Senator NETTLE—What consultations took place prior to the announcement?

Mr Davies—The initiative was announced at the end of March. At that point, the government announced that it would be undertaking consultations with a range of partner countries in the region, particularly tropical countries facing significant deforestation challenges, and also that it would be seeking to mobilise coordinated action on the part of other donor countries. That process is now beginning.

Senator NETTLE—So there were no consultations prior to that announcement; just from that point onwards?

Mr Davies—That is correct.

Senator NETTLE—Can you give me any more details on the initial consultations? I just wrote down Indonesia and PNG. Can you give me any other countries in terms of receiving countries and then the donor countries?

Mr Davies—When the initiative was announced, a number of countries were listed as likely targets of the initiative. Those were Indonesia, principally, Papua New Guinea, the Philippines, Cambodia, Laos, the Solomon Islands and Vanuatu. But that was very much an indicative list. It is possible that there will be activity in other countries, depending on opportunities and needs. And there is some possibility that some of those countries will receive relatively small amounts of assistance compared to others.

Senator NETTLE—What about donor countries?

Mr Davies—We are working very closely with a number of other donors, particularly the World Bank, the United Kingdom, Germany, the United States, a range of European donors, Japan and New Zealand. There have been consultations both in capitals and here in Canberra with pretty much the whole range of OECD donors and some emerging donors.

Senator NETTLE—What is the time line for the expenditure?

Mr Davies—It is over five years.

Senator NETTLE—From what date?

Mr Davies—From 2007-08.

Senator NETTLE—You mentioned 1 July.

Mr Davies—That is right.

Senator NETTLE—So it is from 1 July 2007 for five years?

Mr Davies—Yes.

Senator NETTLE—What proportion will be available for project tender?

Mr Davies—That is yet to be determined. It depends entirely on the nature of the activities that are agreed.

Senator NETTLE—Who will manage the international fund and the contract procurement processes?

Mr Davies—The initiative is not an international fund, exactly; it is an allocation of resources that will support a range of activities. Some of those may be project activities delivered on a bilateral basis. Some of the resources may be contributed to international organisations, such as the World Bank or the International Tropical Timber Organisation. The allocation of the resources is very much subject to negotiations with key partner countries.

Senator NETTLE—You said that the two departments within Australia that are looking at that are AusAID and the environment department.

Mr Davies—It is very much a whole-of-government initiative. Decision making is joint between the Minister for Foreign Affairs and the Minister for the Environment and Water Resources. In practical terms, AusAID and the Department of the Environment and Water Resources will be the two key agencies, but the Department of Foreign Affairs and Trade and the Department of Agriculture, Fisheries and Forestry will also be closely involved.

Senator NETTLE—How will Australia support forest surveillance? What sorts of projects and technologies will be employed?

Mr Davies—This is a distinctive feature of the initiative. Much of the detail would be much better explained by the Department of the Environment and Water Resources, but I will give you a brief indication. Some of the funds will be used to establish a satellite receiving facility in Northern Australia which will receive data from existing satellites and offer processed data and related capacity-building services to partner countries under the initiative.

Senator NETTLE—What are the sustainable forest industries that will be promoted under this program?

Mr Davies—Again, that is very much subject to negotiations with our partner governments under bilateral arrangements. It has been indicated in the announcement of the initiative that there are a range of things that we are likely to focus on, including fire control and management, illegal logging, sustainable forest management at the community level, primarily, and a range of other things. There may be some consideration of support for plantation development managed by industry, but I think the focus is more likely to be on community forestry activities.

Senator NETTLE—Regarding that indicative list of Indonesia, PNG, the Philippines, Cambodia, Laos and Vanuatu, you said there may be different amounts and emphasis amongst the countries on the list. Is it intended that there be any other countries added to that list?

Mr Davies—It depends very much on our discussions with other donor agencies and international organisations. There is a growing momentum behind the idea of combating deforestation from both a climate change and a development perspective. We expect that resources will be marshalled around that objective over the next year or two, and to some extent there is likely to be a division of labour amongst donors and organisations. We would expect that Australia's support would primarily be focused on South-East Asia and the Pacific

in those countries that I mentioned. Depending on what assistance is coming from other sources, we may look to broaden that.

Senator NETTLE—Thank you. I am not sure whether these questions are for you or for DFAT, but I want to ask about decision making at the World Bank and what role we play there, particularly whether we participated in discussions about the future of Paul Wolfowitz and the new World Bank president.

Mr Davies—The overall responsibility for that relationship is with Treasury.

Senator NETTLE—Can you answer any questions in relation to the position the Australian government took in relation to Paul Wolfowitz?

Ms Newton-Howes—This was a matter for the executive directors of the World Bank. It was agreed by the development committee—currently our constituency is represented by Korea on that committee—that this was something that the World Bank board should investigate and discuss. It was discussed within the board, as you probably know, and a report was put out by an ad hoc committee of the board, and that is available publicly on the World Bank website. After that report came out, Mr Wolfowitz resigned.

Senator NETTLE—Can you tell me any more about the Australian government's position in relation to that process?

Ms Newton-Howes—I think that is really a question for Treasury. The Treasurer is a Governor of the World Bank.

Senator NETTLE—Can you give us any indication of what type of person the Australian government would like to see as the new President of the World Bank?

CHAIR—That is not a question these officers can answer, Senator Nettle. That is not a question for AusAID.

Senator NETTLE—I will ask a simpler question. Do we take the position that it has to be an American?

Ms Newton-Howes—No. The Australian government has supported a selection process for the head of the World Bank and the IMF. In fact, that is a position that we have encouraged to be debated within the G20. In fact, the Treasurer put out a press release over the last few days restating the position that was agreed at the G20, and that is that we support a merit based selection process for senior positions in multilateral organisations.

Senator NETTLE—Can anyone point me to AusAID funding in the budget for sexual and reproductive health?

Ms O'Keefe—Senator, I need to ask you a question. Which part of the program? Reproductive health and sexual health related activities can be supported both through our bilateral program but also very importantly through our multilateral program. Could you give me a steer on which part of the program you are particularly interested in.

Senator NETTLE—Could you go through both?

Ms O'Keefe—Sure. I will start with the Pacific region. We have an activity running from 1998 to June 2007 and this is the South Pacific regional reproductive health and family planning training project. I will not go into the details of it; I will just tell you what we have.

We also have another program planned for the Pacific, the Pacific regional sexual and reproductive health program, which will run from the middle of 2007 to 2011. That will be an estimated \$5 million over five years. It is currently in the design phase but we expect that to start later this year.

Within PNG we have the Capacity Building Service Centre and that is \$70 million over five years. That is very much looking at the promotion of reproductive health and the provision of advice. Information is provided on reproductive health, and there is education and communication. There is counselling and community education. We also have within PNG the construction of 32 sexually transmitted infection, or STI, clinics at a cost of \$20 million. This is very much aimed at prevention, detection and treatment of STIs, including HIV-AIDS. As you would be aware, HIV-AIDS is a significant disease in Papua New Guinea. We also have a planned program in PNG, the PNG integrated sexual health program, starting this year. That is \$25 million over five years. That is dealing with the prevention, detection and treatment of STIs, condom promotion as a method of family planning and STI control.

In Indonesia we have the women and child health program, particularly in Papua and West Papua and that is running from 2007 to 2010. That is \$6.2 million over four years. We are doing this through UNICEF to raise the community awareness of maternal and newborn health services, to build the health workforce capacity and to strengthen health systems. We also have another program planned for eastern Indonesia in maternal and neonatal health from 2007 until 2010, and that will be \$49 million over four years.

In East Timor we have the planned program with the World Bank, which is an estimated \$30 million over five years, with strong reproductive health components focusing very much on strengthening maternal and child health service delivery as well as family planning. You would be aware of the very high population rate in East Timor, hence the importance, particularly in East Timor, of such a program. Still in East Timor, there is Marie Stopes International, a reproductive health clinic in Dili with outreach services.

In the Philippines we are supporting UNFPA with institutionalising adolescent and reproductive health through life based education. That is running for four years until 2009. Also with UNFPA and still in the Philippines, we are looking at more responsive population and reproductive health policy and programs and building networks and partnerships in that area.

In Africa we continue to support the Addis Ababa Fistula Hospital, set up by the Drs Hamlin in Ethiopia. That service is for women with childbirth injuries. In Tibet, the Tibet Health Sector Support Program has significant components relevant to reproductive health and to maternal health as well.

In terms of multilateral activities, we support WHO but we also have increased our support to UNFPA from \$4.5 million to \$6 million in the current budget. Of course, we have significant support going to UNICEF as well. In terms of the Global Fund to fight Aids, Tuberculosis and Malaria, there is a commitment in this year's budget of up to \$45 million for 2007-08. Clearly this focuses on the three key diseases—AIDS, tuberculosis and malaria—but within the HIV component there will be significant sexual health activities because of the nature of HIV and what drives it in so many countries.

Senator NETTLE—So sexual and reproductive health is coded separately from HIV and AIDS in AusAID? Is that right?

Ms O’Keeffe—With HIV and AIDS it is very difficult because of the way in which the DAC codes work to separate them out from sexual health activities. There are so many components within the HIV response that are sexual health related.

Senator NETTLE—They all seem like sexual and reproductive health and only one you mentioned, the global fund, seemed to have the link with HIV. How does AusAID separate them? Do they separate sexual and reproductive health from HIV?

Ms O’Keeffe—We do with the bilateral activities because we can. We know what we are doing in our bilateral activities. We have a range of other HIV activities as well. Rather than running through those, I could give you a list. There will be components in that that will have sexual health activities as well, but in the bilateral work I wanted to show you that there are some very significant, purely reproductive health activities where HIV is important but not the starting point. Sexual health is the starting point. Of course HIV is one of the components within that but it is not the starting point.

Senator NETTLE—So they are separated in the bilateral but not in the multilateral—

Ms O’Keeffe—It is very difficult to separate it in the multilateral, Senator.

Senator NETTLE—What contraception programs are you funding? There was one, I remember, from PNG—

Ms O’Keeffe—I can give you a list of those. In terms of the family planning activities, again, the South Pacific region of reproductive health and family planning training project, which has been running from 1998 until this year, is dedicated but, clearly, the planned program we have got for the Pacific region will also focus on family planning—family planning services, education, training and commodity supply, which includes contraceptives and condoms.

In PNG the capacity building service centre has significant family planning components. It is promotional family planning and advice—family planning information, education and communication, but not commodities. Commodities are supplied through the planned PNG integrated sexual health program which runs from this year to 2011. That will definitely have condom distribution and promotion of family planning methods and STI control.

The program we planned for Eastern Indonesia has significant family planning components which comprise promotion and advice, information, education and communication. In terms of commodity supply, that is still to be determined. In East Timor we have a planned program with the World Bank. That is currently in design phase but proposed family planning components figure largely in that. That includes family planning services, education and training and commodity supplies—contraceptives and condoms. The Marie Stopes project in Dili has significant family planning components and UNFPA is institutionalising adolescent and reproductive health work in the Philippines, and that also has a significant family planning component.

Senator NETTLE—I want to ask you about the intersection between the AusAID family planning guidelines and the white paper with the focus on sexual and reproductive health and how those two things work together.

Ms O’Keeffe—The health program and the focus on maternal health and child health are very clearly articulated in the strategy, and I will not go into it in detail. In terms of the family planning guidelines, the aid program’s approach to family planning stipulates very clearly that education and support and the provision of information as well as the provision of commodities is very much in line with the family planning approach that we have and very much in keeping with the broader health policy that we have.

Senator NETTLE—In particular, in the family planning guidelines there are restrictions on providing information about unsafe abortion or safe abortion services. How does that interact with the white paper requirement to address sexual and reproductive health and maternal health?

Ms O’Keeffe—Apart from those aspects that you just mentioned, I cannot see that there is a difficulty between the health policy that we have in terms of maternal and child health and what we have in the family planning guidelines.

Senator NETTLE—Are you saying that apart from restricting access to information about abortion services you do not think that there is any conflict?

Ms O’Keeffe—That is right. I would not even say that there is necessarily a conflict. The broader health policy as it stands makes it very clear that we take a very comprehensive approach. You will be aware, as we are all aware, of the policy of the Australian government when it comes to abortion in the aid program.

Senator NETTLE—That is what I am trying to work out: how that intersects with the more current white paper in relation to having a priority on sexual and reproductive health. It does not limit the type of sexual and reproductive health, whereas the family planning guidelines do. That is why I am trying to work out that nexus. The white paper is more recent and so I am wondering whether there is any proposal, given that it does not have the restrictions in it, to make any changes to remove the restrictions that exist in the family planning guidelines.

Ms O’Keeffe—The approach to the family planning guidelines is currently under review.

Senator NETTLE—Can you indicate a time line for that review?

Ms O’Keeffe—Not at this stage.

Senator NETTLE—A review by whom?

Ms O’Keeffe—By the government.

Senator NETTLE—Do you provide information on post abortion care?

Ms O’Keeffe—Yes, we do.

Senator NETTLE—Are you able to provide a copy of what information it is that you provide in that area?

Ms O'Keefe—I will have to take that on notice because it will depend on the activity. If they are dealing with a situation where an abortion has occurred, there are very serious consequences for the mother and then of course the program can provide the information that is required to deal with a health emergency. I do not have the information with me but I can certainly get it for you.

Senator NETTLE—Is it correct that Australian aid money cannot be used to provide information that might prevent that unsafe abortion occurring?

Ms O'Keefe—That is right.

Senator NETTLE—So none of the programs that you have outlined in the various countries would be able to provide that information to ensure that an unsafe abortion did not occur?

Ms O'Keefe—The emphasis of the aid program is on contraception, trying to avoid an unwanted pregnancy in the first place.

Senator NETTLE—But they are not able to provide any more information beyond that in an instance where there is an unplanned pregnancy?

Ms O'Keefe—As I said, the family planning guidelines are currently under review.

Senator ALLISON—On the matter of the review: as I understand it, that review has been underway for some time now. What is the nature of the review at this stage?

Ms O'Keefe—The government is reviewing it, but one of the things the government has been waiting for is the report coming out from the Parliamentary Group on Population and Development.

Senator ALLISON—The one that is coming out this week?

Ms O'Keefe—Yes.

Senator ALLISON—Could you point to the way in which maternal mortality, which is identified as a priority in AusAID's white paper, has been reflected in the current budget? What other changes—in other words, from previous budgets—reflect that priority?

Ms O'Keefe—With the way in which the activities over the next four years are going to be implemented—particularly in terms of health and meeting the focus of the health strategy—you will find that this runs across a number of the different country programs. For example, in Indonesia the aim is to reduce by three-quarters the maternal mortality rate—

Senator ALLISON—Did you say three-quarters? Seventy-five per cent?

Ms O'Keefe—Yes. That is our aim.

Senator ALLISON—That is a very good aim. How do you expect that to be achieved?

Ms O'Keefe—There is a whole raft of programs that we will be implementing over the next four years, as well as working very strongly on what we have already been trying to do to reduce the maternal mortality ratio, or death, associated with pregnancy and childbirth. In Indonesia, for example, the work we want to do on maternal and neonatal health in eastern Indonesia is one of the key areas in which we will be operating. In the Philippines we are going to be working with UNICEF—

Senator ALLISON—Sorry, if we could just stay with Indonesia for a moment. I assume that, like most countries, in Indonesia unsafe abortion is the leading cause of maternal mortality. Is that correct?

Ms O’Keeffe—I do not have that statistic before me, but I am also aware that abortion in Indonesia is not legal on demand, which means that, no matter what our family planning guidelines might be, we would not be able to work in Indonesia—

Senator ALLISON—I understand that. So are you saying that you will be tackling maternal and neonatal aspects of mortality but not unsafe abortion aspects?

Ms O’Keeffe—We would be, as we already are, working to deal with the sad and unfortunate consequences of an unsafe abortion. But, given the regulations in Indonesia, we cannot be working in unsafe abortion—

Senator ALLISON—Yes, I understand. I am not questioning what you are saying, I am just trying to see where the focus is on reducing mortality.

Mr Proctor—I do not have a statistic either, but it is probably unsafe to assume that the greatest cause is unsafe abortions. In a country the size of Indonesia, with some of the remote areas and poverty, a lot of maternal deaths will undoubtedly relate to post-partum sepsis, unsupervised births, poorly trained supervisors or a lack of proper medical care.

Senator ALLISON—Are there fistula problems in Indonesia as there are in Addis Ababa, or is it a different environment?

Mr Proctor—I do not know, Senator. I think we would have to ask. I do not think we have any details on that.

Senator ALLISON—I think it is interesting that our work in Ethiopia—in the two hospitals there—is fantastic, but it occurs to me that Ethiopia is probably not the only country on earth that has this problem. Do you encounter it in sexual and reproductive health in the other countries we provide aid to?

Ms O’Keeffe—There are two issues. Firstly, there is no doubt that Catherine Hamlin has been so instrumental in Ethiopia and, hence, that has directed our focus and our longstanding involvement in the hospital there. I have no statistics before me on fistula problems in other countries where we are operating, but it would be fair to say that, given the state of some of the health systems that characterise some of these countries, there is, no doubt, this issue. But if I can just take you back to the broader health strategy, not only are we looking at maternal and child health, we are also looking at the strengthening of health systems. Without stronger health systems, these sorts of significant issues—whether they are fistula problems, measles or malaria; significant problems for women, children, men and boys—will not be dealt with in a long-term sustainable way unless we can reinforce and strengthen the health system. This is precisely what we are focused on, as well as on maternal and child health.

Senator ALLISON—I congratulate you for raising the percentage of the bilateral commitments at least. We provide 7.4 per cent of the total money in overseas aid which goes to health, compared with an average of 4.5 per cent. But there are other countries that beat us, for example Ireland, Luxembourg, Denmark and Finland. Are we aiming to increase that percentage beyond 7.4 per cent?

Ms O'Keefe—I think we will be, given what we would be adding to the aid percentage this year, which will go from about \$312 million in 2006-07 to about \$450 million in 2007-08. So no doubt, you will see that, once the DAC figures come through, we will have increased our level. At the moment we are sixth.

Senator ALLISON—Sixth in terms of total percentage, not in terms of absolute dollars?

Ms O'Keefe—In terms of percentage, yes; in the dedication of aid funds to health.

Senator ALLISON—Just to recap: the maternal mortality is largely a matter for neonatal and maternal, except in those countries where abortion is not illegal. Where that is the case, what is Australia doing?

Ms O'Keefe—Abortion is only one small part. It is significant in some ways but it is also small in many other ways in that there are many activities that an aid program like Australia's can and does do in addressing maternal mortality and neonatal health.

Senator ALLISON—I understand that.

Ms O'Keefe—Those activities include education, provision of better services and strengthening the way in which the health system in a particular country addresses the key issues that impact on maternal health, antenatal health, postnatal health and peri-natal health.

Senator ALLISON—I understand the funding dollars counted under sexual and reproductive health. Maybe this is in the global fund for HIV, malaria and TB. Is it true to say that the money which has gone into that global fund is counted as sexual and reproductive health in the division of health services?

Ms O'Keefe—Yes.

Senator ALLISON—Why is that?

Ms O'Keefe—Because it is very difficult to be able to separate what is not sexual health and what is sexual health when dealing with HIV and AIDS.

Senator ALLISON—What about malaria and TB?

Ms O'Keefe—Clearly, there would only be marginal circumstances in which malaria and TB would be counted.

Senator ALLISON—Could you put a figure or a percentage on it?

Ms O'Keefe—I do not have one before me but I can take that on notice.

Senator ALLISON—As to that all important integration of sexual and reproductive health and rights and whether it will prevent HIV and AIDS, I think it is fair to say that for some time AusAID has been criticised for seeing HIV and sexual and reproductive health in different packages. Can you advise the committee on the extent to which you think that integration has progressed and how far there is to go in achieving it in absolute terms?

Ms O'Keefe—When you are looking at HIV and AIDS, I think it is important to reflect on the fact that HIV is driven by different drivers.

Senator ALLISON—Different from what?

Ms O’Keeffe—If you could just bear with me for a second, I will grab a piece of paper. In PNG, it is clear that the main driver of HIV deals with heterosexual sex. So what is important there is to have a very strong linkage with what is happening with sexual health for men and women and what is happening with HIV, and that is precisely what we are doing in PNG. Some of the projects that I will list this evening will give you a very clear indication of that. I have not even got to the list of HIV activities that we have in PNG, which is very significant. It is \$100 million over five years. Clearly sexual health is a fundamental part of that whole approach.

However, if you start moving westwards, particularly into Asia, you will find that injecting drug use tends to be one of the key drivers of HIV; it is not a driver in PNG. But in far Western China, in places such as Xinjiang, we have a very significant project. I would like to point out that the WHO has highlighted what we are doing there in helping to reduce the HIV infection rate among injecting drug users as world’s best practice. There is an element of sexual health in that because HIV-injecting drug users usually have sexual relations as well; therefore, it is helping them to understand that if they are infected with HIV then they need to take responsibility for their sexual partners as well. However, it is much more than that in a place like Xinjiang; it is really looking at how we can address the whole drug issue and the harm minimisation that needs to take place in that instance.

Why I am giving you those two different extremes is to point out that in some activities there has to be a very heavy emphasis on what is happening with the HIV response and sexual health and, on the other side, such as in a place like Xinjiang, sexual health is important but not to the same degree as the injecting drug use approach. So we have different starting points.

Senator ALLISON—Yes, I understand that. There is \$100 million for HIV programs in PNG. As I understand it, PNG is facing a massive problem with HIV. Are there other countries contributing to these programs? What targets have you, the PNG government and others to turn this around? Is \$100 million adequate for the task? Will we continue to see a growth in HIV in that country?

Ms O’Keeffe—In a minute I am going to ask my colleague to talk about some of the details of the project in PNG but, before we get into the detail, I would like to say that there is often criticism of PNG and that HIV is a significant problem there. I do not want to say that it is not a significant problem, but it is not an African problem. It is definitely not the same sort of problem—

Senator ALLISON—Yet.

Ms O’Keeffe—No, Senator, it is not the same problem as you will find in sub-Saharan Africa—for example, in South Africa and in PNG, the first cases of HIV were diagnosed around the same time. If you look at what is happening in South Africa, one out of every four young women under the age of 25 is HIV positive. In PNG, the prevalence rate in adults—that is, people between the ages of 15 and 49—is between one and two per cent. In South Africa it is about 10 per cent for people aged between 15 and 49. This is for the same period of time.

Senator ALLISON—That is good news but, of course, South Africa is just so much worse, isn’t it? But the point you are making—

Ms O’Keeffe—That is right. I do not want to say that PNG does not have a problem but, at the same time, it is starting to respond. More and more it is starting to recognise that it does have a serious problem and is acting accordingly. The work that Australia has been doing for at least the last 10 or 15 years to help it address it is no doubt helping to slow the rate of infection.

Senator ALLISON—Okay. I will go back to my question about sufficiency and ask if there are targets that have been set. Do we just determine it is \$100 million and hope for the best or are we convinced that the funding so far provided or planned is going to turn this situation around?

Ms Walker—I think we have assessed that the assistance required from Australia to support the Papua New Guinea government will need to be very significant. We have almost doubled that assistance with the new HIV-AIDS program. Our previous program of support was about \$60 million over a number of years. This is \$100 million over five years. There are issues of absorptive capacity that I think we need to be mindful of. In addition to the \$100 million, we are also providing something like \$50 million through our support for the health sector to see what we can do to help strengthen the capacity of the health system to deal with the HIV-AIDS epidemic.

Another major focus of our program is the partnerships that we are developing and encouraging the government of PNG to develop, with, for example, the Clinton Foundation and the global fund. We are providing some \$11 million over four years to the Clinton Foundation but with a specific focus on increasing the access to antiretroviral treatment for people living with HIV. We also supported the very significant partnership with PNG business—the PNG business coalition against HIV-AIDS—which was launched earlier this year.

So we are seeing, I think, a much more comprehensive effort within PNG, including leadership from within government, not just from within civil society, and now increasingly leadership from the business community. There are other active donors. The Asian Development Bank is an active donor. New Zealand aid is considering what additional support it could provide. As it develops its new country assistance strategy, the World Bank is also looking at what assistance it might be able to provide.

But, as I mentioned earlier, there are issues of absorptive capacity. The focus of our program is to support PNG’s own national strategy for HIV-AIDS. We are not leading that strategy. This is not a stand-alone project that we are providing. We want to come in behind the government’s own strategy. We want them to be in the lead. So we do need to calibrate our resources, and I think it is fair to say that this is an area of activity that we will keep under very close review. If additional resources are needed, then we will need to factor that into our future programming and our future dialogue with the government of PNG.

Ms O’Keeffe—We were actually doing an impact evaluation of the work we have been doing in HIV in PNG if you would be interested in getting a brief summary of how that is going.

Senator ALLISON—Indeed, that would be good. Regarding the condom promotion, as I recall it there were said to be some problems at some stage with non-government

organisations and the distribution and promotion of condoms. Is that resolved now? Are there any barriers to any of our agencies delivering programs in PNG in handing out condoms and promoting their use?

Ms Walker—Not as I understand it. Earlier, Ms O’Keeffe mentioned the new PNG-Australia Sexual Health Improvement Program, where we will be providing support through five Australian based NGOs with their Papua New Guinea partners. They will all be providing condoms. The government of Papua New Guinea, through the National Department of Health, has its own policies in relation to NGOs. They must provide condoms if they are funded by the National Department of Health.

CHAIR—Thank you, Ms Walker. I believe we are going to get an update.

Mr Versegi—I want to brief the committee on a rigorous impact evaluation that the Office of Development Effectiveness has commenced in partnership with the PNG government on HIV programs in PNG as a whole—not just the Australian program but also the PNG national response. You might be aware that we typically do process evaluations, where we measure what we sought to achieve under the project—the inputs and the outputs—and make some assessment of how effective an intervention is. That does not tell you the counterfactual—that is, if that intervention or program had not happened, what would have been the counterfactual?

There is growing international literature and some cutting-edge work on rigorous impact evaluations. An example would be drug trials, where you have control groups of people who have the drugs and those who do not have the drugs. That is the sort of gold standard of these types of impact evaluations. Because the PNG HIV problem is so immense, and because we have such a major stake in it—plus, it is such an enduring question; we expect there to be a problem in 10 years and 20 years time—we want to invest a fair degree of resources and up-front intellectual work in measuring the impacts of our programs and the PNG government’s programs in reducing the transmission of HIV.

We have commenced a program of rigorous impact evaluation or a randomised control trial. We have one of the world’s leading HIV impact evaluation experts, Dr Hans Binswanger, who was responsible in getting the World Bank to confront HIV-AIDS in Africa. He was an agricultural economist to begin with and was confronted back in the mid-nineties about the deaths of so many Africans in agricultural areas. He, basically single-handedly, with President Paul Wolfowitz, focused the bank on HIV. We managed to get Dr Binswanger to help lead and provide high-level technical advice on this randomised trial.

Over a period of five years, we will be developing baselines of control groups and getting the baselines and the technical information necessary for us to make judgements about the relative impact of different interventions on different control groups. We can then make decisions based on the best evidence we can get on what is working and what is not working. We are expecting this to take at least a five- to 10-year investment. Results will become more and more valuable as we get more and more information over time. We think that investment is really quite important.

There are a couple of missions there at the moment, and it is really encouraging that this has been embraced by the PNG National AIDS Council. They are integrating it with their own

monitoring and evaluation framework. We are pretty excited about it. It is the first time that we have done an evaluation of this type. It can offer real insights into how we can do this in broader things. But there is a significant investment cost. You cannot do this for everything. It has to be around important issues—and we see HIV in PNG as such an important issue.

Senator ALLISON—Does this trial go through an ethics process?

Mr Versegi—Yes. Part of the process is going through what the ethical issues are. We have our principal health adviser, who has worked on these sorts of things, to look at that. Obviously—like with a drug trial—there are the ethical issues. There is an ethics process to go through. We are still at the design stage of this at the moment. It has not started yet. Those issues will be factored in.

Senator ALLISON—I would have thought that this would be a bit more problematic than a drug trial in terms of, effectively, not providing services to someone who may be at risk of HIV. But I am sure you have experts in this area who will advise you.

Mr Versegi—It is a fair question. It is focused now on high-risk groups. I think that, over time, that will be phased in over a number of years. It was never meant to hit everybody in year 1. The information we get helps to inform how we can roll the program out more generally over the years of the \$100 million program. It is an important issue and it is one we have our principal health adviser working on.

Senator ALLISON—If I can leap back to Addis Ababa for a moment, as I understand it the program there is now looking for a more preventative approach to fistulas—in fact, the work of the Australian doctors there is now turning to the question of how fistulas might be prevented and suggesting that Australia takes part in a program to train midwives. Has that message come through to the department? If so, what are you doing about it?

Ms Newton-Howes—We have not had a recent request from the Fistula Hospital in that regard. But one of the key factors in fistulas is access to health services, and one of the key problems in Ethiopia is a lack of roads. If there were better roads and better transport, the instance of fistulas would decrease, because the problem is that women sometimes walk for two days with obstructed labour and that is how they develop fistulas. I am aware that the Fistula Hospital is working with the World Bank to do some research. The World Bank builds roads to do research in that regard on the impact of fistulas. The way to prevent fistulas is to try to get women to hospital or to some health service more quickly. It is a very prolonged, obstructed labour that causes the fistula.

Senator ALLISON—My understanding is that it is probably a combination of both the lack of trained midwives and assistance in birthing. It is one area that you could help—it is probably a lot cheaper than building roads.

Ms Newton-Howes—Building roads will have other benefits, of course. We have certainly provided funding for additional clinics to be built in some of the more remote parts of Ethiopia. There is the Makelle clinic we have supported. That is getting services beyond the hospital in Addis Ababa. We know that the clinic, including with our funds, has supported a range of training and that is ongoing, but we have not received a recent request for additional training.

Senator ALLISON—You would consider it if one came?

Ms Newton-Howes—Yes.

Senator ALLISON—I just have one other question. I understand that in this budget—and I cannot see it in the papers before me—\$400,000, I think it is, is provided to the Catholic University for training future leaders in our region. Can someone explain what that is about and what the aim is?

Mr Davis—That is a mystery to us. We will have a look at it, but it is not one that rings any bells at all with me.

Mr Proctor—I recall that some money is going to the Catholic university for activity in East Timor, but you will not find that scale of future leaders of the region just in East Timor.

Senator ALLISON—Okay. I will check the source, then. Perhaps you would also take it on notice.

Mr Davis—We will give you separate advice on that.

Senator ALLISON—That would be good; thank you very much.

Proceedings suspended from 9.04 pm to 9.16 pm

CHAIR—We will hear from Mr Proctor and Mr Dawson, and then I will go to Senator Hogg.

Mr Proctor—Senator Allison asked earlier about deaths in Indonesia due to unsafe abortions. My colleagues have passed to me that, based on UNDP figures, 11 per cent of deaths are due to unsafe abortions compared with 28 per cent due to post-partum haemorrhage. Those are the only two conditions we were able to get figures on quickly but it does give you a feeling for the proportions of the problem.

CHAIR—Thank you, Mr Proctor. Mr Dawson?

Mr Dawson—I would just like to attempt to answer the question that Senator Hogg posed much earlier in the night when he asked about the difference between the ongoing AusAID programs and the headline figure, which we have noted in Budget Paper No. 2 in the minister's foreword to the blue book, identifying the likely amounts for total ODA in 2008-09, 2009-10 and 2010-11. In doing this, I just need to refer to a couple of things that are in the yellow book, and I think it is possible from that to build up a picture and then to come from that to an order of magnitude about the size of that gap, which I understand, Senator Hogg, is what you were trying to get.

Going to page 151 in the portfolio budget statement: 'Table 5.1: Budgeted departmental income statement' shows revenues from government and, for all intents and purposes, that is the AusAID departmental funding. If we look at 2008-09, there is a figure there of \$111.7 million. That is one element in this picture. Then we would need to go to page 157 in the yellow book, where you see 'Table 5.7: Schedule of budgeted income and expenses administered on behalf of government'. The totals here in effect represent the administered expenses line or element of the total ODA budget. If you go to the column for 2008-09, right at the bottom there is a figure of \$2.4 billion shown there for administered expenses.

It is then necessary to make a couple of adjustments to that. I will not try to explain those in detail but, in effect, one relates to the changing of multilateral expenses into cash. A couple of times we have talked about how, in order to get the ODA budget overall, it is necessary to adjust multilateral replenishments, which are an occasional lumping for the annual cash flow against previous years' commitments. If we make an adjustment to indicate net cash and if we also bring in likely loans which, through the \$500 million of the Australia Indonesia Partnership for Reconstruction and Development—the loan component of that—are likely to go out in 2008-09, the total of those figures—the multilateral adjustment—would probably be in the order of about \$86 million and the loans in the order of \$145 million. That will give an expected ODA picture through AusAID of about \$2.7 billion in 2008-09 against a target figure—as mentioned in the minister's foreword to the budget paper—of \$3.5 billion. You can see a difference there of about \$800 million in 2008-09.

I should emphasise there is no ACIAR element in that and there is no other government department's expenditure element in that. I think the ACIAR figure—on the basis of their financial statements—you could reasonably expect to be in the order of \$50 million. For other government departments, we do not have the capacity to aggregate anything which might be in estimates. Generally it will be a year by year proposition in which we get information via our biannual reporting process through other government departments to identify what that figure will be. Out of that \$800 million difference between the total amounts that we can identify for AusAID expenditure and the target of \$3.5 billion will need to come other department expenditure and ACIAR. We can do the same sort of calculation for 2009-10 and 2010-11. The bottom line in 2009-10 is probably a difference of about \$1.1 billion and, in 2010-11, it is probably a difference of about \$1.5 billion—using the same set of figures from page 151, the departmental spend, and page 157, the administered spend, and making those same adjustments for multilateral funding and for loans through the AIPRD.

Senator HOGG—Thank you for that. Whilst it is not an exact science, it has at least given some understanding as to the fact that it seems to me—and I would like you to correct me if I am wrong—that once you take out the ACIAR and the other government departments, there are still some funds there that are to be allocated in each and every year. Is that correct?

Mr Davis—That is correct.

Senator HOGG—And whilst it is a global figure that is applied, that is where your funding would come for new initiatives, if there are to be new initiatives.

Mr Davis—That is correct.

Senator HOGG—Without going through this torturous process again, will that be available next time round—with the caveat that I understand that there are two areas there that you cannot. I do not necessarily have the capacity to know the adjustments that you are making, and I do not doubt the figures you put to me.

Mr Dawson—We can try to do a similar sort of a broadbrush order of magnitude calculation about that difference in future years.

Senator HOGG—Thank you very much. I just want to return to something that Senator Nettle was asking questions about earlier—that is, the issue of climate change and what is happening there. I heard the answers that were given, but I am looking for something a little

bit more definite than that. I looked at the table that is in budget paper No. 2, at page 146, which indicates the \$7 million that the Department of the Environment and Water Resources will contribute towards the satellite. That seems to be a one-off cost. Is that correct? It is for the establishment of a receiving station?

Mr Davis—That is the capital cost, yes. There are other associated costs.

Senator HOGG—What about the ongoing costs associated with that? Is that part of the budget?

Mr Davis—You would need to ask that department for the detail but I believe that they are funded for the capital costs, which is the \$7 million, together with operating costs and related expertise.

Senator HOGG—In that \$7 million?

Mr Davis—No, the \$7 million is just the capital cost of the construction of the facility.

Senator HOGG—Yes, that is what I understood.

Mr Davis—Then there is additional departmental funding for that department for operating costs and technical expertise, but you would need to ask them about the details.

Senator HOGG—That is what I cannot understand. Why isn't that ODA?

Mr Davis—Capital costs for—

Senator HOGG—Capital costs I can understand. What about the operating costs?

Mr Davis—It may well be reported as ODA, in retrospect. Certainly the capital costs of construction facilities in Australia are not eligible as ODA. We believe that any capacity building which is funded from DEW appropriations is very likely to be ODA, but—

Senator HOGG—But it is not shown. I am not having a shot at you. This is not your responsibility.

Mr Davis—But this table is not an attempt to determine what is ODA and what is not.

Senator HOGG—No, I know that. That is what I am asking.

Mr Davis—It is an indication of what appropriations have been made to the two departments. So at this point 164.4 has been appropriated to AusAID. The rest has been appropriated to other agencies. But over time, as activities are identified and implemented, it will become clearer how much of that is ODA eligible. Our expectation is that the vast majority of it will be.

Senator HOGG—Let us just turn for one moment to the full \$200 million. Is the \$200 million new money? Is it a new allocation or is it money that has been rebadged from somewhere else?

Mr Davis—It is a new measure.

Senator HOGG—It is a new measure—entirely new money?

Mr Davis—Yes.

Senator HOGG—In terms of the forward budget for AusAID over the next four years—27.3 million, 33.2 million, 43.6 and 42.6—that is AusAID money? That is not money being badged as AusAID money; it is AusAID money?

Mr Davis—That has been appropriated to AusAID.

Senator HOGG—Right. I see that there are varying outputs. Under departmental outputs, at page 128 of the PBS at table 2.2, it goes from 677 to 3,760 to 2,870 to 2,929. What are the departmental outputs there for? Do we know?

Mr Davis—They are for staffing costs associated with the implementation of the initiative.

Senator HOGG—So why are the staffing costs fairly light in the first year at 677,000, jumping to 3,760,000 and then falling back to 2,870,000 and 2,929,000?

Mr Davis—Essentially it will take some time before programs are identified, scoped, designed and implemented. In the first year we believe that there will be lower costs partly because we will need fewer people based overseas to manage implementation of the program. But, as activities start up, we will need to place some officers overseas to oversee their implementation, which is relatively expensive in staffing terms.

Senator HOGG—That leads me to my main question—that is, the administered expenses themselves, which go from \$26.59 million, \$29.457 million, \$40.751 million and \$39.701 million. What warrants that program of expenditure? What is it going to be spent on?

Mr Davies—Activities are of two broad kinds. Firstly, we expect to support a range of project activities of the kind I briefly referred to in my response to Senator Nettle—project activities relating to improvements in forest governance, activities relating potentially to community forestry, illegal logging, fire management and control, and a range of other possibilities. Secondly, the initiative will contain some support for incentive based approaches to reducing deforestation. Those, by definition, will be relatively expensive. They will operate across reasonably broad areas to ensure that there are, in fact, net reductions in deforestation across those areas and that we do not experience leakage. Finally, underpinning all that, as explained earlier, there will be an investment in carbon assessment and monitoring capacity, including through the appropriation to the Department of the Environment and Water Resources.

Senator HOGG—That is all well and good but that is one of my concerns because, in the first year alone, it is being advocated that they spend nearly \$26½ million, and it does not seem as if there is anything well-defined as to what that money will be spent on. It would seem to me that, as one looks into the out-years, again one runs into the same difficulty. In the broader sense, this seems to be a problem with most of the initiatives. We are given a bucketload of money that seems to be allocated against the out years without anyone knowing what it is being allocated for. I could dig down into some of the other programs, which I will not be doing because of time constraints this evening. You will see where, in the blue book in particular, there are statements against initiatives and statements against country but it is very difficult for people to make any sense of what the allocation per year or what the allocation per country or per initiative will be.

Hence, whilst I hear you mention these three very broad areas, it does not seem to me that there is any indication as to where these moneys will be allocated. It really seems to me, from what you have said to me, that we will be going out and looking where we can spend this money. That is a very nice approach, thank you very much, but it seems to be the wrong way around. Can you be more specific for me in terms of the range of project activities? Are you able to say, in the range of project activities, whatever that might be, that for country A it will be so much and we will see this play out over the period of the four-year allocation? Are you able to tell me that?

Mr Davies—Not in that level of detail, but I will make a couple of points. Firstly, allocations are of course indicative. If there is a need to shift funding between financial years, that will be done, but this is our best guess as to what can be programmed sensibly in this timeframe. Secondly, one of the delivery modalities will be through partnerships with international organisations, as indicated to Senator Nettle, which provides us with some capacity to smooth expenditure as we develop more complex bilaterally delivered activities. We will also be working through agencies, potentially, such as the World Bank and others.

In terms of how funds will be divided between countries, there is certainly an element of opportunism here. This is very much about the twin objectives of reducing greenhouse gas emissions and improving livelihoods for forest-dependent communities. You can potentially get very large impacts working only in three or four areas but on a very wide scale in those areas. So, to some extent, the answer is yes, we are now in dialogue with a number of partner countries looking for opportunities to allocate these funds in the most cost-effective way to a small number of high-impact activities. I cannot predict at this point how things will turn out in terms of allocations to individual countries. I can predict that, as stated by ministers, Indonesia will be a very important partner country under the initiative. It is the single largest contributor to global greenhouse gas emissions through deforestation. Under the current government in Indonesia, we do see significant opportunities to make inroads into that problem. However, beyond that, it is very much dependent on where we think we can achieve the most significant impact, and that will be determined through bilateral dialogue.

Senator HOGG—Again, I do not doubt your best intentions on this, but it is not very reassuring, coming to a Senate estimates and telling us a project that was announced on 29 March for \$200 million had no fixed focus other than some broad goals, as far as the expenditure goes. One of the jobs of estimate committees, I always thought—and I still think—is to examine the forward program of the government. I understand it is not possible in some areas in the out-years and there is a notional allocation, but one would hope that we could at least have some sort of detail and some sort of analysis as to where that will be spent. When will an analysis be available?

Mr Davis—I will just make a preliminary point and then answer that last question. This is a chicken and egg situation to some extent. When you are dealing with a country like Indonesia you need to be able to show that you have committed significant resources before you can enter into a meaningful dialogue about funding opportunities. So the fact that Australia has put \$200 million on the table has created immense momentum in our discussions with several countries that perhaps might have been sceptical that the resources would materialise if we had tried to get into too much detail with them in advance. So it has

been very beneficial in that sense. In terms of timing, as I said earlier, we have already undertaken preliminary scoping missions to Indonesia and to Papua New Guinea. Those missions have formed some recommendations on a way forward for early assistance options. Those need to be considered by the agencies who are party to this initiative and then by ministers, but we expect to move very quickly. We hope to get agreement on the way forward, particularly for those two countries, in the very near future.

Senator HOGG—That is two countries. Going back to the point you made, if I look at some of the other areas, which are budget initiatives, there are specific references to specific countries, projects and programs. For example, if you look at ‘delivering better health’, which is probably not an area of your responsibility, it talks about a number of things: strengthening health systems, addressing the priority health needs of women and children and tackling diseases in the Pacific. In the blurb that follows there is some sort of indication—fairly messy in my assessment, I might add but, nonetheless, at least an indication—of where the breakdown will be over a number of years, whereas that does not appear to be here at all. As I say, that is not a criticism of you.

Going to the second point, the involvement of other agencies. In Budget Paper No. 2, the contributions from the Department of the Environment and Water Resources, the Department of Foreign Affairs and Trade and the Department of Agriculture, Fisheries and Forestry are relatively minor when one compares that to the contribution in each of the years—the out-years included—by AusAID. Who will be the lead agency in this? Will it be AusAID, the Department of the Environment and Water Resources or some other department?

Mr Davies—To take your second question first, and then I will go back to the point about the health sector comparison: this initiative is explicitly jointly led by two ministers, by the Minister for Foreign Affairs and the Minister for the Environment and Water Resources. Underneath that, the Department of Foreign Affairs, including AusAID, is working in very close coordination with the Department of Environment and Water Resources. It is not an either or situation.

Senator HOGG—If I could just stop you there for clarification. Who are doing all the work?

Mr Davies—It is quite evenly divided between the Department of the Environment and Water Resources and AusAID, in close consultation with DFAT and DAFF.

Senator HOGG—So it is not a matter of AusAID doing all the work and reporting to these other agencies; there is a genuine partnership arrangement there?

Mr Davies—Yes. We have both established internal task forces to develop and take forward the initiative, and we are working very closely together on a daily basis. And the missions to Papua New Guinea and Indonesia were both jointly led by the two agencies.

Senator HOGG—So Indonesia and PNG; are there any other likely countries?

Mr Davies—We are looking at possibilities in Vanuatu and potentially Samoa, Solomon Islands and Cambodia. Those are the countries where we have begun to explore concrete possibilities. I mentioned earlier that we are also looking at the Philippines and Laos as

potential partner countries, but we have not yet explored any concrete cooperation possibilities in those countries.

Senator HOGG—When do you believe you will be at the stage where you will be able to present to this committee a program that says, ‘We have now done the initial phase of this; we can now show you a program for not only 2007-08 but also the out years as well’? I presume—and correct me if I am wrong—that any program that you develop will have a long tail to it.

Mr Davies—That is right. It is a five-year program.

Senator HOGG—Yes. So you will not be developing a program for just 2007-08 and then trying to do another one for 2008-09?

Mr Davies—That is right. We are working with the agencies who are involved in this initiative to develop a strategic implementation plan at the moment. We hope to have that plan completed and approved toward the end of June. It will need to be approved by ministers, and I am not yet able to say what level of detail will be in that plan but we certainly would expect to establish an overarching strategy for the initiative for the five-year period.

Senator HOGG—And that plan will be made public?

Mr Davies—I cannot say whether it will be made public.

Senator HOGG—I am asking the question. I accept that you cannot say.

Mr Davies—That would be a matter for ministers.

Senator HOGG—Would you take on notice for the ministers, then, that it would be in the best interests of us all if the committee could be made aware of the plan once it is signed off on, and, if there is a reasonable breakdown, taking into consideration the out years. If I could just briefly ask about what I said about health, just as an example.

Mr Davies—I think that the important point to make about the comparisons with other sectors, particularly the health and education sector, is that in those areas there are significant programs already in place to build upon—whether they be programs of the Australian government or other donors, including in some cases international organisations. The forestry sector is generally recognised to be a very neglected sector over the last few years. The overall level of donor assistance to combat deforestation and support reforestation and sustainable forest management has been in decline over the last decade, and part of the purpose of the Australian initiative is to garner additional resources back into the sector and to draw other donors into cooperation with us in working in this area. There is less to build on, so it is important to approach programs from first principles.

Senator HOGG—In terms of the other initiatives, and I am not, as I said, going to go through them all, is it possible to get a breakdown which tells us how the initiatives will play out by financial year, by country, and by initiatives that seem to be highlighted in the blue book. And if I could just talk about delivering a better education, for example, at page 25 you speak about ‘helping education systems deliver, governance, and strengthening service delivery. This will include improving budget management, system administration, materials distribution’. And then it says, ‘Service delivery will be strengthened through helping train teachers’ et cetera.

What I am looking for is what the allocations are and what countries they are for. I would like to get some sort of feeling as to where the money is being spent in the longer term. Then there is another heading 'targeting specific education needs'. Given the initiatives that you have outlined to us, can you go through that? If anyone is a bit concerned about what I am seeking, I am not seeking something that is 100 pages long. I am seeking a very succinct chart that tells me what expenditures are proposed. If you cannot give an allocation, say so. I mean, it is something that can be pursued later on.

Mr Davis—There has been throughout this current financial year an enormous amount of work done in doing that sort of planning work initiative by initiative. There is a lot of detail that we can provide on the range of programs that are now being planned, both, as you say, on a theme basis and on a country basis. Perhaps if we look at something like delivering better education that will give an indication of just what level of detail is now available. Just to pick up on your point, we will certainly look at how we can—without turning it into 100 pages, as you said—provide you with a snapshot of what would be, in terms of both themes and countries, the forward program across the key initiatives.

Senator HOGG—If I ask the question in relation to the initiative on climate change, how will this go forward within AusAID? I notice that you have allocated \$667,000. I presume that most of that will go on managing the program. Will that mean that new staff will be employed? Will it mean that some form of discrete section will be set up to manage the environment program? Will that happen similarly in some of the other initiatives as well?

Mr Davis—In the case of the initiative that you have been talking about with Mr Davis, as he has mentioned already, there is taskforce established within the agency.

Senator HOGG—What is that taskforce for?

Mr Davis—A taskforce for carrying forward AusAID's engagement within the initiative.

Senator HOGG—In climate.

Mr Davis—That is right. In terms of the other initiatives, many of them are part of broader sectoral programs and sources of advice that we have had in place for a significant period of time. So there are specific initiative managers for each of the initiatives.

Senator HOGG—Are the initiative managers on top of existing staff or are they existing staff?

Mr Davis—They are staff within our sector groups. For example, in health, there is an initiative manager who has the overview of all aspects of that initiative but who also works closely with the rest of that sectoral advisory group. Perhaps it would make sense to take you through one of the initiatives.

Senator HOGG—Can you take me through climate? You are saying there is a special task force; how many are on the task force?

Mr Davies—At this point we have six staff who are working full time plus some management inputs.

Senator HOGG—Does that six full-time staff include a contribution from the other agencies?

Mr Davies—They have their own staff working on the initiative separately.

Senator HOGG—So this task force is just the AusAID element of the task force?

Mr Davies—That is right.

Senator HOGG—There are six full-time staff. Is there someone leading the task force? Is that additional to the six?

Mr Davies—No, we have a director-level person leading the task force who also has other duties, and then there are the six people who at this point are fully occupied with the development of the initiative.

Senator HOGG—So that is a bit of a one plus six, if we can describe it as that.

Mr Davies—Yes.

Senator HOGG—Are the additional funds for the running of that task force to be found in the departmental costs?

Mr Davies—At this point those funds have not begun to flow.

Senator HOGG—No, sorry. Good point. Where are they being funded from currently?

Mr Davies—We have essentially borrowed staff from other program areas. We have established the task force as an interim body and we will review what the staffing requirements are for the task force as we get into the new financial year.

Senator HOGG—In the out years, where the departmental outputs go up significantly, I presume the staffing requirements go up significantly. How do you see this task force growing?

Mr Davies—It is difficult to predict at this stage. The principal requirement in future years will be to place some staff in overseas positions to oversee the implementation of the initiative in countries like Indonesia and Papua New Guinea. But we will not be able to determine the distribution of those staff until we have a clearer sense of how the activities are taking shape.

Senator HOGG—What will determine whether you employ people—I presume from within Australia—to travel overseas and occupy those positions as against employing someone who might be locally engaged in these countries to take on the position?

Mr Davies—We would normally do a combination of both. I do not think we are talking about a single person in any of these cases. We are likely to be running significant programs in the forest sector in at least two or three countries and we would normally be employing a combination of Australian technical experts, locally engaged support staff and experts, and sometimes international expertise as well.

Senator HOGG—I could probably go on for hours if we went through this program by program. I do not think the time is available. I think you get the message of what I am looking for, but I have no more on that area at the moment.

CHAIR—Do not look behind you; there is no support there, I am sorry! If you would like me to ask some questions for a moment I can assist, because I do have some questions I wish to ask Ms O'Keeffe. I just wanted to get some idea of AusAID's engagement on the upcoming

International AIDS Society conference in Sydney later this year, whether AusAID is supporting the conference in any way and how that support is manifested.

Ms O’Keeffe—Yes, we are supporting the IAS conference, which is to take place in Sydney from 22 to, I think, 25 July. We are doing it in a couple of ways. We are supporting it financially. We are also supporting it through a number of ALA fellowships. This is the Australian Leadership Awards using the AIDS conference as an opportunity for researchers and other medical specialists from developing countries in the region to not just come to the IAS conference but, very importantly, to spend some time with important institutes in Australia such as the Burnet Institute et cetera so that they get a very good rounded approach. It really meets the spirit of the ALA awards as well.

I am on the local steering committee organising the conference. In parallel to the conference, we are using this opportunity of it being the largest HIV-AIDS conference that has ever been held in Australia to have the third Asia-Pacific ministerial meeting as well, which will be hosted by Australia. You will probably recall that the first one was hosted by Australia but it just seemed like such a good opportunity with such a focus on HIV to have the third one here. The third Asia-Pacific ministerial meeting will focus very much on business plus government working together to combat HIV-AIDS. Mr Downer and the Chair of the Asia Pacific Business Coalition on HIV/AIDS, Margaret Jackson, will co-host the ministerial meeting, which will be held the day after the opening of the IAS conference. Michel Kazatchkine, who is the new Executive Director of the Global Fund, will be a key speaker at the ministerial meeting, as will the deputy of UNAIDS, Michel Sidibe. Unfortunately Peter Piot cannot make it to Australia for either occasion, so Michelle Sidibe, who is his deputy, is coming. He will also speak at the ministerial meeting. We are also participating in some sessions of the IAS conference as well.

CHAIR—In relation to the ALA fellowships—and you mentioned researchers and specialists—are they chosen by Australia or are they put forward by their own countries?

Ms O’Keeffe—The ALA awards work by giving opportunity to those organisations in Australia that have strong links to similar organisations overseas—for example, the Burnet Institute, with its links in South-East Asia. The ALA contacts those institutes and suggests that they think about using this opportunity and together they put together a proposal which is then considered on a competitive basis with other proposals that we receive through the fellowship system.

CHAIR—What is the focus of the third Asia-Pacific minister’s meeting in terms of those ministers who will be invited to attend?

Ms O’Keeffe—The whole focus is increasing business involvement in Asia Pacific.

CHAIR—But what about in terms of the portfolio responsibilities of the ministers?

Ms O’Keeffe—They will be the minister’s responsible for HIV. And as you know, it is not necessarily always the health minister that is responsible for HIV—for example, it is the Deputy Prime Minister in Vietnam who is responsible for HIV; and Japan, for example, is thinking of sending the foreign minister. So it can vary depending on the country. But what is very important is that we are also inviting key people from the business network that has been galvanised thanks to the Asia Pacific Business Coalition on HIV/AIDS, and particularly

through the work of Stephen Grant, who is the CEO. We do not just have the PNG business coalition; we have significant Cambodian and Indonesian involvement as well. We will be getting the senior people from those business coalitions. In addition to that, we will be using the contacts that Stephen has but also very importantly the contacts that our own missions have in the key countries in the region to identify very senior and key business people as well. It is a mixture. We are calling it a ministerial meeting but it is really a meeting of business and government from the region to look at how business can strengthen its response.

CHAIR—Can you tell us which countries will be represented?

Ms O’Keeffe—Yes. I hope I can remember all of them. If I cannot, I will let you know afterwards. It is not every single country from the Asia-Pacific; it is looking at those countries that have specific issues with HIV. So it is PNG, Indonesia, Vietnam, China, Cambodia, Thailand, India and Sri Lanka. In Burma we are inviting the business community. Burma has a very significant AIDS problem but, of course, the nature of our relationship with Burma precludes an invitation to the government, but it does not preclude an invitation to the business community.

CHAIR—Have we had a response to that invitation—or has it been issued?

Ms O’Keeffe—It has been issued. I cannot recall offhand, but I would be surprised if they do not come.

CHAIR—Could you advise the committee on notice of the result of that particular invitation?

Ms O’Keeffe—Yes, certainly.

CHAIR—And anything else after Burma?

Ms O’Keeffe—Fiji will be the business community and we have issued an invitation there to the Fiji-Australia Business Council. There is Vanuatu, and I think that might be it. I may have missed one or two but I will check afterwards. Sorry, Senator, there is also Japan and Korea.

CHAIR—And Korea?

Ms O’Keeffe—Yes.

CHAIR—I do not think they participated in the first one, did they?

Ms O’Keeffe—I do not recall.

CHAIR—We will go back to Senator Hogg.

Senator HOGG—Could I turn now to the issue of capacity building and get some sort of understanding about what AusAID is participating in, in terms of capacity building—particularly in the Pacific region and also, I suppose, in other regions if that is appropriate. Specifically, in what areas of capacity building?

Mr Dawson—The capacity-building challenge is undoubtedly one of the main issues that confront any organisation involved in official development assistance. It is really about building long-term sustainability. All forms of technical assistance, if they are not bedded down in partner country capacity—in other words, partner country assistance, partner country

public sector skills, et cetera—then technical assistance is not effective in the longer term because it is not sustainable in the longer term. So the capacity-building challenge is something which is central to all successful programs of technical assistance; and, conversely, the international evidence is clearly that where the capacity-building objective is not front and centre, technical assistance at a technical level can be provided, but it tends not to produce very much by way of sustainable long-term development impacts. With that in mind, there is a lot of work around how to improve our performance and international performance generally in terms of capacity building, but particularly in the situations of what you might call fragile states—in other words, where local capacity is quite weak.

One of the things AusAID has done as an organisation in the last year is to develop, with whole-of-government partners, a fairly simple, direct, practical set of guidelines for all agencies working on technical capacity-building issues in particularly the countries of our region. That program particularly looked at Papua New Guinea and the Pacific, but it was the result of an extensive process of consultation with whole-of-government partners drawing on the experiences of Australian deployees and senior advisers in technical positions across the region over a period of time, drawing on the international experience. From that, we developed a set of guidelines which covers everything from the planning stage of capacity-building interventions through to learning the lessons from work that has already been done. We were looking at how to embed capacity-building programs in the plans of partners to make sure that if we were providing technical assistance it was on the basis of a joint plan.

The expectations were clear on both sides. We were looking at the sort of assistance that needs to be provided in a very practical sense to make sure that work at a technical level is successful. For example, if you are working in a technical capacity in an area of budget management, often one of the real constraints to sustainable activity in that area is the lack of trained, skilled counterparts. So that immediately then takes us into looking at the human resource policies of partner government agencies that we might start out working in on a technical basis. If they are not able to recruit and retain staff that have got the requisite skills then, in the longer term, the technical input is going to be wasted.

These are the sorts of things we have been looking at, and that guidance was recently issued by the Minister for Foreign Affairs to other ministers and we have circulated it extensively amongst our contacts within other government agencies working on capacity building issues. But it is guidance which is equally applicable to those who are working in senior advisory positions and maybe contractors and consultants as well. That is one of the concrete things that we have done to try to improve the impact of our technical assistance. I might leave it there for the time being, if you want to ask further questions.

Senator HOGG—I thought you were passing across to a colleague. Do you have targets in specific areas such as governance, finance, development assistance or whatever it might be, or do you tend to treat these in a pooled capacity? Do you tend to treat the country more than the issue or do you tend to treat specific issues when it comes to capacity building in a range of countries? For example, it might be more appropriate, say, in a range of Pacific countries, to attack governance across the board rather than just in one country.

Mr Dawson—I think we need to take our opportunities where they present themselves and often, if we have an involvement in a particular sector over for a period of time—if we are

working in education or in health, for example—there are good opportunities to be much more involved in building the governance systems in those particular agencies. So we will take those opportunities when we can, similarly for other areas of work. But I think it is also important to look at the constraints at a country level because often there are similar sorts of issues that confront agencies in the same country. That is sort of part of the analysis that goes into looking how to improve sustainability in each individual country context.

Senator HOGG—Do you work with any organisations outside of government in terms of the delivery of capacity building? Do you work with institutions such as universities and similar types of organisations; and, if so, which ones and what do you deliver in partnership with them?

Mr Dawson—I might pass over to my colleagues, but, in general, capacity-building activities can be undertaken by technical experts. They might also be undertaken by experts in areas such as human resources or information technology or budgetary management. That sort of lack of capacity is across the board, but we also pay quite close attention to the international debate around improving the effectiveness of technical assistance, and that is an area where we deal with a number of other international organisations who are also working and researching the same areas.

Ms Gillies—My colleague Mr Dawson has been talking about the work we do with other international organisations, and we do quite a bit of work with the OECD DAC, which not only works on defining ODA but also provides a forum for donors to think about best practice and to think about the way in which policy needs to advance. Capacity development has been a longstanding interest of donors, and the DAC has been a very useful forum for exchanging best practice information, to talk about what goes well and what goes badly.

I think the international consensus is really pretty well reflected in the white paper, which acknowledges that, in the past, technical assistance in particular has been perhaps less successful than we would have desired it to be. That is partly because often in the past, along with other donors, we have provided capacity development, particularly TA, in short bursts. So, often it is provided by people who have a short-term interest in the country and not necessarily a long-term stake in the country. So the white paper makes a commitment to the continued use of technical assistance, for instance, in the aid program but with a greater emphasis in the future on longer term institutional partnerships, particularly through the placement of Australian government officials in technical assistance roles. The consensus from the DAC has been that objectives need to be much more explicit in the way that capacity development programs are put together and we need to make sure that we know the difference between substituting and actually developing capacity.. There is a case for both at particular times and in particular contexts.

Interestingly, while there has been a debate running on technical assistance and capacity development, some interesting new research is just coming through, with a book by Professor Paul Collier—it has just come out in the last month—which shows that technical assistance has actually had a big, favourable effect on the chances that the momentum for reform will be maintained in a country, especially in the first two to four years of a turnaround. So it does signal that this is an area which is important. There is more room for improvement, as the white paper indicates, but it is an important area.

Senator HOGG—I was looking for any specific Australian organisations, if there are any, whether they be universities or the like, think tanks or whatever they may be, with whom AusAID might be in partnership or in some sort of relationship in terms of addressing capacity building.

Mr Proctor—Could I comment on that in relation to the Asian programs. Others have covered the general approach and the changes. One instance I would give you is ANU, which is heavily engaged in strengthening economic capacities, particularly Indonesia, China and now the Philippines, through its structured training programs. There are also research relationships with academic institutions that we actually finance some components of.

Senator HOGG—When you say ‘we finance some components’, just give me an example.

Mr Proctor—One example is the Indonesia project at ANU which we provide funding to each year which enables a number of academics to work with counterparts in Indonesia. There is also a new facility for another part of ANU to develop academic linkages between Australian and Indonesian institutions, not just ANU. That is part of the AIPRD initiative. Five million dollars of that is academic linkages. That is just picking one institution which happens to come to mind immediately because it is down the road.

More broadly, a lot of departments are now involved in Indonesia and in government partnerships with their counterparts, and through programs we call public sector linkage programs in a range of countries in the region. On a competitive basis, institutions in academia can seek to undertake linkages building up partnerships with similar institutions overseas. Beyond that, of course, you can have twinning arrangements between, say, local or state government institutions with counterparts in developing countries.

Senator HOGG—Are you able to supply the committee with a list of the linkages that have been formed? That is more what I am looking for—and also the sorts of financial arrangements that exist, or the contribution by AusAID to those linkages.

Mr Dawson—I think that might be a little bit difficult. Essentially, the capacity-building agenda is one that sits over the top of every one of our international relationships. In every contract we would expect to have a significant element of capacity-building work.

Senator HOGG—I accept that, Mr Dawson. I am looking at where you may well have developed specific relations like with the ANU. Are there other universities—say, the University of Queensland?

Mr Davis—We could get you an indicative list of those sorts of relationships.

Senator HOGG—It may well be that they are private think tanks or outside organisations. There are two universities in my state that come to mind: Griffith University and the University of Queensland, for example. I do not know if you have any partnerships with those organisations in formulating policies for the development of capacity building. What about organisations like CSIRO, for example? It is a major organisation. Do you have a relationship with an organisation like CSIRO?

Mr Proctor—I know you were just giving instances, but, with CSIRO, we definitely do. Just in the area of influenza and the initiative there, we would draw on CSIRO’s expertise as part of the response to building capacity in the region. I can think of at least one excellent

Griffith University academic who is involved in this exemplar AIDS project in China. So, yes, on both counts, there are examples of those.

Senator HOGG—Yes. I hear what Mr Dawson is saying. I am trying to find where there may be a partnership arrangement which is not embedded in a broader program but which is a specific program designed for capacity building. I think, Mr Dawson, in your own statement you hit the nail right on the head when you were talking about the need for capacity building to be right up there, up front, in terms of building our relationships.

Mr Davis—There are some pretty good examples in the health field.

Ms O’Keeffe—We are looking specifically to develop very strong partnerships with some of the key institutes in Australia so that they can support us better than they have to date. They have been supporting us, but we can have a more constructive relationship with them in terms of responding to some of the capacity building—for example, with the Burnet Institute, the QIMR and other such health institutes in Australia that already have strong linkages, to help them strengthen the links they have as well.

Senator HOGG—In forging those linkages and partnerships, I presume there needs to be some manner of contribution from AusAID. It is a two-way street, but there needs to be a contribution. Does that contribution come in cash, in kind or both? How does AusAID make its part of the contribution? Is the AusAID contribution its knowledge or its organisational capacity?

Mr Proctor—The reason we are sitting here quietly is that it is such a broad topic. Can I pick just—

Senator HOGG—Never be shy!

Mr Proctor—Let me say how we deal with linkages. Essentially, in many ways it is a funding opportunity where certain sectors are advertised as being areas that AusAID would fund. State, federal—depending on the scheme—and even academic institutions promote linkages with similar institutions overseas. Opportunities are called for, they are assessed by representatives from a number of departments and those who put forward a strong and beneficial case would be funded for a particular activity. You have seen more recently that the government has announced the Australian Leadership Awards, and within that there is a fellowship component which allows a wide range of bodies—not necessarily Australian, not necessarily government—to bring people to Australia who may be considered leaders in their field in the future. For instance, the Law Society of Australia might bring counterparts from overseas for a structured training experience or similar activities for up to a few months. I would put scholarships in capacity building as well, which are a different beast, but there are thousands of people a year coming to almost every academic institution.

So it is basically a funding and selection process. There are bigger schemes, like the government partnership facility in Indonesia. Under this AIPRD initiative the Prime Minister announced some years ago, we seek to actively support the development of those linkages by set departments with their counterparts.

Ms Robinson—I can give a specific example that relates to the Pacific. We have a relationship with the Australia and New Zealand School of Government, with particular

emphasis on building capacity in the public sector. The relationship we have had with them for some time has focused on senior public servants—bringing them to Australia for an Australian executive program for public servants and linking them up via placements in Australian government departments. That is a very specific example. In that example, the aid program funds that program.

Senator HOGG—I will stop there. I have given the officers at the table a little bit of work. If there is doubt about the meaning and the intent of what I want, I am not seeking to create a mammoth amount of work; I just want a precis of the linkages, particularly with private institutions or semi- or quasi-government institutions and the costs associated with them. Thank you.

Senator FORSHAW—I have some questions with respect to emergency funds. I think there are some figures contained in the PBS and the blue book under global programs. Can you tell me how much funding has been provided for bilateral emergency funds?

Mr March—I can give you an estimate. There are a number of humanitarian funding figures.

Senator FORSHAW—Would you care to take me through a summary, very quickly, of those various figures? I am a novice at this but I do not expect you to have to go over a lot of data that you may have covered in previous estimates.

Mr March—I refer you to diagram 2 on page 7 where we have an estimate of the various sectors—a breakdown by ODA DAC sector. We have there an estimate of about 16 per cent of the aid program going through humanitarian, emergency and refugee programs. That is made up of a number of components. There is a new policy proposal for an enhanced humanitarian response initiative, there are core supports to multilateral agencies and then there is a figure of \$96 million, which is the budget estimate for 2007-08 for bilateral program humanitarian activities.

Senator FORSHAW—There is \$96 million for bilateral humanitarian programs—can I use the word ‘emergency’ interchangeably there?

Mr March—Certainly.

Senator FORSHAW—What does the 16 per cent add up to in dollar figures?

Mr March—I have it here somewhere.

Mr Dawson—I also draw your attention to the global programs amount of \$212.8 million, which is the total humanitarian, emergency and refugee program figure, and that is identified on page 51 of the blue book.

Senator FORSHAW—I am trying to get an understanding of the different components, how those figures relate to each other and whether any of them include other ones. But what is the 16 per cent?

Mr March—It is an estimate; it is \$489.4 million estimated for the forthcoming financial year.

Senator FORSHAW—The bilateral emergency funds are \$96 million. The \$489 million covers emergency, humanitarian and refugee. Is there a component—correct me if I am

wrong—which is known as the emergency fund, and is that different from the figure you gave me of \$96 million?

Mr March—There is the United Nations Central Emergency Response Fund.

Senator FORSHAW—How much is that?

Mr March—That is \$10 million, and it is within the \$96 million figure that I gave you. It is managed by the United Nations Office for the Coordination of Humanitarian Affairs.

Senator FORSHAW—UNCERF, we will call it. I like an acronym.

Mr March—That \$10 million is part of the \$96 million.

Senator FORSHAW—That \$212.8 million that Mr Dawson referred me to on page 51—can you break that down to show the other core components, other than the \$96 million?

Mr March—There is \$28.3 million for core contributions to key humanitarian agencies and a flexible reserve which is managed by our emergencies area. There is the \$96 million, of which all bar the \$10 million for the UNCERF is for bilateral programs. In addition there is a core contribution, again an estimate, for the International Red Cross of \$12 million. There is the International Refugee Fund, which is \$15 million. There is the new policy proposal for enhanced humanitarian response capacity, which I mentioned, of \$20.5 million. There is a provision for flexibility for responses to crises which are unforeseen at this stage, and the estimate provided is \$40.9 million. That is the sum of \$212.8 million.

Senator FORSHAW—That all adds up to \$212.8 million. Okay. What are ‘performance incentive funds’?

Mr Dawson—They have no relationship to the emergency and humanitarian function. It is a different initiative.

Senator FORSHAW—Is it? Okay.

Mr Dawson—But I am happy to go through it in more detail if you like.

Senator FORSHAW—We are running out of time. So that is different from the other funding allocations. Okay. Now, there are a couple of media releases that were put out by the Minister for Foreign Affairs, following the budget—both on 8 May. The first one is headed ‘Enhanced emergency preparedness in Asia-Pacific and humanitarian response capacity’—a total of \$93.2 million over four years. Is that the four-year figure for what you told me earlier was \$20.5 million for this year? Have I got that right?

Mr March—Yes.

Senator FORSHAW—I should give myself a tick for that!

Mr Dawson—And there is a more detailed description of that on page 52 of the blue book.

Senator FORSHAW—Okay. So that is that. The next media release I wanted to ask you about, from the same day, is headed ‘Australian response to emerging country and regional priorities’, in which the minister stated:

The Government will provide \$382.7 million over four years to increase in-year flexibility within the aid budget to meet unforeseen and emerging country and regional aid priorities.

Can you tell me about that initiative, and tell me which of those figures, if any, are contained within that \$382.7 million, which is a four-year figure. Or is it separate again from the \$212.8 million?

Mr Dawson—No, that is a four-year figure, as the press release says—the \$382.7 million. Some of that funding, I think \$40.9 million, is included under—

Senator FORSHAW—Right. Yes, that is the last figure that Mr March gave me. That is what I meant. The first year's proportion, the \$40.9 million, is within the \$382.7 million.

Mr Dawson—There are other proportions of it in other parts of the program.

Senator FORSHAW—Yes. Is it a new initiative? What is it intended to be used for? Have any funds been committed?

Mr Dawson—It is really just as the press release indicated:

... to increase in-year flexibility within the aid budget to meet unforeseen and emerging country and regional aid priorities.

In most years there are circumstances that arise in the course of the year that were not foreseen when the budget was brought down and where the government has a reasonable expectation that AusAID will be able to manage an effective response within its budget. What the government has done through this initiative is provide funding specifically to meet those sorts of in-year emerging priorities. They will often and usually be emergency and humanitarian priorities, but they may be other sorts of priorities as well.

Senator FORSHAW—What other priorities might they be?

Mr Dawson—They might be, for example, reconstruction work after an emergency. It might be an element of capacity building in a particular environment that there was no previous allocation for.

Senator FORSHAW—All right. I am not in any way questioning or challenging the noble motives behind this; what I am trying to understand is why the need for this additional \$382 million has arisen. Is it based upon some experience in recent years where you found yourselves short of available funds to undertake a rapid mobilisation of resources?

Mr Davis—It is largely a result of that. Looking at the experiences of the last few years—with tsunami and other emergencies which have required quite big responses—having that capacity to be able to move very quickly and at times in a fairly significant way, as we have had to do, is quite important.

Senator FORSHAW—You might want to take this on notice. How much extra funding would AusAID have either sought or been allocated to deal with those sorts of situations in the last couple of years? We are aware of the events that have occurred. These sorts of events are unusual, but they are not unusual in the context of an aid program, because that is what you specifically have aid programs to deal with: ongoing and targeted but also emergency relief. This is a substantial amount of money. Is it going to sit there and maybe not be called upon?

Mr Dawson—No, I think it will be called upon. If it is not called upon for unforeseen emergency or humanitarian purposes—and a lot of it will be utilised in that way—we will

also make sure effective uses for that funding are identified during the year and have those funds programmed and utilised. For example, there is a lot of assistance which falls on the borderlines between emergency response, humanitarian response and long-term development work—immunisation of children, for example. It is possible to work with partner organisations like UNICEF to identify gaps in their funding in particular countries where those funds can be effectively utilised in the course of the year, if they are not called on for other emergency purposes.

Senator FORSHAW—So these are not just going to be focused on disasters or totally unforeseen circumstances. It could also extend beyond that to—

Mr Davis—It could, but the emergencies would have first call.

Senator HOGG—At what point in time in the financial year do you determine that you can draw down on that for purposes other than straight emergencies? It would seem to me that you would need to hold it there available for emergency circumstances.

Mr Dawson—We have a working arrangement now identified with ministers whereby those funds can be utilised on basically a pro rata basis during the year. At the start of the financial year all of those funds would be expected to be available. During the course of the year they can be progressively drawn down so by the end of the year, if they have not been utilised for emergency purposes, they would have been drawn down to other programmable forms of aid.

Senator HOGG—Where is the disbursement of those funds in the draw-down over the year shown? Of course it is not apparent at the start of the year. We see funds in pool A, let us say, and they are drawn down and disbursed, and they are not necessarily going to be large sums of money. How do we as members of the committee assure ourselves of these draw-downs and where do we look for them in the annual report? I hesitate to say I doubt if they appear.

Mr Dawson—They will appear in terms of the outcomes in particular countries and regions. So you will see a higher level of expenditure in particular country contexts and—

Senator HOGG—But with the greatest of respect, Mr Dawson, that can be because of a number of factors. To be able to readily identify where that pool of money has been disbursed would be a helpful thing indeed, rather than having to go through some ongoing fishing expedition every time. Whilst it might be good sport sometimes, it might bore us all to tears.

Mr Dawson—We can look at trying to make that sort of information available.

Senator HOGG—I am sure you will come up with a solution; you are very innovative people.

Senator FORSHAW—Will the allocation of those funds be a departmental decision or will it require a ministerial decision?

Mr Dawson—It will be a bit of both, but the uses for emergency purposes will, in almost all cases, be ministerial.

Senator FORSHAW—Yes, that is what I assumed. I think we need to move on, so I will leave it there. I want to go to another area, an area dealing with departmental accommodation. There are a range of things.

Senator HOGG—Chair, I just briefly want to go through the staffing arrangements for the agency. I want to know, at this stage, the number of full-time employees. Are there any part-time or casual employees?

Ms Mills—We have 654 staff located in Canberra.

Senator HOGG—Yes, that is the same as you gave on notice the last time. So that has not changed?

Ms Mills—No; that is still correct. That does include 98 contractors.

Senator HOGG—I will come to those.

Ms Mills—We also have 125 staff located overseas.

Senator HOGG—Of the 125 staff overseas, how many are A based and how many are locally engaged?

Ms Mills—All the 125 are A based and 326 are locally based as at 14 May, which is up five from the answer provided to questions on notice.

Senator HOGG—Are there any part-time or casual staff?

Ms Mills—Yes, but I do not have those numbers with me. These numbers are headcount figures rather than full-time equivalent staff.

Senator HOGG—You might take that on notice—just so that I get some appreciation. I presume they are only based in Canberra, are they?

Ms Mills—In Canberra—that is correct.

Senator HOGG—How many AusAID employees are on AWAs?

Ms Mills—We have 77 staff on AWAs.

Senator HOGG—Are those 77 SES employees? How many of them are SES employees?

Ms Mills—Twenty-six are SES employees.

Senator HOGG—And the rest—the 51?

Ms Mills—We have 17 senior level advisers and the rest are non-SES staff.

Senator HOGG—So that is 34 non senior level advisers. How many employees are on a collective agreement—the rest?

Ms Mills—The rest, yes.

Senator HOGG—And the employment arrangements for those who are overseas?

Ms Mills—The 125 A-based staff are mostly on collective agreements, although we do have some SESs overseas who are on AWAs.

Senator HOGG—So they are mostly collective agreements?

Ms Mills—Yes.

Senator HOGG—And the 326 locally engaged staff?

Ms Mills—The locally engaged are engaged on local contract arrangements under local labour laws.

Senator HOGG—Not for now, of course, but can you provide a profile of the break-up of where those staff are at?

Ms Mills—Sure.

Senator HOGG—How have the figures changed from 2006-07 to 2007-08? Will they change?

Ms Mills—Yes, we expect some increases in staff in 2007-08.

Senator HOGG—Where will the changes be in terms of numbers? Will the number of 654 increase?

Ms Mills—The 654 in Canberra is probably unlikely to increase. We are looking at more increases overseas in line with our blueprint for 2010.

Senator HOGG—What is the likely change overseas?

Ms Mills—I do not have those figures with me.

Senator HOGG—Could you take that on notice?

Ms Mills—Sure.

Senator HOGG—I presume you are talking more about an increase in A-based staff rather than locally engaged.

Ms Mills—A bit of both.

Senator HOGG—All right, if you could give me that, that would be helpful. The 654 staff that you have in Australia; where are they located?

Ms Mills—The 654 are Canberra based staff. I use ‘staff’ a bit loosely, because of the 98 contractors that are included in that figure.

Senator HOGG—The 98 are in that 654?

Ms Mills—They are included in that 654.

Senator HOGG—All of AusAID’s employees are in Canberra?

Ms Mills—We have some located in Sydney.

Senator HOGG—How many are in Sydney?

Ms Mills—I do not have the exact number with me but I could take that on notice.

Senator HOGG—One, two, 300, 400?

Mr Davis—No, three or four.

Ms Mills—Half a dozen maybe.

Mr Davis—Not even that many.

Senator HOGG—Three or four. Is there a dedicated office for these people in Sydney?

Ms Mills—I might pass that to Mr Jackson.

Mr Jackson—We do not have our own office there. We have a serviced office facility where we rent a couple of rooms on a month-by-month basis.

Senator HOGG—Are these people employed on an ongoing basis in Sydney or is it just a temporary arrangement? What is the situation?

Mr Jackson—It does vary depending on what that person is doing. If they are working on something in Sydney, then they can be located in Sydney. Hence, we do not have our own office there; we just rent some serviced offices from a service provider.

Senator HOGG—What is the rent on the office?

Mr Jackson—I do not have the figure in front of me.

Senator HOGG—Could you tell me what the rent is on the office? Of the 654 staff in Canberra—and my colleague will probably come to the nature of the officers themselves—are they all under the one roof?

Ms Mills—No, they are not.

Senator HOGG—I am seeing nods at the back. They seem to be confused.

Ms O’Keeffe—Because we are moving today.

Ms Mills—We are just moving.

Senator HOGG—You are moving today. What a significant day. You came here deliberately to miss out on the changeover. What a headline that is!

CHAIR—I can guess which they would prefer, but that is just speculation on my part. Did you have a question for Mr Jackson?

Senator HOGG—Yes, the question is: under the new arrangement which operates from tomorrow, can you tell me how many will be at each site?

Mr Jackson—I know we have 200 staff approximately in Allara Street. I would not know the number of staff that are still left in London Circuit, but it is a significant part.

Senator HOGG—For the sake of this exercise let us say they are going over to your other premises. Is London Circuit where you are moving to?

Mr Jackson—No, today we moved certain staff over to Allara Street and we are still within our current address at 62 Northbourne Avenue.

Senator HOGG—And you are moving to London Circuit, all right. What was the staff turnover in the last 12 months?

Ms Mills—Again, I do not have the figures with me but I could take that on notice.

Senator HOGG—If you can, can you compare that for the previous two years so I can get some idea of staff turnover.

Ms Mills—Yes.

Senator HOGG—How many people who were employed in the previous 12 months with AusAID left the employment of AusAID to be picked up on a contract with AusAID?

Ms Mills—Again, I do not have those figures with me.

Senator HOGG—Does anyone have any knowledge of any? I remember, not at the additional estimates but at the previous estimates, that I asked some questions about

contractors and people seemingly walked out the door one day and came back in the next as contractors. I am just trying to find out what happened and if it is within the knowledge of anyone at the table whether any people have left AusAID within the last 12 months to be rehired as contractors within the space of that 12 months?

Mr Davis—I cannot think of any offhand but we will take it on notice.

Senator HOGG—I take that at face value. What was the amount budgeted for contractors in the last 12 months and the next 12 months? Do you have figures? You can take that on notice. Is all the money that was budgeted for contractors in the last 12 months going to be spent?

Ms Mills—Obviously there is a departmental budget for employees. As for the contractors, it would depend on each program.

Senator HOGG—But does the department set aside an amount of money per annum for the hire of contractors?

Mr Davis—No.

Senator HOGG—So you just do it on an ad hoc basis?

Mr Davis—On a needs basis.

Senator HOGG—Can I have a list of the names of the current contractors?

Mr Davis—Yes.

Senator FORSHAW—In relation to accommodation arrangements, could you tell me precisely where things are at a moment? This follows on, to a large extent, from Senator Hogg's questions about staffing. When is the move to the London Circuit premises going to be completed? What is intended to happen with the Allara Street premises and the current offices in Northbourne Avenue?

Mr Jackson—Currently we are located at 62 Northbourne Avenue. Our current lease expires on 31 July this year and we have leased premises in Allara Street—

Senator FORSHAW—For six years, isn't it?

Mr Jackson—Yes. We have also leased a new building in London Circuit for a term of 15 years.

Senator FORSHAW—Remind me: is that the one being constructed?

Mr Jackson—That is the one being constructed. That is due for completion in June this year.

Senator FORSHAW—That was the one that went to the Joint Standing Committee on Public Works?

Mr Jackson—Yes, Senator.

Senator FORSHAW—I was a member of that committee but not at that time. I did not actually participate in that particular inquiry.

Mr Jackson—We will relocate there over three weekends in July.

Senator FORSHAW—Is that still on track?

Mr Jackson—That is on track, Senator.

Senator FORSHAW—I think the discussion at the last estimates was about how it happened that all the details, particularly of the second premises in Allara Street, were not considered by the Public Works Committee. Can you shed any further light on it other than what was briefly discussed in the last estimates hearing?

Mr Jackson—They were separate premises. So, at the time we went to the Public Works Committee in 2005, we were not foreshadowing having a second building.

Senator FORSHAW—I think that was the evidence in brief that was given last time. What you were assuming was that everybody could be housed in the London Circuit premises when they were completed.

Mr Jackson—That is right. Then we have had an increase in staff numbers related to the white paper and the implementation of the program. We leased the second premises, Allara Street, for a term of six years to allow us flexibility so that we can increase our staff numbers overseas but at the same time we are not locked into a long-term lease and we have the ability during that period to sublet that premise as well.

Senator FORSHAW—Just remind me: when was the decision actually made to seek the additional premises in Allara Street? Was that evidence given last time?

Mr Jackson—It was in the questions on notice.

Senator FORSHAW—Remind me: what is the answer?

Ms O’Keeffe—It was June 2006.

Senator FORSHAW—So it was after the report of the Public Works Committee. Did you advise the Public Works Committee at all of the subsequent decision? I appreciate—and I am sure Senator Ferguson will, having been a member of much longer standing than I was on the Public Works Committee—that they do not technically deal with leases but it is not an uncommon practice for departments to advise the committee of these sorts of decisions, even if they are below the threshold. Did you advise the Public Works Committee of the decision to have additional premises?

Mr Jackson—No, we did not.

Senator FORSHAW—Have you advised them since then or had any communication with the committee since this was raised in estimates in February?

Mr Jackson—Not with regard to Allara Street, no.

Senator HOGG—In terms of the fit-out at London Circuit, I think in response to a question on notice from Senator Evans, the fit-out was valued at roughly \$4.2 million. Is that still holding?

Mr Jackson—No.

Senator HOGG—What is the cost of the fit-out now?

Mr Jackson—It is \$2.9 million.

Senator HOGG—Why did it go down?

Mr Jackson—Once all the contracts were let, that was the figure that came in. We had budgeted for more but we managed to bring the fit-out in well under that.

Senator HOGG—Is any of that attributed to the fact that there would have been a leasing incentive from the landlord that allowed that \$4.2 million to be reduced? Did you get leasing incentives, whether it be by way of fit-out or by way of rent reduction?

Mr Jackson—On Allara Street?

Senator HOGG—On both—London Circuit and Allara Street.

Mr Jackson—No, on Allara Street we did not and on Allara Street we did.

Senator FORSHAW—On London Circuit?

Mr Jackson—On London Circuit, sorry.

Senator HOGG—Sorry, you have confused me there. On London Circuit you got—

Mr Jackson—There was a contribution to fit-out.

Senator HOGG—What was that contribution?

Mr Jackson—It was \$2.8 million.

Senator FORSHAW—That was obviously part of the initial arrangement when the developer did the construction, wasn't it?

Mr Jackson—It was ongoing negotiation throughout the—

Senator FORSHAW—Yes, that is happening quite regularly: approval is given for an amount to a department to fund a relocation and a fit-out and a long-term lease, but then there is often a payment back to the department or the agency, either by way of lease or a reduction or even, in some cases, cash. What happened in this case? Was it a straight-out cash repayment?

Mr Jackson—No. There was a contribution made to the base building upgrades that we required. For instance, we put in place various environmental initiatives and they contributed to that.

Senator HOGG—So that did not contribute to the \$4.2 million that was in answer to the question on notice by Senator Evans to reduce that.

Mr Jackson—It was spread throughout the project.

Senator HOGG—So some of the cost savings can be attributed to the negotiations that took place for the premises?

Mr Jackson—Yes.

Senator HOGG—It was not a trick question.

Senator FORSHAW—That is happening more and more.

CHAIR—Gentlemen, as it is 11 pm, can I ask that you place further questions towards that on notice?

Senator HOGG—I was about to advise, Chair, that there are quite a range of other questions that I and my colleague have not been able to address. We will place those on further notice and we thank the officers for their attendance.

CHAIR—There may also be questions from other senators who were not in attendance this evening, but you will be advised of those in due course, Ms O’Keeffe.

Ms O’Keeffe—I just want to say that I have the full list of participants who have been invited. Korea was not on that list, but there are some that I have not mentioned that are. Perhaps I could table this document so that you have it.

CHAIR—Thank you; I appreciate that. As there are no further questions, Mr Davis, may I thank you and your officers for your attendance and your assistance here this afternoon and this evening.

Committee adjourned at 11.00 pm